



**WING ON COMPANY INTERNATIONAL LIMITED**

**永安國際有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

**INTERIM REPORT**

**2010**

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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 (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, GBS, J.P.  
Mr. Ignatius Wan Chiu Wong, LL. B.  
Mr. Iain Ferguson Bruce, CA, FCPA  
Mr. Anthony Francis Martin Conway  
Mr. Leung Wing Ning

## AUDIT COMMITTEE

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

## 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 2010, the Group's turnover increased by 9.4% to HK\$751.0 million (2009: HK\$686.7 million). This increase was attributable mainly to the improvement in both the Group's department stores business turnover and the rental income from the Group's investment properties.

Profit attributable to shareholders for the first half of 2010 was HK\$482.0 million (2009: HK\$286.0 million), an increase of 68.5% 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 7.4% to HK\$185.1 million (2009: HK\$200.0 million). This was due mainly to the unfavourable results from the Group's investments in securities.

Earnings per share increased by 68.5% to 163.2 HK cents per share from the 96.8 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 decreased by 7.4% to 62.7 HK cents per share (2009: 67.7 HK cents per share).

The directors have decided to pay an interim dividend of 22 HK cents (2009: 22 HK cents) per share, absorbing a total amount of HK\$64,965,000 (2009: HK\$64,965,000). The interim dividend will be paid on 20 October 2010 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 15 October 2010 (Hong Kong time). The Register of Members will be closed from 11 October 2010 to 15 October 2010 (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, 8 October 2010 (Hong Kong time).

## LIQUIDITY AND FINANCIAL RESOURCES

### Overall Financial Position

Shareholders' equity at 30 June 2010 was HK\$8.0 billion, an increase of 3.4% compared to that at 31 December 2009. With cash and listed marketable securities at 30 June 2010 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 2010, the Group's total borrowings amounted to HK\$650.0 million, a decrease of about HK\$52.5 million, due to exchange differences and partial repayments, as compared to that at 31 December 2009. The Group's total borrowings of HK\$650.0 million relate to a mortgage loan for Australian investment properties. The repayment of about 92% of the borrowings will be due in December 2011. The management will renegotiate the repayment schedule nearer the time. Certain assets, comprising principally property interests with a book value of HK\$2.0 billion, have been pledged to banks as collateral security for banking facilities granted to the extent of HK\$0.8 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 2010, was 8.1% as compared with 9.0% at 31 December 2009.

### 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\$1.7 billion at 30 June 2010 (at 31 December 2009: HK\$1.7 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 2010, the total amount of the Group's capital expenditure commitments was HK\$8,784,000 (at 31 December 2009: HK\$1,457,000). The Company has issued corporate guarantees to a financial institution in respect of banking facilities granted to a wholly-owned subsidiary of an associate, which expire within one year. The associate has also issued a corporate guarantee to a financial institution in respect of a financial facility granted to a jointly controlled entity of the associate, which expires within one year. At 30 June 2010, the maximum contingent liability shared by the Group was HK\$26,483,000 (at 31 December 2009: HK\$19,789,000).

# CHAIRMAN'S STATEMENT

(Continued)

## HALF YEAR BUSINESS REVIEW

### Department Store Operations

Benefiting from the rebound of the Hong Kong economy and stronger consumer spending, the turnover of the department stores business increased by 7.9% to HK\$582.8 million (2009: HK\$540.2 million) while its operating profit increased by 39.0% to HK\$74.2 million (2009: HK\$53.4 million). This improvement in profit contribution was the result of management's effort in containing operating expenses while sales grew.

### Property Investment

The Group's property investment income for the six months ended 30 June 2010 increased by 11.0% to HK\$157.8 million (2009: HK\$142.2 million). In line with the improving economic conditions and growing business confidence, the Group was able to raise rents for lease renewals and new lettings for its commercial investment properties in Hong Kong and Australia during the period under review. The Group achieved a 7.8% increase in rental income from its investment properties in Hong Kong to HK\$95.0 million (2009: HK\$88.1 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial investment properties in Australia increased by 17.4% to HK\$58.1 million (2009: HK\$49.5 million). This was mainly due to the strong Australian dollar during this interim accounting period when the income was translated back to the Hong Kong dollar for reporting purposes. The overall occupancy rate of the commercial investment properties in Australia remained stable at above 95%.

### Automobile Dealership Business

With the United States economy becoming more stabilised in the period under review, and benefiting from the various cost reduction and streamlining measures implemented in late 2008, the business operations of the Group's automobile dealership associate in the United States steadily improved during the first half of 2010. For the six months ended 30 June 2010, the Group's share of the associate's profit after tax amounted to HK\$16.7 million, compared to HK\$3.0 million in the corresponding period last year.

### Others

During the first half of 2010, the Group recorded a net exchange loss of HK\$1.3 million (2009: a gain of HK\$10.6 million) mainly from its Australian dollar deposits. The Group's investments in securities recorded a loss of HK\$5.1 million compared to a profit of HK\$31.1 million in the corresponding period last year. This was due to the downturn in stock markets.

### STAFF

As at 30 June 2010, the Group had a total staff of 955 (at 30 June 2009: 960). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2009 Annual Report.

# **CHAIRMAN'S STATEMENT**

(Continued)

## **OUTLOOK FOR THE REMAINDER OF 2010**

Barring unforeseen circumstances, the Board is optimistic that consumer spending will remain strong in the second half of the year. The Group's department stores business will continue to benefit from such environment. The Group's commercial property investments locally and overseas will continue to contribute profits. The business performance of our automobile associate in the United States in the second half of the year will hinge on the speed of recovery of the United States economy and its car market.

**Karl C. Kwok**  
Chairman

Hong Kong, 27 August 2010



# **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 as at 30 June 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months 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 2010 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 2010

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2010 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2010 \$'000	2009 \$'000
<b>Turnover</b>	4	750,968	686,747
Other revenue	5	16,203	20,357
Other net (loss)/gain	5	(8,643)	40,969
Cost of department store sales	6(d)	(329,630)	(298,555)
Cost of property leasing activities	6(c)	(31,598)	(25,264)
Other operating expenses		<u>(176,627)</u>	<u>(184,047)</u>
<b>Profit from operations</b>		220,673	240,207
Finance costs	6(a)	<u>(18,071)</u>	<u>(16,169)</u>
		202,602	224,038
Net valuation gain on investment properties	9	<u>356,556</u>	<u>90,112</u>
		559,158	314,150
Share of profits of associates		<u>20,286</u>	<u>3,440</u>
<b>Profit before taxation</b>	6	579,444	317,590
Income tax	7	<u>(96,999)</u>	<u>(30,906)</u>
<b>Profit for the period</b>		<u>482,445</u>	<u>286,684</u>
<b>Attributable to:</b>			
Shareholders of the Company		482,024	285,977
Non-controlling interests		<u>421</u>	<u>707</u>
<b>Profit for the period</b>		<u>482,445</u>	<u>286,684</u>
<b>Basic and diluted earnings per share</b>	8	<u>163.2 cents</u>	<u>96.8 cents</u>

The notes on pages 15 to 32 form part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 14(b).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June			
	2010		2009	
	\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>		482,445		286,684
<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		(71,138)		205,002
– share of exchange differences on translation of financial statements of overseas associates		2,867		39
– release of exchange reserve upon return on investments in overseas subsidiaries		(645)		–
		(68,916)		205,041
Share of cash flow hedge of an associate:				
– net movement in hedging reserve		(3,185)		21,950
Available-for-sale securities:				
– changes in fair value recognised during the period		100		1,460
		(72,001)		228,451
<b>Total comprehensive income for the period</b>		410,444		515,135
<b>Attributable to:</b>				
Shareholders of the Company		409,960		514,427
Non-controlling interests		484		708
<b>Total comprehensive income for the period</b>		410,444		515,135

The notes on pages 15 to 32 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010 – unaudited  
(Expressed in Hong Kong dollars)

		At 30 June 2010 \$'000	At 31 December 2009 \$'000
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		6,811,343	6,548,149
– Other property, plant and equipment		607,246	626,493
	9	7,418,589	7,174,642
Goodwill		1,178	1,178
Interest in associates	10	706,744	686,738
Available-for-sale securities		24,876	24,776
Deferred tax assets		41,593	54,165
		8,192,980	7,941,499
<b>Current assets</b>			
Trading securities		253,878	174,940
Inventories		75,757	81,353
Debtors, deposits and prepayments	11	85,716	77,035
Loans to an associate	10	2,487	1,239
Amounts due from fellow subsidiaries		9,640	1,793
Current tax recoverable		63	–
Cash and cash equivalents	12	1,409,541	1,510,819
		1,837,082	1,847,179
<b>Current liabilities</b>			
Creditors and accrued charges	13	293,162	324,132
Amounts due to fellow subsidiaries		1,355	1,587
Secured bank loan		42,365	44,344
Amount due to an associate		13,075	13,133
Current tax payable		36,174	30,563
		386,131	413,759
<b>Net current assets</b>		1,450,951	1,433,420
<b>Total assets less current liabilities carried forward</b>		9,643,931	9,374,919

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)  
At 30 June 2010 – unaudited  
(Expressed in Hong Kong dollars)

		At 30 June 2010 \$'000	At 31 December 2009 \$'000
<b>Total assets less current liabilities brought forward</b>		9,643,931	9,374,919
<b>Non-current liabilities</b>			
Secured bank loan		607,670	658,236
Deferred tax liabilities		975,710	924,834
		<u>1,583,380</u>	<u>1,583,070</u>
<b>Net assets</b>		<u>8,060,551</u>	<u>7,791,849</u>
<b>Capital and reserves</b>			
Share capital	14(a)	29,530	29,530
Reserves		<u>8,014,007</u>	<u>7,745,789</u>
<b>Total equity attributable to shareholders of the Company</b>		8,043,537	7,775,319
<b>Non-controlling interests</b>		<u>17,014</u>	<u>16,530</u>
<b>Total equity</b>		<u>8,060,551</u>	<u>7,791,849</u>

The notes on pages 15 to 32 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 – 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	Non- controlling interests	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>At 1 January 2010</b>	29,530	176,750	9,098	354,712	(45,661)	754,347	541	6,496,002	7,775,319	16,530	7,791,849
	Total comprehensive income for the period	-	-	100	(68,979)	(3,185)	-	-	482,024	409,960	484	410,444
	Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(141,742)	(141,742)	-	(141,742)
		-	-	100	(68,979)	(3,185)	-	-	340,282	268,218	484	268,702
	<b>At 30 June 2010</b>	<u>29,530</u>	<u>176,750</u>	<u>9,198</u>	<u>285,733</u>	<u>(48,846)</u>	<u>754,347</u>	<u>541</u>	<u>6,836,284</u>	<u>8,043,537</u>	<u>17,014</u>	<u>8,060,551</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2010 – 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	Non-controlling 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
Total comprehensive income for the period		-	-	1,460	205,040	21,950	-	-	285,977	514,427	708	515,135
Purchase of own shares 14(a)												
- par value paid		(3)	-	-	-	-	-	-	-	(3)	-	(3)
- premium paid		-	-	-	-	-	-	-	(234)	(234)	-	(234)
Dividends approved in respect of the previous year 14(b)(ii)		-	-	-	-	-	-	-	(50,200)	(50,200)	-	(50,200)
		(3)	-	1,460	205,040	21,950	-	-	235,543	463,990	708	464,698
<b>At 30 June 2009 and 1 July 2009</b>		29,530	176,750	8,771	200,645	(53,165)	754,347	66	6,110,602	7,227,546	16,659	7,244,205
Total comprehensive income for the period		-	-	327	154,067	7,504	-	-	450,840	612,738	258	612,996
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	475	(475)	-	-	-
Dividends declared and paid in respect of the current year 14(b)(i)		-	-	-	-	-	-	-	(64,965)	(64,965)	-	(64,965)
Distribution to non-controlling interests upon dissolution of a subsidiary		-	-	-	-	-	-	-	-	-	(387)	(387)
		-	-	327	154,067	7,504	-	475	385,400	547,773	(129)	547,644
<b>At 31 December 2009</b>		29,530	176,750	9,098	354,712	(45,661)	754,347	541	6,496,002	7,775,319	16,530	7,791,849

Note: Retained earnings attributable to the shareholders of the Company as at 30 June 2010 include the aggregate net valuation gain relating to investment properties after deferred tax of \$3,697,983,000 (as at 31 December 2009: \$3,401,072,000).

The notes on pages 15 to 32 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010 – unaudited

(Expressed in Hong Kong dollars)

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash generated from operations</b>	114,791	216,671
Tax paid	<u>(17,296)</u>	<u>(8,512)</u>
<b>Net cash generated from operating activities</b>	97,495	208,159
<b>Net cash generated from investing activities</b>	4,129	85,234
<b>Net cash used in financing activities</b>	<u>(182,745)</u>	<u>(10,624)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(81,121)	282,769
<b>Cash and cash equivalents at 1 January</b>	1,510,819	1,118,141
<b>Effect of foreign exchange rates changes</b>	<u>(20,157)</u>	<u>81,590</u>
<b>Cash and cash equivalents at 30 June</b>	<u><u>1,409,541</u></u>	<u><u>1,482,500</u></u>
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at bank and in hand	88,063	92,304
Bank deposits	<u>1,321,478</u>	<u>1,390,196</u>
<b>Cash and cash equivalents</b>	<u><u>1,409,541</u></u>	<u><u>1,482,500</u></u>

The notes on pages 15 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 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 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 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereto 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”, 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 2009 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 2009 are available from the Stock Exchange’s website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 April 2010.

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

- HKFRS 3 (revised), Business combinations
- HKAS 27 (revised), Consolidated and separate financial statements
- Amendments to HKAS 39, Financial instruments: Recognition and measurement – eligible hedged items
- Improvements to HKFRSs 2009

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

The adoption of improvements to HKFRSs 2009 and the amendments to HKAS 39 do not have a significant impact on the Group's results of operations and financial position. The other developments resulted in changes in accounting policies but none of these changes in policies have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of such previous transactions.
- The amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 3. Segment reporting

The Group manages its business by two divisions, namely department stores and property investment. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Department stores: this segment operates department stores in Hong Kong.
- Property investment: this segment leases commercial premises to generate rental income. Currently the Group's investment property portfolio is located in Hong Kong, Australia and the United States of America.

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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, interest in associates, investments in financial assets, current tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and other creditors, accrued charges and bank borrowings managed directly by the segments.

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

The measure used for reporting segment profit is profit before interest income, finance costs and income tax.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment revenue), finance costs on bank borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

# 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)

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 are set out below.

	Department stores		Property investment		Total	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the six months ended 30 June</b>						
Revenue from external customers	582,802	540,193	168,166	146,554	750,968	686,747
Inter-segment revenue	–	–	39,731	40,077	39,731	40,077
<b>Reportable segment revenue</b>	<u>582,802</u>	<u>540,193</u>	<u>207,897</u>	<u>186,631</u>	<u>790,699</u>	<u>726,824</u>
<b>Reportable segment profit</b>	<u>74,207</u>	<u>53,407</u>	<u>157,832</u>	<u>142,228</u>	<u>232,039</u>	<u>195,635</u>
<b>Balance as at 30 June/31 December</b>						
<b>Reportable segment assets</b>	133,662	136,172	7,411,342	7,165,137	7,545,004	7,301,309
Additions to non-current segment assets during the period/year	1,603	7,090	6,249	23,694	7,852	30,784
<b>Reportable segment liabilities</b>	226,439	257,696	696,809	751,869	923,248	1,009,565

# 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>2010</b>	<b>2009</b>
	\$'000	\$'000
<b>Profit</b>		
Reportable segment profit derived from		
the Group's external customers	232,039	195,635
Share of profits of associates	20,286	3,440
Other revenue	16,203	20,357
Other net (loss)/gain	(8,643)	40,969
Finance costs	(18,071)	(16,169)
Net valuation gain on investment properties	356,556	90,112
Unallocated head office and corporate expenses	(18,926)	(16,754)
	<u>579,444</u>	<u>317,590</u>
Consolidated profit before taxation	<u>579,444</u>	<u>317,590</u>
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
<b>Assets</b>		
Reportable segment assets	7,545,004	7,301,309
Elimination of inter-segment receivables	(8,476)	(8,821)
	<u>7,536,528</u>	<u>7,292,488</u>
Goodwill	1,178	1,178
Interest in associates	706,744	686,738
Available-for-sale securities	24,876	24,776
Trading securities	253,878	174,940
Loans to an associate	2,487	1,239
Deferred tax assets	41,593	54,165
Current tax recoverable	63	–
Unallocated head office and corporate assets	1,462,715	1,553,154
	<u>10,030,062</u>	<u>9,788,678</u>
Consolidated total assets	<u>10,030,062</u>	<u>9,788,678</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)

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
<b>Liabilities</b>		
Reportable segment liabilities	923,248	1,009,565
Elimination of inter-segment payables	(8,476)	(8,821)
	<u>914,772</u>	<u>1,000,744</u>
Amounts due to fellow subsidiaries	1,355	1,587
Amount due to an associate	13,075	13,133
Current tax payable	36,174	30,563
Deferred tax liabilities	975,710	924,834
Unallocated head office and corporate liabilities	28,425	25,968
	<u>1,969,511</u>	<u>1,996,829</u>
Consolidated total liabilities	<u><u>1,969,511</u></u>	<u><u>1,996,829</u></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>2010</b>	<b>2009</b>
	\$'000	\$'000
Sale of goods	479,002	438,533
Net income from concession sales	103,800	101,660
	<u>582,802</u>	<u>540,193</u>
Department stores	582,802	540,193
Property investment	168,166	146,554
	<u>750,968</u>	<u>686,747</u>
	<u><u>750,968</u></u>	<u><u>686,747</u></u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

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

	Six months ended 30 June	
	2010	2009
	\$'000	\$'000
<b>Other revenue</b>		
Interest income from bank deposits	10,808	9,535
Interest income from loans to an associate	109	211
Dividend income from listed securities	2,927	1,438
Dividend income from unlisted securities	484	468
Forfeiture of unclaimed dividends	1,075	7,530
Compensation received on early termination of leases	–	449
Others	800	726
	<u>16,203</u>	<u>20,357</u>
<b>Other net (loss)/gain</b>		
Net (loss)/gain on remeasurement to fair value of		
– trading securities	(11,960)	19,295
– derivative financial instruments	(16)	40
Net realised gain on disposal of		
– trading securities	102	8,758
– derivative financial instruments	3,926	1,575
Net foreign exchange (loss)/gain	(1,340)	10,573
Release of exchange reserve upon return on investments in overseas subsidiaries	645	–
Net gain on disposal of other fixed assets	–	728
	<u>(8,643)</u>	<u>40,969</u>

# 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>2010</b>	<b>2009</b>
	\$'000	\$'000
(a) Finance costs:		
Interest on bank loan repayable within five years	18,071	16,169
(b) Staff costs (excluding directors' remuneration):		
Contributions to defined contribution retirement plans	5,245	5,170
Salaries, wages and other benefits	89,019	86,474
	94,264	91,644
(c) Rentals received and receivable from investment properties:		
Gross rentals	(168,166)	(146,554)
Less: direct outgoings	31,598	25,264
	(136,568)	(121,290)
(d) Other items:		
Depreciation and amortisation		
– owned assets	20,944	21,978
– lease incentives	5,933	4,770
Impairment losses (written-back)/recognised		
– trade and other debtors	(63)	354
Operating lease charges		
– minimum lease payments for hire of land and buildings	18,060	17,447
– contingent rentals for hire of land and buildings	525	341
Cost of inventories sold	329,630	298,555



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 7. Income tax in the consolidated income statement

	Six months ended 30 June	
	2010	2009
	\$'000	\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	14,716	16,409
<b>Current tax – Overseas</b>		
Provision for the period	8,714	5,422
Over-provision in respect of prior period	(360)	(10)
	8,354	5,412
<b>Deferred tax</b>		
Origination and reversal of temporary differences		
– changes in fair value of investment properties	59,645	4,131
– other temporary differences	14,284	4,954
	73,929	9,085
<b>Total income tax expense</b>	<b>96,999</b>	<b>30,906</b>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30 June 2010. 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. 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 2010 of \$482,024,000 (six months ended 30 June 2009: \$285,977,000) divided by the weighted average of 295,295,000 shares (2009: 295,316,000 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”.

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			
	2010		2009	
	\$'000	Amount per share cents	\$'000	Amount per share cents
Profit attributable to shareholders of the Company as shown in the consolidated income statement	482,024	163.2	285,977	96.8
Net valuation gain on investment properties	(356,556)	(120.7)	(90,112)	(30.5)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	59,645	20.2	4,131	1.4
Underlying profit attributable to shareholders of the Company	<u>185,113</u>	<u>62.7</u>	<u>199,996</u>	<u>67.7</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 9. Fixed assets

Investment properties were revalued as at 30 June 2010 by the directors using relevant market indices to update the professional valuations that were carried out as at 31 December 2009. As a result of the update, a net gain of \$356,556,000 (six months ended 30 June 2009: \$90,112,000) and deferred tax of \$59,645,000 thereon (six months ended 30 June 2009: \$4,131,000) 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:

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
Within one year	251,688	253,504
After one year but within five years	419,693	454,098
After five years	146,368	167,008
	<u>817,749</u>	<u>874,610</u>

### 10. Interest in associates

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
<b>Unlisted shares</b>		
Share of net assets other than goodwill and intangible assets	220,780	202,265
Share of goodwill and intangible assets of an associate	476,248	474,795
	<u>697,028</u>	<u>677,060</u>
Loans to an associate (note (a))	9,716	9,678
	<u>706,744</u>	<u>686,738</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 10. Interest in associates (Continued)

### (a) Loans to an associate

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
Within one year or on demand	2,487	1,239
After one year but within two years	9,716	–
After two years but within five years	–	9,678
	<u>9,716</u>	<u>9,678</u>
	<u>12,203</u>	<u>10,917</u>

The loans to an associate are unsecured and bear interest at market rates plus 1.25% per annum. As at 30 June 2010, the loans to an associate comprised an amount of \$9,716,000 (as at 31 December 2009: \$9,678,000) repayable on 13 June 2012 and an amount of \$2,487,000 (as at 31 December 2009: \$1,239,000) with no fixed repayment terms.

## 11. Debtors, deposits and prepayments

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
Trade and other debtors	52,274	48,117
Less: Allowance for doubtful debts	<u>(725)</u>	<u>(819)</u>
	51,549	47,298
Deposits and prepayments	<u>34,167</u>	<u>29,737</u>
	<u>85,716</u>	<u>77,035</u>

All debtors, deposits and prepayments, apart from certain rental deposits and prepayments totalling \$10,456,000 (as at 31 December 2009: \$10,790,000), are expected to be recovered or recognised as an expense within one year.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 11. Debtors, deposits and prepayments (Continued)

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

	<b>At 30 June 2010 \$'000</b>	<b>At 31 December 2009 \$'000</b>
Current or less than one month past due	50,754	46,722
One to three months past due	631	444
More than three months but less than twelve months past due	76	52
More than twelve months past due	88	80
	<u>51,549</u>	<u>47,298</u>

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

## 12. Cash and cash equivalents

	<b>At 30 June 2010 \$'000</b>	<b>At 31 December 2009 \$'000</b>
Cash at bank and in hand	88,063	114,910
Bank deposits	1,321,478	1,395,909
	<u>1,409,541</u>	<u>1,510,819</u>

## 13. Creditors and accrued charges

	<b>At 30 June 2010 \$'000</b>	<b>At 31 December 2009 \$'000</b>
Trade and other creditors	264,291	289,529
Accrued charges	28,659	34,603
Derivative financial instruments	212	–
	<u>293,162</u>	<u>324,132</u>

All creditors and accrued charges, apart from certain rental deposits received totalling \$20,363,000 (as at 31 December 2009: \$25,612,000), are expected to be settled or recognised as an income within one year or are repayable on demand.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 13. Creditors and accrued charges (Continued)

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 2010 \$'000</b>	<b>At 31 December 2009 \$'000</b>
Amounts not yet due	231,251	238,131
On demand or less than one month overdue	28,757	48,647
One to three months overdue	2,002	502
Three to twelve months overdue	273	196
More than twelve months overdue	2,008	2,053
	<u>264,291</u>	<u>289,529</u>

### 14. Capital and dividends

#### (a) Share capital

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

<b>Month/year</b>	<b>Number of shares purchased</b>	<b>Highest price paid per share \$</b>	<b>Lowest price paid per share \$</b>	<b>Aggregate price paid \$'000</b>
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 was charged against retained earnings.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 14. Capital and dividends (Continued)

### (b) Dividends

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

	Six months ended 30 June	
	2010	2009
	\$'000	\$'000
Interim dividend declared and payable after the interim period end of 22 cents (2009: 22 cents) per share	64,965	64,965

The interim dividend declared after the interim period end date has not been recognised as a liability at the end of the reporting period.

- (ii) 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	
	2010	2009
	\$'000	\$'000
Final dividend in respect of the financial year ended 31 December 2009 of 48 cents (31 December 2008: 17 cents) per share		
– approved during the following interim period	141,742	50,205
– attributable to shares repurchased (note (b)(iii))	<u>–</u>	<u>(5)</u>
– payable during the following interim period	<u>141,742</u>	<u>50,200</u>

- (iii) In respect of the final dividend for the year ended 31 December 2008, there is a difference of \$5,000 between the final dividend approved and disclosed in the 2008 annual report and amounts paid in 2009 which represents dividends attributable to shares repurchased before the closing date of the register of members.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

### 15. Capital commitments

Capital commitments of the Group outstanding as at 30 June 2010 not provided for in the interim financial report were as follows:

	At 30 June 2010 \$'000	At 31 December 2009 \$'000
Authorised and contracted for	7,821	1,457
Authorised but not contracted for	963	–
	<u>8,784</u>	<u>1,457</u>

### 16. Financial guarantees issued

As at 30 June 2010, the Company has issued corporate guarantees in the sum of \$14,375,000 (as at 31 December 2009: \$14,250,000) to a financial institution in Hong Kong in respect of banking facilities granted to a wholly-owned subsidiary of an associate, which expire within one year. The maximum liability of the Company as at 30 June 2010 was \$14,375,000 (as at 31 December 2009: \$13,065,000), representing its share of the banking facilities utilised by the wholly-owned subsidiary of the associate.

The associate has also issued a corporate guarantee in the sum of \$35,190,000 (as at 31 December 2009: \$34,765,000) to a financial institution in the People's Republic of China in respect of a financial facility granted to a jointly controlled entity of the associate, which expires within one year. The maximum liability of the associate as at 30 June 2010 was \$24,215,000 (as at 31 December 2009: \$13,448,000), representing its share of the financial facility utilised by the jointly controlled entity of the associate.

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 2010, the total maximum contingent liability shared by the Group was \$26,483,000 (as at 31 December 2009: \$19,789,000).



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 17. Material related party transactions

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group for the six months ended 30 June 2010 was as follows:

	Six months ended 30 June	
	2010	2009
	\$'000	\$'000
Salaries and other short-term employee benefits	13,873	8,281
Contributions to defined contribution retirement plans	381	348
	<u>14,254</u>	<u>8,629</u>

### (b) Financing arrangements

A subsidiary of the Group had entered into loan agreements with an associate as disclosed in note 10(a). Related amounts are disclosed as follows:

	Amounts owed by an associate		Related interest income	
	At 30 June 2010	At 31 December 2009	Six months ended 2010	30 June 2009
	\$'000	\$'000	\$'000	\$'000
Loans to an associate	<u>12,203</u>	<u>10,917</u>	<u>109</u>	<u>211</u>

### (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 (2009: \$10,384,000) during the period. The amount due from the fellow subsidiary as at 30 June 2010 amounted to \$1,728,000 (as at 31 December 2009: \$1,728,000).
- (ii) A subsidiary rents office premises to a fellow subsidiary. Rental and management fees receivable from this fellow subsidiary amounted to \$2,260,000 (2009: \$2,269,000) during the period. The amount due to the fellow subsidiary as at 30 June 2010 amounted to \$1,106,000 (as at 31 December 2009: \$1,106,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Continued)

(Expressed in Hong Kong dollars unless otherwise stated)

## 17. Material related party transactions (Continued)

### (c) Recurring transactions (Continued)

- (iii) Fellow subsidiaries, engaging in securities trading and futures broking, deal in securities and futures respectively for certain subsidiaries of the Group. Commission of \$267,000 (2009: \$235,000) was payable to these fellow subsidiaries during the period. The amounts due from these fellow subsidiaries as at 30 June 2010 amounted to \$7,912,000 (as at 31 December 2009: \$65,000).
- (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 (2009: \$456,000) during the period. The amount due to the fellow subsidiary as at 30 June 2010 amounted to \$249,000 (as at 31 December 2009: \$481,000).

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.

## 18. Approval of the interim financial report

The interim financial report was approved by the Board of Directors on 27 August 2010.

## 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 2010.

### 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 2010.

### DIRECTORS’ INTERESTS IN SHARES

As at 30 June 2010, 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	0.109
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 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 Insurance Company 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 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

## SUPPLEMENTARY INFORMATION

(Continued)

### DIRECTORS' INTERESTS IN SHARES (Continued)

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.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, 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 listed shares of the Company during the period.