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 2018

FINANCIAL HIGHLIGHTS

		2018 HK$'M	2017 HK$'M	Increase / (Decrease)
Turnover		**35,589**	23,220	*53%*
Revenue		**30,640**	13,960	*119%*
Profit from operations		**5,809**	5,518	*5%*
Profit attributable to equity shareholders of the Company		**4,899**	6,124	*(20%)*
		HK$	HK$	
Earnings per share		**15.07**	18.84	*(20%)*
Dividend per share :	Interim	**1.00**	1.00	
	Proposed final	**-**	3.00	
	Total	**1.00**	4.00	*(75%)*
Equity per share attributable to equity shareholders of the Company		**198.99**	188.20	*6%*

RESULTS

The consolidated results of Guoco Group Limited (the “Company”) and its subsidiaries (together the “Group”) for the financial year ended 30 June 2018 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2018** HK$’000	2017 HK$’000
Turnover	2 & 3	**35,589,072**	23,220,299
Revenue	2 & 3	**30,640,463**	13,959,826
Cost of sales		**(18,274,156)**	(6,960,501)
Other attributable costs		**(691,164)**	(432,172)
		11,675,143	6,567,153
Other revenue		**242,088**	252,478
Other net (losses)/income	4	**(437,627)**	3,798,254
Administrative and other operating expenses		**(4,836,326)**	(4,260,843)
Profit from operations before finance costs		**6,643,278**	6,357,042
Finance costs	2(b) & 5(a)	**(834,254)**	(839,296)
Profit from operations		**5,809,024**	5,517,746
Valuation surplus on investment properties		**1,191,889**	1,674,541
Share of profits of associates and joint ventures	5(c)	**900,145**	940,492
Profit for the year before taxation	2 & 5	**7,901,058**	8,132,779
Taxation	6	**(1,664,309)**	(707,808)
Profit for the year		**6,236,749**	7,424,971
Attributable to:			
Equity shareholders of the Company		**4,898,859**	6,124,343
Non-controlling interests		**1,337,890**	1,300,628
Profit for the year		**6,236,749**	7,424,971
Earnings per share		**HK$**	HK$
Basic	8	**15.07**	18.84
Diluted	8	**15.07**	18.84

Details of dividends paid to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 **HK$'000**	2017 HK$'000
Profit for the year	**6,236,749**	7,424,971
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit obligation	**45,960**	(46,004)
	45,960	(46,004)
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**1,044,655**	(1,512,745)
Exchange translation reserve reclassified to profit or loss upon disposal of a subsidiary	**(71,470)**	-
Changes in fair value of cash flow hedge	**15,168**	16,274
Changes in fair value of available-for-sale financial assets	**(884,875)**	1,660,211
Transfer to profit or loss on disposal of available-for-sale financial assets	**(7,808)**	1,303
Changes in fair value on net investment hedge	**(85,681)**	-
Share of other comprehensive income of associates	**(88,859)**	92,602
	(78,870)	257,645
Other comprehensive income for the year, net of tax	**(32,910)**	211,641
Total comprehensive income for the year	**6,203,839**	7,636,612
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	**4,611,314**	6,726,374
Non-controlling interests	**1,592,525**	910,238
	6,203,839	7,636,612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2018 HK$'000**	2017 HK$'000
NON-CURRENT ASSETS			
Investment properties		**28,005,763**	18,336,773
Other property, plant and equipment		**13,298,946**	13,178,164
Interest in associates and joint ventures		**10,659,985**	9,500,650
Available-for-sale financial assets		**14,088,449**	14,461,613
Deferred tax assets		**157,685**	701,985
Intangible assets		**7,704,349**	7,737,082
Goodwill		**1,432,917**	1,078,661
Pensions surplus		**89,315**	4,574
		75,437,409	64,999,502
CURRENT ASSETS			
Development properties		**13,269,277**	17,942,230
Properties held for sale		**5,858,076**	3,757,690
Deposits for land		**-**	2,646,894
Trade and other receivables	9	**4,213,141**	2,472,532
Trading financial assets		**13,016,360**	11,569,944
Cash and short term funds		**19,859,972**	25,200,402
Assets held for sale		**248,381**	68,538
		56,465,207	63,658,230
CURRENT LIABILITIES			
Trade and other payables	10	**5,474,585**	10,699,380
Bank loans and other borrowings		**11,622,317**	18,336,125
Taxation		**376,224**	649,799
Provisions and other liabilities		**85,148**	103,787
		17,558,274	29,789,091
NET CURRENT ASSETS		**38,906,933**	33,869,139
TOTAL ASSETS LESS CURRENT LIABILITIES		**114,344,342**	98,868,641
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		**26,035,208**	18,822,113
Amount due to non-controlling interests		**2,290,571**	1,793,986
Provisions and other liabilities		**408,185**	304,992
Deferred tax liabilities		**966,570**	629,076
		29,700,534	21,550,167
NET ASSETS		**84,643,808**	77,318,474
CAPITAL AND RESERVES			
Share capital		**1,291,036**	1,284,175
Reserves		**64,187,361**	60,643,520
Total equity attributable to equity shareholders of the Company		**65,478,397**	61,927,695
Non-controlling interests		**19,165,411**	15,390,779
TOTAL EQUITY		**84,643,808**	77,318,474

Notes:

1. ACCOUNTING POLICIES AND 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. None of these impact on the accounting policies of the Group.

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2018 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have certain impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group’s interim financial report for the six months ending 31 December 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report. The Group does not intend to early adopt any of these amendments or new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 July 2018.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018 (cont'd)

HKFRS 9, Financial instruments (cont'd)

Expected impacts of the new requirements on the Group's financial statements are as follows:

(i) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI"):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities for which the Group has the option to irrevocably designate them as FVTOCI on transition to HKFRS 9. The Group plans to elect this designation option for its investments in equity securities held on 1 July 2018. Consequently, these investments will continue to be measured at fair value at each reporting date, with movements in fair value recognised in other comprehensive income and dividend income recognised in profit or loss. However, the adoption of the FVTOCI option will give rise to a change in accounting policy for these investments in respect of the treatment of impairment losses and gains or losses on disposal as under the new policy the fair value gains and losses recognised in other comprehensive income will not be reclassified to profit or loss, even when these investments are impaired or disposed of. This change in policy will have no impact on the Group's net assets and total comprehensive income but will decrease volatility in profit or loss. Upon the initial adoption of HKFRS 9, impairment losses of HK$61 million that have been recognised for available-for-sale investments held on 1 July 2018 will be transferred from retained profits to the fair value reserve at 1 July 2018, resulting in an increase in retained profits and a decrease in fair value reserve.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018 (cont'd)

HKFRS 9, Financial instruments (cont'd)

(ii) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect the impairment calculated using the expected credit loss model to have a significant impact on the financial statements.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

Based on the assessment completed to date, the Group has identified the following area which is expected to be affected:

Timing of revenue recognition

Currently, revenue arising from rental income is recognised over the accounting periods covered by the lease term and income from hotel operations are recognised at the time when the services are provided, whereas revenue from the sale of properties is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018 (cont'd)

HKFRS 15, Revenue from contracts with customers (cont'd)

Timing of revenue recognition (cont'd)

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from rental income from investment properties and income from hotel operations. However, revenue recognition for sales of development properties is expected to be affected as follows:

- Sales of properties: currently the Group's property development activities are mainly carried out in Singapore, Malaysia and China. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of relevant jurisdictions, the Group has assessed that its property sales contracts will not meet the criteria for recognising revenue over time and therefore revenue from property sales will continue to be recognised at a point in time. Currently the Group recognises revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the customer. The Group has assessed that under the transfer-of-control approach in the new standard revenue from property sales will generally be recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. This may result in revenue being recognised later than at present.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 July 2018. Since the number of "open" contracts for sales of development properties at 30 June 2018 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018 (cont'd)

HKFRS 16, Leases (cont'd)

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease. As at 30 June 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$13,932 million for properties and other assets, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2018 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis modified by the revaluation of investment properties and the marking to market of certain financial instruments.

The preparation of financial statements in conformity with HKFRSs requires management to make 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.

(d) Hong Kong dollar amounts

The audited consolidated financial statements of the Group are expressed in the United States dollar ("USD"), which is the functional currency of the Company. The Hong Kong dollar ("HKD") figures presented in the sections entitled "FINANCIAL HIGHLIGHTS" and "RESULTS" are the HKD equivalents of the corresponding USD figures in the audited consolidated financial statements, which are translated at the rates prevailing at the respective financial year ends for presentation purposes only (2018: US$1 = HK$7.8470, 2017: US$1 = HK$7.8053).

2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, the Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

Segment	**Business activities**	**Operated by**
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia, Vietnam and Hong Kong.	Subsidiaries, associates and joint ventures
Hospitality and leisure:	This segment owns, leases or manages hotels and operates gaming and leisure businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.	Subsidiary

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2016/17.

1. SEGMENT REPORTING (cont'd)

Information regarding the Group's reportable segments for the year is set out below.

(a) Reportable segment revenue and profit or loss, assets and liabilities

	Principal investment HK$'000	Property development and investment HK$'000	Hospitality and leisure HK$'000	Financial services HK$'000	Oil and gas HK$'000	Total HK$'000
Segment revenue and profit or loss						
For the year ended 30 June 2018						
Turnover	**6,144,586**	**19,294,682**	**10,149,804**	**-**	**-**	**35,589,072**
Revenue from external customers	**1,195,977**	**19,294,682**	**10,149,804**	**-**	**-**	**30,640,463**
Inter-segment revenue	**1,507**	**2,048**	**-**	**-**	**-**	**3,555**
Reportable segment revenue	**1,197,484**	**19,296,730**	**10,149,804**	**-**	**-**	**30,644,018**
Operating profit	**327,243**	**5,089,078**	**1,072,622**	**-**	**154,335**	**6,643,278**
Finance costs	**(154,986)**	**(483,791)**	**(195,477)**	**-**	**-**	**(834,254)**
Valuation surplus on investment properties	**-**	**1,191,889**	**-**	**-**	**-**	**1,191,889**
Share of (losses)/profits of associates and joint ventures	**-**	**(33,985)**	**-**	**934,130**	**-**	**900,145**
Profit before taxation	**172,257**	**5,763,191**	**877,145**	**934,130**	**154,335**	**7,901,058**
Segment assets and liabilities						
At 30 June 2018						
Reportable segment assets	**35,117,765**	**61,045,736**	**24,530,656**	**-**	**548,474**	**121,242,631**
Interest in associates and joint ventures	**-**	**2,080,412**	**-**	**8,579,573**	**-**	**10,659,985**
Total assets	**35,117,765**	**63,126,148**	**24,530,656**	**8,579,573**	**548,474**	**131,902,616**
Reportable segment liabilities	**7,460,935**	**31,738,329**	**8,059,544**	**-**	**-**	**47,258,808**

2. SEGMENT REPORTING (cont'd)

(a) Reportable segment revenue and profit or loss, assets and liabilities (cont'd)

	Principal investment HK$'000	Property development and investment HK$'000	Hospitality and leisure HK$'000	Financial services HK$'000	Oil and gas HK$'000	Total HK$'000
Segment revenue and profit or loss						
For the year ended 30 June 2017						
Turnover	10,005,130	3,495,276	9,719,893	-	-	23,220,299
Revenue from external customers	744,657	3,495,276	9,719,893	-	-	13,959,826
Inter-segment revenue	12,863	1,780	-	-	-	14,643
Reportable segment revenue	757,520	3,497,056	9,719,893	-	-	13,974,469
Operating profit	4,079,838	864,898	1,261,883	-	161,780	6,368,399
Finance costs	(298,545)	(398,586)	(153,522)	-	-	(850,653)
Valuation surplus on investment properties	-	1,674,541	-	-	-	1,674,541
Share of profits of associates and joint ventures	-	247,420	-	693,072	-	940,492
Profit before taxation	3,781,293	2,388,273	1,108,361	693,072	161,780	8,132,779
Segment assets and liabilities						
At 30 June 2017						
Reportable segment assets	39,987,192	54,761,453	23,815,859	-	592,578	119,157,082
Interest in associates and joint ventures	-	2,040,016	-	7,460,634	-	9,500,650
Total assets	39,987,192	56,801,469	23,815,859	7,460,634	592,578	128,657,732
Reportable segment liabilities	10,156,584	33,143,800	8,038,874	-	-	51,339,258

2. SEGMENT REPORTING (cont'd)

(b) Reconciliations of reportable segment revenue and finance costs

Revenue

	2018 **HK$'000**	2017 HK$'000
Reportable segment revenue	**30,644,018**	13,974,469
Elimination of inter-segment revenue	**(3,555)**	(14,643)
Consolidated revenue (note 3)	**30,640,463**	13,959,826

Finance costs

	2018 **HK$'000**	2017 HK$'000
Reportable finance costs	**834,254**	850,653
Elimination of inter-segment finance costs	**-**	(11,357)
Consolidated finance costs (note 5(a))	**834,254**	839,296

2. SEGMENT REPORTING (cont'd)

(c) Geographical information

The following table illustrates the geographical location of the Group's revenue from external customers, profit from operations, the Group's total assets and non-current assets other than financial instruments, deferred tax assets and pensions surplus ("specified non-current assets"). The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers			Profit from operations	
	2018	2017		**2018**	2017
	HK$'000	HK$'000		**HK$'000**	HK$'000
The People's Republic of China					
- Hong Kong	**1,225,442**	771,507		**120,514**	3,625,780
- Mainland China	**9,281,926**	210,454		**3,183,755**	35,959
United Kingdom and Continental Europe	**9,799,592**	9,491,534		**1,007,100**	1,134,087
Singapore	**9,714,343**	2,904,180	**(Note)**	**1,379,479**	383,990
Australasia and others	**619,160**	582,151		**118,176**	337,930
	30,640,463	13,959,826		**5,809,024**	5,517,746

	Total assets		Specified non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
The People's Republic of China				
- Hong Kong	**37,746,816**	42,202,406	**1,387,310**	1,029,433
- Mainland China	**14,986,930**	16,481,913	**1,181,484**	1,122,902
United Kingdom and Continental Europe	**20,621,987**	19,882,628	**18,482,549**	17,825,846
Singapore	**41,511,454**	34,210,481	**28,133,653**	19,144,816
Australasia and others	**17,035,429**	15,880,304	**11,916,964**	10,708,333
	131,902,616	128,657,732	**61,101,960**	49,831,330

Note:

The Group's financial statements have been prepared in accordance with all applicable HKFRSs and at Group level, revenue arising from the sale of properties has been recognised upon completion of development projects.

The subsidiary, GuocoLand Limited ("GuocoLand") has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

2. SEGMENT REPORTING (cont'd)

(c) Geographical information (cont'd)

Accordingly, operating profits of GuocoLand for the year amounting to HK$45.5 million (2017: HK$437.9 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has recognised operating profits of GuocoLand of HK$619.1 million for the year (2017: Nil) which have been deferred in previous years. Up to 30 June 2018, accumulated operating profits of GuocoLand totaling HK$45.5 million (2017: HK$593.2 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

3. TURNOVER AND REVENUE

The Company is an investment holding and investment management company. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure businesses.

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

	2018 **HK$'000**	2017 HK$'000
Revenue from sale of properties	**18,347,769**	2,869,658
Revenue from hospitality and leisure	**10,139,870**	9,694,971
Interest income	**347,630**	240,427
Dividend income	**1,054,338**	661,624
Rental income from properties	**684,164**	412,908
Others	**66,692**	80,238
Revenue	**30,640,463**	13,959,826
Proceeds from sale of investments in securities	**4,948,609**	9,260,473
Turnover	**35,589,072**	23,220,299

4. OTHER NET (LOSSES)/INCOME

	2018 HK$'000	2017 HK$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(988,408)**	3,506,874
Net realised and unrealised gains/(losses) on derivative financial instruments	**53,493**	(87,482)
Net realised gains on disposal of available-for-sale financial assets	**7,839**	13,363
Net gains on foreign exchange contracts	**244,928**	198,848
Other exchange (losses)/gains	**(12,383)**	202,844
Net losses on disposal of property, plant and equipment	**(3,319)**	(5,768)
Net losses on liquidation of subsidiaries	**(9,118)**	-
Net gain on disposal of a subsidiary	**2,770**	-
Impairment loss on an available-for-sale financial asset	**-**	(60,187)
Gain on disposal of assets held for sale	**220,407**	-
Other income	**46,164**	29,762
	(437,627)	3,798,254

5. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

	2018 HK$'000	2017 HK$'000
Interest on bank loans and other borrowings	**1,192,799**	1,134,703
Other borrowing costs	**69,524**	72,246
Total borrowing costs	**1,262,323**	1,206,949
Less: borrowing costs capitalised into:		
- development properties	**(294,090)**	(250,347)
- investment properties	**(133,979)**	(67,633)
- other property, plant and equipment	**-**	(49,673)
Total borrowing costs capitalised (note)	**(428,069)**	(367,653)
	834,254	839,296

Note: These borrowing costs have been capitalised at rates of 1.82% to 7.25% per annum (2017: 1.37% to 4.99%).

5. PROFIT FOR THE YEAR BEFORE TAXATION (cont'd)

(b) Staff cost

	2018 HK$'000	2017 HK$'000
Salaries, wages and other benefits	**3,392,352**	3,249,065
Contributions to defined contribution retirement plans	**94,423**	89,386
Expenses recognised in respect of defined benefit retirement plans	**3,892**	1,717
Share-based payment forfeiture, net	**(14,258)**	(8,718)
	3,476,409	3,331,450

(c) Other items

	2018 HK$'000	2017 HK$'000
Depreciation	**615,260**	563,816
Impairment losses recognised/(reversed)		
- other property, plant and equipment	**120,993**	69,241
- intangible assets	**61,379**	(16,875)
- properties held for sale	**-**	27,201
Amortisation		
- casino licences and brand names	**12,783**	11,567
- Bass Strait oil and gas royalty	**26,099**	25,281
- other intangible assets	**88,232**	82,978
Operating lease charges		
- properties	**532,615**	472,705
- others	**10,146**	46,832
Auditors' remuneration		
- audit services	**17,530**	15,041
- tax services	**455**	1,444
- other services	**910**	2,693
Donations	**8,953**	6,837
Gross rental income from investment properties	**(684,164)**	(412,908)
Less: direct outgoings	**179,508**	113,466
Net rental income	**(504,656)**	(299,442)
Share of (profits)/losses of associates and joint ventures:		
- associates	**(952,124)**	(941,631)
- joint ventures	**51,979**	1,139
	(900,145)	(940,492)

6. TAX EXPENSES

Taxation in the consolidated income statement represents:

	2018 HK$'000	2017 HK$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**3,916**	2,552
Under/(over)-provision in respect of prior years	**7,635**	(23)
	11,551	2,529
Current tax - Overseas		
Provision for the year	**838,530**	799,356
Over-provision in respect of prior years	**(471)**	(30,761)
	838,059	768,595
Deferred tax		
Origination and reversal of temporary differences	**815,688**	(44,388)
Effect of changes in tax rate on deferred tax balances	**(989)**	(18,928)
	814,699	(63,316)
	1,664,309	707,808

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year ended 30 June 2018. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

7. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend of HK$1.00 (2017: HK$1.00) per ordinary share	**324,999**	326,628
- Proposed final dividend of Nil (2017: HK$3.00) per ordinary share	**-**	987,152
	324,999	1,313,780
Dividends paid in respect of the prior year:		
- Final dividend of HK$3.00 (2017: HK$3.00) per ordinary share	**979,251**	981,360

The directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2018. The final dividend for the year ended 30 June 2017 of HK$987,152,000 was calculated based on 329,051,373 ordinary shares in issue as at 30 June 2017.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$4,898,859,000 (2017: HK$6,124,343,000) and the weighted average number of 325,024,511 (2017: 325,024,511) ordinary shares in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2018 and 2017.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Trade debtors	**1,558,171**	899,529
Accrued receivables for sales consideration not yet billed on completed development properties	**1,129,191**	239,701
Other receivables, deposits and prepayments	**1,267,660**	1,166,479
Derivative financial instruments, at fair value	**174,180**	94,702
Interest receivables	**83,939**	72,121
	4,213,141	2,472,532

Included in the Group's trade and other receivables is HK$51.0 million (2017: HK$102.2 million) which is expected to be recovered after one year.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2018	2017
	HK$'000	HK$'000
Within 1 month	**1,461,268**	664,941
1 to 3 months	**81,350**	192,978
More than 3 months	**15,553**	41,610
	1,558,171	899,529

10. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Trade creditors	**792,884**	625,025
Other payables and accrued operating expenses	**4,348,031**	9,640,170
Derivative financial instruments, at fair value	**181,956**	267,425
Amounts due to fellow subsidiaries	**151,447**	166,510
Amounts due to associates	**267**	250
	5,474,585	10,699,380

Included in trade and other payables is HK$779.2 million (2017: HK$681.4 million) which is expected to be payable after one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2018	2017
	HK$'000	HK$'000
Within 1 month	**761,834**	550,890
1 to 3 months	**16,698**	46,746
More than 3 months	**14,352**	27,389
	792,884	625,025

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

DIVIDEND

The Directors do not recommend the payment of any final dividend in respect of the year ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The audited consolidated profit attributable to equity shareholders for the year ended 30 June 2018, after taxation and non-controlling interests, amounted to HK$4,899 million, down 20% as compared to HK$6,124 million for the previous year. Basic earnings per share amounted to HK$15.07.

For the year ended 30 June 2018, profit before taxation was generated from the following sources:

- property development and investment of HK$6,247 million;
- hospitality and leisure of HK$1,073 million;
- financial services of HK$934 million;
- principal investment of HK$327 million;
- oil and gas royalty of HK$154 million;

and was offset by HK$834 million of finance costs.

Revenue increased by 119% to HK$30.6 billion, attributed by the increase in property development and investment sector of HK$15.8 billion.

Review of Operations

Principal Investment

During the year, the Group recognized an operating profit generated from the Principal Investment (including dividend income) of HK$327 million, down 92% as compared to last year.

In the first half of the financial year, we crystallized profits from our investments in Japan and China. As the aging bull market inched forward, we believed that it would be wise to manage our exposure prudently. Our emphasis on dividend paying stocks provided stability to the value of our investments in the volatile second half of the year. The realised profit and the dividend income have mitigated the adverse mark-to-market fair valuation impact on our investment portfolio due to softening of the equity markets.

Our Treasury team performed well in optimizing the returns in foreign exchange and interest rate management for the Group. Foreign currency exposures with appropriate hedging netted good results in the year ended 30 June 2018. With the successful deployment of yield enhancement strategies, our Treasury team generated a modest positive net interest income despite a larger loan liability in this financial year.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

GuocoLand ended the financial year with revenue of S$1.16 billion and profit attributable to equity holders of S$381.3 million, an increase of 4% and 7% respectively as compared to the previous financial year.

Revenue in the current financial year was supported by stable contributions from GuocoLand's property development business, as well as higher contributions from the property investment business. Guoco Tower which was completed in October 2016, made its maiden full year contribution in this financial year. Meanwhile, gross profit increased by 11% to S$280.1 million as compared to the previous financial year.

Other income decreased by 48% to S$164.5 million as a result of lower fair value gain from Guoco Tower as compared to the previous financial year. Mainly due to higher sales activities and the commencement of the new hotels during the year, administrative expenses increased 23% to S$90.6 million. Finance costs increased by 33% to S$96.2 million due to higher borrowings and lower capitalisation of finance costs as compared to the previous financial year.

Contributions from Changfeng Residence, a joint venture residential project in Shanghai which has been substantially sold and completed, was the main reason for GuocoLand's share of profit of associates and joint ventures to increase by S$158.7 million to S$203.6 million.

According to statistics released by the Urban Redevelopment Authority in Singapore, private residential property prices increased by 3.4% for the second quarter of 2018. This was the fourth consecutive quarter of increase, albeit lower than the 3.9% increase in the first quarter of 2018. On 5 July 2018, the government announced the latest round of property cooling measures, which includes higher Additional Buyer Stamp Duty rates and tighter Loan-to-Value limits on residential property purchases.

New home prices in Chongqing continued to be on the rise in July 2018. Official data showed that new home prices in Chongqing had increased 1.3% month-on-month and 8.2% year-on-year.

In Malaysia, GuocoLand will continue to focus on sales and leasing of its current projects amid challenging operating conditions which are expected to continue in the near term.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a profit after tax for the year ended 30 June 2018 at US$58.9 million, an increase of 20% as compared to US$48.9 million in the previous financial year.

Revenue decreased by 1% year-on-year to US$344.4 million due mainly to lower revenue generated by hotel and oil and gas segments. Hotel revenue was lower compared to last year as a result of fewer rooms available for sale due to the refurbishment of the Cumberland Hotel. However, the strengthening of GBP (+6% year-on-year) against USD had mitigated the impact. Lower revenue from oil and gas segment compared to previous financial year due to lower oil and gas production despite an increase of 19% year-on-year in the average crude oil price. The increase in cost of sales was mainly due to the strengthening of GBP against USD.

The increase in other operating income was due to compensation from the compulsory acquisition of one hotel property and a recovery of legacy loan which had been written off previously.

The increase in administrative expenses for the year was mainly due to the strengthening of GBP against USD. The decrease in other operating expenses was mainly due to one-off expenses in the previous financial year. These were the certain assets and equipment written off due to review of hotel business strategy and the settlement of a legal claim against a subsidiary in the United Kingdom which provided a guarantee to a third party in relation to a hotel property previously leased and operated by another subsidiary.

Higher financing costs for the year were due to higher interest cost from an interest rate hedging contract. Higher income tax expense was associated with higher earnings from the hotel segment.

The gaming segment had ceased operation on 29 March 2018. A non-recurring expense of US$6.3 million was incurred for redundancy costs, impairment loss on plant and equipment as well as the casino brand name during the year.

The refurbishment of The Cumberland Hotel is progressing into its final stage and the hotel is on track to be launched as Hard Rock Hotel London in 2019. GL's total rooms available for sale will continue to be affected during this refurbishment period.

The London hotel market will remain challenging for the next 12 months. Weaker UK economic growth over the Brexit uncertainty and pressures on UK household spending together with a hike in new room supply in London will continue to depress the growth in the average daily rate of London hotels. In this challenging environment, GL is focusing on an occupancy-led strategy in order to maintain RevPAR and protect its market share. GL maintains its cautious outlook on the London hotel market.

The Rank Group Plc ("Rank")

The FY2017/18 has been a challenging year for Rank driven principally by a disappointing performance from Grosvenor's casinos. Rank recorded a profit after tax (before exceptional items) for the year ended 30 June 2018 of GBP58.5 million, a decrease of 7.3% as compared to the previous year. Statutory revenue decreased by 2.3% to GBP691.0 million.

Revenue for Grosvenor Casinos declined by 6.1% in the year. Performance was materially impacted by further enhanced customer due diligence following the published advice of the UK Gambling Commission in September 2017. Consequently, customer visits declined resulting in revenue falling 9.9% in the second half compared to a 2.4% fall in the first half. Grosvenor's performance was further hindered by a lower gaming margin from its major players and adverse weather in the third quarter. Operating profit fell by 6.7% due to lower revenues.

Mecca's revenue fell 2.6% in the year driven by a 7.9% decline in customer visits. Operating profit fell by 4.3%, a lower decline than expected by management as a result of improved cost control across both employment and marketing activities. Mecca's new bingo concepts (Big Bingo Bash, Bonkers Bingo, Student events, Initial Newbie nights and other broader entertainment events) continued to be tested with good results. These concepts are helping drive visits as well as contributing incremental revenue and profit.

Rank's UK digital business grew with revenue up 9.9%. Importantly, a successful 'Meccarena' marketing campaign and ongoing investments into the meccabingo.com offer drove revenue up 10.9%, following two years of low single digit growth rates. Grosvenorcasinos.com grew revenue 8.2% in the year, however the more stringent customer due diligence (highlighted above) impacted the performance resulting in revenue declining in the second half following strong growth in the first half. Insufficient marketing investment and a temporary system issue, which resulted in some of our more valuable multi-channel customers not being contacted, exacerbated grosvenorcasinos.com's weak performance in the second half. Operating profit fell by GBP1.8 million in the year to GBP20.9 million following the introduction of remote gaming duty ('RGD') on customer bonuses, which resulted in GBP2.5 million of incremental RGD in the year.

The Spanish operations, Enracha, delivered an improved result with revenue up 11.0% and operating profit up 2.8%.

Pretax exceptional items relating to continuing operations produced an exceptional cost of GBP26.9 million in the year, mainly comprising impairments of GBP12.1 million principally relating to the underperformance of five Grosvenor casinos and the experimental Luda venue, onerous lease costs of GBP9.1 million relating to leases of two operating casinos and a closed site as well as the closure costs of a Grosvenor's casino of GBP3.7 million.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG achieved a record profit before tax of RM3,578.6 million for the year ended 30 June 2018 as compared to RM3,089.9 million last year, an increase of RM488.7 million or 15.8%. The increase was mainly due to higher contribution from the commercial banking and insurance divisions.

The commercial banking division recorded a profit before tax of RM3,246.3 million for the year ended 30 June 2018 as compared to RM2,748.3 million last year, an increase of RM498.0 million or 18.1%. The increase was due to higher revenue of RM288.9 million, higher share of profit from Bank of Chengdu and Sichuan Jincheng Consumer Finance joint venture of RM172.6 million, higher write-back of impairment losses on financial investment of RM4.9 million and lower allowance for impairment losses on loans, advances and financing of RM84.5 million. This was however offset by higher operating expenses of RM52.9 million.

On 31 January 2018, Bank of Chengdu was officially listed on the Shanghai Stock Exchange after completing its initial public offering ("IPO") of 361 million shares and raised RMB2.53 billion. Arising from the IPO, the banking division's equity interest in Bank of Chengdu is now reduced from 20% to 18% of the enlarged capital.

The insurance division recorded a profit before tax of RM348.0 million for the year ended 30 June 2018 as compared to RM337.8 million last year, an increase of RM10.2 million or 3.0%. The increase was mainly due to higher revenue of RM24.7 million, lower operating expenses of RM1.4 million and higher life fund surplus of RM0.4 million. This was however offset by lower share of profit from associated company of RM10.3 million and higher allowance for impairment losses on securities of RM6.0 million.

The investment banking division recorded a profit before tax of RM78.6 million for the year ended 30 June 2018 as compared to RM84.0 million last year, a decrease of RM5.4 million or 6.4%. This was mainly due to lower contribution from the investment banking and stockbroking divisions.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 30 June 2018 amounted to HK$65.5 billion, an increase of 6% or HK$3.6 billion as compared to the previous year.

The equity-debt ratio as at 30 June 2018 is arrived at as follows:

		HK$'M
Total borrowings		37,657
Less:	Cash and short term funds	(19,860)
	Trading financial assets	(13,016)
Net debt		4,781
Total equity attributable to equity shareholders of the Company		65,478
Equity-debt ratio		93 : 7

The Group's total cash balance and trading financial assets were mainly in USD (27%), RMB (22%), HKD (19%), SGD (10%), GBP (10%), and JPY (8%).

Total Borrowings

There was an increase in total borrowings from HK$37.2 billion as at 30 June 2017 to HK$37.7 billion as at 30 June 2018. The Group's total borrowings are mostly denominated in SGD (67%), USD (12%), GBP (7%) and MYR (6%).

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

	Bank loans HK$'M	Mortgage debenture stock HK$'M	Other borrowings HK$'M	Total HK$'M
Within 1 year or on demand	10,009	-	1,613	11,622
After 1 year but within 2 years	2,581	-	1,021	3,602
After 2 years but within 5 years	18,051	589	3,757	22,397
After 5 years	23	-	13	36
	20,655	589	4,791	26,035
	30,664	589	6,404	37,657

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK$40.8 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2018 amounted to approximately HK$13.0 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 2018, approximately 82% of the Group's borrowings were at floating rates and the remaining 18% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK$1.4 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 and investments.

As at 30 June 2018, there were outstanding foreign exchange contracts with a total notional amount of HK$26.5 billion for hedging of foreign currency equity investments.

Equity Price Exposure

The Group maintains an investment portfolio which comprises majority listed equities. Equity investments are subject to asset allocation limits.

PRIVATISATION PROPOSAL AND SPECIAL DIVIDEND IN SPECIE

On 29 June 2018, GuoLine Overseas Limited (the "**Offeror**") requested the board of directors of the Company to put forward to the shareholders of the Company a proposal which involves the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act (the "**Scheme**") and, subject to the Scheme having become binding and effective in accordance with its terms, the payment by the Company of a special dividend (by way of a distribution in-specie) of up to 291,117,141 ordinary shares in Hong Leong Financial Group Berhad (a company in which the Company has a 25.37% shareholding interest) (the "**Distribution**", together with the Scheme, the "**Proposal**") to shareholders of the Company. Upon completion of the Proposal, the Offeror will own 100% of the issued ordinary share capital of the Company, and the Company will, as soon as practicable thereafter, make an application for the withdrawal of the listing of the shares on the Stock Exchange.

For further details of the Proposal, please refer to the joint announcement dated 29 June 2018 issued by the Company and the Offeror (the "**Joint Announcement**"), the subsequent joint announcement issued by the Company and the Offeror dated 20 July 2018 regarding the extension of time for dispatch of Scheme Document to a date not later than 19 October 2018, the announcement issued by the Company dated 23 July 2018 regarding the appointment of Somerley Capital Limited as the independent financial adviser to the independent board committee of the Company.

Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Scheme Conditions and the Distribution Conditions (as defined in the Joint Announcement) being satisfied or validly waived (as applicable) and thus the Scheme may or may not become effective and the Distribution may or may not be paid. Shareholders and/or potential investors should therefore exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.

HUMAN RESOURCES AND TRAINING

The Group employed over 12,900 employees as at 30 June 2018. 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 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 results of the Group and individual achievement as incentives to optimise performance. In addition, share based award schemes are in place for granting share options and / or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention.

GROUP OUTLOOK

The ongoing global trade tensions together with geo-political uncertainties in various quarters of the world along with the November 2018 congressional elections in the U.S. will provide a backdrop of uncertainty and a damper on economic growth.

We will remain vigilant and disciplined in managing our core businesses and investments. We will be mindful of exuberance and continue to expand our businesses and pursue investment opportunities with a time tested value approach.

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

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 Company has complied throughout the year with applicable provisions of the HKEx Code, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx Code.

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE ("BARMC")

The BARMC reviewed the applicable accounting principles and practices adopted by the Company and discussed the auditing, risk management and internal controls and financial reporting matters including a review of the audited annual results of the Company for the year ended 30 June 2018 with the auditors and management.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 3 September 2018

As at the date of this announcement, the Board comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San and Mr. Tan Lim Heng as Non-executive Directors and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.