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

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

ANNOUNCEMENT OF 2014 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") announce the consolidated financial results for the year ended 31 December 2014:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Note	**2014 HK$'000**	2013 HK$'000
Turnover	3	**1,964,556**	1,928,851
Other revenue	5	**54,258**	42,449
Other net gain	5	**21,228**	10,486
Cost of department store sales	6(d)	**(842,600)**	(833,202)
Cost of property leasing activities	6(c)	**(76,723)**	(67,431)
Other operating expenses		**(429,463)**	(419,098)
Profit from operations		**691,256**	662,055
Finance costs	6(a)	**(15,169)**	(19,183)
		676,087	642,872
Valuation gains on investment properties		**350,342**	780,136
		1,026,429	1,423,008
Share of profit of an associate			
- Profit from operations		**61,205**	34,809
- Gain on disposal of an interest in a subsidiary by an associate		**373,847**	-
Profit before taxation	6	**1,461,481**	1,457,817
Income tax	7	**(185,164)**	(143,487)
Profit for the year		**1,276,317**	1,314,330
Attributable to:			
Shareholders of the Company		**1,274,507**	1,312,808
Non-controlling interests		**1,810**	1,522
Profit for the year		**1,276,317**	1,314,330
Basic and diluted earnings per share	9(a)	**431.6 cents**	444.6 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2014		2013	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,276,317**		1,314,330
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
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**(179,985)**		(313,187)	
- share of exchange differences on translation of financial statements of an overseas associate	**(1,063)**		1,256	
- release of the exchange reserve upon refund of investments in overseas subsidiaries	**(11,915)**		(10,100)	
- release of the exchange reserve upon dissolution of an overseas subsidiary	**-**		(1,284)	
		(192,963)		(323,315)
Share of cash flow hedge of an associate:				
- net movement in the hedging reserve		**9,338**		6,756
Available-for-sale securities:				
- changes in fair value recognised during the year		**(350)**		(1,060)
		(183,975)		(314,346)
Total comprehensive income for the year		**1,092,342**		999,984
Attributable to:				
Shareholders of the Company		**1,090,533**		998,451
Non-controlling interests		**1,809**		1,533
Total comprehensive income for the year		**1,092,342**		999,984

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2014 HK$'000	At 31 December 2013 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**11,159,025**	11,006,024
- Other property, plant and equipment		**470,897**	496,168
		11,629,922	11,502,192
Goodwill		**-**	1,178
Interest in an associate		**1,371,368**	928,041
Available-for-sale securities		**21,718**	22,068
Deferred tax assets		**7,904**	8,284
		13,030,912	12,461,763
Current assets			
Trading securities		**340,515**	339,766
Inventories		**107,949**	114,296
Debtors, deposits and prepayments	10	**66,317**	54,079
Loans to an associate		**-**	19,361
Amounts due from fellow subsidiaries		**2,665**	4,767
Current tax recoverable		**23**	70
Cash and cash equivalents		**3,347,260**	2,054,702
		3,864,729	2,587,041
Current liabilities			
Creditors and accrued charges	11	**428,259**	420,427
Secured bank loan		**40,102**	395,309
Amount due to an associate		**1,099,690**	-
Amounts due to fellow subsidiaries		**3,312**	2,909
Current tax payable		**36,185**	35,827
		1,607,548	854,472
Net current assets		**2,257,181**	1,732,569
Total assets less current liabilities		**15,288,093**	14,194,332
Non-current liabilities			
Secured bank loan		**281,507**	-
Deferred tax liabilities		**449,925**	411,094
		731,432	411,094
Net assets		**14,556,661**	13,783,238
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**14,504,628**	13,733,014
Total equity attributable to shareholders of the Company		**14,534,158**	13,762,544
Non-controlling interests		**22,503**	20,694
Total equity		**14,556,661**	13,783,238

Consolidated statement of changes in equity for the year ended 31 December 2014

	Note	Share capital HK$'000	Land and building revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Contributed surplus HK$'000	General reserve fund HK$'000	Retained earnings (note) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to shareholders of the Company										
Balance at 1 January 2014		29,530	274,692	10,290	250,468	(9,338)	754,347	612	12,451,943	13,762,544	20,694	13,783,238
Changes in equity for 2014												
Profit for the year		-	-	-	-	-	-	-	1,274,507	1,274,507	1,810	1,276,317
Other comprehensive income		-	(3,655)	(350)	(192,962)	9,338	-	-	3,655	(183,974)	(1)	(183,975)
Total comprehensive income for the year		-	(3,655)	(350)	(192,962)	9,338	-	-	1,278,162	1,090,533	1,809	1,092,342
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	406	(406)	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(203,754)	(203,754)	-	(203,754)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(115,165)	(115,165)	-	(115,165)
		-	(3,655)	(350)	(192,962)	9,338	-	406	958,837	771,614	1,809	773,423
Balance at 31 December 2014		29,530	271,037	9,940	57,506	-	754,347	1,018	13,410,780	14,534,158	22,503	14,556,661
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

Note: Retained earnings attributable to the shareholders of the Company as at 31 December 2014 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$8,547,470,000 (2013: HK$8,269,672,000).

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 2014 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") and 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 2014 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 new HKFRS and a few 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 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

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

(i) Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

(ii) Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on the financial statements.

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:

	2014	2013
	HK$'000	HK$'000
Sale of goods	**1,234,877**	1,216,679
Net income from concession sales	**287,064**	274,072
Department stores	**1,521,941**	1,490,751
Property investment	**442,615**	438,100
	1,964,556	1,928,851

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 2014 and 2013 is set out below.

	Department stores		Property investment		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,521,941**	1,490,751	**442,615**	438,100	**1,964,556**	1,928,851
Inter-segment revenue	**-**	-	**102,708**	98,182	**102,708**	98,182
Reportable segment revenue	**1,521,941**	1,490,751	**545,323**	536,282	**2,067,264**	2,027,033
Reportable segment profit	**232,849**	224,035	**434,061**	433,848	**666,910**	657,883
Finance costs	**-**	-	**15,169**	19,183	**15,169**	19,183
Depreciation and amortisation for the year	**6,536**	7,436	**42,462**	43,252	**48,998**	50,688
Impairment of trade and other debtors (written back)/ recognised	**(2)**	3	**-**	-	**(2)**	3
Reportable segment assets	**177,468**	173,175	**11,629,181**	11,500,349	**11,806,649**	11,673,524
Additions to non-current segment assets during the year	**10,008**	7,945	**34,003**	27,648	**44,011**	35,593
Reportable segment liabilities	**325,687**	329,798	**393,729**	458,103	**719,416**	787,901

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

	2014	2013
	HK$'000	HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**666,910**	657,883
Share of profit of an associate	**435,052**	34,809
Other revenue	**54,258**	42,449
Other net gain	**21,228**	10,486
Finance costs	**(15,169)**	(19,183)
Valuation gains on investment properties	**350,342**	780,136
Unallocated head office and corporate expenses	**(51,140)**	(48,763)
Consolidated profit before taxation	**1,461,481**	1,457,817
Assets		
Reportable segment assets	**11,806,649**	11,673,524
Elimination of inter-segment receivables	**(5,450)**	(4,644)
	11,801,199	11,668,880
Goodwill	**-**	1,178
Interest in an associate	**1,371,368**	928,041
Available-for-sale securities	**21,718**	22,068
Deferred tax assets	**7,904**	8,284
Trading securities	**340,515**	339,766
Loans to an associate	**-**	19,361
Current tax recoverable	**23**	70
Unallocated head office and corporate assets	**3,352,914**	2,061,156
Consolidated total assets	**16,895,641**	15,048,804
Liabilities		
Reportable segment liabilities	**719,416**	787,901
Elimination of inter-segment payables	**(5,450)**	(4,644)
	713,966	783,257
Amount due to an associate	**1,099,690**	-
Current tax payable	**36,185**	35,827
Deferred tax liabilities	**449,925**	411,094
Unallocated head office and corporate liabilities	**39,214**	35,388
Consolidated total liabilities	**2,338,980**	1,265,566

(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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,795,954**	1,752,726	**9,060,622**	8,947,078
Australia	**148,963**	157,989	**2,413,330**	2,413,657
The United States of America	**19,639**	18,136	**1,527,338**	1,070,676
	168,602	176,125	**3,940,668**	3,484,333
	1,964,556	1,928,851	**13,001,290**	12,431,411

5. Other revenue and other net gain

	2014	2013
	HK$'000	HK$'000
Other revenue		
Interest income from		
- bank deposits	**33,393**	25,694
- trading securities	**1,009**	1,140
Dividend income from		
- listed securities	**10,895**	8,552
- unlisted securities	**3,156**	3,837
Forfeiture of unclaimed dividends	**3,454**	1,212
Others	**2,351**	2,014
	54,258	42,449
Other net gain		
Net gain/(loss) on remeasurement to fair value of trading securities	**12,215**	(2,510)
Net realised gain/(loss) on disposal of:		
- trading securities	**4,671**	2,612
- derivative financial instruments	**868**	(5,216)
Release of the exchange reserve upon refund of investments in overseas subsidiaries	**11,915**	10,100
Net foreign exchange (loss)/gain	**(8,449)**	4,212
Net gain on disposal of other fixed assets	**8**	4
Gain on dissolution of a subsidiary (note)	**-**	1,284
	21,228	10,486

Note: For the year ended 31 December 2013, gain on dissolution of a subsidiary included exchange reserve of HK$1,284,000 released from equity to the consolidated statement of profit or loss.

6. Profit before taxation

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

		2014 HK$'000	2013 HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**15,169**	19,183
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**12,373**	11,862
	Salaries, wages and other benefits	**207,367**	200,358
		219,740	212,220
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(442,615)**	(438,100)
	Less: direct outgoings	**76,723**	67,431
		(365,892)	(370,669)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**35,460**	36,866
	- lease incentives	**13,645**	13,943
	Goodwill written off	**1,178**	-
	Impairment losses (written back)/recognised		
	- trade and other debtors	**(2)**	3
	Auditors' remuneration		
	- current year	**3,401**	3,343
	- prior year	**-**	55
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**44,170**	42,923
	- contingent rentals for hire of land and buildings	**411**	430
	Cost of inventories sold	**842,600**	833,202

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

	2014	2013
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**80,799**	77,196
Over-provision in respect of prior years	**(115)**	(1,350)
	80,684	75,846
Current tax – Overseas		
Provision for the year	**31,684**	33,469
Under-provision in respect of prior year	**215**	238
	31,899	33,707
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**71,488**	29,479
- other temporary differences	**1,093**	4,455
	72,581	33,934
Total income tax expense	**185,164**	143,487

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year assessment 2013-14 subject to a maximum reduction of HK$10,000 for each business (2013: the same statutory concession was granted for the year of assessment 2012-2013 and was taken into account in calculating the provision for 2013). 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:

	2014	2013
	HK$'000	HK$'000
Interim dividend declared and paid of 39 HK cents (2013: 31 HK cents) per share	**115,165**	91,541
Final dividend proposed after the end of the reporting period of 138 HK cents (2013: 69 HK cents) per share	**407,507**	203,754
	522,672	295,295

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:

	2014	2013
	HK$'000	HK$'000
Final dividend in respect of the financial year ended 31 December 2013 of 69 HK cents (31 December 2012: 74 HK cents) per share approved and paid during the year	**203,754**	218,518

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 2014 of HK$1,274,507,000 (2013: HK$1,312,808,000) divided by 295,295,000 shares (2013: 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:

	2014		2013	
		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	**1,274,507**	**431.6**	1,312,808	444.6
Valuation gains on investment properties	**(350,342)**	**(118.6)**	(780,136)	(264.2)
Increase in deferred tax liabilities in relation to the valuation gains on investment properties	**71,488**	**24.2**	29,479	10.0
	995,653	**337.2**	562,151	190.4
Valuation gain on investment property net of related deferred tax attributable to non-controlling interests	**1,056**	**0.4**	927	0.3
Underlying profit attributable to shareholders of the Company	**996,709**	**337.6**	563,078	190.7

10. Debtors, deposits and prepayments

	2014	2013
	HK$'000	HK$'000
Trade and other debtors	**27,523**	25,888
Less: allowance for doubtful debts	**(19)**	(21)
	27,504	25,867
Deposits and prepayments	**38,813**	28,212
	66,317	54,079

All debtors, deposits and prepayments of the Group, apart from certain rental deposits and prepayments totalling HK$22,451,000 (2013: HK$20,081,000), 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:

	2014	2013
	HK$'000	HK$'000
Current or less than one month past due	**26,749**	24,956
One to three months past due	**535**	611
More than three months but less than twelve months past due	**71**	207
More than twelve months past due	**149**	93
	27,504	25,867

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

	2014	2013
	HK$'000	HK$'000
Trade and other creditors	**385,280**	377,289
Accrued charges	**42,979**	43,138
	428,259	420,427

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:

	2014	2013
	HK$'000	HK$'000
Amounts not yet due	**328,974**	313,461
On demand or less than one month overdue	**52,802**	60,386
One to three months overdue	**1,336**	1,552
Three to twelve months overdue	**756**	632
More than twelve months overdue	**1,412**	1,258
	385,280	377,289

2014 RESULTS AND DIVIDEND

For the year ended 31 December 2014, the Group's turnover increased by 1.9% to HK$1,964.6 million (2013: HK$1,928.9 million). The increase was attributable mainly to the slight 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$1,274.5 million (2013: HK$1,312.8 million), a slight decrease of 2.9%. The decrease was due mainly to the decrease in the valuation gains on investment properties by HK$429.8 million to HK$350.3 million (2013: HK$780.1 million); offset by the Group's share of the exceptional gain from an associate of HK$373.9 million on disposal of its entire interest in a subsidiary which is engaged in automobile dealerships and related business in the United States. Excluding the non-cash valuation gains on investment properties and related deferred tax thereon, the Group's underlying profit attributable to shareholders increased by 77.0% to HK$996.7 million (2013: HK$563.1 million) due mainly to the aforesaid share of the associate's gain.

Earnings per share was 431.6 HK cents per share in 2014 (2013: 444.6 HK cents per share). Excluding the valuation gains on investment properties and related deferred tax thereon, underlying earnings per share for the year increased by 77.0% to 337.6 HK cents (2013: 190.7 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 2014, the directors have recommended a final dividend of 138 HK cents (2013: 69 HK cents) per share payable to shareholders on the Register of Members on 12 June 2015 (Hong Kong time) which, together with the interim dividend of 39 HK cents (2013: 31 HK cents) per share paid on 17 October 2014 (Hong Kong time) makes a total payment of 177 HK cents (2013: 100 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 2 June 2015, the Register of Members will be closed from Tuesday, 9 June 2015 to Friday, 12 June 2015 (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 Monday, 8 June 2015 (Hong Kong time). Dividend warrants will be sent to shareholders on 22 June 2015 (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 2014 was HK$14,534.2 million, an increase of 5.6% as compared to that at 31 December 2013. With cash and listed marketable securities at 31 December 2014 of about HK$3,638.5 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 2014, the Group's total borrowings amounted to HK$321.6 million, a decrease of about HK$73.7 million, due to partial repayments and exchange differences, as compared to that at 31 December 2013. The Group's total borrowings of HK$321.6 million relate to a mortgage loan for Australian investment properties. The mortgage loan was renewed in November 2014 for three years to November 2017; the bulk of which will be repayable by the end of 2017. Certain assets, comprising principally property interests with a book value of HK$2,413.1 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$322.8 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 2014, was 2.2% as compared with 2.9% at 31 December 2013.

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$2,108.1 million at 31 December 2014 (at 31 December 2013: HK$2,085.9 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 2014, the total amount of the Group's capital expenditure commitments was HK$10.0 million (at 31 December 2013: HK$34.0 million). As at 31 December 2014, the Group had no contingent liability (at 31 December 2013: HK$ nil).

BUSINESS REVIEW

Department Stores Operations

The retail market on the whole gradually slowed down in 2014 due to noticeable decline in consumer spending. This situation was further worsened by the occupy central disturbances in the last quarter of the year. Hence, the Group's department store operations in Hong Kong achieved merely a 2.1% increase in turnover to HK$1,521.9 million (2013: HK$1,490.8 million). Nevertheless, the Group managed to achieve a 3.9% increase in operating profit from its department store operations to HK$232.8 million (2013: HK$224.0 million) for the year ended 31 December 2014 due to its better efforts in improving gross margins while keeping the department stores' overheads in check.

As published in the Company's announcement dated 26 February 2015, the Group had been informed by the landlord of its department store at Cityplaza, Taikoo Shing (the "Taikoo Shing Store") that the landlord was unwilling to extend or renew the current lease of the Taikoo Shing Store and required the Group to vacate the premises upon the expiry of the existing lease in August 2015. For the year ended 31 December 2014, the revenue and profit contribution attributable to the Taikoo Shing Store was 9.4% and below 1%, respectively, of the Group's total revenue and profit attributable to shareholders. Having regard to the revenue and profit generated from the Taikoo Shing Store, the Group expects that the closure of the store will not have a material impact on the financial results of the Group as a whole. Upon closure of the Taikoo Shing Store, the Company will redeploy all affected employees to the Group's other stores and operations. Measures will also be taken to alleviate disruptions to our customers caused by the closure of the Taikoo Shing Store.

Property Investments

For the year ended 31 December 2014, the Group's property investment income amounted to HK$434.1 million (2013: HK$433.8 million). In the year under review, the Group achieved a 4.3% increase in rental income from its commercial investment properties in Hong Kong to HK$281.3 million (2013: HK$269.8 million) while the overall occupancy rate was about 90%. Income from the commercial office properties in Melbourne dropped by 8.2% to HK$143.8 million (2013: HK$156.6 million). The decrease was largely due to the weak Australian dollar 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%.

Automobile Dealership Business

On 15 June 2014, the Group's associate, DCH Auto Group (USA) Limited, entered into an agreement with an independent third party to dispose of its entire interest in its subsidiary, DCH Auto Group (USA) Inc., which is engaged in automobile dealership business in the United States. All conditions precedent have since been satisfied and completion of the disposal took place on 2 October 2014 with the final consideration agreed at US$327.4 million on 16 February 2015. Following the completion of the disposal, the Group has no remaining interest in DCH Auto Group (USA) Inc.. Details of the disposal were published in the announcements made by the Company dated 15 June 2014, 2 October 2014 and 16 February 2015. The actual gain that the Group has realised from the disposal, after expenses and associated costs, was HK$373.9 million.

The Group recorded a share of after tax profit of HK$65.0 million from the associate's automobile dealership operations in the United States for the nine months ended 30 September 2014 before the completion of the disposal while a share of after tax profit of HK$31.4 million was recorded for the year ended 31 December 2013.

Following the disposal of its automobile dealership interest in the United States, the associate will focus its efforts on the development of its automobile dealership business in the People's Republic of China (the "PRC"), which are currently operated by the associate's 51% owned joint venture ("JV"). During the year under review, the JV's automobile dealership operations in the PRC continued to operate under difficult business environment due to the slower economic growth in the PRC, excess new vehicle supply from automakers and fierce competition among dealers. The Group's share of loss from the associate's automobile dealership operations in the PRC for the year ended 31 December 2014 was HK$15.5 million (2013: HK$8.3 million).

Overall, the Group's share of after tax profit from the associate for the year ended 31 December 2014 was HK$435.1 million (2013: HK$34.8 million).

Others

The Group's investments in securities recorded a gain of HK$ 32.4 million (2013: HK$8.0 million) in the year under review. The Group recorded a net foreign exchange loss of HK$8.4 million (2013: a gain of HK$4.2 million) in its holdings of foreign currencies and also recognised a foreign exchange gain of HK$11.9 million (2013: HK$10.1 million) upon the refund of investments from subsidiaries in Australia.

STAFF

As at 31 December 2014, the Group had a total staff of 835 (2013: 842). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2013 annual report. Details of such policies will be published in the 2014 annual report.

OUTLOOK FOR 2015

The retailing environment of Hong Kong in 2015 will remain difficult due to the anticipated continual decline in consumer spending and increasing operating costs. Barring further severe downturn in consumer spending or major social disturbances in 2015, our department stores business is expected to continue to contribute profits to the Group. Its management team will further optimize the merchandise mix and enhance the online shopping service to our customers. The Group's investment properties in Hong Kong and Australia will continue to provide stable rental income. With its sound financial position and adequate cash resources, the Group will actively look for further investments when good opportunities arise.

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 2014.

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 2014.

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 2015 Annual General Meeting of the Company will be held on 2 June 2015. The Notice of Annual General Meeting will be published and dispatched on or about 24 April 2015 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2014 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, 30 March 2015

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.