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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 2018 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") and its subsidiaries (together referred to as "the Group") announce the consolidated financial results for the year ended 31 December 2018:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December **2018** **HK$'000**	 2017 (Restated) HK$'000
Revenue	3	**1,462,829**	1,489,425
Other revenue	5	**90,833**	78,868
Other net (loss)/gain	5	**(100,335)**	96,222
Cost of department store sales	6(d)	**(469,373)**	(501,475)
Cost of property leasing activities	6(c)	**(97,171)**	(105,559)
Other operating expenses		**(422,449)**	(409,615)
Profit from operations		**464,334**	647,866
Finance costs	6(a)	**(5,093)**	(6,138)
		459,241	641,728
Valuation gains on investment properties		**1,387,462**	2,209,441
		1,846,703	2,851,169
Share of profit of an associate		**10,904**	20,874
Profit before taxation	6	**1,857,607**	2,872,043
Income tax	7	**(158,670)**	(210,657)
Profit for the year		**1,698,937**	2,661,386
Attributable to:			
Shareholders of the Company		**1,697,681**	2,657,189
Non-controlling interests		**1,256**	4,197
Profit for the year		**1,698,937**	2,661,386
Basic and diluted earnings per share	9(a)	**577.7 cents**	903.1 cents

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated for adoption of HKFRS 9 while comparative information has been restated for adoption of HKFRS 15 (see note 2).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2018		2017	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,698,937**		2,661,386
Other comprehensive income for the year (after tax and reclassification adjustments):				
Item that may not be reclassified subsequently to profit or loss:				
- other investments at fair value through other comprehensive income		**(3,828)**		-
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**(269,515)**		197,865	
- share of exchange differences on translation of financial statements of an overseas associate	**(4,997)**		6,586	
		(274,512)		204,451
Available-for-sale securities:				
- changes in fair value recognised during the year		**-**		440
		(278,340)		204,891
Total comprehensive income for the year		**1,420,597**		2,866,277
Attributable to:				
Shareholders of the Company		**1,419,283**		2,861,858
Non-controlling interests		**1,314**		4,419
Total comprehensive income for the year		**1,420,597**		2,866,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2018 HK$'000**	At 31 December 2017 (Restated) HK$'000
Non-current assets			
Investment properties		**15,828,721**	14,752,496
Other property, plant and equipment		**381,653**	407,068
		16,210,374	15,159,564
Interest in an associate		**307,185**	301,278
Available-for-sale securities		**-**	26,918
Other investments		**143,157**	-
Deferred tax assets		**11,609**	17,987
		16,672,325	15,505,747
Current assets			
Trading securities		**704,746**	577,435
Inventories		**116,515**	93,324
Debtors, deposits and prepayments	10	**69,559**	75,274
Amounts due from fellow subsidiaries		**3,209**	6,694
Current tax recoverable		**-**	4,014
Other bank deposits		**74,819**	126,473
Cash and cash equivalents		**2,827,500**	2,941,473
		3,796,348	3,824,687
Current liabilities			
Creditors and accrued charges	11	**409,188**	481,266
Contract liabilities		**18,137**	16,483
Secured bank loan		**35,196**	38,888
Amounts due to fellow subsidiaries		**3,514**	3,092
Current tax payable		**24,494**	18,509
		490,529	558,238
Net current assets		**3,305,819**	3,266,449
Total assets less current liabilities		**19,978,144**	18,772,196
Non-current liabilities			
Secured bank loan		**104,487**	154,338
Deferred tax liabilities		**760,550**	755,925
		865,037	910,263
Net assets		**19,113,107**	17,861,933
Capital and reserves			
Share capital		**29,360**	29,389
Reserves		**19,051,083**	17,801,194
Total equity attributable to shareholders of the Company		**19,080,443**	17,830,583
Non-controlling interests		**32,664**	31,350
Total equity		**19,113,107**	17,861,933

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated for adoption of HKFRS 9 while comparative information has been restated for adoption of HKFRS 15 (see note 2).

Consolidated statement of changes in equity for the year ended 31 December 2018

	Note	Share capital	Land and building revaluation reserve	Investment revaluation reserve (note (i))	Exchange reserve	Contributed surplus	General reserve fund	Retained earnings (note (ii))	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
Balance at 1 January 2018		29,389	271,037	15,140	335	754,347	1,051	16,759,284	17,830,583	31,350	17,861,933
Impact on initial application of HKFRS 9	2(i)	-	-	120,067	-	-	-	-	120,067	-	120,067
Adjusted balance at 1 January 2018		29,389	271,037	135,207	335	754,347	1,051	16,759,284	17,950,650	31,350	17,982,000
Changes in equity for 2018											
Profit for the year		-	-	-	-	-	-	1,697,681	1,697,681	1,256	1,698,937
Other comprehensive income		-	-	(3,828)	(274,570)	-	-	-	(278,398)	58	(278,340)
Total comprehensive income for the year		-	-	(3,828)	(274,570)	-	-	1,697,681	1,419,283	1,314	1,420,597
Purchase of own shares											
- par value paid		(29)	-	-	-	-	-	-	(29)	-	(29)
- premium and transaction costs paid		-	-	-	-	-	-	(7,341)	(7,341)	-	(7,341)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(199,842)	(199,842)	-	(199,842)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(82,278)	(82,278)	-	(82,278)
Share of the general reserve fund of an assoicate: transfer to the general reserve fund		-	-	-	-	-	490	(490)	-	-	-
		(29)	-	(3,828)	(274,570)	-	490	1,407,730	1,129,793	1,314	1,131,107
Balance at 31 December 2018		29,360	271,037	131,379	(274,235)	754,347	1,541	18,167,014	19,080,443	32,664	19,113,107
Balance at 1 January 2017		29,461	271,037	14,700	(203,894)	754,347	1,051	14,720,778	15,587,480	26,931	15,614,411
Changes in equity for 2017											
Profit for the year		-	-	-	-	-	-	2,657,189	2,657,189	4,197	2,661,386
Other comprehensive income		-	-	440	204,229	-	-	-	204,669	222	204,891
Total comprehensive income for the year		-	-	440	204,229	-	-	2,657,189	2,861,858	4,419	2,866,277
Purchase of own shares											
- par value paid		(72)	-	-	-	-	-	-	(72)	-	(72)
- premium and transaction costs paid		-	-	-	-	-	-	(18,699)	(18,699)	-	(18,699)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(164,720)	(164,720)	-	(164,720)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(435,264)	(435,264)	-	(435,264)
		(72)	-	440	204,229	-	-	2,038,506	2,243,103	4,419	2,247,522
Balance at 31 December 2017		29,389	271,037	15,140	335	754,347	1,051	16,759,284	17,830,583	31,350	17,861,933

Notes:
(i) The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated for adoption of HKFRS 9 while comparative information has been restated for adoption of HKFRS 15 (see note 2).
(ii) Retained earnings attributable to the shareholders of the Company as at 31 December 2018 include the aggregate net valuation gain relating to investment properties after deferred tax of $13,067,139,000 (at 31 December 2017: $11,747,490,000).

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 2018 but are extracted from those financial statements.

These 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 2018 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. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers

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

The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets and impacted by HKFRS 15 in relation to principal versus agent considerations and presentation of contract liabilities. Details of the changes in accounting policies are discussed in note 2(i) for HKFRS 9 and note 2(ii) for HKFRS 15.

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 impacted by the new standard and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 HK$'000	Reclassification HK$'000	Remeasurement HK$'000	HKFRS 9 carrying amount at 1 January 2018 HK$'000
Financial assets measured at FVOCI (non-recycling)				
Other investments (note)	-	26,918	120,067	146,985
Financial assets classified as available-for-sale securities under HKAS 39 (note)	26,918	(26,918)	-	-

Note: Certain equity investments held by the Group for long term strategic purposes have been designated under HKFRS 9 at FVOCI (non-recycling). Before the adoption of HKFRS 9, these securities were measured at cost because their fair value was not considered to be reliably measurable. HKFRS 9 has removed this cost exception.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the retrospective restatement method and comparative information has been restated in accordance with HKFRS 15.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Principal versus agent considerations

HKFRS 15 provides specific guidance on the consignment arrangement and when should the revenue of a consignment arrangement be recognised. Given the consignment agreements entered into between the vendors and the Group met the definition of a consignment arrangement as described in HKFRS 15 and the Group (as a consignee) analysed that it does not obtain control over the consignment goods before the goods are sold to end customers, the Group is acting as an agent in respect of the consignment sales. As such, the Group has changed the basis of presentation of revenue derived from consignment sales from a gross basis to a net basis.

As a result of this change in presentation, the Group has restated comparatives by decreasing revenue and cost of sales by both HK$158,535,000. This change in presentation has no impact on the Group's net profits and net assets.

b. Presentation of contract liabilities

Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. Such balances are recognised as contract liabilities rather than payables.

As a result of this new presentation, the Group has reclassified "advances received from gift certificates" amounting to HK$16,796,000 as at 1 January 2017 and HK$16,483,000 as at 31 December 2017 which were previously included in creditors and accrued charges to contract liabilities.

3. Revenue

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

The Group's revenue comprised the invoiced value of goods sold to customers less returns, net income from concession sales and consignment sales and income from property investment and disaggregation of revenue by category is analysed as follows:

	2018	2017 (Restated)
	HK$'000	HK$'000
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Department stores		
- Sales of goods	**679,996**	734,677
- Net income from concession sales	**243,771**	243,813
- Net income from consignment sales	**70,677**	74,948
	994,444	1,053,438
Property investment		
- Building management fees and other rental related income	**61,926**	59,434
Under the scope of HKAS 17, Leases:		
Property investment		
- Gross rentals from investment properties	**406,459**	376,553
	1,462,829	1,489,425

Disaggregation of revenue from contracts with customers by geographical locations is disclosed in note 4(c).

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

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 ("USA").

(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 assets and current assets with the exception of 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, contract liabilities 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 2018 and 2017 is set out below.

	Department stores		**Property investment**		**Total**	
	2018	2017 (Restated)	**2018**	2017	**2018**	2017 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**994,444**	1,053,438	**468,385**	435,987	**1,462,829**	1,489,425
Inter-segment revenue	**-**	-	**116,240**	119,581	**116,240**	119,581
Reportable segment revenue	**994,444**	1,053,438	**584,625**	555,568	**1,579,069**	1,609,006
Reportable segment profit	**97,897**	116,416	**461,388**	425,409	**559,285**	541,825
Finance costs	**-**	-	**5,093**	6,138	**5,093**	6,138
Depreciation and amortisation for the year	**9,434**	8,921	**51,696**	45,421	**61,130**	54,342
Impairment losses of trade and other debtors written back	**(18)**	(11)	**-**	-	**(18)**	(11)
Reportable segment assets	**176,360**	163,772	**16,212,966**	15,163,641	**16,389,326**	15,327,413
Additions to non-current segment assets during the year	**10,182**	7,793	**45,512**	113,205	**55,694**	120,998
Reportable segment liabilities	**248,076**	318,156	**271,291**	328,526	**519,367**	646,682

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

	2018 HK$'000	2017 HK$'000
Profit		
Reportable segment profit	**559,285**	541,825
Share of profit of an associate	**10,904**	20,874
Other revenue	**90,833**	78,868
Other net (loss)/gain	**(100,335)**	96,222
Finance costs	**(5,093)**	(6,138)
Valuation gains on investment properties	**1,387,462**	2,209,441
Unallocated head office and corporate expenses	**(85,449)**	(69,049)
Consolidated profit before taxation	**1,857,607**	2,872,043

	2018 HK$'000	2017 HK$'000
Assets		
Reportable segment assets	**16,389,326**	15,327,413
Elimination of inter-segment receivables	**(4,811)**	(6,407)
	16,384,515	15,321,006
Interest in an associate	**307,185**	301,278
Available-for-sale securities	**-**	26,918
Other investments	**143,157**	-
Deferred tax assets	**11,609**	17,987
Trading securities	**704,746**	577,435
Current tax recoverable	**-**	4,014
Unallocated head office and corporate assets	**2,917,461**	3,081,796
Consolidated total assets	**20,468,673**	19,330,434

	2018 HK$'000	2017 HK$'000
Liabilities		
Reportable segment liabilities	**519,367**	646,682
Elimination of inter-segment payables	**(4,811)**	(6,407)
	514,556	640,275
Current tax payable	**24,494**	18,509
Deferred tax liabilities	**760,550**	755,925
Unallocated head office and corporate liabilities	**55,966**	53,792
Consolidated total liabilities	**1,355,566**	1,468,501

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties and other property, plant and equipment 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 were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of investment properties and other property, plant and equipment and the location of operations in the case of interest in an associate.

	Revenue from external customers		Specified non-current assets	
	2018	2017 (Restated)	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,322,136**	1,353,941	**12,732,272**	11,579,151
Australia	**126,012**	115,976	**3,265,738**	3,375,720
USA	**14,681**	19,508	**334,154**	344,510
The People's Republic of China	**-**	-	**185,395**	161,461
	140,693	135,484	**3,785,287**	3,881,691
	1,462,829	1,489,425	**16,517,559**	15,460,842

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

	2018	2017
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**56,099**	39,280
Interest income from investments in securities	**676**	-
Dividend income from investments in securities	**24,781**	26,864
Compensation received on early termination of leases	**5,601**	9,103
Others	**3,676**	3,621
	90,833	78,868
Other net (loss)/gain		
Net (loss)/gain on remeasurement to fair value of trading securities	**(114,406)**	41,185
Net realised gain on disposal of		
- trading securities	**8,533**	23,965
- derivative financial instruments	**8,029**	7,592
Net foreign exchange (loss)/gain	**(2,454)**	23,281
Net (loss)/gain on disposal of plant and equipment	**(37)**	199
	(100,335)	96,222

6. Profit before taxation

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

		2018	2017 (Restated)
		HK$'000	HK$'000
(a)	Finance costs		
	Interest on bank loan	**5,093**	6,138
(b)	Staff costs (excluding directors' remuneration)		
	Contributions to defined contribution retirement plans	**11,837**	12,162
	Salaries, wages and other benefits	**210,339**	199,496
		222,176	211,658
(c)	Rentals received and receivable from investment properties		
	Gross income from property investment	**(468,385)**	(435,987)
	Less: direct outgoings	**97,171**	105,559
		(371,214)	(330,428)
(d)	Other items		
	Depreciation and amortisation		
	- owned assets	**36,679**	35,826
	- lease incentives	**25,405**	19,025
	Impairment losses of trade and other debtors written back	**(18)**	(11)
	Auditors' remuneration		
	- audit services	**4,746**	4,424
	- tax services	**543**	497
	- other services	**1,496**	1,466
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**27,171**	28,874
	- contingent rentals for hire of land and buildings	**30**	27
	Cost of inventories sold	**469,373**	501,475

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

	2018 HK$'000	2017 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**63,312**	66,135
Over-provision in respect of prior years	**(92)**	(60)
	63,220	66,075
Current tax – Overseas		
Provision for the year	**17,140**	10,143
Under-provision in respect of prior years	**662**	39
	17,802	10,182
Deferred tax		
Effect on deferred tax balances at 1 January resulting from a decrease in tax rate of the USA		
- changes in fair value of investment properties	**-**	(14,094)
- other temporary differences	**-**	(8,639)
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**67,231**	145,437
- other temporary differences	**10,417**	11,696
	77,648	134,400
Total income tax expense	**158,670**	210,657

The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 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.

In December 2017, the USA Government promulgated a decrease in the Federal Income Tax rate applicable to the Group's operations in the USA from 35% to 21% as from the year ended 31 December 2018. The decrease was taken into account in the preparation of the financial statements for the year ended 31 December 2017.

8. Dividends

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

	2018	2017
	HK$'000	HK$'000
Interim dividend:		
- declared during the year	**82,288**	111,774
- attributable to shares purchased in September 2018/ June 2017	**(10)**	(17)
Interim dividend paid of 28 HK cents (2017: 38 HK cents) per share	**82,278**	111,757
Special dividend:		
- declared during the year	**-**	323,557
- attributable to shares purchased in June 2017	**-**	(50)
Special dividend paid of Nil (2017: 110 HK cents) per share	**-**	323,507
	82,278	435,264
Final dividend proposed after the end of the reporting period of 42 HK cents (2017: 68 HK cents) per share	**123,313**	199,842
	205,591	635,106

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:

	2018	2017
	HK$'000	HK$'000
Final dividend in respect of the financial year ended 31 December 2017/31 December 2016		
- approved during the year	**199,842**	164,979
- attributable to shares purchased in January, April and May 2017	**-**	(259)
Final dividend paid during the year of 68 HK cents (during 2017: 56 HK cents) per share	**199,842**	164,720

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 2018 of HK$1,697,681,000 (2017: HK$2,657,189,000) divided by the weighted average of 293,857,000 shares (2017: 294,216,000 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:

	2018		2017	
		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	**1,697,681**	**577.7**	2,657,189	903.1
Less: Valuation gains on investment properties	**(1,387,462)**	**(472.2)**	(2,209,441)	(750.9)
Add: Increase in deferred tax liabilities in relation to the valuation gains on investment properties	**67,231**	**22.9**	145,437	49.4
Less: Effect on deferred tax balances in relation to the aggregate net valuation gain on investment properties at 1 January resulting from a decrease in tax rate of the USA	**-**	**-**	(14,094)	(4.8)
	377,450	**128.4**	579,091	196.8
Add: Valuation gain on investment property net of related deferred tax attributable to non-controlling interests	**582**	**0.2**	2,413	0.8
Underlying profit attributable to shareholders of the Company	**378,032**	**128.6**	581,504	197.6

10. Debtors, deposits and prepayments

	2018 HK$'000	2017 HK$'000
Trade and other debtors, net of loss allowance	**32,154**	40,147
Deposits and prepayments	**37,405**	35,127
	69,559	75,274

At the end of the reporting period, the ageing analysis of trade and other debtors (net of loss allowance), based on the due date, is as follows:

	2018 HK$'000	2017 HK$'000
Current or less than one month past due	**31,920**	39,770
One to three months past due	**151**	304
More than three months but less than twelve months past due	**75**	61
More than twelve months past due	**8**	12
	32,154	40,147

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

	2018 HK$'000	2017 (Restated) HK$'000
Trade and other creditors	**375,689**	441,329
Accrued charges	**33,499**	39,937
	409,188	481,266

Note: As a result of the adoption of HKFRS 15, advances received from gift certificates are included in contract liabilities.

At the end of the reporting period, the ageing analysis of trade and other creditors, based on the due date, is as follows:

	2018 HK$'000	2017 (Restated) HK$'000
Amounts not yet due	**297,231**	328,229
On demand or less than one month overdue	**69,516**	107,695
One to three months overdue	**7,088**	3,496
Three to twelve months overdue	**142**	431
More than twelve months overdue	**1,712**	1,478
	375,689	441,329

Credit period granted to the Group is generally between 30 days and 90 days from the date of billing.

2018 RESULTS AND DIVIDEND

For the year ended 31 December 2018, the Group's revenue decreased by 1.8% to HK$1,462.8 million (2017: HK$1,489.4 million (restated)) due mainly to the decline in department stores revenue.

Profit attributable to shareholders for the year ended 31 December 2018 was HK$1,697.7 million (2017: HK$2,657.2 million), a decrease of 36.1% due mainly to the decrease in valuation gains on investment properties this year as compared to 2017. Excluding this non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders decreased by 35.0% to HK$378.0 million (2017: HK$581.5 million). The decrease was attributable mainly to the loss recorded from the Group's investments in securities as a result of fair value remeasurement as opposed to the gain in 2017.

Earnings per share was 577.7 HK cents per share in 2018 (2017: 903.1 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 34.9% to 128.6 HK cents (2017: 197.6 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 2018, the directors have recommended a final dividend of 42 HK cents (2017: 68 HK cents) per share payable to shareholders on the Register of Members on 17 June 2019 which, together with the interim dividend of 28 HK cents (2017: 38 HK cents) per share paid on 23 October 2018 makes a total payment of 70 HK cents (2017: together with the special one-off dividend of 110 HK cents per share to commemorate the 110th Anniversary of the founding of the Group's department stores business in 1907 was 216 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 2019, the Register of Members will be closed from Wednesday, 12 June 2019 to Monday, 17 June 2019, 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 Registrar, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:00 p.m. on Tuesday, 11 June 2019. Dividend warrants will be sent to shareholders on 21 June 2019.

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 more than 110 years in Hong Kong, its management is well aware of and adapts timely to the ever changing needs of its 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 blue chip shares on major stock exchanges and investment funds managed by professional investment managers. 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 2018 was HK$19,080.4 million, an increase of 7.0% as compared to that at 31 December 2017. With cash and listed marketable securities at 31 December 2018 of about HK$3,399.5 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 2018, the Group's total borrowings amounted to HK$139.7 million, a decrease of about HK$53.5 million, due to partial repayments and exchange differences, as compared to that at 31 December 2017. The Group's total borrowings of HK$139.7 million relate to a mortgage loan for Australian investment properties. The mortgage loan was renewed in November 2017 for three years to November 2020, the bulk of which will be repayable by the end of 2020. Certain assets, comprising principally property interests with a book value of HK$3,265.5 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$139.7 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 2018, was 0.7% as compared with 1.1% at 31 December 2017.

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 dollar. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK$2,851.2 million at 31 December 2018 (at 31 December 2017: HK$2,877.9 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 and Australian dollar.

Capital Commitments and Contingent Liabilities

At 31 December 2018, the total amount of the Group's capital expenditure commitments was HK$27.4 million (at 31 December 2017: HK$23.8 million). As at 31 December 2018, the Group had no contingent liability (at 31 December 2017: HK$nil).

2018 BUSINESS SUMMARY

Department Stores Operations

2018 has been a challenging year for the Group's department stores business. The better retail sales figures recorded for Hong Kong on the whole had been brought on by Mainland visitors and tourists. As the Group's department stores are neither situated in tourist areas nor cater for tourists, the Group's retail business was unable to share such benefit. Overall, the Group's department stores attained revenue of HK$994.4 million for the year ended 31 December 2018, a decrease of 5.6% when compared to HK$1,053.4 million as restated for 2017. During the year, the Group continued to refine its merchandise mix, enhance its information technology capabilities and upgrade its store premises aiming to reassert its market positioning as a family store offering desirable products and in-store experiences for different age groups. For the year ended 31 December 2018, the Group's department stores operating profits decreased by 15.9% to HK$97.9 million (2017: HK$116.4 million) due mainly to the decrease in revenue and thus gross profit.

Property Investments

For the year ended 31 December 2018, the Group's property investment income increased by 8.5% to HK$461.4 million (2017: HK$425.4 million). The Group's rental income from its commercial investment properties in Hong Kong increased by 8.1% to HK$348.3 million (2017: HK$322.3 million), which was attributable to the increase in occupancy of Wing On Kowloon Centre and the higher rental rates achieved from lease renewals of Wing On Centre. The overall occupancy of the Group's commercial investment properties in Hong Kong increased slightly to about 98% (2017: 94%) at 31 December 2018. Income from the Group's commercial office properties in Melbourne increased by 13.5% to HK$107.6 million (2017: HK$94.8 million) due to higher rental rates received from lease renewals and new lettings. The overall occupancy rate of the Group's investment properties in Melbourne was 100% (2017: 95%) at 31 December 2018.

Interest in an Associate

For the year ended 31 December 2018, the Group recorded a share of profit after tax from the associate's automobile dealership interest in the People's Republic of China of HK$4.9 million (2017: HK$3.9 million). Overall, the Group recorded a share of profit from the associate of HK$10.9 million (2017: HK$20.9 million).

Others

As at 31 December 2018, the Group's investment portfolio amounted to HK$704.7 million (2017: HK$577.4 million), which mainly comprised of blue chip securities on major stock exchanges and investment funds managed by professional investment managers. During the year, the Group's investment portfolio recorded a loss of HK$74.1 million (2017: a gain of HK$97.6 million) due mainly to fair value remeasurement as global financial markets corrected downwards substantially in December 2018. The Group recorded a net foreign exchange loss of HK$2.4 million (2017: a gain of HK$22.9 million) in its holdings of foreign currencies.

STAFF

As at 31 December 2018, the Group had a total staff of 686 (2017: 710). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2017 annual report. Details of such policies will be published in the 2018 annual report.

2019 OUTLOOK

The Group expects Hong Kong's retail scene will remain challenging in 2019 as the effects of the trade conflict between the United States and the Mainland will inevitably continue to affect local consumer sentiment. The Group will continue its strategy to reassert the Group's market position by offering its target customers desirable products. The Group's commercial investment properties in Hong Kong and overseas will continue to provide stable rental income. The Group will stay vigilant to the developments in the external environments, particularly the trade tension between Mainland and the United States, for their possible implications on the Group's businesses and adjust its investment strategy accordingly. With the financial strength of the Group and the dedication of its management, the Group is able to face the challenges ahead and look for good investments when 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 2018.

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 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2018, the Company purchased a total of 282,000 shares of the Company on the Stock Exchange for enhancing net asset value and earnings per share of the Company. All the purchased shares were cancelled. Details of the purchases of shares are as follows:

Month	Number of shares purchased	Purchase price per share Highest HK$	Purchase price per share Lowest HK$	Aggregate price paid HK$'000
September 2018	36,000	26.90	26.90	969
October 2018	18,000	26.70	25.60	477
November 2018	77,000	26.00	25.65	1,986
December 2018	151,000	26.00	25.75	3,913
	282,000			7,345

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the year ended 31 December 2018.

RETIREMENT OF DIRECTOR

Mr. Ignatius Wan Chiu Wong, an Independent Non-executive Director, shall retire from the Board at the conclusion of the forthcoming Annual General Meeting and will not seek for re-election. The Board would like to express a vote of thanks to Mr. Ignatius Wan Chiu Wong for his longstanding service to the Board and other Committees and his invaluable advice given to the Group.

ANNUAL GENERAL MEETING

The 2019 Annual General Meeting of the Company will be held on 4 June 2019. The Notice of Annual General Meeting will be published and dispatched on or about 29 April 2019 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2018 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 2019

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, Mr. Leung Wing Ning and Mr. Nicholas James Debnam.