



WING ON COMPANY INTERNATIONAL LIMITED

永安國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

INTERIM REPORT

2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

The Board of Directors as now constituted is listed below:

Executive Directors

Mr. Karl C. Kwok, MH (Chairman)
Mr. Lester Kwok, J.P. (Deputy Chairman and Chief Executive Officer)
Mr. Mark Kwok

Non-executive Director

Dr. Bill Kwok, J.P.

Independent Non-executive Directors

Miss Maria Tam Wai Chu, GBM, GBS, J.P.
Mr. Ignatius Wan Chiu Wong, LL. B.
Mr. Iain Ferguson Bruce, CA, FCPA, FHKIoD, FHKSI
Mr. Leung Wing Ning

AUDIT COMMITTEE

Mr. Iain Ferguson Bruce (Chairman)
Miss Maria Tam Wai Chu
Mr. Leung Wing Ning

REMUNERATION COMMITTEE

Mr. Leung Wing Ning (Chairman)
Mr. Karl C. Kwok
Mr. Ignatius Wan Chiu Wong

NOMINATION COMMITTEE

Mr. Leung Wing Ning (Chairman)
Mr. Karl C. Kwok
Mr. Ignatius Wan Chiu Wong

CORPORATE INFORMATION

(Continued)

AUDITOR

KPMG
Certified Public Accountants
8th Floor, Prince's Building,
10 Chater Road, Central,
Hong Kong.

SECRETARY

Mr. Sin Kar Tim
7th Floor, Wing On Centre,
211 Des Voeux Road Central,
Hong Kong.

REGISTERED OFFICE

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda.

PRINCIPAL OFFICE

7th Floor, Wing On Centre,
211 Des Voeux Road Central,
Hong Kong.
Website: www.wingonet.com

SHARE REGISTRARS

Tricor Progressive Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong.

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda.

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

(Continued)

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

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).

CHAIRMAN'S STATEMENT

(Continued)

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).

CHAIRMAN'S STATEMENT

(Continued)

HALF YEAR BUSINESS REVIEW (Continued)

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.

Karl C. Kwok
Chairman

Hong Kong, 27 August 2015

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF WING ON COMPANY INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 8 to 32 which comprises the consolidated statement of financial position of Wing On Company International Limited (the “Company”) as at 30 June 2015 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with HKAS 34, Interim financial reporting.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building,
10 Chater Road,
Central, Hong Kong

27 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2015	2014
		\$'000	\$'000
Turnover	3(a)	952,875	971,916
Other revenue	4	26,835	27,686
Other net gain	4	11,928	22,138
Cost of department store sales	5(d)	(412,129)	(417,591)
Cost of property leasing activities	5(c)	(41,941)	(34,913)
Other operating expenses		<u>(223,601)</u>	<u>(213,903)</u>
Profit from operations		313,967	355,333
Finance costs	5(a)	<u>(5,479)</u>	<u>(7,882)</u>
Net valuation gain on investment properties	8(a)	308,488	347,451
		<u>207,014</u>	<u>46,448</u>
Share of profit of an associate		515,502	393,899
		<u>32,921</u>	<u>47,939</u>
Profit before taxation	5	548,423	441,838
Income tax	6	<u>(48,840)</u>	<u>(59,280)</u>
Profit for the period		<u>499,583</u>	<u>382,558</u>
Attributable to:			
Shareholders of the Company		499,092	382,097
Non-controlling interests		<u>491</u>	<u>461</u>
Profit for the period		<u>499,583</u>	<u>382,558</u>
Basic and diluted earnings per share	7(a)	<u>169.0 cents</u>	<u>129.4 cents</u>

The notes on pages 16 to 32 form part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 13.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June			
		2015		2014	
		\$'000	\$'000	\$'000	\$'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	4		(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
			-----		-----

The notes on pages 16 to 32 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		At 30 June 2015 \$'000	At 31 December 2014 \$'000
	Note		
Non-current assets			
Fixed assets	8		
– 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	9	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	11	3,021,401	3,347,260
		3,636,973	3,864,729
Current liabilities			
Creditors and accrued charges	12	378,370	428,259
Secured bank loan		37,553	40,102
Amount due to an associate	9	–	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 carried forward		15,186,728	15,288,093

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited
(Continued)
(Expressed in Hong Kong dollars)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note		
Total assets less current liabilities brought forward	15,186,728	15,288,093
Non-current liabilities		
Secured bank loan	244,981	281,507
Deferred tax liabilities	425,998	449,925
	<u>670,979</u>	<u>731,432</u>
NET ASSETS	<u>14,515,749</u>	<u>14,556,661</u>
Capital and reserves		
Share capital	29,530	29,530
Reserves	14,463,237	14,504,628
	<u>14,492,767</u>	<u>14,534,158</u>
Total equity attributable to shareholders of the Company	14,492,767	14,534,158
Non-controlling interests	<u>22,982</u>	<u>22,503</u>
TOTAL EQUITY	<u>14,515,749</u>	<u>14,556,661</u>

The notes on pages 16 to 32 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		Attributable to shareholders of the Company									
	Note	Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Contributed surplus	General reserve fund	Retained earnings (Note)	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	13(b)	-	-	-	-	-	-	(407,507)	(407,507)	-	(407,507)
		-	-	-	(132,976)	-	-	91,585	(41,391)	479	(40,912)
Balance at 30 June 2015		<u>29,530</u>	<u>271,037</u>	<u>9,940</u>	<u>(75,470)</u>	<u>754,347</u>	<u>1,018</u>	<u>13,502,365</u>	<u>14,492,767</u>	<u>22,982</u>	<u>14,515,749</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 – unaudited

(Continued)

(Expressed in Hong Kong dollars)

		Attributable to shareholders of the Company										
		Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Hedging reserve	Contributed surplus	General reserve fund	Retained earnings (Note)	Total	Non-controlling interests	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	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	13(b) -	-	-	-	-	-	-	(203,754)	(203,754)	-	(203,754)
		-	-	(450)	96,813	2,227	-	-	178,343	276,933	446	277,379
	Balance at 30 June 2014	<u>29,530</u>	<u>274,692</u>	<u>9,840</u>	<u>347,281</u>	<u>(7,111)</u>	<u>754,347</u>	<u>612</u>	<u>12,630,286</u>	<u>14,039,477</u>	<u>21,140</u>	<u>14,060,617</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 – unaudited

(Continued)

(Expressed in Hong Kong dollars)

		Attributable to shareholders of the Company										
		Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Hedging reserve	Contributed surplus	General reserve fund	Retained earnings (Note)	Total	Non-controlling interests	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	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 13(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	<u>29,530</u>	<u>271,037</u>	<u>9,940</u>	<u>57,506</u>	<u>-</u>	<u>754,347</u>	<u>1,018</u>	<u>13,410,780</u>	<u>14,534,158</u>	<u>22,503</u>	<u>14,556,661</u>

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 \$8,756,632,000 (at 31 December 2014: \$8,547,470,000).

The notes on pages 16 to 32 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	2014
	Note	\$'000	\$'000
Operating activities			
Cash generated from operations		166,440	274,726
Tax paid		<u>(34,643)</u>	<u>(38,476)</u>
Net cash generated from operating activities		<u>131,797</u>	<u>236,250</u>
Investing activities			
Payment for the purchase of property, plant and equipment		(19,085)	(9,134)
Other cash flows arising from investing activities		<u>17,109</u>	<u>22,698</u>
Net cash (used in)/generated from investing activities		<u>(1,976)</u>	<u>13,564</u>
Financing activities			
Dividends paid to shareholders of the Company		(407,507)	(203,754)
Other cash flows arising from financing activities		<u>(24,689)</u>	<u>(30,565)</u>
Net cash used in financing activities		<u>(432,196)</u>	<u>(234,319)</u>
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		<u>(23,484)</u>	<u>13,394</u>
Cash and cash equivalents at 30 June	11	<u>3,021,401</u>	<u>2,083,591</u>

The notes on pages 16 to 32 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise stated)

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 Hong Kong Institute of Certified Public Accountants (“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 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. KPMG’s independent review report to the Board of Directors is included on page 7. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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 and segment reporting

(a) 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
	\$'000	\$'000
Sale of goods	606,238	611,604
Net income from concession sales	<u>141,720</u>	<u>140,368</u>
Department stores	747,958	751,972
Property investment (note 5(c))	<u>204,917</u>	<u>219,944</u>
	<u><u>952,875</u></u>	<u><u>971,916</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

3. Turnover and segment reporting (Continued)

(b) 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.

(i) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

3. Turnover and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	<u>747,958</u>	<u>751,972</u>	<u>263,661</u>	<u>270,369</u>	<u>1,011,619</u>	<u>1,022,341</u>
Reportable segment profit	<u>97,712</u>	<u>111,802</u>	<u>204,910</u>	<u>218,268</u>	<u>302,622</u>	<u>330,070</u>

	Department stores		Property investment		Total	
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	<u>275,841</u>	<u>325,687</u>	<u>348,732</u>	<u>393,729</u>	<u>624,573</u>	<u>719,416</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

3. Turnover and segment reporting (Continued)

(b) Segment reporting (Continued)

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

	Six months ended 30 June	
	2015	2014
	\$'000	\$'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	<u>(27,418)</u>	<u>(24,561)</u>
Consolidated profit before taxation	<u>548,423</u>	<u>441,838</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

3. Turnover and segment reporting (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment profit, assets and liabilities (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Assets		
Reportable segment assets	11,864,291	11,806,649
Elimination of inter-segment receivables	<u>(4,923)</u>	<u>(5,450)</u>
	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	<u>3,039,318</u>	<u>3,352,914</u>
Consolidated total assets	<u><u>15,654,598</u></u>	<u><u>16,895,641</u></u>
Liabilities		
Reportable segment liabilities	624,573	719,416
Elimination of inter-segment payables	<u>(4,923)</u>	<u>(5,450)</u>
	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	<u>44,234</u>	<u>39,214</u>
Consolidated total liabilities	<u><u>1,138,849</u></u>	<u><u>2,338,980</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

4. Other revenue and other net gain

	Six months ended 30 June	
	2015	2014
	\$'000	\$'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
	<u>26,835</u>	<u>27,686</u>
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
	<u>11,928</u>	<u>22,138</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

5. Profit before taxation

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

	Six months ended 30 June	
	2015	2014
	\$'000	\$'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(a))	(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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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

	Six months ended 30 June	
	2015	2014
	\$'000	\$'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.

7. 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 \$499,092,000 (six months ended 30 June 2014: \$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”.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

7. Basic and diluted earnings per share (Continued)

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

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	
	\$'000	Amount per share cents	\$'000	Amount per share 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	<u>289,930</u>	<u>98.2</u>	<u>337,161</u>	<u>114.2</u>

8. Fixed assets

- (a) Investment properties were revalued as at 30 June 2015 by the directors using relevant market indices to update the professional valuations that were carried out as at 31 December 2014. As a result of the update, net valuation gain of \$207,014,000 (six months ended 30 June 2014: \$46,448,000) and credit of deferred tax of \$2,148,000 (six months ended 30 June 2014: charge of \$1,512,000) thereon have been included in the consolidated statement of profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

8. Fixed assets (Continued)

- (b) The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within one year	334,018	328,368
After one year but within five years	725,114	702,758
After five years	193,319	108,987
	<u>1,252,451</u>	<u>1,140,113</u>

9. Interest in an associate

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Unlisted shares		
Share of net assets other than goodwill and intangible assets	296,025	1,362,716
Share of goodwill and intangible assets of an associate	8,399	8,652
Interest in an associate	304,424	1,371,368
Amount due to an associate	–	(1,099,690)
	<u>304,424</u>	<u>271,678</u>

The amount due to an associate in 2014 was unsecured, interest-free and repayable on demand.

In March 2015, the associate of the Group has declared dividend to its shareholders. The dividend paid by the associate to the Group of US\$142,000,000 has been offset with the amount due to the associate with the same amount which represented certain funds received from the associate in 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

10. Debtors, deposits and prepayments

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

All debtors, deposits and prepayments of the Group, apart from certain rental deposits and prepayments totalling \$18,524,000 (at 31 December 2014: \$22,451,000), are expected to be recovered or recognised as an expense within one year.

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 \$'000	At 31 December 2014 \$'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	<u>265</u>	<u>149</u>
	<u><u>29,350</u></u>	<u><u>27,504</u></u>

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

11. Cash and cash equivalents

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Cash at bank and in hand	167,916	140,870
Bank deposits	<u>2,853,485</u>	<u>3,206,390</u>
	<u><u>3,021,401</u></u>	<u><u>3,347,260</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

12. 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 \$'000	At 31 December 2014 \$'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	<u>1,422</u>	<u>1,412</u>
Trade and other creditors	342,172	385,280
Accrued charges	<u>36,198</u>	<u>42,979</u>
	<u><u>378,370</u></u>	<u><u>428,259</u></u>

All creditors and accrued charges of the Group, apart from certain rental deposits received and accrued charges totalling \$33,005,000 (at 31 December 2014: \$24,459,000), are expected to be settled or recognised as income within one year or are repayable on demand.

13. Dividends

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

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

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

13. Dividends (Continued)

- (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	2014
	\$'000	\$'000
Final dividend in respect of the financial year ended 31 December 2014 of 138 cents (31 December 2013: 69 cents) per share payable during the following interim period	<u>407,507</u>	<u>203,754</u>

14. Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

- (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

14. Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2015 \$'000	Fair value measurements as at 30 June 2015 categorised into		Fair value at 31 December 2014 \$'000	Fair value measurements as at 31 December 2014 categorised into	
		Level 1	Level 2		Level 1	Level 2
		\$'000	\$'000		\$'000	\$'000
Recurring fair value measurements						
Assets						
Unlisted available-for-sale securities	10,150	-	10,150	10,150	-	10,150
Trading securities	<u>423,569</u>	<u>374,817</u>	<u>48,752</u>	<u>340,515</u>	<u>291,238</u>	<u>49,277</u>

During the six months ended 30 June 2015, there were no transfers between financial instruments in different levels (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The trading securities in Level 2 represent investment funds and unlisted but quoted debt securities. The fair value of these investment funds is determined by reference to quoted price in active market of the listed securities comprising the fund portfolio being valued, adjusted for factors unique to the funds being valued. The fair value of these debt securities is determined by discounting a projected cash flow series associated with these debt securities using market related discount rates.

The fair value of the unlisted available-for-sale securities is determined by reference to quoted price in active market of instruments similar to the securities being valued, adjusted for factors unique to the securities being valued.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

14. Fair value measurement of financial instruments (Continued)

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014 except for the unlisted equity securities of \$11,568,000 (at 31 December 2014: \$11,568,000), which do not have a quoted price in an active market and therefore their fair values cannot be reliably measured. These unlisted equity securities are stated at cost at the end of the reporting period.

15. Capital commitments

At the end of the reporting period, capital commitments of the Group outstanding not provided for in the interim financial report were as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Authorised and contracted for	32,888	9,973
Authorised but not contracted for	4,759	–
	<u>37,647</u>	<u>9,973</u>

16. Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group for the six months ended 30 June 2015 was as follows:

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Salaries and other short-term employee benefits	40,071	26,677
Contributions to defined contribution retirement plans	555	530
	<u>40,626</u>	<u>27,207</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

16. Material related party transactions (Continued)

(b) Recurring transactions

Fellow subsidiaries represent subsidiaries of Wing On International Holdings Limited, the Company's immediate holding company. Material related party transactions are as follows:

- (i) A fellow subsidiary rents retail premises to a subsidiary of the Group. Rental and management fees payable to this fellow subsidiary amounted to \$15,342,000 (2014: \$12,263,000) during the period. The amount due from the fellow subsidiary as at 30 June 2015 amounted to \$2,554,000 (at 31 December 2014: \$2,554,000).
- (ii) A subsidiary of the Group rents office premises to a fellow subsidiary. Rental and management fees receivable from this fellow subsidiary amounted to \$2,687,000 (2014: \$2,472,000) during the period. The amount due to the fellow subsidiary as at 30 June 2015 amounted to \$1,294,000 (at 31 December 2014: \$1,294,000).
- (iii) A fellow subsidiary, engaged in securities trading, deals in securities for certain subsidiaries of the Group. Commission of \$289,000 (2014: \$98,000) was payable to this fellow subsidiary during the period. The amount due from the fellow subsidiary as at 30 June 2015 amounted to \$1,462,000 (at 31 December 2014: \$111,000).
- (iv) A subsidiary of the Group provides building and tenancy management services to a fellow subsidiary. Building and tenancy management fees receivable from this fellow subsidiary amounted to \$456,000 (2014: \$456,000) during the period. The amount due to the fellow subsidiary as at 30 June 2015 amounted to \$1,686,000 (at 31 December 2014: \$2,018,000).

The directors of the Group are of the opinion that the above transactions were carried out at pre-determined amounts in accordance with terms mutually agreed by the Group and the respective companies.

17. Approval of the interim financial report

The interim financial report was approved by the Board of Directors on 27 August 2015.

SUPPLEMENTARY INFORMATION

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of 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.

DIRECTORS’ INTERESTS IN SHARES

As at 30 June 2015, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under section 352 of the SFO were as follows:

(a) The Company

Name of Director	Personal interests (held as beneficial owner)	Number of ordinary shares held			Total interests	Total interests as a % of the issued share capital
		Family interests (interests of spouse)	Corporate interests (interests of corporation)	Other interests		
Karl C. Kwok	320,710	–	–	–	320,710	0.109
Lester Kwok	489,140	–	–	–	489,140	0.166
Bill Kwok	798,388	295,000	255,000 (Note 1)	–	1,348,388	0.457
Mark Kwok	397,000	–	10,000 (Note 2)	–	407,000	0.138
Leung Wing Ning	10,000	–	–	–	10,000	0.003

Notes:

1. Dr. Bill Kwok is entitled to control not less than one-third of the voting power at general meetings of a private company which beneficially owns 255,000 ordinary shares in the Company.
2. Mr. Mark Kwok is entitled to control not less than one-third of the voting power at general meetings of a private company which beneficially owns 10,000 ordinary shares in the Company.

SUPPLEMENTARY INFORMATION

(Continued)

DIRECTORS' INTERESTS IN SHARES (Continued)

(b) Kee Wai Investment Company (BVI) Limited

Name of Director	Personal interests (held as beneficial owner)	Number of ordinary shares held			Total interests	Total interests as a % of the issued share capital
		Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests		
Karl C. Kwok	12,110	–	–	–	12,110	21.246
Lester Kwok	12,110	–	–	–	12,110	21.246
Bill Kwok	12,110	–	–	–	12,110	21.246
Mark Kwok	12,110	–	–	–	12,110	21.246

Note: The above directors together control approximately 85% of the voting rights in Kee Wai Investment Company (BVI) Limited.

(c) The Wing On Fire & Marine (2011) Limited

Name of Director	Personal interests (held as beneficial owner)	Number of ordinary shares held			Total interests	Total interests as a % of the issued share capital
		Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests		
Karl C. Kwok	324	–	–	–	324	0.017
Lester Kwok	216	–	–	–	216	0.012
Bill Kwok	216	–	–	–	216	0.012
Mark Kwok	216	–	–	–	216	0.012

In addition to the above, certain directors hold shares in a subsidiary on trust and as nominee for its intermediary holding company.

Save as disclosed herein, none of the directors nor the chief executives of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation (as defined above) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to section 347 of the SFO or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUPPLEMENTARY INFORMATION

(Continued)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, according to the information available to the Company, the following companies were interested in 5% or more of the issued share capital of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Number of ordinary shares held	Total interests as a % of the issued share capital
(i) Wing On International Holdings Limited	180,545,138	61.141
(ii) Wing On Corporate Management (BVI) Limited	180,545,138	61.141
(iii) Kee Wai Investment Company (BVI) Limited	180,545,138	61.141

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against party (i) above are entirely duplicated in the relevant shareholdings stated against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii). All of the above named parties are deemed to be interested in the relevant shareholdings under the SFO.

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.