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**PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS
 FOR THE YEAR ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS

| | 2021 | 2020 | <i>Increase / (Decrease)</i> |
|---|---------------|-------------|----------------------------------|
| | HK\$'M | HK\$'M | |
| Turnover | 12,522 | 16,745 | (25%) |
| Revenue | 10,253 | 14,641 | (30%) |
| Profit/(loss) from operations | 891 | (1,145) | N/A |
| Profit/(loss) attributable to equity shareholders of the Company | 2,501 | (873) | N/A |
| | HK\$ | HK\$ | |
| Earnings/(loss) per share | 7.69 | (2.68) | N/A |
| Dividend per share: Interim | 0.50 | 1.00 | |
| Proposed final | 1.50 | 1.50 | |
| Total | 2.00 | 2.50 | (20%) |
| Equity per share attributable to equity shareholders of the Company | 181.68 | 170.55 | 7% |

RESULTS

The consolidated results of Guoco Group Limited (the “Company”) and its subsidiaries (together the “Group”) for the financial year ended 30 June 2021 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

| | Note | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------|--------------------|--------------------|
| Turnover | 3 & 4 | <u>12,521,792</u> | <u>16,744,951</u> |
| Revenue | 3 & 4 | 10,252,587 | 14,640,551 |
| Cost of sales | | (7,013,499) | (7,990,407) |
| Other attributable costs | | <u>(508,713)</u> | <u>(605,252)</u> |
| | | 2,730,375 | 6,044,892 |
| Other revenue | | 1,302,186 | 644,863 |
| Other net income/(losses) | 5 | 1,252,469 | (1,874,245) |
| Administrative and other operating expenses | | <u>(3,254,385)</u> | <u>(4,732,149)</u> |
| Profit from operations before finance costs | | 2,030,645 | 83,361 |
| Finance costs | 3(b) & 6(a) | <u>(1,139,890)</u> | <u>(1,228,306)</u> |
| Profit/(loss) from operations | | 890,755 | (1,144,945) |
| Valuation surplus/(deficit) on investment properties | | 413,116 | (257,838) |
| Share of profits of associates and joint ventures | 6(c) | <u>1,152,010</u> | <u>973,730</u> |
| Profit/(loss) for the year before taxation | 3 & 6 | 2,455,881 | (429,053) |
| Taxation | 7 | <u>23,154</u> | <u>(323,009)</u> |
| Profit/(loss) for the year | | <u>2,479,035</u> | <u>(752,062)</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 2,501,001 | (872,716) |
| Non-controlling interests | | <u>(21,966)</u> | <u>120,654</u> |
| Profit/(loss) for the year | | <u>2,479,035</u> | <u>(752,062)</u> |
| Earnings/(loss) per share | | HK\$ | HK\$ |
| Basic | 9 | <u>7.69</u> | <u>(2.68)</u> |
| Diluted | 9 | <u>7.69</u> | <u>(2.68)</u> |

Details of dividends paid to equity shareholders of the Company attributable to the profit/(loss) for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|--------------------|
| Profit/(loss) for the year | <u>2,479,035</u> | <u>(752,062)</u> |
| 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) | (856,451) | (1,762,086) |
| Actuarial losses on defined benefit obligation | <u>(15,917)</u> | <u>(23,537)</u> |
| | <u>(872,368)</u> | <u>(1,785,623)</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 | 3,405,499 | (1,552,733) |
| Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries | (4,713) | (271) |
| Changes in fair value of cash flow hedge | (20,980) | 1,186 |
| Changes in fair value on net investment hedge | (8,890) | (9,168) |
| Decrease in fair value of properties | - | (36,766) |
| Share of other comprehensive income of associates | 29,692 | 42,168 |
| | <u>3,400,608</u> | <u>(1,555,584)</u> |
| Other comprehensive income for the year, net of tax | <u>2,528,240</u> | <u>(3,341,207)</u> |
| Total comprehensive income for the year | <u>5,007,275</u> | <u>(4,093,269)</u> |
| Total comprehensive income for the year attributable to: | | |
| Equity shareholders of the Company | 3,806,744 | (3,664,913) |
| Non-controlling interests | <u>1,200,531</u> | <u>(428,356)</u> |
| | <u>5,007,275</u> | <u>(4,093,269)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Investment properties | | 30,011,173 | 28,580,323 |
| Other property, plant and equipment | | 13,355,702 | 12,632,004 |
| Right-of-use assets | | 5,983,354 | 5,492,666 |
| Interest in associates and joint ventures | | 13,769,190 | 12,242,732 |
| Equity investments at FVOCI | | 7,798,011 | 9,039,438 |
| Deferred tax assets | | 799,420 | 440,438 |
| Intangible assets | | 8,138,978 | 7,434,454 |
| Goodwill | | 3,157,607 | 2,850,146 |
| Pensions surplus | | 51,565 | 47,911 |
| | | 83,065,000 | 78,760,112 |
| CURRENT ASSETS | | | |
| Development properties | | 19,635,167 | 20,455,381 |
| Properties held for sale | | 2,256,812 | 2,734,910 |
| Inventories | | 555,806 | 474,236 |
| Contract assets | | 2,877,677 | 226,194 |
| Trade and other receivables | 10 | 1,577,542 | 2,098,719 |
| Tax recoverable | | 116,896 | 14,384 |
| Trading financial assets | | 10,297,436 | 9,632,785 |
| Cash and short term funds | | 11,250,595 | 12,449,815 |
| Assets held for sale | | 120,413 | 437,633 |
| | | 48,688,344 | 48,524,057 |
| CURRENT LIABILITIES | | | |
| Contract liabilities | | 562,755 | 111,958 |
| Trade and other payables | 11 | 4,796,317 | 4,219,155 |
| Bank loans and other borrowings | | 8,640,812 | 7,613,729 |
| Taxation | | 201,251 | 378,786 |
| Provisions and other liabilities | | 166,745 | 246,484 |
| Lease liabilities | | 594,722 | 536,973 |
| Liabilities held for sale | | 14,605 | - |
| | | 14,977,207 | 13,107,085 |
| NET CURRENT ASSETS | | 33,711,137 | 35,416,972 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 116,776,137 | 114,177,084 |
| NON-CURRENT LIABILITIES | | | |
| Bank loans and other borrowings | | 28,466,243 | 29,643,613 |
| Amount due to non-controlling interests | | 2,682,421 | 2,608,567 |
| Provisions and other liabilities | | 236,913 | 108,997 |
| Deferred tax liabilities | | 517,441 | 566,075 |
| Lease liabilities | | 7,879,423 | 7,233,316 |
| | | 39,782,441 | 40,160,568 |
| NET ASSETS | | 76,993,696 | 74,016,516 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 1,277,479 | 1,275,093 |
| Reserves | | 58,505,787 | 54,845,869 |
| Total equity attributable to equity shareholders of the Company | | 59,783,266 | 56,120,962 |
| Non-controlling interests | | 17,210,430 | 17,895,554 |
| TOTAL EQUITY | | 76,993,696 | 74,016,516 |

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 periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries and the Group's interests 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 (2021: US\$1 = HK\$7.7646, 2020: US\$1 = HK\$7.7501).

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 3, *Definition of a Business*
- Amendment to HKFRS 16, *COVID 19 – Related Rent Concessions*

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 Bass Strait's oil and gas production and manufacture, marketing and distribution of health products. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2021 or 2020.

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 2019/20.

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 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)

(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 2020 | | | | | | |
| Turnover | 2,717,014 | 5,157,722 | 8,279,347 | - | 590,868 | 16,744,951 |
| Disaggregated by timing of revenue | | | | | | |
| - Point in time | 612,614 | 880,349 | 8,279,347 | - | 590,868 | 10,363,178 |
| - Over time | - | 4,277,373 | - | - | - | 4,277,373 |
| Revenue from external customers | 612,614 | 5,157,722 | 8,279,347 | - | 590,868 | 14,640,551 |
| Inter-segment revenue | 35,658 | 20,615 | - | - | - | 56,273 |
| Reportable segment revenue | 648,272 | 5,178,337 | 8,279,347 | - | 590,868 | 14,696,824 |
| Reportable segment operating (loss)/profit | (1,860,752) | 1,373,519 | 320,738 | - | 284,917 | 118,422 |
| Finance costs | (124,637) | (545,444) | (553,280) | - | (40,006) | (1,263,367) |
| Valuation deficit on investment properties | - | (257,838) | - | - | - | (257,838) |
| Share of profits of associates and joint ventures | - | 107,718 | - | 866,012 | - | 973,730 |
| (Loss)/profit before taxation | (1,985,389) | 677,955 | (232,542) | 866,012 | 244,911 | (429,053) |

3. SEGMENT REPORTING (cont'd)

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

Revenue

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------------|--------------------------|--------------------------|
| Reportable segment revenue | 10,283,847 | 14,696,824 |
| Elimination of inter-segment revenue | <u>(31,260)</u> | <u>(56,273)</u> |
| Consolidated revenue (note 4) | <u><u>10,252,587</u></u> | <u><u>14,640,551</u></u> |

Finance costs

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------------------|-------------------------|
| Reportable finance costs | 1,153,097 | 1,263,367 |
| Elimination of inter-segment finance costs | <u>(13,207)</u> | <u>(35,061)</u> |
| Consolidated finance costs (note 6(a)) | <u><u>1,139,890</u></u> | <u><u>1,228,306</u></u> |

Interest income

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-----------------------|-----------------------|
| Reportable interest income | 146,603 | 302,928 |
| Elimination of inter-segment interest income | <u>(13,207)</u> | <u>(35,061)</u> |
| Consolidated interest income (note 4) | <u><u>133,396</u></u> | <u><u>267,867</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, hospitality and leisure businesses.

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|--------------------------|--------------------------|
| Revenue from sale of properties | 4,192,201 | 4,312,202 |
| Revenue from hospitality and leisure | 3,730,230 | 8,263,017 |
| Interest income | 133,396 | 267,867 |
| Dividend income | 863,191 | 472,035 |
| Rental income from properties | 671,677 | 680,188 |
| Revenue from sales of goods | 578,874 | 590,821 |
| Others | 83,018 | 54,421 |
| Revenue | <u>10,252,587</u> | <u>14,640,551</u> |
| Proceeds from sale of investments in securities | <u>2,269,205</u> | <u>2,104,400</u> |
| Turnover | <u><u>12,521,792</u></u> | <u><u>16,744,951</u></u> |

5. OTHER NET INCOME/(LOSSES)

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------------------|---------------------------|
| Net realised and unrealised gains/(losses) on trading financial assets | 781,608 | (2,368,593) |
| Net realised and unrealised gains/(losses) on derivative financial instruments | 223,760 | (393,612) |
| Net losses on foreign exchange contracts | (46,743) | (96,326) |
| Other exchange gains | 48,024 | 110,431 |
| Net (losses)/gains on disposal of property, plant and equipment | (8,090) | 703,004 |
| Gain on disposal of subsidiaries | 266,900 | 15,655 |
| Gain on disposal of investment properties | 1,708 | - |
| Net gains on liquidation of subsidiaries | - | 31 |
| Additional proceeds from compulsory acquisition of a hotel property | - | 122,118 |
| Other net (losses)/income | (14,698) | 33,047 |
| | <u><u>1,252,469</u></u> | <u><u>(1,874,245)</u></u> |

6. PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Interest on bank loans and other borrowings | 1,097,045 | 1,274,023 |
| Interest on lease liabilities | 388,067 | 374,539 |
| Other borrowing costs | 89,433 | 90,421 |
| Total borrowing costs | <u>1,574,545</u> | <u>1,738,983</u> |
| Less: borrowing costs capitalised into: | | |
| - development properties | (176,311) | (247,972) |
| - investment properties | (258,344) | (262,705) |
| Total borrowing costs capitalised (note) | <u>(434,655)</u> | <u>(510,677)</u> |
| | <u>1,139,890</u> | <u>1,228,306</u> |

Note: These borrowing costs have been capitalised at rates of 1.10% to 7.25% per annum (2020: 1.07% to 7.25%).

(b) Staff cost

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Salaries, wages and other benefits | 2,343,504 | 2,810,334 |
| Contributions to defined contribution retirement plans | 88,555 | 99,829 |
| Expenses (reversed)/recognised in respect of defined benefit retirement plans | (2,997) | 674 |
| Equity-settled share-based payment (forfeiture)/expenses | (41,183) | 16,461 |
| | <u>2,387,879</u> | <u>2,927,298</u> |

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

(c) Other items

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------|------------------|
| Depreciation | | |
| - other property, plant and equipment | 641,861 | 602,322 |
| - right-of-use assets | 368,687 | 408,268 |
| Impairment losses (reversed)/recognised | | |
| - other property, plant and equipment (note a) | (18,200) | 174,742 |
| - intangible assets (note a) | 5,924 | 136,991 |
| - right-of-use assets (note a) | (6,157) | 291,373 |
| - interest in joint venture (note b) | - | 263,023 |
| Amortisation | | |
| - customer relationship, licences and brand names | 108,277 | 93,559 |
| - casino licences and brand names | 1,227 | 5,952 |
| - Bass Strait oil and gas royalty | 25,025 | 22,336 |
| - other intangible assets | 241,277 | 186,235 |
| Cost of inventories recognised in cost of sales | 331,269 | 289,040 |
| Write down of development properties | 52,815 | 187,080 |
| Expense relating to short-term leases and other leases with remaining lease term ending within one year | 5,870 | 15,864 |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | 2,430 | 7,409 |
| Auditors' remuneration | | |
| - audit services | 24,218 | 22,971 |
| - tax services | 730 | 426 |
| - other services | - | 2,325 |
| Donations | 13,899 | 16,167 |
| Gross rental income from investment properties | (671,677) | (680,188) |
| Less: direct outgoings | 170,355 | 146,531 |
| Net rental income | <u>(501,322)</u> | <u>(533,657)</u> |
| Share of profits of associates and joint ventures: | | |
| - associates | (1,079,178) | (855,805) |
| - joint ventures | (72,832) | (117,925) |
| | <u>(1,152,010)</u> | <u>(973,730)</u> |

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

(c) Other items (cont'd)

Notes:

- a. The COVID-19 pandemic has greatly impacted our hospitality and leisure operations. All of our hotels and casino venues in the United Kingdom and the international venues were subject to lockdowns and government restrictions on operations which were considered as an impairment indicator. The hotel assets and casino venue assets (included in other property, plant and equipment, intangible assets and right-of-use assets) are reviewed for impairment based on the estimation of the recoverable amount of each individual cash generating unit ("CGU") to which these assets have been allocated. The Group estimates the recoverable amount of hotel assets and casino venue 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 projection of EBITDA forecast, long term revenue growth of 2% (2020: 1.5%) and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 8.8% (2020: 9.8%). The assumptions in estimation of value in use of casino venue assets include an extrapolation of recent cost inflation trends, known inflation trends such as national living wage and an expectation that costs will be incurred in line with agreed contractual rates, long term revenue growth rates of 0% to 2% (2020: 0% to 2%) and pre-tax discount rates of 11% to 14% (2020: 11% to 14%).

As at 30 June 2021, following the impairment review, reversals of impairment loss 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. As at 30 June 2020, following the impairment review, impairment losses on other property, plant and equipment, intangible assets and right-of-use assets of HK\$174.7 million, HK\$137.0 million and HK\$291.4 million respectively were recognised to write down the carrying amounts to the recoverable amounts.

- b. An impairment assessment of an investment in a joint venture – EcoWorld International Berhad, which is a joint venture undertaken by our subsidiary, GuocoLand Limited. It is principally engaged in property development in international market mainly in the United Kingdom and Australia. The Group estimated its recoverable amount, taking into consideration the expected profits from the sold properties and the expected selling prices of the remaining properties held by the joint venture through its investees.

No impairment was recognised during the year as the recoverable amounts were estimated to be higher than the carrying amount as at 30 June 2021. As at 30 June 2020, an impairment loss of HK\$263.0 million was recognised, reflecting the weaker market sentiments in the United Kingdom and Australia.

7. TAXATION

Taxation in the consolidated income statement represents:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Current tax - Hong Kong Profits Tax | | |
| Provision for the year | 4,177 | 3,829 |
| Over-provision in respect of prior years | <u>(62)</u> | <u>(23)</u> |
| | <u>4,115</u> | <u>3,806</u> |
| Current tax - Overseas | | |
| Provision for the year | 546,084 | 438,268 |
| (Over)/under-provision in respect of prior years | <u>(157,885)</u> | <u>10,439</u> |
| | <u>388,199</u> | <u>448,707</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | (336,324) | (138,896) |
| Effect of changes in tax rate on deferred tax balances | <u>(79,144)</u> | <u>9,392</u> |
| | <u>(415,468)</u> | <u>(129,504)</u> |
| | <u>(23,154)</u> | <u>323,009</u> |

The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 30 June 2021. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. DIVIDENDS

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Dividends payable/paid in respect of the current year: | | |
| - Interim dividend of HK\$0.50 (2020: HK\$1.00) per ordinary share | 162,591 | 324,590 |
| - Proposed final dividend of HK\$1.50 (2020: HK\$1.50) per ordinary share | <u>493,580</u> | <u>493,581</u> |
| | <u>656,171</u> | <u>818,171</u> |
| Dividends paid in respect of the prior year: | | |
| - Final dividend of HK\$1.50 (2020: HK\$3.00) per ordinary share | <u>488,673</u> | <u>965,817</u> |

The final dividend for the year ended 30 June 2021 of HK\$493,580,000 (2020: HK\$493,581,000) is calculated based on 329,051,373 ordinary shares (2020: 329,051,373 ordinary shares) in issue as at 30 June 2021.

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/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK\$2,501,001,000 (2020: loss of HK\$872,716,000) and the weighted average number of 325,224,511 ordinary shares (2020: 325,224,511 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share equalled the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2021 and 2020.

10. TRADE AND OTHER RECEIVABLES

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Trade debtors | 456,745 | 715,861 |
| Other receivables, deposits and prepayments | 1,015,346 | 1,303,497 |
| Derivative financial instruments, at fair value | 103,603 | 68,991 |
| Interest receivables | 1,848 | 10,370 |
| | <u>1,577,542</u> | <u>2,098,719</u> |

Included in the Group's trade and other receivables is HK\$69.9 million (2020: HK\$95.3 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:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------|------------------|------------------|
| Within 1 month | 403,355 | 637,236 |
| 1 to 3 months | 13,433 | 45,098 |
| More than 3 months | 39,957 | 33,527 |
| | <u>456,745</u> | <u>715,861</u> |

11. TRADE AND OTHER PAYABLES

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Trade creditors | 643,615 | 698,113 |
| Other payables and accrued operating expenses | 3,686,508 | 2,859,579 |
| Derivative financial instruments, at fair value | 438,436 | 622,333 |
| Amounts due to fellow subsidiaries | 27,510 | 38,518 |
| Amounts due to associates and joint ventures | 248 | 612 |
| | <u>4,796,317</u> | <u>4,219,155</u> |

Included in trade and other payables is HK\$1,094.8 million (2020: HK\$988.9 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:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------|------------------|------------------|
| Within 1 month | 441,868 | 493,123 |
| 1 to 3 months | 132,774 | 113,492 |
| More than 3 months | 68,973 | 91,498 |
| | <u>643,615</u> | <u>698,113</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 2021 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 2021, the final dividend will be payable on 25 November 2021 to the shareholders whose names appear on the Register of Members of the Company on 15 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group recorded a consolidated profit attributable to shareholders of the Company for the year ended 30 June 2021 of HK\$2,501 million, as compared to a loss of HK\$873 million for the preceding year. The improvement was mainly contributed by a turnaround of market valuations from our principal investment segment outweighing the loss in the hospitality and leisure segment which had remained negatively impacted from the on-going COVID-19 pandemic. Basic earnings per share amounted to HK\$7.69.

The hospitality and leisure segment recorded a loss before taxation of HK\$1,736 million as lockdowns, restrictions on travel and social distancing measures heavily impacted the business operations of our hospitality and leisure venues. Despite this setback, the Group managed to close the year in a profitable position as a result of the profits from all other segments. The profits before taxation generated from the principal investment, property development and investment, financial services and other segments were HK\$1,459 million, HK\$1,548 million, HK\$1,083 million and HK\$102 million respectively.

Revenue for the year ended 30 June 2021 declined by 30% to HK\$10.3 billion, again primarily due to a drop of HK\$4.5 billion in revenue from the hospitality and leisure segment.

The privatisation of GL Limited was completed on 2 June 2021 whereupon it became a wholly owned subsidiary of the Group and its financial results since then were fully absorbed by the Group accordingly.

Review of Operations

Principal Investment

Our fiscal year began right after the global economy had first suffered a collapse as the pandemic brought the world to a standstill and then staged a V-shaped rebound with unprecedented monetary and fiscal stimuli. It began with a period of sustained global equity market recovery. Investors then became more cautious as the U.S. elections approached but, once the results were in, global equity markets regained their momentum with the announcements of high efficacies of several vaccines. Prospects of effective vaccinations also led investors to believe that the re-opening of the global economy would accelerate. However, denting the bullish sentiment and lurking in the background were investor concerns about inflation, with the 10-year treasury yield increasing from below 1% in December 2020 to 1.60% by early March 2021. Group Treasury maintained a cautious stance and achieved a modest positive contribution from foreign exchange and interest rate management.

Against this volatile equity market backdrop, the Principal Investment segment recorded improved results against the previous corresponding period with a pre-tax gain for the year of HK\$1,459 million.

Property Development and Investment

GuocoLand Limited (“GuocoLand”)

For the year ended 30 June 2021, GuocoLand recorded a revenue and gross profit of S\$853.7 million and S\$268.4 million respectively, a decline of approximately 10% as compared to the previous year. This was mainly due to the lower progressive recognition of sales at Martin Modern as construction reached its tail end during the year. However this was partially offset by higher progressive recognition of sales from other Singapore residential projects and higher contribution from projects in Malaysia. Meanwhile, revenue from GuocoLand’s investment properties dropped marginally and revenue from hotels fell by approximately 65%. Gross profit margin remained stable at approximately 30%.

In the previous year, GuocoLand recorded a gain from the sale of Guoman Hotel in Shanghai in other income and an impairment loss on its joint venture investment in other expenses, both of which were one-off items. Together with the change from net fair value losses in the previous year to net fair value gains in the current year on investment properties and derivative financial instruments, other income declined by 13% to S\$138.9 million and other expenses fell by 93% to S\$9.5 million.

In October 2020, GuocoLand entered into an agreement to dispose of its two subsidiaries in Vietnam for a consideration of approximately US\$28 million. With the completion of this transaction in July 2021, GuocoLand has ceased all business operations in Vietnam.

Latest statistics released by the Urban Redevelopment Authority in Singapore showed that the overall private residential price index increased by 0.8% quarter-on-quarter in the second quarter of 2021, compared with a 3.3% increase in the previous quarter. The Singapore residential market is expected to remain strong, supported by robust local-led, owner-occupier demand and long-term confidence in the market. The gradual re-opening of borders could also facilitate high-end home purchases by foreigners. Demand for office space is expected to strengthen on the back of a global economic recovery, improvement in business sentiments and steady demand from the technology sector, financial and investment firms. New office supply is expected to remain relatively muted until 2023.

Average new home prices across the 70 biggest cities in China rose 0.3% month-on-month and 4.6% year-on-year in June 2021 according to calculations by Reuters of the data from the National Bureau of Statistics. In Chongqing, prices increased by 0.7% month-on-month and 8.3% year-on-year in June 2021. Chongqing’s housing market is expected to be supported by its sizeable urban population and rising disposable income.

Data from the National Property Information Centre showed that in the first quarter of 2021, the Malaysian House Price Index decreased by 0.4% from the previous quarter, but registered a growth of 0.3% year-on-year. The Malaysian Government’s Home Ownership Campaign, designed to support homebuyers looking to purchase properties, had supported residential sales. However, there continues to be a supply overhang in the residential sector.

Hospitality and Leisure

GLH Hotels Group Limited (“GLH”)

GLH, our key hotel operating business unit, recorded a loss after tax for the year ended 30 June 2021 of GBP55.1 million, notably higher than the previous year mainly due to the significant impact on trading from ongoing COVID-19 restrictions on GLH’s hotels in the United Kingdom (“UK”).

In the UK a nationwide lockdown was imposed by the UK Government during the winter months of 2020, and restrictions on the leisure and hospitality industry continued until May 2021. The unfavourable impact was partially mitigated by the ongoing support from various COVID-19 pandemic relief schemes in the UK including the Coronavirus Job Retention Scheme and 100% relief from Business Rates for the full year.

At the start of the financial year, and through the UK summer months, our hotels were gradually reopened. However the UK lockdown restrictions imposed since September 2020 adversely impacted the hotel business. The various restrictions imposed during winter months of 2020 necessitated the closure of the majority of the GLH hotels. Under the third national lockdown in January 2021, only three hotels were kept open for essential travel. From March 2021, the UK lockdown restrictions slowly eased, and were eventually lifted in May 2021 for the leisure and hospitality industry. Since then, the hotels had been re-opened in phases, based on market demand in the respective hotel locations.

Occupancy in the hotels continued to be constrained by restrictions in international travel. Decisive management actions were taken through the financial year to ensure appropriate and effective cost measures match the level of demand. This also includes providing the business with the right infrastructure to emerge stronger from the pandemic and be poised to benefit from the expected market recovery. GLH remains positive about the long term strength of the London hotel sector and the opportunities it presents.

The Rank Group Plc (“Rank”)

Rank recorded a loss after tax of GBP72.0 million for the financial year ended 30 June 2021 compared to a profit after tax of GBP9.4 million in the previous financial year. Throughout the financial year, the COVID-19 pandemic and the UK Government’s responses to the crisis had severely impacted the hospitality sector. Rank’s venues businesses, which typically account for 78% of its revenue, were closed for 59% of available operating days and otherwise subjected to curfews, capacity constraints and other restrictions. As a result, net gaming revenue decreased by 48% to GBP329.6 million.

Furthermore, it was a very challenging year for the UK facing digital business. Rank suffered under a combination of enforced affordability restrictions on customers’ ability to spend, the extended closure of venues restricting the flow through of customers to digital channels, and the financial impact of an enforcement action taken by the Gambling Commission against the Stride business relating to activities prior to the acquisition in October 2019, which has been appealed by Rank. As a result, Rank recorded an operating loss of GBP92.9 million in the financial year as compared to an operating profit of GBP21.5 million in the previous financial year.

Rank delivered the first important integration milestone in the first half of this financial year by successfully migrating one of its smaller brands, Bella Casino, onto its proprietary technology platform, RIDE. The migration of Mecca had been postponed until the third quarter of the next financial year to ensure a further improvement to customers’ experience on the affordability checks. Performance testing is well underway for the Mecca migration. Rank expects to complete the full migration by the end of the next financial year which will be a major step forward in terms of delivering on its UK digital ambitions. It will result in the remaining cost synergies from the acquisition of Stride being realised, and will free up significant levels of development capability for the next key priorities in the transformation of the UK facing digital business.

Rank had taken strong and decisive action throughout the pandemic to preserve cash and protect liquidity. Additional capital of GBP70.0 million was raised through an equity placing at 90p per share, a 4% premium to the then closing price, which was completed on 23 November 2020. Together with the sale of Casino Blankenberge in Belgium for GBP25.2 million and the receipt of GBP13.3 million from the tax authority in the UK relating to a Supreme Court case taken by another taxpayer on the gaming duty treatment of free gaming chips, the cash and available facilities of Rank was GBP98.0 million as at 30 June 2021. Since the year end, Rank had added further available credit line of GBP25.0 million through a new two-year Revolving Credit Facility.

Rank continues to focus on the next phase of its transformation programme with three-year plans now being implemented for each business unit. It will drive the growth over the coming years and put Rank on the right trajectory to meet its strategic objectives.

Most of Rank's venues in the UK reopened on 17 May 2021 in line with the easing of restrictions in the UK hospitality sector. Social distancing requirements, the mandatory wearing of face masks and capacity constraints were removed in England on 19 July 2021. In Spain, trading in Enracha continued to improve as regional restrictions on capacity levels, opening hours and food and beverage were gradually relaxed. With venues back open, Rank is generating cash again. Rank anticipates further growth as travel restrictions eventually ease and tourism returns, particularly to London.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group recorded a profit before tax of RM3,971.5 million for the year ended 30 June 2021 as compared to RM3,299.5 million in the previous year, an increase of RM672.0 million or 20.4%. The increase in profit was attributed to higher contributions from all its operating divisions.

Hong Leong Bank Group recorded a profit before tax of RM3,470.9 million for the year ended 30 June 2021 as compared to RM2,989.4 million in the previous year, an increase of RM481.5 million or 16.1%. The increase was mainly contributed by an increase in revenue by RM688.5 million, decline in operating expenses by RM26.0 million and an increase in share of profit from associated companies by RM93.6 million. This increase, however, was offset by an increase in allowance for impairment losses on loans, advances and financing by RM326.2 million.

HLA Holdings Group recorded a profit before tax of RM406.5 million for the year ended 30 June 2021 as compared to RM256.4 million in the previous year, an increase of RM150.1 million or 58.5%. The higher profits came mainly from an increase in revenue by RM78.0 million and an increase in life fund surplus by RM112.2 million. This profit growth was, however, dampened by an increase in operating expenses by RM31.6 million and a decline in share of profit from an associated company by RM8.8 million.

Hong Leong Capital Group recorded a profit before tax of RM177.4 million for the year ended 30 June 2021 as compared to RM95.8 million in the previous year, an impressive increase of RM81.6 million or 85.2%. This was mainly a result of higher contributions from the investment banking, stockbroking and asset management divisions.

Others

The business of Manuka Health New Zealand Limited, the Group's wholly owned Manuka honey product producer and distributor, was impacted by the extended pandemic related lockdown which reduced shopper traffic in many markets during the year. To enhance market recognition and growth of its global consumer base, the management is working on its brand value proposition and product innovation programmes to build a distinctive brand.

Revenue from the oil and gas segment saw a decrease during the year due to a lower average crude oil price and reduced oil production but offset by the strengthening of the AUD against the USD.

GROUP FINANCIAL COMMENTARY

Capital Management

The consolidated total equity attributable to shareholders of the Company as at 30 June 2021 amounted to HK\$59.8 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\$15.6 billion. The equity-debt ratio was 79:21 as at 30 June 2021.

Liquidity and Financial Resources

The Group's total cash and short term funds as well as trading financial assets were mostly denominated in HKD (29%), USD (22%), RMB (15%), SGD (13%), GBP (10%) and JPY (4%) at year end.

The Group's total bank loans and other borrowings amounted to HK\$37.1 billion as at 30 June 2021, and were mostly denominated in SGD (68%), GBP (10%), HKD (7%), RMB (6%), USD (4%) and MYR (4%). The Group has borrowings of HK\$8.6 billion payable within 1 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\$44.4 billion at year end.

Committed borrowing facilities available to the Group and not yet drawn as at 30 June 2021 amounted to approximately HK\$14.8 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 2021, 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\$10.8 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 2021, there were outstanding foreign exchange contracts with a total notional amount of HK\$21.0 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

The Group employed around 10,000 employees as at 30 June 2021. 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 granting 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

The outlook remains capricious with continued uncertainties around the evolution of the virus, the pace of vaccine deployment and enduring geo-political risks. Nevertheless, economic conditions are expected to improve with the gradual re-opening of economies, although an uneven recovery is envisioned across countries and economic sectors. As economies begin to recover, this will be balanced by the rising spectre of inflation with regulators looking to commence tightening money supply. We will therefore maintain a cautious investment approach in our principal investment activities.

Our other operating business segments will continue to manage risk and judiciously strive to grow as economic prospects remain uncertain. We will leverage on our strengths, prudently execute business plans and seek investment opportunities as we remain committed to deliver sustainable growth and capital value 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 2021.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted a Code on Corporate Governance Practices (the "**CGP 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 CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEX Code.

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE (“BARMC”)

The BARMC 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 preliminary annual results announcement of the Company for the year ended 30 June 2021 with the auditors and management.

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 2021 (Wednesday) to 8 November 2021 (Monday) |
| Latest time to lodge transfers | 4:30 p.m. on 2 November 2021 (Tuesday) |
| Annual general meeting | 8 November 2021 (Monday) |

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

| | |
|---------------------------------------|--|
| Closure of register of members | 15 November 2021 (Monday) |
| Latest time to lodge transfers | 4:30 p.m. on 12 November 2021 (Friday) |
| Record date | 15 November 2021 (Monday) |
| Proposed final dividend payment date* | 25 November 2021 (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, Hong Kong before the aforesaid relevant latest time.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 16 September 2021

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. Roderic N. A. SAGE, Mr. David Michael NORMAN and Mr. Lester G. HUANG, SBS, JP as Independent Non-executive Directors.