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

ANNOUNCEMENT OF 2011 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") announce the consolidated financial results for the year ended 31 December 2011:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	**2011 HK$'000**	2010 HK$'000
Turnover	3	**1,763,783**	1,572,597
Other revenue	5	**46,454**	37,288
Other net (loss)/gain	5	**(32,367)**	71,629
Cost of department store sales	6(d)	**(775,249)**	(690,652)
Cost of property leasing activities	6(c)	**(63,583)**	(62,503)
Other operating expenses		**(386,095)**	(362,808)
Profit from operations		**552,943**	565,551
Finance costs	6(a)	**(34,445)**	(38,903)
		518,498	526,648
Net valuation gain on investment properties		**1,556,166**	1,107,570
		2,074,664	1,634,218
Share of profits less losses of associates		**73,001**	15,924
Profit before taxation	6	**2,147,665**	1,650,142
Income tax	7	**(373,045)**	(273,364)
Profit for the year		**1,774,620**	1,376,778
Attributable to:			
Shareholders of the Company		**1,774,265**	1,375,656
Non-controlling interests		**355**	1,122
Profit for the year		**1,774,620**	1,376,778
Basic and diluted earnings per share	9(a)	**600.8 cents**	465.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			
	2011		2010	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,774,620**		1,376,778
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	**(3,784)**		232,937	
- share of exchange differences on translation of financial statements of overseas associates	**124**		3,159	
- release of the exchange reserve upon return on investments in overseas subsidiaries	**(12,733)**		(11,457)	
		(16,393)		224,639
Land and building revaluation:				
- surplus on revaluation of land and building held for own use reclassified to investment properties	**78,843**		-	
- share of land and building revaluation reserve of an associate	**382**		-	
		79,225		-
Share of cash flow hedge of an associate:				
- net movement in the hedging reserve		**12,889**		5,420
Available-for-sale securities:				
- net movement in the investment revaluation reserve		**(1,117)**		2,709
		74,604		232,768
Total comprehensive income for the year		**1,849,224**		1,609,546
Attributable to:				
Shareholders of the Company		**1,848,905**		1,608,365
Non-controlling interests		**319**		1,181
Total comprehensive income for the year		**1,849,224**		1,609,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2011 HK$'000	At 31 December 2010 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**9,651,226**	7,976,716
- Other property, plant and equipment		**555,513**	591,706
		10,206,739	8,568,422
Goodwill		**1,178**	1,178
Interest in associates		**795,809**	711,276
Available-for-sale securities		**22,468**	27,485
Deferred tax assets		**10,512**	25,922
		11,036,706	9,334,283
Current assets			
Trading securities		**332,478**	291,651
Held-to-maturity investments		**48,435**	-
Inventories		**102,865**	90,437
Debtors, deposits and prepayments	10	**52,412**	50,110
Loans to an associate		**19,387**	3,264
Amounts due from fellow subsidiaries		**2,563**	1,801
Amount due from an associate		**204**	-
Current tax recoverable		**137**	95
Cash and cash equivalents		**1,683,832**	1,569,618
		2,242,313	2,006,976
Current liabilities			
Creditors and accrued charges	11	**467,411**	359,331
Amounts due to fellow subsidiaries		**2,767**	3,645
Secured bank loan		**49,869**	594,187
Amount due to an associate		**-**	12,935
Current tax payable		**31,977**	19,986
		552,024	990,084
Net current assets		**1,690,289**	1,016,892
Total assets less current liabilities		**12,726,995**	10,351,175
Non-current liabilities			
Secured bank loan		**503,750**	-
Deferred tax liabilities		**1,451,004**	1,156,487
		1,954,754	1,156,487
Net assets		**10,772,241**	9,194,688
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**10,724,681**	9,147,447
Total equity attributable to shareholders of the Company		**10,754,211**	9,176,977
Non-controlling interests		**18,030**	17,711
Total equity		**10,772,241**	9,194,688

Consolidated statement of changes in equity for the year ended 31 December 2011

		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
Balance at 1 January 2011		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
Changes in equity for 2011												
Profit for the year		-	-	-	-	-	-	-	1,774,265	1,774,265	355	1,774,620
Other comprehensive income		-	79,225	(1,117)	(16,357)	12,889	-	-	-	74,640	(36)	74,604
Total comprehensive income for the year		-	79,225	(1,117)	(16,357)	12,889	-	-	1,774,265	1,848,905	319	1,849,224
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	660	(660)	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(174,224)	(174,224)	-	(174,224)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(97,447)	(97,447)	-	(97,447)
		-	-	-	-	-	-	660	(272,331)	(271,671)	-	(271,671)
Balance at 31 December 2011		29,530	255,975	10,690	562,935	(27,352)	754,347	1,728	9,166,358	10,754,211	18,030	10,772,241
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
Changes in equity for 2010												
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

Note: Retained earnings attributable to the shareholders of the Company as at 31 December 2011 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$5,597,132,000 (2010: HK$4,319,152,000).

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 2011 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 2011 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 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:

- HKAS 24 (revised), *Related party disclosures*
- Improvements to HKFRSs 2010

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

The impact of these developments are discussed below:

- HKAS 24 (revised) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to HKFRSs 2010 omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: disclosures*. These amendments do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements in the current and previous periods.

3. Turnover

The principal activities of the Group are the operation of department stores and property investment.

The Group's turnover 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:

	2011	2010
	HK$'000	HK$'000
Sale of goods	**1,135,516**	1,007,988
Net income from concession sales	**246,279**	220,018
Department stores	**1,381,795**	1,228,006
Property investment	**381,988**	344,591
	1,763,783	1,572,597

4. 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 2011 and 2010 is set out below.

	Department stores		Property investment		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,381,795**	1,228,006	**381,988**	344,591	**1,763,783**	1,572,597
Inter-segment revenue	**-**	-	**77,961**	78,511	**77,961**	78,511
Reportable segment revenue	**1,381,795**	1,228,006	**459,949**	423,102	**1,841,744**	1,651,108
Reportable segment profit	**223,385**	172,727	**360,670**	324,223	**584,055**	496,950
Finance costs	**-**	-	**34,445**	38,903	**34,445**	38,903
Depreciation and amortisation for the year	**7,675**	9,363	**47,212**	44,334	**54,887**	53,697
Impairment of trade and other debtors (written back)/ recognised	**(18)**	6	**(81)**	(145)	**(99)**	(139)
Reportable segment assets	**164,072**	148,831	**10,200,702**	8,558,554	**10,364,774**	8,707,385
Additions to non-current segment assets during the year	**7,366**	6,513	**38,708**	28,832	**46,074**	35,345
Reportable segment liabilities	**380,937**	291,276	**616,835**	645,825	**997,772**	937,101

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

	2011 HK$'000	2010 HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**584,055**	496,950
Share of profits less losses of associates	**73,001**	15,924
Other revenue	**46,454**	37,288
Other net (loss)/gain	**(32,367)**	71,629
Finance costs	**(34,445)**	(38,903)
Net valuation gain on investment properties	**1,556,166**	1,107,570
Unallocated head office and corporate expenses	**(45,199)**	(40,316)
Consolidated profit before taxation	**2,147,665**	1,650,142

	2011 HK$'000	2010 HK$'000
Assets		
Reportable segment assets	**10,364,774**	8,707,385
Elimination of inter-segment receivables	**(5,044)**	(7,261)
	10,359,730	8,700,124
Goodwill	**1,178**	1,178
Interest in associates	**795,809**	711,276
Available-for-sale securities	**22,468**	27,485
Deferred tax assets	**10,512**	25,922
Trading securities	**332,478**	291,651
Held-to-maturity investments	**48,435**	-
Loans to an associate	**19,387**	3,264
Amount due from an associate	**204**	-
Current tax recoverable	**137**	95
Unallocated head office and corporate assets	**1,688,681**	1,580,264
Consolidated total assets	**13,279,019**	11,341,259

	2011 HK$'000	2010 HK$'000
Liabilities		
Reportable segment liabilities	**997,772**	937,101
Elimination of inter-segment payables	**(5,044)**	(7,261)
	992,728	929,840
Amounts due to fellow subsidiaries	**2,767**	3,645
Amount due to an associate	**-**	12,935
Current tax payable	**31,977**	19,986
Deferred tax liabilities	**1,451,004**	1,156,487
Unallocated head office and corporate liabilities	**28,302**	23,678
Consolidated total liabilities	**2,506,778**	2,146,571

(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	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,589,445**	1,421,724	**7,480,314**	6,014,083
Australia	**158,600**	134,129	**2,626,278**	2,454,648
United States of America	**15,738**	16,744	**897,134**	812,145
	174,338	150,873	**3,523,412**	3,266,793
	1,763,783	1,572,597	**11,003,726**	9,280,876

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

	2011	2010
	HK$'000	HK$'000
Other revenue		
Interest income from		
- bank deposits	**27,247**	23,905
- loans to an associate	**163**	244
- trading securities	**1,250**	260
Dividend income from		
- listed securities	**10,984**	6,674
- unlisted securities	**2,918**	3,259
Forfeiture of unclaimed dividends	**1,101**	1,075
Compensation received on early termination of leases	**-**	104
Others	**2,791**	1,767
	46,454	37,288
Other net (loss)/gain		
Net (loss)/gain on remeasurement to fair value of trading securities	**(47,783)**	24,132
Net realised (loss)/gain on disposal of:		
- trading securities	**(13,472)**	9,269
- derivative financial instruments	**(148)**	11,081
Release of the exchange reserve upon return on investments in overseas subsidiaries	**12,733**	11,457
Impairment loss on available-for-sale securities written back	**-**	4,799
Net foreign exchange gain	**10,108**	10,911
Net gain on disposal of available-for-sale securities	**3,950**	-
Gain on dissolution of a subsidiary	**2,274**	-
Net loss on disposal of other fixed assets	**(29)**	(20)
	(32,367)	71,629

6. Profit before taxation

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

		2011 HK$'000	2010 HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**34,445**	38,903
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**11,071**	10,577
	Salaries, wages and other benefits	**189,157**	182,855
		200,228	193,432
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(381,988)**	(344,591)
	Less: direct outgoings	**63,583**	62,503
		(318,405)	(282,088)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**38,619**	41,413
	- lease incentives	**16,531**	12,557
	Impairment losses (written back)/recognised		
	- available-for-sale securities	**-**	(4,799)
	- trade and other debtors	**(99)**	(139)
	- fixed assets	**1**	-
	Auditors' remuneration		
	- current year	**2,829**	2,714
	- prior year	**(14)**	43
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**37,415**	36,242
	- contingent rentals for hire of land and buildings	**372**	372
	Cost of inventories sold	**775,249**	690,652

7. Income tax in the consolidated income statement

	2011 HK$'000	2010 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**49,527**	32,138
Over provision in respect of prior year	**(333)**	(52)
	49,194	32,086
Current tax – Overseas		
Provision for the year	**28,386**	17,824
Under/(over)-provision in respect of prior year	**9**	(1,272)
	28,395	16,552
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**278,252**	188,883
- other temporary differences	**17,204**	35,843
	295,456	224,726
Total income tax expense	**373,045**	273,364

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 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:

	2011 HK$'000	2010 HK$'000
Interim dividend declared and paid of 33 HK cents (2010: 22 HK cents) per share	**97,447**	64,965
Final dividend proposed after the end of the reporting period of 55 HK cents (2010: 59 HK cents) per share	**162,412**	174,224
	259,859	239,189

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:

	2011 HK$'000	2010 HK$'000
Final dividend in respect of the financial year ended 31 December 2010 of 59 HK cents (31 December 2009: 48 HK cents) per share approved and paid during the year	**174,224**	141,742

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 2011 of HK$1,774,265,000 (2010: HK$1,375,656,000) divided by 295,295,000 shares (2010: 295,295,000 shares) in issue during the year.

There were no outstanding potential shares throughout the years presented.

(b) Adjusted basic earnings per share excluding the net valuation gain on investment properties net of 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 net of 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:

	2011		2010	
		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	**1,774,265**	**600.8**	1,375,656	465.9
Net valuation gain on investment properties	**(1,556,166)**	**(526.9)**	(1,107,570)	(375.1)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**278,252**	**94.2**	188,883	64.0
	496,351	**168.1**	456,969	154.8
Valuation (loss)/gain on investment property net of related deferred tax attributable to non-controlling interests	**(66)**	**-**	607	0.2
Underlying profit attributable to shareholders of the Company	**496,285**	**168.1**	457,576	155.0

10. Debtors, deposits and prepayments

	2011	2010
	HK$'000	HK$'000
Trade and other debtors	**25,351**	20,690
Less: allowance for doubtful debts	**(250)**	(348)
	25,101	20,342
Deposits and prepayments	**27,311**	29,768
	52,412	50,110

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:

	2011	2010
	HK$'000	HK$'000
Current or less than one month past due	**24,487**	19,761
One to three months past due	**485**	472
More than three months but less than twelve months past due	**104**	62
More than twelve months past due	**25**	47
	25,101	20,342

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$17,255,000 (2010: HK$12,531,000), are expected to be recovered or recognised as an expense within one year.

11. Creditors and accrued charges

	2011	2010
	HK$'000	HK$'000
Trade and other creditors	**424,615**	322,859
Accrued charges	**42,796**	36,472
	467,411	359,331

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

	2011	2010
	HK$'000	HK$'000
Amounts not yet due	**301,603**	270,734
On demand or less than one month overdue	**120,415**	48,392
One to three months overdue	**517**	1,433
Three to twelve months overdue	**134**	285
More than twelve months overdue	**1,946**	2,015
	424,615	322,859

2011 RESULTS AND DIVIDEND

For the year ended 31 December 2011, the Group's turnover increased by 12.2% to HK$1,763.8 million (2010: HK$1,572.6 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$1,774.3 million (2010: HK$1,375.7 million), an increase of 29.0% due primarily to the 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 8.5% to HK$496.3 million (2010: HK$457.6 million). This was due mainly to the increase in the improved contributions from the Group's department stores operations, property investments and the Group's automobile dealership associate.

Earnings per share was 600.8 HK cents per share in 2011 (2010: 465.9 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 8.5% to 168.1 HK cents per share (2010: 155.0 HK cents per share).

In respect of 2011, the directors have recommended a final dividend of 55 HK cents (2010: 59 HK cents) per share payable to shareholders on the Register of Members on 8 June 2012 (Hong Kong time) which, together with the interim dividend of 33 HK cents (2010: 22 HK cents) per share paid on 19 October 2011 (Hong Kong time) makes a total payment of 88 HK cents (2010: 81 HK cents) per share for the whole year.

Subject to the approval of shareholders of the proposed final dividend at the forthcoming Annual General Meeting to be held on 30 May 2012, the Register of Members will be closed from 6 June 2012 to 8 June 2012 (Hong Kong time), both dates inclusive, during which period no share transfers can be registered. To qualify for the final dividend, share 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 Tuesday, 5 June 2012 (Hong Kong time). Dividend warrants will be sent to shareholders on 18 June 2012 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 31 December 2011 was HK$10,754.2 million, an increase of 17.2% as compared to that at 31 December 2010. With cash and listed marketable securities at 31 December 2011 of about HK$1,966.6 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 2011, the Group's total borrowings amounted to HK$553.6 million, a decrease of about HK$40.6 million, due to partial repayments net of exchange differences, as compared to that at 31 December 2010. The Group's total borrowings of HK$553.6 million relate to a mortgage loan for Australian investment properties. The mortgage loan was renewed in December 2011 for three years to December 2014, the bulk of which will be repayable by the end of 2014. Certain assets, comprising principally property interests with a book value of HK$2,626.1 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$1,014.0 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 2011, was 5.1% as compared with 6.5% at 31 December 2010.

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$2,115.8 million at 31 December 2011 (at 31 December 2010: HK$1,958.7 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 2011, the total amount of the Group's capital expenditure commitments was HK$2.5 million (at 31 December 2010: HK$5.7 million). The Company has issued a corporate guarantee to a financial institution in respect of a banking facility 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 2011, the maximum contingent liability shared by the Group was HK$15.4 million (at 31 December 2010: HK$28.1 million).

BUSINESS REVIEW

Department Stores Operations

In 2011 the Group's department stores business achieved a 12.5% increase in turnover to HK$1,381.8 million (2010: HK$1,228.0 million) while its operating profit increased by 29.4% to HK$223.4 million (2010: HK$172.7 million). The Group was able to achieve these better results on the back of strong local consumer demand aided by Mainland shoppers, and the continued efforts in providing timely promotional events, regularly improving the merchandise mix and quality of customer service.

Property Investments

In the year under review, the Group's property investment income increased by 11.3% to HK$360.7 million (2010: HK$324.2 million). Demand by tenants for quality office space in Hong Kong remained strong in 2011 and the upward office rental trend continued. The Group achieved a 7.4% increase in rental income from its commercial investment properties in Hong Kong to HK$201.2 million (2010: HK$187.3 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial investment properties in Australia increased by 17.6% to HK$154.0 million (2010: HK$130.9 million) whilst the occupancy and achieved rental rates remained stable throughout 2011. The increase was mainly due to the strong Australian dollar during the year as income is translated back to the Hong Kong dollar for reporting purposes. The overall occupancy rate of the commercial investment properties in Australia stayed at about 95%.

Automobile Dealership Business

With the stabilising economy and the gradual return of consumer confidence in the United States, car sales in the United States recorded a solid growth in the year under review. Despite the improving car market, the Group's automobile dealership associate in the United States was unable to reap the benefit fully due to the disruption in the supply of cars and spare parts from Japanese automakers caused by the big earthquake in Japan in March 2011 and the flooding in Thailand during the year. This resulted in a drop in the associate's sales of Japanese brand cars during the year under review. Notwithstanding this, the associate's business operations improved as its margins on car sales increased due to shortage of vehicle supplies. For the year ended 31 December 2011, the Group's share of after tax profit of the associate was HK$72.7 million (2010: HK$13.9 million), an increase of HK$58.8 million compared to the previous year. Excluding the loss on fair value re-measurement of HK$10.7 million (2010: HK$19.4 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 amounted to HK$83.4 million (2010: HK$33.3 million). During the year under review, the associate's interests in two automobile dealerships in Guangdong Province were able to contribute profits to the Group, despite the shortage of inventory supplies. The Group's associate had set up an automobile dealership with an external party in Shandong Province, the People's Republic of China. The dealership has commenced business recently.

Others

Due to poor stock market performance in the second half of 2011, the Group's investments in securities recorded a loss of HK$43.6 million in 2011 (2010: a profit of HK$58.0 million). The Group recorded a net foreign exchange gain of HK$10.1 million in 2011 (2010: HK$10.9 million) in its holdings of foreign currencies. The Group also recognised a foreign exchange gain of HK$12.7 million (2010: HK$11.5 million) upon the return of investments from subsidiaries in Australia.

STAFF

As at 31 December 2011, the Group had a total staff of 843 (2010: 953). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2010 annual report. Details of such policies will be published in the 2011 annual report.

OUTLOOK FOR 2012

The European sovereign debt crisis and the fiscal issues in the United States will continue to overshadow the economic prospects of Hong Kong. Barring adverse declines in global economies, the Group's department stores business should continue to benefit from local consumer demand and the continued influx of visitors from the Mainland. The increasing inflationary pressure on operating costs would become more apparent in 2012. Despite the concerns over global economies, the Group's investment properties in Hong Kong and Australia will continue to provide stable rental income with their current high occupancy rates. The Group's associate engaging in automobile dealership business should continue to contribute profit to the Group in the expectation of a full resumption of inventory supplies and a steady recovery of the United States economy.

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 2011.

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 2011.

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 2012 Annual General Meeting of the Company will be held on 30 May 2012. The Notice of Annual General Meeting will be published and dispatched on or about 25 April 2012 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2011 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 2012

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.