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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 2024 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 2024:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	3	946,232	1,056,194
Other revenue	5	141,985	140,654
Other net gain	5	171,062	114,258
Cost of department store sales	6(d)	(252,638)	(287,754)
Cost of property leasing activities	6(b)	(115,106)	(106,012)
Other operating expenses	6(c)	(370,809)	(352,747)
Profit from operations		520,726	564,593
Finance costs	6(a)	(3,402)	(483)
		517,324	564,110
Net valuation loss on investment properties		(1,375,504)	(378,055)
		(858,180)	186,055
Share of loss of an associate		(18,378)	(9,948)
(Loss)/profit before taxation	6	(876,558)	176,107
Income tax	7	(46,778)	(54,990)
(Loss)/profit for the year		(923,336)	121,117
Attributable to:			
Shareholders of the Company		(919,108)	123,360
Non-controlling interests		(4,228)	(2,243)
(Loss)/profit for the year		(923,336)	121,117
Basic and diluted (loss)/earnings per share	9(a)	(316.9) cents	42.4 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2024		2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit for the year		(923,336)		121,117
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	588		(7,100)	
- remeasurement of long service payment liabilities	(492)		-	
		96		(7,100)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(323,369)		12,125	
- share of exchange differences on translation of financial statements of an associate outside Hong Kong	(3,526)		(2,736)	
		(326,895)		9,389
Other comprehensive income for the year		(326,799)		2,289
Total comprehensive income for the year		(1,250,135)		123,406
Attributable to:				
Shareholders of the Company		(1,245,749)		125,635
Non-controlling interests		(4,386)		(2,229)
Total comprehensive income for the year		(1,250,135)		123,406

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2024	At 31 December 2023
	Note	HK\$'000	HK\$'000
Non-current assets			
Investment properties		12,873,724	14,601,720
Other property, plant and equipment		334,645	296,050
		<u>13,208,369</u>	<u>14,897,770</u>
Interest in an associate		308,586	330,490
Other investments		120,225	119,637
Prepayments	10	5,840	19,556
		<u>13,643,020</u>	<u>15,367,453</u>
Current assets			
Trading securities		2,208,591	1,872,390
Inventories		70,621	76,763
Debtors, deposits and prepayments	10	57,498	75,024
Amounts due from fellow subsidiaries		5,821	9,516
Current tax recoverable		3,057	7,808
Cash and bank balances		2,079,994	2,313,436
		<u>4,425,582</u>	<u>4,354,937</u>
Current liabilities			
Creditors and accrued charges	11	296,782	367,289
Contract liabilities		19,855	20,108
Secured bank loan		59,280	-
Lease liabilities		17,814	16,534
Amounts due to fellow subsidiaries		2,015	2,477
Current tax payable		8,899	9,558
		<u>404,645</u>	<u>415,966</u>
Net current assets		<u>4,020,937</u>	<u>3,938,971</u>
Total assets less current liabilities		<u>17,663,957</u>	<u>19,306,424</u>
Non-current liabilities			
Lease liabilities		19,107	36,855
Long service payment liabilities		3,462	2,699
Deferred tax liabilities		783,040	881,538
		<u>805,609</u>	<u>921,092</u>
Net assets		<u>16,858,348</u>	<u>18,385,332</u>
Capital and reserves			
Share capital		28,958	29,042
Reserves		16,804,274	18,326,788
Total equity attributable to shareholders of the Company		16,833,232	18,355,830
Non-controlling interests		25,116	29,502
Total equity		<u>16,858,348</u>	<u>18,385,332</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

		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 2024		29,042	278,710	104,719	(388,389)	754,347	3,111	17,574,290	18,355,830	29,502	18,385,332
Changes in equity for 2024											
Loss for the year		-	-	-	-	-	-	(919,108)	(919,108)	(4,228)	(923,336)
Other comprehensive income for the year		-	-	588	(326,737)	-	-	(492)	(326,641)	(158)	(326,799)
Total comprehensive income for the year		-	-	588	(326,737)	-	-	(919,600)	(1,245,749)	(4,386)	(1,250,135)
Purchase of own shares											
- par value paid		(84)	-	-	-	-	-	-	(84)	-	(84)
- premium and transaction costs paid		-	-	-	-	-	-	(9,964)	(9,964)	-	(9,964)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(174,057)	(174,057)	-	(174,057)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(92,744)	(92,744)	-	(92,744)
		(84)	-	588	(326,737)	-	-	(1,196,365)	(1,522,598)	(4,386)	(1,526,984)
At 31 December 2024		28,958	278,710	105,307	(715,126)	754,347	3,111	16,377,925	16,833,232	25,116	16,858,348
At 1 January 2023		29,093	278,710	111,819	(397,764)	754,347	3,111	17,774,219	18,553,535	31,731	18,585,266
Changes in equity for 2023											
Profit for the year		-	-	-	-	-	-	123,360	123,360	(2,243)	121,117
Other comprehensive income for the year		-	-	(7,100)	9,375	-	-	-	2,275	14	2,289
Total comprehensive income for the year		-	-	(7,100)	9,375	-	-	123,360	125,635	(2,229)	123,406
Purchase of own shares											
- par value paid		(51)	-	-	-	-	-	-	(51)	-	(51)
- premium and transaction costs paid		-	-	-	-	-	-	(6,474)	(6,474)	-	(6,474)
Dividends approved and paid in respect of the previous year	8(b)	-	-	-	-	-	-	(218,021)	(218,021)	-	(218,021)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	(98,794)	(98,794)	-	(98,794)
		(51)	-	(7,100)	9,375	-	-	(199,929)	(197,705)	(2,229)	(199,934)
At 31 December 2023		29,042	278,710	104,719	(388,389)	754,347	3,111	17,574,290	18,355,830	29,502	18,385,332

Note:

Retained earnings attributable to the shareholders of the Company as at 31 December 2024 include the aggregate net valuation gain relating to investment properties after deferred tax of HK\$10,428,347,000 (at 31 December 2023: HK\$11,776,744,000).

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 2024 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 the 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 2024 as set out in the announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on the 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. Disaggregation of revenue by category is analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Under the scope of HKFRS 15,		
Revenue from contracts with customers:		
Department stores (recognised at a point in time)		
- Sales of goods	359,289	423,320
- Net income from concession sales	134,949	153,955
- Net income from consignment sales	48,352	62,109
	<u>542,590</u>	<u>639,384</u>
Property investment (recognised over time)		
- Building management fees and other rental related income	54,661	58,447
Under the scope of HKFRS 16, Leases:		
Property investment		
- Rentals from investment properties	348,981	358,363
	<u>946,232</u>	<u>1,056,194</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 most 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 long service payment liabilities 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, the Group's most senior executive management is provided with segment information concerning revenue (including inter-segment revenue), interest on lease liabilities managed directly by the segments, depreciation and amortisation, bad debts written off 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 2024 and 2023 is set out below.

	Department stores		Property investment		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	542,590	639,384	403,642	416,810	946,232	1,056,194
Inter-segment revenue	-	-	103,885	111,021	103,885	111,021
Reportable segment revenue	542,590	639,384	507,527	527,831	1,050,117	1,167,215
Reportable segment profit/(loss)	(60,040)	(2,805)	363,483	388,198	303,443	385,393
Interest on lease liabilities	3,280	483	-	-	3,280	483
Depreciation and amortisation	27,337	25,725	51,925	62,016	79,262	87,741
Bad debts written off	1	-	-	1,905	1	1,905
Reportable segment assets	219,570	188,439	13,116,577	14,867,385	13,336,147	15,055,824
Additions to non-current segment assets during the year	73,435	72,969	17,377	26,534	90,812	99,503
Reportable segment liabilities	213,746	280,426	101,199	122,707	314,945	403,133

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

	2024 HK\$'000	2023 HK\$'000
Profit		
Reportable segment profit	303,443	385,393
Other revenue	141,822	139,860
Other net gain	171,062	114,258
Finance costs	(3,402)	(483)
Net valuation loss on investment properties	(1,375,504)	(378,055)
Share of loss of an associate	(18,378)	(9,948)
Unallocated head office and corporate expenses	(95,601)	(74,918)
Consolidated (loss)/profit before taxation	<u>(876,558)</u>	<u>176,107</u>
Assets		
Reportable segment assets	13,336,147	15,055,824
Elimination of inter-segment receivables	<u>(3,533)</u>	<u>(3,572)</u>
	13,332,614	15,052,252
Interest in an associate	308,586	330,490
Other investments	120,225	119,637
Trading securities	2,208,591	1,872,390
Current tax recoverable	3,057	7,808
Unallocated head office and corporate assets	<u>2,095,529</u>	<u>2,339,813</u>
Consolidated total assets	<u>18,068,602</u>	<u>19,722,390</u>
Liabilities		
Reportable segment liabilities	314,945	403,133
Elimination of inter-segment payables	<u>(3,533)</u>	<u>(3,572)</u>
	311,412	399,561
Secured bank loan	59,280	-
Current tax payable	8,899	9,558
Deferred tax liabilities	783,040	881,538
Unallocated head office and corporate liabilities	<u>47,623</u>	<u>46,401</u>
Consolidated total liabilities	<u>1,210,254</u>	<u>1,337,058</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, interest in an associate and non-current prepayments ("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 assets in the case of investment properties, other property, plant and equipment and non-current prepayments and the location of operations in the case of interest in an associate.

	Revenue from external customers		Specified non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>825,454</u>	<u>941,332</u>	<u>10,006,734</u>	<u>11,251,827</u>
Australia	117,355	111,577	3,254,710	3,658,676
USA	3,423	3,285	116,265	164,370
The People's Republic of China	<u>-</u>	<u>-</u>	<u>145,086</u>	<u>172,943</u>
	<u>120,778</u>	<u>114,862</u>	<u>3,516,061</u>	<u>3,995,989</u>
	<u>946,232</u>	<u>1,056,194</u>	<u>13,522,795</u>	<u>15,247,816</u>

5. Other revenue and other net gain

	2024 HK\$'000	2023 HK\$'000
Other revenue		
Interest income from bank deposits	94,110	94,685
Dividend income from investments in securities	29,800	28,820
Interest income from investments in securities	10,765	11,201
Others	7,310	5,948
	<u>141,985</u>	<u>140,654</u>

	2024 HK\$'000	2023 HK\$'000
Other net gain		
Net gain on remeasurement to fair value of trading securities	121,086	43,532
Net gain on disposal of trading securities	67,839	71,924
Net foreign exchange loss	(17,848)	(1,139)
Net loss on disposal of plant and equipment	(15)	(59)
	<u>171,062</u>	<u>114,258</u>

6. (Loss)/profit before taxation

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

	2024 HK\$'000	2023 HK\$'000
(a) Finance costs		
Interest on lease liabilities	3,280	483
Interest on secured bank loan	122	-
	<u>3,402</u>	<u>483</u>
(b) Rentals receivable from investment properties		
Income from property investment	(403,642)	(416,810)
Less: direct outgoings	115,106	106,012
	<u>(288,536)</u>	<u>(310,798)</u>
(c) Other operating expenses, include		
Staff costs (excluding directors' emoluments)		
- salaries, wages and other benefits	187,666	176,057
- contributions to defined contribution retirement plans	9,089	9,214
- expenses recognised in respect of long service payment liabilities	421	2,699
	<u>197,176</u>	<u>187,970</u>
Less: included in cost of property leasing activities	(1,450)	(3,780)
	<u>195,726</u>	<u>184,190</u>
Directors' emoluments	34,036	25,006
Depreciation		
- owned plant and equipment	12,927	9,903
- right-of-use assets	38,097	44,753
Auditors' remuneration		
- audit services	4,573	4,476
- tax services	424	502
- other services	954	2,083
Impairment losses of other debtors	-	650
Bad debts written off	1	1,905
Expenses relating to short-term leases	49	54
Advertising expenses	10,017	9,171
Electricity, water and gas	7,479	8,705
Information technology expenses	6,534	5,595
Credit card commission	5,405	5,839
Government rent and rates	<u>5,133</u>	<u>5,258</u>
(d) Other items		
Amortisation on lease incentives	28,785	33,973
Cost of inventories sold	<u>252,638</u>	<u>287,754</u>

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

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	40,976	43,463
Under/(over)-provision in respect of prior years	64	(158)
	<u>41,040</u>	<u>43,305</u>
Current tax – Overseas		
Provision for the year	28,164	23,777
Over-provision in respect of prior years	(19)	(2)
	<u>28,145</u>	<u>23,775</u>
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	(22,703)	(20,912)
- other temporary differences	296	8,822
	<u>(22,407)</u>	<u>(12,090)</u>
Total income tax expense	<u>46,778</u>	<u>54,990</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 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 subsidiaries outside Hong Kong 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:

	2024 HK\$'000	2023 HK\$'000
Interim dividend:		
- declared during the year	92,812	98,833
- attributable to shares purchased in July and September 2024/July, August and September 2023	<u>(68)</u>	<u>(39)</u>
Interim dividend paid of 32 HK cents (2023: 34 HK cents) per share	92,744	98,794
Final dividend proposed after the end of the reporting period of 53 HK cents (2023: 60 HK cents) per share	<u>153,474</u> <u>246,218</u>	<u>174,250</u> <u>273,044</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:

	2024 HK\$'000	2023 HK\$'000
Final dividend in respect of the financial year ended 31 December 2023/31 December 2022:		
- approved during the year	174,250	43,640
- attributable to shares purchased in January, February, April, May and June 2024/May 2023	<u>(193)</u>	<u>(36)</u>
Final dividend paid during the year of 60 HK cents (paid during 2023: 15 HK cents) per share	<u>174,057</u>	<u>43,604</u>
Special dividend in respect of the financial year ended 31 December 2022:		
- approved during the year	-	174,559
- attributable to shares purchased in May 2023	<u>-</u>	<u>(142)</u>
Special dividend paid during the year of nil cents (paid during 2023: 60 HK cents) per share	<u>-</u>	<u>174,417</u>
	<u>174,057</u>	<u>218,021</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 2024 of HK\$919,108,000 (2023: profit of HK\$123,360,000) divided by the weighted average of 290,025,000 shares (2023: 290,718,000 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 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 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:

	2024		2023	
		(Loss)/ earnings per share		Earnings/ (loss) per share
	HK\$'000	HK cents	HK\$'000	HK cents
(Loss)/profit attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	(919,108)	(316.9)	123,360	42.4
Add: net valuation loss on investment properties	1,375,504	474.2	378,055	130.0
Less: decrease in deferred tax liabilities in relation to the net valuation loss on investment properties	(22,703)	(7.8)	(20,912)	(7.1)
	<u>433,693</u>	<u>149.5</u>	<u>480,503</u>	<u>165.3</u>
Less: valuation loss on investment property net of related deferred tax thereon attributable to non-controlling interests	<u>(4,404)</u>	<u>(1.5)</u>	<u>(2,384)</u>	<u>(0.8)</u>
Underlying profit attributable to shareholders of the Company	<u>429,289</u>	<u>148.0</u>	<u>478,119</u>	<u>164.5</u>

10. Debtors, deposits and prepayments

	2024	2023
	HK\$'000	HK\$'000
Trade debtors, net of loss allowance	11,276	16,782
Other debtors	13,692	23,990
Deposits and prepayments	38,370	53,808
	<u>63,338</u>	<u>94,580</u>
Represented by:		
Non-current portion	5,840	19,556
Current portion	57,498	75,024
	<u>63,338</u>	<u>94,580</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:

	2024	2023
	HK\$'000	HK\$'000
Current (not past due) or less than one month past due	10,750	15,733
One to three months past due	265	600
More than three months but less than twelve months past due	261	448
More than twelve months past due	-	1
	<u>11,276</u>	<u>16,782</u>

The Group's retail sales to customers are mainly made in cash, credit cards or other electronic payment methods. The trade receivables from credit cards or other electronic payment service providers are normally settled in one to two business days in arrears; and the rentals from leasing of investment properties are normally received in advance of each month.

11. Creditors and accrued charges

	2024	2023
	HK\$'000	HK\$'000
Trade and other creditors	246,574	323,239
Accrued charges	50,208	44,050
	<u>296,782</u>	<u>367,289</u>

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

	2024	2023
	HK\$'000	HK\$'000
Amounts not yet due	196,597	272,789
On demand or less than one month overdue	47,103	47,503
One to three months overdue	2,636	1,183
More than three months but less than twelve months overdue	76	1,079
More than twelve months overdue	162	685
	<u>246,574</u>	<u>323,239</u>

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

2024 RESULTS AND DIVIDEND

For the year ended 31 December 2024, the Group's revenue was HK\$946.2 million (2023: HK\$1,056.2 million), a decrease of 10.4% due mainly to the decrease in revenue of the Group's department stores operation.

The Group recorded a loss attributable to shareholders of HK\$919.1 million for the year ended 31 December 2024 (2023: a profit of HK\$123.4 million), which was mainly attributable to the valuation loss on the Group's investment properties of HK\$1,375.5 million for the year ended 31 December 2024 as compared to the valuation loss of HK\$378.1 million for the year ended 31 December 2023; and the loss of HK\$60.0 million for the Group's department stores operation for the year ended 31 December 2024 as compared to a loss of HK\$2.8 million for the year ended 31 December 2023, due mainly to the changing shopping habits of local residents and the increase in outbound travel and cross-border consumption and spending.

The Group recorded a decrease of 10.2% in underlying profit attributable to shareholders, which excludes the valuation loss on the Group's investment properties and related deferred tax thereon, to HK\$429.3 million for the year ended 31 December 2024 from an underlying profit of HK\$478.1 million for the year ended 31 December 2023.

Loss per share for 2024 was 316.9 HK cents (2023: earnings per share of 42.4 HK cents) per share. Excluding the valuation loss on the Group's investment properties and related deferred tax thereon, the Group's underlying earnings per share for 2024 was 148.0 HK cents (2023: 164.5 HK cents) per share.

The Company has adopted a dividend policy which formulates 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 2024, the directors have recommended a final dividend of 53 HK cents (2023: 60 HK cents) per share payable to shareholders on the register of members of the Company on Friday, 27 June 2025. Together with the interim dividend of 32 HK cents (2023: 34 HK cents) per share paid on 25 October 2024, a total dividend payment of 85 HK cents (2023: 94 HK cents) per share is declared for the entire year.

Subject to shareholders' approval of the proposed final dividend for the year ended 31 December 2024 at the forthcoming Annual General Meeting to be held on Monday, 16 June 2025, the register of members of the Company will be closed from Monday, 23 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend (subject to the shareholders' approval), all properly completed share transfer forms accompanied by the relevant share certificates must be lodged for registration with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:00 p.m. on Friday, 20 June 2025. Dividend warrants will be sent to shareholders on Monday, 14 July 2025.

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 117 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, investment funds, strategies managed by professional investment managers, and derivative financial instruments. 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 2024 was HK\$16,833.2 million, a decrease of 8.3% as compared to HK\$18,355.8 million at 31 December 2023. With cash and listed marketable securities of HK\$3,256.7 million at 31 December 2024 (at 31 December 2023: HK\$3,414.7 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 2024, the Group's total borrowings amounted to HK\$59.3 million (at 31 December 2023: nil), which relates to a one-year term loan denominated in Japanese Yen for the Group's investment in trading securities and will be repaid in the third quarter of 2025. Certain assets, comprising cash and cash equivalents and trading securities with an aggregate carrying value of HK\$158.3 million, have been pledged to the bank as collateral security for such borrowings. 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 2024, was 0.4%. The Group did not have any borrowings at 31 December 2023. The gearing ratio was not applicable at 31 December 2023.

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. Its exposure to fluctuations in the foreign exchange market mainly arose from the Group's net investment in overseas subsidiaries of HK\$3,151.4 million at 31 December 2024 (at 31 December 2023: HK\$3,474.4 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 2024, the Group's capital commitments amounted to HK\$58.1 million (at 31 December 2023: HK\$57.2 million). The Group had no contingent liabilities at 31 December 2024 and 2023.

2024 BUSINESS SUMMARY

Department Stores Operation

The Hong Kong retail sector has taken longer than anticipated to recover due to persistent economic challenges and shifting consumer preferences. Since the latter half of 2023, the continually changing shopping habits of residents in Hong Kong, coupled with the increase in outbound travel and cross-border consumption and spending, have significantly impacted the local retail environment. Consequently, the value of total retail sales in Hong Kong experienced a substantial decline in 2024, plummeting by 7.3% compared to the previous year. The relative strength of Hong Kong dollar against other currencies during 2024 also contributed to the decline in visitor spending in Hong Kong. Luxury items, durable consumer goods and department stores all witnessed double-digit percentage sales decreases.

Facing the difficult business environment, the Group's department stores launched aggressive promotional campaigns with deep discounts throughout 2024 to stimulate sales and reduce inventory. These efforts were complemented by frequent updates to store visual merchandise displays and the introduction of new merchandise to enhance the stores' appeal and competitiveness. Despite these initiatives, the sales turnover of the department stores was adversely affected by the low customer traffic and weak consumer spending. The turnover decline in 2024 was partly due to the temporary closure of certain shop floors of the wing on *Plus* branch store during the year for renovation works, and the inclement weather conditions encountered during the Group's major sales events in May and June 2024.

For the year ended 31 December 2024, the Group's department stores recorded a revenue of HK\$542.6 million, representing a decrease of 15.1% when compared to HK\$639.4 million in 2023. Overall, the Group's department stores recorded an operating loss of HK\$60.0 million (2023: HK\$2.8 million), due mainly to the decrease in revenue.

The Group commenced the renovation of its wing on *Plus* branch store premises situated on Nathan Road in October 2023. At 31 December 2024, renovation works were completed for six floors. At the date of this report, the renovation works for the remaining two floors have been completed. Upon completion of the renovation, wing on *Plus* branch store will offer a novel shopping experience to the Group's customers, providing them with a wider selection of quality merchandise and exceptional service.

Property Investment

For the year ended 31 December 2024, the Group's property investment income amounted to HK\$363.5 million (2023: HK\$388.2 million). The office leasing markets in Hong Kong and Melbourne, Australia have experienced significant challenges since the onset of the COVID-19 pandemic. This has resulted in a reduction in commercial office space demand from tenants and an increase in requests for rental incentives and support from landlords.

Net income from the Group's commercial investment properties in Hong Kong for the year ended 31 December 2024 decreased by 5.6% to HK\$277.0 million (2023: HK\$293.5 million). This decline was mainly due to lower rental income obtained for new leases and lease renewals, as well as a slight decrease in the average occupancy rate. The overall occupancy rate of the Group's commercial investment properties in Hong Kong decreased slightly to approximately 90% at 31 December 2024 from 93% at 31 December 2023.

Net income from the Group's commercial office properties in Melbourne, Australia for the year ended 31 December 2024 decreased by 8.7% to HK\$89.1 million (2023: HK\$97.6 million). This decline was attributed mainly to the substantial increase in outgoings for land tax surcharges and lower average occupancy rate, partially offset by the increase in rental during annual reviews. Net income in terms of Australian currency decreased by 7.6%. The overall occupancy rate of the Group's commercial office properties in Melbourne, Australia was reduced to approximately 72% at 31 December 2024 (at 31 December 2023: 85%), primarily due to expirations of leases and a decrease in the tenant's demand for commercial office space.

In response to the tenants' growing demand for high-quality offices with end-of-trip facilities and other amenities, the Group commenced a feasibility study in early 2024 to enhance the building facilities of the Group's commercial office properties in Melbourne, Australia. The primary objective of this study was to sustain the properties' premium-grade status by providing comprehensive amenities that align with the evolving leasing preferences of tenants in the market.

Interest in an Associate

For the year ended 31 December 2024, 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\$25.6 million (2023: HK\$17.5 million). Overall, the Group recorded a share of loss after tax from the associate of HK\$18.4 million (2023: HK\$9.9 million) for the year ended 31 December 2024.

Others

At 31 December 2024, the Group's investment portfolio amounted to HK\$2,208.6 million (2023: HK\$1,872.4 million), which comprised of equity and debt securities, investment funds, strategies managed by professional investment managers, and structured products. During the year ended 31 December 2024, the Group's investment portfolio recorded a gain of HK\$222.5 million (2023: HK\$149.0 million). The Group recorded a net foreign exchange loss of HK\$17.8 million (2023: HK\$1.1 million) in its holdings of foreign currencies.

STAFF

At 31 December 2024, the Group had a total staff of 531 (at 31 December 2023: 533). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund schemes, etc. have not changed materially from the information disclosed in the 2023 annual report. Details of such policies will be published in the 2024 annual report.

2025 OUTLOOK

The Group anticipates that its department stores business will continue to encounter challenges in 2025, primarily due to the ongoing retail downturn, the sluggish property market performance, and geopolitical tensions. The Group's department stores will implement cost-cutting measures and operational optimisations, while revamping its marketing strategy to restore customer loyalty and revenue. The Group's commercial investment properties in Hong Kong and Melbourne, Australia will continue to generate rental income, however the current tenant-driven market and escalated vacancy rate will limit rental growth potential. 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 C1 to the Listing Rules throughout the financial year ended 31 December 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2024, the Company purchased a total of 842,000 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 2024	79,000	12.18	11.86	950
February 2024	6,000	11.90	11.90	71
April 2024	161,000	12.00	11.80	1,908
May 2024	45,000	11.96	11.78	533
June 2024	86,000	12.30	11.66	1,027
July 2024	190,000	11.96	11.70	2,241
September 2024	23,000	11.86	11.80	272
October 2024	45,000	12.18	12.04	547
November 2024	29,000	12.20	12.00	353
December 2024	178,000	11.90	11.70	2,107
	<u>842,000</u>			<u>10,009</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 2024.

ANNUAL GENERAL MEETING

The 2025 Annual General Meeting of the Company will be held on 16 June 2025. The Notice of Annual General Meeting will be published and dispatched on or about 24 April 2025 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2024 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
Kwok Chi Leung Karl
Chairman

Hong Kong, 25 March 2025

At the date of this announcement, the executive directors of the Company are Mr. Kwok Chi Leung Karl (Chairman), Mr. Kwok Chi Hang Lester (Deputy Chairman and Chief Executive Officer), Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat, the independent non-executive directors of the Company are Miss Tam Wai Chu Maria, Mr. Leung Wing Ning and Mr. Nicholas James Debnam, and the alternate directors of the Company are Mr. Kwok Stuart Wing-ching (alternate director to Mr. Kwok Chi Leung Karl), Mr. Kwok Wing Tai Dennis (alternate director to Mr. Kwok Chi Hang Lester), Mr. Kwok Kendrick Wing-kay (alternate director to Dr. Kwok Chi Piu Bill) and Mr. Kwok Gareth Wing-sien (alternate director to Mr. Kwok Chi Yat).