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

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

ANNOUNCEMENT OF 2013 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") announce the consolidated financial results for the year ended 31 December 2013:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Note	**2013** **HK$'000**	2012 HK$'000
Turnover	3	**1,928,851**	1,867,573
Other revenue	5	**42,449**	45,378
Other net gain	5	**10,486**	83,646
Cost of department store sales	6(d)	**(833,202)**	(819,208)
Cost of property leasing activities	6(c)	**(67,431)**	(69,790)
Other operating expenses		**(419,098)**	(396,513)
Profit from operations		**662,055**	711,086
Finance costs	6(a)	**(19,183)**	(28,860)
		642,872	682,226
Valuation gains on investment properties		**780,136**	901,705
		1,423,008	1,583,931
Share of profit of an associate		**34,809**	79,562
Profit before taxation	6	**1,457,817**	1,663,493
Income tax	7	**(143,487)**	(132,844)
Profit for the year		**1,314,330**	1,530,649
Attributable to:			
Shareholders of the Company		**1,312,808**	1,529,484
Non-controlling interests		**1,522**	1,165
Profit for the year		**1,314,330**	1,530,649
Basic and diluted earnings per share	9(a)	**444.6 cents**	518.0 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2013		2012	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,314,330**		1,530,649
Other comprehensive income for the year (after tax and reclassification adjustments):				
Item that will not be reclassified to profit or loss:				
Land and building revaluation:				
- share of land and building revaluation reserve of an associate		**3,273**		(136)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**(313,187)**		29,032	
- share of exchange differences on translation of financial statements of an overseas associate	**1,256**		(4,546)	
- release of the exchange reserve upon refund of investments in overseas subsidiaries	**(10,100)**		(12,399)	
- release of the exchange reserve upon dissolution of overseas subsidiaries	**(1,284)**		(1,262)	
		(323,315)		10,825
Share of cash flow hedge of an associate:				
- net movement in the hedging reserve		**6,756**		11,258
Available-for-sale securities:				
- changes in fair value recognised during the year		**(1,060)**		660
		(314,346)		22,607
Total comprehensive income for the year		**999,984**		1,553,256
Attributable to:				
Shareholders of the Company		**998,451**		1,552,125
Non-controlling interests		**1,533**		1,131
Total comprehensive income for the year		**999,984**		1,553,256

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2013 HK$'000**	At 31 December 2012 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**11,006,024**	10,603,352
- Other property, plant and equipment		**496,168**	524,882
		11,502,192	11,128,234
Goodwill		**1,178**	1,178
Interest in an associate		**928,041**	881,947
Available-for-sale securities		**22,068**	23,128
Deferred tax assets		**8,284**	9,937
		12,461,763	12,044,424
Current assets			
Trading securities		**339,766**	330,323
Inventories		**114,296**	108,778
Debtors, deposits and prepayments	10	**54,079**	53,144
Loans to an associate		**19,361**	19,349
Amounts due from fellow subsidiaries		**4,767**	2,095
Amount due from an associate		**-**	304
Current tax recoverable		**70**	-
Cash and cash equivalents		**2,054,702**	1,939,075
		2,587,041	2,453,068
Current liabilities			
Creditors and accrued charges	11	**420,427**	419,754
Secured bank loan		**395,309**	50,590
Amounts due to fellow subsidiaries		**2,909**	3,215
Current tax payable		**35,827**	39,137
		854,472	512,696
Net current assets		**1,732,569**	1,940,372
Total assets less current liabilities		**14,194,332**	13,984,796
Non-current liabilities			
Secured bank loan		**-**	460,450
Deferred tax liabilities		**411,094**	431,033
		411,094	891,483
Net assets		**13,783,238**	13,093,313
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**13,733,014**	13,044,622
Total equity attributable to shareholders of the Company		**13,762,544**	13,074,152
Non-controlling interests		**20,694**	19,161
Total equity		**13,783,238**	13,093,313

Consolidated statement of changes in equity for the year ended 31 December 2013

	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 2013		29,530	271,419	11,350	573,794	(16,094)	754,347	283	11,449,523	13,074,152	19,161	13,093,313
Changes in equity for 2013												
Profit for the year		-	-	-	-	-	-	-	1,312,808	1,312,808	1,522	1,314,330
Other comprehensive income		-	3,273	(1,060)	(323,326)	6,756	-	-	-	(314,357)	11	(314,346)
Total comprehensive income for the year		-	3,273	(1,060)	(323,326)	6,756	-	-	1,312,808	998,451	1,533	999,984
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	329	(329)	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(218,518)	(218,518)	-	(218,518)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(91,541)	(91,541)	-	(91,541)
		-	3,273	(1,060)	(323,326)	6,756	-	329	1,002,420	688,392	1,533	689,925
Balance at 31 December 2013		29,530	274,692	10,290	250,468	(9,338)	754,347	612	12,451,943	13,762,544	20,694	13,783,238
Balance at 1 January 2012		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

Note: Retained earnings attributable to the shareholders of the Company as at 31 December 2013 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$8,269,672,000 (2012: HK$7,519,942,000).

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 2013 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 2013 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 a number of new HKFRSs and 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 HKAS 1, Presentation of financial statements – presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement

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

(i) Amendments to HKAS 1, Presentation of financial statements – presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use new titles "Statement of profit or loss" and "Statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(ii) HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements, relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

(iii) HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structure entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the consolidated financial statements included in the 2013 annual report.

(iv) HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the consolidated financial statements in the 2013 annual report. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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:

	2013	2012
	HK$'000	HK$'000
Sale of goods	**1,216,679**	1,190,779
Net income from concession sales	**274,072**	262,739
Department stores	**1,490,751**	1,453,518
Property investment	**438,100**	414,055
	1,928,851	1,867,573

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 an associate, investments in financial assets, current tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and other creditors, accrued charges and bank borrowings managed directly by the segments.

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Department stores		Property investment		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,490,751**	1,453,518	**438,100**	414,055	**1,928,851**	1,867,573
Inter-segment revenue	**-**	-	**98,182**	91,961	**98,182**	91,961
Reportable segment revenue	**1,490,751**	1,453,518	**536,282**	506,016	**2,027,033**	1,959,534
Reportable segment profit	**224,035**	225,950	**433,848**	400,506	**657,883**	626,456
Finance costs	**-**	-	**19,183**	28,860	**19,183**	28,860
Depreciation and amortisation for the year	**7,436**	7,236	**43,252**	46,332	**50,688**	53,568
Impairment of trade and other debtors recognised/ (written back)	**3**	10	**-**	(80)	**3**	(70)
Reportable segment assets	**173,175**	170,056	**11,500,349**	11,122,987	**11,673,524**	11,293,043
Additions to non-current segment assets during the year	**7,945**	6,568	**27,648**	29,112	**35,593**	35,680
Reportable segment liabilities	**329,798**	325,178	**458,103**	579,205	**787,901**	904,383

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

	2013 **HK$'000**	2012 HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**657,883**	626,456
Share of profit of an associate	**34,809**	79,562
Other revenue	**42,449**	45,378
Other net gain	**10,486**	83,646
Finance costs	**(19,183)**	(28,860)
Valuation gains on investment properties	**780,136**	901,705
Unallocated head office and corporate expenses	**(48,763)**	(44,394)
Consolidated profit before taxation	**1,457,817**	1,663,493
Assets		
Reportable segment assets	**11,673,524**	11,293,043
Elimination of inter-segment receivables	**(4,644)**	(4,566)
	11,668,880	11,288,477
Goodwill	**1,178**	1,178
Interest in an associate	**928,041**	881,947
Available-for-sale securities	**22,068**	23,128
Deferred tax assets	**8,284**	9,937
Trading securities	**339,766**	330,323
Loans to an associate	**19,361**	19,349
Amount due from an associate	**-**	304
Current tax recoverable	**70**	-
Unallocated head office and corporate assets	**2,061,156**	1,942,849
Consolidated total assets	**15,048,804**	14,497,492
Liabilities		
Reportable segment liabilities	**787,901**	904,383
Elimination of inter-segment payables	**(4,644)**	(4,566)
	783,257	899,817
Current tax payable	**35,827**	39,137
Deferred tax liabilities	**411,094**	431,033
Unallocated head office and corporate liabilities	**35,388**	34,192
Consolidated total liabilities	**1,265,566**	1,404,179

(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 an associate ("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 an associate.

	Revenue from external customers		Specified non-current assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,752,726**	1,690,200	**8,947,078**	8,286,959
Australia	**157,989**	160,955	**2,413,657**	2,728,472
United States of America	**18,136**	16,418	**1,070,676**	995,928
	176,125	177,373	**3,484,333**	3,724,400
	1,928,851	1,867,573	**12,431,411**	12,011,359

5. Other revenue and other net gain

	2013	2012
	HK$'000	HK$'000
Other revenue		
Interest income from		
- bank deposits	**25,694**	28,570
- trading securities	**1,140**	1,293
Dividend income from		
- listed securities	**8,552**	9,684
- unlisted securities	**3,837**	2,561
Forfeiture of unclaimed dividends	**1,212**	1,348
Others	**2,014**	1,922
	42,449	45,378
Other net gain		
Net (loss) /gain on remeasurement to fair value of trading securities	**(2,510)**	48,727
Net realised gain/(loss) on disposal of:		
- trading securities	**2,612**	12,065
- derivative financial instruments	**(5,216)**	3,184
Release of the exchange reserve upon refund of investments in overseas subsidiaries	**10,100**	12,399
Net foreign exchange gain	**4,212**	5,031
Gains on dissolution of subsidiaries (note)	**1,284**	1,262
Net gain on disposal of other fixed assets	**4**	978
	10,486	83,646

Note: For the year ended 31 December 2013, gains on dissolution of subsidiaries include exchange reserve of HK$1,284,000 (2012: HK$1,262,000) released from equity to the consolidated statement of profit or loss.

6. Profit before taxation

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

		2013 HK$'000	2012 HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**19,183**	28,860
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**11,862**	11,366
	Salaries, wages and other benefits	**200,358**	189,261
		212,220	200,627
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(438,100)**	(414,055)
	Less: direct outgoings	**67,431**	69,790
		(370,669)	(344,265)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**36,866**	37,205
	- lease incentives	**13,943**	16,492
	Impairment losses recognised/(written back)		
	- trade and other debtors	**3**	(70)
	- fixed assets	**-**	3
	Auditors' remuneration		
	- current year	**3,343**	3,091
	- prior year	**55**	8
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**42,923**	41,952
	- contingent rentals for hire of land and buildings	**430**	590
	Cost of inventories sold	**833,202**	819,208

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

	2013 **HK$'000**	2012 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**77,196**	77,112
Over-provision in respect of prior years	**(1,350)**	(68)
	75,846	77,044
Current tax – Overseas		
Provision for the year	**33,469**	29,538
Under/(over)-provision in respect of prior year	**238**	(897)
	33,707	28,641
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**29,479**	21,676
- other temporary differences	**4,455**	5,483
	33,934	27,159
Total income tax expense	**143,487**	132,844

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of tax payable for the year assessment 2012-13 subject to a ceiling of HK$10,000 allowed by the Hong Kong SAR Government for each business. 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:

	2013 **HK$'000**	2012 HK$'000
Interim dividend declared and paid of 31 HK cents (2012: 41 HK cents) per share	**91,541**	121,071
Final dividend proposed after the end of the reporting period of 69 HK cents (2012: 74 HK cents) per share	**203,754**	218,518
	295,295	339,589

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:

	2013 **HK$'000**	2012 HK$'000
Final dividend in respect of the financial year ended 31 December 2012 of 74 HK cents (31 December 2011: 55 HK cents) per share approved and paid during the year	**218,518**	162,412

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 2013 of HK$1,312,808,000 (2012: HK$1,529,484,000) divided by 295,295,000 shares (2012: 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 valuation gains 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 valuation gains on investment properties net of related deferred tax thereon in arriving at the "underlying profit attributable to shareholders of the Company".

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

	2013		2012	
		Amount per share		Amount per share
	HK$'000	**HK cents**	HK$'000	HK cents
Profit attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	**1,312,808**	**444.6**	1,529,484	518.0
Valuation gains on investment properties	**(780,136)**	**(264.2)**	(901,705)	(305.4)
Increase in deferred tax liabilities in relation to the valuation gains on investment properties	**29,479**	**10.0**	21,676	7.3
	562,151	**190.4**	649,455	219.9
Valuation gain on investment property net of related deferred tax attributable to non-controlling interests	**927**	**0.3**	861	0.3
Underlying profit attributable to shareholders of the Company	**563,078**	**190.7**	650,316	220.2

10. Debtors, deposits and prepayments

	2013	2012
	HK$'000	HK$'000
Trade and other debtors	**25,888**	25,518
Less: allowance for doubtful debts	**(21)**	(18)
	25,867	25,500
Deposits and prepayments	**28,212**	27,644
	54,079	53,144

All debtors, deposits and prepayments of the Group, apart from certain rental deposits and prepayments totalling HK$20,081,000 (2012: HK$18,532,000), 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:

	2013	2012
	HK$'000	HK$'000
Current or less than one month past due	**24,956**	24,670
One to three months past due	**611**	510
More than three months but less than twelve months past due	**207**	233
More than twelve months past due	**93**	87
	25,867	25,500

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

	2013	2012
	HK$'000	HK$'000
Trade and other creditors	**377,289**	376,569
Accrued charges	**43,138**	43,185
	420,427	419,754

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:

	2013	2012
	HK$'000	HK$'000
Amounts not yet due	**313,461**	333,348
On demand or less than one month overdue	**60,386**	40,969
One to three months overdue	**1,552**	623
Three to twelve months overdue	**632**	28
More than twelve months overdue	**1,258**	1,601
	377,289	376,569

2013 RESULTS AND DIVIDEND

For the year ended 31 December 2013, the Group's turnover increased by 3.3% to HK$1,928.9 million (2012: HK$1,867.6 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$1,312.8 million (2012: HK$1,529.5 million), a decrease of 14.2% due primarily to the decrease in valuation gains 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 amounted to HK$563.1 million (2012: HK$650.3 million), a decrease of 13.4%. This was due mainly to the decrease in contribution from the Group's automobile associate and profit from the Group's securities investments.

Earnings per share was 444.6 HK cents per share in 2013 (2012: 518.0 HK cents per share). Excluding the valuation gains on investment properties and related deferred tax thereon, underlying earnings per share for the year decreased by 13.4% to 190.7 HK cents (2012: 220.2 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 2013, the directors have recommended a final dividend of 69 HK cents (2012: 74 HK cents) per share payable to shareholders on the Register of Members on 9 June 2014 (Hong Kong time) which, together with the interim dividend of 31 HK cents (2012: 41 HK cents) per share paid on 18 October 2013 (Hong Kong time) makes a total payment of 100 HK cents (2012: 115 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 27 May 2014, the Register of Members will be closed from 4 June 2014 to 9 June 2014 (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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:00 p.m. on Tuesday, 3 June 2014 (Hong Kong time). Dividend warrants will be sent to shareholders on 17 June 2014 (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 2013 was HK$13,762.5 million, an increase of 5.3% as compared to that at 31 December 2012. With cash and listed marketable securities at 31 December 2013 of about HK$2,348.6 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 2013, the Group's total borrowings amounted to HK$395.3 million, a decrease of about HK$115.7 million, due to partial repayments and exchange differences, as compared to that at 31 December 2012. The Group's total borrowings of HK$395.3 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$2,413.4 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$484.3 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 2013, was 2.9% as compared with 3.9% at 31 December 2012.

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$2,085.9 million at 31 December 2013 (at 31 December 2012: HK$2,251.1 million).

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

Capital Commitments and Contingent Liabilities

At 31 December 2013, the total amount of the Group's capital expenditure commitments was HK$34.0 million (at 31 December 2012: HK$4.9 million). An associate of the Company has issued a corporate guarantee in the sum of HK$32.0 million (at 31 December 2012: Nil) and pledged a bank deposit of HK$17.0 million (at 31 December 2012: Nil) to a financial institution in respect of banking facilities granted to its joint venture. At 31 December 2013, the maximum contingent liability shared by the Group in respect of the above arrangement was HK$7.5 million (at 31 December 2012: HK$15.5 million).

BUSINESS REVIEW

Department Stores Operations

The Group's department store operations in Hong Kong remained generally stable during the year under review. For the year ended 31 December 2013, the Group's department store business achieved a 2.6% increase in turnover to HK$1,490.8 million (2012: HK$1,453.5 million) while its operating profit decreased slightly to HK$224.0 million (2012: HK$225.9 million) due to increases in store premises rental, staff and other operating costs.

Property Investments

For the year ended 31 December 2013, the Group's property investment income increased by 8.3% to HK$433.8 million (2012: HK$400.5 million). During the year under review, the Group achieved a 12.7% increase in rental income from its commercial investment properties in Hong Kong to HK$269.8 million (2012: HK$239.5 million) while maintaining a stable occupancy rate of over 95%. Income from the commercial office properties in Melbourne increased slightly to HK$156.6 million (2012: HK$155.7 million) despite an increase of 8.7% in rental income from the Group's investment properties in Melbourne due to the weak Australian dollar in 2013 as income is translated back to the Hong Kong dollar for reporting purposes. The overall occupancy rate of the Group's investment properties in Melbourne was above 95%.

The Group acquired the freehold interest of The Halbouty Center in Houston in October 2013 for US$1.9 million. This investment property has previously been held by the Group since 1990 under a long term lease. The particulars of this investment property will be contained in the section on "Properties held for Investment" in the 2013 annual report.

Automobile Dealership Business

During the year under review, the Group's automobile dealership associate in the United States achieved growth in both car sales and operating profits as the economic recovery in the United States continued and demand for cars increased. However, the Group recorded a share of loss after tax of HK$11.6 million (2012: HK$2.4 million) from the associate's disposal of certain investment properties during the year, whereas a share of profit after tax of HK$47.6 million on the associate's disposal of 49% interest in a wholly owned subsidiary was recorded in 2012. Excluding the loss on fair value re-measurement of HK$16.7 million (2012: HK$10.8 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$51.5 million (2012: HK$90.4 million).

Others

The Group's investments in securities recorded a small profit of HK$8.0 million (2012: HK$77.0 million) in 2013 due to unfavourable stock market performance towards the year end. The Group recorded a net foreign exchange gain of HK$4.2 million (2012: HK$5.0 million) in its holdings of foreign currencies and also recognised a foreign exchange gain of HK$10.1 million (2012: HK$12.4 million) upon the refund of investments from subsidiaries in Australia.

STAFF

As at 31 December 2013, the Group had a total staff of 842 (2012: 814). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2012 annual report. Details of such policies will be published in the 2013 annual report.

OUTLOOK FOR 2014

The business conditions of Hong Kong in 2014 will continue to be challenging. Barring unforeseen circumstances, our department stores business will continue to contribute profits to the Group despite the rising operational costs. The Group's investment properties in Hong Kong and Australia will continue to provide stable rental income. In anticipation of further improvement in the United States economy, the car market in the United States will gain more momentum which will be beneficial to our automobile associate.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31 December 2013.

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 2013.

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 2014 Annual General Meeting of the Company will be held on 27 May 2014. The Notice of Annual General Meeting will be published and dispatched on or about 23 April 2014 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2013 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, 28 March 2014

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.