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 2009

FINANCIAL HIGHLIGHTS

		2009	2008	*Increase/*
		HK$'M	HK$'M	*(Decrease)*
Turnover		**22,071**	21,211	*4%*
Revenue		**8,897**	8,574	*4%*
Profit from operations before finance cost		**868**	2,106	*(59%)*
Profit attributable to shareholders of the Company		**476**	1,468	*(68%)*
		HK$	HK$	
Earnings per share		**1.46**	4.52	*(68%)*
Dividend per share:	Interim	**0.50**	1.00	
	Proposed final	**1.50**	3.00	
	Total	**2.00**	4.00	*(50%)*
Equity per share attributable to shareholders of the Company		**120.63**	125.17	*(4%)*

RESULTS

The consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2009 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2009** HK$'000	2008 HK$'000
Turnover	2 & 3	**22,070,626**	21,211,225
Revenue	2 & 3	**8,896,580**	8,573,620
Cost of sales		**(5,912,962)**	(3,995,356)
Other attributable costs		**(156,110)**	(197,111)
		2,827,508	4,381,153
Other revenue		**454,117**	566,063
Other net losses	4	**(928,415)**	(703,130)
Administrative and other operating expenses		**(1,485,617)**	(2,138,028)
Profit from operations before finance cost	2	**867,593**	2,106,058
Finance cost	5(a)	**(514,498)**	(914,934)
Profit from operations	2	**353,095**	1,191,124
Valuation (deficit) / surplus on investment properties		**(462,720)**	548,726
Profit on partial disposal of an associate		**-**	94,586
Profit on disposal of investment properties		**-**	33,504
Share of profits of associates	5(c)	**429,588**	436,414
Share of (losses) / profits of jointly controlled entities	5(c)	**(6,549)**	35,914
Profit for the year before taxation	5	**313,414**	2,340,268
Tax income / (expenses)	6	**289,420**	(320,755)
Profit for the year		**602,834**	2,019,513
Attributable to :			
Shareholders of the Company		**475,577**	1,467,690
Minority interests		**127,257**	551,823
Profit for the year		**602,834**	2,019,513
Appropriations:			
Final dividend paid in respect of prior year	7	**(974,536)**	(1,074,235)
Interim dividend paid in respect of current year	7	**(162,442)**	(326,183)
		(1,136,978)	(1,400,418)
Earnings per share		**HK$**	HK$
Basic	8	**1.46**	4.52
Diluted	8	**1.46**	4.46
		HK$'000	HK$'000
Proposed final dividend	7	**493,577**	987,154

CONSOLIDATED BALANCE SHEET

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Fixed assets			
- Investment properties		**2,170,470**	2,814,237
- Other property, plant and equipment		**10,491,985**	12,314,105
Interest in associates		**2,999,909**	2,880,612
Interest in jointly controlled entities		**768,523**	834,690
Available-for-sale financial assets		**3,366,302**	1,100,323
Deferred tax assets		**23,832**	1,248
Intangible assets		**1,249,192**	1,553,761
Goodwill		**262,752**	266,475
		21,332,965	21,765,451
CURRENT ASSETS			
Development properties		**22,946,690**	26,827,421
Properties held for sale		**2,034,921**	209,815
Trade and other receivables	9	**1,942,679**	1,685,002
Trading financial assets		**2,788,982**	4,160,779
Cash and short term funds		**22,818,170**	25,377,081
		52,531,442	58,260,098
CURRENT LIABILITIES			
Trade and other payables	10	**5,446,848**	5,455,444
Current portion of bank loans and other borrowings		**5,738,097**	5,934,322
Taxation		**217,344**	305,072
Provisions and other liabilities		**12,571**	60,411
		11,414,860	11,755,249
NET CURRENT ASSETS		**41,116,582**	46,504,849
TOTAL ASSETS LESS CURRENT LIABILITIES		**62,449,547**	68,270,300
NON-CURRENT LIABILITIES			
Non-current portion of bank loans and other borrowings		**13,776,787**	16,279,754
Provisions and other liabilities		**83,314**	144,928
Deferred tax liabilities		**819,736**	1,198,293
		14,679,837	17,622,975
NET ASSETS		**47,769,710**	50,647,325
CAPITAL AND RESERVES			
Share capital		**1,275,093**	1,283,130
Reserves		**38,416,944**	39,902,618
Equity attributable to shareholders of the Company		**39,692,037**	41,185,748
Minority interests		**8,077,673**	9,461,577
TOTAL EQUITY		**47,769,710**	50,647,325

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 the following new interpretations and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

HK(IFRIC) - INT 12, Service Concession Arrangements
HK(IFRIC) - INT 13, Customer Loyalty Programmes
HK(IFRIC) - INT 14, HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendment to HKAS 39 and HKFRS 7 - Reclassification of financial assets

The adoption of these new interpretations and amendments have no material impact on the Group's results and financial positions. Accordingly, no prior period adjustment has been required.

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 2009 comprise the Group and its 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 2009

	Principal investment HK$'000	Property development HK$'000	Property investment HK$'000	Securities, commodities and brokerage HK$'000	Hotel and gaming operations HK$'000	Oil and gas HK$'000	Other operations HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Turnover	13,866,541	5,333,844	144,485	49,887	2,675,869	-	-	-	22,070,626
Revenue	692,495	5,333,844	144,485	49,887	2,675,869	-	-	-	8,896,580
Inter-segment revenue	97,365	-	7,804	4,813	-	-	-	(109,982)	-
	789,860	5,333,844	152,289	54,700	2,675,869	-	-	(109,982)	8,896,580
Contribution from operations	(622,814)	638,841	78,749	4,154	346,538	259,001	-	-	704,469
Unallocated income									181,275
Unallocated expenses									(18,151)
Profit from operations before finance cost									867,593
Finance cost									(514,498)
Profit from operations									353,095
Valuation deficit on investment properties	-	-	(462,720)	-	-	-	-	-	(462,720)
Share of profits of associates	421,861	7,735	-	-	(8)	-	-	-	429,588
Share of losses of jointly controlled entities	-	(6,549)	-	-	-	-	-	-	(6,549)
Profit for the year before taxation									313,414
Tax income									289,420
Profit for the year									602,834
As at 30 June 2009									
Segment assets	26,039,251	28,144,550	2,248,405	433,952	11,066,050	910,466	-	-	68,842,674
Interest in associates	2,943,635	54,708	-	-	1,566	-	-	-	2,999,909
Interest in jointly controlled entities	-	279,662	26,893	-	-	-	461,968	-	768,523
Unallocated assets									1,253,301
Total assets									73,864,407
Segment liabilities	1,034,151	14,428,369	33,558	216,662	4,606,815	1,015	-	-	20,320,570
Unallocated liabilities									5,774,127
Total liabilities									26,094,697

2. SEGMENT INFORMATION (Cont'd)

Bussiness Segments (Cont'd)

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$'000	Oil and gas HK$'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 surplus 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
As at 30 June 2008									
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)

Geographical Segments

	Revenue			Profit / (loss) from operations	
	2009	2008		**2009**	2008
	HKD'000	HKD'000		**HKD'000**	HKD'000
Hong Kong	**626,270**	1,121,193		**(301,169)**	11,503
United Kingdom	**2,622,084**	3,582,245		**95,055**	193,289
Singapore	**5,011,881**	624,680	Note	**498,595**	233,734
The People's Republic of China ("PRC") & others	**636,345**	3,245,502	Note	**60,614**	752,598
	8,896,580	8,573,620		**353,095**	1,191,124

	Segment assets		Capital expenditure	
	2009	2008	**2009**	2008
	HKD'000	HKD'000	**HKD'000**	HKD'000
Hong Kong	**26,205,802**	27,011,367	**2,720**	2,589
United Kingdom	**10,770,214**	12,801,306	**259,776**	359,961
Singapore	**13,245,998**	17,051,320	**2,449**	6,348
The People's Republic of China ("PRC") & others	**23,642,393**	23,161,556	**131,387**	132,832
	73,864,407	80,025,549	**396,332**	501,730

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$32.6 million (2008: HK$233.2 million) and HK$129.4 million (2008: HK$17.9 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$297.6 million (2008: HK$nil) and HK$17.8 million (2008: HK$381.4 million) in Singapore and PRC & other regions respectively for those development projects completed during the year. Up to 30 June 2009, accumulated operating profits of GLL totalling HK$38.0 million (2008: HK$312.7 million) in Singapore and HK$136.4 million (2008: HK$30.4 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:

	2009 **HK$'000**	2008 HK$'000
Revenue from sale of properties	**5,333,844**	3,123,308
Revenue from hotel and gaming operations	**2,675,869**	3,689,434
Interest income		
- from listed securities	**78**	-
- others	**547,699**	1,344,937
Dividend income from listed securities	**135,743**	177,184
Rental income from properties	**143,958**	138,353
Securities commission and brokerage	**39,084**	81,865
Others	**20,305**	18,539
Revenue	**8,896,580**	8,573,620
Proceeds from sale of investments in securities	**13,174,046**	12,637,605
Turnover	**22,070,626**	21,211,225

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

4. OTHER NET LOSSES

	2009 **HK$'000**	2008 HK$'000
Net realised and unrealised gains / (losses) on trading financial assets	**643,995**	(1,467,841)
Net realised and unrealised (losses) / gains on derivative financial instruments	**(122,157)**	109
Net realised (losses) / gains on disposal of available-for-sale financial assets	**(49,763)**	28,170
Net exchange losses on foreign exchange contracts	**(29,629)**	(30,704)
Other exchange (losses) / gains	**(1,400,125)**	689,536
Net gains on disposal of fixed assets	**922**	2,901
Dilution gain on interest in an associate	**-**	46,092
Write-back of rental yield guarantee provision	**-**	5,584
Other income	**28,342**	23,023
	(928,415)	(703,130)

5. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance cost

	2009 HK$'000	2008 HK$'000
Interest on bank advances and other borrowings wholly repayable within five years	**602,663**	821,869
Other borrowing costs	**294,101**	371,152
Total borrowing costs	**896,764**	1,193,021
Less: borrowing costs capitalised into development properties (Note)	**(382,266)**	(278,087)
	514,498	914,934

Note: The borrowing costs have been capitalised at rates of 0.97% to 8.51% per annum (2008: 1.43% to 8.51%).

(b) Staff cost

	2009 HK$'000	2008 HK$'000
Contributions to defined contribution retirement plan	**13,873**	18,257
Expenses recognised in respect of defined benefit retirement plans	**4,743**	3,369
Total retirement costs	**18,616**	21,626
Equity settled share-based payment expenses	**5,510**	26,220
Salaries, wages and other benefits	**977,830**	1,281,243
	1,001,956	1,329,089

(c) Other items

	2009 HK$'000	2008 HK$'000
Depreciation	**201,456**	223,292
Provision / (write-back) of impairment loss on properties	**123,436**	(45,811)
Amortisation of Bass Strait oil and gas royalty	**43,811**	53,524
Operating lease charges		
- properties	**34,992**	30,494
- others	**16,252**	20,137
Auditors' remuneration		
- audit services	**11,199**	10,981
- tax services	**39**	826
- other services	**992**	2,730
Donations	**4,053**	3,642
Recognition of negative goodwill on acquisition of additional interests in subsidiaries	**(179,857)**	(54,055)
Gross rental income from investment properties	**(143,958)**	(138,353)
Less: direct outgoings	**30,838**	54,312
Net rental income	**(113,120)**	(84,041)
Share of profits of associates:		
- listed	**(421,861)**	(432,748)
- unlisted	**(7,727)**	(3,666)
	(429,588)	(436,414)
Share of losses / (profits) of jointly controlled entities:		
- unlisted	**6,549**	(35,914)

6. TAXATION

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

	2009 HK$'000	2008 HK$'000
Current tax - Hong Kong Profits Tax		
Tax for the year	**-**	(7,300)
Over-provision in respect of prior years	**70,448**	3,978
	70,448	(3,322)
Current tax - Overseas		
Tax for the year	**(77,292)**	(303,020)
Over-provision in respect of prior years	**86,429**	14,631
	9,137	(288,389)
Deferred tax		
Origination and reversal of temporary differences	**209,013**	(28,521)
Effect of changes in tax rate on deferred tax balances	**822**	(523)
	209,835	(29,044)
	289,420	(320,755)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year ended 30 June 2009. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

7. DIVIDENDS

	2009	2008
	HK$'000	HK$'000
Year 2007/2008:		
Final dividend paid of HK$3.00 per ordinary share		
(Year 2006/2007: HK$3.30 per ordinary share)	**974,536**	1,074,235
Year 2008/2009:		
Interim dividend paid of HK$0.50 per ordinary share		
(Year 2007/2008: HK$1.00 per ordinary share)	**162,442**	326,183
	1,136,978	1,400,418
Year 2008/2009:		
Proposed final dividend of HK$1.50 per ordinary share		
(Year 2007/2008: HK$3.00 per ordinary share)	**493,577**	987,154

The proposed final dividend for the year ended 30 June 2009 of HK$493,577,000 (2008: HK$987,154,000) is calculated based on 329,051,373 ordinary shares (2008: 329,051,373 ordinary shares) in issue as at 30 June 2009.

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$475,577,000 (2008: HK$1,467,690,000) and the weighted average number of 325,024,511 ordinary shares (2008: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the year ended 30 June 2009 equals to the basic earnings per share as the potential ordinary shares outstanding during the year have an anti-dilutive effect on the basic earnings per share for the year.

The calculation of diluted earnings per share for the year ended 30 June 2008 was based on the profit attributable to shareholders of the Company of HK$1,451,057,000 and the weighted average number of 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

	2009	2008
	HK$'000	HK$'000
Trade debtors	**1,190,857**	854,110
Deposits and prepayments	**739,236**	804,087
Derivative financial instruments, at fair value	**6,192**	4,461
Interest receivables	**6,394**	22,344
	1,942,679	1,685,002

Included in trade and other receivables are amounts of HK$62.8 million (2008: HK$71.8 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:

	2009	2008
	HK$'000	HK$'000
Current	**754,286**	639,522
1 to 3 months	**256,699**	137,987
More than 3 months	**179,872**	76,601
	1,190,857	854,110

10. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	HK$'000
Trade creditors	**692,797**	766,637
Other payables and accrued operating expenses	**4,679,836**	4,611,137
Derivative financial instruments, at fair value	**41,905**	25,885
Amounts due to fellow subsidiaries	**29,807**	43,011
Amounts due to associates	**248**	273
Amounts due to jointly controlled entities	**2,255**	8,501
	5,446,848	5,455,444

Included in trade and other payables are amounts of HK$306.1 million (2008: HK$69.4 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:

	2009	2008
	HK$'000	HK$'000
Due within 1 month or on demand	**532,618**	622,442
Due after 1 month but within 3 months	**114,151**	78,013
Due after 3 months	**46,028**	66,182
	692,797	766,637

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 (2009: US$1 = HK$7.7501, 2008: US$1 = HK$7.79895).

DIVIDENDS

The Directors will recommend to the shareholders for approval at the forthcoming annual general meeting a final dividend of HK$1.50 per share, totalling HK$494 million payable for the financial year ended 30 June 2009. The proposed final dividend, together with the interim dividend of HK$0.50 per share paid on 16 March 2009, will amount to a total dividend of HK$2.00 per share for the full year, totalling HK$658 million (2008: HK$4.00 per share, totalling HK$1,316 million). Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 27 November 2009, the final dividend will be payable on 3 December 2009 to the shareholders whose names appear on the Register of Members of the Company on 27 November 2009.

REVIEW OF OPERATIONS

Financial Results

The consolidated profit attributable to shareholders for the year ended 30 June 2009, after taxation and minority interests amounted to HK$476 million, representing a decrease of 68% over that of last year. Earnings per share amounted to HK$1.46.

We continued to generate profit (before finance cost and taxation) totalling HK$2,172 million from the following sources:

- property operations of HK$718 million;
- hospitality and leisure business of HK$347 million;
- contributions from associates and jointly controlled entities of HK$423 million;
- total interest income of HK$548 million; and
- dividend income of HK$136 million.

Despite the financial turmoil, the principal investment business realised gains of HK$1,390 million on trading financial assets for the year ended 30 June 2009. The realised losses on derivative financial instruments mainly for the purpose of acquiring strategic investments and the realised foreign exchange losses on deposits amounted to HK$106 million and HK$700 million respectively. However, the overall performance was affected by the unrealised marked-to-market losses on trading financial assets of HK$746 million, derivative financial instruments of HK$16 million and foreign exchange losses of HK$730 million. As a result, the principal investment business posted an overall loss of HK$623 million after operating expenses for the year, which was still much better than the loss of HK$3,108 million reported for the six-month's period ended 31 December 2008.

Turnover increased by 4% or HK$859 million to HK$22.1 billion. The increase was mainly attributable to the increase in property development sector of 71% or HK$2.2 billion which was offset by decrease in hotel and gaming sector of 27% or HK$1.0 billion and decline in principal investment business of 2% or HK$271 million.

Principal Investment

The year under review witnessed one of the most eventful and volatile periods in recent financial market history. Global economies went through a synchronized downturn on the back of a worldwide credit crunch, which led to instability at some major western financial institutions and a general melt down of values across different asset classes. In response, governments implemented massive stimulus and rescues that were unprecedented both in terms of magnitude and promptness. Global financial system has started to stabilise and asset price has recovered somewhat. From the low base, the rallies in the last three months in equities have resulted in the strongest quarterly gains for more than two decades.

We have exercised a high level of caution in managing our portfolio during this extremely uncertain period. While staying largely in cash, we increased our equity investments by buying into both longer-term strategic positions and other under-valued assets. Our focus remained in Hong Kong given its unique exposure to a resilient Chinese economy and selective counters in developed markets. We continue to look for new investment opportunities.

We remain firmly committed in enhancing and broadening the expertise within our investment team. During the year, we recruited additional senior investment professionals to expand our knowledge and expertise.

Property Development and Investment

GuocoLand Limited ("GLL") – 65.2% controlled by Guoco

For the financial year ended 30 June 2009, GLL reported a net loss of S$70.2 million compared to a net profit of S$161.8 million in the previous financial year. The net loss arose mainly from revaluation loss on Tung Centre in Singapore, writedowns in values of development properties in Malaysia and a net foreign exchange loss comprising translation loss on USD bank loans. However, operationally GLL reported a gross profit of S$113.5 million primarily contributed by development properties in Singapore and China.

GLL's revenue and cost of sales decreased by 24% and 25% to S$513.0 million and S$399.5 million respectively compared to the previous financial year. The decrease was due to lower contribution from development properties in Singapore and China. Cost of sales included provisions for foreseeable losses of S$23.3 million mainly for development properties in Malaysia. Hence, the fall in gross profit by 16% to S$113.5 million was mainly from development properties in China and Malaysia.

GLL incurred a revaluation loss of S$80.9 million primarily on Tung Centre against a revaluation gain of S$88.1 million in the previous financial year.

GLL also recognised a net foreign exchange loss of S$34.3 million comprising primarily realised translation loss on USD bank loans which had matured when the USD had appreciated against the SGD. In the previous financial year, GLL had a net foreign exchange gain of S$28.0 million.

The contribution of S$7.1 million from associates arose mainly from the recognition of a revaluation gain of RM38.7 million on the investment property portfolio by Tower Real Estate Investment Trust, GLL's 19.97% associate.

GLL recognised provisions for foreseeable losses of S$5.2 million on development properties in Malaysia held by jointly-controlled entities. As a result, the jointly-controlled entities recorded a loss after tax of S$2.7 million.

Income tax expense decreased from S$29.1 million to S$16.4 million mainly due to lower profits from the development projects in China and an overprovision of tax for prior years.

Notwithstanding uncertainties in the global economy and a challenging operating environment for GLL, it appears that the global economy is on the recovery path. This is positive for GLL as property values in Singapore and China have improved.

Singapore

In July 2009, GLL launched Sophia Residence, a freehold condominium in prime district 9 located less than a 5 minute stroll from Orchard Road. The launch was well received with 206 units sold to-date.

In Singapore, buying sentiment continues to be strong, especially in the mass market and mid-end sectors. GLL plans to launch Elliot At The East Coast, a freehold condominium development, later this year.

China

In China, Phase 1 comprising 594 units in Ascot Park, a 1,112-unit residential development located in Nanjing has been fully sold.

Construction work on the Dongzhimen project ("DZM Project") is in progress. Structural works have been completed for the residential, hotel and retail components, and 2 office blocks. The airport terminal and the transportation centre were completed and handed over to the Beijing government in July 2008. The various legal actions taken by GuocoLand (China) Limited ("GLC"), GLL's wholly-owned subsidiary, to defend and protect its 90% interest in the DZM Project are pending hearing and/or adjudication before the PRC courts. Pending final resolution of the legal disputes in relation to GLL's 90% interest in the DZM Project, GLC continues to withhold RMB2.58 billion out of the purchase consideration of RMB5.8 billion for the DZM Project. Further details are encapsulated in "Contingent Liabilities" section of the Group Financial Commentary in this announcement.

In China, recent efforts by the government to encourage bank lending have been successful in reviving the real estate residential market.

Malaysia

In Malaysia, various measures have been announced by the government to liberalise the economy as part of its efforts to stimulate growth.

Vietnam

Property market sentiment in Vietnam has improved, especially in the mass market segment, as the economy is showing signs of stabilisation in response to the economic stimulus plans implemented by the government.

Hospitality and Leisure Business

GuocoLeisure Limited ("GL") – 56.1% controlled by Guoco

GL's net profit after tax rose 18.9% to US$67.4 million for the year ended 30 June 2009, from US$56.7 million in the previous financial year due mainly to a write-back of deferred tax liability, profit contribution from the gaming business and a reduction in corporate expenses. This was, however, partly offset by a decrease in profit contribution from the hotel business, a reduction in other income and translation loss owing to depreciation of GBP and AUD against USD. Excluding non-recurring items, currency translation loss of US$9.5 million and a one-off reversal of deferred tax liability, GL's net profit after tax from recurring operations fell by 18.3% to US$42.6 million as compared to US$52.1 million in the previous financial year reflecting largely the impact of the global economic downturn.

For the year ended 30 June 2009, revenue decreased by 33.8% to US$350.6 million, from US$529.3 million in the previous financial year. This was principally due to lower revenue from the hotel business segment that was adversely affected by economic recession in the UK and a sharp reduction in property sale following the decision to exit property development business in the previous financial year. However, revenue from the gaming business segment was higher owing to higher average win margin and table drops.

Royalty income from the oil and gas production in Australia decreased by 11.7% to US$39.2 million from US$44.4 million in the previous financial year. This was due chiefly to unfavourable currency impact associated with depreciation of AUD against USD. Excluding the currency impact, it was 7% higher year-on-year reflecting higher average crude oil & gas prices in the current financial year although there was lower oil and gas production.

Other operating income fell by 65.0% to US$9.2 million from US$26.3 million in the previous financial year. This was principally due to lower hotel management fees in the current financial year and a one-off termination fee for early termination of hotel management contracts reported in the previous financial year.

Other operating expenses decreased by 36.3% to US$28.6 million from US$44.9 million in the previous financial year reflecting higher operational efficiency and a reduction in licence application expenses for the gaming business. Net financing costs were lower predominantly attributable to lower outstanding loans and lower lending rates in the current financial year.

Financial Services

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

HLFG recorded a profit before tax of RM1,150.2 million for the financial year ended 30 June 2009 as compared to RM1,120.2 million in the previous financial year, an increase of RM30.0 million or 2.7%. This was mainly due to higher contributions from the commercial banking division.

The commercial banking division recorded a profit before tax of RM1,132.2 million for the financial year ended 30 June 2009 as compared to RM1,010.0 million in the previous financial year, an increase of RM122.2 million or 12.1%. This was mainly due to higher foreign exchange gain coupled with share of profit from the Bank of Chengdu which was effective from 1 July 2008.

The insurance division recorded a profit before tax of RM91.6 million for the financial year ended 30 June 2009 as compared to RM103.8 million in the previous financial year, a decrease of RM12.2 million or 11.8%. The decrease was mainly due to lower net premium coupled with investment losses suffered from lower equity prices.

The investment banking division recorded a loss before tax of RM43.6 million for the financial year ended 30 June 2009 as compared to a profit before tax of RM32.2 million in the previous financial year, a decrease of RM75.8 million. The decrease was mainly due to impairment of goodwill of RM57.2 million coupled with lower brokerage income arising from lower Bursa volumes experienced during the financial year.

GROUP FINANCIAL COMMENTARY

Capital and Finance

- The Group's consolidated total equity (including minority interests) as at 30 June 2009 amounted to HK$47.8 billion, a decrease of 6% comparing to the total equity as at 30 June 2008.

- The Group's consolidated total equity attributable to shareholders of the Company as at 30 June 2009 amounted to HK$39.7 billion, a decrease of HK$1.5 billion comparing to the figure as at 30 June 2008.

Total Cash and Liquid Funds

As at 30 June 2009, the Group has net liquid funds of HK$6.1 billion, comprising total cash balance of HK$22.8 billion and marketable securities of HK$2.8 billion and after netting off the total borrowings of HK$19.5 billion.

The Group's total cash balance and marketable securities are mainly denominated in USD (54%), RM (18%), SGD (10%) and AUD (9%).

Total Borrowings

The decrease in total borrowings from HK$22.2 billion as at 30 June 2008 to HK$19.5 billion as at 30 June 2009 was primarily due to exchange differences and the repayment of project loans by GLL. The Group's total borrowings are mainly denominated in SGD (62%), GBP (19%) and RM (9%).

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	3,487	-	1,823	428	5,738
After 1 year but within 2 years	3,384	-	-	188	3,572
After 2 years but within 5 years	5,087	-	1,812	-	6,899
After 5 years	-	3,306	-	-	3,306
	8,471	3,306	1,812	188	13,777
	11,958	3,306	3,635	616	19,515

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

- legal mortgages on investment properties with an aggregate book value of HK$81.4 million;
- legal mortgages on development properties with an aggregate book value of HK$12.8 billion; and
- legal mortgages on property, plant and equipment with an aggregate book value of HK$5.5 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2009 amounted to approximately HK$5.6 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 swaps to manage its interest rate exposure as appropriate.

As at 30 June 2009, approximately 61% of the Group's borrowings were at floating rates and the remaining 39% were at fixed rates. The Group had interest rate swaps with outstanding notional amount of HK$1.1 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 exposures or for diversifying its deposits. The Group may also raise foreign currency loans to hedge its foreign currency investments.

As at 30 June 2009, there were outstanding foreign exchange contracts amounting to HK$1.5 billion for hedging of foreign currency share investments and bank borrowings.

Equity Price Exposure

The Group maintains a diversified investment portfolio which comprises listed and unlisted equities. Investments are classified as “trading” or “strategic”. Equity investments are subject to asset allocation limits.

The Group has entered into forward agreements to purchase certain listed equity investments at a fixed price. According to these agreements, the purchase commitments of the Group will be terminated when the market price rises to a pre-determined level. Such equities are principally for strategic purpose and held as available-for-sale financial assets. As at 30 June 2009, the outstanding notional amount of these forward equity purchase contracts was HK$235 million.

Contingent Liabilities

GL has given a guarantee to the owner of the 20 (2008: 20) 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$357 million (2008: HK$431 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$357 million (2008: HK$431 million) and the maximum aggregate liability under the guarantee was approximately HK$715 million (2008: HK$861 million). Having considered the likelihood of crystalising this contingent liability, management has determined that no provision was required as at 30 June 2009.

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.

Construction work on the DZM Project is in progress. Structural works have been completed for the residential, hotel and retail components, and 2 office blocks. The airport terminal and the transportation centre were completed and handed over to the Beijing government in July 2008.

(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.

(2) Hainan Co and CJDH

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.

As the DZM Project is in Beijing, GLC has consolidated its legal actions which are now before the Beijing Intermediate Court. GLC is seeking, inter alia, for an order as rightful owner that 90% interest in CJDH be transferred to GLC or its nominee. Pending final resolution of the aforesaid legal actions, the Beijing Intermediate Court had granted GLC's application for an asset preservation order in respect of the 90% shareholding in CJDH held by Hainan Co.

GLC has also filed an appeal against the wrongful decision of the Hainan Trade Bureau in reverting registration of its 100% interest in Hainan Co to the original shareholders being two of the vendors of the DZM Project, and the matter is currently before the Hainan High Court.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 3,000 employees as at 30 June 2009. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce.

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

Following the spectacular rally in the final quarter of the financial year, near-term market outlook is uncertain and is a topic of much debate. Global economy clearly is no longer in a free fall as was generally perceived earlier this year. In addition, policy initiatives will remain expansionary and government will not hesitate to add to existing stimulus if necessary. Notwithstanding recent rallies, the correction since late 2007 has brought down valuation to more realistic levels. We see opportunities in the midst of global economies settling down to a new environment ahead. We intend to deploy more funds into the markets over time to take advantage of the eventual recovery in asset value, and further build-up our core businesses with an eye towards the next up cycle.

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 Board has adopted a Code of 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 "Listing Rules").

The Company has complied throughout the year with the HKEx Code, 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 HKEx 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 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24 November 2009 to 27 November 2009, 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 27 November 2009, 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 23 November 2009.

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, 28 August 2009