



**WING ON COMPANY INTERNATIONAL LIMITED**

**永安國際有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

**INTERIM REPORT**

**2009**

# CONTENTS

	Page
Corporate Information .....	1-2
Chairman's Statement .....	3-6
Independent Review Report .....	7
Consolidated Income Statement – unaudited .....	8
Consolidated Statement of Comprehensive Income – unaudited .....	9
Consolidated Statement of Financial Position – unaudited .....	10-11
Consolidated Statement of Changes in Equity – unaudited .....	12-13
Condensed Consolidated Statement of Cash Flows – unaudited .....	14
Notes to the Unaudited Interim Financial Report .....	15-31
Supplementary Information .....	32-35

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

The Board of Directors as now constituted is listed below:

### Executive Directors

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

### Non-executive Directors

Dr. Bill Kwok, J.P.  
Dr. Philip Kwok, SBS, J.P.

### Independent Non-executive Directors

Miss Maria Tam Wai Chu, GBS, J.P.  
Mr. Ignatius Wan Chiu Wong, LL. B.  
Mr. Iain Ferguson Bruce, CA, FCPA  
Mr. Anthony Francis Martin Conway

## AUDIT COMMITTEE

Mr. Iain Ferguson Bruce (Chairman)  
Miss Maria Tam Wai Chu  
Dr. Philip Kwok

## REMUNERATION COMMITTEE

Mr. Anthony Francis Martin Conway (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.

## SHARE REGISTRARS

Tricor Progressive Limited  
26th Floor, Tesbury Centre,  
28 Queen's Road East, Wanchai,  
Hong Kong.

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre,  
11 Bermudiana Road,  
Pembroke HM08, Bermuda.

# CHAIRMAN'S STATEMENT

## INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2009, the Group's turnover decreased slightly by 2.6% to HK\$686.7 million (2008: HK\$705.1 million). This was due to a decrease in the Group's department stores business turnover and reduced rental income from the Group's investment properties in Australia.

Profit attributable to shareholders for the first half of 2009 was HK\$286.0 million (2008: HK\$679.2 million), a decrease of 57.9% due primarily to the decrease 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 achieved an increase in its underlying profit attributable to shareholders of 32.0% to HK\$200.0 million (2008: HK\$151.5 million). This increase was mainly attributable to improvement in results from investments in securities.

Earnings per share decreased by 57.9% to 96.8 HK cents per share from the 230.0 HK cents per share achieved for the same period last year. Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying earnings per share for the period increased by 32.0% to 67.7 HK cents per share (2008: 51.3 HK cents per share).

The directors have decided to pay an interim dividend of 22 HK cents (2008: 17 HK cents) per share, absorbing a total amount of HK\$64,965,000 (2008: HK\$50,205,000). The interim dividend will be paid on 21 October 2009 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 16 October 2009 (Hong Kong time). The Register of Members will be closed from 12 October 2009 to 16 October 2009 (Hong Kong time), both dates inclusive, during which period no share transfer will be accepted.

To qualify for the interim dividend, transfers to be dealt with must be lodged with the Company's Share Registrars, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 9 October 2009 (Hong Kong time).

## LIQUIDITY AND FINANCIAL RESOURCES

### Overall Financial Position

Shareholders' equity at 30 June 2009 was HK\$7.2 billion, an increase of 6.9% compared to that at 31 December 2008. With cash and listed marketable securities at 30 June 2009 of about HK\$1.6 billion 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 2009, the Group's total borrowings amounted to HK\$802.9 million, an increase of about HK\$119.0 million, due entirely to exchange differences, as compared to that at 31 December 2008. The Group's total borrowings of HK\$802.9 million relate to a mortgage loan for Australian investment properties; most of which will be repayable after two years but within five years. In view of this maturity profile of the borrowings, the repayment pressure is low. Certain assets, comprising principally property interests with a book value of HK\$5.5 billion, have been pledged to banks as collateral security for banking facilities granted to the extent of HK\$0.9 billion. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

### Gearing Ratio

The gearing ratio, which is computed as the total borrowings of the Group divided by shareholders' equity of the Group at 30 June 2009, was 11.1% as compared with 10.1% at 31 December 2008.

### 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 property are denominated in Australian dollars. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK\$1.5 billion at 30 June 2009 (at 31 December 2008: HK\$1.4 billion).

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, United States and Australian dollars.

### Capital Commitments and Contingent Liabilities

At 30 June 2009, the total amount of the Group's capital expenditure commitments was HK\$4,747,000 (at 31 December 2008: HK\$2,188,000). The Company has issued corporate guarantees to a financial institution in respect of banking facilities granted to a jointly controlled entity of an associate of the Group and a wholly-owned subsidiary of the associate, which expire within one year. The associate has also issued a corporate guarantee to a financial institution in respect of financial facility granted to the jointly controlled entity of the associate, which expires within one year. At 30 June 2009, the maximum contingent liability shared by the Group was HK\$26,097,000 (at 31 December 2008: HK\$25,175,000).

# CHAIRMAN'S STATEMENT

(Continued)

## HALF YEAR BUSINESS REVIEW

### Department Store Operations

As a consequence of the global financial tsunami, the business environment for the Group's department stores has been challenging and difficult during the period under review. Consumer confidence was weak and spending power reduced. Management had to launch more promotional events with deeper discounts offered. Hence, compared to the same period last year, the Group's department stores business recorded a decrease in turnover of 2.3% to HK\$540.2 million (2008: HK\$553.1 million) whilst its operating profit decreased by 27.2% to HK\$53.4 million (2008: HK\$73.4 million).

### Property Investment

The Group's overall property investment income for the period under review increased slightly by 1.6% to HK\$142.2 million (2008: HK\$140.0 million). Notwithstanding the weakened local economy, the Group managed to achieve a 12.4% increase in rental income from its investment properties in Hong Kong to HK\$88.1 million (2008: HK\$78.4 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial investment properties in Australia decreased by 17.0% to HK\$49.5 million (2008: HK\$59.6 million). Despite the higher rents in Australian dollar terms achieved for renewals and new lettings during the period under review, a decrease in net rental income was recorded when translating the net rental income from Australian dollars to Hong Kong dollars. The overall occupancy rate for the commercial investment properties in Australia remained stable at above 95%.

### Automobile Dealership Business

As stated in the Group's 2008 Annual Report, its automobile dealership associate in the United States was adversely affected by the credit crunch in the United States in 2008, which triggered a sharp decline in demand for cars in the latter part of 2008 and in the period under review. In response to the economic downturn in the United States and the poor market sentiment, the associate's dealership management implemented measures to drastically reduce operating costs. These actions helped the associate conserve sufficient financial resources to weather the storm. Benefiting from the various cost reduction and streamlining measures, the associate was able to remain profitable.

### Others

During the first half of 2009, the Group recorded a net exchange gain of HK\$10.6 million (2008: HK\$7.0 million) mainly from its Australian dollar deposits. The Group's investments in securities recorded a profit of HK\$31.1 million compared to a loss of HK\$47.8 million in the corresponding period last year.

### Staff

As at 30 June 2009, the Group had a total staff of 960 (at 30 June 2008: 948). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2008 Annual Report.

# **CHAIRMAN'S STATEMENT**

(Continued)

## **OUTLOOK FOR THE REMAINDER OF 2009**

As the timing of a recovery of the global economy remains uncertain, the Board remains cautious about the local economic environment in the second half of the 2009. Barring unforeseen adverse changes in the global economy, the Group's commercial investment properties and department stores business will continue to be the main contributors to the Group's income for the remainder of the year. The Group's department stores management will continue to seek further improvement in operational and cost efficiency while reinforcing its promotions to increase sales. While there are early signs of a car market recovery as light vehicle sales in the United States have started to increase in the second quarter, it is still uncertain as to when the car market in the United States will fully recover. The Group's automobile dealership associate in the United States will continue to operate under difficult and challenging conditions. Despite uncertainties ahead, the Group is financially sound with a strong net cash position to take on the challenge.

**Karl C. Kwok**  
Chairman

Hong Kong, 9 September 2009



# **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 31 which comprises the consolidated statement of financial position of Wing On Company International Limited as at 30 June 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months 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 2009 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

9 September 2009

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009 – unaudited  
(Expressed in Hong Kong dollars)

		<b>Six months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
	Note	\$'000	\$'000
<b>Turnover</b>	4	686,747	705,060
Other revenue	5	20,357	35,943
Other net gain/(loss)	5	40,969	(23,632)
Cost of department store sales	6(d)	(298,555)	(301,570)
Cost of property leasing activities	6(c)	(25,264)	(32,037)
Other operating expenses		(184,047)	(177,346)
<b>Profit from operations</b>		<u>240,207</u>	<u>206,418</u>
Finance costs	6(a)	(16,169)	(39,265)
Net valuation gain on investment properties	10	224,038	167,153
		<u>90,112</u>	<u>582,417</u>
		314,150	749,570
Share of profits of associates		<u>3,440</u>	<u>1,294</u>
<b>Profit before taxation</b>	6	317,590	750,864
Income tax	7	(30,906)	(71,385)
<b>Profit for the period</b>		<u><u>286,684</u></u>	<u><u>679,479</u></u>
<b>Attributable to:</b>			
Shareholders of the Company		285,977	679,207
Minority interests		<u>707</u>	<u>272</u>
<b>Profit for the period</b>		<u><u>286,684</u></u>	<u><u>679,479</u></u>
<b>Basic earnings per share</b>	9	<u><u>96.8 cents</u></u>	<u><u>230.0 cents</u></u>

The notes on pages 15 to 31 form part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 8(a).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June			
	2009		2008	
	\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>		286,684		679,479
		-----		-----
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>				
Foreign currency translation adjustments:				
– exchange differences on translation of financial statements of overseas subsidiaries	205,002		144,243	
– share of exchange differences on translation of financial statements of overseas associates	39		654	
– release of exchange reserve upon return on investments in overseas subsidiaries	–	205,041	(19,911)	124,986
	-----		-----	
Share of cashflow hedge of an associate:				
– net movement in hedging reserve		21,950		(1,172)
Share of land and building revaluation reserve of an associate: release of valuation surplus upon disposal of a property			–	(6,821)
Available-for-sale securities:				
– changes in fair value recognised during the period	1,460		(16,050)	
– transfer to the consolidated income statement on impairment	–	1,460	17,249	1,199
	-----	-----	-----	-----
		228,451		118,192
		-----		-----
<b>Total comprehensive income for the period</b>		<u>515,135</u>		<u>797,671</u>
<b>Attributable to:</b>				
Shareholders of the Company		514,427		797,393
Minority interests		708		278
		-----		-----
Total comprehensive income for the period		<u>515,135</u>		<u>797,671</u>

The notes on pages 15 to 31 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009 – unaudited  
(Expressed in Hong Kong dollars)

		At 30 June 2009 \$'000	At 31 December 2008 \$'000
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		6,031,373	5,654,751
– Other property, plant and equipment		645,689	660,741
	10	6,677,062	6,315,492
Goodwill		1,178	1,178
Interest in associates	11	690,571	669,482
Available-for-sale securities		24,449	22,989
Deferred tax assets		39,823	40,966
		7,433,083	7,050,107
<b>Current assets</b>			
Trading securities		128,022	176,419
Inventories		77,829	85,066
Debtors, deposits and prepayments	12	77,581	165,711
Amounts due from fellow subsidiaries		44,662	1,774
Current tax recoverable		–	3,100
Cash and cash equivalents	13	1,482,500	1,118,141
		1,810,594	1,550,211
<b>Current liabilities</b>			
Creditors and accrued charges	14	327,457	317,147
Amounts due to fellow subsidiaries		2,307	1,999
Secured bank loan		30,109	8,549
Amount due to an associate		13,264	12,936
Current tax payable		11,333	729
		384,470	341,360
<b>Net current assets</b>		1,426,124	1,208,851
<b>Total assets less current liabilities carried forward</b>		8,859,207	8,258,958

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 June 2009 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 June 2009 \$'000	At 31 December 2008 \$'000
<b>Total assets less current liabilities brought forward</b>		8,859,207	8,258,958
<b>Non-current liabilities</b>			
Secured bank loan		772,809	675,368
Deferred tax liabilities		842,198	804,083
		1,615,007	1,479,451
<b>Net assets</b>		7,244,200	6,779,507
<b>Capital and reserves</b>			
Share capital	15	29,530	29,533
Reserves		7,198,011	6,734,023
<b>Total equity attributable to shareholders of the Company</b>		7,227,541	6,763,556
<b>Minority interests</b>		16,659	15,951
<b>Total equity</b>		7,244,200	6,779,507

The notes on pages 15 to 31 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 – unaudited  
(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	Minority interests	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>At 1 January 2009</b>	29,533	176,750	7,311	(4,395)	(75,115)	754,347	66	5,875,059	6,763,556	15,951	6,779,507
	<b>Changes in equity for the six months ended 30 June 2009:</b>											
	Total comprehensive income for the period	-	-	1,460	205,040	21,950	-	-	285,977	514,427	708	515,135
	Purchase of own shares	15										
	– par value paid	(3)	-	-	-	-	-	-	-	(3)	-	(3)
	– premium paid	-	-	-	-	-	-	-	(234)	(234)	-	(234)
	Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	(50,205)	(50,205)	-	(50,205)
		(3)	-	1,460	205,040	21,950	-	-	235,538	463,985	708	464,693
	<b>At 30 June 2009</b>	29,530	176,750	8,771	200,645	(53,165)	754,347	66	6,110,597	7,227,541	16,659	7,244,200

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2009 – unaudited  
(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	Minority interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>At 1 January 2008</b>	29,533	181,893	9,213	365,969	(30,033)	754,347	-	6,251,500	7,562,422	15,682	7,578,104
	<b>Changes in equity for the six months ended 30 June 2008:</b>											
	Total comprehensive income for the period	-	(6,821)	1,199	124,980	(1,172)	-	-	679,207	797,393	278	797,671
	Dividends approved in respect of the previous year	8(b) -	-	-	-	-	-	-	(153,570)	(153,570)	-	(153,570)
	<b>At 30 June 2008 and 1 July 2008</b>	29,533	175,072	10,412	490,949	(31,205)	754,347	-	6,777,137	8,206,245	15,960	8,222,205
	<b>Changes in equity for the six months ended 31 December 2008:</b>											
	Share of general reserve fund of an associate: transfer to general reserve fund	-	-	-	-	-	-	66	(66)	-	-	-
	Total comprehensive income/ (expenses) for the period	-	1,678	(3,101)	(495,344)	(43,910)	-	-	(851,807)	(1,392,484)	(9)	(1,392,493)
	Dividends declared and paid in respect of the current year	8(a) -	-	-	-	-	-	-	(50,205)	(50,205)	-	(50,205)
	<b>At 31 December 2008</b>	29,533	176,750	7,311	(4,395)	(75,115)	754,347	66	5,875,059	6,763,556	15,951	6,779,507

Note: Retained earnings attributable to the shareholders of the Company as at 30 June 2009 include the aggregate net valuation gain relating to investment properties after deferred tax of \$3,148,925,000 (as at 31 December 2008: \$3,062,944,000).

The notes on pages 15 to 31 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009 – unaudited

(Expressed in Hong Kong dollars)

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash generated from operations</b>	231,485	202,692
Tax paid	(8,512)	(29,019)
<b>Net cash generated from operating activities</b>	222,973	173,673
<b>Net cash generated from/(used in) investing activities</b>	70,420	(34,837)
<b>Net cash used in financing activities</b>	(10,624)	(194,105)
<b>Net increase/(decrease) in cash and cash equivalents</b>	282,769	(55,269)
<b>Cash and cash equivalents at 1 January</b>	1,118,141	1,177,295
<b>Effect of foreign exchange rates changes</b>	81,590	56,342
<b>Cash and cash equivalents at 30 June</b>	<u>1,482,500</u>	<u>1,178,368</u>
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at banks and in hand	92,304	97,322
Bank deposits	<u>1,390,196</u>	<u>1,081,046</u>
Cash and cash equivalents	<u>1,482,500</u>	<u>1,178,368</u>

The notes on pages 15 to 31 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 9 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 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, 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 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes HKASs and Interpretations).

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 2008 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Stock Exchange’s website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 15 April 2009.

## 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 one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised), Presentation of financial statements
- Improvements to HKFRSs
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- HKAS 23 (revised), Borrowing costs
- HK(IFRIC) 13, Customer loyalty programmes

The adoption of improvements to HKFRSs, the issue of Interpretation HK(IFRIC) 13 and the amendments to HKAS 27 and HKAS 23 (revised) do not have a significant impact on the Group's results of operations and financial position. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 3). As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been presented on a basis consistent with the revised segment information.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 2. Changes in accounting policies (Continued)

- As a result of the adoption to HKAS 1 (revised), details of changes in equity during the period arising from transactions with shareholders in their capacity as such have been presented separately from all other income and expense in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

## 3. Segment reporting

The Group manages its businesses by two divisions, namely department stores and property investment. On first-time adoption of HKFRS 8, Operating segments and 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

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, 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, interests in associates, investments in financial assets, current tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and other creditors, accrued charges and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Segment reporting (Continued)

### (a) Segment results, assets and liabilities (Continued)

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), interest expense 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 period is set out below.

	Department stores		Property investment		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the six months ended 30 June</b>						
Revenue from external customers	540,193	553,060	146,554	152,000	686,747	705,060
Inter-segment revenue (note)	–	–	40,077	38,353	40,077	38,353
<b>Reportable segment revenue</b>	<u>540,193</u>	<u>553,060</u>	<u>186,631</u>	<u>190,353</u>	<u>726,824</u>	<u>743,413</u>
<b>Reportable segment profit</b>	<u>53,407</u>	<u>73,448</u>	<u>142,228</u>	<u>140,048</u>	<u>195,635</u>	<u>213,496</u>
<b>Balance at 30 June/31 December</b>						
<b>Reportable segment assets</b>	137,729	138,986	6,660,914	6,301,403	6,798,643	6,440,389
Additions to non-current segment assets during the period	5,498	9,665	15,190	35,596	20,688	45,261
<b>Reportable segment liabilities</b>	213,012	248,527	850,781	730,550	1,063,793	979,077

Note: Inter-segment revenue includes income from property investment paid by the department stores operation of \$39,557,000 (2008: \$37,847,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Segment reporting (Continued)

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Profit</b>		
Reportable segment profit derived from		
the Group's external customers	195,635	213,496
Share of profits of associates	3,440	1,294
Other revenue	20,357	35,943
Other net gain/(loss)	40,969	(23,632)
Finance costs	(16,169)	(39,265)
Net valuation gain on investment properties	90,112	582,417
Unallocated head office and corporate expenses	(16,754)	(19,389)
	<u>317,590</u>	<u>750,864</u>
Consolidated profit before taxation	<u>317,590</u>	<u>750,864</u>
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Assets</b>		
Reportable segment assets	6,798,643	6,440,389
Elimination of inter-segment receivables	(8,915)	(8,799)
	<u>6,789,728</u>	<u>6,431,590</u>
Goodwill	1,178	1,178
Interest in associates	690,571	669,482
Available-for-sale securities	24,449	22,989
Trading securities	128,022	176,419
Current tax recoverable	–	3,100
Deferred tax assets	39,823	40,966
Unallocated head office and corporate assets	1,569,906	1,254,594
	<u>9,243,677</u>	<u>8,600,318</u>
Consolidated total assets	<u>9,243,677</u>	<u>8,600,318</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Segment reporting (Continued)

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

	<b>At 30 June 2009 \$'000</b>	<b>At 31 December 2008 \$'000</b>
<b>Liabilities</b>		
Reportable segment liabilities	1,063,793	979,077
Elimination of inter-segment payables	(8,915)	(8,799)
	<u>1,054,878</u>	<u>970,278</u>
Amounts due to fellow subsidiaries	2,307	1,999
Amount due to an associate	13,264	12,936
Current tax payable	11,333	729
Deferred tax liabilities	842,198	804,083
Unallocated head office and corporate liabilities	75,497	30,786
	<u>1,999,477</u>	<u>1,820,811</u>

## 4. Turnover

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

The Group's turnover for the period comprised the invoiced value of goods sold to customers less returns, net income from concession sales and income from property investment and is analysed by principal activities as follows:

	<b>Six months ended 30 June</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Sale of goods	438,533	445,309
Net income from concession sales	101,660	107,751
	<u>540,193</u>	<u>553,060</u>
Department stores	540,193	553,060
Property investment	146,554	152,000
	<u>686,747</u>	<u>705,060</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Other revenue</b>		
Interest income from bank deposits	9,535	30,002
Interest income from loans to an associate	211	–
Dividend income from listed securities	1,438	2,948
Dividend income from unlisted securities	468	540
Compensation received on early termination of leases	449	1,303
Forfeiture of unclaimed dividends	7,530	–
Others	726	1,150
	20,357	35,943
	20,357	35,943
<b>Other net gain/(loss)</b>		
Net gain/(loss) on remeasurement to fair value of		
– trading securities	19,295	(40,428)
– derivative financial instruments	40	(141)
Net foreign exchange gain	10,573	7,017
Net realised gain on disposal of		
– trading securities	8,758	494
– derivative financial instruments	1,575	6,328
Net gain/(loss) on disposal of other fixed assets	728	(1)
Impairment of available-for-sale securities		
transferred from the investment revaluation reserve	–	(17,249)
Release of exchange reserve upon return on		
investments in overseas subsidiaries	–	19,911
Net gain on dissolution of a subsidiary	–	437
	40,969	(23,632)
	40,969	(23,632)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 6. Profit before taxation

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
(a) Finance costs:		
Interest on bank loan repayable within five years	16,169	39,265
	16,169	39,265
(b) Staff costs (excluding directors' remuneration):		
Contributions to defined contribution retirement plans	5,170	5,203
Salaries, wages and other benefits	86,474	87,868
	91,644	93,071
(c) Rentals received and receivable from investment properties:		
Gross rentals	(146,554)	(152,000)
Less: direct outgoings	25,264	32,037
	(121,290)	(119,963)
(d) Other items:		
Depreciation and amortisation		
– owned assets	21,978	21,200
– lease incentives	4,770	5,832
Impairment losses recognised		
– available-for-sale securities	–	17,249
– trade and other debtors	354	32
Operating lease charges		
– minimum lease payments for hire of land and buildings	17,447	15,739
– contingent rentals for hire of land and buildings	341	517
Cost of inventories sold	298,555	301,570
	298,555	301,570



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 7. Income tax in the consolidated income statement

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	16,409	11,536
	-----	-----
<b>Current tax – Overseas</b>		
Provision for the period	5,422	2,892
(Over)/under-provision in respect of prior periods	(10)	677
	-----	-----
	5,412	3,569
	-----	-----
<b>Deferred tax</b>		
Effect on deferred tax balances at 1 January resulting from a decrease in tax rate		
– changes in fair value of investment properties	–	(38,056)
– other temporary differences	–	78
Origination and reversal of temporary differences		
– changes in fair value of investment properties	4,131	92,803
– other temporary differences	4,954	1,455
	-----	-----
	9,085	56,280
	-----	-----
<b>Total income tax expense</b>	<b>30,906</b>	<b>71,385</b>
	=====	=====

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the six months ended 30 June 2009. Taxation for overseas subsidiaries is charged similarly at the appropriate current rates of taxation ruling in the relevant countries.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 8. Dividends

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

	Six months ended 30 June	
	2009	2008
	\$'000	\$'000
Interim dividend declared and payable after the interim period end of 22 cents (2008: 17 cents) per share	64,965	50,205

The interim dividend declared after the interim period end 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	
	2009	2008
	\$'000	\$'000
Final dividend in respect of the financial year ended 31 December 2008, approved and payable during the following interim period of 17 cents (31 December 2007: 52 cents) per share	50,205	153,570

## 9. Basic 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 2009 of \$285,977,000 (six months ended 30 June 2008: \$679,207,000) divided by the weighted average of 295,316,000 shares (2008: 295,326,000 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 and related deferred tax thereon**

For the purpose of assessing the underlying performance of the Group, the management is of the view that the profit for the period should be adjusted for the net valuation gain on investment properties and 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)

## 9. Basic earnings per share (Continued)

### (b) Adjusted basic earnings per share excluding the net valuation gain on investment properties and 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 income statement for the period is reconciled as follows:

	Six months ended 30 June			
	2009	Amount per share	2008	Amount per share
	\$'000	cents	\$'000	cents
Profit attributable to shareholders of the Company as shown in the consolidated income statement	285,977	96.8	679,207	230.0
Net valuation gain on investment properties	(90,112)	(30.5)	(582,417)	(197.2)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	4,131	1.4	92,803	31.4
	199,996	67.7	189,593	64.2
Effect on deferred tax balances at 1 January resulting from a decrease in tax rate	–	–	(38,056)	(12.9)
Underlying profit attributable to shareholders of the Company	199,996	67.7	151,537	51.3

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 10. Fixed assets

Investment properties were revalued as at 30 June 2009 by the directors using relevant market indices to update the professional valuations that were carried out as at 31 December 2008. As a result of the update, a net gain of \$90,112,000 (six months ended 30 June 2008: \$582,417,000) and deferred tax of \$4,131,000 thereon (six months ended 30 June 2008: \$92,803,000) have been included in the consolidated income statement.

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

	<b>At 30 June 2009 \$'000</b>	<b>At 31 December 2008 \$'000</b>
Within one year	210,191	223,971
After one year but within five years	383,845	367,465
After five years	178,394	76,720
	<u>772,430</u>	<u>668,156</u>

### 11. Interest in associates

	<b>At 30 June 2009 \$'000</b>	<b>At 31 December 2008 \$'000</b>
<b>Unlisted shares</b>		
Share of net assets other than goodwill and intangible assets	205,562	179,687
Share of goodwill and intangible assets of an associate	474,718	475,164
	<u>680,280</u>	<u>654,851</u>
Loans to an associate	10,291	14,631
	<u>690,571</u>	<u>669,482</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 12. Debtors, deposits and prepayments

	<b>At 30 June 2009</b>	<b>At 31 December 2008</b>
	\$'000	\$'000
Trade and other debtors	50,232	138,238
Less: Allowance for bad and doubtful debts	(375)	(21)
	49,857	138,217
Deposits and prepayments	27,724	27,494
	77,581	165,711

All debtors, deposits and prepayments, apart from certain rental deposits and prepayments totalling \$9,777,000 (as at 31 December 2008: \$10,582,000), are expected to be recovered or recognised as an expense within one year.

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

	<b>At 30 June 2009</b>	<b>At 31 December 2008</b>
	\$'000	\$'000
Current or less than one month past due	48,419	136,709
One to three months past due	511	698
More than three months but less than twelve months past due	756	201
More than twelve months past due	171	609
	49,857	138,217

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

### 13. Cash and cash equivalents

	<b>At 30 June 2009</b>	<b>At 31 December 2008</b>
	\$'000	\$'000
Cash at banks and in hand	92,304	84,062
Bank deposits	1,390,196	1,034,079
	1,482,500	1,118,141

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 14. Creditors and accrued charges

	<b>At 30 June 2009</b>	<b>At 31 December 2008</b>
	\$'000	\$'000
Trade and other creditors	294,070	285,828
Accrued charges	33,135	31,319
Derivative financial instruments	252	–
	<u>327,457</u>	<u>317,147</u>

All creditors and accrued charges, apart from certain rental deposits received and accrued charges totalling \$16,920,000 (as at 31 December 2008: \$18,874,000), are expected to be settled or recognised as an income within one year or are repayable on demand.

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

	<b>At 30 June 2009</b>	<b>At 31 December 2008</b>
	\$'000	\$'000
Amounts not yet due	264,530	225,012
On demand or less than one month overdue	25,858	55,385
One to three months overdue	915	1,322
Three to twelve months overdue	254	780
More than twelve months overdue	2,513	3,329
	<u>294,070</u>	<u>285,828</u>

## 15. Share capital

During the six months ended 30 June 2009, the Company purchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares purchased	Highest price paid per share \$	Lowest price paid per share \$	Aggregate price paid \$'000
May 2009	31,000	7.70	7.57	<u>237</u>

Pursuant to section 42A of the Bermuda Companies Act 1981, the above purchased shares were cancelled upon purchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the purchase of the shares of \$234,000 (2008: \$Nil) was charged against retained earnings.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 16. Capital commitments

Capital commitments of the Group outstanding as at 30 June 2009 not provided for in the interim financial report were as follows:

	<b>At 30 June 2009 \$'000</b>	<b>At 31 December 2008 \$'000</b>
Authorised and contracted for	1,699	2,188
Authorised but not contracted for	3,048	–
	<u>4,747</u>	<u>2,188</u>

## 17. Financial guarantees issued

As at 30 June 2009, the Company has issued corporate guarantees in the sum of \$26,925,000 (as at 31 December 2008: \$Nil) to a financial institution in Hong Kong in respect of banking facilities granted to a jointly controlled entity of an associate of the Group and a wholly-owned subsidiary of the associate, which expire within one year. The maximum liability of the Company as at 30 June 2009 was \$25,717,000 (as at 31 December 2008: \$Nil), representing its share of the banking facilities utilised by the jointly controlled entity and the wholly-owned subsidiary of the associate.

The associate has also issued a corporate guarantee in the sum of \$34,703,000 (as at 31 December 2008: \$68,373,000) to a financial institution in the People's Republic of China in respect of a financial facility granted to the jointly controlled entity of the associate, which expires within one year. The maximum liability of the associate as at 30 June 2009 was \$759,000 (as at 31 December 2008: \$50,350,000), representing its share of the financial facility utilised by the jointly controlled entity.

As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company or the associate under these guarantees. As at 30 June 2009, the maximum liability shared by the Group was \$26,097,000 (as at 31 December 2008: \$25,175,000).

## 18. Material related party transactions

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group for the six month ended 30 June 2009 was as follows:

	<b>Six months ended 30 June 2009 \$'000</b>	<b>2008 \$'000</b>
Salaries and other short-term employee benefits	8,281	13,184
Contributions to defined contribution retirement plans	348	348
	<u>8,629</u>	<u>13,532</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 18. Material related party transactions (Continued)

### (b) Financing arrangements

A subsidiary of the Group had entered into loan agreements with an associate. Related amounts are disclosed as follow:

	Amounts owed by an associate		Related interest income	
	At 30 June 2009 \$'000	At 31 December 2008 \$'000	Six months ended 30 June	
			2009 \$'000	2008 \$'000
Loans to an associate	10,291	14,631	211	–

### (c) 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. Rental and management fees payable to this fellow subsidiary amounted to \$10,384,000 (2008: \$9,187,000) during the period. The amount due from the fellow subsidiary as at 30 June 2009 amounted to \$1,728,000 (as at 31 December 2008: \$1,728,000).
- (ii) A subsidiary rents office premises to a fellow subsidiary. Rental and management fees receivable from this fellow subsidiary amounted to \$2,269,000 (2008: \$1,309,000) during the period. The amount due to the fellow subsidiary as at 30 June 2009 amounted to \$1,106,000 (as at 31 December 2008: \$1,106,000).
- (iii) Fellow subsidiaries, engaging in securities trading and futures broking, deal in securities and futures respectively for certain subsidiaries of the Group. Commission of \$235,000 (2008: \$256,000) was payable to these fellow subsidiaries during the period. Interest income of \$Nil (2008: \$29,000) was receivable from these fellow subsidiaries during the period. The amounts due from these fellow subsidiaries as at 30 June 2009 amounted to \$42,934,000 (as at 31 December 2008: \$46,000).
- (iv) A subsidiary provides building and tenancy management services to a fellow subsidiary. Building and tenancy management fees receivable from this fellow subsidiary amounted to \$456,000 (2008: \$456,000) during the period. The amount due to the fellow subsidiary as at 30 June 2009 amounted to \$1,201,000 (as at 31 December 2008: \$893,000).

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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 19. Comparative figures

As a result of the application of HKAS 1 (revised), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

## 20. Approval of the interim financial report

The interim financial report was approved by the Board of Directors on 9 September 2009.

## SUPPLEMENTARY INFORMATION

### CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2009.

### 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 2009.

### DIRECTORS’ INTERESTS IN SHARES

As at 30 June 2009, 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 controlled corporation)	Other interests		
Karl C. Kwok	320,710	–	–	–	320,710	0.11
Lester Kwok	489,140	–	–	–	489,140	0.17
Bill Kwok	798,388	295,000	255,000 (Note 1)	–	1,348,388	0.46
Mark Kwok	397,000	–	10,000 (Note 2)	–	407,000	0.14
Philip Kwok	150,000	–	–	–	150,000	0.05

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	Number of ordinary shares held				Total interests	Total interests as a % of the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests		
Karl C. Kwok	11,250	–	–	–	11,250	19.74
Lester Kwok	11,250	–	–	–	11,250	19.74
Bill Kwok	11,250	–	–	–	11,250	19.74
Mark Kwok	11,250	–	–	–	11,250	19.74

#### (c) Wing On Corporate Management (BVI) Limited

Name of Director	Number of ordinary shares held				Total interests	Total interests as a % of the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests		
Philip Kwok	10,000	–	–	–	10,000	0.43

#### (d) The Wing On Fire & Marine Insurance Company Limited

Name of Director	Number of ordinary shares held				Total interests	Total interests as a % of the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests		
Karl C. Kwok	324	–	–	–	324	0.02
Lester Kwok	216	–	–	–	216	0.01
Bill Kwok	216	–	–	–	216	0.01
Mark Kwok	216	–	–	–	216	0.01
Philip Kwok	324	–	–	–	324	0.02

## SUPPLEMENTARY INFORMATION

(Continued)

### DIRECTORS' INTERESTS IN SHARES (Continued)

In addition to the above, certain directors hold shares in subsidiaries on trust and as nominee for their intermediary holding companies.

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.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, 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	61.14
(ii) Wing On Corporate Management (BVI) Limited	180,545,138	61.14
(iii) Kee Wai Investment Company (BVI) Limited	180,545,138	61.14

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.

## **SUPPLEMENTARY INFORMATION**

(Continued)

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

Details of the purchase of own shares by the Company during the period are set out in note 15 to the unaudited interim financial report.

Saved as disclosed in note 15 to the unaudited interim financial report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the period.