CHAIRMAN'S STATEMENT

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 2024 ("FY2024").

OVERVIEW

During the fiscal year, the global economy remained resilient with steady growth and a gradual slowdown in inflation, potentially paving the way for interest rate cuts. However, continued high interest rates and geopolitical conflicts continued to cause global uncertainty. Moreover, the economic recovery in Mainland China and Hong Kong has also been unfolding at a pace slower than initially foreseen.

Nonetheless, our business groups exercised prudence and vigilance in navigating these obstacles and recorded an overall stable performance for the year. Revenue has increased by mid-double digits, primarily fueled by the Group's Property Development and Investment and Hospitality and Leisure segments. Although weakened profit in the former has partially offset the positive performances of our other business segments, including Principal Investment, Hospitality and Leisure, Financial Services and Others, this has yielded a 4% growth in profit attributable to shareholders, amounting to HK$3,580.9 million for the current financial year. We will continue to drive business growth on the back of our strengthening fundamentals.

DIVIDEND

The Board would like to recommend a final dividend of HK$2.70 per share (FY2023: HK$2.50 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 2024, the total dividend for the year will be HK$3.20 per share (FY2023: HK$3.00 per share).

CORE BUSINESSES

Principal Investment

The Principal Investment segment noted a consistent theme of divergence in the global equity markets during the fiscal period. While robust performance was evident in the US amidst the volatile market, Mainland China and Hong Kong trended downwards. Our investment strategy, which is anchored in companies with solid fundamentals, enabled us to withstand short-term market fluctuations. The investment team also took measures to achieve a more balanced portfolio across the US and Asian markets, and across industry sectors. With judicious management, the segment achieved a pre-tax profit of HK$1,850.0 million for FY2024. Maintaining a measured outlook and disciplined approach, we will continue to adhere to our investment process, seeking quality compounders with valuations justified by sustainable earnings growth for the long term.

"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 sustainable compound growth in revenue, profits and cashflow."

CHAIRMAN'S STATEMENT

Property Development and Investment

GuocoLand Limited ("GuocoLand")

Despite challenges posed by inflation and high interest rates, GuocoLand 's property investment and property development businesses continued to forge ahead, achieving revenue growth and improved operating profit for the year. The high-quality investment property portfolio of GuocoLand in Singapore and China has expanded further to now comprise a total net lettable area of over 2.5 million square feet. Its properties remain sought after, with flexible work arrangements having only minimal impact on premium grade offices. Commanding high occupancy rates and favourable rental reversions, GuocoLand's investment properties have ensured a stable stream of recurring income to the Group.

GuocoLand's property development projects maintained positive momentum. The 75% sales achieved at Lentor Mansion in Singapore within a single weekend launch reflected the robust product strength and solid branding of GuocoLand as a quality property developer. In response to Mainland China's property market challenges, GuocoLand acted swiftly by deploying a competitive sales strategy that led to increased sales and reduced gearing. In view of market uncertainty, an allowance for foreseeable losses was provided in respect of its development properties in Mainland China.

GuocoLand also sharpened its investment focus over the course of the year, divesting its entire stake in Eco World International Berhad to reallocate funds to other higher-potential investments. Strategic actions were concurrently taken to drive portfolio growth, by replenishing land in prime locations in Singapore, such as Upper Thomson Road, and by taking an interest in the new Margaret Drive project. GuocoLand is poised to enhance its offerings by integrating affordability and innovative features to adapt to changing market dynamics and fulfilling demand. We are confident that GuocoLand's market standing will continue to strengthen under its twin-engine strategy.

CHAIRMAN'S STATEMENT

Hospitality and Leisure

The Clermont Hotel Group ("CHG")

CHG delivered another year of strong performance in FY2024. Despite the deceleration of room rate growth across London due to the easing of post-pandemic pent-up demand, CHG achieved a high room occupancy rate of 85% by implementing a volume-oriented strategy which fueled revenue growth. During the year, stabilization of interest rates and inflation levels have provided some relief from cost pressures. Nevertheless, management remained committed to effective cost control measures and utilized scale efficiencies due to higher occupancy levels to enhance profitability, resulting in another year of double-digit growth in underlying post-tax profit. Increased cash generation enabled further investment in estate infrastructure upgrades, boosting higher returns from refurbished F&B facilities and improved room rates.

Moreover, we are excited that CHG was officially named one of the UK's Best Workplaces 2024 by "A Great Place To Work". This underscored its commitment to reinforcing staff engagement and welfare as people play a pivotal role in elevating service quality at its hotels and in driving customer satisfaction. Going forward, CHG will uphold an adaptive management approach to enable swift response to changes in the market and maintain growth into FY2025.

The Rank Group Plc ("Rank")

After navigating through a challenging few years, Rank made good progress in rebuilding revenue and profitability across the business following the emergence from lockdowns and easing of inflationary pressures. Trading continues to improve with ongoing enhancements to products and facilities within the venues, driving customer flow and consistent revenue growth. Despite the enduring pressure from high operating costs, operating profit more than doubled over the previous year, reflecting the significant operating leverage in the business. The continued development of proprietary technology also facilitated the growth of Rank's digital business in Spain and the UK. The digital business has now become a key profit contributor, accounting for 30.8% of the overall business, in terms of operating profit. Rank will soon further grow its exposure in selected new markets with the launch of the YoBingo brand in Portugal.

The UK general election in July led to a delay in implementing the much-needed land-based gambling reforms. Despite this, Rank's unique position as both an offline and online gaming operator, along with a sound strategy for both segments, and a strong brand portfolio across different geographies, will help it weather uncertainties arising from political changes while maximizing new opportunities.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

Despite uncertainties in the global landscape, Malaysia's economic growth has continued steadily, supported by rising domestic demand as well as trade and investment activities. HLFG has sustained positive performance against this backdrop, registering consistent profit growth for the year with improved contributions from across its operating companies. This can be attributed to its banking group's strategic focus on targeted segments, new product innovation, and prioritization of customer-centric approaches. Looking ahead, HLFG will stay committed to cost discipline and sound asset quality management, while maintaining its robust capital and liquidity position to support asset growth. At the same time, investment in human capital and technology will also be continued to enhance operational resilience and seize opportunities for progress.

Others

Manuka Health New Zealand Limited ("MHNZ")

After a challenging FY2023, MHNZ achieved improved results for the current fiscal year. Leveraging on its premiumization strategy and a robust market positioning, MHNZ has mitigated contraction in sales in the face of strong competition in key markets. The investment in new product development also yielded positive outcomes in diversifying its product portfolio targeting the premium segment. Additionally, improved weather conditions and optimisation of its apiculture business have driven strong performance this year, resulting in high-quality yields that are evident in its premium products. These advancements are set to strengthen MHNZ's position for further growth and enhanced profitability.

CHAIRMAN'S STATEMENT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

With a steadfast commitment to sustainability, the Group proactively aligns with evolving industry and regulatory trends to drive enduring growth and meet stakeholder expectations. This year, we have been active in preparing our implementation roadmap for the new climate disclosure regulations mandated by the Hong Kong Stock Exchange. Acknowledging the growing significance of climate impact on businesses, we also reviewed and updated our Climate Risk Management Policy to provide more comprehensive guidance on integrating climate risk management within our ERM framework. Interestingly, our first corporate ESG campaign has also been launched this year to enhance environmental awareness among our headquarters staff and to cultivate an environmentally conscious culture in our workplace.

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 sustainable compound growth in revenue, profits and cashflow.

GROUP OUTLOOK

With ongoing geopolitical challenges including conflicts in the Middle East and Ukraine, political leadership elections in 2024 and uncertainties surrounding further Federal Reserve rate cuts, the global economic outlook is expected to remain uncertain for the forthcoming fiscal year. Nonetheless, new opportunities for growth and value creation could be unveiled as we navigate the evolving market landscape. Our presence in both Western and Asian markets, facilitated by our operational strengths, has provided us with a strategic advantage. This market diversification not only broadens our horizons but also facilitates our ability to mitigate potential downsides across regions and sectors. We maintain a cautiously optimistic outlook for FY2024/25 amid these challenges and remain vigilant in managing our business. With an entrepreneurial spirit, we will persist in our pursuit for growth and prime value.

BOARD RENEWAL

We would like to welcome Mr. Christian NOTHHAFT, who joined the Company as an Executive Director and Chief Executive Officer in April this year. He brought with him extensive experience in business management, and we look forward to his contribution.

APPRECIATION

During the year, Mr. CHEW Seong Aun retired as the Group Chief Financial Officer and relinquished his position as an Executive Director of the Company. Mr. David M. NORMAN who has served as our independent non-executive director for more than 11 years has indicated his intention of not offering himself for re-election after his retirement by rotation at the forthcoming annual general meeting to be held in November 2024. We thank Mr. Chew and Mr. Norman for their valuable contributions to the Group during their tenure in office.

I would like to extend my appreciation to the Board for their ongoing wise counsel and guidance, and to our global colleagues for their hard work and contributions. I would also like to express thanks to our shareholders, business partners and customers for their trust and support throughout the year.

KWEK Leng Hai
Executive Chairman
26 September 2024