WING ON COMPANY INTERNATIONAL LIMITED
永安國際有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 289)

ANNOUNCEMENT OF 2012 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") announce the consolidated financial results for the year ended 31 December 2012:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	**2012**	2011 (restated)
		HK$'000	HK$'000
Turnover	3	**1,867,573**	1,763,783
Other revenue	5	**45,378**	46,454
Other net gain/(loss)	5	**83,646**	(32,367)
Cost of department store sales	6(d)	**(819,208)**	(775,249)
Cost of property leasing activities	6(c)	**(69,790)**	(63,583)
Other operating expenses		**(396,513)**	(386,095)
Profit from operations		**711,086**	552,943
Finance costs	6(a)	**(28,860)**	(34,445)
		682,226	518,498
Net valuation gain on investment properties		**901,705**	1,556,166
		1,583,931	2,074,664
Share of profits less losses of associates		**79,562**	73,001
Profit before taxation	6	**1,663,493**	2,147,665
Income tax	7	**(132,844)**	(141,638)
Profit for the year		**1,530,649**	2,006,027
Attributable to:			
Shareholders of the Company		**1,529,484**	2,005,672
Non-controlling interests		**1,165**	355
Profit for the year		**1,530,649**	2,006,027
Basic and diluted earnings per share	9(a)	**518.0 cents**	679.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			
	2012		2011 (restated)	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,530,649**		2,006,027
Other comprehensive income for the year (after tax and reclassification adjustments):				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**29,032**		(3,784)	
- share of exchange differences on translation of financial statements of overseas associates	**(4,546)**		124	
- release of the exchange reserve upon return on investments in overseas subsidiaries	**(12,399)**		(12,733)	
- release of the exchange reserve upon dissolution of overseas subsidiaries	**(1,262)**		-	
		10,825		(16,393)
Land and building revaluation:				
- surplus on revaluation of land and building held for own use reclassified to investment properties	**-**		94,423	
- share of land and building revaluation reserve of an associate	**(136)**		382	
		(136)		94,805
Share of cash flow hedge of an associate:				
- net movement in the hedging reserve		**11,258**		12,889
Available-for-sale securities:				
- net movement in the investment revaluation reserve		**660**		(1,117)
		22,607		90,184
Total comprehensive income for the year		**1,553,256**		2,096,211
Attributable to:				
Shareholders of the Company		**1,552,125**		2,095,892
Non-controlling interests		**1,131**		319
Total comprehensive income for the year		**1,553,256**		2,096,211

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2012 HK$'000	At 31 December 2011 (restated) HK$'000	At 1 January 2011 (restated) HK$'000
Non-current assets				
Fixed assets				
- Investment properties		**10,603,352**	9,651,226	7,976,716
- Other property, plant and equipment		**524,882**	555,513	591,706
		11,128,234	10,206,739	8,568,422
Goodwill		**1,178**	1,178	1,178
Interest in associates		**881,947**	795,809	711,276
Available-for-sale securities		**23,128**	22,468	27,485
Deferred tax assets		**9,937**	10,512	25,922
		12,044,424	11,036,706	9,334,283
Current assets				
Trading securities		**330,323**	332,478	291,651
Held-to-maturity investments		**-**	48,435	-
Inventories		**108,778**	102,865	90,437
Debtors, deposits and prepayments	10	**53,144**	52,412	50,110
Loans to an associate		**19,349**	19,387	3,264
Amounts due from fellow subsidiaries		**2,095**	2,563	1,801
Amount due from an associate		**304**	204	-
Current tax recoverable		**-**	137	95
Cash and cash equivalents		**1,939,075**	1,683,832	1,569,618
		2,453,068	2,242,313	2,006,976
Current liabilities				
Creditors and accrued charges	11	**419,754**	467,411	359,331
Secured bank loan		**50,590**	49,869	594,187
Amounts due to fellow subsidiaries		**3,215**	2,767	3,645
Amount due to an associate		**-**	-	12,935
Current tax payable		**39,137**	31,977	19,986
		512,696	552,024	990,084
Net current assets		**1,940,372**	1,690,289	1,016,892
Total assets less current liabilities		**13,984,796**	12,726,995	10,351,175
Non-current liabilities				
Secured bank loan		**460,450**	503,750	-
Deferred tax liabilities		**431,033**	399,705	352,175
		891,483	903,455	352,175
Net assets		**13,093,313**	11,823,540	9,999,000
Capital and reserves				
Share capital		**29,530**	29,530	29,530
Reserves		**13,044,622**	11,775,980	9,951,759
Total equity attributable to shareholders of the Company		**13,074,152**	11,805,510	9,981,289
Non-controlling interests		**19,161**	18,030	17,711
Total equity		**13,093,313**	11,823,540	9,999,000

Consolidated statement of changes in equity for the year ended 31 December 2012

	Note	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
		Attributable to shareholders of the Company										
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2012												
- as previously reported		29,530	255,975	10,690	562,935	(27,352)	754,347	1,728	9,166,358	10,754,211	18,030	10,772,241
- effect of adoption of amendments to HKAS 12		-	15,580	-	-	-	-	-	1,035,719	1,051,299	-	1,051,299
- as restated		29,530	271,555	10,690	562,935	(27,352)	754,347	1,728	10,202,077	11,805,510	18,030	11,823,540
Changes in equity for 2012												
Profit for the year		-	-	-	-	-	-	-	1,529,484	1,529,484	1,165	1,530,649
Other comprehensive income		-	(136)	660	10,859	11,258	-	-	-	22,641	(34)	22,607
Total comprehensive income for the year		-	(136)	660	10,859	11,258	-	-	1,529,484	1,552,125	1,131	1,553,256
Share of the general reserve fund of an associate: transfer from the general reserve fund		-	-	-	-	-	-	(1,445)	1,445	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(162,412)	(162,412)	-	(162,412)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(121,071)	(121,071)	-	(121,071)
		-	(136)	660	10,859	11,258	-	(1,445)	1,247,446	1,268,642	1,131	1,269,773
Balance at 31 December 2012		29,530	271,419	11,350	573,794	(16,094)	754,347	283	11,449,523	13,074,152	19,161	13,093,313
Balance at 1 January 2011												
- as previously reported		29,530	176,750	11,807	579,292	(40,241)	754,347	1,068	7,664,424	9,176,977	17,711	9,194,688
- effect of adoption of amendments to HKAS 12		-	-	-	-	-	-	-	804,312	804,312	-	804,312
- as restated		29,530	176,750	11,807	579,292	(40,241)	754,347	1,068	8,468,736	9,981,289	17,711	9,999,000
Changes in equity for 2011												
Profit for the year												
- as previously reported		-	-	-	-	-	-	-	1,774,265	1,774,265	355	1,774,620
- effect of adoption of amendments to HKAS 12		-	-	-	-	-	-	-	231,407	231,407	-	231,407
- as restated		-	-	-	-	-	-	-	2,005,672	2,005,672	355	2,006,027
Other comprehensive income												
- as previously reported		-	79,225	(1,117)	(16,357)	12,889	-	-	-	74,640	(36)	74,604
- effect of adoption of amendments to HKAS 12		-	15,580	-	-	-	-	-	-	15,580	-	15,580
- as restated		-	94,805	(1,117)	(16,357)	12,889	-	-	-	90,220	(36)	90,184
Total comprehensive income for the year (restated)		-	94,805	(1,117)	(16,357)	12,889	-	-	2,005,672	2,095,892	319	2,096,211
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	660	(660)	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(174,224)	(174,224)	-	(174,224)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(97,447)	(97,447)	-	(97,447)
		-	94,805	(1,117)	(16,357)	12,889	-	660	1,733,341	1,824,221	319	1,824,540
Balance at 31 December 2011 (restated)		29,530	271,555	10,690	562,935	(27,352)	754,347	1,728	10,202,077	11,805,510	18,030	11,823,540

Note: Retained earnings attributable to the shareholders of the Company as at 31 December 2012 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$7,519,942,000 (2011 (restated): HK$6,640,774,000).

NOTES

1. Basis of preparation

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2012 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. This announcement also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition, this announcement has been reviewed by the Company's Audit Committee.

The figures in respect of this announcement of the Group's results for the year ended 31 December 2012 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in respect of this announcement was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this announcement.

2. Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs 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:
- Amendments to HKFRS 7, Financial instruments: disclosures – transfers of financial assets
- Amendments to HKAS 12, Income taxes – deferred tax: recovery of underlying assets

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

(i) Amendments to HKFRS 7, Financial instruments: disclosures – transfers of financial assets

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

(ii) Amendments to HKAS 12, Income taxes – deferred tax: recovery of underlying assets

Under HKAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Previously, where investment properties were held under leasehold interests, the Group measured deferred tax using the tax rates consistent with recovery of the property's value through use. As a result of adopting the amendments to HKAS 12, the Group reviewed its investment property portfolio and concluded that the presumption in the amended HKAS 12 that the carrying value of the property will be recovered through sale should be adopted in respect of its investment properties. Therefore, the deferred tax relating to these properties has been re-measured on the basis of recovering their carrying amounts entirely through sale. This change in accounting policy has been applied retrospectively by restating the balances at 1 January 2011 and 31 December 2011, with consequential adjustments to comparatives for the year ended 31 December 2011 as follows:

	As previously reported HK$'000	Effect of adoption of amendments to HKAS 12 HK$'000	As restated HK$'000
Consolidated income statement for the year ended 31 December 2011:			
Income tax expense	373,045	(231,407)	141,638
Profit for the year	1,774,620	231,407	2,006,027
Basic and diluted earnings per share	600.8 cents	78.4 cents	679.2 cents
Consolidated statement of comprehensive income for the year ended 31 December 2011:			
Profit for the year	1,774,620	231,407	2,006,027
Land and building revaluation			
- surplus on revaluation of land and building held for own use reclassified to investment properties	78,843	15,580	94,423
Total comprehensive income for the year	1,849,224	246,987	2,096,211
Consolidated statement of financial position as at 31 December 2011:			
Deferred tax liabilities	1,451,004	(1,051,299)	399,705
Total non-current liabilities	1,954,754	(1,051,299)	903,455
Net assets/total equity	10,772,241	1,051,299	11,823,540
Retained earnings	9,166,358	1,035,719	10,202,077
Land and building revaluation reserve	255,975	15,580	271,555
Consolidated statement of financial position as at 1 January 2011:			
Deferred tax liabilities	1,156,487	(804,312)	352,175
Total non-current liabilities	1,156,487	(804,312)	352,175
Net assets/total equity	9,194,688	804,312	9,999,000
Retained earnings	7,664,424	804,312	8,468,736

As a result of this change in accounting policy, the income tax expense for the year ended 31 December 2012 is HK$138,142,000 lower than it would have been if the policy had not been changed, increasing basic and diluted earnings per share by 46.8 cents.

3. Turnover

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

The Group's turnover 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:

	2012	2011
	HK$'000	HK$'000
Sale of goods	**1,190,779**	1,135,516
Net income from concession sales	**262,739**	246,279
Department stores	**1,453,518**	1,381,795
Property investment	**414,055**	381,988
	1,867,573	1,763,783

The Group's customer base is diversified and does not have any customer with whom transactions have exceeded 10% of the Group's total turnover.

4. Segment reporting

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

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

(a) Segment results, assets and liabilities

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

- Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, interest in 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.

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 years ended 31 December 2012 and 2011 is set out below.

	Department stores		Property investment		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,453,518**	1,381,795	**414,055**	381,988	**1,867,573**	1,763,783
Inter-segment revenue	**-**	-	**91,961**	77,961	**91,961**	77,961
Reportable segment revenue	**1,453,518**	1,381,795	**506,016**	459,949	**1,959,534**	1,841,744
Reportable segment profit	**225,950**	223,385	**400,506**	360,670	**626,456**	584,055
Finance costs	**-**	-	**28,860**	34,445	**28,860**	34,445
Depreciation and amortisation for the year	**7,236**	7,675	**46,332**	47,212	**53,568**	54,887
Impairment of trade and other debtors recognised/ (written back)	**10**	(18)	**(80)**	(81)	**(70)**	(99)
Reportable segment assets	**170,056**	164,072	**11,122,987**	10,200,702	**11,293,043**	10,364,774
Additions to non-current segment assets during the year	**6,568**	7,366	**29,112**	38,708	**35,680**	46,074
Reportable segment liabilities	**325,178**	380,937	**579,205**	616,835	**904,383**	997,772

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

	2012	2011 (restated)
	HK$'000	HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**626,456**	584,055
Share of profits less losses of associates	**79,562**	73,001
Other revenue	**45,378**	46,454
Other net gain/(loss)	**83,646**	(32,367)
Finance costs	**(28,860)**	(34,445)
Net valuation gain on investment properties	**901,705**	1,556,166
Unallocated head office and corporate expenses	**(44,394)**	(45,199)
Consolidated profit before taxation	**1,663,493**	2,147,665

	2012	2011 (restated)
Assets		
Reportable segment assets	**11,293,043**	10,364,774
Elimination of inter-segment receivables	**(4,566)**	(5,044)
	11,288,477	10,359,730
Goodwill	**1,178**	1,178
Interest in associates	**881,947**	795,809
Available-for-sale securities	**23,128**	22,468
Deferred tax assets	**9,937**	10,512
Trading securities	**330,323**	332,478
Held-to-maturity investments	**-**	48,435
Loans to an associate	**19,349**	19,387
Amount due from an associate	**304**	204
Current tax recoverable	**-**	137
Unallocated head office and corporate assets	**1,942,849**	1,688,681
Consolidated total assets	**14,497,492**	13,279,019

	2012	2011 (restated)
Liabilities		
Reportable segment liabilities	**904,383**	997,772
Elimination of inter-segment payables	**(4,566)**	(5,044)
	899,817	992,728
Current tax payable	**39,137**	31,977
Deferred tax liabilities	**431,033**	399,705
Unallocated head office and corporate liabilities	**34,192**	31,069
Consolidated total liabilities	**1,404,179**	1,455,479

(c) Geographic information

The following table sets out information about the geographic location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of fixed assets, the location of the operation to which they are allocated in the case of goodwill, and the location of operations in the case of interest in associates.

	Revenue from external customers		Specified non-current assets	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,690,200**	1,589,445	**8,286,959**	7,480,314
Australia	**160,955**	158,600	**2,728,472**	2,626,278
United States of America	**16,418**	15,738	**995,928**	897,134
	177,373	174,338	**3,724,400**	3,523,412
	1,867,573	1,763,783	**12,011,359**	11,003,726

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

	2012	2011
	HK$'000	HK$'000
Other revenue		
Interest income from		
- bank deposits	**28,570**	27,247
- loans to an associate	**-**	163
- trading securities	**1,293**	1,250
Dividend income from		
- listed securities	**9,684**	10,984
- unlisted securities	**2,561**	2,918
Forfeiture of unclaimed dividends	**1,348**	1,101
Others	**1,922**	2,791
	45,378	46,454
Other net gain/(loss)		
Net gain/(loss) on remeasurement to fair value of trading securities	**48,727**	(47,783)
Net realised gain/(loss) on disposal of:		
- trading securities	**12,065**	(13,472)
- derivative financial instruments	**3,184**	(148)
Release of the exchange reserve upon return on investments in overseas subsidiaries	**12,399**	12,733
Net foreign exchange gain	**5,031**	10,108
Net gain on disposal of available-for-sale securities	**-**	3,950
Net gain on dissolution of subsidiaries (note)	**1,262**	2,274
Net gain/(loss) on disposal of other fixed assets	**978**	(29)
	83,646	(32,367)

Note: Net gain on dissolution of subsidiaries include exchange reserve of HK$1,262,000 (2011: Nil) released from equity to the consolidated income statement during the year.

6. Profit before taxation

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

		2012 HK$'000	2011 HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**28,860**	34,445
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**11,366**	11,071
	Salaries, wages and other benefits	**189,261**	189,157
		200,627	200,228
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(414,055)**	(381,988)
	Less: direct outgoings	**69,790**	63,583
		(344,265)	(318,405)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**37,205**	38,619
	- lease incentives	**16,492**	16,531
	Impairment losses recognised/(written back)		
	- trade and other debtors	**(70)**	(99)
	- fixed assets	**3**	1
	Auditors' remuneration		
	- current year	**3,091**	2,829
	- prior year	**8**	(14)
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**41,952**	37,415
	- contingent rentals for hire of land and buildings	**590**	372
	Cost of inventories sold	**819,208**	775,249

7. Income tax in the consolidated income statement

	2012 HK$'000	2011 (restated) HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**77,112**	49,527
Over-provision in respect of prior year	**(68)**	(333)
	77,044	49,194
Current tax – Overseas		
Provision for the year	**29,538**	28,386
(Over)/ under-provision in respect of prior year	**(897)**	9
	28,641	28,395
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**21,676**	46,845
- other temporary differences	**5,483**	17,204
	27,159	64,049
Total income tax expense	**132,844**	141,638

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged similarly at the appropriate current rates of taxation ruling in the relevant countries.

8. Dividends

(a) Dividends payable to shareholders of the Company attributable to the year:

	2012 HK$'000	2011 HK$'000
Interim dividend declared and paid of 41 HK cents (2011: 33 HK cents) per share	**121,071**	97,447
Final dividend proposed after the end of the reporting period of 74 HK cents (2011: 55 HK cents) per share	**218,518**	162,412
	339,589	259,859

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2012 HK$'000	2011 HK$'000
Final dividend in respect of the financial year ended 31 December 2011 of 55 HK cents (31 December 2010: 59 HK cents) per share approved and paid during the year	**162,412**	174,224

9. Basic and diluted earnings per share

(a) The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2012 of HK$1,529,484,000 (2011 (restated): HK$2,005,672,000) divided by 295,295,000 shares (2011: 295,295,000 shares) in issue during the year.

There were no outstanding potential shares throughout the years presented.

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

For the purpose of assessing the underlying performance of the Group, the management is of the view that the profit for the year should be adjusted for the net valuation gain on investment properties net of related deferred tax thereon in arriving at the "underlying profit attributable to shareholders of the Company".

The difference between the underlying profit attributable to shareholders of the Company and profit attributable to shareholders of the Company as shown in the consolidated income statement for the year is reconciled as follows:

	2012		2011 (restated)	
		Amount per share		Amount per share
	HK$'000	**HK cents**	HK$'000	HK cents
Profit attributable to shareholders of the Company as shown in the consolidated income statement	**1,529,484**	**518.0**	2,005,672	679.2
Net valuation gain on investment properties	**(901,705)**	**(305.4)**	(1,556,166)	(526.9)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**21,676**	**7.3**	46,845	15.8
	649,455	**219.9**	496,351	168.1
Valuation gain/(loss) on investment property net of related deferred tax attributable to non-controlling interests	**861**	**0.3**	(66)	-
Underlying profit attributable to shareholders of the Company	**650,316**	**220.2**	496,285	168.1

10. Debtors, deposits and prepayments

	2012 HK$'000	2011 HK$'000
Trade and other debtors	**25,518**	25,351
Less: allowance for doubtful debts	**(18)**	(250)
	25,500	25,101
Deposits and prepayments	**27,644**	27,311
	53,144	52,412

All debtors, deposits and prepayments of the Group, apart from certain rental deposits and prepayments totalling HK$18,532,000 (2011: HK$17,255,000), 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 doubtful debts) with the following ageing analysis, based on the due date, as of the end of the reporting period:

	2012 HK$'000	2011 HK$'000
Current or less than one month past due	**24,670**	24,487
One to three months past due	**510**	485
More than three months but less than twelve months past due	**233**	104
More than twelve months past due	**87**	25
	25,500	25,101

According to the Group's credit policy, credit period granted to customers is generally 30 days from the date of billing.

11. Creditors and accrued charges

	2012 HK$'000	2011 HK$'000
Trade and other creditors	**376,569**	424,615
Accrued charges	**43,185**	42,796
	419,754	467,411

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

	2012 HK$'000	2011 HK$'000
Amounts not yet due	**333,348**	301,603
On demand or less than one month overdue	**40,969**	120,415
One to three months overdue	**623**	517
Three to twelve months overdue	**28**	134
More than twelve months overdue	**1,601**	1,946
	376,569	424,615

2012 RESULTS AND DIVIDEND

For the year ended 31 December 2012, the Group's turnover increased by 5.9% to HK$1,867.6 million (2011: HK$1,763.8 million). The 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 year was HK$1,529.5 million (2011 (restated): HK$2,005.7 million), a decrease of 23.7% due primarily to the decrease in net valuation gain on investment properties as compared to last year. Excluding this non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders increased by 31.0% to HK$650.3 million (2011: HK$496.3 million). This was due mainly to the improved contributions from the Group's core businesses and securities investments.

Earnings per share was 518.0 HK cents per share in 2012 (2011 (restated): 679.2 HK cents per share). Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying earnings per share for the year increased by 31.0% to 220.2 HK cents per share (2011: 168.1 HK cents per share).

The Company has a practice of paying dividends to shareholders based on the amount of underlying profit attributable to shareholders for the year and makes no reference to any valuation gain or loss on investment properties. Over the last decade, the Company has consistently paid to shareholders annual dividends of about 50% of the underlying profit for each of those years. Barring unforeseen circumstances or any major funding needs, the Company intends to maintain such dividend practice. In respect of 2012, the directors have recommended a final dividend of 74 HK cents (2011: 55 HK cents) per share payable to shareholders on the Register of Members on 14 June 2013 (Hong Kong time) which, together with the interim dividend of 41 HK cents (2011: 33 HK cents) per share paid on 18 October 2012 (Hong Kong time) makes a total payment of 115 HK cents (2011: 88 HK cents) per share for the whole year.

Subject to the approval of shareholders of the proposed final dividend at the forthcoming Annual General Meeting to be held on 4 June 2013, the Register of Members will be closed from 11 June 2013 to 14 June 2013 (Hong Kong time), both dates inclusive, during which period no share transfers can be registered. To qualify for the final dividend, share 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 before 4:00 p.m. on Monday, 10 June 2013 (Hong Kong time). Dividend warrants will be sent to shareholders on 24 June 2013 (Hong Kong time).

BUSINESS STRATEGY

The Group's current business strategy is to focus on the operation of its department stores business and the enhancement of rental income from its commercial property investments. These are the Group's core businesses and the primary profit contributors. With Wing On Department Stores being a household name and having a presence of over 100 years in Hong Kong, its management is well aware of and adapts timely to the ever changing needs of its discerning customers. The Group is confident that its department stores will continue to serve its customers well. In addition to its core business activities, the Group also engages in securities investments mainly in listed blue chip shares. With its sound financials, the Group will continue to strengthen its core business activities and look for opportunities to expand its business and to improve its earnings.

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 31 December 2012 was HK$13,074.2 million, an increase of 10.7% as compared to that restated at 31 December 2011. With cash and listed marketable securities at 31 December 2012 of about HK$2,227.9 million as well as available banking facilities, the Group has sufficient liquidity to meet its current commitments and working capital requirements.

Borrowings and Charges on Group Assets

At 31 December 2012, the Group's total borrowings amounted to HK$511.0 million, a decrease of about HK$42.6 million, due to partial repayments net of exchange differences, as compared to that at 31 December 2011. The Group's total borrowings of HK$511.0 million relate to a mortgage loan for Australian investment properties. The bulk of the borrowings will be due in December 2014. The management will renegotiate the repayment schedule nearer the time. Certain assets, comprising principally property interests with a book value of HK$2,728.3 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$1,028.6 million. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is computed from the total borrowings of the Group divided by shareholders' equity of the Group at 31 December 2012, was 3.9% as compared with 4.7% at 31 December 2011 (restated).

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. To minimise exposure to foreign exchange fluctuations, the Group's borrowings in Australia for its Melbourne investment properties are denominated in Australian dollars. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK$2,251.1 million at 31 December 2012 (at 31 December 2011: HK$2,115.8 million).

The Group's borrowings are on a floating rate basis. For overseas borrowings, when appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards may be used to assist in the Group's management of interest rate exposure. The Group's cash and bank balances are mainly denominated in Hong Kong dollar, United States dollar, Australian dollar and Renminbi.

Capital Commitments and Contingent Liabilities

At 31 December 2012, the total amount of the Group's capital expenditure commitments was HK$4.9 million (at 31 December 2011: HK$2.5 million). The Company has issued corporate guarantees to a financial institution in respect of banking facilities granted to a jointly controlled entity of an associate. At 31 December 2012, the maximum contingent liability of the Group was HK$15.5 million (at 31 December 2011: HK$15.4 million).

BUSINESS REVIEW

Department Stores Operations

The Group's department store operations in Hong Kong remained stable during the year under review. For the year ended 31 December 2012, the Group's department store business achieved a 5.2% increase in turnover to HK$1,453.5 million (2011: HK$1,381.8 million) while its operating profit increased slightly to HK$225.9 million (2011: HK$223.4 million) due to increases in store premises rental and other operating costs.

Property Investments

For the year ended 31 December 2012, the Group's property investment income increased by 11.0% to HK$400.5 million (2011: HK$360.7 million). During the year under review, the Group was able to obtain rental increases from tenancy renewals, rent reviews and new lettings while maintaining a stable occupancy of over 95% for its commercial office properties in Hong Kong. The Group achieved a 19.0% increase in rental income from its commercial investment properties in Hong Kong to HK$239.5 million in 2012 (2011: HK$201.2 million) . Income from the commercial office properties in Melbourne increased slightly to HK$155.7 million (2011: HK$154.0 million). The overall occupancy rate of the Group's investment properties in Melbourne was above 95%.

Automobile Dealership Business

With the improving car market in the United States, the Group's automobile dealership associate in the United States achieved a solid growth in car sales in the year under review. Despite the increase in turnover, operating profit was reduced in 2012 due to lower margins on car sales achieved as a result of increased new vehicle supply from automakers and increased selling and advertising expenses incurred to boost sales. During the year under review, the associate disposed 49% of its interest in a wholly owned subsidiary, which had interests in several dealership operations in the People's Republic of China, to an independent third party and thereafter recognised its remaining 51% interest in that entity as a jointly controlled entity at its fair value by reason of losing control of that entity. The Group's share of profit after tax arising from the disposal was HK$47.6 million. Excluding the loss on fair value re-measurement of HK$10.8 million (2011: HK$10.7 million) in respect of the associate's Employee Stock Ownership Plan and Senior Stock Purchase Plan, the Group's share of after tax profit from the associate amounted to HK$90.4 million (2011: HK$83.4 million).

Others

Benefiting from improvements in stock markets, the Group's investments in securities recorded a profit of HK$77.0 million (2011: a loss of HK$43.6 million) in the year under review. The Group recorded a net foreign exchange gain of HK$5.0 million (2011: HK$10.1 million) in its holdings of foreign currencies and also recognised a foreign exchange gain of HK$12.4 million (2011: HK$12.7 million) upon the return of investments from subsidiaries in Australia.

STAFF

As at 31 December 2012, the Group had a total staff of 814 (2011: 843). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2011 annual report. Details of such policies will be published in the 2012 annual report.

OUTLOOK FOR 2013

Looking ahead, the business environment of Hong Kong will continue to be challenging amidst global economic uncertainties. Nevertheless, the continued growth in the Mainland's economy and the buoyant inbound tourism will render support to the overall economy of Hong Kong and the retailing sector. Our department stores business will remain a significant profit contributor, though its profit will be affected by rising rental and other operating costs. The Group's investment properties in Hong Kong and Australia will continue to provide stable rental income with their current high occupancy rates. The business performance of the Group's automobile associate will hinge on the speed of recovery of the United States economy and further improvements in the car market in the United States.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) 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 financial year ended 31 December 2012.

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 year ended 31 December 2012.

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 year.

ANNUAL GENERAL MEETING

The 2013 Annual General Meeting of the Company will be held on 4 June 2013. The Notice of Annual General Meeting will be published and dispatched on or about 23 April 2013 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2012 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 27 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. Karl C. Kwok (Chairman), Mr. Lester Kwok (Deputy Chairman and Chief Executive Officer) and Mr. Mark Kwok, the non-executive director is Dr. Bill Kwok, and the independent non-executive directors are Miss Maria Tam Wai Chu, Mr. Ignatius Wan Chiu Wong, Mr. Iain Ferguson Bruce and Mr. Leung Wing Ning.