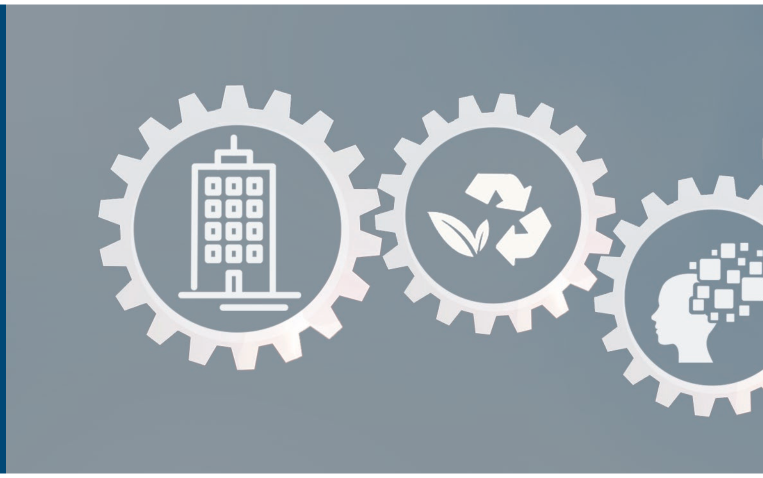
CHAIRMAN'S STATEMENT

"Underpinned by our strong foundation and the collective efforts of our business groups, we will remain resilient and steadfast to deliver sustainable long-term compound annual business growth."



On behalf of the board of directors (the "Board"), I am pleased to present the Annual Report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2023 ("FY2023").

OVERVIEW

Although COVID-19 is now retreating, economies worldwide are still experiencing considerable headwinds. A high interest rate environment, coupled with volatile conditions in the equity and commodity markets continue to produce uncertainty. Businesses face cost and financial pressures, with global economic growth remaining tepid in the face of these challenges. Amid these difficulties, we have detected some emerging positive trends which will promote recovery and growth. Business operations have resumed after COVID-19 restrictions were lifted and supply-chains have returned to normal. Whilst still early, inflation in some major economies has shown signs of easing off from its highs.

The Group's operating companies have demonstrated resilience and agility and have been prudent in cost and capital management. For our businesses, it has been a year of continued recovery. I am pleased to note that our key business segments, namely Principal Investment, Property Development and Investment, Hospitality and Leisure, as well as the Financial Services and Others segments, have all posted revenue improvements for the year under review. The Group recorded a 73% year-on-year increase in consolidated profit attributable to shareholders, rising to a total of HK$3,400.3 million for FY2023. We will continue to build on this positive momentum.

DIVIDEND

With the improved financial results, the Board would like to recommend a final dividend of HK$2.50 per share (2022: HK$1.50 per share) for shareholders' approval at the forthcoming annual general meeting. Together with the interim dividend of HK$0.50 per share paid in March 2023, the total dividend for the year is HK$3.00 per share (2022: HK$2.00 per share).

CORE BUSINESSES

Principal Investment

Our Principal Investment business recorded a pre-tax profit of HK$1,553.5 million for FY2023. Our value investment strategy, which places strong emphasis on the fundamentals of companies, has enabled us to withstand the short-term volatility experienced in the markets. We will remain focused on investing across a globally diversified portfolio of high-quality companies, in order to seek attractive long-term risk-adjusted returns for the Group.

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Property Development and Investment

GuocoLand Limited ("GuocoLand")

FY2023 has yielded record revenue of S$1.5 billion. The Property Development business registered a 62% growth to S$1.3 billion whereas Property Investment at S$170 million was 35% higher. We replenished our Singapore landbank via two successful Urban Redevelopment Authority tenders with a combined gross floor area of 900,000 square feet. In spite of the proliferation of hybrid working arrangements and rising interest rates, demand for our premium Grade A offices in Singapore remained strong. The high occupancy rates and positive rental reversions attained have resulted in further capital value accretion of our underlying portfolio.

GuocoLand will continue to focus on driving the twin engines of property investment and property development, anchored by our strong presence in Singapore while staying committed to other key Asian cities. We believe our end-to-end capabilities, from design and sales of residential properties to investment and management of investment assets, will remain as our competitive edge. Coupled with prudent capital management and financial strength, GuocoLand will be in a good position to explore new opportunities.

Hospitality and Leisure

Clermont Hotel Group (previously GLH Hotels Group Limited, "GLH")

Following a rebound in tourism and business events in the UK, Clermont Hotel Group delivered a strong recovery in the financial year with revenue performance ahead of pre-pandemic levels, with an increase in both room occupancy and average room rates. However, market-wide challenges were also encountered in the financial year. Labour shortages, high inflation and continued high energy prices significantly impacted our operating costs. Despite this backdrop, we maintained a prudent cost base whilst judiciously reinvesting in the business. It is pleasing to note the turnaround of performance by our hotel business to deliver a solid return to profitability.

The hotel group undertook a rebranding from GLH Hotels to the Clermont Hotel Group in the financial year. The brand identity was further enhanced, and now with a simplified portfolio consisting of Clermont, Thistle and The Cumberland (previously "The Hard Rock Hotel"). The repositioning to an upmarket operator with tiering will ensure that these brands resonate more effectively with hotel customers, and drive greater awareness and loyalty.

FY2024 started well for Clermont Hotel Group. We are cautiously positive that demand will stay strong to support growth in room rates and sales in the coming year.

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The Rank Group Plc ("Rank")

Following re-opening of venues after COVID-19, Rank saw an increase in customer visits especially in the second half, which accelerated revenue recovery. However, high energy prices, increased employment costs and reduced customer discretionary spending in response to rising inflationary pressures have negatively impacted the overall results. On a positive note, Rank's digital business performed strongly over the financial year and maintained double-digit revenue growth. All of its brands are now operating on its proprietary technology platform and there is a substantial pipeline of customer-facing advancements and development.

Rank will continue to focus on driving operating cost efficiencies and invest in its venues to improve their attractiveness to a broader customer base. Rank has developed plans to capture the opportunities presented by the recently-published UK Government white paper which, includes reforms in the UK's land-based casino and bingo sectors. With the return of customers, Rank anticipates an improvement in revenue and growth in its operating profits for the coming year.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

The Malaysian economy has picked up momentum during the first half of FY2023 with sustained domestic demand underpinned by improvements in employment market conditions. Local monetary policy remains accommodative to business growth. HLFG continued to deliver steady growth in profits for the year.

HLFG is cautiously optimistic about the outlook and resilience of the Malaysian economy, expecting it to grow at a moderate pace for the rest of 2023. Given challenging global headwinds, necessary precautions will be taken to safeguard the financial health and stability of its businesses. It will continue to take a vigilant approach in managing risks, and maintaining strong liquidity and credit disciplines to sustain its growth.

Others

Manuka Health New Zealand Limited ("MHNZ")

FY2023 was a very difficult year for MHNZ's apiculture business as it was negatively affected by exceptional adverse weather conditions in New Zealand. Nonetheless, on the trading side, MHNZ was able to register a growth in revenue across key markets, attributed to a rebound in tourism, and its continued focus on the premiumization strategy and enhancement of direct-to-consumer capabilities to improve gross operating margins. MHNZ will continue to invest in building brand value and product innovation to enhance its market positioning. It will also maintain tight cost control and ensure operational efficiency to better manage market and climate risks, and strengthen its resilience and profitability for the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

With the need for global action to combat climate change becoming more pressing, we recognise the growing expectations of our stakeholders regarding greater disclosure on how climate change and sustainability factors affect the prospects of the Group. Therefore, along with the new standards set out by the ISSB and more stringent disclosure expected by The Stock Exchange of Hong Kong Limited, we are already working with our business groups to enhance sustainability and climate reporting and ensure full compliance by FY2027. Meanwhile, to further enhance the Board's oversight, we have stepped up the monitoring and tracking process for our environmental key performance indicators and targets. It is also worth noting that our business groups have continued to make progress during FY2023 to support their ESG development, from establishing a new Green Finance Framework to developing the Net Zero Pathway. Together, we will manage and prioritise climate-related risks and opportunities in our sustainability journey.

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STRATEGIC OVERVIEW

The Group's philosophy continues to embody an entrepreneurial vision focused on building long-term sustainable value for all its stakeholders. This vision guides our operating businesses to remain relevant, to be trustworthy, progressive, competitive and sustainable in pursuit of growth and the creation of business value. We will also continue the journey to incorporate digital technology as part of Group's business strategy. Ultimately, the quality of our people forms the bedrock of our business strategies. Our businesses are best served by having the right talent for the right roles, with promotion of a high-performance culture and shared values that bind us together in the workplace. We believe that the key to ensuring sustainability is the continued co-existence of entrepreneurialism together with professional business management, discipline and governance. This will enable our businesses to achieve a sustainable compound growth in revenue, profits and cashflow.

GROUP OUTLOOK

The global economic outlook continues to be characterised by uncertainty. However, with inflation indicators beginning to ease and employment numbers remaining relatively resilient in the US, the Fed fund rate is expected to peak and stabilise towards the second half of FY2024, when it will start to come down is less clear. Furthermore, global trade is likely to remain under pressure due to tepid overall growth in a number of major economies and persistent geopolitical tensions. Different domestic challenges in key markets are also slowing their return to a sustained growth trajectory, while the operating environment remains demanding.

Notwithstanding the prevailing challenges, the Group maintains a cautiously optimistic outlook as global recovery gains momentum. We will prioritise risk management and address the diverse challenges within our businesses. This will be achieved through continued attention to cost control and cash flow, and staying responsive to market dynamics. Underpinned by our strong foundation and the collective efforts of our business groups, we will remain resilient and steadfast to deliver sustainable long-term compound annual business growth.

APPRECIATION

On behalf of the Board, I would like to thank all our management and staff for their dedication and efforts in continually supporting the Group and managing their businesses during these times. I also wish to thank our shareholders, regulators and business partners for their continued trust and support. To my fellow Board members, my genuine appreciation for their counsel and advice.

KWEK Leng Hai
Executive Chairman
20 September 2023