



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

Announcement of Final Results for the Year Ended 30 June 2008

FINANCIAL HIGHLIGHTS			
	2008	2007 (Restated (note 3))	<i>Increase/ (Decrease)</i>
	HK\$'M	HK\$'M	
Turnover	21,211	20,934	1%
Revenue	8,574	6,779	26%
Profit from operations before finance cost	2,106	4,397	(52%)
Profit attributable to shareholders of the Company	1,468	4,271	(66%)
Earnings per share	HK\$ 4.52	HK\$ 13.14	(66%)
Dividend per share: Interim	1.00	1.00	
Proposed final	3.00	3.30	
Total	4.00	4.30	(7%)
Equity per share attributable to shareholders of the Company	125.17	123.20	2%

RESULTS

The consolidated results of Guoco Group Limited (the "Company") for the financial year ended 30 June 2008 together with restated comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

		2008	2007
			(Restated (note 3))
	Note	HK\$'000	HK\$'000
Turnover	2 & 3	<u>21,211,225</u>	<u>20,933,999</u>
Revenue	2 & 3	8,573,620	6,778,873
Cost of sales		(3,995,356)	(2,677,580)
Other attributable costs		(197,111)	(169,287)
		4,381,153	3,932,006
Other revenue		566,063	321,401
Other net (losses) / income	4	(703,130)	2,328,539
Administrative and other operating expenses		(2,138,028)	(2,185,016)
Profit from operations before finance cost	2	2,106,058	4,396,930
Finance cost	5(a)	(914,934)	(820,821)
Profit from operations	2	1,191,124	3,576,109
Valuation gains on investment properties		548,726	600,545
Profit on disposal of subsidiaries		-	85,507
Profit on partial disposal of an associate		94,586	-
Profit on disposal of investment properties		33,504	-
Share of profits of associates	5(c)	436,414	406,768
Share of profits less losses of jointly controlled entities	5(c)	35,914	14,453
Profit for the year before taxation	5	2,340,268	4,683,382
Tax (expenses) / income	6	(320,755)	56,296
Profit for the year		<u>2,019,513</u>	<u>4,739,678</u>
Attributable to :			
Shareholders of the Company		1,467,690	4,270,845
Minority interests		551,823	468,833
Profit for the year		<u>2,019,513</u>	<u>4,739,678</u>
Appropriations:			
Final dividend paid in respect of prior year	7	(1,074,235)	(979,290)
Special dividend paid in respect of prior year	7	-	(326,427)
Interim dividend paid in respect of current year	7	(326,183)	(325,193)
		<u>(1,400,418)</u>	<u>(1,630,910)</u>
Earnings per share		HK\$	HK\$
Basic	8	<u>4.52</u>	<u>13.14</u>
Diluted	8	<u>4.46</u>	<u>13.03</u>
		HK\$'000	HK\$'000
Proposed final dividend	7	<u>987,154</u>	<u>1,085,870</u>

CONSOLIDATED BALANCE SHEET

	Note	2008 HK\$'000	2007 HK\$'000
NON-CURRENT ASSETS			
Fixed assets			
- Investment properties		2,814,237	2,173,268
- Other property, plant and equipment		12,314,105	12,117,878
Interest in associates		2,880,612	3,789,005
Interest in jointly controlled entities		834,690	767,824
Available-for-sale financial assets		1,100,323	325,443
Deferred tax assets		1,248	9,302
Intangible assets		1,553,761	1,469,963
Goodwill		266,475	228,187
		<u>21,765,451</u>	<u>20,880,870</u>
CURRENT ASSETS			
Development properties		26,827,421	9,721,278
Properties held for sale		209,815	267,950
Trade and other receivables	9	1,685,002	4,492,357
Trading financial assets		4,160,779	9,188,121
Cash and short term funds		25,377,081	24,732,712
		<u>58,260,098</u>	<u>48,402,418</u>
CURRENT LIABILITIES			
Trade and other payables	10	5,455,444	3,383,699
Current portion of bank loans and other borrowings		5,934,322	1,921,615
Taxation		305,072	255,092
Provisions and other liabilities		60,411	46,424
		<u>11,755,249</u>	<u>5,606,830</u>
NET CURRENT ASSETS		<u>46,504,849</u>	<u>42,795,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>68,270,300</u>	<u>63,676,458</u>
NON-CURRENT LIABILITIES			
Non-current portion of bank loans and other borrowings		16,279,754	14,031,074
Provisions and other liabilities		144,928	189,048
Deferred tax liabilities		1,198,293	1,104,968
		<u>17,622,975</u>	<u>15,325,090</u>
NET ASSETS		<u>50,647,325</u>	<u>48,351,368</u>
CAPITAL AND RESERVES			
Share capital		1,283,130	1,286,059
Reserves		39,902,618	39,252,092
Equity attributable to shareholders of the Company		41,185,748	40,538,151
Minority interests		9,461,577	7,813,217
TOTAL EQUITY		<u>50,647,325</u>	<u>48,351,368</u>

Notes:

1. BASIS OF PREPARATION

(a) Statement of compliance

Although not required to do so 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 new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost 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 judgments, 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.

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because that is more relevant to the Group's internal financial reporting.

Business Segments

For the year ended 30 June 2008

	Principal investment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Securities, commodities and brokerage HK\$'000	Hotel and gaming operations HK\$'000	Oil and gas operations HK\$'000	Other operations HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
Turnover	14,137,905	3,123,308	139,016	121,562	3,689,434	-	-	-	21,211,225
Revenue	1,500,300	3,123,308	139,016	121,562	3,689,434	-	-	-	8,573,620
Inter-segment revenue	1,404,435	-	7,565	756	-	-	-	(1,412,756)	-
	2,904,735	3,123,308	146,581	122,318	3,689,434	-	-	(1,412,756)	8,573,620
Contribution from operations	460,941	667,925	84,182	56,230	584,009	291,579	-	-	2,144,866
Unallocated income									57,041
Unallocated expenses									(95,849)
Profit from operations before finance cost									2,106,058
Finance cost									(914,934)
Profit from operations									1,191,124
Valuation gains on investment properties	-	-	548,726	-	-	-	-	-	548,726
Profit on partial disposal of an associate	94,586	-	-	-	-	-	-	-	94,586
Profit on disposal of investment properties	-	-	33,504	-	-	-	-	-	33,504
Share of profits of associates	432,733	3,681	-	-	-	-	-	-	436,414
Share of profits less losses of jointly controlled entities	30,900	2,659	2,355	-	-	-	-	-	35,914
Profit for the year before taxation									2,340,268
Tax expenses									(320,755)
Profit for the year									2,019,513
Segment assets	26,898,820	29,705,428	2,917,057	368,188	13,228,946	1,172,050	-	-	74,290,489
Interest in associates	2,816,060	62,844	-	-	1,708	-	-	-	2,880,612
Interest in jointly controlled entities	-	295,681	29,059	-	-	-	509,950	-	834,690
Unallocated assets									2,019,758
Total assets									80,025,549
Segment liabilities	1,281,344	15,969,107	44,579	152,485	5,993,711	2,309	-	-	23,443,535
Unallocated liabilities									5,934,689
Total liabilities									29,378,224

2. SEGMENT INFORMATION (Cont'd)

Bussiness Segments (Cont'd)

For the year ended 30 June 2007

	Principal investment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Securities, commodities and brokerage HK\$'000	Hotel and gaming operations HK\$'000	Oil and gas operations HK\$'000	Other operations HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
Turnover	15,852,729	1,631,504	102,282	89,658	3,257,826	-	-	-	20,933,999
Revenue (Restated (note 3))	1,697,603	1,631,504	102,282	89,658	3,257,826	-	-	-	6,778,873
Inter-segment revenue	456,912	-	6,879	2,150	-	-	-	(465,941)	-
	<u>2,154,515</u>	<u>1,631,504</u>	<u>109,161</u>	<u>91,808</u>	<u>3,257,826</u>	<u>-</u>	<u>-</u>	<u>(465,941)</u>	<u>6,778,873</u>
Contribution from operations	3,497,628	455,506	55,335	41,194	369,834	119,119	-	-	4,538,616
Unallocated income									4,862
Unallocated expenses									(146,548)
Profit from operations before finance cost									<u>4,396,930</u>
Finance cost									(820,821)
Profit from operations									<u>3,576,109</u>
Valuation gains on investment properties	-	-	600,545	-	-	-	-	-	600,545
Profit on disposal of subsidiaries	-	-	-	-	85,507	-	-	-	85,507
Share of profits of associates	340,451	66,317	-	-	-	-	-	-	406,768
Share of profits less losses of jointly controlled entities	-	14,453	-	-	-	-	-	-	14,453
Profit for the year before taxation									<u>4,683,382</u>
Tax income									<u>56,296</u>
Profit for the year									<u><u>4,739,678</u></u>
Segment assets	29,243,822	13,925,040	2,284,766	1,235,719	13,133,313	1,099,699	-	-	60,922,359
Interest in associates	2,297,687	1,489,677	-	-	1,641	-	-	-	3,789,005
Interest in jointly controlled entities	-	300,663	26,319	-	-	-	440,842	-	767,824
Unallocated assets									3,804,100
Total assets									<u><u>69,283,288</u></u>
Segment liabilities	1,575,192	7,172,986	32,010	294,864	6,066,822	3,697	-	-	15,145,571
Unallocated liabilities									5,786,349
Total liabilities									<u><u>20,931,920</u></u>

2. SEGMENT INFORMATION (Cont'd)

Geographical Segments

	Revenue		Profit from operations	
	2008	2007 (Restated (note 3))	2008	2007
	HKD'000	HKD'000	HKD'000	HKD'000
Hong Kong	1,121,193	1,614,175	11,503	3,418,452
United Kingdom	3,582,245	3,136,924	193,289	17,173
Singapore	624,680	454,161	Note 233,734	71,484
The People's Republic of China ("PRC") & others	3,245,502	1,573,613	Note 752,598	69,000
	8,573,620	6,778,873	1,191,124	3,576,109

	Segment assets		Capital expenditure	
	2008	2007	2008	2007
	HKD'000	HKD'000	HKD'000	HKD'000
Hong Kong	27,011,367	30,080,856	2,589	2,728
United Kingdom	12,801,306	12,727,233	359,961	170,905
Singapore	17,051,320	11,214,175	6,348	8,856
The People's Republic of China ("PRC") & others	23,161,556	15,261,024	132,832	45,048
	80,025,549	69,283,288	501,730	227,537

Note:

In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the pre-sale of properties upon completion of development projects instead of using the percentage of completion method adopted by GuocoLand Limited ("GLL") as permitted under the relevant Singapore Accounting Standards. Accordingly, operating profits of GLL for the year amounting to HK\$233.2 million (2007: HK\$69.6 million) and HK\$17.9 million (2007: HK\$368.2 million) in Singapore and PRC & other regions respectively have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GLL which have been deferred in previous years amounting to HK\$nil million (2007: HK\$27.4 million) and HK\$381.4 million (2007: HK\$12.5 million) in Singapore and PRC & other regions respectively for those development projects completed during the year. Up to 30 June 2008, accumulated operating profits of GLL totalling HK\$312.7 million (2007: HK\$71.1 million) in Singapore and HK\$30.4 million (2007: HK\$360.4 million) in PRC & other regions have been deferred for recognition, which will be recognised by the Group upon completion of the relevant development projects in subsequent years.

3. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. 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, securities and commodities broking, investment advisory and hotel and gaming operations.

An analysis of the amount of each significant category of turnover and revenue from principal activities during the year is as follows:

	2008	2007
	HK\$'000	HK\$'000
Revenue from sale of properties	3,123,308	1,631,504
Revenue from hotel and gaming operations	3,689,434	3,257,826
Interest income		
- from listed securities	-	1,282
- others	1,344,937	1,569,494
Dividend income from listed securities	177,184	141,202
Rental income from properties	138,353	100,461
Securities commission and brokerage	81,865	58,844
Others	18,539	18,260
Revenue	8,573,620	6,778,873
Proceeds from sale of investments in securities	12,637,605	14,155,126
Turnover	21,211,225	20,933,999

Revenue, which excludes the proceeds from sale of investments in securities, is separately presented. The 2007 comparative figures were restated in order to conform with the current year presentation, which is considered to be the preferred presentation under the relevant accounting standards. The proceeds from sale of investments in securities of HK\$14,155,126,000 are netted against the cost of investments in securities sold of HK\$13,381,299,000, which was included in cost of sales in the previous year, and the resultant difference is included in net realised and unrealised (losses)/gains on trading financial assets in note 4.

In addition to turnover, revenue is used in presenting segmental information in note 2.

4. OTHER NET (LOSSES) / INCOME

	2008	2007
	HK\$'000	(Restated (note 3)) HK\$'000
Net realised and unrealised (losses) / gains on trading financial assets	(1,467,841)	2,110,609
Net realised and unrealised gains on derivative financial instruments	109	51,895
Net realised gains on disposal of available-for-sale financial assets	28,170	-
Net exchange (losses) / gains on foreign exchange contracts	(30,704)	44,329
Other exchange gains	689,536	97,287
Net gains / (losses) on disposal of fixed assets	2,901	(12,671)
Dilution gain on interest in an associate	46,092	9,474
Cash distributions from investments	-	1,845
Write-back of rental yield guarantee provision	5,584	11,131
Other income	23,023	14,640
	(703,130)	2,328,539

5. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance cost

	2008 HK\$'000	2007 HK\$'000
Interest on bank advances and other borrowings wholly repayable within five years	821,869	603,813
Other borrowing costs	371,152	362,978
Total borrowing costs	<u>1,193,021</u>	<u>966,791</u>
Less: borrowing costs capitalised into development properties (Note)	<u>(278,087)</u>	<u>(145,970)</u>
	<u>914,934</u>	<u>820,821</u>

Note: The borrowing costs have been capitalised at rates of 1.43% to 8.51% per annum (2007: 3.23% to 6.00%).

(b) Staff cost

	2008 HK\$'000	2007 HK\$'000
Contributions to defined contribution retirement plan	18,257	15,415
Expenses recognised in respect of defined benefit retirement plans	3,369	8,614
Total retirement costs	<u>21,626</u>	<u>24,029</u>
Equity settled share-based payment expenses	26,220	13,601
Salaries, wages and other benefits	<u>1,281,243</u>	<u>1,195,181</u>
	<u>1,329,089</u>	<u>1,232,811</u>

(c) Other items

	2008 HK\$'000	2007 HK\$'000
Depreciation	223,292	277,229
Write-back of impairment loss on properties	(45,811)	(313,116)
Impairment loss on fixed assets	-	47,706
Amortisation of Bass Strait oil and gas royalty	53,524	46,963
Operating lease charges		
- properties	30,494	18,659
- others	20,137	15,821
Auditors' remuneration		
- audit services	10,981	7,731
- tax services	3,556	2,673
- other services	-	94
Donations	3,642	2,423
Recognition of negative goodwill	<u>(54,055)</u>	<u>(8,567)</u>
Gross rental income from investment properties	<u>(138,353)</u>	<u>(100,461)</u>
Less: direct outgoings	<u>54,312</u>	<u>56,359</u>
Net rental income	<u>(84,041)</u>	<u>(44,102)</u>
Share of profits of associates:		
- listed	(432,748)	(275,845)
- unlisted	(3,666)	(130,923)
	<u>(436,414)</u>	<u>(406,768)</u>
Share of profits less losses of jointly controlled entities:		
- unlisted	<u>(35,914)</u>	<u>(14,453)</u>

6. TAXATION

Tax (expenses) / income in the consolidated income statement represents:

	2008	2007
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Tax for the year	(7,300)	(43,062)
Over / (under) - provision in respect of prior years	3,978	(1,462)
	(3,322)	(44,524)
Current tax – Overseas		
Tax for the year	(303,020)	21,402
Over - provision in respect of prior years	14,631	27,413
	(288,389)	48,815
Deferred tax		
Origination and reversal of temporary differences	(28,521)	(14,547)
Effect of previously unprovided deferred tax recognised during the year	-	(20,839)
Effect of changes in tax rate on deferred tax balances	(523)	87,391
	(29,044)	52,005
	(320,755)	56,296

The provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year ended 30 June 2008. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

7. DIVIDENDS

	2008 HK\$'000	2007 HK\$'000
Year 2006/2007:		
Final dividend paid of HK\$3.30 per ordinary share (Year 2005/2006: HK\$3.00 per ordinary share)	1,074,235	979,290
Year 2006/2007:		
Nil special dividend paid (Year 2005/2006: HK\$1.00 per ordinary share)	-	326,427
Year 2007/2008:		
Interim dividend paid of HK\$1.00 per ordinary share (Year 2006/2007: HK\$1.00 per ordinary share)	<u>326,183</u>	<u>325,193</u>
	<u>1,400,418</u>	<u>1,630,910</u>
Year 2007/2008:		
Proposed final dividend of HK\$3.00 per ordinary share (Year 2006/2007: HK\$3.30 per ordinary share)	<u>987,154</u>	<u>1,085,870</u>

The proposed final dividend for the year ended 30 June 2008 of HK\$987,154,000 (2007: HK\$1,085,870,000) is calculated based on 329,051,373 ordinary shares (2007: 329,051,373 ordinary shares) in issue as at 30 June 2008.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK\$1,467,690,000 (2007: HK\$4,270,845,000) and the weighted average number of 325,024,511 ordinary shares (2007: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK\$1,451,057,000 (2007: HK\$4,233,692,000) and the weighted average number of 325,024,511 ordinary shares (2007: 325,024,511 ordinary shares) in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK\$'000	HK\$'000
Trade debtors	854,110	2,788,297
Deposits and prepayments	804,087	1,600,628
Derivative financial instruments, at fair value	4,461	16,705
Interest receivables	22,344	86,727
	<u>1,685,002</u>	<u>4,492,357</u>

Included in trade and other receivables are amounts of HK\$71.8 million (2007: HK\$158.7 million) which are expected to be recovered after more than one year.

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	2008	2007
	HK\$'000	HK\$'000
Current	639,522	2,607,894
1 to 3 months	137,987	78,465
More than 3 months	76,601	101,938
	<u>854,110</u>	<u>2,788,297</u>

10. TRADE AND OTHER PAYABLES

	2008 HK\$'000	2007 HK\$'000
Trade creditors	766,637	671,686
Other payables and accrued operating expenses	4,611,137	2,561,666
Derivative financial instruments, at fair value	25,885	7,723
Amounts due to fellow subsidiaries	43,011	134,518
Amounts due to associates	273	258
Amounts due to jointly controlled entities	8,501	7,848
	<u>5,455,444</u>	<u>3,383,699</u>

Included in trade and other payables are amounts of HK\$69.4 million (2007: HK\$94.6 million) which are expected to be settled after more than one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2008 HK\$'000	2007 HK\$'000
Due within 1 month or on demand	622,442	566,284
Due after 1 month but within 3 months	78,013	41,937
Due after 3 months	66,182	63,465
	<u>766,637</u>	<u>671,686</u>

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

11. HONG KONG DOLLAR AMOUNTS

The audited consolidated financial statements of the Group are expressed in the United States dollars ("USD"), which are 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 audited consolidated financial statements, which are translated at the rates ruling at the respective financial year ends for presentation purposes only (2008: US\$1 = HK\$7.79895, 2007: US\$1 = HK\$7.81675).

DIVIDENDS

The Directors will recommend to the shareholders for approval at the forthcoming annual general meeting a final dividend of HK\$3.00 per share, totalling HK\$987 million payable for the financial year ended 30 June 2008. The proposed final dividend, together with the interim dividend of HK\$1.00 per share paid on 17 March 2008, will amount to a total dividend of HK\$4.00 per share for the full year, totalling HK\$1,316 million (2007: HK\$4.30 per share, totalling HK\$1,415 million). Subject to shareholders' approval at the forthcoming annual general meeting of the company to be held on 21 November 2008, the final dividend will be payable on 27 November 2008 to the shareholders whose names appear on the Register of Members of the Company on 21 November 2008.

REVIEW OF OPERATIONS

Financial Results

The consolidated profit attributable to shareholders for the year ended 30 June 2008, after taxation and minority interests amounted to HK\$1,468 million, representing a decrease of 66% over that of last year. Earnings per share amounted to HK\$4.52.

The major profit contributions (before finance cost and taxation) arose from the following:

- total interest income of HK\$1,345 million;
- property operations of HK\$752 million;
- hospitality and leisure business of HK\$584 million;
- contribution from associates and jointly controlled entities of HK\$472 million;
- total net exchange gain (including foreign exchange contracts) of HK\$659 million;
- dividend income of HK\$177 million; and offset by
- total realised and unrealised losses on investments of HK\$1,468 million.

Revenue increased by 26% to HK\$8.6 billion. The increase was mainly attributable to the increase in property development sector of 91% or HK\$1,492 million and in hotel and gaming sector of 13% or HK\$432 million.

Principal Investment

During the past financial year, the global market was haunted by sub-prime mortgage issues and the massive credit crunch triggered by the continued correction in US house prices. Banks and other financial services companies suffered record write-offs and capital depletion with rising concern on their viability in some cases. At the same time, commodity prices and especially the price of oil surged to record levels, which led to widespread inflationary pressure. While global central banks and other authorities undertook decisive and proactive measures to stabilise the financial system, it did not prevent major price corrections in most financial assets. Investor sentiment remained very fragile. Against a backdrop of aggravating macroeconomic conditions, we have taken a defensive and cautious stance and reduced our exposure to equity markets.

We continue to look into the market for value in stocks and investments. The correction in the Hong Kong and China markets may open up new opportunities. We will continue to monitor closely all the major sectors. Given our belief that markets may face protracted consolidation, we will not rush into new investments.

During the year, our customised portfolio management system was rolled out. This new system provides enhanced reporting, execution and risk control capabilities covering both treasury and equity investments. Despite intense competition for talented staff in the market, our human resources position was stable. External training, internal guidance and consultation are provided continuously to raise the level of competency as well as to create a stronger sense of belonging.

Property Development and Investment

GuocoLand Limited (“GLL”) – 64.3% controlled by Guoco

For the financial year ended 30 June 2008, GLL reported a net profit of S\$161.8 million, a decrease of 43% compared to the previous corresponding year. The decrease in net profit was mainly due to lower gross profit contribution from sale of property development projects in Singapore, lower revaluation gain on the investment properties and higher income tax expense mainly from its property development projects in China.

GLL’s revenue and cost of sales decreased by 4% and 2% respectively compared to the previous corresponding year mainly due to lower revenue and cost of sales recognised for GLL’s property development projects in Singapore as a result of lower sales achieved. Gross profit correspondingly decreased by 12% to S\$135.3 million.

Other income decreased by 33% to S\$130.8 million comprising mainly a revaluation gain of S\$88.1 million from the investment properties in Singapore and net foreign exchange gains of S\$28.0 million. Other income in the previous financial year included non-recurring profits of S\$19.3 million from the sale of GLL’s long-term investment and S\$16.9 million from the sale of a hotel in Hanoi.

Finance costs increased by 22% to S\$39.4 million due to higher interest rates and an increase in bank borrowings.

The contribution of S\$11.5 million from GLL’s associates to profit after tax for the financial year ended 30 June 2008 comprised mainly a negative goodwill of S\$10.6 million arising from the increase in GLL’s interest in Tower Real Estate Investment Trust (“Tower REIT”) in Malaysia from 15.00% to 19.97% during the financial year. Tower REIT is now an associate of GLL.

Singapore

GLL has three launched developments on the market in Singapore: Le Crescendo, The View @ Meyer and The Quartz.

Singapore’s GDP grew by 2.1% in the second quarter of 2008 compared to 6.9% in the first quarter of 2008. The GDP growth forecast for 2008 has been revised downwards from 4%-6% to 4%-5%. Statistics released by Urban Redevelopment Authority showed that private residential property prices increased by 0.2% in the second quarter of 2008, down from a 3.7% increase in the previous quarter. The cautious sentiment in the property market is evidenced by a slow down and delay in property launches and a lower take-up rate by buyers compared to 2007. The ongoing development and subsequent completion of the two integrated resorts and the Marina Bay Financial Centre should help economic growth in the next few years. GLL expects the demand for residential properties to remain stable in the medium term.

China

The residential apartments at West End Point, a 810-unit development located within the Second Ring Road in Feng Sheng, Xicheng District of Beijing, are 97% sold. The retail units are currently being launched for sale.

Construction is in progress for Phase 1 comprising 1,112 units in Ascot Park, a residential development located in Qixia District of Nanjing.

Construction has commenced for Phase 1 of Changfeng project, GLL's development site situated in Putuo District of Shanghai. Land resettlement has been completed and design planning is in process for Phase 2.

Construction work on the Dongzhimen Project continues to be in full progress and structural works have been completed for the residential, hotel, retail, airport terminal and transportation centre. Part of the transportation centre was completed and handed over to the Beijing government in July 2008. The claims by Shenzhen Development Bank and Agricultural Bank of China and the various actions taken by GuocoLand (China) Limited to defend and protect its 90% interest in the Dongzhimen Project are pending hearing and adjudication before the PRC courts.

China's GDP growth grew 10.1% in the second quarter of 2008, compared to 10.6% in the previous quarter. Inflation eased to 7.1% in June from 7.7% in the previous month. The property market appears to be cooling down as developers face credit squeeze, slower sales and lower prices. Despite the slowdown in the economy and the property market, GLL believes that the economy will continue to grow within the framework of macro-economic policies and other regulatory measures by the government to prevent overheating of the economy and to curb inflation. Demand for quality housing is expected to be stable in the medium term.

Malaysia

GLL's 64.98% subsidiary, GuocoLand (Malaysia) Berhad ("GLM"), currently has eight ongoing mixed residential development projects located in Rawang, Sungai Buloh, Cheras, Kajang, Sepang, Damansara Heights and Old Klang Road.

In June 2008, GLM completed the acquisition of a piece of freehold land situated at Changkat Kia Peng, Kuala Lumpur.

In July 2008, GLM completed the acquisition of 100% equity interest in Raikon Building Management Co Sdn Bhd ("Raikon") for a total cash consideration of RM1.8 million. Raikon is principally engaged in property services and the acquisition will provide synergistic benefits to GLM.

Amidst the slowdown in the global economy, global credit crunch and rising inflation, the property market in Malaysia appears to be softening. With rising construction costs, developers are holding back launches and take-up rates have also come down. Despite the weaker demand for housing, GLL remains cautiously optimistic that the property sentiment will remain positive in the medium term in view of government policies to make home ownership more attractive. Property prices in Malaysia are also amongst the lowest in the region.

Vietnam

In January 2008, GLL launched Phase 1 of the residential component comprising 237 units in The Canary, a development located next to Vietnam Singapore Industrial Park in Binh Duong Province, 17 kilometres north of Ho Chi Minh City.

The pace of growth in Vietnam is showing signs of moderation. Vietnam achieved a GDP growth of about 6.5% in the first half year of 2008 compared to 7.9% in the same period last year. Inflation reached 27% in July 2008, driven by soaring food and fuel prices. To control the rapid inflation, the State Bank of Vietnam has introduced a series of monetary and credit tightening measures such as raising interest rates and reducing loans for investments in shares and real estate and other regulatory measures. As a result, the property market in Vietnam is showing signs of slowing down. Given the large and young population, GLL expects the medium to long term economic prospects in Vietnam to remain promising and the growth potential to remain bright. The demand for quality housing is expected to remain stable in the medium term.

Hospitality and Leisure Business

GuocoLeisure Limited (“GL”, formerly known as BIL International Limited) – 61.1% controlled by Guoco

GL registered a profit before tax of US\$58.6 million for the financial year ended 30 June 2008, which is twelve times that in previous financial year.

GL's revenue rose by 29.2% to US\$573.7 million during the financial year principally due to improved REVPAR in the hotel operation, increased royalty income from the Bass Strait Oil & Gas produce, higher sales of land and developed properties from Denarau, Fiji and improved revenue in the gaming operation. Higher revenue in the hotel operations was due to higher REVPAR for the current financial year as compared to the previous financial year. Higher royalty income from the Bass Strait Oil & Gas produce in Australia was attributable to mainly full redemption of the ordinary units of the Bass Strait Oil Trust in July 2007 and the soaring crude oil price. Since then, GL has been entitled to full royalty distribution from the Bass Strait Oil & Gas produce in Australia.

The operating expense of GL for the financial year at US\$190.6 million was 12.1% higher year-on-year due mainly to the effects of business rationalisation and increased spending in marketing related activities. The increase in operating expense was partly mitigated by a write-back of provision made in prior year for a claim against its debtor in Australia and property rate rebate in the United Kingdom that related to prior year operations.

Other operating income for the financial year increased by 57.3% to US\$30.2 million over that of previous financial year chiefly due to gain on disposal of investment and higher hotel management fees.

Camerlin Group Berhad (“CGB”) – 61.3% controlled by Guoco

The demerger exercise undertaken by CGB comprising a cash repayment and a capital distribution of its GL shares to shareholders was completed in August 2008. The Group now holds a total direct shareholding of 54.1% in GL. Following the demerger, CGB will surrender its listing status on Bursa Malaysia Securities Berhad.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”) – 25.4% owned by Guoco

HLFG recorded a profit before tax of RM1,120.2 million for the year ended 30 June 2008 as compared to RM985.7 million in the previous financial year, an increase of RM134.5 million or 13.6%. This reflects the steps taken to grow the various business especially contribution from the banking division.

The banking division recorded a profit before tax of RM1,010.0 million for the year ended 30 June 2008 as compared to RM856.6 million in the previous financial year, an increase of RM153.4 million or 17.9%. This was mainly due to higher net income of RM250.2 million arising from strong growth in business volumes.

The insurance division recorded a profit before tax of RM103.8 million for the year ended 30 June 2008 as compared to RM120.1 million in the previous financial year, a decrease of RM16.4 million or 13.6%. The decrease was mainly due to exceptionally high investment income in the previous financial year and a one-off change in accounting estimate for unearned premium reserves calculation of RM4.2 million. Backing off the one-offs from prior years, the core business registered a growth of 12.5%.

The stockbroking and asset management divisions recorded a profit before tax of RM32.2 million for the year ended 30 June 2008 as compared to RM37.9 million in the previous financial year, a decrease of RM5.7 million or 15.1%. The decrease was mainly due to lower Bursa volumes and higher operating expenditure in line with its budgeted business initiatives.

GROUP FINANCIAL COMMENTARY

Capital and Finance

- The Group's consolidated total equity (including minority interests) as at 30 June 2008 amounted to HK\$50.6 billion, an increase of 5% comparing to the total equity as at 30 June 2007.
- The Group's consolidated total equity attributable to shareholders of the Company as at 30 June 2008 amounted to HK\$41.2 billion, an increase of HK\$648 million comparing to the figure as at 30 June 2007.

Total Cash and Liquid Funds

As at 30 June 2008, the Group has net liquid funds of HK\$7.3 billion, comprising total cash balance of HK\$25.4 billion and marketable securities of HK\$4.1 billion and after netting off the total borrowings of HK\$22.2 billion.

Total Borrowings

The increase in total borrowings from HK\$16.0 billion as at 30 June 2007 to HK\$22.2 billion as at 30 June 2008 was primarily due to the drawdown of new bank loans by GLL to finance the development property projects in Singapore, Malaysia and China. The Group's total borrowings are mainly denominated in Singapore dollars (59%), British Pound (20%) and US dollars (13%).

The Group's bank loans and other borrowings are repayable as follows:

	Bank loans HK\$'M	Mortgage debenture stock HK\$'M	Convertible bonds HK\$'M	Other borrowings HK\$'M	Total HK\$'M
Within 1 year or on demand	4,441	-	-	1,493	5,934
After 1 year but within 2 years	1,026	-	-	459	1,485
After 2 years but within 5 years	6,805	-	3,714	201	10,720
After 5 years	8	4,067	-	-	4,075
	7,839	4,067	3,714	660	16,280
	12,280	4,067	3,714	2,153	22,214

The bank loans and mortgage debenture stock are secured by the following:

- legal mortgages on investment properties with an aggregate book value of HK\$88.1 million;
- legal mortgages on development properties with an aggregate book value of HK\$16.0 billion; and
- legal mortgages on property, plant and equipment with an aggregate book value of HK\$9.0 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2008 amounted to approximately HK\$7.9 billion.

Interest Rate Exposure

As at 30 June 2008, approximately 56% of the Group's borrowings were at floating rates and the remaining 44% were at fixed rates. 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 swap contracts to manage the interest rate exposure if it considers this appropriate.

Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts for the purpose of hedging the foreign currency exposures. The Group may also raise foreign currency loans to hedge its foreign currency investments.

Contingent Liabilities

GL had contingent liabilities of HK\$40 million as at 30 June 2007 in relation to the guarantees of investment performance which were nil as at 30 June 2008.

GL has given a guarantee to the owner of the 20 (2007: 28) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than HK\$431 million (2007: HK\$512 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was HK\$431 million (2007: HK\$512 million) and the maximum aggregate liability under the guarantee was approximately HK\$861 million (2007: HK\$1,024 million). Based on past performance, GL's expectation is that the future annual EBITDA will be able to meet the guaranteed amount.

In November 2007, GLL's wholly-owned subsidiary, GuocoLand (China) Limited ("GLC"), completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). To date, an aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "vendors"). The balance of RMB2.58 billion has been withheld pending resolution of disputes described hereunder, which had been disclosed by GLL previously.

(1) Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC")

(a) SDB

SDB claims that a loan of RMB1.5 billion was granted by SDB to certain borrowers. Amongst the security obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB. An earlier suit filed by SDB against Zhiye and CJDH in The People's High Court of Beijing ("Beijing Court") was dismissed in December 2007. SDB has initiated another suit directly against CJDH for the recovery of its loan under the Zhiye guarantee ("second SDB suit"). In addition, SDB has filed an appeal against Zhiye and CJDH in respect of the dismissal of the earlier SDB suit ("SDB appeal").

An interim application was made by SDB to the Beijing Court to restrict dealing in the assets of CJDH in the aggregate sum of their claims.

Based on the information available to GLC, CJDH is neither a guarantor nor borrower of the alleged loans of RMB1.5 billion granted by SDB to borrowers who are third parties apparently unrelated to CJDH. GLC has been advised by its PRC lawyers that the SDB appeal and second SDB suit both have no merits.

Pending hearing of the SDB appeal and the second SDB suit, SDB and BBJB have purportedly entered into a settlement agreement in May 2008 for CJDH to pay RMB1 billion of the alleged loan to SDB. GLC has been advised by its PRC lawyers that the settlement agreement is void and unenforceable.

(b) ABC

ABC had claimed that CJDH and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion owing to ABC by Zhiye. ABC has commenced legal proceedings against Zhiye, CJDH and Hainan Co. BBJB is also a defendant in the ABC proceedings.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, CJDH and BBJB in the aggregate sum of their claims.

PRC lawyers of GLC are of the view that if CJDH is liable for the loan or any part thereof, GLC is entitled to set off any payment towards the loan against the balance purchase consideration still not paid by GLC.

GLC's PRC lawyers have also advised that the interim applications by SDB and ABC only restrict dealing in the assets of CJDH pending final resolution of the SDB and ABC actions. The interim applications will be expunged once the PRC courts dismiss the SDB and ABC actions.

A hearing in respect of ABC's claims was held by the Beijing Court in May 2008 and judgment is pending.

(2) Hainan Co

In April 2008, GLL had disclosed that GLC had received a notice issued by the Hainan Trade Bureau purporting to revert registration in Hainan Co to its original shareholders being two of the vendors of the DZM Project, allegedly on the grounds that GLC has not paid the requisite consideration for the transfer of Hainan Co to GLC.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the vendors. GLL has taken legal advice on these matters and will strongly defend and protect its 90% interest in the DZM Project. GLC has taken various legal actions which are pending hearing and adjudication before the PRC courts.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 2,900 employees as at 30 June 2008. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and 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 by management on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share options may also be granted in accordance with the approved share option schemes or plans adopted by the Company and its subsidiaries to eligible employees to reward their contribution and foster loyalty towards the Group.

OUTLOOK

The global meltdown in share price over the past twelve months appears to be continuing. Global financial systems are being tested and some amount of uncertainty may continue over a protracted period. Problems relating to the US housing market, high inflationary pressures and rising unemployment will affect the economies of various countries in which we operate. These could lead to a slower global growth. We remain cautiously optimistic and will look for investment opportunities.

GLL has done reasonably well in its core markets in Asia. Whilst the region's property markets will be affected by global macroeconomic concerns over the short-term, Asia's growth holds potential. We are confident that GLL having a quality land bank across growth regions in Asia will be able to weather the storm. China remains a key pillar of growth in the region. We remain positive about China over the medium term.

GLL will take measures to stay resilient and address the challenges of rising costs brought about by inflation. We will undertake land banking when opportunities arise. We will continue to do this in a prudent way. We are optimistic that these measures will help GLL in the next phase of growth and consolidate its position as a leading regional property player when the global economy turns around.

We will grow GL's hotel management business in the Asian region and China. GL will manage a number of new hotels in the developments that GLL will be completing in China and Malaysia over the next few years. GL is establishing a management team in the region to oversee that activity. We see good prospects for GL in Asia.

The financial year ahead is expected to be challenging due to global economic turbulence. HLFG is however well placed to enhance its market position.

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

During the year the Company did not redeem any of its listed securities. Neither did the Company nor any of its other subsidiaries purchase or sell any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES ("CGP Code")

The Company has complied throughout the year with the CGP Code adopted by the Company based on the principles set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save that the non-executive directors were 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 CGP Code.

REVIEW BY BOARD AUDIT COMMITTEE (“BAC”)

The BAC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the audited annual results of the Company for the year ended 30 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 November 2008 to 21 November 2008, both days inclusive, during which period no share transfers will be registered.

To qualify for the final dividends and for attending and voting at the forthcoming annual general meeting of the Company to be held on 21 November 2008, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 17 November 2008.

As at the date of this announcement, the board of directors of the Company comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng and Mr. James Eng, Jr. as executive directors; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Volker Stoeckel and Mr. Ding Wai Chuen as independent non-executive directors.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 8 September 2008