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 2017

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 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	Note	**2017 HK$'000**	2016 HK$'000
Revenue	3	**809,034**	883,433
Other revenue	5	**29,881**	21,249
Other net gain	5	**73,841**	2,224
Cost of department store sales	6(d)	**(320,765)**	(364,719)
Cost of property leasing activities	6(c)	**(47,477)**	(38,569)
Other operating expenses		**(195,028)**	(191,692)
Profit from operations		**349,486**	311,926
Finance costs	6(a)	**(3,387)**	(4,355)
		346,099	307,571
Net valuation gain on investment properties		**929,031**	228,016
		1,275,130	535,587
Share of profit/(loss) of an associate		**6,267**	(50,207)
Profit before taxation	6	**1,281,397**	485,380
Income tax	7	**(46,244)**	(54,183)
Profit for the period		**1,235,153**	431,197
Attributable to:			
Shareholders of the Company		**1,234,018**	430,280
Non-controlling interests		**1,135**	917
Profit for the period		**1,235,153**	431,197
Basic and diluted earnings per share	9	**419.2 cents**	145.9 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June			
	2017		2016	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the period		**1,235,153**		431,197
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	**155,677**		51,902	
- share of exchange differences on translation of financial statements of an overseas associate	**2,886**		(606)	
		158,563		51,296
- Available-for-sale securities: changes in fair value recognised during the period		**-**		(120)
Other comprehensive income for the period		**158,563**		51,176
Total comprehensive income for the period		**1,393,716**		482,373
Attributable to:				
Shareholders of the Company		**1,392,402**		481,434
Non-controlling interests		**1,314**		939
Total comprehensive income for the period		**1,393,716**		482,373

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Non-current assets			
Investment properties		**13,337,833**	12,210,147
Other property, plant and equipment		**415,083**	431,399
		13,752,916	12,641,546
Interest in an associate		**282,971**	273,818
Available-for-sale securities		**26,478**	26,478
Deferred tax assets		**2,754**	6,158
		14,065,119	12,948,000
Current assets			
Trading securities		**487,014**	345,828
Inventories		**88,609**	102,135
Debtors, deposits and prepayments	10	**99,543**	77,039
Amounts due from fellow subsidiaries		**45,669**	8,312
Current tax recoverable		**16,070**	11,016
Cash and cash equivalents		**3,231,458**	3,356,832
		3,968,363	3,901,162
Current liabilities			
Creditors and accrued charges	11	**349,491**	433,870
Secured bank loan		**209,228**	212,742
Amounts due to fellow subsidiaries		**3,381**	2,755
Current tax payable		**37,052**	19,852
		599,152	669,219
Net current assets		**3,369,211**	3,231,943
Total assets less current liabilities		**17,434,330**	16,179,943
Non-current liabilities			
Deferred tax liabilities		**602,722**	565,532
Net assets		**16,831,608**	15,614,411
Capital and reserves			
Share capital		**29,415**	29,461
Reserves		**16,773,948**	15,558,019
Total equity attributable to shareholders of the Company		**16,803,363**	15,587,480
Non-controlling interests		**28,245**	26,931
Total equity		**16,831,608**	15,614,411

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

		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	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 2017		29,461	271,037	14,700	(203,894)	754,347	1,051	14,720,778	15,587,480	26,931	15,614,411
Changes in equity for the six months ended 30 June 2017:											
Profit for the period		-	-	-	-	-	-	1,234,018	1,234,018	1,135	1,235,153
Other comprehensive income for the period		-	-	-	158,384	-	-	-	158,384	179	158,563
Total comprehensive income for the period		-	-	-	158,384	-	-	1,234,018	1,392,402	1,314	1,393,716
Purchase of own shares											
- par value paid		(46)	-	-	-	-	-	-	(46)	-	(46)
- premium and transaction costs paid		-	-	-	-	-	-	(11,753)	(11,753)	-	(11,753)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(164,720)	(164,720)	-	(164,720)
		(46)	-	-	158,384	-	-	1,057,545	1,215,883	1,314	1,217,197
Balance at 30 June 2017		29,415	271,037	14,700	(45,510)	754,347	1,051	15,778,323	16,803,363	28,245	16,831,608
Balance at 1 January 2016		29,508	271,037	12,760	(178,467)	754,347	1,673	13,965,345	14,856,203	25,137	14,881,340
Changes in equity for the six months ended 30 June 2016:											
Profit for the period		-	-	-	-	-	-	430,280	430,280	917	431,197
Other comprehensive income for the period		-	-	(120)	51,274	-	-	-	51,154	22	51,176
Total comprehensive income for the period		-	-	(120)	51,274	-	-	430,280	481,434	939	482,373
Share of the general reserve fund of an associate: transfer to retained earnings		-	-	-	-	-	(633)	633	-	-	-
Purchase of own shares											
- par value paid		(32)	-	-	-	-	-	-	(32)	-	(32)
- premium and transaction costs paid		-	-	-	-	-	-	(7,234)	(7,234)	-	(7,234)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(147,388)	(147,388)	-	(147,388)
		(32)	-	(120)	51,274	-	(633)	276,291	326,780	939	327,719
Balance at 30 June 2016		29,476	271,037	12,640	(127,193)	754,347	1,040	14,241,636	15,182,983	26,076	15,209,059
Balance at 1 July 2016		29,476	271,037	12,640	(127,193)	754,347	1,040	14,241,636	15,182,983	26,076	15,209,059
Changes in equity for the six months ended 31 December 2016:											
Profit for the period		-	-	-	-	-	-	556,489	556,489	869	557,358
Other comprehensive income for the period		-	-	2,060	(76,701)	-	-	-	(74,641)	(14)	(74,655)
Total comprehensive income for the period		-	-	2,060	(76,701)	-	-	556,489	481,848	855	482,703
Share of the general reserve fund of an associate: transfer from retained earnings		-	-	-	-	-	11	(11)	-	-	-
Purchase of own shares											
- par value paid		(15)	-	-	-	-	-	-	(15)	-	(15)
- premium and transaction costs paid		-	-	-	-	-	-	(3,665)	(3,665)	-	(3,665)
Dividends approved and paid in respect of the current year	8(a)	-	-	-	-	-	-	(73,671)	(73,671)	-	(73,671)
		(15)	-	2,060	(76,701)	-	11	479,142	404,497	855	405,352
Balance at 31 December 2016		29,461	271,037	14,700	(203,894)	754,347	1,051	14,720,778	15,587,480	26,931	15,614,411

Note: Retained earnings attributable to the shareholders of the Company as at 30 June 2017 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$10,599,366,000 (at 31 December 2016: HK$9,671,805,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Operating activities		
Cash generated from operations	**58,109**	272,694
Tax paid	**(26,557)**	(34,423)
Net cash generated from operating activities	**31,552**	238,271
Investing activities		
Payment for the purchase of investment properties and other property, plant and equipment	**(11,301)**	(6,419)
Other cash flows arising from investing activities	**16,590**	5,166
Net cash generated from/(used in) investing activities	**5,289**	(1,253)
Financing activities		
Dividends paid to shareholders of the Company	**(164,720)**	(147,388)
Other cash flows arising from financing activities	**(34,004)**	(29,842)
Net cash used in financing activities	**(198,724)**	(177,230)
Net (decrease)/ increase in cash and cash equivalents	**(161,883)**	59,788
Cash and cash equivalents at 1 January	**3,356,832**	3,116,347
Effect of foreign exchange rate changes	**36,509**	9,049
Cash and cash equivalents at 30 June	**3,231,458**	3,185,184

NOTES TO THE UNAUDITED INTERIM RESULTS

1. Basis of preparation

The interim results set out in the announcement are extracted from the Group's interim financial report for the six months ended 30 June 2017.

The 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any 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.

The 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 2016 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 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 HKICPA. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2016 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 2016 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 2017.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has 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. Revenue

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

The Group's revenue 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	
	2017	2016
	HK$'000	HK$'000
Sale of goods	**472,790**	533,404
Net income from concession sales	**120,067**	126,839
Department stores	**592,857**	660,243
Property investment (note 6(c))	**216,177**	223,190
	809,034	883,433

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 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 Six months ended 30 June		Property investment Six months ended 30 June		Total Six months ended 30 June	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**592,857**	660,243	**216,177**	223,190	**809,034**	883,433
Inter-segment revenue	**-**	-	**59,756**	60,188	**59,756**	60,188
Reportable segment revenue	**592,857**	660,243	**275,933**	283,378	**868,790**	943,621
Reportable segment profit	**61,319**	82,039	**210,846**	228,484	**272,165**	310,523

	Department stores		Property investment		Total	
	At 30 June 2017	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment assets	**159,333**	166,298	**13,774,393**	12,657,860	**13,933,726**	12,824,158
Additions to non-current segment assets during the period/year	**1,988**	12,953	**18,180**	79,885	**20,168**	92,838
Reportable segment liabilities	**223,584**	313,652	**293,960**	295,811	**517,544**	609,463

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

	Six months ended 30 June 2017 HK$'000	2016 HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**272,165**	310,523
Other revenue	**29,881**	21,249
Other net gain	**73,841**	2,224
Finance costs	**(3,387)**	(4,355)
Net valuation gain on investment properties	**929,031**	228,016
Share of profit/(loss) of an associate	**6,267**	(50,207)
Unallocated head office and corporate expenses	**(26,401)**	(22,070)
Consolidated profit before taxation	**1,281,397**	485,380

	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Assets		
Reportable segment assets	**13,933,726**	12,824,158
Elimination of inter-segment receivables	**(6,108)**	(6,246)
	13,927,618	12,817,912
Interest in an associate	**282,971**	273,818
Available-for-sale securities	**26,478**	26,478
Deferred tax assets	**2,754**	6,158
Trading securities	**487,014**	345,828
Current tax recoverable	**16,070**	11,016
Unallocated head office and corporate assets	**3,290,577**	3,367,952
Consolidated total assets	**18,033,482**	16,849,162
Liabilities		
Reportable segment liabilities	**517,544**	609,463
Elimination of inter-segment payables	**(6,108)**	(6,246)
	511,436	603,217
Current tax payable	**37,052**	19,852
Deferred tax liabilities	**602,722**	565,532
Unallocated head office and corporate liabilities	**50,664**	46,150
Consolidated total liabilities	**1,201,874**	1,234,751

5. Other revenue and other net gain

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**17,931**	12,070
Dividend income from securities	**9,155**	6,640
Forfeiture of unclaimed dividends	**1,583**	1,397
Compensation received on early termination of leases	**335**	-
Others	**877**	1,142
	29,881	21,249
Other net gain		
Net gain/(loss) on remeasurement to fair value of		
- trading securities	**36,857**	(2,390)
- derivative financial instruments	**(465)**	(314)
Net realised gain on disposal of		
- trading securities	**12,117**	222
- derivative financial instruments	**3,412**	244
Net foreign exchange gain	**21,922**	4,455
Net (loss)/gain on disposal of plant and equipment	**(2)**	7
	73,841	2,224

6. Profit before taxation

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

		Six months ended 30 June	
		2017	2016
		HK$'000	HK$'000
(a)	Finance costs		
	Interest on bank loan	**3,387**	4,355
(b)	Staff costs (excluding directors' remuneration)		
	Contributions to defined contribution retirement plans	**6,256**	6,101
	Salaries, wages and other benefits	**100,840**	100,696
		107,096	106,797
(c)	Rentals received and receivable from investment properties		
	Gross rentals (note 3)	**(216,177)**	(223,190)
	Less: direct outgoings	**47,477**	38,569
		(168,700)	(184,621)
(d)	Other items		
	Depreciation and amortisation		
	- owned assets	**18,369**	17,503
	- lease incentives	**8,200**	7,206
	Impairment losses on trade and other debtors (written back)/recognised	**(8)**	16
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**14,445**	14,616
	- contingent rentals for hire of land and buildings	**15**	176
	Cost of inventories sold	**320,765**	364,719

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

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	**33,762**	38,634
Current tax – Overseas		
Provision for the period	**5,768**	8,312
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**804**	(268)
- other temporary differences	**5,910**	7,505
	6,714	7,237
Total income tax expense	**46,244**	54,183

The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the six months ended 30 June 2017. 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	
	2017	2016
	HK$'000	HK$'000
Interim dividend:		
- declared after the interim period	**111,774**	73,691
- attributable to shares purchased but not yet cancelled in June 2017	**(17)**	-
- attributable to shares purchased in September 2016	**-**	(20)
Interim dividend payable after the interim period of 38 HK cents (2016: 25 HK cents) per share	**111,757**	73,671
Special dividend:		
- declared after the interim period	**323,557**	-
- attributable to shares purchased but not yet cancelled in June 2017	**(50)**	-
Special dividend payable after the interim period of 110 HK cents (2016: nil) per share	**323,507**	-
	435,264	73,671

Both the interim dividend and the special dividend declared after the end of the reporting period have not been recognised as liabilities 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 interim period:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Final dividend in respect of the financial year ended 31 December 2016/ 31 December 2015		
- approved during the interim period	**164,979**	147,541
- attributable to shares purchased in January, April and May 2017/ April and May 2016	**(259)**	(153)
Final dividend paid during the following interim period of 56 HK cents (2015: 50 HK cents) per share	**164,720**	147,388

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 2017 of HK$1,234,018,000 (six months ended 30 June 2016: HK$430,280,000) divided by the weighted average of 294,392,000 shares (2016: 295,005,000 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			
	2017		2016	
		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	**1,234,018**	**419.2**	430,280	145.9
Adjustments:				
Less: net valuation gain on investment properties	**(929,031)**	**(315.6)**	(228,016)	(77.3)
Add/(less): increase/(decrease) in deferred tax liabilities in relation to the net valuation gain on investment properties	**804**	**0.3**	(268)	(0.1)
	305,791	**103.9**	201,996	68.5
Add: net valuation gain on investment properties net of related deferred tax attributable to non-controlling interests	**666**	**0.2**	447	0.1
Underlying profit attributable to shareholders of the Company	**306,457**	**104.1**	202,443	68.6

10. Debtors, deposits and prepayments

	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Trade and other debtors	**42,027**	37,432
Less: allowance for doubtful debts	**(32)**	(40)
	41,995	37,392
Deposits and prepayments	**57,548**	39,647
	99,543	77,039

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 2017 HK$'000	At 31 December 2016 HK$'000
Current or less than one month past due	**41,649**	36,925
One to three months past due	**256**	363
More than three months but less than twelve months past due	**88**	102
More than twelve months past due	**2**	2
	41,995	37,392

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 2017 HK$'000	At 31 December 2016 HK$'000
Amounts not yet due	**267,343**	288,501
On demand or less than one month overdue	**43,935**	100,980
One to three months overdue	**3,305**	3,242
Three to twelve months overdue	**408**	752
More than twelve months overdue	**1,195**	1,181
Trade and other creditors	**316,186**	394,656
Accrued charges	**33,305**	39,214
	349,491	433,870

Credit period granted to the Group is generally between 30 days and 90 days from the date of billing.

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2017, the Group's revenue was HK$809.0 million (2016: HK$883.4 million), a decrease of 8.4% due mainly to the decrease in department stores revenue.

Profit attributable to shareholders for the first half of 2017 was HK$1,234.0 million (2016: HK$430.3 million), an increase of 186.8% due primarily to the significant increase in net valuation gain on investment properties as compared to the corresponding period. Excluding the non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders increased by 51.4% to HK$306.5 million (2016: HK$202.4 million). This was attributable mainly to the increase in gains from the Group's investments in securities and the share of profit of an associate recorded in the period under review as opposed to the share of loss of the associate in the same period last year.

Earnings per share increased by 187.3% to 419.2 HK cents (2016: 145.9 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 increased by 51.7% to 104.1 HK cents (2016: 68.6 HK cents) per share.

The directors have decided to pay an interim dividend of 38 HK cents (2016: 25 HK cents) per share, absorbing a total amount of HK$111,774,000 (2016: HK$73,691,000). In addition to the interim dividend, the directors are pleased to declare and pay a special one-off dividend of 110 HK cents per share to commemorate the 110th Anniversary of the founding of the Group's department stores business in 1907. Both the interim dividend and the special dividend will be paid on 23 October 2017 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 16 October 2017 (Hong Kong time). The Register of Members will be closed from 10 October 2017 to 16 October 2017 (Hong Kong time), both dates inclusive, during which period no share transfer will be accepted.

To qualify for the interim dividend and the special 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, 9 October 2017 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2017 was HK$16,803.4 million, an increase of 7.8% as compared to that at 31 December 2016. With cash and listed marketable securities at 30 June 2017 of about HK$3,591.0 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 30 June 2017, the Group's total borrowings amounted to HK$209.2 million, a decrease of about HK$3.5 million as compared to that at 31 December 2016 due to partial mortgage loan repayments, net of exchange differences. The Group's total borrowings of HK$209.2 million relate to a mortgage loan for Australian investment properties. The bulk of the borrowings will be repayable by the end of 2017. The management will renegotiate the repayment schedule nearer the time. Certain assets, comprising principally property interests with a book value of HK$2,774.6 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$209.4 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 2017, was 1.2% as compared with 1.4% at 31 December 2016.

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$2,453.9 million at 30 June 2017 (at 31 December 2016: HK$2,258.5 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 and Australian dollar.

Capital Commitments and Contingent Liabilities

At 30 June 2017, the total amount of the Group's capital expenditure commitments was HK$19.4 million (at 31 December 2016: HK$24.4 million). As at 30 June 2017, the Group had no contingent liability (at 31 December 2016: HK$ nil).

HALF YEAR BUSINESS REVIEW

Department Store Operations

For the six months ended 30 June 2017, the Group's department stores business revenue decreased by 10.2% to HK$592.9 million (2016: HK$660.2 million). The decrease was attributable primarily to the unseasonably warm weather conditions, which affected the sales of winter goods, and weak consumer spending during the period under review. To boost sales, the Group had offered extra sales promotions and deeper sales discounts. Overall, the department stores operating profit for the first half of 2017 decreased by 25.2% to HK$61.3 million (2016: HK$82.0 million), due mainly to the reduced gross profit on sales.

Property Investments

The Group's property investment income decreased by 7.7% to HK$210.8 million (2016: HK$228.5 million) for the six months ended 30 June 2017. The Group recorded a decrease by 2.9% in rental income from its commercial investment properties in Hong Kong to HK$158.7 million (2016: HK$163.4 million) with an overall occupancy of about 90% (2016: 95%) during the period under review. The drop in overall occupancy rate was due mainly to the expiration of a major lease in our property at Wing On Kowloon Centre in March 2016. Income from the Group's commercial office properties in Melbourne decreased by 21.8% to HK$46.6 million (2016: HK$59.6 million) due mainly to the expiry of certain leases during the period under review resulting in a decrease in rental income and recovery of building outgoings. The majority of the vacant spaces were either re-let to the existing tenants or taken up by new tenants. The overall occupancy rate of the Group's Melbourne properties remained stable at around 93% (2016: 95%) throughout the period under review.

Interest in an Associate

For the six months ended 30 June 2016, the Group's share of the provision held by the associate was HK$35.1 million, which was made against certain indemnity claims in relation to its disposal of an automobile dealership subsidiary in the United States in 2014. Certain of these claims remained unresolved at 30 June 2017. Having reviewed these outstanding unresolved claims and in line with legal advice, the Group considered that the balance of provision currently provided for in the financial statements should be adequate to cover the potential liabilities and thus no further provision was necessary. During the same period last year, the Group also recorded its share of unrealised loss on the associate's holding of certain market securities of HK$24.7 million.

For the six months ended 30 June 2017, the Group recorded a share of profit after tax from the associate's automobile dealership interest in the People's Republic of China of HK$2.2 million (2016: HK$2.8 million). Overall, the Group recorded a share of profit from the associate of HK$6.3 million (2016: loss of HK$50.2 million) for the six months ended 30 June 2017.

Others

The Group's investments in securities recorded a gain of HK$59.9 million (2016: HK$4.3 million) during the period under review. The Group recorded a net foreign exchange gain of HK$21.9 million (2016: HK$4.4 million) from its holdings of foreign currencies.

STAFF

As at 30 June 2017, the Group had a total staff of 726 (at 30 June 2016: 755). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2016 Annual Report.

OUTLOOK FOR THE REMAINDER OF 2017

Although the local retail market appeared to show signs of recovery in the second quarter of 2017, the Group remains cautious on the pace of recovery in local consumer spending in the coming months. To sustain sales growth, the Group is committed to upgrading the operating efficiency of its department stores to keep pace with today's fast-changing retailing environments. The Group has installed a new point of sale system in early August and is in the process of implementing a new enterprise resource planning system, which is targeted to be operational in 2018. The Group's investment properties in Hong Kong and Australia will continue to provide stable rental income for the Group.

To mark the 110th Anniversary of the founding of the Group's department stores business this year, management has planned a series of sales promotion events and activities in the coming months to celebrate this special occasion.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as 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 2017.

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 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2017, the Company purchased a total of 508,000 shares of the Company on the Stock Exchange for enhancing net asset value and earnings per share of the Company. Details of the purchases of shares are as follows:

(a) Shares purchased and cancelled

Month	**Number of shares purchased**	**Purchase price per share**		**Aggregate price paid**
		Highest	**Lowest**	
		HK$	HK$	HK$'000
January 2017	103,000	24.00	23.85	2,469
April 2017	60,000	25.95	25.30	1,539
May 2017	300,000	26.00	25.50	7,752
	463,000			11,760

The above shares have been purchased and cancelled by the Company during the six months ended 30 June 2017.

(b) Shares purchased but not yet cancelled

Month	**Number of shares purchased**	**Purchase price per share**		**Aggregate price paid**
		Highest	**Lowest**	
		HK$	HK$	HK$'000
June 2017	45,000	25.25	25.05	1,128

The above shares have been purchased by the Company but the share cancellation has not yet been completed as at 30 June 2017. These shares have been cancelled in July 2017. As a result, the nominal value of these shares was not deducted from the issued share capital of the Company as at 30 June 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 June 2017.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 28 August 2017

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.