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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 2021 ANNUAL RESULTS

The directors of Wing On Company International Limited (“the Company”) and its subsidiaries (together referred to as “the Group”) announce the consolidated results for the year ended 31 December 2021:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December	
		2021 HK\$'000	2020 HK\$'000
Revenue	3	1,129,277	1,187,645
Other revenue	5	44,327	105,469
Other net gain	5	67,460	39,087
Cost of department store sales	6(d)	(305,215)	(342,976)
Cost of property leasing activities	6(b)	(85,707)	(89,776)
Other operating expenses	6(c)	(368,274)	(382,494)
Profit from operations		481,868	516,955
Finance costs	6(a)	(2,070)	(1,879)
		479,798	515,076
Net valuation gain/(loss) on investment properties		180,076	(886,418)
		659,874	(371,342)
Share of profit of an associate		21,118	10,808
Profit/(loss) before taxation	6	680,992	(360,534)
Income tax	7	(128,351)	(97,081)
Profit/(loss) for the year		552,641	(457,615)
Attributable to:			
Shareholders of the Company		552,495	(456,149)
Non-controlling interests		146	(1,466)
Profit/(loss) for the year		552,641	(457,615)
Basic and diluted earnings/(loss) per share	9(a)	189.4 cents	(156.2) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2021		2020	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the year		<u>552,641</u>		<u>(457,615)</u>
Other comprehensive income for the year (with nil tax effect and after reclassification adjustments):				
Items that will not be reclassified subsequently to profit or loss:				
- other investments at fair value through other comprehensive income		2,514	(3,149)	
- surplus on revaluation of land and buildings held for own use reclassified to investment properties		<u>-</u>	<u>7,673</u>	
		2,514		4,524
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries		(178,832)	288,307	
- share of exchange differences on translation of financial statements of an overseas associate		3,540	5,130	
- share of the exchange reserve released upon dissolution of a subsidiary of the associate		<u>-</u>	<u>481</u>	
		(175,292)		293,918
Other comprehensive income for the year		<u>(172,778)</u>		<u>298,442</u>
Total comprehensive income for the year		<u>379,863</u>		<u>(159,173)</u>
Attributable to:				
Shareholders of the Company		379,532		(157,554)
Non-controlling interests		<u>331</u>		<u>(1,619)</u>
Total comprehensive income for the year		<u>379,863</u>		<u>(159,173)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2021	At 31 December 2020
	Note	HK\$'000	HK\$'000
Non-current assets			
Investment properties		15,529,475	15,543,351
Other property, plant and equipment		346,856	394,359
		<u>15,876,331</u>	<u>15,937,710</u>
Interest in an associate		365,496	340,838
Other investments		139,602	137,088
		<u>16,381,429</u>	<u>16,415,636</u>
Current assets			
Trading securities		1,571,654	1,208,923
Inventories		76,348	77,511
Debtors, deposits and prepayments	10	57,674	62,155
Amounts due from fellow subsidiaries		8,144	22,868
Current tax recoverable		-	5,547
Other bank deposits		-	269,499
Cash and cash equivalents		2,544,963	2,570,282
		<u>4,258,783</u>	<u>4,216,785</u>
Current liabilities			
Creditors and accrued charges	11	352,109	334,000
Contract liabilities		20,682	18,068
Secured bank loan		34,951	38,063
Lease liabilities		20,973	19,630
Amounts due to fellow subsidiaries		3,432	5,382
Current tax payable		11,093	30,492
		<u>443,240</u>	<u>445,635</u>
Net current assets		<u>3,815,543</u>	<u>3,771,150</u>
Total assets less current liabilities		<u>20,196,972</u>	<u>20,186,786</u>
Non-current liabilities			
Secured bank loan		-	36,873
Lease liabilities		19,681	38,238
Deferred tax liabilities		928,621	925,624
		<u>948,302</u>	<u>1,000,735</u>
Net assets		<u>19,248,670</u>	<u>19,186,051</u>
Capital and reserves			
Share capital		29,141	29,187
Reserves		19,187,178	19,124,844
Total equity attributable to shareholders of the Company		<u>19,216,319</u>	<u>19,154,031</u>
Non-controlling interests		<u>32,351</u>	<u>32,020</u>
Total equity		<u>19,248,670</u>	<u>19,186,051</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to shareholders of the Company								Non-controlling interests	Total equity
		Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Contributed surplus	General reserve fund	Retained earnings (Note)	Total		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2021		29,187	278,710	122,170	(14,404)	754,347	1,700	17,982,321	19,154,031	32,020	19,186,051
Changes in equity for 2021											
Profit for the year		-	-	-	-	-	-	552,495	552,495	146	552,641
Other comprehensive income for the year		-	-	2,514	(175,477)	-	-	-	(172,963)	185	(172,778)
Total comprehensive income for the year		-	-	2,514	(175,477)	-	-	552,495	379,532	331	379,863
Purchase of own shares											
- par value paid		(46)	-	-	-	-	-	-	(46)	-	(46)
- premium and transaction costs paid		-	-	-	-	-	-	(8,082)	(8,082)	-	(8,082)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(210,019)	(210,019)	-	(210,019)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(99,097)	(99,097)	-	(99,097)
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	1,088	(1,088)	-	-	-
		(46)	-	2,514	(175,477)	-	1,088	234,209	62,288	331	62,619
At 31 December 2021		<u>29,141</u>	<u>278,710</u>	<u>124,684</u>	<u>(189,881)</u>	<u>754,347</u>	<u>2,788</u>	<u>18,216,530</u>	<u>19,216,319</u>	<u>32,351</u>	<u>19,248,670</u>
At 1 January 2020		29,256	271,037	125,319	(308,475)	754,347	1,700	18,674,118	19,547,302	33,639	19,580,941
Changes in equity for 2020											
Loss for the year		-	-	-	-	-	-	(456,149)	(456,149)	(1,466)	(457,615)
Other comprehensive income for the year		-	7,673	(3,149)	294,071	-	-	-	298,595	(153)	298,442
Total comprehensive income for the year		-	7,673	(3,149)	294,071	-	-	(456,149)	(157,554)	(1,619)	(159,173)
Purchase of own shares											
- par value paid		(69)	-	-	-	-	-	-	(69)	-	(69)
- premium and transaction costs paid		-	-	-	-	-	-	(13,728)	(13,728)	-	(13,728)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(189,801)	(189,801)	-	(189,801)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(32,119)	(32,119)	-	(32,119)
		(69)	7,673	(3,149)	294,071	-	-	(691,797)	(393,271)	(1,619)	(394,890)
At 31 December 2020		<u>29,187</u>	<u>278,710</u>	<u>122,170</u>	<u>(14,404)</u>	<u>754,347</u>	<u>1,700</u>	<u>17,982,321</u>	<u>19,154,031</u>	<u>32,020</u>	<u>19,186,051</u>

Note:
Retained earnings attributable to the shareholders of the Company as at 31 December 2021 include the aggregate net valuation gain relating to investment properties after deferred tax of HK\$12,510,869,000 (at 31 December 2020: HK\$12,378,612,000).

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 2021 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 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 2021 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 amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

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:

	2021 HK\$'000	2020 HK\$'000
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Department stores (recognised at a point in time)		
- Sales of goods	436,503	471,009
- Net income from concession sales	155,654	167,098
- Net income from consignment sales	66,444	69,925
	<u>658,601</u>	<u>708,032</u>
Property investment (recognised over time)		
- Building management fees and other rental related income	58,926	58,591
Under the scope of HKFRS 16, Leases:		
Property investment		
- Gross rentals from investment properties	411,750	421,022
	<u>1,129,277</u>	<u>1,187,645</u>

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.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

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 and other corporate assets. Segment liabilities include trade and other creditors, accrued charges, lease liabilities, 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 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 from operations before interest income.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment revenue), finance costs on lease liabilities and bank borrowings managed directly by the segments, depreciation, amortisation and impairment losses, bad debts written off, bad debts recovered 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 2021 and 2020 is set out below.

	Department stores		Property investment		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from external customers	658,601	708,032	470,676	479,613	1,129,277	1,187,645
Inter-segment revenue	-	-	109,488	119,673	109,488	119,673
Reportable segment revenue	<u>658,601</u>	<u>708,032</u>	<u>580,164</u>	<u>599,286</u>	<u>1,238,765</u>	<u>1,307,318</u>
Reportable segment profit/(loss)	<u>(17,115)</u>	<u>2,519</u>	<u>461,179</u>	<u>487,845</u>	<u>444,064</u>	<u>490,364</u>
Finance costs	1,163	455	907	1,424	2,070	1,879
Depreciation and amortisation for the year	30,925	36,999	57,027	54,258	87,952	91,257
Impairment losses of trade debtors recognised	-	-	-	579	-	579
Bad debts written off	270	12	1,399	1,235	1,669	1,247
Bad debts recovered	-	-	(166)	-	(166)	-
Reportable segment assets	155,006	180,332	15,850,999	15,889,686	16,006,005	16,070,018
Additions to non-current segment assets during the year	6,413	59,866	47,743	38,245	54,156	98,111
Reportable segment liabilities	<u>238,127</u>	<u>255,896</u>	<u>157,563</u>	<u>187,066</u>	<u>395,690</u>	<u>442,962</u>

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

	2021 HK\$'000	2020 HK\$'000
Profit		
Reportable segment profit	444,064	490,364
Share of profit of an associate	21,118	10,808
Other revenue	44,327	60,379
Other net gain	67,460	39,087
Finance costs	(2,070)	(1,879)
Net valuation gain/(loss) on investment properties	180,076	(886,418)
Unallocated head office and corporate expenses	(73,983)	(72,875)
Consolidated profit/(loss) before taxation	<u>680,992</u>	<u>(360,534)</u>
Assets		
Reportable segment assets	16,006,005	16,070,018
Elimination of inter-segment receivables	(3,808)	(5,755)
	<u>16,002,197</u>	<u>16,064,263</u>
Interest in an associate	365,496	340,838
Other investments	139,602	137,088
Trading securities	1,571,654	1,208,923
Current tax recoverable	-	5,547
Unallocated head office and corporate assets	2,561,263	2,875,762
Consolidated total assets	<u>20,640,212</u>	<u>20,632,421</u>
Liabilities		
Reportable segment liabilities	395,690	442,962
Elimination of inter-segment payables	(3,808)	(5,755)
	<u>391,882</u>	<u>437,207</u>
Current tax payable	11,093	30,492
Deferred tax liabilities	928,621	925,624
Unallocated head office and corporate liabilities	59,946	53,047
Consolidated total liabilities	<u>1,391,542</u>	<u>1,446,370</u>

(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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong (place of domicile)	983,604	1,045,629	11,820,018	11,829,061
Australia	136,675	129,481	3,859,405	3,912,897
USA	8,998	12,535	333,955	332,092
People's Republic of China	-	-	228,449	204,498
	145,673	142,016	4,421,809	4,449,487
	1,129,277	1,187,645	16,241,827	16,278,548

5. Other revenue and other net gain

	2021 HK\$'000	2020 HK\$'000
Other revenue		
Dividend income from investments in securities	22,834	19,659
Interest income from investments in securities	8,203	6,737
Interest income from bank deposits	6,207	27,505
Compensation received on early termination of leases	253	754
Government grants (note)	-	38,979
Compensation received for premises reinstatement	-	7,841
Others	6,830	3,994
	<u>44,327</u>	<u>105,469</u>

Note: In 2020, the Group successfully applied for funding support from the Employment Support Scheme, Retail Sector Subsidy Scheme and one-off subsidy for registered owners of goods vehicles under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region ("the Government"), the purpose of which was to provide financial support to enterprises and to retain their employees who would otherwise be made redundant. Under the terms of the Employment Support Scheme, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to its employees.

	2021 HK\$'000	2020 HK\$'000
Other net gain		
Net gain on remeasurement to fair value of trading securities	22,221	4,056
Net gain on disposal of		
- trading securities	15,893	16,916
- derivative financial instruments	25,887	17,523
Net foreign exchange gain	3,448	600
Net gain/(loss) on disposal of plant and equipment	11	(8)
	<u>67,460</u>	<u>39,087</u>

6. Profit/(loss) before taxation

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

	2021 HK\$'000	2020 HK\$'000
(a) Finance costs		
Interest on bank loan	907	1,424
Interest on lease liabilities	1,163	455
	<u>2,070</u>	<u>1,879</u>
(b) Rentals receivable from investment properties		
Gross income from property investment	(470,676)	(479,613)
Less: direct outgoings	85,707	89,776
	<u>(384,969)</u>	<u>(389,837)</u>
(c) Other operating expenses, include		
Staff costs (excluding directors' emoluments)		
- salaries, wages and other benefits	184,082	189,001
- contributions to defined contribution retirement plans	10,396	10,777
	<u>194,478</u>	<u>199,778</u>
Less: included in cost of property leasing activities	(3,784)	(3,882)
	<u>190,694</u>	<u>195,896</u>
Directors' emoluments	30,629	32,996
Depreciation		
- owned plant and equipment	12,826	13,155
- right-of-use assets	46,814	51,978
Auditors' remuneration		
- audit services	5,184	4,984
- tax services	591	577
- other services	1,487	1,453
Impairment losses of trade debtors recognised	-	579
Bad debts written off	1,669	1,247
Bad debts recovered	(166)	-
Expenses relating to short-term leases	100	119
Advertising expenses	9,966	11,225
Information technology expenses	5,148	5,863
Credit card commission	6,048	6,230
Electricity, water and gas	7,181	6,548
Government rent and rates	5,612	6,384
	<u>305,215</u>	<u>342,976</u>
(d) Other items		
Amortisation on lease incentives	29,677	27,478
Cost of inventories sold	305,215	342,976

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

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	46,617	53,803
Over-provision in respect of prior years	(415)	(768)
	<u>46,202</u>	<u>53,035</u>
Current tax – Overseas		
Provision for the year	34,400	34,079
Over-provision in respect of prior years	(16)	(214)
	<u>34,384</u>	<u>33,865</u>
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	47,823	10,367
- other temporary differences	(58)	(186)
	<u>47,765</u>	<u>10,181</u>
Total income tax expense	<u>128,351</u>	<u>97,081</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taxation for overseas subsidiaries is charged similarly at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8. Dividends

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

	2021	2020
	HK\$'000	HK\$'000
Interim dividend:		
- declared during the year	99,165	32,120
- attributable to shares purchased in July and September 2021/July 2020	(68)	(1)
	<hr/>	<hr/>
Interim dividend paid of 34 HK cents (2020: 11 HK cents) per share	99,097	32,119
Final dividend proposed after the end of the reporting period of 46 HK cents (2020: 72 HK cents) per share	134,048	210,148
	<u>233,145</u>	<u>242,267</u>

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:

	2021	2020
	HK\$'000	HK\$'000
Final dividend in respect of the financial year ended 31 December 2020/31 December 2019:		
- approved during the year	210,148	190,165
- attributable to shares purchased in April and May 2021/January, February, April and May 2020	(129)	(364)
	<hr/>	<hr/>
Final dividend paid during the year of 72 HK cents (during 2020: 65 HK cents) per share	<u>210,019</u>	<u>189,801</u>

9. Basic and diluted earnings/(loss) per share

- (a) The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to shareholders of the Company for the year ended 31 December 2021 of HK\$552,495,000 (2020: loss of HK\$456,149,000) divided by the weighted average of 291,655,000 shares (2020: 292,087,000 shares) in issue during the year.

There were no dilutive potential shares outstanding throughout the years presented.

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

For the purpose of assessing the underlying performance of the Group, management is of the view that the profit/(loss) for the year should be adjusted for the net valuation gain/(loss) 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/(loss) attributable to shareholders of the Company as shown in the consolidated statement of profit or loss for the year is reconciled as follows:

	2021		2020	
	Amount per share		Amount per share	
	HK\$'000	HK cents	HK\$'000	HK cents
Profit/(loss) attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	552,495	189.4	(456,149)	(156.2)
(Less)/add: Net valuation (gain)/loss on investment properties	(180,076)	(61.7)	886,418	303.5
Add: Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	47,823	16.4	10,367	3.6
	420,242	144.1	440,636	150.9
Less: Valuation loss on investment property net of related deferred tax attributable to non-controlling interests	(4)	-	(1,954)	(0.7)
Underlying profit attributable to shareholders of the Company	420,238	144.1	438,682	150.2

10. Debtors, deposits and prepayments

	2021 HK\$'000	2020 HK\$'000
Trade debtors, net of loss allowance	21,827	21,472
Deposits and prepayments	35,847	40,683
	<u>57,674</u>	<u>62,155</u>

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

	2021 HK\$'000	2020 HK\$'000
Current (not past due) or less than one month past due	18,215	20,694
One to three months past due	1,175	82
More than three months but less than twelve months past due	2,292	336
More than twelve months past due	145	360
	<u>21,827</u>	<u>21,472</u>

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

11. Creditors and accrued charges

	2021 HK\$'000	2020 HK\$'000
Trade and other creditors	316,196	292,981
Accrued charges	35,913	41,019
	<u>352,109</u>	<u>334,000</u>

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

	2021 HK\$'000	2020 HK\$'000
Amounts not yet due	244,726	227,328
On demand or less than one month overdue	55,697	59,419
One to three months overdue	5,825	3,257
Three to twelve months overdue	3,156	1,342
More than twelve months overdue	6,792	1,635
	<u>316,196</u>	<u>292,981</u>

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

2021 RESULTS AND DIVIDEND

For the year ended 31 December 2021, the Group's revenue decreased by 4.9% to HK\$1,129.3 million (2020: HK\$1,187.6 million) due to the decline in revenue of the Group's core businesses as a result of the COVID-19 pandemic.

The Group recorded a profit attributable to shareholders of HK\$552.5 million (2020: a loss of HK\$456.1 million) for the year ended 31 December 2021, which was attributable mainly to the net valuation gain on investment properties of HK\$180.1 million recorded during the year as opposed to a net valuation loss of HK\$886.4 million recorded in 2020. Excluding this non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders decreased by 4.2% to HK\$420.2 million (2020: HK\$438.7 million). The decrease was attributable mainly to the slight decline in the income from the Group's property investments and a loss recorded by the Group's department stores operation, reduced bank interest income, partly offset by the increase in gain from investments in securities.

Earnings per share was 189.4 HK cents (2020: loss per share of 156.2 HK cents) per share. Excluding the net valuation gain (2020: the net valuation loss) on investment properties and related deferred tax thereon, underlying earnings per share for the year decreased by 4.1% to 144.1 HK cents (2020: 150.2 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 2021, the directors have recommended a final dividend of 46 HK cents (2020: 72 HK cents) per share payable to shareholders on the Register of Members on 15 June 2022 which, together with the interim dividend of 34 HK cents (2020: 11 HK cents) per share paid on 19 October 2021 making a total payment of 80 HK cents (2020: 83 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 2022, the Register of Members will be closed from Friday, 10 June 2022 to Wednesday, 15 June 2022, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:00 p.m. on Thursday, 9 June 2022. Dividend warrants will be sent to shareholders on 27 June 2022.

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 equity and debt securities 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 2021 was HK\$19,216.3 million, an increase of 0.3% as compared to that at 31 December 2020. With cash and listed marketable securities at 31 December 2021 of about HK\$3,540.3 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 2021, the Group's total borrowings amounted to HK\$34.9 million, a decrease of about HK\$40.0 million, due to partial mortgage loan repayments and exchange differences, as compared to that at 31 December 2020. The Group's total borrowings of HK\$34.9 million relate to a mortgage loan for Australian investment properties. The borrowings will be repaid by the end of 2022. Certain assets, comprising principally property interests with a book value of HK\$3,859.3 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK\$34.9 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 2021, was 0.2% as compared with 0.4% at 31 December 2020.

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\$3,542.7 million at 31 December 2021 (at 31 December 2020: HK\$3,515.4 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 2021, the total amount of the Group's capital commitments was HK\$21.2 million (at 31 December 2020: HK\$34.0 million). As at 31 December 2021, the Group had no contingent liability (at 31 December 2020: HK\$Nil).

2021 BUSINESS SUMMARY

Department Stores Operation

The Group's department stores business in 2021 remained difficult due to the COVID-19 pandemic situation. While the local pandemic somewhat abated in the year under review and consumer sentiment slightly improved, however retail spending remained tight. Against this backdrop, the Group saw modest improvement in its sales of sports and leisure wear, shoes, handbags, and travel goods, while its sales of household and cosmetic products decreased due to reduced demand. In 2021, the Group continued to see disruption in supply chain and merchandise sourcing. Hence, the Group acted more prudently in merchandise selections and cleared off its inventory in a timely manner. In view of the low consumer spending in the retail sector, the Group extended the duration of its major sale promotions during the year to boost sales, while keeping expenses in check. The Group's actions to closely monitor its inventory paid off as the Group was able to offer more in season own merchandise for selection with better sales margins. Income from concession and consignment counters in 2021 decreased due to decline in sales and the departure of certain concession and consignment counters as a result of the weak retail situation. For the year ended 31 December 2021, the Group's department stores achieved a revenue of HK\$658.6 million, a decrease of 7.0% when compared to HK\$708.0 million achieved in 2020. In 2020, the Group's department stores recorded wage subsidy from the government's Employment Support Scheme of HK\$32.1 million. Overall, the Group's department stores recorded an operating loss of HK\$17.1 million (2020: operating profit of HK\$2.5 million) for the year ended 31 December 2021.

In support of the Government's COVID-19 vaccination campaign and to promote business, the Group launched a HK\$1.8 million lucky draw programme from August to November 2021 for customers who have been vaccinated.

Property Investments

For the year ended 31 December 2021, the Group's property investment income decreased by 5.5% to HK\$461.2 million (2020: HK\$487.8 million). Income from the Group's commercial investment properties in Hong Kong decreased by 10.1% to HK\$324.1 million (2020: HK\$360.7 million) which was mainly due to the reduced occupancy at Wing On Centre and the lower rentals achieved upon new leases and lease renewals for its investment properties in Hong Kong. The overall occupancy of the Group's commercial investment properties in Hong Kong increased to about 94% (2020: 93%) at 31 December 2021. Income from the Group's commercial office properties in Melbourne increased by 10.4% to HK\$135.4 million (2020: HK\$122.6 million) due to a stronger Australian dollar during the year. Net income in terms of Australian currency increased by 2.3%. The overall occupancy rate of the Group's investment properties in Melbourne was 89% (2020: 98%) at 31 December 2021 due to the termination of leases with a major tenant in the second half of the year.

Interest in an Associate

For the year ended 31 December 2021, 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\$14.7 million (2020: HK\$7.3 million). Overall, the Group recorded a share of profit from the associate of HK\$21.1 million (2020: HK\$10.8 million).

Others

As at 31 December 2021, the Group's investment portfolio amounted to HK\$1,571.7 million (2020: HK\$1,208.9 million), which mainly comprised of equity and debt securities, as well as investment funds and programs managed by professional investment managers. During the year, the Group's investment portfolio recorded a gain of HK\$90.2 million (2020: HK\$63.3 million), with positive and balanced contributions from most of the investment strategies and asset classes. Although certain financial markets declined in 2021, the portfolio benefited from ample diversification and the timing of additional investments that were made throughout the year. The Group recorded a net foreign exchange gain of HK\$3.4 million (2020: HK\$0.6 million) in its holdings of foreign currencies.

STAFF

As at 31 December 2021, the Group had a total staff of 600 (2020: 633). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2020 annual report. Details of such policies will be published in the 2021 annual report.

2022 OUTLOOK

The sudden surge in Omicron cases in Hong Kong since January 2022 has led to a series of stringent social distancing and pandemic control measures which have unavoidably slowed down local economic activities and affected the Group's businesses. The Group expects its department stores business in 2022 to be extremely challenging as a result of such adverse business environment. The Group will stay vigilant and will continue to adjust its marketing strategy, merchandise direction and customer service to adapt to the changing local retail landscape and consumer spending behaviors. The Group's commercial investment properties in Hong Kong and Australia are expected to continue to contribute stable rental income. With the financial strength of the Group and the dedication of its management, the Group can meet the challenges ahead.

Considering the rapid-evolving pandemic situation in Hong Kong, the Group will continue to take stringent health and safety measures in its office properties and department store premises to prevent the spread of the pandemic and to ensure the well-being of its tenants, customers and employees.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31 December 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of 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 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2021, the Company purchased a total of 464,000 shares of the Company on The Stock Exchange of Hong Kong Limited (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/Year	Number of shares purchased	Purchase price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2021	41,000	17.20	17.18	705
May 2021	138,000	17.56	17.30	2,406
June 2021	31,000	17.30	17.26	536
July 2021	126,000	17.38	17.22	2,181
September 2021	73,000	17.82	17.60	1,292
November 2021	10,000	17.62	17.60	176
December 2021	45,000	17.94	17.60	803
	<u>464,000</u>			<u>8,099</u>

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 2021.

RETIREMENT OF DIRECTOR

Mr. Iain Ferguson Bruce, 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. Iain Ferguson Bruce for his longstanding service to the Board and Audit Committee and his invaluable advice given to the Group.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of the Company will be held on 2 June 2022. The Notice of Annual General Meeting will be published and dispatched on or about 29 April 2022 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2021 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, 25 March 2022

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), Dr. Bill Kwok and Mr. Mark Kwok, and the independent non-executive directors are Miss Maria Tam Wai Chu, Mr. Iain Ferguson Bruce, Mr. Leung Wing Ning and Mr. Nicholas James Debnam.