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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 2022 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 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	1,041,028	1,129,277
Other revenue	5	103,297	44,327
Other net (loss)/gain	5	(240,248)	67,460
Cost of department store sales	6(d)	(274,945)	(305,215)
Cost of property leasing activities	6(b)	(98,259)	(85,707)
Other operating expenses	6(c)	(360,254)	(368,274)
Profit from operations		170,619	481,868
Finance costs	6(a)	(1,068)	(2,070)
		169,551	479,798
Net valuation (loss)/gain on investment properties		(365,883)	180,076
		(196,332)	659,874
Share of (loss)/profit of an associate		(16,185)	21,118
(Loss)/profit before taxation	6	(212,517)	680,992
Income tax	7	(89,096)	(128,351)
(Loss)/profit for the year		(301,613)	552,641
Attributable to:			
Shareholders of the Company		(300,946)	552,495
Non-controlling interests		(667)	146
(Loss)/profit for the year		(301,613)	552,641
Basic and diluted (loss)/earnings per share	9(a)	(103.3) cents	189.4 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2022		2021	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit for the year		<u>(301,613)</u>		<u>552,641</u>
Other comprehensive income for the year (with nil tax effect and after reclassification adjustments):				
Item that will not be reclassified subsequently to profit or loss:				
- other investments at fair value through other comprehensive income		(12,865)		2,514
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries		(201,699)	(178,832)	
- share of exchange differences on translation of financial statements of an overseas associate		<u>(6,137)</u>	<u>3,540</u>	
		<u>(207,836)</u>		<u>(175,292)</u>
Other comprehensive income for the year		<u>(220,701)</u>		<u>(172,778)</u>
Total comprehensive income for the year		<u>(522,314)</u>		<u>379,863</u>
Attributable to:				
Shareholders of the Company		(521,694)		379,532
Non-controlling interests		<u>(620)</u>		<u>331</u>
Total comprehensive income for the year		<u>(522,314)</u>		<u>379,863</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2022 HK\$'000	At 31 December 2021 HK\$'000
Non-current assets			
Investment properties		14,939,515	15,529,475
Other property, plant and equipment		<u>295,370</u>	<u>346,856</u>
		15,234,885	15,876,331
Interest in an associate		343,174	365,496
Other investments		<u>126,737</u>	<u>139,602</u>
		<u>15,704,796</u>	<u>16,381,429</u>
Current assets			
Trading securities		1,673,297	1,571,654
Inventories		73,766	76,348
Debtors, deposits and prepayments	10	72,640	57,674
Amounts due from fellow subsidiaries		15,576	8,144
Current tax recoverable		87	-
Other bank deposits		800,386	-
Cash and cash equivalents		<u>1,562,081</u>	<u>2,544,963</u>
		<u>4,197,833</u>	<u>4,258,783</u>
Current liabilities			
Creditors and accrued charges	11	370,255	352,109
Contract liabilities		20,051	20,682
Secured bank loan		-	34,951
Lease liabilities		20,025	20,973
Amounts due to fellow subsidiaries		3,152	3,432
Current tax payable		<u>12,000</u>	<u>11,093</u>
		<u>425,483</u>	<u>443,240</u>
Net current assets		<u>3,772,350</u>	<u>3,815,543</u>
Total assets less current liabilities		<u>19,477,146</u>	<u>20,196,972</u>
Non-current liabilities			
Lease liabilities		816	19,681
Deferred tax liabilities		<u>891,064</u>	<u>928,621</u>
		<u>891,880</u>	<u>948,302</u>
Net assets		<u>18,585,266</u>	<u>19,248,670</u>
Capital and reserves			
Share capital		29,093	29,141
Reserves		<u>18,524,442</u>	<u>19,187,178</u>
Total equity attributable to shareholders of the Company		18,553,535	19,216,319
Non-controlling interests		<u>31,731</u>	<u>32,351</u>
Total equity		<u>18,585,266</u>	<u>19,248,670</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Attributable to shareholders of the Company									
		Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Contributed surplus	General reserve fund	Retained earnings (Note)	Total	Non-controlling interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 January 2022	29,141	278,710	124,684	(189,881)	754,347	2,788	18,216,530	19,216,319	32,351	19,248,670
	Changes in equity for 2022										
	Loss for the year	-	-	-	-	-	-	(300,946)	(300,946)	(667)	(301,613)
	Other comprehensive income for the year	-	-	(12,865)	(207,883)	-	-	-	(220,748)	47	(220,701)
	Total comprehensive income for the year	-	-	(12,865)	(207,883)	-	-	(300,946)	(521,694)	(620)	(522,314)
	Purchase of own shares										
	- par value paid	(48)	-	-	-	-	-	-	(48)	-	(48)
	- premium and transaction costs paid	-	-	-	-	-	-	(7,056)	(7,056)	-	(7,056)
	Dividends approved and paid in respect of the previous year	-	-	-	-	-	-	(133,986)	(133,986)	-	(133,986)
	Share of the general reserve fund of an associate: transfer to the general reserve fund	-	-	-	-	-	323	(323)	-	-	-
		(48)	-	(12,865)	(207,883)	-	323	(442,311)	(662,784)	(620)	(663,404)
	At 31 December 2022	<u>29,093</u>	<u>278,710</u>	<u>111,819</u>	<u>(397,764)</u>	<u>754,347</u>	<u>3,111</u>	<u>17,774,219</u>	<u>18,553,535</u>	<u>31,731</u>	<u>18,585,266</u>
	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	-	-	-	-	-	-	(210,019)	(210,019)	-	(210,019)
	Dividends declared and paid in respect of the current year	-	-	-	-	-	-	(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>

Note:

Retained earnings attributable to the shareholders of the Company as at 31 December 2022 include the aggregate net valuation gain relating to investment properties after deferred tax of HK\$12,131,503,000 (at 31 December 2021: HK\$12,510,869,000).

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 2022 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 financial figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in the announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

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:

	2022	2021
	HK\$'000	HK\$'000
Under the scope of HKFRS 15,		
Revenue from contracts with customers:		
Department stores (recognised at a point in time)		
- Sales of goods	399,598	436,503
- Net income from concession sales	141,670	155,654
- Net income from consignment sales	62,480	66,444
	603,748	658,601
Property investment (recognised over time)		
- Building management fees and other rental related income	57,666	58,926
Under the scope of HKFRS 16, Leases:		
Property investment		
- Gross rentals from investment properties	379,614	411,750
	1,041,028	1,129,277

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 and amortisation, 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 2022 and 2021 is set out below.

	Department stores		Property investment		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from external customers	603,748	658,601	437,280	470,676	1,041,028	1,129,277
Inter-segment revenue	-	-	110,961	109,488	110,961	109,488
Reportable segment revenue	<u>603,748</u>	<u>658,601</u>	<u>548,241</u>	<u>580,164</u>	<u>1,151,989</u>	<u>1,238,765</u>
Reportable segment profit/(loss)	<u>(21,277)</u>	<u>(17,115)</u>	<u>427,980</u>	<u>461,179</u>	<u>406,703</u>	<u>444,064</u>
Finance costs	713	1,163	355	907	1,068	2,070
Depreciation and amortisation for the year	29,292	30,925	55,905	57,027	85,197	87,952
Bad debts written off	31	270	2,175	1,399	2,206	1,669
Bad debts recovered	-	-	-	(166)	-	(166)
Reportable segment assets	132,300	155,006	15,235,368	15,850,999	15,367,668	16,006,005
Additions to non-current segment assets during the year	5,894	6,413	33,807	47,743	39,701	54,156
Reportable segment liabilities	<u>249,836</u>	<u>238,127</u>	<u>118,792</u>	<u>157,563</u>	<u>368,628</u>	<u>395,690</u>

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

	2022 HK\$'000	2021 HK\$'000
Profit		
Reportable segment profit	406,703	444,064
Share of (loss)/profit of an associate	(16,185)	21,118
Other revenue	77,700	44,327
Other net (loss)/gain	(240,248)	67,460
Finance costs	(1,068)	(2,070)
Net valuation (loss)/gain on investment properties	(365,883)	180,076
Unallocated head office and corporate expenses	(73,536)	(73,983)
Consolidated (loss)/profit before taxation	<u>(212,517)</u>	<u>680,992</u>
Assets		
Reportable segment assets	15,367,668	16,006,005
Elimination of inter-segment receivables	(3,599)	(3,808)
	<u>15,364,069</u>	<u>16,002,197</u>
Interest in an associate	343,174	365,496
Other investments	126,737	139,602
Trading securities	1,673,297	1,571,654
Current tax recoverable	87	-
Unallocated head office and corporate assets	2,395,265	2,561,263
Consolidated total assets	<u>19,902,629</u>	<u>20,640,212</u>
Liabilities		
Reportable segment liabilities	368,628	395,690
Elimination of inter-segment payables	(3,599)	(3,808)
	<u>365,029</u>	<u>391,882</u>
Current tax payable	12,000	11,093
Deferred tax liabilities	891,064	928,621
Unallocated head office and corporate liabilities	49,270	59,946
Consolidated total liabilities	<u>1,317,363</u>	<u>1,391,542</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	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	910,979	983,604	11,365,757	11,820,018
Australia	125,403	136,675	3,679,271	3,859,405
USA	4,646	8,998	340,423	333,955
People's Republic of China	-	-	192,608	228,449
	130,049	145,673	4,212,302	4,421,809
	1,041,028	1,129,277	15,578,059	16,241,827

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

	2022 HK\$'000	2021 HK\$'000
Other revenue		
Interest income from bank deposits	32,467	6,207
Dividend income from investments in securities	30,470	22,834
Compensation received on early termination of leases	13,359	253
Government grants (note)	13,147	-
Interest income from investments in securities	9,063	8,203
Others	4,791	6,830
	<u>103,297</u>	<u>44,327</u>

Note: In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region, the purpose of which is to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the Employment Support Scheme, the Group is required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

	2022 HK\$'000	2021 HK\$'000
Other net (loss)/gain		
Net (loss)/gain on remeasurement to fair value of trading securities	(259,475)	22,221
Net (loss)/gain on disposal of		
- trading securities	(5,590)	15,893
- derivative financial instruments	25,552	25,887
Net foreign exchange (loss)/gain	(720)	3,448
Net (loss)/gain on disposal of plant and equipment	(15)	11
	<u>(240,248)</u>	<u>67,460</u>

6. (Loss)/profit before taxation

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

	2022 HK\$'000	2021 HK\$'000
(a) Finance costs		
Interest on bank loan	355	907
Interest on lease liabilities	713	1,163
	<u>1,068</u>	<u>2,070</u>
(b) Rentals receivable from investment properties		
Gross income from property investment	(437,280)	(470,676)
Less: direct outgoings	98,259	85,707
	<u>(339,021)</u>	<u>(384,969)</u>
(c) Other operating expenses, include		
Staff costs (excluding directors' emoluments)		
- salaries, wages and other benefits	176,235	184,082
- contributions to defined contribution retirement plans	9,390	10,396
	<u>185,625</u>	<u>194,478</u>
Less: included in cost of property leasing activities	(3,297)	(3,784)
	<u>182,328</u>	<u>190,694</u>
Directors' emoluments	30,133	30,629
Depreciation		
- owned plant and equipment	12,203	12,826
- right-of-use assets	46,359	46,814
Auditors' remuneration		
- audit services	4,378	4,320
- tax services	582	591
- other services	2,366	2,351
Impairment losses of other debtors	961	-
Bad debts written off	2,206	1,669
Bad debts recovered	-	(166)
Expenses relating to short-term leases	55	100
Advertising expenses	9,519	9,966
Electricity, water and gas	7,867	7,181
Credit card commission	6,003	6,048
Information technology expenses	5,619	5,148
Government rent and rates	5,421	5,612
	<u>5,421</u>	<u>5,612</u>
(d) Other items		
Amortisation on lease incentives	27,944	29,677
Cost of inventories sold	274,945	305,215

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

	2022 HK\$'000	2021 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	46,121	46,617
Over-provision in respect of prior years	<u>(631)</u>	<u>(415)</u>
	<u>45,490</u>	<u>46,202</u>
Current tax – Overseas		
Provision for the year	31,363	34,400
Over-provision in respect of prior years	<u>(91)</u>	<u>(16)</u>
	<u>31,272</u>	<u>34,384</u>
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	14,167	47,823
- other temporary differences	<u>(1,833)</u>	<u>(58)</u>
	<u>12,334</u>	<u>47,765</u>
Total income tax expense	<u><u>89,096</u></u>	<u><u>128,351</u></u>

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 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:

	2022	2021
	HK\$'000	HK\$'000
Interim dividend:		
- declared during the year	-	99,165
- attributable to shares purchased in July and September 2021	<u>-</u>	<u>(68)</u>
Interim dividend paid of nil cents (2021: 34 HK cents) per share	-	99,097
Final dividend proposed after the end of the reporting period of 15 HK cents (2021: 46 HK cents) per share	43,640	134,048
Special dividend proposed after the end of the reporting period of 60 HK cents (2021: nil cents) per share	<u>174,559</u>	<u>-</u>
	<u>218,199</u>	<u>233,145</u>

The final dividend and the special dividend proposed after the end of the reporting period have 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:

	2022	2021
	HK\$'000	HK\$'000
Final dividend in respect of the financial year ended 31 December 2021/31 December 2020:		
- approved during the year	134,048	210,148
- attributable to shares purchased in January, February, March, April and May 2022/ April and May 2021	<u>(62)</u>	<u>(129)</u>
Final dividend paid during the year of 46 HK cents (during 2021: 72 HK cents) per share	<u>133,986</u>	<u>210,019</u>

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

- (a) The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to shareholders of the Company for the year ended 31 December 2022 of HK\$300,946,000 (2021: profit of HK\$552,495,000) divided by the weighted average of 291,235,000 shares (2021: 291,655,000 shares) in issue during the year.

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

- (b) **Adjusted basic (loss)/earnings per share excluding the net valuation (loss)/gain 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 (loss)/profit for the year should be adjusted for the net valuation (loss)/gain on investment properties net of related deferred tax thereon in arriving at the “underlying profit attributable to shareholders of the Company”.

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

	2022		2021	
	HK\$'000	Amount per share HK cents	HK\$'000	Amount per share HK cents
(Loss)/profit attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	(300,946)	(103.3)	552,495	189.4
Add/(less): Net valuation loss/(gain) on investment properties	365,883	125.6	(180,076)	(61.7)
Add: Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	14,167	4.8	47,823	16.4
	79,104	27.1	420,242	144.1
Less: Valuation loss on investment property net of related deferred tax attributable to non-controlling interests	(684)	(0.2)	(4)	-
Underlying profit attributable to shareholders of the Company	78,420	26.9	420,238	144.1

10. Debtors, deposits and prepayments

	2022	2021
	HK\$'000	HK\$'000
Trade debtors, net of loss allowance	13,748	12,618
Other debtors	26,215	9,209
Deposits and prepayments	<u>32,677</u>	<u>35,847</u>
	<u><u>72,640</u></u>	<u><u>57,674</u></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:

	2022	2021
	HK\$'000	HK\$'000
Current (not past due) or less than one month past due	11,293	9,050
One to three months past due	2,145	1,160
More than three months but less than twelve months past due	260	2,274
More than twelve months past due	<u>50</u>	<u>134</u>
	<u><u>13,748</u></u>	<u><u>12,618</u></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

	2022	2021
	HK\$'000	HK\$'000
Trade and other creditors	327,147	316,196
Accrued charges	<u>43,108</u>	<u>35,913</u>
	<u><u>370,255</u></u>	<u><u>352,109</u></u>

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

	2022	2021
	HK\$'000	HK\$'000
Amounts not yet due	265,199	244,726
On demand or less than one month overdue	53,180	55,697
One to three months overdue	3,681	5,825
Three to twelve months overdue	1,623	3,156
More than twelve months overdue	<u>3,464</u>	<u>6,792</u>
	<u><u>327,147</u></u>	<u><u>316,196</u></u>

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

2022 RESULTS AND DIVIDEND

In 2022, the Group's revenue decreased by 7.8% to HK\$1,041.0 million (2021: HK\$1,129.3 million), due to the decline in revenue of the Group's core businesses.

The Group recorded a loss attributable to shareholders of HK\$300.9 million for the year ended 31 December 2022 as compared to a profit of HK\$552.5 million for the year ended 31 December 2021, which was due mainly to the net unrealised loss of HK\$259.5 million arising from the fair value remeasurement of the Group's investment portfolio for 2022, as well as the net valuation loss of HK\$365.9 million on the Group's investment properties for 2022 as compared to the net valuation gain of HK\$180.1 million for 2021. Excluding the net valuation loss on the Group's investment properties and related deferred tax thereon, the Group recorded an underlying profit attributable to shareholders of HK\$78.4 million (2021: HK\$420.2 million). Such results were primarily attributable to the significant net unrealised loss from the Group's investment portfolio.

In 2022, loss per share was 103.3 HK cents (2021: earnings per share of 189.4 HK cents) per share. Excluding the net valuation loss (2021: the net valuation gain) on the Group's investment properties and related deferred tax thereon, the Group's underlying earnings per share for 2022 was 26.9 HK cents (2021: 144.1 HK cents) per share.

The Company has a practice of paying dividends to shareholders based on the amount of underlying profit attributable to shareholders for the year and makes no reference to any valuation gain or loss on its 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. For 2022, the directors have recommended a final dividend of 15 HK cents (2021: 46 HK cents) per share and special dividend of 60 HK cents (2021: nil cents) per share to commemorate the 115th Anniversary of the founding of the Group's department stores business in 1907, payable to shareholders on the Register of Members on 26 June 2023. Given that no interim dividend was paid (2021: 34 HK cents per share), a total dividend payment of 75 HK cents (2021: 80 HK cents) per share is declared for the whole year.

Subject to shareholders' approval of the proposed final dividend and the special dividend at the forthcoming Annual General Meeting to be held on 13 June 2023, the Register of Members will be closed from Tuesday, 20 June 2023 to Monday, 26 June 2023, both dates inclusive, during which period no share transfers can be registered. To qualify for the final dividend and the special dividend, share transfers to be dealt with must be lodged with the Company's Share Registrar, Tricor Progressive Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:00 p.m. on Monday, 19 June 2023. Dividend warrants will be sent to shareholders on Friday, 7 July 2023.

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 investment. These are the Group's core businesses and the primary revenue and profit contributors. With Wing On Department Stores being a household name and having a presence of 115 years in Hong Kong, the Group 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 invests 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 2022 was HK\$18,553.5 million, a decrease of 3.4% as compared to HK\$19,216.3 million at 31 December 2021. With cash and listed marketable securities at 31 December 2022 of HK\$3,370.9 million (at 31 December 2021: 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 the Group's Assets

At 31 December 2022, the Group did not have any borrowings (at 31 December 2021: HK\$34.9 million). In 2022, the Group repaid the entire borrowings of HK\$34.9 million, which related to a mortgage loan for Australian investment properties, and the relevant mortgage was released. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is calculated by dividing the Group's total borrowings by its shareholders' equity, was 0.2% at 31 December 2021. The Group did not have any borrowings at 31 December 2022. The gearing ratio is not applicable as at 31 December 2022.

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. Its exposure to fluctuations on the foreign exchange market was limited to the Group's net investment in overseas subsidiaries of HK\$3,448.5 million at 31 December 2022 (at 31 December 2021: HK\$3,542.7 million). 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 2022, the Group's capital commitments amounted to HK\$22.6 million (at 31 December 2021: HK\$21.2 million). The Group had no contingent liabilities at 31 December 2022 and 2021.

2022 BUSINESS SUMMARY

Department Stores Operation

In 2022, the Group's department stores business was impacted by the fifth wave of the COVID-19 pandemic and the Government's restrictive social distancing measures. In particular, the Group's department stores revenue declined notably in the first quarter owing to mainly the stringent pandemic containment measures against COVID-19 which disrupted local retail activities and dampened consumer spending. To counter this adverse retail environment, the Group rapidly adjusted its marketing strategy and organised extra promotional events to boost sales. With its promotional events timely rescheduled, the Group was able to stimulate sales and seize business opportunities brought about by the Government's 2022 Consumption Voucher Scheme launched in April and the gradual relaxation of the containment measures thereafter. Nevertheless, the sharp increase in COVID-19 infection cases in Hong Kong since July 2022, the rising inflation and interest rates, and the dismal local stock market performance during the second half of the year took a toll on consumer sentiment and hindered the recovery of Group's department stores business in the remainder of 2022.

In 2022, the Group's department stores recorded a revenue of HK\$603.7 million, representing a decrease of 8.3% when compared to HK\$658.6 million for 2021. The Group saw a modest improvement in its sales of travel goods, handbags and sports and leisure wear, while its sales of all other categories declined. In 2022, the Group's department stores received wage subsidy of HK\$12.2 million under the Government's 2022 Employment Support Scheme (2021: HK\$nil). As a result, the Group's department stores operation recorded an operating loss of HK\$21.3 million (2021: HK\$17.1 million) for 2022.

The Group's branch store in Discovery Bay, which was leased from a third-party landlord, was closed upon the expiry of its lease at the end of February 2023 due to the renovation of the site by the landlord. The Discovery Bay branch store's revenue accounted for less than 1% of the Group's total revenue in 2022. The closure of this branch will not have any material impact on the financial results of the Group as a whole.

Property Investment

For 2022, the Group's property investment income decreased by 7.2% to HK\$428.0 million (2021: HK\$461.2 million). The upsurge of COVID-19 pandemic in 2022 continued to put pressure on the leasing operations of the Group's commercial investment properties in Hong Kong. Income from the Group's commercial investment properties in Hong Kong decreased by 1.8% to HK\$318.3 million (2021: HK\$324.1 million) which was mainly due to decrease in occupancy and lower rentals achieved for new leases and lease renewals. In 2022, the Group recorded a sum of HK\$13.4 million being compensation received for early termination of leases. The overall occupancy of the Group's commercial investment properties in Hong Kong decreased to about 92% (2021: 94%) at 31 December 2022. Income from the Group's commercial office properties in Melbourne decreased by 17.7% to HK\$111.5 million (2021: HK\$135.4 million) due mainly to a decrease in occupancy due to weak tenant demand and a weaker Australian dollar during 2022. Net income in terms of Australian currency decreased by 11.7%. The overall occupancy rate of the Group's investment properties in Melbourne was 84% (2021: 89%) at 31 December 2022.

Interest in an Associate

In 2022, the Group recorded a share of loss after tax from the associate's automobile dealerships interest in the People's Republic of China of HK\$18.1 million (2021: share of profit after tax of HK\$14.7 million). Overall, the Group recorded a share of loss from the associate of HK\$16.2 million (2021: share of profit of HK\$21.1 million).

Others

At 31 December 2022, the Group's investment portfolio amounted to HK\$1,673.3 million (2021: HK\$1,571.7 million), which mainly comprised of equity and debt securities, as well as investment funds and programs managed by professional investment managers. In 2022, the Group's investment portfolio recorded a loss of HK\$206.4 million (2021: gain of HK\$90.2 million), with negative returns from equities and bonds but positive returns from alternative investments. The Group recorded a net foreign exchange loss of HK\$0.7 million (2021: net gain of HK\$3.4 million) in its holdings of foreign currencies.

STAFF

At 31 December 2022, the Group had a total staff of 551 (2021: 600). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2021 annual report. Details of such policies will be published in the 2022 annual report.

2023 OUTLOOK

The Group expects that its department stores' performance in 2023 will gradually improve with the resumption of social and economic activities in Hong Kong. However, it will take some time for the local economy to return to the pre-COVID-19 pandemic level. The Group is vigilant to the changing consumer shopping and spending behavior in the post pandemic era, as well as the constant transformation of Hong Kong's retail landscape. The Group will stay focused on enriching merchandise brand mix and assortment to suit its target customers' requirements, at the same time striving to enhance customer experience. The Group is planning to refurbish its branch store on Nathan Road in Yaumatei district to provide its customers with better shopping experience and wider categories of merchandise and service. The Group's commercial investment properties in Hong Kong and Australia are expected to continue to contribute stable rental income despite the challenging property rental market situation. With the financial strength of the Group and the dedication of its management, the Group can meet the challenges ahead.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the financial year ended 31 December 2022.

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 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2022, the Company purchased a total of 477,000 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\$	
January 2022	17,000	17.80	17.50	299
February 2022	16,000	18.48	18.00	294
March 2022	6,000	17.80	17.60	107
April 2022	86,000	17.70	17.32	1,506
May 2022	9,000	17.70	17.36	158
July 2022	38,000	16.60	16.50	629
September 2022	86,000	15.10	14.00	1,248
October 2022	85,000	14.00	12.50	1,130
November 2022	123,000	12.80	12.50	1,565
December 2022	11,000	12.60	12.60	139
	<u>477,000</u>			<u>7,075</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 2022.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting of the Company will be held on 13 June 2023. The Notice of Annual General Meeting will be published and dispatched on or about 28 April 2023 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2022 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 2023

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. Leung Wing Ning and Mr. Nicholas James Debnam.