國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2018	2017	
	HK$'M	HK$'M	*(Decrease)*
Turnover	**9,013**	24,317	*(63%)*
Revenue	**8,034**	22,808	*(65%)*
(Loss)/profit from operations	**(106)**	5,301	*N/A*
Profit attributable to equity shareholders of the Company	**102**	3,697	*(97%)*
	HK$	HK$	
Earnings per share	**0.32**	11.38	*(97%)*
Interim dividend per share	**1.00**	1.00	-
	As at	As at	
	31 December 2018	30 June 2018	
	HK$	HK$	
Equity per share attributable to equity shareholders of the Company	**183.93**	198.99	*(8%)*

RESULTS

The unaudited consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 December 2018 together with comparative figures for the corresponding period last year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2018 - Unaudited

	Note	**2018** HK$'000	2017 HK$'000
Turnover	3 & 4	**9,013,465**	24,317,376
Revenue	3 & 4	**8,034,285**	22,807,716
Cost of sales		**(3,970,928)**	(14,832,550)
Other attributable costs		**(286,795)**	(376,696)
		3,776,562	7,598,470
Other revenue		**167,458**	133,824
Other net (loss)/income	5	**(1,397,575)**	431,235
Administrative and other operating expenses		**(2,187,465)**	(2,404,080)
Profit from operations before finance costs		**358,980**	5,759,449
Finance costs	6(a)	**(464,911)**	(458,802)
(Loss)/profit from operations		**(105,931)**	5,300,647
Share of profits of associates and joint ventures		**550,175**	421,617
Profit for the period before taxation	3 & 6	**444,244**	5,722,264
Tax expenses	7	**(90,088)**	(1,270,249)
Profit for the period		**354,156**	4,452,015
Attributable to:			
Equity shareholders of the Company		**102,475**	3,697,209
Non-controlling interests		**251,681**	754,806
Profit for the period		**354,156**	4,452,015
Earnings per share		**HK$**	HK$
Basic	9	**0.32**	11.38
Diluted	9	**0.32**	11.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2018 - Unaudited

	2018 HK$'000	2017 HK$'000
Profit for the period	**354,156**	4,452,015
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") - net movement in fair value reserve (non-recycling)	**(2,780,827)**	-
Actuarial gains on defined benefit obligation	**548**	-
	(2,780,279)	-
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**(1,288,622)**	1,817,424
Changes in fair value of cash flow hedge	**26,343**	11,087
Changes in fair value of available-for-sale financial assets	**-**	94,881
Changes in fair value on net investment hedge	**26,986**	-
Transfer upon disposal of available-for-sale financial assets	**-**	1,859
Transfer upon disposal of ESOS shares	**20,243**	-
Share of other comprehensive income of associates	**21,974**	(53,070)
	(1,193,076)	1,872,181
Other comprehensive income for the period, net of tax	**(3,973,355)**	1,872,181
Total comprehensive income for the period	**(3,619,199)**	6,324,196
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	**(3,514,914)**	5,005,127
Non-controlling interests	**(104,285)**	1,319,069
	(3,619,199)	6,324,196

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Note	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Investment properties		**28,023,649**	28,005,763
Other property, plant and equipment		**13,945,077**	13,298,946
Interest in associates and joint ventures		**11,011,349**	10,659,985
Available-for-sale financial assets		**-**	14,088,449
Equity investments at FVOCI		**11,490,559**	-
Deferred tax assets		**214,789**	157,685
Intangible assets		**7,394,273**	7,704,349
Goodwill		**1,389,024**	1,432,917
Pensions surplus		**87,049**	89,315
		73,555,769	75,437,409
CURRENT ASSETS			
Development properties		**13,100,738**	13,269,277
Properties held for sale		**4,371,084**	5,858,076
Deposits for land		**165,375**	-
Trade and other receivables	10	**2,398,408**	4,213,141
Trading financial assets		**11,657,368**	13,016,360
Cash and short term funds		**19,335,123**	19,859,972
Assets held for sale		**239,715**	248,381
		51,267,811	56,465,207
CURRENT LIABILITIES			
Trade and other payables	11	**5,524,951**	5,474,585
Bank loans and other borrowings		**5,426,162**	11,622,317
Taxation		**384,126**	376,224
Provisions and other liabilities		**103,017**	85,148
		11,438,256	17,558,274
NET CURRENT ASSETS		**39,829,555**	38,906,933
TOTAL ASSETS LESS CURRENT LIABILITIES		**113,385,324**	114,344,342
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		**30,850,115**	26,035,208
Amount due to non-controlling interests		**2,343,435**	2,290,571
Provisions and other liabilities		**375,559**	408,185
Deferred tax liabilities		**768,566**	966,570
		34,337,675	29,700,534
NET ASSETS		**79,047,649**	84,643,808
CAPITAL AND RESERVES			
Share capital		**1,288,403**	1,291,036
Reserves		**59,233,645**	64,187,361
Total equity attributable to equity shareholders of the Company		**60,522,048**	65,478,397
Non-controlling interests		**18,525,601**	19,165,411
TOTAL EQUITY		**79,047,649**	84,643,808

Notes:

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017/18 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018/19 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017/18 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2018 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2018 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website http://www.guoco.com. The auditors expressed an unqualified opinion on those financial statements in their report dated 3 September 2018.

The consolidated financial statements of the Group are expressed in the United States dollars ("USD"), which is 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 consolidated financial statements, which are translated at the rates prevailing at the respective financial period/year ends for presentation purposes only (31 December 2018: US$1 = HK$7.831, 30 June 2018: US$1 = HK$7.847, 31 December 2017: US$1 = HK$7.814).

2. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) Overview (cont'd)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 9 and note 2(c) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 July 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 30 June 2018	Impact on initial application of HKFRS 9	Impact on initial application of HKFRS 15	At 1 July 2018
		(Note 2(b))	(Note 2(c))	
	HK$'000	HK$'000	HK$'000	HK$'000
Interest in associates and joint ventures	10,659,985	(69,493)	965	10,591,457
Deferred tax assets	157,685	-	70,984	228,669
Available-for-sale financial assets	14,088,449	(14,088,449)	-	-
Equity investments at FVOCI	-	14,088,449	-	14,088,449
Total non-current assets	**75,437,409**	**(69,493)**	**71,949**	**75,439,865**
Development properties	13,269,277	-	(101,250)	13,168,027
Properties held for sale	5,858,076	-	(512,480)	5,345,596
Total current assets	**56,465,207**	**-**	**(613,730)**	**55,851,477**
Trade and other payables	5,474,585	-	(120,655)	5,353,930
Taxation	376,224	-	(13,340)	362,884
Total current liabilities	**17,558,274**	**-**	**(133,995)**	**17,424,279**
Deferred tax liabilities	966,570	-	683	967,253
Total non-current liabilities	**29,700,534**	**-**	**683**	**29,701,217**
Net assets	**84,643,808**	**(69,493)**	**(408,469)**	**84,165,846**
Retained profits	64,652,885	81,169	(302,180)	64,431,874
Fair value reserve	2,674,940	(153,817)	-	2,521,123
Capital and other reserves	(559,562)	3,155	-	(556,407)
Exchange reserve	(2,688,186)	-	78,321	(2,609,865)
Total equity attributable to equity shareholders of the company	**65,478,397**	**(69,493)**	**(223,859)**	**65,185,045**
Non-controlling interests	19,165,411	-	(184,610)	18,980,801
Total equity	**84,643,808**	**(69,493)**	**(408,469)**	**84,165,846**

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) Overview (cont'd)

Further details of these changes are set out in sub-sections (b) and (c) of this note.

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 July 2018. Therefore, comparative information continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (cont'd)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at fair value through profit or loss ("FVPL") under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 July 2018, the Group designated its equity investments not held for trading at FVOCI (non-recycling), as the investment is held for strategic purposes.

Trading financial assets classified under HKAS 39 continue to be measured at FVPL under HKFRS 9.

The carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 July 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The adoption of HKFRS9 has not had a significant impact on the Group's financial statements in this regard.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2017/18 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 July 2018 (the date of initial application of HKFRS 9 by the Group):

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (cont'd)

- the determination of the business model within which a financial asset is held; and

- the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

- All hedging relationships designated under HKAS 39 at 30 June 2018 met the criteria for hedge accounting under HKFRS 9 at 1 July 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 July 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. 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;

C. 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.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

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 is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts. However, the timing of revenue recognition for sales of properties is affected as follows.

Sales of properties: 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 China, the property sales contracts do not meet the criteria for recognising revenue over time and therefore revenue from property sales continues to be recognised at a point in time. Previously the Group recognised revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which was taken to be the point in time when the risks and rewards of ownership of the property were transferred to the customer. Under the transfer-of-control approach in HKFRS 15, revenue from property sales is generally 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.

(ii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as distribution costs when they were incurred. Under HKFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as distribution costs at that time.

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration* (cont'd)

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)22 does not have any material impact on the financial position and the financial result of the Group.

3. 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 2017/18.

3. SEGMENT REPORTING (cont'd)

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

(a) Reportable segment revenue and profit or loss (unaudited)

		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
For the six months ended 31 December 2018							
Turnover		**1,679,232**	**2,279,518**	**5,054,715**	**-**	**-**	**9,013,465**
Revenue from external customers		**700,052**	**2,279,518**	**5,054,715**	**-**	**-**	**8,034,285**
Inter-segment revenue		**-**	**8,465**	**-**	**-**	**-**	**8,465**
Reportable segment revenue		**700,052**	**2,287,983**	**5,054,715**	**-**	**-**	**8,042,750**
Operating (loss)/profit		**(1,022,486)**	**521,106**	**538,553**	**-**	**123,134**	**160,307**
Finance costs		**(93,737)**	**(260,240)**	**(110,934)**	**-**	**-**	**(464,911)**
Write back of provision for impairment loss on interest in an associate		**-**	**-**	**-**	**198,673**	**-**	**198,673**
Share of profits of associates and joint ventures		**-**	**76,047**	**-**	**474,128**	**-**	**550,175**
(Loss)/profit before taxation		**(1,116,223)**	**336,913**	**427,619**	**672,801**	**123,134**	**444,244**
For the six months ended 31 December 2017							
Turnover		2,205,067	16,968,247	5,144,062	-	-	24,317,376
Revenue from external customers		695,407	16,968,247	5,144,062	-	-	22,807,716
Inter-segment revenue		-	820	-	-	-	820
Reportable segment revenue		695,407	16,969,067	5,144,062	-	-	22,808,536
Operating profit		1,001,413	**(Note)** 4,067,122	600,385	-	90,529	5,759,449
Finance costs		(78,309)	(283,104)	(97,389)	-	-	(458,802)
Share of (loss) / profits of associates and joint ventures		-	(27,957)	-	449,574	-	421,617
Profit before taxation		923,104	3,756,061	502,996	449,574	90,529	5,722,264

3. SEGMENT REPORTING (cont'd)

(a) Reportable segment revenue and profit or loss (unaudited) (cont'd)

Note:

The Group's financial statements had been prepared in accordance with all applicable HKFRSs and at Group level, revenue arising from the sale of properties had been recognised upon completion of development projects for the period ended 31 December 2017.

The subsidiary, GuocoLand Limited ("GuocoLand") 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.

Accordingly, operating profits of GuocoLand for the period amounting to HK$14.8 million in Singapore had been deferred for recognition in the Group's consolidated financial statements for the period ended 31 December 2017. The Group had recognised operating profits of GuocoLand of HK$604.8 million for the period ended 31 December 2017 which had been deferred in previous years. Up to 31 December 2017, accumulated operating profits of GuocoLand totalling HK$22.7 million in Singapore had been deferred for recognition, and would be recognised by the Group upon completion of the relevant development projects in subsequent years.

(b) Reconciliations of reportable segment revenue and finance costs (unaudited)

Revenue

	Six months ended 31 December	
	2018	2017
	HK$'000	HK$'000
Reportable segment revenue	**8,042,750**	22,808,536
Elimination of inter-segment revenue	**(8,465)**	(820)
Consolidated revenue (Note 4)	**8,034,285**	22,807,716

4. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue from sale of properties	**1,806,502**	16,523,776
Revenue from hospitality and leisure	**5,049,037**	5,139,670
Interest income	**212,220**	150,178
Dividend income	**598,476**	631,132
Rental income from properties	**341,839**	318,008
Others	**26,211**	44,952
Revenue	**8,034,285**	22,807,716
Proceeds from sale of investments in securities	**979,180**	1,509,660
Turnover	**9,013,465**	24,317,376

5. OTHER NET (LOSS)/INCOME

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(1,683,626)**	351,856
Net realised and unrealised losses on derivative financial instruments	**(10,259)**	(7,321)
Net realised losses on disposal of available-for-sale financial assets	**-**	(1,844)
Net gains on foreign exchange contracts	**17,048**	39,951
Other exchange gains	**71,544**	29,957
Net losses on disposal of property, plant and equipment	**(548)**	(1,289)
Net gain on disposal of a subsidiary	**-**	2,735
Write back of provision for impairment loss on interest in an associate (Note)	**198,673**	-
Other income	**9,593**	17,190
	(1,397,575)	431,235

Note:

At the end of the reporting period, the recoverable amount of interest in an associate is assessed to be higher than its impaired carrying amount, write back of provision for impairment loss on interest in an associate has been recognised accordingly.

6. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance costs

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans and other borrowings	**641,954**	510,208
Other borrowing costs	**40,369**	31,137
Total borrowing costs	**682,323**	541,345
Less: borrowing costs capitalised into:		
- development properties	**(106,799)**	(82,543)
- investment properties	**(110,613)**	-
Total borrowing costs capitalised (Note)	**(217,412)**	(82,543)
	464,911	458,802

Note: These borrowing costs have been capitalised at rates of 2.9% to 4.79% per annum (2017: 1.81% to 4.37%).

(b) Staff cost

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries, wages and other benefits	**1,617,329**	1,595,454
Contributions to defined contribution retirement plans	**51,160**	45,975
Expenses recognised in respect of defined benefit retirement plans	**618**	836
Equity-settled share-based payment expenses	**13,798**	4,454
	1,682,905	1,646,719

(c) Other items

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**285,886**	289,003
Amortisation		
- casino licences and brand names	**6,147**	6,329
- Bass Strait oil and gas royalty	**12,162**	13,103
- other intangible assets	**54,707**	43,311
Gross rental income from investment properties	**(341,839)**	(318,008)
Less: direct outgoings	**80,526**	93,256
Net rental income	**(261,313)**	(224,752)

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax - Hong Kong Profits Tax	**2,937**	9,501
Current tax - Overseas	**268,885**	541,119
Deferred tax	**(181,734)**	719,629
	90,088	1,270,249

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2017: 16.5%) to the profits for the six months ended 31 December 2018. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8. DIVIDENDS

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend declared of HK$1.00 (2017: HK$1.00) per ordinary share	**329,051**	329,048
Dividends payable/paid in respect of the prior year:		
- Final dividend of HK$3.00 (2017: HK$3.00) per ordinary share	**975,672**	975,089

The interim dividend declared for the year ending 30 June 2019 of HK$329,051,000 (2018: HK$329,048,000) is calculated based on 329,051,373 ordinary shares (2017: 329,051,373 ordinary shares) in issue at 31 December 2018.

The interim dividend declared after the interim period has not been recognised as a liability at the end of the interim reporting period in the accounts.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profits attributable to equity shareholders of the Company of HK$102,475,000 (2017: HK$3,697,209,000) and the weighted average number of 325,061,468 ordinary shares (2017: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2018 and 2017, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. TRADE AND OTHER RECEIVABLES

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Trade debtors	**877,933**	1,558,171
Accrued receivables for sales consideration not yet billed on completed development properties	**137,090**	1,129,191
Other receivables, deposits and prepayments	**1,180,891**	1,267,660
Derivative financial instruments, at fair value	**156,698**	174,180
Interest receivables	**45,796**	83,939
	2,398,408	4,213,141

Included in the Group's trade and other receivables is HK$48.6 million (30 June 2018: HK$51.0 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 :

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Within 1 month	**781,111**	1,461,268
1 to 3 months	**75,342**	81,350
More than 3 months	**21,480**	15,553
	877,933	1,558,171

11. TRADE AND OTHER PAYABLES

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Trade creditors	**267,562**	792,884
Other payables and accrued operating expenses	**4,868,932**	4,348,031
Derivative financial instruments, at fair value	**233,795**	181,956
Amounts due to fellow subsidiaries	**154,404**	151,447
Amounts due to associates	**258**	267
	5,524,951	5,474,585

Included in trade and other payables is HK$467.5 million (30 June 2018: HK$779.2 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:

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Within 1 month	**213,019**	761,834
1 to 3 months	**42,092**	16,698
More than 3 months	**12,451**	14,352
	267,562	792,884

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

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$1.00 per share amounting to approximately HK$329 million (2017/2018 interim dividend: HK$1.00 per share amounting to approximately HK$329 million) for the financial year ending 30 June 2019 which will be payable on Monday, 25 March 2019 to the shareholders whose names appear on the Register of Members on Friday, 15 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2018, after taxation and non-controlling interests, amounted to HK$102 million, down 97% as compared to HK$3,697 million for the previous corresponding period. The decline in the result is primarily attributable to lower contribution from the property and the principal investment segments. Basic earnings per share amounted to HK$0.32.

For the half year ended 31 December 2018, profits before taxation were generated from the following sources:

- property development and investment of HK$337 million;
- hospitality and leisure of HK$428 million;
- financial services of HK$672 million;
- oil and gas royalty of HK$123 million;

and set off by the loss before taxation of HK$1,116 million from principal investment.

Revenue declined by HK$14.8 billion during the period to HK$8.0 billion, which was primarily driven by the decrease in property development and investment sector of HK$14.7 billion.

Review of Operations

Principal Investment

The last six months of financial year 2018/19 began with a stock market rally for three months but pockets of weakness in the global economy, threats of rising interest rates, a protracted U.S.-China trade war, an imminent slowdown in corporate earnings growth, and Brexit uncertainty exerted their collective downward influence on the global stock markets and closed the half year with one of the weakest December in history. Dividend income and the realised trading gains in the period have partially mitigated the adverse mark-to-market loss of the portfolio as at 31 December 2018. Our Principal Investment division showed an overall loss before taxation of HK$1,116 million. Our strategy to invest in fallen angels and undervalued stocks should provide recovery potential when the markets rebound.

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 resulted in higher earnings in the six months to December 2018.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

For the half year ended 31 December 2018, revenue and gross profit for GuocoLand decreased to S$311.0 million and S$94.4 million respectively as compared to the previous corresponding period. This was due to lower contribution from Singapore residential projects as GuocoLand has brought down its inventory of completed unsold units substantially in the past quarters. Despite the drop in revenue, gross profit margin remains stable at approximately 30%.

Other income increased by 69% to S$18.3 million mainly due to foreign exchange gain recorded for the period. Finance costs fell by 22% to S$53.5 million due to higher capitalisation of finance costs during the period. Meanwhile, share of profit of associates and joint ventures fell by 87% to S$22.5 million as substantial recognition of profit from GuocoLand's joint venture residential project in Shanghai was recorded in the previous corresponding period.

In Singapore, statistics released by the Urban Redevelopment Authority ("URA") indicated that private residential property prices decreased by 0.1% in the fourth quarter of 2018, after an increase of 0.5% in the third quarter. While prices for non-landed residential properties in the Core Central Region had decreased by 1.0%, prices for non-landed residential properties in the Rest of Central Region and Outside Central Region increased 1.8% and 0.7% respectively. For office space in core business areas, rentals continue to be on the rise and vacancies have been stable. GuocoLand has a balanced pipeline of mixed-use, commercial and residential projects, including the integrated mixed-use development Guoco Midtown which had its groundbreaking in November 2018.

In December 2018, new home prices in Chongqing continued to rise, increasing by 0.8% month-on-month and 11.6% year-on-year according to official data from the National Bureau of Statistics of China.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a profit after tax for the half year ended 31 December 2018 at US$32.4 million, an increase of 12% as compared to US$29.0 million in the previous corresponding period.

Revenue was 3% higher than previous corresponding period mainly due to higher revenue generated from hotel and oil & gas segments. Hotel revenue was higher compared to previous corresponding period primarily driven by improved hotel occupancy rate during the period. However, the increase was partially offset by the weakening of GBP against USD. Oil and gas segment continues to generate higher royalty income compared to previous corresponding period. This was due to higher average crude oil and gas prices during the period.

The increase in cost of sales was in tandem with the increase in hotel revenue during the period. The decrease in other operating income for the half year was mainly due to a one-off recovery of legacy loan which has been written off in previous corresponding period. The increase in other operating expenses was related to the impairment of obsolete hotel furniture and equipment.

Higher financing costs were due to release of hedging cost from an existing interest rate swap hedging reserve following the partial repayment of loan and borrowings during the period. Higher income tax expense was associated with higher earnings from oil and gas segment.

Brexit uncertainty continues to weigh down corporate travel. This and a projected increase in London room supply of approximately 3% in 2019 are expected to negatively affect the hotel industry. However, London is still expected to operate at similar occupancy levels to 2018 with a weaker pound and events such as the ICC Cricket World Cup helping demand. GL maintains its cautious outlook and continues to focus on an occupancy-led strategy in order to uphold RevPAR and protect its market share.

The refurbishment of The Cumberland Hotel is progressing into its final stage and the hotel is on track for its launch as Hard Rock Hotel London in 2019.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2018 of GBP23.8 million, a decrease of 24% as compared to the previous year.

Statutory revenue fell marginally to GBP348.2 million. Like-for-like revenues were down 2.4% for the first half year ended 31 December 2018. The digital business grew by 15.8% in the period driven by Mecca and YoBingo. However, the period continued to be challenging for Rank's UK retail businesses with like-for-like revenue down 4.2%.

Total Grosvenor venues revenue was down 5.1% in the period, with like-for-like revenue down 4.7%. Performance was principally driven by a lower contribution from its major players, both handle and win margin, the challenging consumer backdrop and a weather impacted the first quarter. Total and like-for-like operating profit fell by 33.8% and 35.0% respectively in the period, due to lower revenues. As part of the transformation programme, changes were introduced to simplify casino management structures and reduce labour hours. These changes are expected to result in approximately GBP7.5 million of labour savings in the second half of FY2018/19.

Mecca venues like-for-like revenue was down 3.3% in the period driven by an 11.8% decline in like-for-like customer visits. Total revenue and total operating profit fell by 3.9% and 10.2% respectively. Excluding the impact of closed sites and the three Luda venues, like-for-like operating profit fell by 7.6%. Changes to the customer offer continued to be developed in the period with the successful trial of a new price and prize board policy aimed at giving customers additional value at the lower attended midweek sessions and guaranteeing bigger prize boards across the weekend.

Like-for-like digital revenue grew by 5.1%, driven by an improved performance from Mecca. Total digital revenue was up 15.8% in the period following the contribution from YoBingo. YoBingo performed strongly in the period with revenues up 41.0% and continued to grow its share of the Spanish digital bingo market, up 4.9ppts to 42.1%. The contribution from YoBingo helped grow total digital operating profit by 5.8%. Like-for-like operating profit fell by 1.9% following the increase in UK Remote Gaming Duty (RGD) on customer bonuses, which resulted in GBP0.9 million of incremental RGD in the period.

Like-for-like international venues revenue was broadly flat in the period.

Exceptional items, before tax and financing charges, were GBP4.5 million in the period. GBP3.8 million of the costs relate to redundancies made across Rank.

Like other businesses operating in the UK, Rank must prepare for the changes that Brexit might bring. Rank has considered how Brexit might impact the group and the overall conclusion is that it is reasonably well positioned based on the nature of the sector and geographies in which it operates. However, Rank remains cautious in light of the unknown economic impact of Brexit on consumer expenditure.

Rank does not expect any material improvement to the challenging consumer environment over the short to medium term, however driven by the transformation programme, Rank's financial performance for FY2018/19 is expected to be in line with the current consensus expectations with circa GBP10.0 million of total cost savings scheduled for the second half of the financial year.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,806.6 million for the period ended 31 December 2018, an increase of RM41.4 million or 2.3% as compared to the previous corresponding period. The increase was mainly due to higher contribution from the commercial banking division.

The commercial banking division recorded a profit before tax of RM1,674.3 million for the period, an increase of RM60.8 million or 3.8% versus the previous corresponding period. The result was mainly driven by a healthy expansion in its loan books, improving asset quality metrics as well as solid contributions from its associates.

The insurance division registered a profit before tax of RM140.9 million for the period ended 31 December 2018, a decrease of RM11.6 million or 7.6% compared to previous corresponding period. The decrease was mainly due to lower revenue of RM8.7 million and higher operating expenses of RM17.8 million. This was however mitigated by higher share of profit from associated company of RM1.7 million, lower allowance for impairment losses on securities of RM0.4 million and higher life fund surplus of RM12.8 million.

The investment banking division recorded a profit before tax of RM37.5 million for the period ended 31 December 2018, an increase of RM0.1 million or 0.3% compared to the previous corresponding period. This was mainly due to higher contribution from the asset management division.

The efforts on the Islamic financial services had resulted in the Islamic banking and takaful businesses combined share of HLFG's profit before tax (excluding one-off) improving to 13.4% from 10.2% in the previous corresponding period.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2018 amounted to HK$60.5 billion, a decrease of 8% or HK$5.0 billion as compared to 30 June 2018.

The equity-debt ratio as at 31 December 2018 is arrived at as follows:

		HK$'M
Total borrowings		36,276
Less:	Cash and short term funds	(19,335)
	Trading financial assets	(11,657)
Net debt		5,284
Total equity attributable to equity shareholders of the Company		60,522
Equity-debt ratio		92 : 8

The Group's total cash balance and trading financial assets were mainly in USD (29%), HKD (21%), RMB (16%), SGD (10%), GBP (9%), and JPY (8%).

Total Borrowings

There was a decrease in total borrowings from HK$37.7 billion as at 30 June 2018 to HK$36.3 billion as at 31 December 2018. The Group's total borrowings are mostly denominated in SGD (64%), USD (14%), MYR (7%) and GBP (6%).

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

	Bank loans	**Mortgage debenture stock**	**Other borrowings**	**Total**
	HK$'M	HK$'M	HK$'M	HK$'M
Within 1 year or on demand	4,695	-	731	5,426
After 1 year but within 2 years	6,850	-	1,017	7,867
After 2 years but within 5 years	18,657	567	3,748	22,972
After 5 years	-	-	11	11
	25,507	567	4,776	30,850
	30,202	567	5,507	36,276

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$39.6 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2018 amounted to approximately HK$13.1 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 31 December 2018, approximately 75% of the Group's borrowings were at floating rates and the remaining 25% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK$5.9 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 31 December 2018, there were outstanding foreign exchange contracts with a total notional amount of HK$26.4 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.

GROUP OUTLOOK

A lack of clarity on macro-economic growth and the trajectory of interest rates will preclude a V-shaped recovery in the global stock markets. In addition, political uncertainty in Europe and a second U.S.-North Korea summit will also add to investor anxiety. The outlook for the equity market remains uncertain and the Group will maintain a cautious posture in its Principal Investment activities.

Our core businesses will continue to execute their strategic plans, regardless of market conditions, to achieve the business goals and to build on sound fundamentals to create sustainable growth and shareholder value.

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 six months ended 31 December 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company 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 "Stock Exchange").

During the period, the Company has complied with 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

The unaudited interim results for the six months ended 31 December 2018 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Friday, 15 March 2019, on which date no share transfers will be registered.

To qualify for the interim dividend, 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 Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14 March 2019.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 26 February 2019

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 as Non-executive Director and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.