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 2015

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 2015 ("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 STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2015	2014
	Note	**HK$'000**	HK$'000
Turnover	3	**952,875**	971,916
Other revenue	5	**26,835**	27,686
Other net gain	5	**11,928**	22,138
Cost of department store sales	6(d)	**(412,129)**	(417,591)
Cost of property leasing activities	6(c)	**(41,941)**	(34,913)
Other operating expenses		**(223,601)**	(213,903)
Profit from operations		**313,967**	355,333
Finance costs	6(a)	**(5,479)**	(7,882)
		308,488	347,451
Net valuation gain on investment properties		**207,014**	46,448
		515,502	393,899
Share of profit of an associate		**32,921**	47,939
Profit before taxation	6	**548,423**	441,838
Income tax	7	**(48,840)**	(59,280)
Profit for the period		**499,583**	382,558
Attributable to:			
Shareholders of the Company		**499,092**	382,097
Non-controlling interests		**491**	461
Profit for the period		**499,583**	382,558
Basic and diluted earnings per share	9	**169.0 cents**	129.4 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June			
	2015		2014	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the period		**499,583**		382,558
Other comprehensive income for the period (after tax and reclassification adjustments):				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**(125,259)**		110,021	
- share of exchange differences on translation of financial statements of an overseas associate	**(175)**		(1,308)	
- release of the exchange reserve upon refund of investment in an overseas subsidiary	**(7,554)**		(11,915)	
		(132,988)		96,798
- Share of cash flow hedge of an associate: net movement in the hedging reserve		**-**		2,227
- Available-for-sale securities: changes in fair value recognised during the period		**-**		(450)
Other comprehensive income for the period		**(132,988)**		98,575
Total comprehensive income for the period		**366,595**		481,133
Attributable to:				
Shareholders of the Company		**366,116**		480,687
Non-controlling interests		**479**		446
Total comprehensive income for the period		**366,595**		481,133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2015 HK$'000	At 31 December 2014 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**11,231,615**	11,159,025
- Other property, plant and equipment		**453,669**	470,897
		11,685,284	11,629,922
Interest in an associate		**304,424**	1,371,368
Available-for-sale securities		**21,718**	21,718
Deferred tax assets		**6,199**	7,904
		12,017,625	13,030,912
Current assets			
Trading securities		**423,569**	340,515
Inventories		**98,172**	107,949
Debtors, deposits and prepayments	10	**89,813**	66,317
Amounts due from fellow subsidiaries		**4,016**	2,665
Amount due from an associate		**2**	-
Current tax recoverable		**-**	23
Cash and cash equivalents		**3,021,401**	3,347,260
		3,636,973	3,864,729
Current liabilities			
Creditors and accrued charges	11	**378,370**	428,259
Secured bank loan		**37,553**	40,102
Amount due to an associate		**-**	1,099,690
Amounts due to fellow subsidiaries		**2,980**	3,312
Current tax payable		**48,967**	36,185
		467,870	1,607,548
Net current assets		**3,169,103**	2,257,181
Total assets less current liabilities		**15,186,728**	15,288,093
Non-current liabilities			
Secured bank loan		**244,981**	281,507
Deferred tax liabilities		**425,998**	449,925
		670,979	731,432
Net assets		**14,515,749**	14,556,661
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**14,463,237**	14,504,628
Total equity attributable to shareholders of the Company		**14,492,767**	14,534,158
Non-controlling interests		**22,982**	22,503
Total equity		**14,515,749**	14,556,661

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

		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 2015		29,530	271,037	9,940	57,506	-	754,347	1,018	13,410,780	14,534,158	22,503	14,556,661
Changes in equity for the six months ended 30 June 2015:												
Profit for the period		-	-	-	-	-	-	-	499,092	499,092	491	499,583
Other comprehensive income for the period		-	-	-	(132,976)	-	-	-	-	(132,976)	(12)	(132,988)
Total comprehensive income for the period		-	-	-	(132,976)	-	-	-	499,092	366,116	479	366,595
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(407,507)	(407,507)	-	(407,507)
		-	-	-	(132,976)	-	-	-	91,585	(41,391)	479	(40,912)
Balance at 30 June 2015		29,530	271,037	9,940	(75,470)	-	754,347	1,018	13,502,365	14,492,767	22,982	14,515,749
Balance at 1 January 2014		29,530	274,692	10,290	250,468	(9,338)	754,347	612	12,451,943	13,762,544	20,694	13,783,238
Changes in equity for the six months ended 30 June 2014:												
Profit for the period		-	-	-	-	-	-	-	382,097	382,097	461	382,558
Other comprehensive income for the period		-	-	(450)	96,813	2,227	-	-	-	98,590	(15)	98,575
Total comprehensive income for the period		-	-	(450)	96,813	2,227	-	-	382,097	480,687	446	481,133
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(203,754)	(203,754)	-	(203,754)
		-	-	(450)	96,813	2,227	-	-	178,343	276,933	446	277,379
Balance at 30 June 2014		29,530	274,692	9,840	347,281	(7,111)	754,347	612	12,630,286	14,039,477	21,140	14,060,617
Balance at 1 July 2014		29,530	274,692	9,840	347,281	(7,111)	754,347	612	12,630,286	14,039,477	21,140	14,060,617
Changes in equity for the six months ended 31 December 2014:												
Profit for the period		-	-	-	-	-	-	-	892,410	892,410	1,349	893,759
Other comprehensive income for the period		-	(3,655)	100	(289,775)	7,111	-	-	3,655	(282,564)	14	(282,550)
Total comprehensive income for the period		-	(3,655)	100	(289,775)	7,111	-	-	896,065	609,846	1,363	611,209
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	406	(406)	-	-	-
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(115,165)	(115,165)	-	(115,165)
		-	(3,655)	100	(289,775)	7,111	-	406	780,494	494,681	1,363	496,044
Balance at 31 December 2014		29,530	271,037	9,940	57,506	-	754,347	1,018	13,410,780	14,534,158	22,503	14,556,661

Note: Retained earnings attributable to the shareholders of the Company as at 30 June 2015 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$8,756,632,000 (at 31 December 2014: HK$8,547,470,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Operating activities		
Cash generated from operations	**166,440**	274,726
Tax paid	**(34,643)**	(38,476)
Net cash generated from operating activities	**131,797**	236,250
Investing activities		
Payment for the purchase of property, plant and equipment	**(19,085)**	(9,134)
Other cash flows arising from investing activities	**17,109**	22,698
Net cash (used in)/generated from investing activities	**(1,976)**	13,564
Financing activities		
Dividends paid to shareholders of the Company	**(407,507)**	(203,754)
Other cash flows arising from financing activities	**(24,689)**	(30,565)
Net cash used in financing activities	**(432,196)**	(234,319)
Net (decrease)/increase in cash and cash equivalents	**(302,375)**	15,495
Cash and cash equivalents at 1 January	**3,347,260**	2,054,702
Effect of foreign exchange rate changes	**(23,484)**	13,394
Cash and cash equivalents at 30 June	**3,021,401**	2,083,591

	At 30 June 2015	At 30 June 2014
	HK$'000	HK$'000
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**167,916**	183,054
Bank deposits	**2,853,485**	1,900,537
Cash and cash equivalents	**3,021,401**	2,083,591

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 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 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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 judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their independent auditor's report dated 30 March 2015.

2. Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Turnover

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

The Group's turnover comprises 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	
	2015	2014
	HK$'000	HK$'000
Sale of goods	**606,238**	611,604
Net income from concession sales	**141,720**	140,368
Department stores	**747,958**	751,972
Property investment (note 6(c))	**204,917**	219,944
	952,875	971,916

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 an associate, 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 is set out below.

	Department stores		Property investment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**747,958**	751,972	**204,917**	219,944	**952,875**	971,916
Inter-segment revenue	**-**	-	**58,744**	50,425	**58,744**	50,425
Reportable segment revenue	**747,958**	751,972	**263,661**	270,369	**1,011,619**	1,022,341
Reportable segment profit	**97,712**	111,802	**204,910**	218,268	**302,622**	330,070

	Department stores		Property investment		Total	
	At 30 June 2015	At 31 December 2014	**At 30 June 2015**	At 31 December 2014	**At 30 June 2015**	At 31 December 2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment assets	**170,672**	177,468	**11,693,619**	11,629,181	**11,864,291**	11,806,649
Additions to non-current segment assets during the period/year	**2,207**	10,008	**24,209**	34,003	**26,416**	44,011
Reportable segment liabilities	**275,841**	325,687	**348,732**	393,729	**624,573**	719,416

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

	Six months ended 30 June 2015 HK$'000	2014 HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**302,622**	330,070
Other revenue	**26,835**	27,686
Other net gain	**11,928**	22,138
Finance costs	**(5,479)**	(7,882)
Net valuation gain on investment properties	**207,014**	46,448
Share of profit of an associate	**32,921**	47,939
Unallocated head office and corporate expenses	**(27,418)**	(24,561)
Consolidated profit before taxation	**548,423**	441,838

	At 30 June 2015 HK$'000	At 31 December 2014 HK$'000
Assets		
Reportable segment assets	**11,864,291**	11,806,649
Elimination of inter-segment receivables	**(4,923)**	(5,450)
	11,859,368	11,801,199
Interest in an associate	**304,424**	1,371,368
Available-for-sale securities	**21,718**	21,718
Deferred tax assets	**6,199**	7,904
Trading securities	**423,569**	340,515
Amount due from an associate	**2**	-
Current tax recoverable	**-**	23
Unallocated head office and corporate assets	**3,039,318**	3,352,914
Consolidated total assets	**15,654,598**	16,895,641
Liabilities		
Reportable segment liabilities	**624,573**	719,416
Elimination of inter-segment payables	**(4,923)**	(5,450)
	619,650	713,966
Amount due to an associate	**-**	1,099,690
Current tax payable	**48,967**	36,185
Deferred tax liabilities	**425,998**	449,925
Unallocated head office and corporate liabilities	**44,234**	39,214
Consolidated total liabilities	**1,138,849**	2,338,980

5. Other revenue and other net gain

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Other revenue		
Interest income from		
- bank deposits	**17,632**	15,588
- trading securities	**413**	548
Dividend income from		
- listed securities	**6,885**	6,810
- unlisted securities	**420**	430
Forfeiture of unclaimed dividends	**655**	3,454
Others	**830**	856
	26,835	27,686
Other net gain		
Net gain on remeasurement to fair value of		
- trading securities	**4,046**	5,782
- derivative financial instruments	**205**	111
Net realised gain on disposal of		
- trading securities	**5,814**	4,458
- derivative financial instruments	**614**	954
Release of the exchange reserve upon refund of investment in an overseas subsidiary	**7,554**	11,915
Net foreign exchange loss	**(6,304)**	(1,089)
Net (loss)/gain on disposal of other fixed assets	**(1)**	7
	11,928	22,138

6. Profit before taxation

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

		Six months ended 30 June	
		2015	2014
		HK$'000	HK$'000
(a)	Finance costs		
	Interest on bank loan repayable within five years	**5,479**	7,882
(b)	Staff costs (excluding directors' remuneration)		
	Contributions to defined contribution retirement plans	**6,173**	6,139
	Salaries, wages and other benefits	**107,701**	105,437
		113,874	111,576
(c)	Rentals received and receivable from investment properties		
	Gross rentals (note 3)	**(204,917)**	(219,944)
	Less: direct outgoings	**41,941**	34,913
		(162,976)	(185,031)
(d)	Other items		
	Depreciation and amortisation		
	- owned assets	**19,742**	17,777
	- lease incentives	**6,419**	6,678
	Goodwill written off	**-**	1,178
	Impairment losses on trade and other debtors recognised	**3**	4
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**25,318**	21,978
	- contingent rentals for hire of land and buildings	**1,068**	713
	Cost of inventories sold	**412,129**	417,591

7. Income tax in the consolidated statement of profit or loss

	Six months ended 30 June **2015** HK$'000	2014 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	**38,025**	39,930
Current tax – Overseas		
Provision for the period	**9,954**	16,033
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**(2,148)**	1,512
- other temporary differences	**3,009**	1,805
	861	3,317
Total income tax expense	**48,840**	59,280

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015. 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 interim period:

	Six months ended 30 June **2015** HK$'000	2014 HK$'000
Interim dividend declared and payable after the interim period of 34 HK cents (2014: 39 HK cents) per share	**100,400**	115,165

The interim dividend declared 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 payable during the interim period:

	Six months ended 30 June **2015** HK$'000	2014 HK$'000
Final dividend in respect of the financial year ended 31 December 2014 of 138 HK cents (31 December 2013: 69 HK cents) per share payable during the following interim period	**407,507**	203,754

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 2015 of HK$499,092,000 (six months ended 30 June 2014: HK$382,097,000) divided by 295,295,000 shares (2014: 295,295,000 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 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 period 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 statement of profit or loss for the period is reconciled as follows:

	Six months ended 30 June			
	2015		2014	
		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 statement of profit or loss	**499,092**	**169.0**	382,097	129.4
Adjustments:				
- net valuation gain on investment properties	**(207,014)**	**(70.1)**	(46,448)	(15.7)
- (decrease)/increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**(2,148)**	**(0.7)**	1,512	0.5
Underlying profit attributable to shareholders of the Company	**289,930**	**98.2**	337,161	114.2

10. Debtors, deposits and prepayments

	At 30 June 2015 HK$'000	At 31 December 2014 HK$'000
Trade and other debtors	**29,372**	27,523
Less: allowance for doubtful debts	**(22)**	(19)
	29,350	27,504
Deposits and prepayments	**60,463**	38,813
	89,813	66,317

At the end of the reporting period, the ageing analysis of trade and other debtors (net of allowance for doubtful debts), based on the due date, is as follows:

	At 30 June 2015 HK$'000	At 31 December 2014 HK$'000
Current or less than one month past due	**28,533**	26,749
One to three months past due	**449**	535
More than three months but less than twelve months past due	**103**	71
More than twelve months past due	**265**	149
	29,350	27,504

Credit period granted to customers is generally 30 days from the date of billing.

11. Creditors and accrued charges

At the end of the reporting period, the ageing analysis of trade and other creditors, based on the due date, is as follows:

	At 30 June 2015 HK$'000	At 31 December 2014 HK$'000
Amounts not yet due	**287,250**	328,974
On demand or less than one month overdue	**48,204**	52,802
One to three months overdue	**4,498**	1,336
Three to twelve months overdue	**798**	756
More than twelve months overdue	**1,422**	1,412
Trade and other creditors	**342,172**	385,280
Accrued charges	**36,198**	42,979
	378,370	428,259

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2015, the Group's turnover was HK$952.9 million (2014: HK$971.9 million), a decrease of 2.0% attributable mainly to the decrease in 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 2015 was HK$499.1 million (2014: HK$382.1 million), an increase of 30.6% 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 14.0% to HK$289.9 million (2014: HK$337.2 million). This was due mainly to the reduced profit contribution from the Group's above mentioned core businesses.

Earnings per share increased by 30.6% to 169.0 HK cents (2014: 129.4 HK cents) per share. Excluding the net valuation gain on investment properties net of related deferred tax thereon, underlying earnings per share for the period decreased by 14.0% to 98.2 HK cents (2014: 114.2 HK cents) per share.

The directors have decided to pay an interim dividend of 34 HK cents (2014: 39 HK cents) per share, absorbing a total amount of HK$100,400,000 (2014: HK$115,165,000). The interim dividend will be paid on 16 October 2015 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 9 October 2015 (Hong Kong time). The Register of Members will be closed from 6 October 2015 to 9 October 2015 (Hong Kong time), both dates inclusive, during which period no share transfer will be accepted.

To qualify for the interim dividend, share transfers to be dealt with must be lodged with the Company's Share Registrars, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:00 p.m. on Monday, 5 October 2015 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2015 was HK$14,492.8 million, a decrease of 0.3% as compared to that at 31 December 2014. With cash and listed marketable securities at 30 June 2015 of about HK$3,396.2 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 30 June 2015, the Group's total borrowings amounted to HK$282.5 million, a decrease of about HK$ 39.1 million as compared to that at 31 December 2014 due to the partial repayments and exchange differences. The Group's total borrowings of HK$282.5 million relate to a mortgage loan for Australian investment properties. The bulk of the borrowings will be repayable by the end of 2017. Certain assets, comprising principally property interests with a book value of HK$2,260.8 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$283.5 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 30 June 2015, was 1.9% as compared with 2.2% at 31 December 2014.

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$1,974.6 million at 30 June 2015 (at 31 December 2014: HK$2,108.1 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 30 June 2015, the total amount of the Group's capital expenditure commitments was HK$37.6 million (at 31 December 2014: HK$10.0 million). As at 30 June 2015, the Group had no contingent liability (at 31 December 2014: HK$ nil).

HALF YEAR BUSINESS REVIEW

Department Store Operations

In the period under review, the Group's department stores business continued to operate under difficult conditions affected by a noticeable decline in consumer spending, reduced tourist traffic and increase in rental and other operating expenses. The Group's department stores business turnover for the first half of 2015 decreased slightly by 0.5% to HK$748.0 million (2014: HK$752.0 million), while its operating profit decreased by 12.6% to HK$97.7 million (2014: HK$111.8 million).

The Group closed down its Taikoo Shing Store on 3 August 2015 as the landlord was unwilling to renew the lease. Details of this closure has been reported in the Chairman's Statement to the 2014 Annual Report. The Group is pleased to note that its Taikoo Shing Store received positive commendations and support from its customers during the store's final trading days. Almost all of the staff of the Taikoo Shing Store were willing to continue their service and had been re-deployed to the Group's other stores and operations.

Property Investments

For the six months ended 30 June 2015, the Group's property investment income decreased by 6.1% to HK$204.9 million (2014: HK$218.3 million). The Group was able to achieve a slight increase by 2.5% in rental income from its commercial investment properties in Hong Kong to HK$142.3 million (2014: HK$138.8 million) while the overall occupancy increased from about 90% at 31 December 2014 to about 95% at 30 June 2015. Income from the Group's commercial office properties in Melbourne dropped by 23.6% to HK$56.7 million (2014: HK$74.2 million) despite a stable occupancy rate of above 95% throughout the period under review. The decrease was mostly due to the weak Australian dollar in the period under review as compared to the same period last year when income is translated back to the Hong Kong dollar for reporting purposes.

Interest in an Associate

For the six months ended 30 June 2015, the Group recorded a share of profit after tax from the associate of HK$32.9 million (2014: HK$47.9 million), due mainly to the unrealised gain of HK$27.5 million in the associate's holding of certain marketable securities, which were issued to the associate as part of the consideration for its disposal of its subsidiary last year. The comparison amount of HK$47.9 million for the six months ended 30 June 2014 represented primarily profit earned from automobile dealership operations of the associate's subsidiary which has been disposed of in October 2014.

The associate's automobile dealership interest in the People's Republic of China ("PRC"), which is operated by the associate's 51% owned joint venture and currently has three automobile dealerships in operation in the Guangdong Province, was adversely affected by the worsening car market and accordingly deferred, for the time being, its plan to acquire additional automobile dealerships in the PRC. For the six months ended 30 June 2015, the Group recorded a share of loss from the associate's automobile dealership operations in the PRC of HK$1.4 million (2014: HK$2.2 million).

Others

The Group's investments in securities recorded a gain of HK$ 17.9 million (2014: HK$18.8 million) during the period under review. The Group recorded a net foreign exchange loss of HK$6.3 million (2014: HK$1.1 million) from its holdings of foreign currencies and also recognised a foreign exchange gain of HK$7.6 million (2014: HK$11.9 million) upon the return of investment from a subsidiary in Australia.

STAFF

As at 30 June 2015, the Group had a total staff of 816 (at 30 June 2014: 845). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2014 Annual Report.

OUTLOOK FOR THE REMAINDER OF 2015

In light of the prevailing weak retailing environment, the Group expects that the current declining trend in retail sales will continue in the second half of 2015. Nevertheless, our department stores management will continue to assess and adjust the merchandise mix and concession counter selections as well as organise more marketing campaigns to boost our business. The Group's investment properties in Hong Kong and Australia will continue to provide stable rental income for the Group.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2015.

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 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 27 August 2015

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 and Mr. Leung Wing Ning.