Website: https://www.wingon.hk

WING ON COMPANY INTERNATIONAL LIMITED
永安國際有限公司

(Incorporated in Bermuda with limited liability)

stock code: 289

永安

Annual Report 2024

WING ON

2024

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

The Board of Directors as now constituted is listed below:

Executive Directors

Mr. Kwok Chi Leung Karl, BBS, MH (Chairman)
Mr. Kwok Chi Hang Lester, J.P. (Deputy Chairman and Chief Executive Officer)
Dr. Kwok Chi Piu Bill, J.P.
Mr. Kwok Chi Yat

Independent Non-executive Directors

Miss Tam Wai Chu Maria, GBM, GBS, J.P.
Mr. Leung Wing Ning
Mr. Nicholas James Debnam

Alternate Directors

Mr. Kwok Stuart Wing-ching
(Alternate Director to Mr. Kwok Chi Leung Karl, appointed on 1 January 2025)
Mr. Kwok Wing Tai Dennis
(Alternate Director to Mr. Kwok Chi Hang Lester, appointed on 1 January 2025)
Mr. Kwok Kendrick Wing-kay
(Alternate Director to Dr. Kwok Chi Piu Bill, appointed on 1 January 2025)
Mr. Kwok Gareth Wing-sien
(Alternate Director to Mr. Kwok Chi Yat, appointed on 1 January 2025)

AUDIT COMMITTEE

Mr. Nicholas James Debnam (Chairman)
Miss Tam Wai Chu Maria
Mr. Leung Wing Ning

REMUNERATION COMMITTEE

Mr. Leung Wing Ning (Chairman)
Mr. Kwok Chi Leung Karl
Mr. Nicholas James Debnam

NOMINATION COMMITTEE

Mr. Leung Wing Ning (Chairman)
Mr. Kwok Chi Leung Karl
Mr. Nicholas James Debnam

CORPORATE INFORMATION
(Continued)

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with the
Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building,
10 Chater Road, Central,
Hong Kong.

COMPANY SECRETARY

Mr. Sin Kar Tim
7th Floor, Wing On Centre,
211 Des Voeux Road Central,
Hong Kong.

REGISTERED OFFICE

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM 10,
Bermuda.

PRINCIPAL OFFICE

7th Floor, Wing On Centre,
211 Des Voeux Road Central,
Hong Kong.
Website: www.wingon.hk

SHARE REGISTRARS

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong.

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX,
Bermuda.

CORPORATE INFORMATION
(Continued)

Biography of Directors

Mr. Kwok Chi Leung Karl, BBS, MH, Executive Director, Chairman of the Board, Member of the Remuneration Committee and the Nomination Committee

He, aged 76, is the Chairman of Wing On International Holdings Limited. He was educated at Carleton College, Minnesota and Wharton School, University of Pennsylvania where he obtained a M.B.A. degree. He was awarded an honorary fellow of City University of Hong Kong and of The Chinese University of Hong Kong in 2008 and 2017 respectively. He was also awarded an honorary L.H.D. from Carleton College in 2018. He joined the Group in 1974 and has been a director of the Company since October 1991. He has more than 40 years' management experience in retail, finance and investment business. He is a member of the Board of Trustees of Chung Chi College of The Chinese University of Hong Kong and vice president of the Sports Federation & Olympic Committee of Hong Kong (a non-governmental organisation). He is an independent non-executive director of Tai Cheung Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited. He is also a director of Wing On Corporate Management (BVI) Limited, Kee Wai Investment Company (BVI) Limited and certain subsidiaries of the Group. He is a brother of Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat, the father of Mr. Kwok Stuart Wing-ching, and uncle of Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien.

Mr. Kwok Chi Hang Lester, J.P., Executive Director, Deputy Chairman of the Board and Chief Executive Officer

He, aged 74, was educated at Stanford University, California where he obtained a B.A. (Economics) degree. He subsequently qualified as a barrister-at-law at Gray's Inn, London in 1975 and practised in London and Hong Kong. He joined the Group in late 1985 and has been a director of the Company since October 1991. He has served as a Steward of The Hong Kong Jockey Club from September 2005 to April 2020 and on numerous statutory appeal/review bodies at various times in the past including the Administrative Appeals Board (2000–2006), Inland Revenue Board of Review (1985–2002), Municipal Services Appeals Board (2000–2002), Town Planning Appeal Board (1994–2001), Securities and Futures Appeals Panel of the Securities and Futures Commission (1989–1995). He has also served on the Wan Chai District Board (1985–1994) and the Consumer Council (1996–1997). He is currently the deputy chairman and managing director of Wing On International Holdings Limited and also a director of Wing On Corporate Management (BVI) Limited, Kee Wai Investment Company (BVI) Limited and certain subsidiaries of the Group. He is a brother of Mr. Kwok Chi Leung Karl, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat, the father of Mr. Kwok Wing Tai Dennis, and uncle of Mr. Kwok Stuart Wing-ching, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien.

Biography of Directors (Continued)

Dr. Kwok Chi Piu Bill, J.P., Executive Director

He, aged 72, was educated at Stanford University, California and the University of Chicago, Illinois where he obtained undergraduate degrees and a Ph.D. respectively. He has been a director of the Company since November 1992. He oversees and manages the investment business of the Group. He is a director of Wocom Holdings Limited, Wing On International Holdings Limited, Wing On Corporate Management (BVI) Limited, Kee Wai Investment Company (BVI) Limited and certain subsidiaries of the Group. He is currently a member of the Hang Seng Index Advisory Committee. He has served as an independent non-executive director of Hong Kong Exchanges and Clearing Limited which is listed on The Stock Exchange of Hong Kong Limited from 2000 to 2017 and the chairman of OTC Clearing Hong Kong Limited, a subsidiary company of the Hong Kong Exchanges and Clearing Limited, from 2015 to 2017. He has served as a non-executive director of HSBC Private Bank (Suisse) SA from 2006 to 2016. He is a past chairman and an honorary fellow of Hong Kong Securities and Investment Institute. He is a brother of Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester and Mr. Kwok Chi Yat, the father of Mr. Kwok Kendrick Wing-kay, and uncle of Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis and Mr. Kwok Gareth Wing-sien.

Mr. Kwok Chi Yat, Executive Director

He, aged 70, was educated at Stanford University, California and the University of Santa Clara where he obtained a B.A. (Economics) degree and an M.B.A. degree respectively. He joined the Group in 1986 and was responsible for the Group's retail operations until mid-2001. He has been a director of the Company since November 1992. He is currently looking after the Group's overseas investments. He was a member of the Executive Committee of the Hong Kong Retail Management Association until 2001. He has served as a member of Law Reform Commission's Sub-committee on Civil Liability for Unsafe Products from 1995 to 1997 and a member of Election Committee of Subsector of Wholesale and Retail for the Legislative Council Elections of the HKSAR in 1997, 2000, 2002 and 2004. He has also served as a member of the Committee for electing deputies from the HKSAR for the 11th, 12th and 13th National People's Congress of the People's Republic of China in 2008, 2012 and 2017. He was a member of the Fish Marketing Advisory Board from 2014 to 2019. He is also a director of Wing On International Holdings Limited, Wing On Corporate Management (BVI) Limited, Kee Wai Investment Company (BVI) Limited and certain subsidiaries of the Group. He is a brother of Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester and Dr. Kwok Chi Piu Bill, the father of Mr. Kwok Gareth Wing-sien, and uncle of Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis and Mr. Kwok Kendrick Wing-kay.

Biography of Directors (Continued)

Miss Tam Wai Chu Maria, GBM, GBS, J.P., Independent Non-executive Director and Member of the Audit Committee

She, aged 79, was educated at London University. She qualified as a barrister-at-law at Gray's Inn, London, and practised in Hong Kong. She was awarded honorary doctorates by the Chinese University of Hong Kong and the Education University of Hong Kong in 1989 and 2024, respectively. She was a member of the Preparatory Committee for the Hong Kong Special Administrative Region of the People's Republic of China and a Hong Kong Affairs Advisor of the Hong Kong and Macao Affairs Office of the State Council of the People's Republic of China. She is currently an independent non-executive director of Sinopec Kantons Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited. She is also a director of Love Foundation Limited and Love • Family Foundation Limited. She is a council member of the Academy of Chinese Studies Limited, an experts panel of Hong Kong Chronicles Institute, and a honorary advisor and member of the Joint Committee for the Promotion of The Constitution and Hong Kong Basic Law. She has served as an independent non-executive director of Nine Dragons Paper (Holdings) Limited which is listed on The Stock Exchange of Hong Kong Limited from 2006 to 2023. She has served as an independent non-executive director of Macau Legend Development Limited which is listed on The Stock Exchange of Hong Kong Limited from 2013 to 2022. She was a member of the Operations Review Committee and the Witness Protection Review Board of the Independent Commission Against Corruption, Hong Kong from 2010 to 2014. She was the chairman of the Operations Review Committee, a member of the Witness Protection Review Board and the ex-officio member of the Advisory Committee on Corruption of the Independent Commission Against Corruption, Hong Kong from 2015 to 2017. She was a deputy to the National People's Congress of the People's Republic of China. She was the deputy director of the HKSAR Basic Law Committee under the Standing Committee of the National People's Congress of the People's Republic of China. She is also a member of various community services organisations. She was appointed as an Independent Non-executive Director of the Company in January 1994.

Mr. Leung Wing Ning, Independent Non-executive Director, Member of the Audit Committee, Chairman of the Remuneration Committee and the Nomination Committee

He, aged 77, was educated at Stanford University, California and New York University, New York where he obtained a B.S. (Mechanical Engineering) and an M.B.A. degree respectively. He has over 30 years' experience in senior management positions in international trades and in banking and finance. He retired from Hang Sang Bank Limited in 2007. He has served as an independent non-executive director of Winfoong International Limited which is listed on The Stock Exchange of Hong Kong Limited from 2009 to 2015. He was appointed as an Independent Non-executive Director of the Company in January 2010.

Biography of Directors (Continued)

Mr. Nicholas James Debnam, Independent Non-executive Director, Chairman of the Audit Committee, and Member of the Remuneration Committee and the Nomination Committee

He, aged 60, has a degree in Physics from Imperial College, London. He qualified as a Chartered Accountant in the United Kingdom. He was an audit partner with KPMG for 20 years, from 1997 until his retirement in March 2017. Prior to his retirement, in addition to his role as an audit partner, he also led the Consumer Markets practice for KPMG in Asia. He is currently an independent non-executive director of Tai Ping Carpets International Limited which is listed on The Stock Exchange of Hong Kong Limited since 2022. Mr. Debnam is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants of England and Wales. He was appointed as an Independent Non-executive Director of the Company in April 2018.

Mr. Kwok Stuart Wing-ching (Alternate Director to Mr. Kwok Chi Leung Karl)

He, aged 45, joined the Group in January 2017. He was educated at Cornell University, New York and Stanford University, California where he obtained a B.A. (Economics, Government) degree and an M.B.A. degree respectively. He is the head of Investment Division and portfolio manager as well as the Assistant General Manager of The Wing On Company Limited, and a director of Wing On Corporate Management (BVI) Limited. He is responsible for managing the Group's investment business. Prior to joining the Group, he had 15 years' experience in the financial services industry, with positions in investment banking and investment management. Mr. Kwok Stuart Wing-ching is the son of Mr. Kwok Chi Leung Karl and nephew of Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat. Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien are cousins.

Mr. Kwok Wing Tai Dennis (Alternate Director to Mr. Kwok Chi Hang Lester)

He, aged 46, joined the Group in June 2008. He was educated at The Hong Kong Polytechnic University where he obtained a B.A. (Travel Industry Management) degree. He is the Assistant General Manager of The Wing On Company Limited and a director of Wing On Corporate Management (BVI) Limited. He is responsible for the merchandising matters of the retail division. Prior to joining the Group, he worked in the hospitality industry in Hong Kong with a focus on the hotel management sector. Mr. Kwok Wing Tai Dennis is the son of Mr. Kwok Chi Hang Lester and nephew of Mr. Kwok Chi Leung Karl, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat. Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien are cousins.

Biography of Directors (Continued)

Mr. Kwok Kendrick Wing-kay (Alternate Director to Dr. Kwok Chi Piu Bill)

He, aged 43, joined the Group in August 2014. He was educated at Stanford University, California where he obtained a B.A. (History) degree. He is the Assistant General Manager of The Wing On Company Limited and a director of Wing On Corporate Management (BVI) Limited, Wing On Computer Systems Limited and Choice Properties Management Pty Limited. He is responsible for the Group's information technology matters and development. Prior to joining the Group, he worked in a professional accounting firm. He is a Fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok Kendrick Wing-kay is the son of Dr. Kwok Chi Piu Bill and nephew of Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester and Mr. Kwok Chi Yat. Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien are cousins.

Mr. Kwok Gareth Wing-sien (Alternate Director to Mr. Kwok Chi Yat)

He, aged 43, joined the Group in September 2008. He was educated at Golden Gate University where he obtained a B.Sc. (Business Administration) degree. He also obtained a Le Cordon Bleu Grand Diploma at the California Culinary Academy. He is the Assistant General Manager of The Wing On Company Limited and a director of Wing On Corporate Management (BVI) Limited. He is responsible for the merchandising matters of the retail division. Prior to joining the Group, he worked for a number of years in hospitality culinary arts in California. Mr. Kwok Gareth Wing-sien is the son of Mr. Kwok Chi Yat, nephew of Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester and Dr. Kwok Chi Piu Bill. Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien are cousins.

Biography of senior managers

Mr. Chan Lap Shun Benny

He, aged 66, is the managing director of The Wing On Department Stores (Hong Kong) Limited with full responsibility for the Group's retail department store operations. He also looks after the Group's overseas investment projects acting as the general manager in charge. He is also a director of The Wing On Department Stores (Hong Kong) Limited and certain subsidiaries of the Group. He was educated at The Hong Kong Polytechnic University where he obtained a B.A. (Hons.) degree. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1992.

Mr. Sin Kar Tim

He, aged 68, is the chief accountant and company secretary. He is responsible for the Group's administration, accounting and finance matters. He is also a director of The Wing On Department Stores (Hong Kong) Limited and certain subsidiaries of the Group. He has served as an independent non-executive director of Human Health Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited from 2016 to 2024. He was educated at The Chinese University of Hong Kong where he obtained a B.B.A. degree. He is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. He is also a fellow of the Hong Kong Institute of Directors. He joined the Group in 1980.

Wing On Department Stores

Main Store	:	211 Des Voeux Road Central, Hong Kong	Tel: 2852 1888
wing on *Plus*	:	345 Nathan Road, Kowloon	Tel: 2710 6288
Tsimshatsui East Store	:	Wing On Plaza, 62 Mody Road, Kowloon	Tel: 2196 1388

CHAIRMAN'S STATEMENT

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.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

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$3,151.4 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.

2024 BUSINESS SUMMARY (Continued)

Department Stores Operation (Continued)

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.

2024 BUSINESS SUMMARY (Continued)

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 staff costs (excluding directors' remuneration) amounted to HK$197.2 million in 2024 (2023: HK$188.0 million). The Group provides employee benefits such as staff insurance, staff discount on purchases, the Mandatory Provident Fund ("MPF") Scheme and MPF exempted defined contribution retirement schemes. Discretionary management bonuses are also granted to senior managers.

In addition to basic salaries, the Group's retail division provides sales incentive gratuities to sales operation staff in order to motivate their sales efforts. The Group's retail division also formulates and launches in-house training programmes for various levels of staff to maintain and upgrade service quality and managerial capacities. The Group also provides external training sponsorship and tuition assistance.

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.

On behalf of the Board, I would like to thank our management and staff for their efforts in 2024 and our shareholders for their continuous support.

Kwok Chi Leung Karl
Chairman

Hong Kong, 25 March 2025

REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group are the operation of department stores and property investment. The analyses of the Group's revenue and profit from operations by segment and geographic information respectively are set out in Note 3 to the financial statements on pages 78 to 82.

RESULTS AND DIVIDEND

The loss of the Group for the year ended 31 December 2024 and the state of the Company's and the Group's affairs at that date are set out in the financial statements on pages 50 to 139.

An interim dividend of 32 HK cents (2023: 34 HK cents) per share was paid on 25 October 2024. The directors now recommend that a final dividend of 53 HK cents (2023: 60 HK cents) per share in respect of the year ended 31 December 2024 (subject to the shareholders' approval) be payable to shareholders on the register of members of the Company on Friday, 27 June 2025. Dividend warrants will be sent to shareholders on Monday, 14 July 2025.

Time for closure of the register of members of the Company and the latest time for transfers of shares to be dealt with in order to qualify for the final dividend for the year ended 31 December 2024 are set out in the notes to the Notice of Annual General Meeting.

DIVIDEND POLICY

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 and will review this practice when considered necessary.

BUSINESS REVIEW

The core businesses of the Group comprise of the operation of department stores business and property investment. At 31 December 2024, about 74.2% (at 31 December 2023: 74.0%) of the Group's non-current assets is located in Hong Kong. Hence the performance of the Group's core businesses links closely with the performance of the Hong Kong economy.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties facing the Group

The sustainability of the Group's department stores business relies on the continuing prosperity of the Hong Kong economy and the positive spending sentiment of its customers, as well as the ability of the Group's department stores to adapt to its customers' changing shopping behaviours and preferences. Any severe and prolonged economic downturn in Hong Kong might affect consumer confidence and spending, and result in a significant or substantial decrease in revenue of the Group's department stores business. Further, the Group's department stores operation may face an aging workforce in respect of its frontline staff which may result in disruptions to its operation and to deliver quality service to its customers.

In addition to the economic environment, the major risk and uncertainty facing the Group's investment properties include loss of major tenants and competition among landlords. The Group's ability to fully meet tenants' expectation on building infrastructure and facilities support might also affect the Group's market competitiveness, and thus profitability in its property investment business. Furthermore, any significant decrease in the annual valuation of the Group's investment properties will adversely affect the profit and net asset value of the Group.

In particular, the performance of the Group's investment properties in Melbourne, Australia will be affected by the strength or weakness of the Australian dollar which will have an impact on the rental income and net asset value of these investment properties when these figures are translated into Hong Kong dollar for reporting purposes. The Group's financial, sales, merchandising and enterprise resource planning systems are operating on its own IT systems infrastructure. Therefore, all these systems are exposed to the risk of external cyber threat and leakage of information by unauthorised access to the systems.

Details about the Group's financial risk management are set out in Note 25 to the financial statements on pages 121 to 132.

Department Stores Operation

At 31 December 2024, the Group operated three (at 31 December 2023: three) department stores in Hong Kong with a total sales floor area of approximately 309,000 (at 31 December 2023: 309,000) square feet.

The Hong Kong retail sector has taken longer than anticipated to recover as persistent economic challenges and shifting consumer preferences weighed heavily on local consumption. 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 adversely affected the local retail environment. Consequently, the value of total retail sales in Hong Kong declined by 7.3% in 2024 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 as well as department stores experienced double-digit percentage sales decreases.

BUSINESS REVIEW (Continued)

Department Stores Operation (Continued)

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, while frequently updating the store visual merchandise displays and bringing in new merchandise to enhance the stores' appeal and competitiveness. Despite these efforts, 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.

As a result of the changed consumption patterns of Hong Kong residents, the times during which they patronise traditional shopping districts such as Yaumatei and Tsimshatsui has been significantly reduced, thereby negatively impacting the sales of all high street stores within these areas. The Group's department stores are all standalone stores situated on high streets and, consequently, were not immune to this impact. All merchandise categories recorded sales and gross profit declines in varying degrees, and income from concession and consignment counters also decreased due to sales declines and the closure of counters.

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, while each of the Main Store, wing on *Plus* branch store and Tsimshatsui East branch store recorded a decrease in revenue of 13.1%, 17.5% and 12.7%, respectively. The Group also achieved an overall gross profit margin of 53.4% (2023: 55.0%) in 2024. Operating costs slightly decreased by 1.2% to HK$350.0 million (2023: HK$354.4 million) due mainly to the decrease in occupancy costs. As a result, the Group's department stores recorded an operating loss of HK$60.0 million (2023: HK$2.8 million) for the year ended 31 December 2024.

Except for the premises of wing on *Plus* branch store, which are jointly owned by the Group and the Group's fellow subsidiary in the proportion of 64.37% and 35.63% respectively, all other store premises and the warehouse currently occupied by the Group's department stores operation are properties wholly owned by the Group. During the year ended 31 December 2024, a total rent of HK$103.9 million (2023: HK$111.0 million) was charged for these properties. With most of the department store premises leased from the Group, the directors believe that the department stores operation will be spared from the volatile leasing market. At the same time, the capital value of the Group's investment property portfolio will be maintained.

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.

BUSINESS REVIEW (Continued)

Property Investment

For 2024, the Group's gross property investment income decreased by 3.8% to HK$507.5 million (2023: HK$527.8 million), whereas its operating costs increased by 3.2% to HK$144.0 million (2023: HK$139.6 million). Accordingly, the Group's property investment income decreased by 6.4% to HK$363.5 million (2023: HK$388.2 million).

At 31 December 2024 and excluding the areas occupied by the Group's business operations, the Group's Hong Kong investment property portfolio has a gross floor area of approximately 610,000 (at 31 December 2023: 610,000) square feet. During 2024, the Group achieved a total gross rental income of HK$282.9 million (2023: HK$301.9 million) from its investment properties in Hong Kong. The average monthly basic rent achieved during 2024 was around HK$49 (2023: HK$50) per square feet. The average occupancy rate for 2024, excluding the areas occupied by the Group's business operations, was 85% (2023: 89%). This decline in rental income 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 decreased to 84% at 31 December 2024 (at 31 December 2023: 88%), excluding the areas occupied by the Group's business operations.

The appraised value of the Group's Hong Kong investment property portfolio was HK$9,503.1 million at 31 December 2024 (at 31 December 2023: HK$10,779.1 million).

In 2024, the Group incurred HK$90.4 million in capital expenditures, including mainly renovation works at the wing on *Plus* branch store premises of HK$66.8 million, and the replacement of chiller plant at Wing On Centre of HK$6.0 million.

At 31 December 2024, the Group's investment properties located in Melbourne, Australia, have a total gross floor area of approximately 639,000 (at 31 December 2023: 639,000) square feet. During 2024, the Group achieved a total gross rental income of A$22.9 million (2023: A$21.5 million) from its investment properties in Melbourne, Australia. This increase in rental income of 6.5% in 2024 was primarily attributed to the increase in rental during annual reviews, despite a decrease in average occupancy rate to 81% for 2024 from 84% for 2023. The overall occupancy rate was 72% at 31 December 2024 (at 31 December 2023: 85%).

The appraised value of the Group's investment property portfolio in Melbourne, Australia was A$676.4 million (HK$3,254.4 million) at 31 December 2024, a decrease of 1.6% compared with the appraised value of A$687.4 million (HK$3,658.2 million) at 31 December 2023 in terms of Australian dollar (a decrease of 11.0% in terms of Hong Kong dollar).

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 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.

BUSINESS REVIEW (Continued)

Property Investment (Continued)

At 31 December 2024, the Group's non-core investment property located in Houston, United States of America (the "US"), has a gross floor area of approximately 116,000 (at 31 December 2023: 116,000) square feet. During 2024, the Group achieved a total gross rental income of US$0.4 million (2023: US$0.4 million) from its investment property in Houston, US. In 2024, the average occupancy rate was 32% (2023: 29%). The occupancy rate was 32% at 31 December 2024 (at 31 December 2023: 29%).

The occupancy rate of the property has stayed low for several years which was primarily due to the ageing building facilities and the weak demand for commercial office spaces in the area. The Group is reviewing the available options for this non-core property in maximising its value.

The appraised value of the Group's investment property portfolio in Houston, US was US$15.0 million (HK$116.3 million) at 31 December 2024, a decrease of 28.9% compared with the appraised value of US$21.1 million (HK$164.4 million) at 31 December 2023 in terms of United States dollar (a decrease of 29.3% in terms of Hong Kong dollar).

Other Investments

During the year under review, the Group continued to maintain a strong financial position with ample surplus cash to facilitate current and future business activities. The Group utilised a portion of the cash balance for investment purposes, by maintaining a balanced and diversified portfolio consisting primarily of liquid investment holdings across various asset classes. The portfolio consisted of equity and debt securities, investment funds, strategies managed by professional investment managers, and derivative financial instruments. The portfolio had been prudently and actively managed, adhering to well-defined risk management parameters. The investment team reported regularly to the Investment Committee, which comprised certain members of the senior management and the Board.

Global financial markets performed well in 2024. In the first three quarters of the year, major equity markets rose steadily, driven by resilient economic growth and benign inflationary conditions. With inflation easing closer to policy targets, major central banks changed course and progressively lowered interest rates, with the US Fed cutting 100 basis points by the end of the year. Markets turned more volatile in the fourth quarter and retreated from their highs, as investors began to anticipate the broad changes coming from the new US administration. Throughout the year, investor optimism around the artificial intelligence (AI) boom fuelled strong gains across the tech sector and into areas supporting the infrastructure required to meet this growing demand. Meanwhile, in Mainland China and Hong Kong, investor confidence improved in the third quarter, amid a series of monetary and fiscal policy measures intended to stimulate the economy and equity market.

BUSINESS REVIEW (Continued)

Other Investments (Continued)

Under such environment, the Group's investment portfolio experienced volatility and recorded solid gains as well. Portfolio diversification across both US and China/Hong Kong equities positioned the portfolio to perform on both sides, backed by different drivers of investment returns. Notably, the portfolio's above-average weighting to China/Hong Kong has proven favourable, as the use of listed options and derivative products was dynamically adjusted to support a more constructive view. The allocation to fixed income benefited from stable interest income and capital gains due to the deployment of bonds when yields were higher. The allocation to alternatives (hedge funds and private credit) provided uncorrelated returns during periods of volatility.

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), with positive contribution from most investment strategies and slightly negative contribution from equities in few selected markets.

Compliance with Laws and Regulations

The Group has ensured and continues to ensure full compliance with relevant laws and regulations that have significant impact on its operations, including but not limited to laws and regulations in relation to product safety and liabilities, customer rights protection, employment and occupational safety and laws and regulations relating to property leasing and property management.

The management monitors the impact for any changes in the relevant laws and regulations from time to time and seek external advice if considered necessary.

Key Relationships with Employees, Customers and Suppliers

The Group recognises the importance of maintaining good relationships with its employees, customers and suppliers to ensure the long-term success of the Group and maintain steady earnings growth.

Please refer to the section headed "Staff" in the Chairman's Statement on page 13 for more information in relation to the Group's measures to maintain good relationships with its employees.

The Group believes that effective communication plays an important role in maintaining stable and solid relationships with its suppliers. Regular communication channels are established between the Group and its suppliers for accessing up-to-date merchandise information, facilitating various promotional events and sharing feedback on supply chain coordination.

BUSINESS REVIEW (Continued)

Key Relationships with Employees, Customers and Suppliers (Continued)

In addition, building sustainable and long-term relationships with tenants is important to the rental income of the Group's property investment business. The Group strives to provide tenants with quality services and has engaged reputable professional property management companies to provide such services to its tenants.

Environmental, Social and Governance ("ESG") Practices

The Board has overall responsibility for ESG strategy and reporting and has approved an ESG policy. An ESG committee comprised of management from various departments was formed with approved terms of reference to assist the Board to fulfil its responsibility for ESG-related matters. Through meetings and discussions amongst the management team, various policies and guidelines were set to address the ESG-related matters aiming to reduce carbon dioxide emissions and improve the benefits and work place conditions for staff. Internal seminars have been conducted for staff to enhance their awareness of environmental sustainability. Certain improvement measures have also been implemented during the year. Further discussion on the Group's core values, ESG-related policies and performance, key relationships with its major stakeholders and compliance with relevant laws and regulations which have significant impact on the Group is set out in the Company's ESG Report 2024, which is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and of the Company on 24 April 2025.

Please refer to the sections headed "Business Strategy" and "2025 Outlook" in the Chairman's Statement on page 10 and page 13, respectively, for the likely future developments of the Group's businesses.

Please also refer to the Corporate Governance Report on pages 27 to 40 and the Chairman's Statement on pages 9 to 13 for further business summary and information on financial position.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 43.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$34,000 (2023: HK$74,000).

SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's principal subsidiaries and associate are set out on pages 136 to 139.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the bye-law 178 of the Company's bye-laws (the "Bye-Laws") and subject to the statutes, the directors of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain in or about the execution of their duty or supposed duty in their respective offices. The Company has taken out and maintained directors and officers liability insurance throughout the year, which provides cover for the directors of the Company and its subsidiaries.

INVESTMENT PROPERTIES

Details of the Group's investment properties are set out on page 44.

BORROWINGS

Particulars of borrowings of the Group at 31 December 2024 are set out in Note 21 to the financial statements on page 112. The Group did not have any borrowings at 31 December 2023.

RESERVES

Details of the Group's reserves are set out in Note 24 to the financial statements on pages 115 to 120.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers and the five largest suppliers of the Group accounted for less than 30% of the Group's revenue and purchases respectively in 2024.

DEFINED CONTRIBUTION RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The Group operates a Mandatory Provident Fund ("MPF") Scheme and a number of MPF exempted defined contribution retirement plans under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment if the eligibility criteria are met. Particulars of these post-employment benefits are set out in Note 10 to the financial statements on pages 91 to 92.

DIRECTORS

The directors during the financial year and up to the date of this report were:

Mr. Kwok Chi Leung Karl, BBS, MH (Chairman)
Mr. Kwok Chi Hang Lester, J.P. (Deputy Chairman and Chief Executive Officer)
Dr. Kwok Chi Piu Bill, J.P. (executive director)
Mr. Kwok Chi Yat (executive director)
Miss Tam Wai Chu Maria, GBM, GBS, J.P. (independent non-executive director)
Mr. Leung Wing Ning (independent non-executive director)
Mr. Nicholas James Debnam (independent non-executive director)
Mr. Kwok Stuart Wing-ching (alternate director to Mr. Kwok Chi Leung Karl, appointed on 1 January 2025)
Mr. Kwok Wing Tai Dennis (alternate director to Mr. Kwok Chi Hang Lester, appointed on 1 January 2025)
Mr. Kwok Kendrick Wing-kay (alternate director to Dr. Kwok Chi Piu Bill, appointed on 1 January 2025)
Mr. Kwok Gareth Wing-sien (alternate director to Mr. Kwok Chi Yat, appointed on 1 January 2025)

Dr. Kwok Chi Piu Bill and Mr. Leung Wing Ning shall retire from the Board at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election. Dr. Kwok Chi Piu Bill and Mr. Leung Wing Ning will be proposed to be re-elected for a fixed term of three years until the 2028 Annual General Meeting.

CHANGE OF DIRECTORS AND DIRECTORS' INFORMATION

With effect from 1 January 2025, Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien were appointed as alternate directors to Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat respectively. Further details have been set out in the announcement of the Company dated 27 December 2024.

Save as disclosed above, there is no other change in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGERS

Brief biographical details in respect of directors of the Company and senior managers of the Group are set out on pages 3 to 8.

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of directors' emoluments, five highest paid individuals' emoluments and staff costs are set out in Notes 7, 8 and 5(c), respectively, to the financial statements on pages 87 to 88, 89 and 84.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the connected transaction and continuing connected transactions and related party transactions are set out in "Connected Transaction and Continuing Connected Transactions" on pages 41 to 42 and in Note 27 to the financial statements on pages 132 to 133, respectively.

Save for the above, no transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or an entity connected with a director had a material interest either directly or indirectly subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

There is no service contract with any director which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2024, the interests and short positions of the directors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO were as follows:

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(a) The Company

Name of director	Number of ordinary shares held Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests	Total interests	Total interests as a % of the issued voting shares
Kwok Chi Leung Karl	480,620	–	–	–	480,620	0.166
Kwok Chi Hang Lester	649,050	–	–	–	649,050	0.224
Kwok Chi Piu Bill	958,298	295,000	255,000 (Note 1)	–	1,508,298	0.521
Kwok Chi Yat	556,910	–	10,000 (Note 2)	–	566,910	0.196
Leung Wing Ning	10,000	–	–	–	10,000	0.003
Nicholas James Debnam	15,000	–	–	–	15,000	0.005

Notes:

1. Dr. Kwok Chi Piu Bill is entitled to control not less than one-third of the voting power at general meetings of a private company which beneficially owns 255,000 ordinary shares in the Company.

2. Mr. Kwok Chi Yat is entitled to control not less than one-third of the voting power at general meetings of a private company which beneficially owns 10,000 ordinary shares in the Company.

(b) Kee Wai Investment Company (BVI) Limited

Name of director	Number of ordinary shares held Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests	Total interests	Total interests as a % of the issued voting shares
Kwok Chi Leung Karl	14,250	–	–	–	14,250	25
Kwok Chi Hang Lester	14,250	–	–	–	14,250	25
Kwok Chi Piu Bill	14,250	–	–	–	14,250	25
Kwok Chi Yat	14,250	–	–	–	14,250	25

Note: The above directors together control 100% of the voting rights in Kee Wai Investment Company (BVI) Limited.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(c) The Wing On Fire & Marine (2011) Limited

Name of director	Number of ordinary shares held: Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Corporate interests (interests of controlled corporation)	Other interests	Total interests	Total interests as a % of the issued voting shares
Kwok Chi Leung Karl	324	–	–	–	324	0.017
Kwok Chi Hang Lester	216	–	–	–	216	0.012
Kwok Chi Piu Bill	216	–	–	–	216	0.012
Kwok Chi Yat	216	–	–	–	216	0.012

In addition to the above, certain directors hold shares in a subsidiary on trust and as nominee for its intermediary holding company.

Save as disclosed herein, none of the directors nor the chief executive officer of the Company or any of their spouses or children under eighteen years of age has any interests or short positions in any shares, underlying shares and debentures of the Company and/or any of its associated corporation (as defined above) which are required to be notified to the Company and the Stock Exchange pursuant to section 347 of the SFO or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2024, according to the information available to the Company, the following companies were interested in 5% or more of the issued share capital of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name		Number of ordinary shares held	Total interests as a % of the issued voting shares
(i)	Wing On International Holdings Limited	180,545,138	62.349
(ii)	Wing On Corporate Management (BVI) Limited	180,545,138	62.349
(iii)	Kee Wai Investment Company (BVI) Limited	180,545,138	62.349

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against party (i) above are entirely duplicated in the relevant shareholdings stated against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii). All of the abovenamed parties are deemed to be interested in the relevant shareholdings under the SFO.

SUFFICIENCY OF PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the directors of the Company at the date of this report, the percentage of the Company's shares which are in the hands of public exceeds 25% of the Company's total number of issued shares.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY' S SHARES

Details of the purchase of own shares by the Company during the year are set out in Note 24(d) to the financial statements on page 118. The purchases were made for the purpose of enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed in Note 24(d) to the financial statements on page 118, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-Laws although there is no restriction against such rights under Bermuda Law.

AUDITOR

A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board
Kwok Chi Leung Karl
Chairman

Hong Kong, 25 March 2025

CORPORATE GOVERNANCE

The Company and its board of directors (the "Board") are committed to achieving and maintaining a high standard of corporate governance. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (collectively, the "Group") to manage business risks, enhance transparency, maintain high standards of accountability and protect shareholders' interest in general. Throughout the year ended 31 December 2024, the Company applied the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") to its corporate structure and practices as described in this report and on the Company's website. The Company has also complied with all applicable code provisions in the CG Code throughout the 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 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 year ended 31 December 2024.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, including: (i) the chairman of the Board (the "Chairman") (who is also an executive Director); (ii) the deputy chairman of the Board (the "Deputy Chairman") (who is also the Company's chief executive officer (the "Chief Executive Officer") and an executive Director); (iii) two executive Directors; and (iv) three independent non-executive Directors. The names and biographies of the Directors and relationships between members of the Board are set out on pages 3 to 7.

With effect from 1 January 2025, Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien were appointed as Alternate Directors to Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat respectively. On 24 December 2024, each of these Alternate Directors had obtained the legal advice referred to in Rule 3.09D of the Listing Rules and confirmed that he understood his obligations as a director of a listed issuer.

Mr. Kwok Chi Leung Karl (Chairman), Mr. Kwok Chi Hang Lester (Deputy Chairman and Chief Executive Officer), Dr. Kwok Chi Piu Bill (executive Director) and Mr. Kwok Chi Yat (executive Director) are brothers. Mr. Kwok Stuart Wing-ching, Mr. Kwok Wing Tai Dennis, Mr. Kwok Kendrick Wing-kay and Mr. Kwok Gareth Wing-sien are: (i) the son of Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat respectively; and (ii) cousins. Save as disclosed above, there was no relationship among the other members of the Board, including financial, business, family or other material/relevant relationship.

BOARD OF DIRECTORS (Continued)

Save as disclosed above, there were no new Directors appointed to the Board during the year ended 31 December 2024 and up to the date of this report.

Independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and the Stock Exchange.

The Board meets regularly to review and approve the financial statements, including the quarterly, half-yearly and annual financial statements, of the Group. Seven Board meetings, convened by due notice together with agenda and accompanying Board papers to all Directors, were held during the year ended 31 December 2024. The attendance of each Director at the Board meetings and annual general meeting ("AGM") during the year ended 31 December 2024 is set out in the table below:

	Board meetings attended/held	AGM attended/held
Executive Directors		
Mr. Kwok Chi Leung Karl (Chairman)	7/7	1/1
Mr. Kwok Chi Hang Lester (Deputy Chairman and Chief Executive Officer)	7/7	1/1
Dr. Kwok Chi Piu Bill	7/7	1/1
Mr. Kwok Chi Yat	6/7	1/1
Independent non-executive Directors		
Miss Tam Wai Chu Maria	7/7	1/1
Mr. Leung Wing Ning	7/7	1/1
Mr. Nicholas James Debnam	7/7	1/1

The 2024 AGM was held on 13 June 2024, where all Directors, including the Chairman of the Board, the chairman of each of the remuneration committee of the Company (the "Remuneration Committee"), the nomination committee of the Company (the "Nomination Committee") and the audit committee of the Company (the "Audit Committee") and the external auditor of the Company, attended the 2024 AGM to answer questions raised by shareholders of the Company (the "Shareholders"). There was no other general meeting held during the year ended 31 December 2024. AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. Currently, pursuant to the Company's bye-laws (the "Bye-Laws"), an AGM shall be called by at least 21 days' notice in writing, and a general meeting of the Company other than an AGM (including a general meeting for the passing of a special resolution) shall be called by at least 14 days' notice in writing. Voting results are posted on the Stock Exchange's website and the Company's website on the day of an AGM.

All Directors well understand their roles, responsibilities and obligations as stated in the Company's Corporate Governance Code (the "Company's Code").

BOARD OF DIRECTORS (Continued)

The Directors acknowledge their responsibility for preparing financial statements which give a true and fair view of the state of affairs of the Group. The Directors, having made appropriate enquiries, confirm that there are no material uncertainties relating to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out on pages 45 to 49 in the independent auditor's report for the year ended 31 December 2024.

The Board is responsible for determining the overall business strategies, policies and plans of the Group. Further, the Board establishes the Company's purpose, values and strategy, and satisfies itself that these and the Company's culture are aligned. Details of the Company's culture, purpose and core values are set out in the Environmental, Social and Governance ("ESG") Report separately published by the Company. The Board directly, and indirectly through its committees, leads and gives directions to management. Management has an obligation to provide the Board and its committees with adequate information and is accountable to the Board, who is in turn accountable to the Shareholders. All major and significant acquisitions, disposals, capital transactions and investments are subject to the approval of the Board. The Group's senior management is delegated with the day-to-day running and operational matters of the Group's businesses, and is responsible for the formulation of business plans for the Board's review and approval.

The Board considers the independent non-executive Directors to be independent pursuant to the factors enumerated in Rule 3.13 of the Listing Rules.

From the date of each of their appointments to the Board up to and including the year ended 31 December 2024, each independent non-executive Director has given the Company an annual confirmation of independence considering the factors set out in Rule 3.13 of the Listing Rules.

Corporate Governance Functions

The Board is responsible for performing corporate governance duties including the following:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Company's Code and disclosure in its corporate governance report (the "Corporate Governance Report").

BOARD OF DIRECTORS (Continued)

Corporate Governance Functions (Continued)

Under the Company's Code, the Board may delegate its responsibility for performing corporate governance duties to the Board committee(s). During the year ended 31 December 2024, the Board has, on its own and through the Remuneration Committee, Nomination Committee and Audit Committee fulfilled the above corporate governance duties. During the year ended 31 December 2024, the Board reviewed and monitored the Company's corporate governance policies and practices to ensure compliance with the CG Code and related Listing Rules, and to align with the latest regulatory developments.

The Remuneration Committee made recommendations to the Board on the Company's policy and the remuneration structure of all Directors and senior management. The Nomination Committee assisted the Board to review and monitor the training and continuous professional development of Directors and senior management. The Audit Committee assisted the Board to review the Company's compliance with the Company's Code and disclosures in the Corporate Governance Report. The Board endorsed the annual Corporate Governance Report. Linked to its corporate governance function, the Board is responsible for overseeing matters relating to ESG. An ESG committee, comprised of department heads, was formed with approved terms of reference to assist the Board to manage all ESG-related matters.

Directors' Training

During the year ended 31 December 2024, the Company organised one in-house seminar to update the Directors on the new amendments to the CG Code and relevant Listing Rules. The Company also encourages the Directors to attend relevant seminars, conferences, forums and webinars to develop and refresh their knowledge and skills. The Company's company secretary (the "Company Secretary") also provides the Directors with relevant reading materials from time to time.

During the year ended 31 December 2024, a summary of training received by the Directors according to the records they provided is as follows:

	Type of training
Executive Directors	
Mr. Kwok Chi Leung Karl	A, B, C
Mr. Kwok Chi Hang Lester	A, B, C
Dr. Kwok Chi Piu Bill	A, B, C
Mr. Kwok Chi Yat	A, B, C
Independent non-executive Directors	
Miss Tam Wai Chu Maria	A, B, C
Mr. Leung Wing Ning	A, B, C
Mr. Nicholas James Debnam	A, B, C

(A) In-house seminars
(B) External seminars and/or conferences and/or forums and/or webinars
(C) Reading materials

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are segregated and are not exercised by the same individual, and are clearly defined in the Company's Code.

Amongst his other duties, in his role as the Chairman, Mr. Kwok Chi Leung Karl, is responsible for ensuring that all Directors are properly briefed on issues arising at the Board meetings, that all Directors receive adequate and accurate information in a timely manner, and for providing leadership for the Board. The Chairman is also responsible for ensuring that good corporate governance practices and procedures are established and followed.

Amongst his other duties, in his role as the Chief Executive Officer, Mr. Kwok Chi Hang Lester, is responsible for providing leadership for the Group's management and for managing and overseeing the Group's business affairs. The Chief Executive Officer is also responsible for implementing Board policies applicable to the management, operational matters or strategy of the Group in addition to presenting annual business budgets of the Group to the Board for approval.

INDEPENDENT NON-EXECUTIVE DIRECTORS

There are currently three independent non-executive Directors. Under the Bye-Laws, every Director is subject to retirement at least once every three years at the Company's AGM. All independent non-executive Directors have been appointed for a fixed term of three years. During the year ended 31 December 2024, the Chairman held meetings with the independent non-executive Directors without the presence of other Directors. Independent views and input from independent non-executive Directors are considered and discussed by the Board as applicable.

The Company has established mechanisms to ensure that independent views and input are available to the Board. Three of the seven Directors are independent non-executive Directors. The independent non-executive Directors bring a wide range of business and financial expertise, skills and experience, diversity of perspectives and independent judgement to the Board. Through active and regular participation in the Board meetings and serving on various Board committees, all independent non-executive Directors make various positive and impartial contributions to the Company. All Directors have access to external independent professional advice in order to discharge their duties to the Company. Upon reviewing the implementation and effectiveness of such mechanisms, the Board considers such mechanisms and its implementation are effective.

REMUNERATION COMMITTEE

The Board established the Remuneration Committee on 30 June 2005. The Remuneration Committee is currently comprised of two independent non-executive Directors (one of whom is the chairman of the Remuneration Committee) and one executive Director.

The terms of reference of the Remuneration Committee are published on the Stock Exchange's website and the Company's website. The Remuneration Committee is responsible for making recommendations to the Board on the Company's remuneration policy and structure of all Directors and senior management, and for ensuring that no Director (or any of their associates) is involved in deciding that Director's own remuneration. The Remuneration Committee has the responsibility for determining the specific remuneration packages of all executive Directors and senior management, and for making recommendations to the Board on the remuneration of non-executive Directors. It also reviews and approves any performance-based remuneration, as well as any compensation payable for loss or termination of office of executive Directors and senior management. The remuneration of the Directors is determined with reference to factors such as salaries paid by comparable companies, the time commitment and responsibilities of each Director, and the results of the Group. The Remuneration Committee considers that discretionary performance bonuses provide appropriate incentives for the executive Directors to effectively monitor and improve the performance of the Group. Discretionary performance bonuses awarded to the executive Directors are based on an incremental scale linked to the after-tax profit target levels of the Group. Directors serving on the Board committees receive extra allowances for additional services rendered.

During the year ended 31 December 2024, the Remuneration Committee reviewed the remuneration policy including the discretionary performance bonuses scheme, assessed the performance of executive Directors, and determined the remuneration packages of all executive Directors and senior management with reference to their performance and the factors mentioned above. Further, the Remuneration Committee reviewed the Directors' fees and allowances for 2024.

Two meetings of the Remuneration Committee were held in 2024. The attendance of committee members during 2024 is set out in the table below:

Remuneration Committee members	**Meetings attended/held**
Mr. Leung Wing Ning (committee chairman)	2/2
Mr. Kwok Chi Leung Karl	2/2
Mr. Nicholas James Debnam	2/2

The amount of remuneration paid to each Director for 2024 is set out in Note 7 to the financial statements of the Group for the year ended 31 December 2024.

At the forthcoming AGM to be held on 16 June 2025, the Board will propose a Director's fee of HK$276,000 (2024: HK$268,000) for each Director for 2025 as recommended by the Remuneration Committee.

NOMINATION COMMITTEE

The Board established the Nomination Committee on 30 March 2012. The Nomination Committee is currently comprised of two independent non-executive Directors (one of whom is the chairman of the Nomination Committee) and one executive Director.

The terms of reference of the Nomination Committee are published on the Stock Exchange's website and the Company's website. As set out in its terms of reference, the Nomination Committee is required to, inter alia: (i) review the structure, size and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required experience, skill, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The Nomination Committee has adopted a board diversity policy (the "Board Diversity Policy"), which aims to set out the approach to achieve diversity on the Board and the senior management team. The Board Diversity Policy provides that it is the Company's policy to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required experience, skills, knowledge and length of service. The ultimate decision will be based on merit against objective criteria and the contribution that the candidates will bring to the Board, taking into account the corporate strategy and business of the Company.

During the year ended 31 December 2024, the Nomination Committee reviewed the structure, size and composition of the Board with reference to the Board Diversity Policy, assessed the independence of independent non-executive Directors and made recommendations on the re-appointment of Directors. At present, three Directors on the Board are independent non-executive Directors with diverse career experience, and one of them is female. The Board considers that the current Board composition is well-balanced and of a diverse mix of skill and experience to lead and oversee the business of the Company. The Nomination Committee reviews and monitors the implementation and effectiveness of the Board Diversity Policy on a regular basis (and at least on an annual basis) to ensure optimal Board composition.

The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board and the Nomination Committee have not set any measurable objectives.

NOMINATION COMMITTEE (Continued)

The Board currently has one female Director, and as such has achieved gender diversity in respect of the Board (as provided in Rule 13.92 of the Listing Rules). We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the Board Diversity Policy. We have adopted the following measures to develop a pipeline of potential successors to the Board to achieve gender diversity: (i) engage human resources agencies to identify potential successors; (ii) proactively provide training to our management who we consider as being potential successors to the Board; and (iii) take into account the factor of gender diversity when recruiting suitable candidates for our senior management.

The Group aims to provide a diversified working environment. Set out below is a table summarising the gender ratio in our workforce (including senior management):

	At 31 December 2024	
All staff (including senior management)	**Total**	**Proportion (%)**
Male	149	28
Female	382	72
Total	531	100

Set out below is a table summarising the gender ratio of our senior management:

	At 31 December 2024	
Senior management	**Total**	**Proportion (%)**
Male	2	100
Female	0	0
Total	2	100

At 31 December 2024, we have a higher female representation of 72% in our workforce because female employees dominate the retail sector in Hong Kong. We are committed to achieving gender diversity in our workforce by, among other things, standardising our recruitment and interview process, providing equal learning and development opportunities, and emphasising work-life balance. We also proactively provide training to our employees who we consider as being potential successors to our senior management, and take into account the factor of gender diversity when recruiting suitable candidates for our senior management. However, the overall manpower shortage and ageing population in Hong Kong may affect our achievement of gender diversity across our workforce.

NOMINATION COMMITTEE (Continued)

The Nomination Committee has also adopted a nomination policy (the "Nomination Policy"), which is published on the Company's website. The Nomination Policy sets out the principles, criteria and procedures to guide the Nomination Committee when considering candidates to be appointed or re-appointed as Directors. When considering a candidate for directorship, the Nomination Committee will consider various relevant factors, including the candidate's skills, experience or professional expertise, the Board Diversity Policy, the Group's corporate strategy, the candidate's time commitment and relevant interest, the candidate's independence (for an independent non-executive directorship), succession planning and the candidate's reputation for integrity. The Nomination Committee will review and monitor the implementation of the Nomination Policy on a regular basis.

Two Nomination Committee meetings were held in 2024. The attendance of committee members during 2024 is set out in the table below:

Nomination Committee members	Meetings attended/held
Mr. Leung Wing Ning (committee chairman)	2/2
Mr. Kwok Chi Leung Karl	2/2
Mr. Nicholas James Debnam	2/2

AUDIT COMMITTEE

The Board established the Audit Committee on 16 December 1998. The Audit Committee is currently comprised of three independent non-executive Directors (including the chairman of the Audit Committee who possesses the appropriate professional qualifications and accounting expertise required under Rule 3.10(2) of the Listing Rules).

The terms of reference of the Audit Committee are published on the Stock Exchange's website and the Company's website. As set out in its terms of reference, the Audit Committee is required to, among other duties, oversee the Company's relationship with the external auditor, monitor the integrity of and review the Company's financial statements, annual reports and accounts and interim reports (including in respect of their compliance with statutory and listing requirements), and oversee the Company's financial reporting, risk management and internal control systems.

During the year ended 31 December 2024, the Audit Committee, inter alia, reviewed and discussed with management, the Board and the external auditor the Group's interim and annual reports, results and accounts with a view to ensuring that the Group's financial reports, results and accounts are prepared with integrity as well as in compliance with applicable accounting standards and the Listing Rules and legal requirements in relation to financial reporting. The Audit Committee reviewed the Group's accounting policies and practices, and major financial reporting judgmental areas.

AUDIT COMMITTEE (Continued)

Further, the Audit Committee oversaw the Company's risk management and internal control systems, assisted the Board in reviewing the effectiveness of the systems, discussed the systems with management to ensure their effectiveness, and reviewed the Company's financial controls. The Audit Committee engaged an external consultant to perform internal control review services and discussed the scope of work and findings with the external consultant, and reviewed management's response to these findings.

The Audit Committee monitored and reviewed the relationship with, the independence of, and the quality of work of, the external auditor, KPMG. The Audit Committee reviewed the effectiveness of the external audit process, as well as the engagement of the external auditor for non-assurance services. The Audit Committee recommended to the Board to re-appoint KPMG as auditor for 2024, and approved its remuneration and the terms of its engagement.

Four meetings of the Audit Committee were held in 2024. The attendance of committee members during 2024 is set out in the table below:

Audit Committee members	Meetings attended/held
Mr. Nicholas James Debnam (committee chairman)	4/4
Miss Tam Wai Chu Maria	4/4
Mr. Leung Wing Ning	4/4

AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the fees charged for audit services provided to the Group by the external auditor amounted to HK$4,573,000 (2023: HK$4,476,000) and, in addition, HK$1,378,000 (2023: HK$2,585,000) in fees were charged for non-assurance services provided to the Group by the external auditor, including tax compliance and advisory services and interim review.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for evaluating and determining the nature and extent of the risks (including ESG-related risks) it is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems (including for ESG-related risks) and reviewing their effectiveness to safeguard the assets of the Group. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The Board has delegated authority to the Audit Committee to assist it in fulfilling the above responsibilities. The management is responsible for the design, implementation and monitoring of the Group's risk management and internal control systems. The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems covering material controls, including financial, operational and compliance controls in the relevant financial year. The Board and the Audit Committee have also considered and reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

During the year ended 31 December 2024, the Audit Committee has reviewed and approved the internal audit plan. In view of the size, nature and complexity of the Group's business, the Audit Committee accepted the management's recommendations that an external consultant be engaged to provide assistance on review of the adequacy and effectiveness of the Group's risk management and performance of selected internal control procedures. In its review, the Group identified a new low risk in relation to the condition of the Wing On Godown property, which is occupied by the Group's department stores operation. Management has taken measures to reduce the impact of this risk. The external consultant did not note any material or significant internal control deficiency. The Audit Committee reviewed the findings reported and the agreed actions proposed by management to improve the effectiveness of the Group's internal control systems. Management is responsible for the implementation of the follow-up actions for improvement and making relevant confirmations to the Board.

The Board has adopted a risk management policy (the "Risk Management Policy") which sets out the risk management framework and process from risk identification to risk reporting, with a view to ensuring that there is consistent basis for identifying, evaluating, managing, monitoring and reporting risks across the Group to support the achievement of the Group's strategic objectives on an ongoing basis.

The Board has also approved risk appetite statements to define risk tolerance limits for each type of risk in pursuit of its strategic objectives. Department heads are required to review and monitor key risks on a regular basis. When there are indications that certain risk tolerance limits may be breached, the relevant department heads will escalate to senior management and/or the Board for further action.

To further reduce the occurrence and impact of risks identified, key risks are transferred, eliminated or controlled through risk mitigation measures. Each risk mitigation measure has a risk owner who is responsible for monitoring the status and effectiveness of the risk mitigation measures for the risks under their purview.

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

A policy on the handling and disclosure of inside information was adopted in 2013 which provides for appropriate internal control and reporting systems to identify and assess potential inside information. The Board has delegated the responsibilities for the handling and dissemination of inside information to the executive Directors, the Company's senior management and the Company Secretary (together known as the "Responsible Officers"). The Responsible Officers maintain appropriate and effective reporting procedures to ensure a timely and structured flow to the Board of information arising from the development or occurrence of relevant events and/or circumstances so that the Board can determine whether disclosure is necessary.

Management has made confirmations to the Board on the effectiveness of the Group's risk management and internal control systems. In view of the above, the Board and the Audit Committee consider that such systems are effective and adequate.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters, and also facilitates the induction and professional development of Directors. The Company Secretary keeps proper records of all meetings of the Board and Board committees (including details of matters considered, concerns raised and decisions reached) which are made available for inspection to Directors at all reasonable times. The biography of the Company Secretary is set out on page 8. The Company Secretary has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

(a) Procedures for Shareholders to convene a special general meeting

The provisions for a Shareholder to convene a special general meeting of the Company are set out in Section 74 of the Bermuda Companies Act 1981 (as amended):

(1) The directors of a company, notwithstanding anything in its bye-laws shall, on the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the company, or, in the case of a company not having a share capital, members of the company representing not less than one-tenth of the total voting rights of all the members having at the said date a right to vote at general meetings of the company, forthwith proceed duly to convene a special general meeting of the company.

SHAREHOLDERS' RIGHTS (Continued)

(a) Procedures for Shareholders to convene a special general meeting (Continued)

(2) The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form each signed by one or more requisitionists.

(3) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(4) A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.

(5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of their services to such directors as were in default.

(b) Procedures for Shareholders to submit enquiries to the Board

Shareholders are welcome to attend AGMs at which they can raise questions directly to the Board and the management of the Company. Alternatively, Shareholders may submit their enquiries in writing to the Board by depositing such enquiries, addressed to the Company Secretary, at the Company's principal office in Hong Kong (as set out in the Corporate Information section of this Annual Report).

A Shareholders' communication policy is published on the Company's website. This policy aims to promote effective communication with Shareholders and other stakeholders; encourage Shareholders to engage actively with the Company; and enable Shareholders to exercise their rights as Shareholders effectively. The Company's corporate communications, announcements and other documents pursuant to the Listing Rules are published on the Stock Exchange's website and the Company's website. As set out in the policy, the primary forum for communication by the Company with its Shareholders is the AGM and other general meetings of the Company. Shareholders are encouraged to participate in general meetings (or to appoint proxies if they are unable to attend), and appropriate arrangements shall be in place to encourage Shareholders' participation at the meetings. Shareholders may send their enquiries about matters to be put to the Board and the Company through the means of contacts set out at the Company's website. Upon reviewing the implementation and effectiveness of the Shareholders' communication policy, the Board considers the policy and its implementation are effective because the policy provides effective channels for Shareholders to communicate their views with the Company and the Company has complied with the principles and required practices set out in the policy.

SHAREHOLDERS' RIGHTS (Continued)

(c) Procedures for Shareholders to put forward proposals at Shareholders' meetings

To put forward proposals at Shareholders' meeting, a request in writing must be made by:

(1) Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(2) not less than one hundred Shareholders.

The written request must be signed by all Shareholders concerned in one or more documents in like form and deposited at the registered office of the Company (as set out in the Corporate Information section of this Annual Report) for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution; and not less than one week before the meeting in the case of any other requisition. Upon verification that the request is valid, the Company will give notice of the resolution or circulate a statement of not more than one thousand words with respect to the matter referred to in the proposed resolution provided that the Shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

For enquiries, Shareholders may contact the Company Secretary at the Company's principal office in Hong Kong.

INVESTOR RELATIONS

There was no change in the Company's memorandum of association and Bye-Laws during the year ended 31 December 2024.

On behalf of the Board
Sin Kar Tim
Company Secretary

Hong Kong, 25 March 2025

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

The following is a summary of transactions entered into by the Company in 2021, 2023 and 2024 which constituted "Continuing Connected Transactions" and "Connected Transaction" for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). For full details of these transactions, please refer to the announcements made by the Company at the relevant time.

(1) On 30 March 2021, The Wing On Company Limited ("WOCO"), as landlord, entered into a tenancy agreement with Wocom Holdings Limited ("WOCOM"), as tenant, to renew the existing tenancy of the premises at Rooms 1002 to 1006, Wing On Centre, 111 Connaught Road Central, Hong Kong (the "Office Premises") for a fixed term of three years from 8 June 2021 to 7 June 2024 at a monthly rental of HK$401,000 (exclusive of rates, management fees, air-conditioning charges and all other outgoings). The maximum aggregate annual rental value would be HK$4,812,000. Since WOCOM is an indirect non-wholly-owned subsidiary of Kee Wai Investment Company (BVI) Limited ("Kee Wai (BVI)"), a substantial shareholder of the Company, which in turn held approximately 61.858% interest in the issued share capital of the Company at the relevant time, this tenancy agreement constitutes a continuing connected transaction of the Company.

(2) On 8 December 2023, The Wing On Department Stores (Hong Kong) Limited ("WODS"), as tenant, entered into a tenancy agreement with WOCO and The Wing On Properties and Securities Company Limited ("WOPS"), as landlords, to renew the existing tenancy of Basement 1, Portion of Ground Floor and the whole of 1st to 6th Floors, Wing On Kowloon Centre, 345 Nathan Road, Kowloon, Hong Kong (the "Premises") for a fixed term of three years from 1 January 2024 to 31 December 2026 at a monthly rental of HK$4,560,000 (exclusive of rates, air-conditioning charges, management fees and all other outgoings). The maximum aggregate annual rental payable to WOPS would be HK$19,496,736 and the total rental payable to WOPS under the three-year lease term would be HK$58,490,208. The recognition of a right-of-use asset in respect of the transaction would be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules. The Premises is jointly owned by WOCO and WOPS in the interest of 64.37% and 35.63% respectively. WODS and WOCO are wholly-owned subsidiaries of the Company. Since WOPS is an indirect non-wholly-owned subsidiary of Kee Wai (BVI), a substantial shareholder of the Company, which in turn held approximately 62.139% interest in the issued share capital of the Company at the relevant time, this tenancy agreement constitutes a connected transaction of the Company.

(3) On 27 March 2024, WOCO, as landlord, entered into a tenancy agreement with WOCOM, as tenant, to renew the existing tenancy of the Office Premises as defined in paragraph (1) above for a fixed term of one year from 8 June 2024 to 7 June 2025 at a monthly rental of HK$354,000 (exclusive of rates, management fees, air-conditioning charges and all other outgoings). The maximum aggregate annual rental value would be HK$4,248,000. Since WOCOM is an indirect non-wholly-owned subsidiary of Kee Wai (BVI), a substantial shareholder of the Company, which in turn held approximately 62.186% interest in the issued share capital of the Company at the relevant time, this tenancy agreement constitutes a continuing connected transaction of the Company.

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions disclosed above have been entered into in the ordinary and usual course of business of the Group on normal commercial terms and in accordance with the relevant tenancy agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

FIVE YEAR SUMMARY

	2024	2023	2022	2021	2020
Statement of profit or loss items (HK$ million)					
Revenue	**946**	1,056	1,041	1,129	1,188
Profit from operations after finance costs	**517**	564	170	480	515
(Loss)/profit before taxation	**(876)**	176	(213)	681	(361)
Income tax expense	**(47)**	(55)	(89)	(128)	(97)
(Loss)/profit attributable to shareholders of the Company	**(919)**	123	(301)	552	(456)
Underlying profit attributable to shareholders of the Company	**429**	478	78	420	439
Per share basis (HK$)					
Basic (loss)/earnings per share	**(3.17)**	0.42	(1.03)	1.89	(1.56)
Underlying earnings per share	**1.48**	1.65	0.27	1.44	1.50
Dividend per share	**0.85**	0.94	0.75	0.80	0.83
Statement of financial position items (HK$ million)					
Investment properties and other property, plant and equipment	**13,208**	14,898	15,235	15,876	15,938
Other assets	**4,861**	4,825	4,668	4,763	4,695
Total assets	**18,069**	19,723	19,903	20,639	20,633
Current liabilities	**405**	416	425	443	446
Non-current liabilities	**806**	921	892	948	1,001
Total liabilities	**1,211**	1,337	1,317	1,391	1,447
Non-controlling interests	**25**	30	32	32	32
Total equity attributable to shareholders of the Company	**16,833**	18,356	18,554	19,216	19,154

PROPERTIES HELD FOR INVESTMENT

Particulars of properties held for investment by the Group are as follows:

	Location	Approximate gross floor area	Held by the Group	Category of the lease	Use
1.	Portions of Ground and 6th Floors and the whole of 5th and 8th to 29th Floors together with carparking floors on 3rd and 4th Floors, Wing On Centre, 209-211 Des Voeux Road Central and 110-114 Connaught Road Central, Sheung Wan, Hong Kong. Inland Lot No. 7916	446,000 sq.ft.*	100%	Long lease	Commercial
2.	Shop Nos. 14-17, 19-23 and 47-51 on Ground Floor, Wing On Plaza, 62 Mody Road, Tsimshatsui East, Kowloon. 8666/26500th shares of and in Kowloon Inland Lot No. 10586	7,000 sq.ft.	100%	Long lease	Commercial
3.	Portions of Ground and 12th Floors and the whole of 8th to 11th Floors and 13th to 18th Floors together with carparking floors on Basements 2 and 3, Wing On Kowloon Centre, 345 Nathan Road, Yaumatei, Kowloon. Kowloon Inland Lot Nos. 6501 and 9564, Section A and the Remaining Portion of Kowloon Inland Lot No. 6703	157,000 sq.ft.*	64.37%	Long lease	Commercial
4.	The Halbouty Center, 5100 Westheimer, Houston, Harris County, Texas, USA	116,000 sq.ft.*	88.22%	Freehold	Commercial
5.	333 Collins Street, Melbourne, Victoria, Australia	616,000 sq.ft.*	100%	Freehold	Commercial
6.	349 Collins Street, Melbourne, Victoria, Australia	23,000 sq.ft.	100%	Freehold	Commercial

* excluding carparking area for properties with carparking floors

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WING ON COMPANY INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Wing On Company International Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 50 to 139, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Refer to note 11 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group holds a portfolio of investment properties located in Hong Kong, Australia and the United States of America comprising office premises, which had an aggregate fair value of HK$12.9 billion and accounted for 71% of the Group's total assets as at 31 December 2024. The fair values of the investment properties as at 31 December 2024 were assessed by the board of directors based on independent valuations prepared by qualified external property valuers. Net valuation loss on investment properties recorded in the consolidated statement of profit or loss were HK$1.4 billion for the year ended 31 December 2024. The valuation of investment properties is complex and involves a significant degree of judgement and estimation, particularly in determining appropriate capitalisation rates and market rents. We identified assessing valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's consolidated financial statements and because of the significant degree of judgement and estimation involved in assessing the fair values.	Our audit procedures to assess the valuation of investment properties included the following: – assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; – with the assistance of our internal property valuation specialists, evaluating and discussing with the external property valuers whether the valuation methodology adopted is appropriate with reference to the prevailing accounting standards and assessing the key estimates and assumptions adopted in these valuations on a sample basis, which included estimated market rents, capitalisation rates, discount rates and terminal yield rates, by comparing with market available data; and – comparing, on a sample basis, tenancy information, including committed rents, provided by management to the external property valuers with underlying contracts.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

– evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yip Ka Ming, Alice.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Revenue	3(a)	946,232	1,056,194
Other revenue	4	141,985	140,654
Other net gain	4	171,062	114,258
Cost of department store sales	5(d)	(252,638)	(287,754)
Cost of property leasing activities	5(b)	(115,106)	(106,012)
Other operating expenses	5(c)	(370,809)	(352,747)
Profit from operations		520,726	564,593
Finance costs	5(a)	(3,402)	(483)
		517,324	564,110
Net valuation loss on investment properties	11(a)	(1,375,504)	(378,055)
		(858,180)	186,055
Share of loss of an associate	12	(18,378)	(9,948)
(Loss)/profit before taxation	5	(876,558)	176,107
Income tax	6	(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

The notes on pages 58 to 139 form part of these financial statements. Details of dividends payable to shareholders of the Company are set out in note 24(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	2024		2023	
	$'000	$'000	$'000	$'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

The notes on pages 58 to 139 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current assets			
Investment properties	11(a)	12,873,724	14,601,720
Other property, plant and equipment	11(a)	334,645	296,050
		13,208,369	14,897,770
Interest in an associate	12	308,586	330,490
Other investments	13	120,225	119,637
Prepayments	16	5,840	19,556
		13,643,020	15,367,453
Current assets			
Trading securities	14	2,208,591	1,872,390
Inventories	15(a)	70,621	76,763
Debtors, deposits and prepayments	16	57,498	75,024
Amounts due from fellow subsidiaries	17	5,821	9,516
Current tax recoverable	23(a)	3,057	7,808
Cash and bank balances	18(a)	2,079,994	2,313,436
		4,425,582	4,354,937
Current liabilities			
Creditors and accrued charges	19	296,782	367,289
Contract liabilities	20	19,855	20,108
Secured bank loan	21	59,280	–
Lease liabilities	22	17,814	16,534
Amounts due to fellow subsidiaries	17	2,015	2,477
Current tax payable	23(a)	8,899	9,558
		404,645	415,966
Net current assets		4,020,937	3,938,971
Total assets less current liabilities carried forward		17,663,957	19,306,424

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Continued)

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Total assets less current liabilities brought forward		17,663,957	19,306,424
Non-current liabilities			
Lease liabilities	22	19,107	36,855
Long service payment liabilities	10(b)	3,462	2,699
Deferred tax liabilities	23(c)	783,040	881,538
		805,609	921,092
NET ASSETS		16,858,348	18,385,332
Capital and reserves			
Share capital	24(d)	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		16,858,348	18,385,332

Approved and authorised for issue by the board of directors on 25 March 2025.

Kwok Chi Leung Karl
Director

Kwok Chi Hang Lester
Director

The notes on pages 58 to 139 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

		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	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Note	(note 24(d))	(note 24(e)(i))	(note 24(e)(ii))	(note 24(e)(iii))	(note 24(e)(iv))	(note 24(e)(v))	(note 24(a))			
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	24(d)										
– 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	24(c)(ii)	–	–	–	–	–	–	(174,057)	(174,057)	–	(174,057)
Dividends declared and paid in respect of the current year	24(c)(i)	–	–	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Continued)

(Expressed in Hong Kong dollars)

		Attributable to shareholders of the Company									
	Note	Share capital $'000 (note 24(d))	Land and building revaluation reserve $'000 (note 24(e)(i))	Investment revaluation reserve $'000 (note 24(e)(ii))	Exchange reserve $'000 (note 24(e)(iii))	Contributed surplus $'000 (note 24(e)(iv))	General reserve fund $'000 (note 24(e)(v))	Retained earnings $'000 (note 24(a))	Total $'000	Non-controlling interests $'000	Total equity $'000
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	24(d)										
– 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	24(c)(ii)	–	–	–	–	–	–	(218,021)	(218,021)	–	(218,021)
Dividends declared and paid in respect of the current year	24(c)(i)	–	–	–	–	–	–	(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

The notes on pages 58 to 139 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
(Loss)/profit before taxation		(876,558)	176,107
Adjustments for:			
Net valuation loss on investment properties		1,375,504	378,055
Depreciation and amortisation		79,809	88,629
Impairment losses of other debtors		–	650
Bad debts written off		1	1,905
Finance costs		3,402	483
Dividend income from investments in securities		(29,800)	(28,820)
Interest income from bank deposits		(94,110)	(94,685)
Interest income from investments in securities		(10,765)	(11,201)
Share of loss of an associate		18,378	9,948
Net loss on disposal of plant and equipment		15	59
Net foreign exchange loss		12,254	1,036
Operating profit before changes in working capital		478,130	522,166
Increase in trading securities		(336,201)	(199,093)
Decrease/(increase) in inventories		6,142	(2,997)
Decrease/(increase) in debtors, deposits and prepayments		17,019	(13)
Decrease in amounts due from fellow subsidiaries		3,695	6,060
Increase in lease incentives		(9,175)	(39,087)
Decrease in creditors and accrued charges		(71,908)	(678)
(Decrease)/increase in contract liabilities		(253)	57
Decrease in amounts due to fellow subsidiaries		(462)	(675)
Increase in long service payment liabilities		271	2,699
Cash generated from operations		87,258	288,439
Tax paid			
– Hong Kong Profits Tax paid		(41,682)	(45,996)
– Overseas tax paid		(23,892)	(31,043)
Net cash generated from operating activities		21,684	211,400

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Continued)

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Investing activities			
Payment for purchases of investment properties and other property, plant and equipment		(84,524)	(28,034)
Prepayments for purchases of other property, plant and equipment		(5,840)	(19,556)
Proceeds from disposal of plant and equipment		10	102
Interest income received from bank deposits		94,114	90,336
Interest income received from investments in securities		10,765	11,201
Dividends received from investments in securities		27,873	28,267
Increase in pledged bank balances		(56,858)	–
Decrease in other bank deposits		112,470	208,359
Net cash generated from investing activities		98,010	290,675
Financing activities			
Proceeds from new bank loan	18(b)	60,360	–
Capital element of lease rentals paid	18(b)	(16,598)	(19,772)
Interest element of lease rentals paid	18(b)	(3,280)	(483)
Payment for purchase of own shares	24(d)	(10,048)	(6,525)
Dividends paid to shareholders of the Company		(266,801)	(316,815)
Net cash used in financing activities		(236,367)	(343,595)
Net (decrease)/increase in cash and cash equivalents		(116,673)	158,480
Cash and cash equivalents at 1 January		1,721,409	1,562,081
Effect of foreign exchange rate changes		(30,469)	848
Cash and cash equivalents at 31 December	18(a)	1,574,267	1,721,409

The notes on pages 58 to 139 form part of these financial statements.

1. Material accounting policies

(a) Statement of compliance

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 the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and key sources of estimation uncertainty are discussed in note 2.

1. **Material accounting policies** (Continued)

(c) **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.

(d) **Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)(iii)).

1. **Material accounting policies** (Continued)

(e) Associate

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate after applying the expected credit loss ("ECL") model.

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and an associate, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in the consolidated statement of profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 25(b)(vi). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. ECLs, interest income (calculated using the effective interest method) (see note 1(t)(v)) and foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

1. Material accounting policies (Continued)

(f) Other investments in securities (Continued)

(i) Non-equity investments (Continued)

- fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method (see note 1(t)(v)) and foreign exchange gains and losses are recognised in the consolidated statement of profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in consolidated other comprehensive income. When the investment is derecognised, the amount accumulated in the consolidated other comprehensive income is recycled from equity to the consolidated statement of profit or loss.

- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in the consolidated statement of profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in the consolidated other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the investment revaluation reserve is transferred to retained earnings and not recycled through the consolidated statement of profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in the consolidated statement of profit or loss as other income (see note 1(t)(iii)).

(iii) Derivative financial instruments

Derivative financial instruments (including structured products) are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in the consolidated statement of profit or loss.

1. Material accounting policies (Continued)

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold or freehold interest to earn rental income and/or for capital appreciation in the long term.

Investment properties are initially measured at cost, and subsequently at fair value with changes therein recognised in the consolidated statement of profit or loss.

Any gain or loss on disposal of investment properties is recognised in the consolidated statement of profit or loss. Rental income from investment properties is recognised in accordance with note 1(t)(ii).

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 1(j)(iii)):

– interests in leasehold land and buildings where the Group is the registered owner of the property interests;

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interests; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(i)).

The Group has taken advantage of the provisions set out in paragraph 80AA of HKAS 16, Property, plant and equipment, issued by the HKICPA, with the effect that the land and buildings which were revalued by the directors in 1981 have not been revalued to fair value at the end of each reporting period.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss. Upon disposal of the land and buildings which was revalued in 1981, the attributable revaluation surplus will be transferred from the land and building revaluation reserve to retained earnings and not to the consolidated statement of profit or loss.

1. Material accounting policies (Continued)

(h) Property, plant and equipment (Continued)

When the use of a property changes from owner-occupied to an investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in the consolidated statement of profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in the consolidated other comprehensive income and presented in the land and building revaluation reserve in equity. Any loss is recognised immediately in the consolidated statement of profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

–	Ownership interests in leasehold land and buildings held for own use	22 - 999 years
–	Furniture and fixtures	10% - 20% per annum
–	Computer hardware and software	20% per annum
–	Motor vehicles	25% per annum

– Other properties leased for own use are depreciated over the unexpired term of leases.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1. **Material accounting policies** (Continued)

(i) **Leased assets** (Continued)

(i) As a lessee

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases other than properties leased for own use.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in the consolidated statement of profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability, and are charged to the consolidated statement of profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(j)(iii)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(g).

The lease liability is remeasured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1. Material accounting policies (Continued)

(i) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within 12 months after the end of the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. Otherwise, the lease is classified as an operating lease.

Rental income from operating leases is recognised in accordance with note 1(t)(ii).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and bank balances, trade and other receivables); and

– lease receivables.

Financial assets measured at fair value, including investment funds, derivative financial assets (including structured products), debt and equity securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

1. **Material accounting policies** (Continued)

(j) **Credit losses and impairment of assets** (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months); or

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial instruments that are determined to have low credit risk at the end of the reporting period; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in the consolidated statement of profit or loss. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the financial instruments through a loss allowance account.

1. **Material accounting policies** (Continued)

(j) **Credit losses and impairment of assets** (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Write off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in the consolidated statement of profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's accounting policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated statement of profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the consolidated statement of profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

1. **Material accounting policies** (Continued)

(j) **Credit losses and impairment of assets** (Continued)

(ii) Credit losses from financial guarantees issued (Continued)

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of non-current assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount except for the land and buildings which were revalued in 1981 (see note 1(h)).

Impairment losses are recognised in the consolidated statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

1. Material accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(iii) Impairment of non-current assets (Continued)

When an impairment loss arises on the land and buildings which were revalued in 1981, it will first be charged against the attributable balance relating to that property included in the land and building revaluation reserve in equity and any excess will be charged to the consolidated statement of profit or loss.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes the direct costs of purchase. Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business subsequent to the end of the reporting period or to management estimates based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or when the circumstances that previously caused inventories to be written- down below cost no longer exist, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Receivables are subsequently stated at amortised cost less ECLs (see note 1(j)(i)).

1. Material accounting policies (Continued)

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(l)).

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(w).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. For the purposes of the consolidated statement of cash flows, cash equivalents exclude pledged bank balances and bank deposits with a maturity of more than three months when placed. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policy set out in note 1(j)(i).

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

1. Material accounting policies (Continued)

(q) Employee benefits (Continued)

(ii) Defined benefit plan obligations

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, are recognised immediately in the consolidated other comprehensive income. Expenses related to defined benefit plans are recognised in the consolidated statement of profit or loss.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in the consolidated other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the end of the reporting period. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

1. **Material accounting policies** (Continued)

(r) **Income tax** (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- temporary differences related to investments in subsidiaries and an associate to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1. Material accounting policies (Continued)

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, except that the Group acts as an agent for concession and consignment sales.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the goods before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the goods. The Group is a principal if it obtains control of the goods before they are transferred to the customers. The Group is an agent if its performance obligation is to arrange for the provision of the goods by another party. In the case for concession and consignment sales, the Group does not control the goods provided by concessionaries and consignors before they are transferred to the customers.

Revenue is recognised when control over a good or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, net of returns and trade discounts, excluding those amounts collected on behalf of third parties.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15, Revenue from contracts with customers, and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

1. **Material accounting policies** (Continued)

(t) **Revenue and other income** (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from contracts with customers

(i) Sale of goods

Revenue arising from the sale of goods and net income from concession and consignment sales are recognised when the customer takes possession of and accepts the goods.

Revenue from other sources and other income

(ii) Rental income from operating leases

Rental income from operating leases is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the reporting period in which they are earned.

(iii) Dividend income

Dividend income from listed securities is recognised when the share price of the security goes ex-dividend. Dividend income from unlisted investments is recognised in the reporting period in which it is declared or proposed and approved by shareholders of the investee company.

(iv) Gain/loss on disposal of trading securities

Gain/loss on disposal of trading securities is recognised on the trade date basis.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

1. Material accounting policies (Continued)

(u) Translation of foreign currencies

The functional currency of the Company and its subsidiaries which operate in Hong Kong is Hong Kong dollars while those for subsidiaries which operate outside Hong Kong are in their respective local currencies. The presentation currency of the Group is Hong Kong dollars.

Transactions in foreign currencies are translated into the functional currencies of the respective group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss.

The assets and liabilities of foreign operations are translated into Hong Kong dollars at the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in the consolidated other comprehensive income and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal.

On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to the consolidated statement of profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to the NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

1. Material accounting policies (Continued)

(v) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(f) the entity is controlled or jointly controlled by a person identified in (i);

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1. Material accounting policies (Continued)

(w) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. Sources of estimation uncertainty

Note 25 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Valuation of investment properties

As described in note 11(c), the investment properties were revalued by independent professional valuers at the end of the reporting period. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Any increase or decrease in the valuations would affect the Group's results in future years.

(b) Valuation of inventories

The Group performs bi-annual reviews of the carrying amounts of inventories and estimates the provision for obsolete and slow-moving inventories with reference to ageing analysis and projections of expected future saleability based on management experience and judgement. As a result of these reviews, a write-down of inventories will be made when the estimated net realisable value of inventories decline below their carrying amounts. Due to ever changing consumer preferences, any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversal of write-downs made in prior years and affect the Group's results in future reporting periods.

3. Revenue and segment reporting

(a) 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 $'000	2023 $'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
	542,590	639,384
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
	946,232	1,056,194

Disaggregation of revenue from contracts with customers by geographical locations is disclosed in note 3(b)(iii).

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.

3. Revenue and segment reporting (Continued)

(b) 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").

(i) 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.

3. Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

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**
	$'000	$'000	$'000	$'000	$'000	$'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

3. Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

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

	2024 $'000	2023 $'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	(876,558)	176,107
Assets		
Reportable segment assets	13,336,147	15,055,824
Elimination of inter-segment receivables	(3,533)	(3,572)
	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	2,095,529	2,339,813
Consolidated total assets	18,068,602	19,722,390
Liabilities		
Reportable segment liabilities	314,945	403,133
Elimination of inter-segment payables	(3,533)	(3,572)
	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	47,623	46,401
Consolidated total liabilities	1,210,254	1,337,058

3. Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(iii) 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**
	$'000	$'000	$'000	$'000
Hong Kong (place of domicile)	825,454	941,332	10,006,734	11,251,827
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 ("the PRC")	–	–	145,086	172,943
	120,778	114,862	3,516,061	3,995,989
	946,232	1,056,194	13,522,795	15,247,816

4. Other revenue and other net gain

	2024 $'000	2023 $'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
	141,985	140,654

	2024 $'000	2023 $'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)
	171,062	114,258

5. (Loss)/profit before taxation

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

		2024	2023
		$'000	$'000
(a)	**Finance costs**		
	Interest on lease liabilities	3,280	483
	Interest on secured bank loan	122	–
		3,402	483
(b)	**Rentals receivable from investment properties**		
	Income from property investment	(403,642)	(416,810)
	Less: direct outgoings	115,106	106,012
		(288,536)	(310,798)
(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
		197,176	187,970
	Less: included in cost of property leasing activities	(1,450)	(3,780)
		195,726	184,190
	Directors' emoluments (note 7)	34,036	25,006
	Depreciation (note 11(a))		
	– owned plant and equipment	12,927	9,903
	– right-of-use assets (note 11(d))	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	5,133	5,258

5. (Loss)/profit before taxation (Continued)

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

	2024 $'000	2023 $'000
(d) Other items		
Amortisation on lease incentives (note 11(a))	28,785	33,973
Cost of inventories sold (note 15(b))	252,638	287,754

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

(a) Income tax in the consolidated statement of profit or loss represents:

	2024 $'000	2023 $'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)
	41,040	43,305
Current tax - Overseas		
Provision for the year	28,164	23,777
Over-provision in respect of prior years	(19)	(2)
	28,145	23,775
Deferred tax (note 23(b))		
Origination and reversal of temporary differences		
– changes in fair value of investment properties	(22,703)	(20,912)
– other temporary differences	296	8,822
	(22,407)	(12,090)
Total income tax expense	46,778	54,990

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 $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.

6. Income tax in the consolidated statement of profit or loss (Continued)

(b) Reconciliation between tax expense and accounting (loss)/profit at the applicable tax rate:

	2024 $'000	2023 $'000
(Loss)/profit before taxation	(876,558)	176,107
Notional Hong Kong Profits Tax calculated at 16.5% (2023: 16.5%)	(144,632)	29,058
Tax effect of non-deductible expenses	237,676	77,647
Tax effect of non-taxable revenue	(76,657)	(62,197)
Tax effect of unused tax losses not recognised	21,633	1,633
Tax effect of previously unrecognised tax losses utilised this year	–	(87)
Tax effect of other temporary differences not recognised	(696)	(52)
Effect of different tax rates of subsidiaries operating in other jurisdictions	9,442	9,094
Effect of overseas withholding tax	171	278
Under/(over)-provision in respect of prior years	45	(160)
Others	(204)	(224)
Actual tax expense	46,778	54,990

7. Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Contributions to defined contribution retirement plans $'000	Total $'000
Executive directors					
Mr. Kwok Chi Leung Karl	268	6,760	2,977	18	10,023
Mr. Kwok Chi Hang Lester	268	6,020	2,741	18	9,047
Dr. Kwok Chi Piu Bill	268	4,550	2,065	18	6,901
Mr. Kwok Chi Yat	268	3,861	1,759	331	6,219
	1,072	21,191	9,542	385	32,190
Independent non-executive directors					
Miss Tam Wai Chu Maria	268	155	–	–	423
Mr. Leung Wing Ning	268	458	–	–	726
Mr. Nicholas James Debnam	268	429	–	–	697
	804	1,042	–	–	1,846
	1,876	22,233	9,542	385	34,036

7. Directors’ emoluments (Continued)

Directors’ emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows (Continued):

	2023				
	Directors’ fees $’000	Salaries, allowances and benefits in kind $’000	Discretionary bonuses $’000	Contributions to defined contribution retirement plans $’000	Total $’000
Executive directors					
Mr. Kwok Chi Leung Karl	258	6,501	449	18	7,226
Mr. Kwok Chi Hang Lester	258	5,796	414	18	6,486
Dr. Kwok Chi Piu Bill	258	4,373	312	18	4,961
Mr. Kwok Chi Yat	258	3,707	265	318	4,548
	1,032	20,377	1,440	372	23,221
Independent non-executive directors					
Miss Tam Wai Chu Maria	258	150	–	–	408
Mr. Leung Wing Ning	258	445	–	–	703
Mr. Nicholas James Debnam	258	416	–	–	674
	774	1,011	–	–	1,785
	1,806	21,388	1,440	372	25,006

8. Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, four (2023: four) are directors whose emoluments are disclosed in note 7. The emoluments in respect of the other one individual (2023: one individual) is as follows:

	2024 $'000	2023 $'000
Salaries, allowances and benefits in kind	6,936	6,738
Contributions to defined contribution retirement plans	554	533
Discretionary bonuses	2,945	444
	10,435	7,715

The emoluments of the one individual (2023: one individual) with the highest emoluments are within the following bands:

	Number of individuals 2024	 2023
$		
7,500,001 – 8,000,000	–	1
10,000,001 – 10,500,000	1	–
	1	1

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 $919,108,000 (2023: profit of $123,360,000) divided by the weighted average of 290,025,000 shares (2023: 290,718,000 shares) in issue during the year.

Weighted average number of shares:

	2024 '000	2023 '000
Issued shares at 1 January	290,416	290,931
Effect of shares purchased	(391)	(213)
Weighted average number of shares in issue during the year	290,025	290,718

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

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

(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**
	$'000	cents	$'000	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)
	433,693	149.5	480,503	165.3
Less: valuation loss on investment property net of related deferred tax thereon attributable to non-controlling interests	(4,404)	(1.5)	(2,384)	(0.8)
Underlying profit attributable to shareholders of the Company	429,289	148.0	478,119	164.5

10. Defined contribution retirement plans and other post-employment benefits

(a) Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") and a number of MPF exempted defined contribution retirement plans ("MPF exempted schemes") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to a long service payment ("LSP") if the eligibility criteria are met. Both the MPF scheme and the MPF exempted schemes are defined contribution retirement plans administered by independent trustees. The Group is required to make contributions to the MPF exempted schemes based on a percentage of the employees' basic monthly salaries which is dependent on their length of service within the Group. The Group's contributions to the MPF scheme vest immediately while the Group's contributions to the MPF exempted schemes vest according to the length of service within the Group. Forfeited contributions in the MPF exempted schemes are allocated to existing employees. The Group's total contributions for the year were $9,474,000 (2023: $9,586,000).

10. Defined contribution retirement plans and other post-employment benefits (Continued)

(b) Long service payment liabilities

Employees that have been employed under the jurisdiction of the Hong Kong Employment Ordinance continuously for at least five years are entitled to LSP under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to the MPF scheme or MPF exempted schemes, with an overall cap of $390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to its employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date") and introduced a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly wages immediately before the Transition Date and the years of service up to that date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 1(q)(ii). At 31 December 2024, the long service payment liabilities of the Group were $3,462,000 (2023: $2,699,000).

11. Investment properties and other property, plant and equipment

(a)

	Ownership interests in leasehold land and buildings held for own use $'000	Other properties leased for own use $'000	Plant and equipment $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:						
At 1 January 2024	814,670	52,603	441,826	1,309,099	14,502,313	15,811,412
Exchange adjustments	–	–	(78)	(78)	(339,605)	(339,683)
Additions	1,902	130	87,653	89,685	14,525	104,210
Disposals	–	–	(66,430)	(66,430)	–	(66,430)
Fair value adjustment	–	–	–	–	(1,375,504)	(1,375,504)
At 31 December 2024	816,572	52,733	462,971	1,332,276	12,801,729	14,134,005
Accumulated depreciation and impairment losses:						
At 1 January 2024	602,444	142	410,463	1,013,049	–	1,013,049
Exchange adjustments	–	–	(37)	(37)	–	(37)
Depreciation for the year (note 5(c))	20,244	17,583	13,197	51,024	–	51,024
Written back on disposals	–	–	(66,405)	(66,405)	–	(66,405)
At 31 December 2024	622,688	17,725	357,218	997,631	–	997,631
Lease incentives:						
At 1 January 2024	–	–	–	–	99,407	99,407
Exchange adjustments	–	–	–	–	(7,802)	(7,802)
Additions (note (g))	–	–	–	–	9,175	9,175
Amortisation for the year (note 5(d))	–	–	–	–	(28,785)	(28,785)
At 31 December 2024	–	–	–	–	71,995	71,995
Net book value:						
At 31 December 2024	193,884	35,008	105,753	334,645	12,873,724	13,208,369

11. Investment properties and other property, plant and equipment (Continued)

(a) (Continued)

	Ownership interests in leasehold land and buildings held for own use $'000	Other properties leased for own use $'000	Plant and equipment $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:						
At 1 January 2023	814,670	62,063	504,880	1,381,613	14,844,628	16,226,241
Exchange adjustments	–	–	3	3	10,883	10,886
Additions	–	52,320	3,177	55,497	24,857	80,354
Disposals	–	(61,780)	(66,234)	(128,014)	–	(128,014)
Fair value adjustment	–	–	–	–	(378,055)	(378,055)
At 31 December 2023	814,670	52,603	441,826	1,309,099	14,502,313	15,811,412
Accumulated depreciation and impairment losses:						
At 1 January 2023	577,266	42,618	466,359	1,086,243	–	1,086,243
Exchange adjustments	–	–	3	3	–	3
Depreciation for the year (note 5(c))	25,178	19,304	10,174	54,656	–	54,656
Written back on disposals	–	(61,780)	(66,073)	(127,853)	–	(127,853)
At 31 December 2023	602,444	142	410,463	1,013,049	–	1,013,049
Lease incentives:						
At 1 January 2023	–	–	–	–	94,887	94,887
Exchange adjustments	–	–	–	–	(594)	(594)
Additions (note (g))	–	–	–	–	39,087	39,087
Amortisation for the year (note 5(d))	–	–	–	–	(33,973)	(33,973)
At 31 December 2023	–	–	–	–	99,407	99,407
Net book value:						
At 31 December 2023	212,226	52,461	31,363	296,050	14,601,720	14,897,770

11. Investment properties and other property, plant and equipment (Continued)

(b) In preparing these financial statements, advantage has been taken of the provisions set out in paragraph 80AA of HKAS 16, Property, plant and equipment, issued by the HKICPA, with the effect that the land and buildings which were revalued by the directors in 1981 at $141,115,000 have not been revalued to fair value at the end of the reporting period. The carrying amount of the relevant land and buildings of the Group at 31 December 2024 is $66,816,000 (2023: $68,514,000).

The carrying amount of the land and buildings of the Group which were revalued in 1981 that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation at 31 December 2024 is $22,576,000 (2023: $23,226,000).

(c) Fair value measurement of investment properties

(i) Fair value hierarchy

The Group's investment properties are measured at fair value at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

At 31 December 2024 and 2023, all of the Group's investment properties fall into Level 3 of the fair value hierarchy as described above.

11. Investment properties and other property, plant and equipment (Continued)

(c) Fair value measurement of investment properties (Continued)

(i) Fair value hierarchy (Continued)

The analysis of valuation of the investment properties of the Group is as follows:

	2024	**2023**
	$'000	$'000
Investment properties:		
– leasehold in Hong Kong	9,503,095	10,779,145
– freehold outside Hong Kong	3,370,629	3,822,575
	12,873,724	14,601,720

Investment properties of the Group were revalued at 31 December 2024 by firms of independent surveyors, who have among their staff professionals with recent experience in the locations and the categories of the properties being valued.

The investment properties of the Group situated in Hong Kong were revalued by Cushman & Wakefield Limited, who have among their staff members of the Hong Kong Institute of Surveyors.

The investment properties of the Group situated outside Hong Kong were revalued either by M3 Property Australia Pty. Ltd., Certified Practising Valuers, who have among their staff members of the Australian Property Institute, or Bolton, Baer & White LLC., General Real Estate Appraisers, who have among their staff members of the Houston Chapter of the Appraisal Institute.

The Group's chief accountant has discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

(Expressed in Hong Kong dollars unless otherwise indicated)

11. Investment properties and other property, plant and equipment (Continued)

(c) Fair value measurement of investment properties (Continued)

(ii) Information about Level 3 fair value measurements

Investment properties	Valuation techniques	Unobservable inputs	Range
– Hong Kong	Income capitalisation approach	Capitalisation rate	3.1% to 4.0% (2023: 2.8% to 3.7%)
		Average unit market rent per month	\$27.6 to \$110/sq.ft. (2023: \$28.5 to \$110/sq.ft.)
– Australia	Discounted cash flow approach	Risk-adjusted discount rate	6.5% (2023: 6.3%)
		Expected market rental growth	3.3% to 4.0% (2023: 3.5% to 4.0%)
		Terminal yield rate	6.0% (2023: 5.5%)
		Average unit market rent per month	AUD534 to AUD708/sqm (2023: AUD536 to AUD640/sqm)
	Income capitalisation approach	Capitalisation rate	5.0% to 5.8% (2023: 4.8% to 5.3%)
– USA	Market comparison approach	Premium (discount) on quality of the building	-10% to 55% (2023: -20% to 55%)

11. Investment properties and other property, plant and equipment (Continued)

(c) Fair value measurement of investment properties (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The fair value of certain investment properties located in Hong Kong and Australia is determined by using income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period. The fair value measurement is positively correlated to the average unit market rent per month and negatively correlated to the capitalisation rate.

The fair value of certain investment properties located in Australia is determined by formulating a projection of net income over a specified time horizon and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate rate. The fair value measurement is positively correlated to the expected market rental growth and negatively correlated to the risk-adjusted discount rate and terminal yield rate.

The fair value of the investment property located in the USA is determined by using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's investment property compared to the sales building. Higher premium for higher quality buildings will result in a higher fair value measurement.

Fair value adjustment of investment properties is recognised in the line item "net valuation loss on investment properties" on the face of the consolidated statement of profit or loss.

The net loss recognised in the consolidated statement of profit or loss for the year arises from the investment properties held at the end of the reporting period.

11. Investment properties and other property, plant and equipment (Continued)

(d) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2024 $'000	2023 $'000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in Hong Kong, with remaining lease term of:	(i)		
– 50 years or more		170,714	111,312
– between 10 and 50 years		23,170	24,708
– less than 10 years	(iv)	–	76,206
		193,884	212,226
Other properties leased for own use, carried at depreciated cost	(ii)	35,008	52,461
Plant and equipment, carried at depreciated cost	(iii)	540	810
		229,432	265,497
Ownership interests in leasehold investment properties, carried at fair value in Hong Kong, with remaining lease term of:			
– 50 years or more		9,503,095	9,424,800
– less than 10 years	(iv)	–	1,354,345
		9,503,095	10,779,145
		9,732,527	11,044,642

11. Investment properties and other property, plant and equipment (Continued)

(d) Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognised in the consolidated statement of profit or loss is as follows:

	2024	**2023**
	$'000	$'000
Depreciation of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	20,244	25,178
Other properties leased for own use	17,583	19,304
Plant and equipment	270	271
	38,097	44,753

During the year ended 31 December 2024, additions to right-of-use assets were $11,612,000 (2023: $61,187,000). These included the additions of leasehold improvements for investment properties of $9,580,000 (2023: $8,867,000), ownership interests in leasehold land and buildings of $1,902,000 (2023: nil) and the remainder related to the capitalised lease payments payable under new leases.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(c) and 25(b)(ii), respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several commercial buildings for its operation of department stores. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its retail stores and staff quarters through tenancy agreements. The leases typically run for an initial period of two to three years. Lease payments are usually changed every two to three years to reflect market rentals.

11. Investment properties and other property, plant and equipment (Continued)

(d) Right-of-use assets (Continued)

(iii) Other leases

The Group leases computer equipment under a lease expiring in three years (2023: four years). The lease does not include variable lease payments.

(iv) Under the Extension of Government Leases Ordinance, which took effect on 5 July 2024, the Group's ownership interests in leasehold investment properties and leasehold land and buildings held for own use amounting to $1,185,695,000 and $71,165,000 respectively at 31 December 2024 with a remaining term of less than 6 years have been reviewed under the statutory lease extension mechanism. As the relevant leases are not included in the non-extension list published by the Government, they will be automatically extended for a further term of 50 years from their expiry without payment of additional premium, subject to payment of an annual rent equivalent to three per cent of the prevailing rateable value.

(e) Investment properties leased out under operating leases

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one year to twelve years, with an option to renew the lease after that date at which time all terms are renegotiated. Certain leases include variable lease payments.

The Group's total future undiscounted lease payments receivable under non-cancellable operating leases are as follows:

	2024	**2023**
	$'000	$'000
Within one year	285,984	285,382
After one year but within two years	210,678	195,465
After two years but within three years	110,206	132,341
After three years but within four years	33,903	92,976
After four years but within five years	18,040	35,600
After five years	30,996	53,557
	689,807	795,321

(f) Plant and equipment comprise plant, equipment, fixtures and fittings and motor vehicles.

(g) During the year ended 31 December 2024, lease incentives totalling $9,175,000 (2023: $39,087,000) were given to tenants of the investment properties in Australia. The lease incentives are being amortised over the lease terms.

12. Interest in an associate

	2024 $'000	2023 $'000
Unlisted shares		
Share of net assets other than intangible assets	304,898	326,279
Share of intangible assets of an associate	3,688	4,211
	308,586	330,490

(a) Details of the associate and its principal subsidiaries and joint venture are set out on page 139.

The associate is accounted for using the equity method in the consolidated financial statements.

(b) Summary financial information of an associate

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, is disclosed below:

	DCH Auto Group (USA) Limited	
	2024 $'000	2023 $'000
Gross amounts of the associate's		
– Current assets	694,445	859,628
– Non-current assets	163,252	233,142
– Current liabilities	(169,601)	(321,520)
– Non-current liabilities	(70,924)	(110,270)
– Equity	(617,172)	(660,980)
Revenue	1,255,950	1,711,341
Loss from continuing operations	(36,756)	(19,896)
Other comprehensive income	(7,052)	(5,472)
Total comprehensive income	(43,808)	(25,368)
Reconciled to the Group's interest in an associate		
– Gross amount of net assets of the associate	617,172	660,980
– Group's effective interest	50%	50%
– Group's share of net assets of the associate	308,586	330,490
Carrying amount in the consolidated financial statements	308,586	330,490

13. Other investments

	2024 $'000	2023 $'000
Equity securities designated at FVOCI (non-recycling)		
– Unlisted, at fair value	120,225	119,637

The Group designated certain equity investments at FVOCI (non-recycling), as they are held for long-term strategic purposes. Dividends of $2,584,000 (2023: $2,280,000) were recognised on these investments during the year.

The Group's investments substantially represent an investment in an unlisted company, which engages in various industries. Dividends of such investments of $2,584,000 (2023: $2,280,000) were recognised during the year.

14. Trading securities

	2024 $'000	2023 $'000
Debt securities, at FVPL		
Listed		
– in Hong Kong	44,511	61,387
– outside Hong Kong	191,723	221,609
	236,234	282,996
Equity securities, at FVPL		
Listed		
– in Hong Kong	361,150	401,730
– outside Hong Kong	579,295	416,586
	940,445	818,316
Investment funds, at FVPL		
– Unlisted but quoted	948,600	771,078
Structured products, at FVPL		
– Unlisted but quoted	83,312	–
	2,208,591	1,872,390

15. Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2024 $'000	2023 $'000
Merchandise held for sale	70,490	76,034
Merchandise held for sale in transit	131	729
	70,621	76,763

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	2024 $'000	2023 $'000
Carrying amount of inventories sold	252,110	286,687
Write-down of inventories	528	1,067
	252,638	287,754

16. Debtors, deposits and prepayments

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

All current portion of debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling $16,387,000 (2023: $18,875,000), are expected to be recovered or recognised as an expense within one year.

The non-current portion of prepayments of the Group represents the advance payments for purchases of property, plant and equipment.

16. Debtors, deposits and prepayments (Continued)

(a) Ageing analysis

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 $'000	2023 $'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
	11,276	16,782

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. The Group does not hold any collateral over these balances. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 25(b)(i) to the financial statements.

(b) Impairment of trade debtors

The Group measures loss allowance for trade debtors at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The lifetime ECL rate for trade debtors was immaterial. No loss allowance in respect of trade debtors was recognised at 31 December 2024 and 2023.

17. Amounts due from/(to) fellow subsidiaries

The amounts due from/(to) fellow subsidiaries are unsecured, interest free and recoverable/(repayable) on demand.

18. Cash and bank balances and other cash flow information

(a) Cash and bank balances comprise:

	2024	**2023**
	$'000	$'000
Cash at bank and in hand	437,373	388,443
Pledged bank balances (note 21)	56,858	–
Bank deposits		
– within three months to maturity when placed	1,136,894	1,332,966
– more than three months to maturity when placed	448,869	592,027
Cash and bank balances in the consolidated statement of financial position	2,079,994	2,313,436
Less: Pledged bank balances	(56,858)	–
Bank deposits more than three months to maturity when placed	(448,869)	(592,027)
Cash and cash equivalents in the consolidated statement of cash flows	1,574,267	1,721,409

18. Cash and bank balances and other cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities (note 22) $'000	Secured bank loan (note 21) $'000	Total $'000
At 1 January 2024	53,389	–	53,389
Changes from financing cash flows:			
Proceeds from new bank loan	–	60,360	60,360
Capital element of lease rentals paid	(16,598)	–	(16,598)
Interest element of lease rentals paid	(3,280)	–	(3,280)
Total changes from financing cash flows	(19,878)	60,360	40,482
Exchange adjustments	–	(1,202)	(1,202)
Other changes:			
Interest expenses (note 5(a))	3,280	122	3,402
Increase in lease liabilities from entering into a new lease during the year	130	–	130
Total other changes	3,410	122	3,532
At 31 December 2024	36,921	59,280	96,201

18. Cash and bank balances and other cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities (note 22) $'000
At 1 January 2023	20,841
Changes from financing cash flows:	
Capital element of lease rentals paid	(19,772)
Interest element of lease rentals paid	(483)
Total changes from financing cash flows	(20,255)
Other changes:	
Interest expenses (note 5(a))	483
Increase in lease liabilities from entering into a new lease during the year	52,320
Total other changes	52,803
At 31 December 2023	53,389

18. Cash and bank balances and other cash flow information (Continued)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 $'000	2023 $'000
Within operating cash flows	49	54
Within investing cash flows	11,482	8,867
Within financing cash flows	19,878	20,255
	31,409	29,176

These amounts relate to the following:

	2024 $'000	2023 $'000
Lease rentals paid	19,927	20,309
Additions of leasehold improvements for investment properties	11,482	8,867
	31,409	29,176

19. Creditors and accrued charges

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

All creditors and accrued charges of the Group, apart from certain rental deposits received totalling $41,007,000 (2023: $49,341,000), are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2024 $'000	2023 $'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
	246,574	323,239

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

20. Contract liabilities

	2024	2023
	$'000	$'000
Advances received from gift certificates	13,462	14,266
Reward points under customer loyalty programme	6,393	5,842
	19,855	20,108

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Gift certificates

When the Group receives consideration for gift certificates from customers, this will give rise to contract liabilities at the time of purchase, until revenue is recognised when the gift certificates are redeemed for future sale or when they expire.

– Reward points under customer loyalty programme

The Group operates a customer loyalty programme where customers accumulate reward points for purchases made which entitle them to discount on future purchases. A contract liability for the reward points is recognised at the time of sale. Revenue is recognised when the reward points are redeemed or when they expire.

The movements in contract liabilities during the year are as follows:

	2024	2023
	$'000	$'000
At 1 January	20,108	20,051
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(8,451)	(8,509)
Net increase in contract liabilities as a result of issuance of gift certificates and reward points under customer loyalty programme	8,198	8,566
At 31 December	19,855	20,108

The amount of advances received from gift certificates and reward points under customer loyalty programme expected to be recognised as income after more than one year is $10,746,000 (2023: $14,876,000).

21. Secured bank loan

At 31 December 2024, the secured bank loan of the Group was repayable as follows:

	2024 $'000	2023 $'000
Within one year or on demand	59,280	–

The bank loan is denominated in Japanese Yen ("JPY") and bears interest at 0.45% per annum. The Group is required to repay the loan principal of JPY1,200,000,000 and related interest thereon on 28 July 2025.

At 31 December 2024, the bank loan amounting to $59,280,000 (2023: nil) were secured by certain pledged bank balances and trading securities maintained with a bank with a carrying amount of $56,858,000 (2023: nil) and $101,393,000 (2023: nil) respectively.

22. Lease liabilities

At 31 December 2024, lease liabilities were repayable as follows:

	2024 $'000	2023 $'000
Within one year	17,814	16,534
After one year but within two years	19,107	17,748
After two years but within five years	–	19,107
	19,107	36,855
	36,921	53,389

23. Income tax in the consolidated statement of financial position

(a) Current tax in the consolidated statement of financial position represents:

	2024 $'000	2023 $'000
Provision for Hong Kong Profits Tax for the year	40,976	43,463
Provisional Profits Tax paid	(32,654)	(34,575)
	8,322	8,888
Balance of Profits Tax provision relating to prior years	187	263
	8,509	9,151
Overseas tax recoverable	(2,667)	(7,401)
	5,842	1,750
Represented by:		
Current tax recoverable	(3,057)	(7,808)
Current tax payable	8,899	9,558
	5,842	1,750

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation $'000	Revaluation of investment properties $'000	Future benefit of tax losses $'000	Others (note) $'000	Total $'000
Deferred tax arising from:					
At 1 January 2024	243,761	618,129	(75)	19,723	881,538
(Credited)/charged to the consolidated statement of profit or loss (note 6(a))	4,029	(22,703)	75	(3,808)	(22,407)
Credited to the exchange reserve	(17,155)	(57,274)	–	(1,662)	(76,091)
At 31 December 2024	230,635	538,152	–	14,253	783,040
At 1 January 2023	236,430	637,342	(67)	17,359	891,064
(Credited)/charged to the consolidated statement of profit or loss (note 6(a))	6,585	(20,912)	(8)	2,245	(12,090)
Charged to the exchange reserve	746	1,699	–	119	2,564
At 31 December 2023	243,761	618,129	(75)	19,723	881,538

Note: Others mainly relate to temporary differences arising from lease incentives.

23. Income tax in the consolidated statement of financial position (Continued)

(c) Reconciliation to the consolidated statement of financial position

	2024 $'000	2023 $'000
Deferred tax liabilities in the consolidated statement of financial position	783,040	881,538

(d) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2024 $'000	2023 $'000
Future benefit of accumulated tax losses	48,174	26,541
Others	4	700
	48,178	27,241

The Group has not recognised deferred tax assets in respect of the future benefit of accumulated tax losses and other deductible temporary differences of certain subsidiaries as management of the Group considers that it is not possible at 31 December 2024 to estimate, with any degree of certainty, the future taxable profits which may be earned by these subsidiaries and against which the accumulated tax losses and other deductible temporary differences may be offset in the foreseeable future. The tax losses do not expire under current tax legislation.

(e) Deferred tax liabilities not recognised

At 31 December 2024, temporary differences relating to the undistributed profits of subsidiaries amounted to $2,301,155,000 (2023: $2,540,116,000). Deferred tax liabilities of $690,346,000 (2023: $762,035,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

24. Capital, reserves and dividends

(a) Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on pages 54 and 55.

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

(b) Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share capital $'000 (note (d))	Contributed surplus $'000 (note (e)(iv))	Retained earnings $'000	Total $'000
At 1 January 2024	29,042	2,997,350	1,468,988	4,495,380
Total comprehensive income for the year	–	–	206,352	206,352
Purchase of own shares (note (d))				
– par value paid	(84)	–	–	(84)
– premium and transaction costs paid	–	–	(9,964)	(9,964)
Dividends approved and paid in respect of the previous year (note (c)(ii))	–	–	(174,057)	(174,057)
Dividends declared and paid in respect of the current year (note (c)(i))	–	–	(92,744)	(92,744)
At 31 December 2024	28,958	2,997,350	1,398,575	4,424,883
At 1 January 2023	29,093	2,997,350	1,646,746	4,673,189
Total comprehensive income for the year	–	–	145,531	145,531
Purchase of own shares (note (d))				
– par value paid	(51)	–	–	(51)
– premium and transaction costs paid	–	–	(6,474)	(6,474)
Dividends approved and paid in respect of the previous year (note (c)(ii))	–	–	(218,021)	(218,021)
Dividends declared and paid in respect of the current year (note (c)(i))	–	–	(98,794)	(98,794)
At 31 December 2023	29,042	2,997,350	1,468,988	4,495,380

24. Capital, reserves and dividends (Continued)

(c) Dividends

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

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

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.

24. Capital, reserves and dividends (Continued)

(c) Dividends (Continued)

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2024 $'000	2023 $'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 (note (d))/May 2023	(193)	(36)
Final dividend paid during the year of 60 cents (paid during 2023: 15 cents) per share	174,057	43,604
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	–	(142)
Special dividend paid during the year of nil cents (paid during 2023: 60 cents) per share	–	174,417
	174,057	218,021

24. Capital, reserves and dividends (Continued)

(d) Share capital

	2024		2023	
	Number of shares '000	$'000	Number of shares '000	$'000
Authorised:				
Shares of $0.1 each	400,000	40,000	400,000	40,000
Issued and fully paid:				
At 1 January	290,416	29,042	290,931	29,093
Shares purchased (note)	(842)	(84)	(515)	(51)
At 31 December	289,574	28,958	290,416	29,042

Note:

During the year ended 31 December 2024, the Company purchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares purchased	Aggregate price paid $'000	Highest price paid per share $	Lowest price paid per share $
January 2024	79,000	950	12.18	11.86
February 2024	6,000	71	11.90	11.90
April 2024	161,000	1,908	12.00	11.80
May 2024	45,000	533	11.96	11.78
June 2024	86,000	1,027	12.30	11.66
July 2024	190,000	2,241	11.96	11.70
September 2024	23,000	272	11.86	11.80
October 2024	45,000	547	12.18	12.04
November 2024	29,000	353	12.20	12.00
December 2024	178,000	2,107	11.90	11.70
	842,000	10,009		

Pursuant to section 42A of the Bermuda Companies Act 1981, the above purchased shares were cancelled upon purchase and the issued share capital of the Company was reduced by the nominal value of these shares of $84,000 (2023: $51,000) for the year ended 31 December 2024 accordingly. The premium and transaction costs paid on the purchase of the shares of $9,925,000 (2023: $6,449,000) and $39,000 (2023: $25,000) respectively were charged against retained earnings for the year ended 31 December 2024.

The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24. Capital, reserves and dividends (Continued)

(e) Nature and purpose of reserves

(i) Land and building revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted for land and buildings set out in note 1(h).

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI (non-recycling) that are held at the end of the reporting period (see note 1(f)(ii)).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(u).

(iv) Contributed surplus

Pursuant to the Scheme of Arrangement in 1991, the former holding company of the Group became a subsidiary of the Company. The excess value of the consolidated net assets of the subsidiaries acquired over the nominal value of the new shares of the Company issued under the Scheme of Arrangement was credited to the contributed surplus of the Company. The Group's contributed surplus represents the excess of the aggregate of the nominal value of the share capital and share premium of the former holding company over the nominal value of the new shares of the Company issued under the Scheme of Arrangement.

In addition to the retained earnings, under the Bermuda Companies Act 1981, the Company's contributed surplus is available for distribution to shareholders. However, the directors have no current intention to distribute this surplus.

(v) General reserve fund

According to applicable rules and regulations in the PRC, the Group's operating associates are required to transfer 10% of the profit after taxation, as determined in accordance with the generally accepted accounting principles in the PRC, to a general reserve fund until the balance of fund is at least half of the paid-in capital of the relevant associate company. The transfer to this reserve must be made before distribution of dividends to shareholders can be made.

24. Capital, reserves and dividends (Continued)

(f) Distributability of reserves of the Company

At 31 December 2024, the aggregate amount of reserves available for distribution to shareholders of the Company was $4,395,925,000 (2023: $4,466,338,000). After the end of the reporting period, the directors proposed a final dividend of 53 cents (2023: 60 cents) per share, amounting to $153,474,000 (2023: $174,250,000) (note (c)(i)). This dividend has not been recognised as a liability at the end of the reporting period.

(g) The Group's share of the post-acquisition accumulated reserves of an associate

The Group's share of the post-acquisition accumulated reserves of an associate is as follows:

	2024	**2023**
	$'000	$'000
Retained earnings	143,782	162,160
Exchange reserve	(12,745)	(9,219)
General reserve fund	3,111	3,111
	134,148	156,052

(h) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing goods and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

At 31 December 2024, the Group had a secured bank loan of $59,280,000 (2023: nil) which is repayable as disclosed in note 21. The gearing ratio, representing the ratio of bank borrowings to the total equity attributable to shareholders of the Company was 0.4% (2023: not applicable) at 31 December 2024. The Group had cash and bank balances at 31 December 2024 amounting to $2,079,994,000 (2023: $2,313,436,000).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

25. Financial risk management and fair values

(a) Categories of financial instruments

	2024 $'000	2023 $'000
Financial assets		
Financial assets measured at FVPL		
– Trading securities	2,208,591	1,872,390
Equity securities designated at FVOCI (non-recycling)		
– Other investments	120,225	119,637
Financial assets measured at amortised cost		
– Debtors and deposits	35,304	50,218
– Amounts due from fellow subsidiaries	5,821	9,516
– Cash and bank balances	2,079,994	2,313,436
	2,121,119	2,373,170
	4,449,935	4,365,197
Financial liabilities		
Creditors and accrued charges	296,782	367,289
Secured bank loan	59,280	–
Lease liabilities	36,921	53,389
Amounts due to fellow subsidiaries	2,015	2,477
	394,998	423,155

(b) Financial risk management

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group is also exposed to price risk arising from its investments in trading securities and other investments held for non-trading purposes. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to cash and bank balances, trade debtors and investments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and bank balances are placed with licensed financial institutions. Bankruptcy or insolvency of its financial institutions may cause the Group's rights with respect to these assets to be delayed or limited. The Group monitors the credit rating of its financial institutions on an ongoing basis. If the credit rating of one of its financial institutions was to deteriorate significantly, the Group would move the cash holdings to another financial institution. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are financial institutions with a credit rating, for which the Group considers to have low credit risk.

For trade debtors, credit checks are part of the normal operating process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group measures loss allowance for trade debtors at an amount equal to lifetime ECLs, taken into account historical data, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade debtors is set out in note 16.

Investments are normally only in liquid securities, derivative financial instruments and investment funds quoted on a recognised stock exchange or by reputable financial institutions (except where entered into for long-term strategic purposes) and with counterparties that have a sound credit standing. Given their high credit standing, the Group's exposure to credit risk arising from investments is not significant.

The Group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers except certain bank deposits placed with a licensed financial institution. At the end of the reporting period, 31.4% (2023: 31.2%) of cash and bank balances are placed in the same financial institution. The Group monitors the credit rating on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain pre-determined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow				
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	Total	Carrying amount at 31 December
	$'000	$'000	$'000	$'000	$'000
2024					
Creditors and accrued charges	255,775	22,209	18,798	296,782	296,782
Secured bank loan	59,547	–	–	59,547	59,280
Lease liabilities	19,828	19,760	–	39,588	36,921
Amounts due to fellow subsidiaries	2,015	–	–	2,015	2,015
	337,165	41,969	18,798	397,932	394,998
2023					
Creditors and accrued charges	317,948	17,984	31,357	367,289	367,289
Lease liabilities	19,809	19,760	19,760	59,329	53,389
Amounts due to fellow subsidiaries	2,477	–	–	2,477	2,477
	340,234	37,744	51,117	429,095	423,155

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(iii) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank, bank deposits, lease liabilities and secured bank loan.

Lease liabilities and secured bank loan at fixed rates expose the Group to fair value interest rate risk. The effective interest rates of the Group's lease liabilities and secured bank loan at 31 December 2024 are 7.4% (2023: 7.4%) and 0.45% (2023: nil) respectively.

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after taxation and increased/decreased the Group's retained earnings by approximately $19,100,000 (2023: increased/decreased the Group's profit after taxation and retained earnings by approximately $21,715,000). Other components of the consolidated equity would not be affected (2023: nil) by the change in interest rates.

The sensitivity analysis above indicates the annualised impact on the Group's loss/profit after taxation and retained earnings that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis has been performed on the same basis for 2023.

(iv) Foreign currency risk

The Group is exposed to foreign currency risk primarily through its investments, cash and bank balances and secured bank loan that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Australian dollars, JPY, Pound Sterling, and Euro. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(iv) Foreign currency risk (Continued)

The following tables detail the Group's exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the operations to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currency (expressed in Hong Kong dollars)				
	United States dollars $'000	Australian dollars $'000	JPY $'000	Pound Sterling $'000	Euro $'000
2024					
Trading securities	1,416,496	65,566	57,160	64,493	39,982
Debtors and deposits	6,767	390	137	–	494
Cash and bank balances	845,970	84,888	50,712	5	59
Creditors and accrued charges	(124)	–	(595)	–	(1,157)
Secured bank loan	–	–	(59,280)	–	–
	2,269,109	150,844	48,134	64,498	39,378
2023					
Trading securities	1,102,097	101,314	35,665	56,698	31,907
Debtors and deposits	13,238	327	9	13	1,336
Cash and bank balances	1,117,745	64,029	564	304	3,833
Creditors and accrued charges	(145)	–	(523)	–	(1,150)
	2,232,935	165,670	35,715	57,015	35,926

The following table indicates the change in the Group's loss/profit after taxation and retained earnings that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(iv) Foreign currency risk (Continued)

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after taxation and retained earnings
	%	$'000	%	$'000
United States dollars	0.5	11,346	0.5	11,165
	(0.5)	(11,346)	(0.5)	(11,165)
Australian dollars	10	15,084	10	16,567
	(10)	(15,084)	(10)	(16,567)
JPY	10	4,813	10	3,572
	(10)	(4,813)	(10)	(3,572)
Pound Sterling	10	6,450	10	5,702
	(10)	(6,450)	(10)	(5,702)
Euro	10	3,938	10	3,593
	(10)	(3,938)	(10)	(3,593)

Results of the analysis as presented in the above table represent an aggregation of the effects on the loss/profit after taxation and retained earnings of each entity of the Group measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2023.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(v) Price risk

The Group is exposed to price changes arising from trading securities (see note 14) and other investments held for long-term strategic purposes (see note 13). All of these investments are listed or measured at fair value at the end of each reporting period with reference to the quoted price or the adjusted net assets value. Management monitors this exposure and takes appropriate action when it is required.

Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to industry indicators, as well as the Group's liquidity needs.

All of the Group's unquoted investments are held for long-term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

At 31 December 2024, it is estimated that an increase/decrease of 10% (2023: 10%) in the relevant price risk variable, with all other variables held constant, would have decreased/increased the Group's loss after taxation (2023: increased/decreased the Group's profit after taxation) and increased/decreased the Group's retained earnings and other components of the consolidated equity as follows:

	2024		2023	
	Decrease/(increase) in loss after taxation and increase/(decrease) in retained earnings $'000	Increase/(decrease) in other components of the consolidated equity $'000	Increase/(decrease) in profit after taxation and retained earnings $'000	Increase/(decrease) in other components of the consolidated equity $'000
Increase/(decrease) in price variable				
– 10%	209,958	12,022	178,654	11,964
– (10)%	(209,958)	(12,022)	(178,654)	(11,964)

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(v) Price risk (Continued)

The sensitivity analysis indicates the change in the Group's loss/profit after taxation and retained earnings and other components of the consolidated equity that would arise assuming that the change in the relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to price risk at the end of the reporting period. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant risk variables, and that all other variables remain constant. The analysis has been performed on the same basis for 2023.

(vi) Fair values

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(vi) Fair values (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2024	Fair value measurements at 31 December 2024 categorised into			Fair value at 31 December 2023	Fair value measurements at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Recurring fair value measurements								
Assets								
Other investments	120,225	–	–	120,225	119,637	–	–	119,637
Trading securities	2,208,591	1,176,679	1,031,912	–	1,872,390	1,101,312	771,078	–

During the years ended 31 December 2024 and 2023, there were no transfers between financial instruments in different levels. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

(Expressed in Hong Kong dollars unless otherwise indicated)

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(vi) Fair values (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The trading securities in Level 2 represent investment funds and structured products. The fair value of investment funds is based on prices quoted by financial institutions with reference to the quoted price in an active market of the listed securities comprising the fund portfolio being valued. The fair value of structured products is based on indicative prices provided by financial institutions, reflecting market conditions and derived using proprietary pricing models with inputs including risk-free rate and expected volatility of the underlying listed securities.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Other investments	Adjusted net assets	Discount for lack of marketability	40% (2023: 40%)
		Minority discount	15% (2023: 15%)
		Control premium	10% (2023: 10%)

The fair value of other investments is determined using the net assets value adjusted for lack of marketability discount and minority discount and the quoted price in an active market of a listed equity instrument adjusted for control premium. The fair value is negatively correlated to the discount for lack of marketability and minority discount and positively correlated to the control premium.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(vi) Fair values (Continued)

Information about Level 3 fair value measurements (Continued)

At 31 December 2024, it is estimated that an increase/decrease of 3% (2023: 3%) in each of the unobservable inputs, with all other variables held constant, would have increased/decreased the Group's other comprehensive income as follows:

	Increase/ (decrease) in unobservable inputs	2024 Effect on other comprehensive income	2023 Effect on other comprehensive income
	%	$'000	$'000
Discount for lack of marketability	3	(5,073)	(5,068)
	(3)	5,070	5,027
Minority discount	3	(3,583)	(3,569)
	(3)	3,580	3,566
Control premium	3	532	532
	(3)	(570)	(532)

The movements during the year in the balance of Level 3 fair value measurements of other investments are as follows:

	2024	2023
	$'000	$'000
Other investments:		
At 1 January	119,637	126,737
Credited/(debited) to other comprehensive income during the year	588	(7,100)
At 31 December	120,225	119,637

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for long-term strategic purposes are recognised in the investment revaluation reserve in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

25. Financial risk management and fair values (Continued)

(b) Financial risk management (Continued)

(vi) Fair values (Continued)

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2024 and 2023.

26. Capital commitments

Capital expenditures contracted for at the end of the reporting period but not provided for as liabilities in the financial statements are as follows:

	2024	**2023**
	$'000	$'000
– Investment properties	34,244	31,016
– Other property, plant and equipment	23,833	26,192
	58,077	57,208

27. Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2024	**2023**
	$'000	$'000
Directors' fees	1,072	1,032
Salaries and other short-term employee benefits	46,716	33,542
Contributions to defined contribution retirement plans	940	905
	48,728	35,479

27. Material related party transactions (Continued)

(b) Recurring transactions

Fellow subsidiaries represent subsidiaries of Wing On International Holdings Limited ("WOIH"), the Company's immediate holding company. Material related party transactions are as follows:

(i) A fellow subsidiary rents retail premises to a subsidiary of the Group. Rental and management fees payable to this fellow subsidiary amounted to $23,470,000 (2023: $23,472,000) during the year. The amount due from the fellow subsidiary at 31 December 2024 amounted to $1,956,000 (2023: $1,956,000).

(ii) A subsidiary of the Group rents office premises to a fellow subsidiary. Rental and management fees receivable from this fellow subsidiary amounted to $5,212,000 (2023: $5,554,000) during the year. The amount due to the fellow subsidiary at 31 December 2024 amounted to $1,188,000 (2023: $1,339,000).

(iii) Fellow subsidiaries, engaged in securities trading, deal in securities for certain subsidiaries of the Group. Commission of $748,000 (2023: $725,000) was payable to these fellow subsidiaries during the year. The amounts due from these fellow subsidiaries at 31 December 2024 amounted to $3,865,000 (2023: $7,560,000).

(iv) A subsidiary of the Group provides building and tenancy management services to a fellow subsidiary. Building and tenancy management services income receivable from this fellow subsidiary amounted to $1,804,000 (2023: $1,775,000) during the year. The amount due to the fellow subsidiary at 31 December 2024 amounted to $827,000 (2023: $1,138,000).

The directors are of the opinion that the above transactions were carried out at pre-determined amounts in accordance with terms mutually agreed by the Group and the respective companies.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of notes (b)(i) and (b)(ii) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "connected transaction and continuing connected transactions" of the Annual Report.

The related party transactions in respect of notes (b)(iii) and (b)(iv) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

28. Company-level statement of financial position

	Note	2024 $'000	2023 $'000
Non-current assets			
Investments in subsidiaries	(a)	2,801,990	2,801,990
Current assets			
Debtors, deposits and prepayments		983	966
Amounts due from subsidiaries		1,590,214	1,664,288
Cash and bank balances		47,217	46,086
		1,638,414	1,711,340
Current liabilities			
Creditors and accrued charges		13,751	16,195
Amounts due to subsidiaries		1,738	1,755
		15,489	17,950
Net current assets		1,622,925	1,693,390
Total assets less current liabilities		4,424,915	4,495,380
Non-current liabilities			
Long service payment liabilities		32	–
NET ASSETS		4,424,883	4,495,380
Capital and reserves	24(b)		
Share capital		28,958	29,042
Reserves		4,395,925	4,466,338
TOTAL EQUITY		4,424,883	4,495,380

Approved and authorised for issue by the board of directors on 25 March 2025.

Kwok Chi Leung Karl
Director

Kwok Chi Hang Lester
Director

Note (a): The investments in subsidiaries represent the unlisted shares stated at cost. Details of the principal subsidiaries are set out on pages 136 to 138. The Group does not have any subsidiary which has a material non-controlling interest.

29. Immediate and ultimate controlling parties

At 31 December 2024, the directors consider the Company's immediate parent to be WOIH, which is incorporated in Bermuda, and the ultimate controlling party to be Kee Wai Investment Company (BVI) Limited ("KW(BVI)"), which is incorporated in the British Virgin Islands. Mr. Kwok Chi Leung Karl, Mr. Kwok Chi Hang Lester, Dr. Kwok Chi Piu Bill and Mr. Kwok Chi Yat, directors of the Company, together control 100% of the voting rights in KW(BVI). KW(BVI) does not produce financial statements available for public use while WOIH produces financial statements available for public use.

30. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the year of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

At 31 December 2024 and 2023

The directors are of the opinion that a complete list of the particulars of all subsidiaries and associate would be of excessive length and, therefore, the following list contains only the particulars of subsidiaries and associate which principally affect the results, assets or liabilities of the Group.

The complete list of all the subsidiaries and associate will be annexed to the Company's next annual return pursuant to the Hong Kong Companies Ordinance.

Principal subsidiaries

			Proportion of ownership interest						
Name of company	Place of incorporation/ business	Particulars of issued and paid up capital	Group's effective holding		held by the Company		held by a subsidiary		Principal activity
			2024	2023	**2024**	2023	**2024**	2023	
333 Choice Properties Pty Ltd	Australia	2 ordinary shares of no par value	**100**	100	**–**	–	**100**	100	Trustee for an investment trust
Asmar Properties Limited	British Virgin Islands/ Australia	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding
Belair Properties Limited	British Virgin Islands	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding and securities trading
Choice Century International Limited	British Virgin Islands/ Hong Kong	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding and securities trading
Clever Choice Investments Limited	British Virgin Islands	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding
Clever Choice Properties Pty Limited	Australia	2 ordinary shares of no par value and 1,800 redeemable preference shares of no par value	**100**	100	**–**	–	**100**	100	Investment holding
Cornerstone Assets Limited	British Virgin Islands	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

(Continued)

At 31 December 2024 and 2023

Principal subsidiaries (Continued)

Name of company	Place of incorporation/ business	Particulars of issued and paid up capital	Proportion of ownership interest						Principal activity
			Group's effective holding		held by the Company		held by a subsidiary		
			2024	2023	**2024**	2023	**2024**	2023	
Fine Choice Investments Limited	British Virgin Islands	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding
Fine Choice Properties Pty Limited	Australia	2 ordinary shares of no par value	**100**	100	**–**	–	**100**	100	Investment holding
Fortuna Yakitori Stall, Limited	Hong Kong	10,000 shares of no par value	**100**	100	**–**	–	**100**	100	Securities trading
Somhill Pty. Ltd.	Australia	2 ordinary shares of no par value	**100**	100	**–**	–	**100**	100	Investment in an investment trust
The Wing On Company, Inc.	USA	12,310 shares of common stock of no par value	**88.22**	88.22	**–**	–	**88.22**	88.22	Investment holding
The Wing On Company Limited	Hong Kong	296,100,000 shares of no par value	**100**	100	**–**	–	**100**	100	Investment holding and property investment
The Wing On Department Stores (Bermuda) Limited	Bermuda	60,100,000 shares of HK$1 each	**100**	100	**–**	–	**100**	100	Investment holding
The Wing On Department Stores (Hong Kong) Limited	Hong Kong	2 shares of no par value	**100**	100	**–**	–	**100**	100	Department stores

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

(Continued)

At 31 December 2024 and 2023

Principal subsidiaries (Continued)

Name of company	Place of incorporation/ business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective holding 2024	Group's effective holding 2023	held by the Company 2024	held by the Company 2023	held by a subsidiary 2024	held by a subsidiary 2023	Principal activity
The Wing On Property Management Company Limited	Hong Kong	5,000 shares of no par value	**100**	100	**–**	–	**100**	100	Property management
The Wing On Services Limited	British Virgin Islands/ Hong Kong	1 share of HK$10	**100**	100	**–**	–	**100**	100	Ownership of trade marks
Tonnish Limited	Hong Kong	500 shares of no par value	**100**	100	**–**	–	**100**	100	Property investment
Wing On Company (BVI) Limited	British Virgin Islands	100,000 shares of HK$0.10 each	**100**	100	**100**	100	**–**	–	Investment holding
Wing On Computer Systems Limited	Hong Kong	180,000 shares of no par value	**100**	100	**–**	–	**100**	100	Computer services
WOCO Investment Corporation	USA	4,300 shares of common stock of US$10 each	**88.22**	88.22	**–**	–	**100**	100	Property investment
Wonder Choice Investments Limited	British Virgin Islands	1 share of US$1	**100**	100	**100**	100	**–**	–	Investment holding
Wonder Choice Properties Pty Limited	Australia	2 ordinary shares of no par value and 1,300 redeemable preference shares of no par value	**100**	100	**–**	–	**100**	100	Investment holding

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

(Continued)

At 31 December 2024 and 2023

Associate and its principal subsidiaries and joint venture

Name of company	Form of business structure	Place of incorporation/ business	Class of shares held	Proportion of ownership interest held by the Group 2024	2023	Principal activity
DCH Auto Group (USA) Limited	Incorporated	British Virgin Islands	"A" shares and "B" shares	**50**	50	Investment holding
DCH Auto Group (Asia) Limited #	Incorporated	British Virgin Islands	Ordinary	**50**	50	Investment holding
Mei Chang Group (HK) Limited #	Incorporated	Hong Kong	Ordinary	**50**	50	Investment holding
Meichang Auto Group (Asia) Limited #	Incorporated	Hong Kong	Ordinary	**25.5**	25.5	Investment holding

Principal subsidiaries and joint venture of DCH Auto Group (USA) Limited.