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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The directors of Wing On Company International Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2024:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	3	479,998	530,836
Other revenue	5	76,987	67,973
Other net gain	5	106,678	76,741
Cost of department store sales	6(d)	(122,594)	(145,251)
Cost of property leasing activities	6(b)	(53,166)	(50,185)
Other operating expenses	6(c)	(183,595)	(173,076)
Profit from operations		304,308	307,038
Finance costs	6(a)	(1,792)	(174)
		302,516	306,864
Net valuation (loss)/gain on investment properties		(515,758)	13,791
		(213,242)	320,655
Share of loss of an associate		(12,566)	(6,047)
(Loss)/profit before taxation	6	(225,808)	314,608
Income tax	7	(17,051)	(41,014)
(Loss)/profit for the period		(242,859)	273,594
Attributable to:			
Shareholders of the Company		(239,576)	274,180
Non-controlling interests		(3,283)	(586)
(Loss)/profit for the period		(242,859)	273,594
Basic and diluted (loss)/earnings per share	9(a)	(82.5) cents	94.3 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June			
	2024		2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit for the period		<u>(242,859)</u>		<u>273,594</u>
Other comprehensive income for the period (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		(742)		(3,718)
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		(81,177)	(82,505)	
- share of exchange differences on translation of financial statements of an associate outside Hong Kong		<u>(2,399)</u>	<u>(2,779)</u>	
		<u>(83,576)</u>		<u>(85,284)</u>
Other comprehensive income for the period		<u>(84,318)</u>		<u>(89,002)</u>
Total comprehensive income for the period		<u>(327,177)</u>		<u>184,592</u>
Attributable to:				
Shareholders of the Company		(323,886)		185,062
Non-controlling interests		<u>(3,291)</u>		<u>(470)</u>
Total comprehensive income for the period		<u>(327,177)</u>		<u>184,592</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			At 30 June 2024	At 31 December 2023
	Note		HK\$'000	HK\$'000
Non-current assets				
Investment properties			13,991,164	14,601,720
Other property, plant and equipment			<u>309,940</u>	<u>296,050</u>
			14,301,104	14,897,770
Interest in an associate			315,525	330,490
Other investments			118,895	119,637
Prepayments	10		<u>4,169</u>	<u>19,556</u>
			<u>14,739,693</u>	<u>15,367,453</u>
Current assets				
Trading securities			1,986,313	1,872,390
Inventories			80,237	76,763
Debtors, deposits and prepayments	10		95,860	75,024
Amounts due from fellow subsidiaries			20,618	9,516
Current tax recoverable			13,176	7,808
Other bank deposits			562,923	592,027
Cash and cash equivalents			<u>1,830,487</u>	<u>1,721,409</u>
			<u>4,589,614</u>	<u>4,354,937</u>
Current liabilities				
Creditors and accrued charges	11		512,243	367,289
Contract liabilities			20,335	20,108
Lease liabilities			17,170	16,534
Amounts due to fellow subsidiaries			2,497	2,477
Current tax payable			<u>21,739</u>	<u>9,558</u>
			<u>573,984</u>	<u>415,966</u>
Net current assets			<u>4,015,630</u>	<u>3,938,971</u>
Total assets less current liabilities			<u>18,755,323</u>	<u>19,306,424</u>
Non-current liabilities				
Lease liabilities			28,179	36,855
Long service payment liabilities			2,699	2,699
Deferred tax liabilities			<u>844,854</u>	<u>881,538</u>
			<u>875,732</u>	<u>921,092</u>
Net assets			<u>17,879,591</u>	<u>18,385,332</u>
Capital and reserves				
Share capital			29,004	29,042
Reserves			<u>17,824,376</u>	<u>18,326,788</u>
Total equity attributable to shareholders of the Company			<u>17,853,380</u>	<u>18,355,830</u>
Non-controlling interests			<u>26,211</u>	<u>29,502</u>
Total equity			<u>17,879,591</u>	<u>18,385,332</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	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			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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 the six months ended 30 June 2024											
Loss for the period	-	-	-	-	-	-	(239,576)	(239,576)	(3,283)	(242,859)	
Other comprehensive income for the period	-	-	(742)	(83,568)	-	-	-	(84,310)	(8)	(84,318)	
Total comprehensive income for the period	-	-	(742)	(83,568)	-	-	(239,576)	(323,886)	(3,291)	(327,177)	
Purchase of own shares											
- par value paid	(38)	-	-	-	-	-	-	(38)	-	(38)	
- premium and transaction costs paid	-	-	-	-	-	-	(4,469)	(4,469)	-	(4,469)	
Dividends approved and payable in respect of the previous year	8(b)	-	-	-	-	-	(174,057)	(174,057)	-	(174,057)	
		(38)	-	(742)	(83,568)	-	(418,102)	(502,450)	(3,291)	(505,741)	
At 30 June 2024	29,004	278,710	103,977	(471,957)	754,347	3,111	17,156,188	17,853,380	26,211	17,879,591	
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 the six months ended 30 June 2023											
Profit/(loss) for the period	-	-	-	-	-	-	274,180	274,180	(586)	273,594	
Other comprehensive income for the period	-	-	(3,718)	(85,400)	-	-	-	(89,118)	116	(89,002)	
Total comprehensive income for the period	-	-	(3,718)	(85,400)	-	-	274,180	185,062	(470)	184,592	
Purchase of own shares											
- par value paid	(25)	-	-	-	-	-	-	(25)	-	(25)	
- premium and transaction costs paid	-	-	-	-	-	-	(3,242)	(3,242)	-	(3,242)	
Dividends approved and payable in respect of the previous year	8(b)	-	-	-	-	-	(218,021)	(218,021)	-	(218,021)	
		(25)	-	(3,718)	(85,400)	-	52,917	(36,226)	(470)	(36,696)	
At 30 June 2023	29,068	278,710	108,101	(483,164)	754,347	3,111	17,827,136	18,517,309	31,261	18,548,570	
At 1 July 2023	29,068	278,710	108,101	(483,164)	754,347	3,111	17,827,136	18,517,309	31,261	18,548,570	
Changes in equity for the six months ended 31 December 2023											
Loss for the period	-	-	-	-	-	-	(150,820)	(150,820)	(1,657)	(152,477)	
Other comprehensive income for the period	-	-	(3,382)	94,775	-	-	-	91,393	(102)	91,291	
Total comprehensive income for the period	-	-	(3,382)	94,775	-	-	(150,820)	(59,427)	(1,759)	(61,186)	
Purchase of own shares											
- par value paid	(26)	-	-	-	-	-	-	(26)	-	(26)	
- premium and transaction costs paid	-	-	-	-	-	-	(3,232)	(3,232)	-	(3,232)	
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	(98,794)	(98,794)	-	(98,794)	
		(26)	-	(3,382)	94,775	-	(252,846)	(161,479)	(1,759)	(163,238)	
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 shareholders of the Company at 30 June 2024 include the aggregate net valuation gain relating to investment properties after deferred tax of HK\$11,284,556,000 (at 31 December 2023: HK\$11,776,744,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Operating activities		
(Loss)/profit before taxation	(225,808)	314,608
Adjustments for:		
Net valuation loss/(gain) on investment properties	515,758	(13,791)
Depreciation and amortisation	41,836	46,721
Interest and dividend income	(71,410)	(63,905)
Share of loss of an associate	12,566	6,047
Increase in trading securities	(113,923)	(159,932)
Other cash flows arising from operating activities	(55,985)	(49,798)
Cash generated from operations	<u>103,034</u>	<u>79,950</u>
Tax paid	(27,515)	(26,936)
Net cash generated from operating activities	<u>75,519</u>	<u>53,014</u>
Investing activities		
Payment for purchases of investment properties and other property, plant and equipment	(49,154)	(7,402)
Decrease in other bank deposits	29,104	324,033
Other cash flows arising from investing activities	71,423	59,535
Net cash generated from investing activities	<u>51,373</u>	<u>376,166</u>
Financing activities		
Cash flows arising from financing activities	(14,469)	(13,550)
Net cash used in financing activities	<u>(14,469)</u>	<u>(13,550)</u>
Net increase in cash and cash equivalents	112,423	415,630
Cash and cash equivalents at 1 January	1,721,409	1,562,081
Effect of foreign exchange rate changes	<u>(3,345)</u>	<u>(14,480)</u>
Cash and cash equivalents at 30 June	<u>1,830,487</u>	<u>1,963,231</u>

NOTES TO THE UNAUDITED INTERIM RESULTS

1. Basis of preparation

The interim results set out in this announcement are extracted from the Group's interim financial report for the six months ended 30 June 2024.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2023 are available from the websites of the Company and the Stock Exchange. The auditor has expressed an unqualified opinion on those financial statements in their independent auditor's report dated 27 March 2024.

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 in the interim financial report.

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:

	Six months ended 30 June	
	2024	2023
	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	179,137	215,750
- Net income from concession sales	68,023	77,588
- Net income from consignment sales	25,044	32,940
	272,204	326,278
Property investment (recognised over time)		
- Building management fees and other rental related income	27,652	29,225
Under the scope of HKFRS 16, Leases:		
Property investment		
- Gross rentals from investment properties	180,142	175,333
	479,998	530,836

4. Segment reporting

The Group manages its business by two divisions, namely department stores and property investment. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Department stores: this segment operates department stores in Hong Kong.
- Property investment: this segment leases commercial premises to generate rental income. Currently the Group's investment property portfolio is located in Hong Kong, Australia and the United States of America.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's 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 and contract 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), finance costs 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 periods is set out below.

	Department stores		Property investment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	272,204	326,278	207,794	204,558	479,998	530,836
Inter-segment revenue	-	-	55,390	55,575	55,390	55,575
Reportable segment revenue	272,204	326,278	263,184	260,133	535,388	586,411
Reportable segment profit/(loss)	(27,041)	4,734	192,545	192,163	165,504	196,897
Finance costs	1,792	174	-	-	1,792	174
Depreciation and amortisation	12,984	13,343	28,501	32,938	41,485	46,281
Bad debts written off	-	-	-	1,929	-	1,929
	Department stores		Property investment		Total	
	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	205,972	188,439	14,251,042	14,867,385	14,457,014	15,055,824
Additions to non-current segment assets during the period/year	44,620	72,969	8,962	26,534	53,582	99,503
Reportable segment liabilities	246,661	280,426	101,344	122,707	348,005	403,133

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit		
Reportable segment profit	165,504	196,897
Other revenue	76,987	67,973
Other net gain	106,678	76,741
Finance costs	(1,792)	(174)
Net valuation (loss)/gain on investment properties	(515,758)	13,791
Share of loss of an associate	(12,566)	(6,047)
Unallocated head office and corporate expenses	(44,861)	(34,573)
Consolidated (loss)/profit before taxation	(225,808)	314,608
	At	At
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	14,457,014	15,055,824
Elimination of inter-segment receivables	(3,533)	(3,572)
	14,453,481	15,052,252
Interest in an associate	315,525	330,490
Other investments	118,895	119,637
Trading securities	1,986,313	1,872,390
Current tax recoverable	13,176	7,808
Unallocated head office and corporate assets	2,441,917	2,339,813
Consolidated total assets	19,329,307	19,722,390
Liabilities		
Reportable segment liabilities	348,005	403,133
Elimination of inter-segment payables	(3,533)	(3,572)
	344,472	399,561
Current tax payable	21,739	9,558
Deferred tax liabilities	844,854	881,538
Unallocated head office and corporate liabilities	238,651	46,401
Consolidated total liabilities	1,449,716	1,337,058

5. Other revenue and other net gain

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Other revenue		
Interest income from bank deposits	49,882	43,968
Dividend income from investments in securities	15,619	14,277
Interest income from investments in securities	5,909	5,660
Others	5,577	4,068
	<u>76,987</u>	<u>67,973</u>

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Other net gain		
Net gain on remeasurement to fair value of trading securities	79,129	39,440
Net gain on disposal of		
- trading securities	13,696	16,111
- derivative financial instruments	16,518	20,677
Net foreign exchange (loss)/gain	(2,655)	558
Net loss on disposal of plant and equipment	(10)	(45)
	<u>106,678</u>	<u>76,741</u>

6. (Loss)/profit before taxation

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on lease liabilities	<u>1,792</u>	<u>174</u>
(b) Rentals receivable from investment properties		
Gross income from property investment	(207,794)	(204,558)
Less: direct outgoings	<u>53,166</u>	<u>50,185</u>
	<u>(154,628)</u>	<u>(154,373)</u>
(c) Other operating expenses, include		
Staff costs (excluding directors' emoluments)		
- salaries, wages and other benefits	94,912	87,815
- contributions to defined contribution retirement plans	<u>4,484</u>	<u>4,596</u>
	99,396	92,411
Less: included in cost of property leasing activities	<u>(1,918)</u>	<u>(2,008)</u>
	<u>97,478</u>	<u>90,403</u>
Depreciation		
- owned plant and equipment	5,833	5,226
- right-of-use assets	21,531	22,566
Directors' emoluments	14,663	10,234
Advertising expenses	3,893	3,286
Electricity, water and gas	3,745	4,606
Information technology expenses	3,308	2,066
Government rent and rates	2,574	2,654
Credit card commission	2,422	3,055
Bad debts written off	<u>-</u>	<u>1,929</u>
(d) Other items		
Amortisation on lease incentives	14,472	18,929
Cost of inventories sold	<u>122,594</u>	<u>145,251</u>

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>22,221</u>	<u>23,315</u>
Current tax – Overseas		
Provision for the period	<u>11,990</u>	<u>13,107</u>
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	(20,167)	4,031
- other temporary differences	<u>3,007</u>	<u>561</u>
	<u>(17,160)</u>	<u>4,592</u>
Total income tax expense	<u>17,051</u>	<u>41,014</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the six months ended 30 June 2024, 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 interim period:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend:		
- declared after the interim period	92,812	98,833
- attributable to shares purchased in July, August and September 2023	<u>-</u>	<u>(39)</u>
Interim dividend payable after the interim period of 32 HK cents (2023: 34 HK cents) per share	<u>92,812</u>	<u>98,794</u>

The interim dividend declared 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 payable during the interim period:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Final dividend in respect of the financial year ended 31 December 2023/31 December 2022		
- approved during the interim period	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 payable during the interim period of 60 HK cents (payable 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 interim period	-	174,559
- attributable to shares purchased in May 2023	<u>-</u>	<u>(142)</u>
Special dividend payable during the interim period of nil HK cents (payable during 2023: 60 HK cents) per share	<u><u>-</u></u>	<u><u>174,417</u></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 six months ended 30 June 2024 of HK\$239,576,000 (2023: profit of HK\$274,180,000) divided by the weighted average of 290,252,000 shares (2023: 290,862,000 shares) in issue during the interim period.

There were no dilutive potential shares outstanding throughout the periods 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 period 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 period is reconciled as follows:

	Six months ended 30 June			
	2024		2023	
	HK\$'000	(Loss)/ earnings per share HK cents	HK\$'000	Earnings/ (loss) per share HK cents
(Loss)/profit attributable to shareholders of the Company as shown in the consolidated statement of profit or loss	(239,576)	(82.5)	274,180	94.3
Add/(less): net valuation loss/(gain) on investment properties	515,758	177.7	(13,791)	(4.7)
(Less)/add: (decrease)/increase in deferred tax liabilities in relation to the net valuation (loss)/gain on investment properties	(20,167)	(7.0)	4,031	1.3
	256,015	88.2	264,420	90.9
Less: valuation loss on investment property net of related deferred tax attributable to non-controlling interests	(3,403)	(1.2)	(681)	(0.2)
Underlying profit attributable to shareholders of the Company	252,612	87.0	263,739	90.7

10. Debtors, deposits and prepayments

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Trade debtors, net of loss allowance	16,799	16,782
Other debtors	28,753	23,990
Deposits and prepayments	<u>54,477</u>	<u>53,808</u>
	<u>100,029</u>	<u>94,580</u>
Represented by:		
Non-current portion	4,169	19,556
Current portion	<u>95,860</u>	<u>75,024</u>
	<u>100,029</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:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Current (not past due) or less than one month past due	15,593	15,733
One to three months past due	457	600
More than three months but less than twelve months past due	743	448
More than twelve months past due	<u>6</u>	<u>1</u>
	<u>16,799</u>	<u>16,782</u>

The credit period granted to customers is generally 30 days from the date of billing.

11. Creditors and accrued charges

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Trade and other creditors	467,255	323,239
Accrued charges	<u>44,988</u>	<u>44,050</u>
	<u>512,243</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:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Amounts not yet due	253,350	272,789
On demand or less than one month overdue	211,230	47,503
One to three months overdue	1,881	1,183
Three to twelve months overdue	140	1,079
More than twelve months overdue	<u>654</u>	<u>685</u>
	<u>467,255</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.

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2024, the Group's revenue was HK\$480.0 million (2023: HK\$530.8 million), a decrease of 9.6% due mainly to the decrease in revenue of the Group's department stores.

The Group recorded a loss attributable to shareholders for the six months ended 30 June 2024 of HK\$239.6 million (2023: a profit of HK\$274.2 million), which was due mainly to the valuation loss of HK\$515.8 million on the Group's investment properties for the six months ended 30 June 2024 as compared to the net valuation gain of HK\$13.8 million for the corresponding period in 2023, as well as the loss of HK\$27.0 million from the Group's department stores operation for the six months ended 30 June 2024 as compared to the profit of HK\$4.7 million for the corresponding period in 2023. Excluding the valuation loss on investment properties net of related deferred tax thereon, the Group's underlying profit attributable to shareholders for the six months ended 30 June 2024 slightly decreased by 4.2% to HK\$252.6 million (2023: HK\$263.7 million).

Loss per share was 82.5 HK cents (2023: earnings per share of 94.3 HK cents) per share. Excluding the valuation loss (2023: net valuation gain) on the Group's investment properties net of related deferred tax thereon, the Group's underlying earnings per share for the period was 87.0 HK cents (2023: 90.7 HK cents) per share.

The directors have decided to pay an interim dividend of 32 HK cents (2023: 34 HK cents) per share, absorbing a total amount of HK\$92,812,000 (2023: HK\$98,833,000). The interim dividend will be paid on Friday, 25 October 2024 to shareholders on the Register of Members of the Company on Thursday, 10 October 2024. The Register of Members will be closed from Friday, 4 October 2024 to Thursday, 10 October 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered.

To qualify for the interim dividend, 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 Progressive Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:00 p.m. on Thursday, 3 October 2024.

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2024 was HK\$17,853.4 million, a decrease of 2.7% as compared to HK\$18,355.8 million at 31 December 2023. With cash and listed marketable securities at 30 June 2024 of HK\$3,497.8 million (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 Group Assets

The Group did not have any borrowings at 30 June 2024 and 31 December 2023. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The Group did not have any borrowings at 30 June 2024 and 31 December 2023. The gearing ratio is not applicable at 30 June 2024 and 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 subsidiaries outside Hong Kong of HK\$3,388.7 million at 30 June 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 30 June 2024, the Group's capital commitments amounted to HK\$114.2 million (at 31 December 2023: HK\$57.2 million). The Group had no contingent liabilities at 30 June 2024 and 31 December 2023.

HALF YEAR BUSINESS REVIEW

Department Stores Operation

The Hong Kong retail market remained disappointing and challenging in the first half of 2024. While online sales continued to flourish during the period, the constantly changing shopping habits of residents in Hong Kong and the increase in outbound travel and cross-border consumption adversely affected the local retail sector, resulting in a slump in total retail sales in Hong Kong. The Group's department stores business was not immune to the adverse trend, despite extra promotions with deeper discounts launched to boost sales. Affected by the notable decrease in retail activities, the sales turnover of the department stores dropped during the period under review. The rainy weather encountered during the Group's major sales events held in May and June seriously impacted on the performance of its freestanding department stores on high streets.

For the six months ended 30 June 2024, the Group's department stores recorded a revenue of HK\$272.2 million, representing a decrease of 16.6% when compared to HK\$326.3 million in 2023. Overall, the department stores recorded an operating loss of HK\$27.0 million (2023: a profit of HK\$4.7 million), due mainly to the decrease in revenue.

The Group commenced the renovation of its wing on *Plus* branch store premises on Nathan Road in October 2023 and, during the period under review, has completed the renovation works for three floors. The renovation works for the remaining five floors are expected to be completed in 2025.

Property Investments

For the six months ended 30 June 2024, the Group's property investment income was HK\$192.5 million (2023: HK\$192.2 million). Income from the Group's commercial investment properties in Hong Kong decreased by 4.8% to HK\$143.8 million (2023: HK\$151.1 million) which was mainly due to the lower rentals achieved for new leases and lease renewals and a slight decrease in average occupancy rate. The overall occupancy rate of the Group's commercial investment properties in Hong Kong remained stable at approximately 91% at 30 June 2024 (at 30 June 2023: 93%). Income from the Group's commercial office properties in Melbourne increased by 18.4% to HK\$49.6 million (2023: HK\$41.9 million). The Group wrote-off a total sum of HK\$11.7 million for the irrecoverable rents and landlord's lease incentives relating to an insolvent tenant in 2023, whereas no such write-off happened in 2024. Excluding the write-off item in 2023, income from the Group's commercial office properties in Melbourne decreased by 7.5% which was attributable mainly to the increase in outgoings for land tax charges, partly offset by the increase in rental on annual reviews. Net income in terms of Australian currency increased by 21.1%. The overall occupancy rate of the Group's investment properties in Melbourne was approximately 85% at 30 June 2024 (at 30 June 2023: 85%).

Property Investments (continued)

In response to the tenants' growing demand for high quality offices with end-of-trip facilities and other amenities, during the period the Group commissioned a feasibility study for an upgrade of the building facilities of the Group's commercial properties in Melbourne, aiming to enhance the properties' premium-grade status with ample facilities to meet the leasing requirements of tenants nowadays.

Interest in an Associate

For the six months ended 30 June 2024, the Group recorded a share of loss after tax from the associate's automobile dealership interest in the People's Republic of China of HK\$16.2 million (2023: HK\$9.8 million). Overall, the Group recorded a share of loss after tax from the associate for the six months ended 30 June 2024 of HK\$12.6 million (2023: HK\$6.0 million).

Others

For the six months ended 30 June 2024, the Group recorded a gain of HK\$127.8 million (2023: HK\$93.0 million) from its investment portfolio, which included mainly the unrealised gain due to remeasurement to fair value of trading securities of HK\$79.1 million (2023: HK\$39.4 million). At 30 June 2024, the Group's investment portfolio amounted to HK\$1,986.3 million (at 31 December 2023: HK\$1,872.4 million). The Group recorded a net foreign exchange loss of HK\$2.7 million (2023: a net gain of HK\$0.6 million) from its holdings of foreign currencies.

STAFF

At 30 June 2024, the Group had a total of 523 staff (at 30 June 2023: 543 staff). 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.

OUTLOOK FOR THE REMAINDER OF 2024

The Group expects that its department stores business will remain difficult in the remainder of the year with no end in sight for the unfavourable local retail climate. The Group will continue to take swift measures to monitor and adjust its merchandise selections to meet customer needs, clear off its inventories more aggressively and continue to keep operating expenses in check. The Group's investment properties in Hong Kong and Australia will continue to contribute rental income in line with market conditions, though the local office leasing market will remain challenging. 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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 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 of the Company (the “Directors”) and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the six months ended 30 June 2024, the Company purchased its own shares on the Stock Exchange and cancelled the purchased shares 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
	<u>377,000</u>			<u>4,489</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 six months ended 30 June 2024.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 29 August 2024

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 of the Company are Miss Maria Tam Wai Chu, Mr. Leung Wing Ning and Mr. Nicholas James Debnam.