

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**ANNOUNCEMENT OF ANNUAL RESULTS
 FOR THE YEAR ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

	2022	2021	<i>Increase /</i>
	HK\$'M	HK\$'M	<i>(Decrease)</i>
Turnover	15,758	12,522	26%
Revenue	14,905	10,253	45%
Profit from operations	1,153	891	29%
Profit attributable to equity shareholders of the Company	1,960	2,501	(22%)
	HK\$	HK\$	
Earnings per share	6.03	7.69	(22%)
Dividend per share: Interim	0.50	0.50	
Proposed final	1.50	1.50	
Total	2.00	2.00	-
Equity per share attributable to equity shareholders of the Company	175.41	181.68	(3%)

RESULTS

The consolidated results of Guoco Group Limited (the “Company”) and its subsidiaries (together the “Group”) for the financial year ended 30 June 2022 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2022 HK\$'000	2021 HK\$'000
Turnover	3 & 4	<u>15,758,258</u>	<u>12,521,792</u>
Revenue	3 & 4	14,904,912	10,252,587
Cost of sales		(8,473,321)	(7,013,499)
Other attributable costs		<u>(547,694)</u>	<u>(508,713)</u>
		5,883,897	2,730,375
Other revenue		1,326,245	1,302,186
Other net (losses)/income	5	(315,787)	1,252,469
Administrative and other operating expenses		<u>(4,605,146)</u>	<u>(3,254,385)</u>
Profit from operations before finance costs		2,289,209	2,030,645
Finance costs	3(b) & 6(a)	<u>(1,136,442)</u>	<u>(1,139,890)</u>
Profit from operations		1,152,767	890,755
Valuation surplus on investment properties		1,373,048	413,116
Share of profits of associates and joint ventures	6(c)	<u>1,104,167</u>	<u>1,152,010</u>
Profit for the year before taxation	3 & 6	3,629,982	2,455,881
Taxation	7	<u>(329,461)</u>	<u>23,154</u>
Profit for the year		<u>3,300,521</u>	<u>2,479,035</u>
Attributable to:			
Equity shareholders of the Company		1,960,186	2,501,001
Non-controlling interests		<u>1,340,335</u>	<u>(21,966)</u>
Profit for the year		<u>3,300,521</u>	<u>2,479,035</u>
Earnings per share		HK\$	HK\$
Basic	9	<u>6.03</u>	<u>7.69</u>
Diluted	9	<u>6.03</u>	<u>7.69</u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022 HK\$'000	2021 HK\$'000
Profit for the year	3,300,521	2,479,035
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") - net movement in fair value reserve (non-recycling)	(1,070,849)	(856,451)
Actuarial gain/(loss) on defined benefit obligation	33,098	(15,917)
	<u>(1,037,751)</u>	<u>(872,368)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	(3,749,244)	3,405,499
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	(7,641)	(4,713)
Changes in fair value of cash flow hedge	39,971	(20,980)
Changes in fair value on net investment hedge	88,312	(8,890)
Share of other comprehensive income of associates	(222,180)	29,692
	<u>(3,850,782)</u>	<u>3,400,608</u>
Other comprehensive income for the year, net of tax	(4,888,533)	2,528,240
Total comprehensive income for the year	(1,588,012)	5,007,275
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	(1,924,392)	3,806,744
Non-controlling interests	336,380	1,200,531
	<u>(1,588,012)</u>	<u>5,007,275</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Investment properties		34,686,794	30,011,173
Other property, plant and equipment		11,848,238	13,355,702
Right-of-use assets		5,103,166	5,983,354
Interest in associates and joint ventures		14,061,428	13,769,190
Equity investments at FVOCI		6,603,147	7,798,011
Deferred tax assets		849,752	799,420
Intangible assets		6,975,544	8,138,978
Goodwill		2,394,027	3,157,607
Pensions surplus		118,900	51,565
		82,640,996	83,065,000
CURRENT ASSETS			
Development properties		20,940,572	19,635,167
Properties held for sale		2,341,520	2,256,812
Inventories		477,999	555,806
Contract assets		1,315,341	2,877,677
Trade and other receivables	10	1,787,448	1,577,542
Tax recoverable		152,712	116,896
Trading financial assets		8,787,546	10,297,436
Cash and short term funds		11,801,952	11,250,595
Assets held for sale		-	120,413
		47,605,090	48,688,344
CURRENT LIABILITIES			
Contract liabilities		947,203	562,755
Trade and other payables	11	4,813,856	4,796,317
Bank loans and other borrowings		12,001,373	8,640,812
Taxation		210,373	201,251
Provisions and other liabilities		175,329	166,745
Lease liabilities		452,463	594,722
Liabilities held for sale		-	14,605
		18,600,597	14,977,207
NET CURRENT ASSETS		29,004,493	33,711,137
TOTAL ASSETS LESS CURRENT LIABILITIES		111,645,489	116,776,137
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		26,327,392	28,466,243
Amount due to non-controlling interests		2,547,500	2,682,421
Provisions and other liabilities		103,351	236,913
Deferred tax liabilities		453,083	517,441
Lease liabilities		6,885,828	7,879,423
		36,317,154	39,782,441
NET ASSETS		75,328,335	76,993,696
CAPITAL AND RESERVES			
Share capital		1,290,715	1,277,479
Reserves		56,426,879	58,505,787
Total equity attributable to equity shareholders of the Company		57,717,594	59,783,266
Non-controlling interests		17,610,741	17,210,430
TOTAL EQUITY		75,328,335	76,993,696

Notes:

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

(a) Statement of compliance

Although not so required under the Bye-Laws of the Company, 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"), accounting principles generally accepted in Hong Kong 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 HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2022 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis modified by the revaluation of investment properties and the marking to market of certain financial instruments.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of 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.

(c) Hong Kong dollar amounts

The consolidated financial statements of the Group are expressed in the United States dollars ("USD"), which is the functional currency of the Company. The Hong Kong dollar ("HKD") figures presented in the sections entitled "FINANCIAL HIGHLIGHTS" and "RESULTS" above are the HKD equivalents of the corresponding USD figures in the consolidated financial statements, which are translated at the rates prevailing at the respective financial year ends for presentation purposes only (2022: US\$1 = HK\$7.8451, 2021: US\$1 = HK\$7.7646).

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – *Interest Rate Benchmark Reform – Phase 2*
- Amendment to HKFRS 16 – *COVID 19 – Related Rent Concessions beyond 30 June 2021*

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, the Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

Segment	Business activities	Operated by
Principal investment:	This segment covers debt, equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia, Vietnam and Hong Kong.	Subsidiaries, associates and joint ventures
Hospitality and leisure:	This segment owns, leases or manages hotels and operates gaming and leisure businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Other segments include royalty entitlement of the Group's Bass Strait's oil and gas production investment and the manufacture, marketing and distribution of health products. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2022 or 2021.

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2020/21.

3. SEGMENT REPORTING (cont'd)

Information regarding the Group's reportable segments for the year is set out below.

(a) Reportable segment revenue and profit or loss

	Principal investment HK\$'000	Property development and investment HK\$'000	Hospitality and leisure HK\$'000	Financial services HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and profit or loss						
For the year ended 30 June 2022						
Turnover	1,469,276	5,578,482	8,168,886	-	541,614	15,758,258
Disaggregated by timing of revenue						
- Point in time	615,930	2,996,519	8,168,886	-	541,614	12,322,949
- Over time	-	2,581,963	-	-	-	2,581,963
Revenue from external customers	615,930	5,578,482	8,168,886	-	541,614	14,904,912
Inter-segment revenue	33,208	16,686	-	-	-	49,894
Reportable segment revenue	649,138	5,595,168	8,168,886	-	541,614	14,954,806
Reportable segment operating (loss)/profit	(368,914)	2,370,217	734,728	-	(422,252)	2,313,779
Finance costs	(61,748)	(488,684)	(590,905)	-	(19,675)	(1,161,012)
Valuation surplus on investment properties	-	1,373,048	-	-	-	1,373,048
Share of (losses)/profits of associates and joint ventures	-	(47,282)	-	1,151,449	-	1,104,167
(Loss)/profit before taxation	(430,662)	3,207,299	143,823	1,151,449	(441,927)	3,629,982

3. SEGMENT REPORTING (cont'd)

(a) Reportable segment revenue and profit or loss (cont'd)

	Principal investment HK\$'000	Property development and investment HK\$'000	Hospitality and leisure HK\$'000	Financial services HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and profit or loss						
For the year ended 30 June 2021						
Turnover	3,158,080	5,048,287	3,736,535	-	578,890	12,521,792
Disaggregated by timing of revenue						
- Point in time	888,875	2,780,783	3,736,535	-	578,890	7,985,083
- Over time	-	2,267,504	-	-	-	2,267,504
Revenue from external customers	888,875	5,048,287	3,736,535	-	578,890	10,252,587
Inter-segment revenue	13,805	17,455	-	-	-	31,260
Reportable segment revenue	902,680	5,065,742	3,736,535	-	578,890	10,283,847
Reportable segment operating profit/(loss)	1,522,483	1,558,309	(1,157,834)	-	120,894	2,043,852
Finance costs	(63,010)	(492,772)	(578,206)	-	(19,109)	(1,153,097)
Valuation surplus on investment properties	-	413,116	-	-	-	413,116
Share of profits of associates and joint ventures	-	69,477	-	1,082,533	-	1,152,010
Profit/(loss) before taxation	1,459,473	1,548,130	(1,736,040)	1,082,533	101,785	2,455,881

3. SEGMENT REPORTING (cont'd)

(b) Reconciliations of reportable segment revenue, finance costs and interest income

Revenue

	2022 HK\$'000	2021 HK\$'000
Reportable segment revenue	14,954,806	10,283,847
Elimination of inter-segment revenue	<u>(49,894)</u>	<u>(31,260)</u>
Consolidated revenue (note 4)	<u><u>14,904,912</u></u>	<u><u>10,252,587</u></u>

Finance costs

	2022 HK\$'000	2021 HK\$'000
Reportable finance costs	1,161,012	1,153,097
Elimination of inter-segment finance costs	<u>(24,570)</u>	<u>(13,207)</u>
Consolidated finance costs (note 6(a))	<u><u>1,136,442</u></u>	<u><u>1,139,890</u></u>

Interest income

	2022 HK\$'000	2021 HK\$'000
Reportable interest income	173,713	146,603
Elimination of inter-segment interest income	<u>(24,571)</u>	<u>(13,207)</u>
Consolidated interest income (note 4)	<u><u>149,142</u></u>	<u><u>133,396</u></u>

4. TURNOVER AND REVENUE

The Company is an investment holding and investment management company. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, and hospitality and leisure businesses.

The amount of each significant category of turnover and revenue is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from sale of properties	4,666,887	4,192,201
Revenue from hospitality and leisure	8,159,848	3,730,230
Interest income	149,142	133,396
Dividend income	584,919	863,191
Rental income from properties	727,856	671,677
Revenue from sales of goods	541,614	578,874
Others	74,646	83,018
Revenue	<u>14,904,912</u>	<u>10,252,587</u>
Proceeds from sale of investments in securities	853,346	2,269,205
Turnover	<u><u>15,758,258</u></u>	<u><u>12,521,792</u></u>

5. OTHER NET (LOSSES)/INCOME

	2022 HK\$'000	2021 HK\$'000
Net realised and unrealised (loss)/gain on trading financial assets	(844,174)	781,608
Net realised and unrealised gains on derivative financial instruments	355,098	223,760
Net gain/(loss) on foreign exchange contracts	95,631	(46,743)
Other exchange (loss)/gain	(178,820)	48,024
Net losses on disposal of property, plant and equipment	(34,322)	(8,090)
Net loss on disposal of intangible assets	(7,876)	-
Provision written back/(made) during the year	44,819	(33,357)
Gain on disposal of subsidiaries	104,473	266,900
Additional proceeds from disposal of a subsidiary in the prior year	91,520	-
Remeasurement gain on existing interest in other investments	13,415	-
Gain on disposal of investment properties	-	1,708
Others	44,449	18,659
	<u><u>(315,787)</u></u>	<u><u>1,252,469</u></u>

6. PROFIT FOR THE YEAR BEFORE TAXATION

Profit for the year before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2022 HK\$'000	2021 HK\$'000
Interest on bank loans and other borrowings	1,149,433	1,097,045
Interest on lease liabilities	384,902	388,067
Other borrowing costs	71,092	89,433
Total borrowing costs	<u>1,605,427</u>	<u>1,574,545</u>
Less: borrowing costs capitalised into:		
- development properties	(187,410)	(176,311)
- investment properties	(281,575)	(258,344)
Total borrowing costs capitalised (note)	<u>(468,985)</u>	<u>(434,655)</u>
	<u>1,136,442</u>	<u>1,139,890</u>

Note: These borrowing costs have been capitalised at rates of 1.02% to 5.08% per annum (2021: 1.10% to 7.25%).

(b) Staff cost

	2022 HK\$'000	2021 HK\$'000
Salaries, wages and other benefits	2,414,604	2,343,504
Contributions to defined contribution retirement plans	97,208	88,555
Expenses recognised/(reversed) in respect of defined benefit retirement plans	4,362	(2,997)
Equity-settled share-based payment forfeiture	(3,585)	(41,183)
	<u>2,512,589</u>	<u>2,387,879</u>

6. PROFIT FOR THE YEAR BEFORE TAXATION (cont'd)

(c) Other items

	2022 HK\$'000	2021 HK\$'000
Depreciation		
- other property, plant and equipment	596,600	641,861
- right-of-use assets	393,366	368,687
Net impairment losses recognised/(reversed)		
- other property, plant and equipment (note a & b)	74,795	(18,200)
- intangible assets (note b & c)	48,977	5,924
- right-of-use assets (note a & b)	284,297	(6,157)
- goodwill (note c)	486,817	-
Amortisation		
- customer relationship, licences and brand names	106,026	108,277
- casino licences and brand names	659	1,227
- Bass Strait oil and gas royalty	24,359	25,025
- other intangible assets	226,965	241,277
Cost of inventories recognised in cost of sales	314,320	331,269
Write down of development properties	-	52,815
Expense relating to short-term leases and other leases with remaining lease term ending within one year	3,130	5,870
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	3,342	2,430
Auditors' remuneration		
- audit services	28,352	24,218
- tax services	722	730
- other services	408	-
Donations	4,864	13,899
Gross rental income from investment properties	(727,856)	(671,677)
Less: direct outgoings	179,416	170,355
Net rental income	<u>(548,440)</u>	<u>(501,322)</u>
Share of (profits)/losses of associates and joint ventures:		
- associates	(1,162,378)	(1,079,178)
- joint ventures	58,211	(72,832)
	<u>(1,104,167)</u>	<u>(1,152,010)</u>

6. PROFIT FOR THE YEAR BEFORE TAXATION (cont'd)

(c) Other items (cont'd)

Notes:

- a. During the year, the COVID-19 pandemic continued to disrupt the Group's hotel operations which was considered an impairment indicator. The assets (included in other property, plant and equipment and right-of-use assets) of each hotel property have been identified as individual cash generating units ("CGUs") for impairment assessment. The Group estimates the recoverable amount of assets using the value-in-use derived from discounted cash flow projections of the CGUs. The estimation of value-in-use of hotel assets involves the assumption of occupancy rates to be resumed to pre-COVID-19 pandemic level over the next few years, the projection of EBITDA forecasts, long term revenue growth of 2% (2021: 2%) and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 9.6% (2021: 8.8%).

Based on the result of the impairment assessment as at 30 June 2022, a hotel property was written down to its recoverable amount, and accordingly, impairment losses on other property, plant and equipment of HK\$22.6 million and right-of-use assets of HK\$53.1 million were recognised in the year.

Based on the result of the impairment assessment at the end of the last reporting period, reversals of impairment on other property, plant and equipment of HK\$18.2 million and right-of-use assets of HK\$6.2 million were recognised as the recoverable amounts were estimated to be higher than the carrying amounts as at 30 June 2021.

- b. During the year, the Group has factored the continuing risk of COVID-19 into the impairment testing of goodwill, right-of-use assets, other property, plant and equipment and intangible assets of individual casino venues and clubs. Testing was carried out by allocating the carrying value of these assets to the individual venues and clubs. The recoverable amounts of individual venues and clubs have been calculated with reference to their value-in-use. Value-in-use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the following three years and are most sensitive to revenue growth, the pre-tax discount rates of 11% to 15% (2021: 11% to 14%) and growth rates of 0% to 2% (2021: 0% to 2%) used to extrapolate cash flow beyond the forecast period. The Group also assessed the impact of climate change in the impairment review and considered that the most significant impact would be in relation to the cost of energy for which best estimates have been factored into future forecasts.

As a result of the impairment assessment, the Group recognised impairment charges on right-of-use assets of HK\$250.0 million, other property, plant and equipment of HK\$107.1 million and intangible assets of HK\$139.8 million due to lower than anticipated performance post pandemic, a lower level of forecast earnings and a decision to close venues in the year.

On the other hand, the Group also recognised reversals of previously impaired right-of-use assets of HK\$18.8 million, other property, plant and equipment of HK\$54.9 million and intangible assets of HK\$156.1 million in the year. The reversals were driven by better than anticipated performance and improved outlook in the Grosvenor and Enracha venues.

As at 30 June 2021, the Group recognised impairment charges on intangible assets of HK\$5.9 million relating to certain venues because of the COVID-19 outbreak.

6. PROFIT FOR THE YEAR BEFORE TAXATION (cont'd)

(c) Other items (cont'd)

Notes: (cont'd)

- c. The various restrictions imposed due to the COVID-19 pandemic, including lockdowns which caused disruptions in transportation and logistics, as well as supply chains globally have adversely impacted the global economy. Manuka Health New Zealand Limited's sales through distribution partners in major markets, especially Germany, China and Europe were unfavourably affected. The recoverable amount of this CGU was based on value-in-use, estimated using discounted cash flows. The pre-tax discount rate of 14% (2021: 8%) was estimated based on the historical industry average weighted-average cost of capital assumptions and the debt structure of the CGU. The cash flow projections included specific estimates for the following five years and a terminal growth rate thereafter. Forecasted revenue was estimated taking into account past experience, adjusted for additional revenue growth opportunities from sales volume and price growth. The terminal growth rate of 2% (2021: 2%) was determined based on management's estimate of the long-term compound annual revenue growth rate which is consistent with the assumptions that a market participant would make.

As a result of the assessment, impairment losses on goodwill of HK\$486.8 million and intangible assets of HK\$65.3 million of the CGU were recognised in the year in view of the uncertainty of future performance outlook caused by high inflation, the prolonged Russia-Ukraine war and interest rate increases.

7. TAXATION

Taxation in the consolidated income statement represents:

	2022 HK\$'000	2021 HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	3,256	4,177
Over-provision in respect of prior years	(16)	(62)
	<u>3,240</u>	<u>4,115</u>
Current tax - Overseas		
Provision for the year	447,513	546,084
Under/(over)-provision in respect of prior years	47,110	(157,885)
	<u>494,623</u>	<u>388,199</u>
Deferred tax		
Origination and reversal of temporary differences	(126,329)	(336,324)
Effect of changes in tax rate on deferred tax balances	(42,073)	(79,144)
	<u>(168,402)</u>	<u>(415,468)</u>
	<u><u>329,461</u></u>	<u><u>(23,154)</u></u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year ended 30 June 2022. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend of HK\$0.50 (2021: HK\$0.50) per ordinary share	162,989	162,591
- Proposed final dividend of HK\$1.50 (2021: HK\$1.50) per ordinary share	493,579	493,580
	<u>656,568</u>	<u>656,171</u>
Dividends paid in respect of the prior year:		
- Final dividend of HK\$1.50 (2021: HK\$1.50) per ordinary share	490,802	488,673

The final dividend for the year ended 30 June 2022 of HK\$493,579,000 (2021: HK\$493,580,000) is calculated based on 329,051,373 ordinary shares (2021: 329,051,373 ordinary shares) in issue as at 30 June 2022.

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 in the accounts.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$1,960,186,000 (2021: HK\$2,501,001,000) and the weighted average number of 325,224,511 ordinary shares (2021: 325,224,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade debtors	714,543	456,745
Other receivables, deposits and prepayments	844,331	1,015,346
Derivative financial instruments, at fair value	218,375	103,603
Interest receivables	10,199	1,848
	<u>1,787,448</u>	<u>1,577,542</u>

Included in the Group's trade and other receivables is HK\$52.6 million (2021: HK\$69.9 million) which is expected to be recovered after one year.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2022 HK\$'000	2021 HK\$'000
Within 1 month	673,200	403,355
1 to 3 months	23,229	13,433
More than 3 months	18,114	39,957
	<u>714,543</u>	<u>456,745</u>

11. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade creditors	978,387	643,615
Other payables and accrued operating expenses	3,767,821	3,686,508
Derivative financial instruments, at fair value	30,141	438,436
Amounts due to fellow subsidiaries	37,264	27,510
Amounts due to associates and joint ventures	243	248
	<u>4,813,856</u>	<u>4,796,317</u>

Included in trade and other payables is HK\$1,376.0 million (2021: HK\$1,094.8 million) which is expected to be payable after one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2022 HK\$'000	2021 HK\$'000
Within 1 month	676,266	441,868
1 to 3 months	189,709	132,774
More than 3 months	112,412	68,973
	<u>978,387</u>	<u>643,615</u>

The amounts due to fellow subsidiaries, associates and joint ventures are unsecured, interest free and have no fixed repayment terms.

DIVIDEND

The board of directors of the Company (the “**Board**”) will recommend to shareholders for approval at the forthcoming annual general meeting a final dividend for the financial year ended 30 June 2022 of HK\$1.50 per share, totaling HK\$494 million. Subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held on 8 November 2022, the final dividend will be payable on 24 November 2022 to the shareholders whose names appear on the Register of Members of the Company on 15 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group recorded a consolidated profit attributable to shareholders of HK\$1,960.2 million for the year ended 30 June 2022, a decline of 22% versus the prior year. Basic earnings per share amounted to HK\$6.03 as compared to HK\$7.69 in the prior year.

Performances of the Group’s operating businesses in the year were mixed. The Principal Investment segment and the Manuka honey business under the ‘Others’ segment recorded a loss before taxation of HK\$430.7 million and HK\$441.9 million respectively. However, improved profitability was recorded in all other core operating businesses. The Property Development and Investment segment, Hospitality and Leisure segment and Financial Services segment reported profits before taxation of HK\$3,207.3 million, HK\$143.8 million and HK\$1,151.5 million respectively, contributing towards an overall 48% year-on-year increase in the consolidated profit before taxation of the Group, bringing it to HK\$3,630.0 million for the year ended 30 June 2022.

The Group’s revenue for the year ended 30 June 2022 increased by 45% to HK\$14.9 billion, primarily due to an increase of HK\$4.4 billion in revenue from the Hospitality and Leisure segment due to a recovery of business in the current year, following the progressive lifting of COVID-19 related lockdowns and a scaling back of travel restrictions and social distancing measures.

Review of Operations

Principal Investment

Market conditions during the year ended 30 June 2022 was a tale of two halves. In the first half, the post-pandemic global stock market rally maintained its momentum. In the second half, however, the trend reversed with the shock of the Russia-Ukraine conflict which began on 24 February 2022. This led to a sharp jump in oil and commodity prices. Interest rates started rising sharply in anticipation of tighter than expected monetary policies to curb rising inflation. All major stock market indices recorded declines as at the year end.

Against this backdrop, the Principal Investment segment posted a pre-tax loss of HK\$430.7 million for the year ended 30 June 2022, primarily due to unrealised mark-to-market valuations at the year end. The segment’s strategic focus on dividend paying and sound value investments helped mitigate the loss in a period of substantial downside volatility.

Group Treasury maintained a cautious stance. Net interest expense and foreign exchange exposures were managed albeit still subject to movements in the volatile markets.

Property Development and Investment

GuocoLand Limited (“GuocoLand”)

GuocoLand recorded a 13% year-on-year increase in revenue to S\$965.5 million (approximately HK\$5,564.4 million) for the year ended 30 June 2022. This was mainly due to the higher progressive recognition of sales from residential projects in Singapore, including Meyer Mansion and Midtown Modern, and also the sale of two low-rise office blocks in Guoco Changfeng City during the year. Meanwhile, driven by the strong rental revisions at Guoco Tower, revenue from GuocoLand’s investment properties increased by 10%.

Gross profit increased 36% to S\$365.7 million (approximately HK\$2,107.6 million). This was mainly due to the recognition of a gain in gross profit upon the transfer of South Tower in Guoco Changfeng City from development properties to investment properties. Excluding such gain, the gross profit margin for the year remained stable at approximately 30%. Other income increased 155% to S\$354.6 million (approximately HK\$2,043.6 million), largely attributable to higher fair value revaluation gains from its Singapore investment properties comprising Guoco Tower and Guoco Midtown. During the year, GuocoLand completed the disposal of its Vietnam subsidiaries, resulting in a net gain of S\$14.3 million (approximately HK\$82.4 million). In short, GuocoLand registered a good overall performance, evidencing strong recovery, with profit attributable to equity holders for the year improving by 132% to S\$392.7 million (approximately HK\$2,263.2 million) as compared to the prior year.

Demand in the Singapore housing market is expected to hold up given the continued intrinsic demand among locals who are first-time buyers and Housing & Development Board (“HDB”) upgraders, against a backdrop of limited new launches in 2022. Prices are likely to be sustained by economic growth, low unsold inventory and limited new supply in the current market, but could be moderated by rises in interest rates and macroeconomic headwinds at the same time. Meanwhile, rents for central business district Grade A offices continue to rise. In the second quarter of 2022, office rents accelerated by 2.7% from the previous quarter to S\$10.74 per square feet per month, which puts the figure at just 0.6% below the pre-pandemic peak of S\$10.81 in the fourth quarter in 2019. While geopolitical and economic uncertainties may temper demand, office rents are expected to remain stable as a result of limited new supply.

In Mainland China, the meeting of the Chinese Communist Party’s Politburo in April this year has demonstrated the government’s commitment to ensure the stable and healthy development of the property sector. However, overall demand remains weak in most cities despite the gradual easing of property curbs and actions taken by authorities to boost demand. The pace of recovery has also been impacted by COVID-19 measures in various cities.

In Malaysia, potential exists for the residential property market to regain momentum in 2022 following the removal of more pandemic induced restrictions, the full reopening of borders and the recovery of the labour market. While economic recovery is underway, its pace could still be subject to the impact of elevated building materials prices, inflation, rising interest rates and labour costs.

Hospitality and Leisure

GLH Hotels Group Limited (“GLH”)

GLH, our key hotel operating business unit based in the United Kingdom (“UK”), recorded a loss after tax of GBP37.9 million (approximately HK\$393.8 million) for the year ended 30 June 2022, representing a 31% decrease compared to the loss after tax of GBP55.1 million (approximately HK\$580.0 million) in the preceding year. Operationally, the loss in the current year was significantly less, because the prior year losses were mitigated by exceptional income from a business interruption insurance claim of GBP14.5 million (approximately HK\$152.6 million). The improvement in performance was also driven by the recovery in occupancy, room rates and non-room revenue that have been gathering pace over the year.

The hospitality sector has emerged from the shadow of the pandemic following the lifting of COVID-19 restrictions in May 2021, as hotels began to reopen and market confidence returned. With the lifting of restrictions, support from the UK Government was also withdrawn, with business rates holiday and the Coronavirus Job Retention Scheme respectively ended on 30 June 2021 and 30 September 2021.

During the year GLH management constantly reviewed its trading strategy, opening hotels to meet market demand while seeking to optimise average room rates and occupancy. While the surge of Omicron variant cases last November 2021 had disrupted its recovery, the momentum was regained after the lifting of restrictions in February 2022, which led to healthy improvements in occupancies, room rates and cashflow. International business also started to return, particularly from the Middle East, Europe and America.

Continued growth in revenue is expected in the next financial year as the domestic market recovers and international demand picks up. The business is also working on a rebranding exercise to simplify and clarify its business proposition. Consistent with the wider hospitality industry, GLH is facing headwinds in its cost base, increasing inflation rates, higher energy prices and ongoing recruitment challenges. Nevertheless, GLH is focused on driving a return to profitability under an accelerated pace of recovery, reinvestment in its estate whilst exercising strong cost controls.

The Rank Group Plc (“Rank”)

Rank’s net gaming revenue increased significantly by 95% to GBP644.0 million (approximately HK\$6,691.3 million) for the year ended 30 June 2022 following the reopening of venues from May 2021. During the year, Rank successfully concluded a longstanding Value Added Tax refund claim with the HM Revenue & Customs, with a net receipt after tax of GBP67.0 million (approximately HK\$696.1 million). However, this was offset by a net impairment charge of GBP25.8 million (approximately HK\$267.1 million) relating to a number of Grosvenor and Mecca venues following a lower than anticipated performance post-pandemic, lower level of forecast earnings and the closure of selected venues. Details of the impairment are shown in note 6(c) to the financial statements. Rank returned to profitability and recorded a profit after tax of GBP66.2 million (approximately HK\$687.8 million) for the year ended 30 June 2022, as compared to a loss after tax of GBP72.0 million (approximately HK\$757.9 million) in the prior year.

The venue businesses of both Grosvenor and Enracha recovered strongly during the year but have not yet returned to pre-pandemic trading levels mainly due to a slower return of overseas visitors to its London casinos and reduced consumer discretionary expenditure arising from inflationary pressures. Mecca’s venue business witnessed a slower recovery as a result of a stronger impact from the Omicron variant on its customer base’s willingness to participate in indoor hospitality. Despite Rank’s continued strong focus on driving efficiencies across each of the businesses, inflationary cost pressures in the venue businesses negatively impacted operating margins, especially the material increase in energy costs. However, a number of key initiatives have been successfully delivered such as the investment in new electronic roulette terminals, gaming machines and tables, the refurbishment of venues and the development of new concept venues which will enable Rank to better compete in the coming year.

The digital business returned to profitability during the year. A significant milestone arising from the Stride acquisition was achieved following the successful migration of the Mecca digital platform onto its RIDE proprietary technology platform in January 2022. The final brand, Grosvenor, will be migrated in September 2022, which will complete the integration and free up significant development capability. Similarly, the Spanish facing digital business, Enracha online, was successfully migrated onto the Yo proprietary technology platform and Rank launched Enracha Sports in the fourth quarter. A new Yo Sports service is in development for launch in the first half in the coming financial year.

A strong balance sheet enabled Rank to continue investment in its Transformation 2.0 programme which will position Rank well, both for growth and the anticipated regulatory reform of land-based gaming following the long-awaited outcome of the UK Government's review of gambling regulations.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

The results performance of HLFG Group remained steady for the year ended 30 June 2022. Profit before tax reached RM4,840.0 million (approximately HK\$8,958.3 million), an increase of 22% from RM3,971.5 million (approximately HK\$7,481.2 million) in the prior year. The increase in profit was mainly due to a higher contribution from the commercial banking divisions, but offset by lower contributions from the insurance divisions as well as the investment and stockbroking divisions.

Hong Leong Bank Group recorded an increase of 26% in its profit before tax, amounting to RM4,366.8 million (approximately HK\$8,082.4 million) for the year as compared to RM3,470.9 million (approximately HK\$6,538.2 million) in the prior year. The increase was mainly due to an increase in revenue of RM130.6 million (approximately HK\$241.7 million), a decline in allowances for impairment losses on loans, advances and financing of RM490.2 million (approximately HK\$907.3 million) and an increase in share of profit from associated companies of RM294.5 million (approximately HK\$545.1 million).

HLA Holdings Group reported a profit before tax of RM393.7 million (approximately HK\$728.7 million) for the year, a decrease of 3% as compared with RM406.5 million (approximately HK\$765.7 million) in the prior year. The lower profit arose mainly from a decline in revenue by RM73.4 million (approximately HK\$135.9 million), but was offset by an increase in life fund surplus by RM66.2 million (approximately HK\$122.5 million).

Hong Leong Capital Group recorded a profit before tax of RM97.2 million (approximately HK\$179.9 million) for the year as compared to RM177.4 million (approximately HK\$334.2 million) in the prior year, a decrease of 45%. This was mainly due to the lower contributions from the investment banking and stockbroking divisions.

Others

The Group's wholly owned Manuka honey product producer and distributor, Manuka Health New Zealand Limited (“MHNZ”), continues to build on its brand position in key markets and grow its direct-to-consumer model. However, the ongoing impact of COVID-19, weak tourism in Asia Pacific, as well as waning customer sentiment and shopper traffic in various markets have created significant challenges for MHNZ. Following a review, an impairment charge on assets of NZD104.0 million (approximately HK\$552.1 million) was recognised. Details of the impairment charge are shown in note 6(c) to the financial statements.

Revenue from the Bass Strait oil and gas business saw an increase for the year due to the surge in average crude oil and gas prices as well as higher gas production.

GROUP FINANCIAL COMMENTARY

Capital Management

The consolidated total equity attributable to shareholders of the Company as at 30 June 2022 amounted to HK\$57.7 billion. Net debt, being total bank loans and other borrowings less cash and short-term funds as well as trading financial assets, amounted to HK\$17.7 billion. The equity-debt ratio was 76:24 as at 30 June 2022.

Liquidity and Financial Resources

The Group's total cash and short-term funds as well as trading financial assets were mostly denominated in HKD (30%), USD (24%), RMB (16%), SGD (13%) and GBP (10%) at the year end.

The Group's total bank loans and other borrowings amounted to HK\$38.3 billion as at 30 June 2022, and were mostly denominated in SGD (69%), RMB (11%), GBP (7%), HKD (5%) and USD (5%). The Group has borrowings of HK\$12.0 billion payable within one year or on demand.

Certain of the Group's bank loans and other borrowings are secured by pledges of various properties, fixed assets, trading financial assets and bank deposits with an aggregate book value of HK\$49.8 billion at year end.

Committed borrowing facilities available to the Group and not yet drawn as at 30 June 2022 amounted to approximately HK\$12.7 billion.

Interest Rate Exposure

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate contracts to manage its interest rate exposure when considered appropriate.

As at 30 June 2022, approximately 86% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 14% carried interest at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK\$9.7 billion.

Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposure and investments.

As at 30 June 2022, there were outstanding foreign exchange contracts with a total notional amount of HK\$14.9 billion entered into by the Group to primarily hedge foreign currency equity investments.

Equity Price Exposure

The Group maintains an investment portfolio which mainly comprises public listed equities. Equity investments are subject to asset allocation limits.

HUMAN RESOURCES AND TRAINING

As at the year end, the Group had around 10,300 staff. The Group continued to seek an optimal workforce. It is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial results of the Group and individual achievement to promote performance. In addition, share based award schemes are in place for the granting of share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention.

GROUP OUTLOOK

We remain cautiously optimistic in the medium-term that the current global shocks will eventually subside, with COVID-19 transitioning from pandemic to endemic and the world economy adjusting to current events and stabilising. However, it is clear that the short-term outlook remains one of heightened uncertainty amidst continuing challenges and geopolitical tensions. Continued high inflationary pressure and rising global interest rates, as central banks tighten monetary policies in response, raise the spectre of a global recession. Financial institutions such as the International Monetary Fund have revised their 2022 global growth forecast downwards to reflect these risks, indicating the way forward will not be easy.

As such, the Group will remain vigilant and place close attention to cashflow management and ensure that capital and liquidity positions stay strong in each business, including the continuation of cost control initiatives. The Group will manage risks and opportunities and focus on business fundamentals as operating companies continue to improve and recover. We remains committed to deliver long-term sustainable growth and returns to our shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted a Corporate Governance Code (the "**CG Code**") which is based on the principles set out in Appendix 14 (the "**HKEX Code**") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has complied throughout the year with applicable provisions of the HKEX Code, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CG Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEX Code.

REVIEW OF FINANCIAL INFORMATION

The Board Audit and Risk Management Committee reviewed the applicable accounting principles and practices adopted by the Company and discussed the auditing, risk management and internal controls and financial reporting matters including a review of the annual results announcement of the Company for the year ended 30 June 2022 with the auditors and management.

The financial information in the annual results announcement of the Company for the year ended 30 June 2022 had been agreed by the Group's external auditor, KPMG, to the amounts set out in the audited financial statements.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting:

Closure of register of members (both days inclusive)	3 November 2022 (Thursday) to 8 November 2022 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 2 November 2022 (Wednesday)
Annual general meeting	8 November 2022 (Tuesday)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Closure of register of members	15 November 2022 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 14 November 2022 (Monday)
Record date	15 November 2022 (Tuesday)
Proposed final dividend payment date*	24 November 2022 (Thursday)

*(*subject to shareholders' approval at the annual general meeting)*

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before the aforesaid relevant latest time.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 9 September 2022

As at the date of this announcement, the Board comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. David Michael NORMAN, Mr. Lester G. HUANG, SBS, JP and Mr. Paul Jeremy BROUGH as Independent Non-executive Directors.