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國浩集團有限公司
Guoco Group Limited

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

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2019	2018	*Increase/*
	HK$'M	HK$'M	*(Decrease)*
Turnover	**9,828**	9,013	*9%*
Revenue	**9,137**	8,034	*14%*
Profit/(loss) from operations	**1,289**	(106)	*N/A*
Profit attributable to equity shareholders of the Company	**1,076**	102	*955%*
	HK$	HK$	
Earnings per share	**3.31**	0.32	*934%*
Interim dividend per share	**1.00**	1.00	-
	As at 31 December 2019	As at 30 June 2019	
	HK$	HK$	
Equity per share attributable to equity shareholders of the Company	**181.74**	188.81	*(4%)*

RESULTS

The unaudited consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 December 2019 together with comparative figures for the corresponding period last year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2019 - Unaudited

	Note	**2019**	2018
		HK$'000	HK$'000
Turnover	3 & 4	**9,828,256**	9,013,465
Revenue	3 & 4	**9,136,761**	8,034,285
Cost of sales		**(4,736,837)**	(3,970,928)
Other attributable costs		**(339,467)**	(286,795)
		4,060,457	3,776,562
Other revenue		**145,076**	167,458
Other net losses	5	**(145,387)**	(1,397,575)
Administrative and other operating expenses		**(2,138,669)**	(2,187,465)
Profit from operations before finance costs		**1,921,477**	358,980
Finance costs	6(a)	**(632,928)**	(464,911)
Profit/(loss) from operations		**1,288,549**	(105,931)
Share of profits of associates and joint ventures		**504,961**	550,175
Profit for the period before taxation	3 & 6	**1,793,510**	444,244
Tax expenses	7	**(346,110)**	(90,088)
Profit for the period		**1,447,400**	354,156
Attributable to:			
Equity shareholders of the Company		**1,075,670**	102,475
Non-controlling interests		**371,730**	251,681
Profit for the period		**1,447,400**	354,156
Earnings per share		**HK$**	HK$
Basic	9	**3.31**	0.32
Diluted	9	**3.31**	0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019 - Unaudited

	2019	2018
	HK$'000	HK$'000
Profit for the period	**1,447,400**	354,156
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)	**(1,903,659)**	(2,780,827)
Actuarial gains on defined benefit obligation	**-**	548
	(1,903,659)	(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	**572,017**	(1,288,622)
Changes in fair value of cash flow hedge	**26,975**	26,343
Changes in fair value on net investment hedge	**23,930**	26,986
Transfer upon disposal of ESOS shares	**-**	20,243
Share of other comprehensive income of associates	**(70,303)**	21,974
	552,619	(1,193,076)
Other comprehensive income for the period, net of tax	**(1,351,040)**	(3,973,355)
Total comprehensive income for the period	**96,360**	(3,619,199)
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	**(473,032)**	(3,514,914)
Non-controlling interests	**569,392**	(104,285)
	96,360	(3,619,199)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Note	At 31 December 2019 (Unaudited) HK$'000	At 30 June 2019 (Audited) HK$'000
NON-CURRENT ASSETS			
Investment properties		**29,974,825**	29,657,377
Other property, plant and equipment		**14,202,474**	13,992,717
Right-of-use assets		**6,246,612**	-
Interests in associates and joint ventures		**12,522,199**	11,998,213
Equity investments at FVOCI		**8,835,700**	10,672,265
Deferred tax assets		**115,290**	204,003
Intangible assets		**8,148,370**	7,618,927
Goodwill		**3,015,282**	2,452,249
Pensions surplus		**57,345**	55,429
		83,118,097	76,651,180
CURRENT ASSETS			
Development properties		**21,308,326**	15,392,862
Properties held for sale		**3,037,950**	3,501,675
Inventories		**429,137**	453,318
Contract assets		**24,717**	202,692
Trade and other receivables	10	**2,555,845**	1,963,432
Trading financial assets		**12,214,644**	12,779,985
Cash and short term funds		**12,870,949**	13,972,848
		52,441,568	48,266,812
CURRENT LIABILITIES			
Contract liabilities		**111,629**	122,210
Trade and other payables	11	**4,549,781**	4,406,227
Bank loans and other borrowings		**8,470,309**	5,579,284
Taxation		**247,134**	342,460
Provisions and other liabilities		**162,675**	188,023
Lease liabilities		**424,667**	-
		13,966,195	10,638,204
NET CURRENT ASSETS		**38,475,373**	37,628,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**121,593,470**	114,279,788
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		**31,496,997**	29,791,001
Amount due to non-controlling interests		**2,852,521**	2,379,527
Provisions and other liabilities		**117,338**	374,382
Deferred tax liabilities		**745,476**	656,814
Lease liabilities		**7,813,599**	-
		43,025,931	33,201,724
NET ASSETS		**78,567,539**	81,078,064
CAPITAL AND RESERVES			
Share capital		**1,281,197**	1,284,446
Reserves		**58,519,906**	60,845,206
Total equity attributable to equity shareholders of the Company		**59,801,103**	62,129,652
Non-controlling interests		**18,766,436**	18,948,412
TOTAL EQUITY		**78,567,539**	81,078,064

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 2018/19 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019/20 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 2018/19 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 Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2019 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 2019 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 12 September 2019.

The condensed 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 condensed consolidated financial statements, which are translated at the rates prevailing at the respective financial period/year ends for presentation purposes only (31 December 2019: US$1 = HK$7.787, 30 June 2019: US$1 = HK$7.807, 31 December 2018: US$1 = HK$7.831).

2. CHANGES IN ACCOUNTING POLICIES

Overview

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Overview (cont'd)

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) Changes in the accounting policies (cont'd)

(ii) Lessee accounting (cont'd)

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and / or for capital appreciation ("Investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 30 June 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) Changes in the accounting policies (cont'd)

(iv) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Classification of interest in leasehold land and buildings held for own use

In accordance with HKAS 16, *Property, plant and equipment*, the Group chooses to apply either the cost model or the revaluation model as its accounting policy for items of property, plant and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that its registered ownership interests in leasehold properties and the right to use other properties leased under tenancy agreements are two separate groupings of assets which differ significantly in their nature and use. Accordingly, they are regarded by the Group as separate classes of asset for subsequent measurement policies in accordance with the above accounting policies. Specifically, rights to use properties under tenancy agreements are carried at depreciated cost.

In making this judgement, the Group has taken into account that, as the registered owner of a leasehold property, the Group is able to benefit fully from any changes in the valuation of these properties whether as holding gains or by selling the property interest to others, as well as being able to use the properties in its operation free of paying market rents. In contrast, the shorter term tenancy agreements are typically for periods of no more than 10 years and are subject to other restrictions, in particular on transferability of the Group's tenancy rights to others. These shorter term tenancy agreements are executed in order to retain operational flexibility and to reduce the Group's exposure to the property market fluctuation.

(ii) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 30 June 2019 as an alternative to performing an impairment review.

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(c) Transitional impact (cont'd)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 30 June 2019	Capitalisation of operating lease contracts	Carrying amount at 1 July 2019
	HK$'000	HK$'000	HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Other property, plant and equipment	13,992,717	(34,273)	13,958,444
Intangible assets	7,618,927	(18,737)	7,600,190
Right-of-use assets	-	6,213,614	6,213,614
Total non-current assets	**76,651,180**	**6,160,604**	**82,811,784**
Trade and other receivables	1,963,432	(48,036)	1,915,396
Total current assets	**48,266,812**	**(48,036)**	**48,218,776**
Trade and other payables	4,406,227	(405,735)	4,000,492
Provision and other liabilities	188,023	(40,034)	147,989
Loans and borrowings	5,579,284	(17,862)	5,561,422
Lease liabilities (current)	-	418,062	418,062
Current liabilities	**10,638,204**	**(45,569)**	**10,592,635**
Net current assets	**37,628,608**	**(2,467)**	**37,626,141**
Total assets less current liabilities	**114,279,788**	**6,158,137**	**120,437,925**
Provision and other liabilities	374,382	(258,473)	115,909
Loans and borrowings	29,791,001	(58,341)	29,732,660
Deferred tax liabilities	656,814	(14,099)	642,715
Lease liabilities (non-current)	-	7,734,392	7,734,392
Total non-current liabilities	**33,201,724**	**7,403,479**	**40,605,203**
Net assets	**81,078,064**	**(1,245,342)**	**79,832,722**
Retained profits	66,041,988	(862,192)	65,179,796
Exchange reserve	(3,338,923)	15,957	(3,322,966)
Total equity attributable to equity shareholders of the Company	**62,129,652**	**(846,235)**	**61,283,417**
Non-controlling interests	18,948,412	(399,107)	18,549,305
Total equity	**81,078,064**	**(1,245,342)**	**79,832,722**

When measuring liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019.

	HK$'000
Operating lease commitments at 30 June 2019	23,960,942
Less: total future interest expenses	(15,808,488)
Total lease liabilities recognised at 1 July 2019	8,152,454

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

(d) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. The impact on the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the period is shown below.

	HK$'000
Increase in depreciation expenses	194,851
Decrease in rental expenses	(352,480)
Increase in finance costs	194,423
Decrease in profit for the period	36,794

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

	HK$'000
Increase in cash flow from operating activities	352,480
Decrease in cash flow from financing activities	(352,480)

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 four 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

Other segments include royalty entitlement of Bass Strait's oil and gas production and manufacture, marketing and distribution of health products. None of these seqments meets any of the quantitative thresholds for determining reportable segments in the six months ended 31 December 2019 or 2018.

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 2018/19.

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	Others HK$'000	Total HK$'000
For the six months ended 31 December 2019						
Turnover	**941,846**	**3,138,615**	**5,488,652**	**-**	**259,143**	**9,828,256**
Disaggregated by timing of revenue						
- Point in time	**250,351**	**478,274**	**5,488,652**	**-**	**259,143**	**6,476,420**
- Over time	**-**	**2,660,341**	**-**	**-**	**-**	**2,660,341**
Revenue from external customers	**250,351**	**3,138,615**	**5,488,652**	**-**	**259,143**	**9,136,761**
Inter-segment revenue	**24,195**	**10,256**	**-**	**-**	**-**	**34,451**
Reportable segment revenue	**274,546**	**3,148,871**	**5,488,652**	**-**	**259,143**	**9,171,212**
Operating profit	**40,493**	**821,627**	**957,654**	**-**	**125,898**	**1,945,672**
Finance costs	**(74,080)**	**(260,824)**	**(295,470)**	**-**	**(26,749)**	**(657,123)**
Share of profits of associates and joint ventures	**-**	**33,734**	**-**	**471,227**	**-**	**504,961**
(Loss)/profit before taxation	**(33,587)**	**594,537**	**662,184**	**471,227**	**99,149**	**1,793,510**
For the six months ended 31 December 2018						
Turnover	1,679,232	2,279,518	5,054,715	-	-	9,013,465
Disaggregated by timing of revenue						
- Point in time	700,052	1,060,858	5,054,715	-	-	6,815,625
- Over time	-	1,218,660	-	-	-	1,218,660
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

3. SEGMENT REPORTING (cont'd)

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

Revenue

	Six months ended 31 December	
	2019	2018
	HK$'000	HK$'000
Reportable segment revenue	**9,171,212**	8,042,750
Elimination of inter-segment revenue	**(34,451)**	(8,465)
Consolidated revenue (Note 4)	**9,136,761**	8,034,285

Finance costs

	Six months ended 31 December	
	2019	2018
	HK$'000	HK$'000
Reportable finance costs	**657,123**	464,911
Elimination of inter-segment finance costs	**(24,195)**	-
Consolidated finance costs (note 6(a))	**632,928**	464,911

4. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue from sale of properties	**2,692,580**	1,806,502
Revenue from hospitality and leisure	**5,480,016**	5,049,037
Interest income	**163,111**	212,220
Dividend income	**161,172**	598,476
Rental income from properties	**354,465**	341,839
Revenue from sales of goods	**259,135**	-
Others	**26,282**	26,211
Revenue	**9,136,761**	8,034,285
Proceeds from sale of investments in securities	**691,495**	979,180
Turnover	**9,828,256**	9,013,465

5. OTHER NET LOSSES

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net realised and unrealised losses on trading financial assets	**(100,556)**	(1,683,626)
Net realised and unrealised losses on derivative financial instruments	**(3,901)**	(10,259)
Net (losses)/gains on foreign exchange contracts	**(113,522)**	17,048
Other exchange gains	**60,117**	71,544
Net gains/(losses) on disposal of property, plant and equipment	**257**	(548)
Write back of provision for impairment loss on interest in an associate (Note)	**-**	198,673
Other income	**12,218**	9,593
	(145,387)	(1,397,575)

Note:

At the end of the last reporting period, the recoverable amount of interest in an associate was assessed to be higher than its impaired carrying amount, write back of provision for impairment loss on interest in an associate had 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans and other borrowings	**650,052**	641,954
Interest on lease liabilities	**194,423**	-
Other borrowing costs	**37,254**	40,369
Total borrowing costs	**881,729**	682,323
Less: borrowing costs capitalised into:		
- development properties	**(111,458)**	(106,799)
- investment properties	**(137,343)**	(110,613)
Total borrowing costs capitalised (Note)	**(248,801)**	(217,412)
	632,928	464,911

Note: These borrowing costs have been capitalised at rates of 1.81% to 4.37% per annum (2018: 2.90% to 4.79%).

(b) Staff cost

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries, wages and other benefits	**1,579,182**	1,617,329
Contributions to defined contribution retirement plans	**51,948**	51,160
Expenses recognised in respect of defined benefit retirement plans	**615**	618
Equity-settled share-based payment expenses	**17,552**	13,798
	1,649,297	1,682,905

(c) Other items

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation		
- other property, plant and equipment	**304,760**	285,886
- right-of-use assets	**194,851**	-
Amortisation		
- customer relationship, licences and brand names	**36,195**	-
- casino licences and brand names	**5,895**	6,147
- Bass Strait oil and gas royalty	**11,439**	12,162
- other intangible assets	**52,462**	54,707
Gross rental income from investment properties	**(354,466)**	(341,839)
Less: direct outgoings	**90,853**	80,526
Net rental income	**(263,613)**	(261,313)

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax - Hong Kong Profits Tax	**2,578**	2,937
Current tax - Overseas	**164,162**	268,885
Deferred tax	**179,370**	(181,734)
	346,110	90,088

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) to the profits for the six months ended 31 December 2019. 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend declared of HK$1.00 (2018: HK$1.00) per ordinary share	**329,048**	329,051
Dividends payable/paid in respect of the prior year:		
- Final dividend of HK$3.00 (2018: HK$3.00) per ordinary share	**970,441**	975,672

The interim dividend declared for the year ending 30 June 2020 of HK$329,048,000 (2019: HK$329,051,000) is calculated based on 329,051,373 ordinary shares (2018: 329,051,373 ordinary shares) in issue at 31 December 2019.

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$1,075,670,000 (2018: HK$102,475,000) and the weighted average number of 325,224,511 ordinary shares (2018: 325,061,468 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2019 and 2018, 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 2019 (Unaudited) HK$'000	At 30 June 2019 (Audited) HK$'000
Trade debtors	**1,209,835**	665,644
Other receivables, deposits and prepayments	**1,182,602**	1,093,192
Derivative financial instruments, at fair value	**120,328**	174,282
Interest receivables	**43,080**	30,314
	2,555,845	1,963,432

Included in the Group's trade and other receivables is HK$106.7 million (30 June 2019: HK$55.4 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 2019 (Unaudited) HK$'000	At 30 June 2019 (Audited) HK$'000
Within 1 month	**1,101,866**	526,946
1 to 3 months	**71,821**	82,683
More than 3 months	**36,148**	56,015
	1,209,835	665,644

11. TRADE AND OTHER PAYABLES

	At 31 December 2019 (Unaudited) HK$'000	At 30 June 2019 (Audited) HK$'000
Trade creditors	**337,996**	545,745
Other payables and accrued operating expenses	**3,679,748**	3,466,582
Derivative financial instruments, at fair value	**495,920**	332,420
Amounts due to fellow subsidiaries	**35,806**	61,035
Amounts due to associates and joint ventures	**311**	445
	4,549,781	4,406,227

Included in trade and other payables is HK$162.0 million (30 June 2019: HK$675.3 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 2019 (Unaudited) HK$'000	At 30 June 2019 (Audited) HK$'000
Within 1 month	**271,657**	489,161
1 to 3 months	**54,339**	32,133
More than 3 months	**12,000**	24,451
	337,996	545,745

The amounts due to fellow subsidiaries, associates and joint ventures 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 (2018/2019 interim dividend: HK$1.00 per share amounting to approximately HK$329 million) for the financial year ending 30 June 2020 which will be payable on Thursday, 19 March 2020 to the shareholders whose names appear on the Register of Members on Tuesday, 10 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2019, after taxation and non-controlling interests, amounted to HK$1,076 million, representing an increase of more than 9 times as compared to the previous corresponding period. This was mainly contributed by the principal investment segment following the increase in fair value of trading financial assets over the period and improved results from the property development and investment as well as hospitality and leisure segments. Basic earnings per share amounted to HK$3.31.

For the half year ended 31 December 2019, profits before taxation were generated from the following sources:

- property development and investment of HK$595 million;
- hospitality and leisure of HK$662 million;
- financial services of HK$471 million;
- other segments of HK$99 million;

and set off by the loss before taxation of HK$33 million from principal investment.

Revenue increased by HK$1.1 billion during the period to HK$9.1 billion, primarily driven by the increase in property development and investment segment of HK$0.9 billion.

Review of Operations

Principal Investment

The investment climate for the first six months of our current fiscal year could be succinctly characterized as a tale of two quarters. In the September 2019 quarter, global assets values were trapped within a tight range following volatile trade negotiations between the U.S. and China, disappointing macro-economic data from the Eurozone, and Brexit negotiations which were counter-balanced by accommodative monetary policies led by the U.S. Federal Reserve. This period was followed by the December 2019 quarter which saw a surge in assets values, underpinned by long awaited positive news from the same trade negotiations which had suppressed them for almost two years.

The Principal Investment segment recorded improved results against the previous corresponding period with its loss before tax for the six months ended 31 December 2019 narrowed down to HK$33 million as the investment team crystallized profits and redeployed fund to other value investment opportunities while the treasury team focused on managing the foreign currency and interest rate exposures and optimizing returns for the Group.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

For the half year ended 31 December 2019, revenue and gross profit for GuocoLand increased by more than 80% to S$572.1 million and S$178.6 million respectively as compared to the previous corresponding period. This was mainly due to higher progressive recognition of sales from Martin Modern. Consequently, profit attributable to equity holders of GuocoLand doubled to S$74.5 million for the half year ended 31 December 2019.

Administrative expenses increased by S$9.5 million to S$47.4 million for the half year, in line with the higher sales activities. Other expenses increased by S$6.3 million to S$15.5 million due to higher fair value losses on derivative financial instruments for the period. Share of profit of associates and joint ventures decreased by S$15.4 million to S$7.0 million due to lower share of profit from the Shanghai joint venture as well as share of losses from a joint venture in Singapore. Tax expense recorded for the half year was S$18.0 million as compared to a tax credit of S$2.4 million in the previous corresponding period.

Latest flash estimates released by the Urban Redevelopment Authority in Singapore showed that overall private residential property prices have increased marginally by 0.3% in the fourth quarter of 2019. This was the third consecutive quarter of increase, much slower pace than the 1.3% and 1.5% increases recorded in the third and second quarters of 2019 respectively. However, prices of non-landed residential properties in the Core Central Region and Rest of Central Region have decreased by 3.7% and 1.4% respectively, while prices of non-landed residential properties in the Outside Central Region have increased by 2.9%.

According to official data from the National Bureau of Statistics of China, new home prices in Chongqing continue to be on the rise, increasing by 0.5% month-on-month and 8.4% year-on-year in November 2019.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a profit after tax for the half year ended 31 December 2019 at US$26.9 million, a decrease of 17% compared to US$32.4 million in the previous corresponding period.

Revenue was 1% higher than previous corresponding period due mainly to higher revenue generated from hotel segment. The hotel revenue was higher primarily driven by improved RevPAR generally across the hotel estate and from the newly launched Hard Rock Hotel London, which opened in April 2019. However, the increase was partially offset by the weakening of GBP against USD compared to last year, and was offset by lower revenue from oil and gas segment due to lower average crude oil price, lower production as well as the weakening of AUD against USD.

The increase of cost of sales was in line with the increase in hotel revenue during the period. The increase in other operating expenses was relating to the provision of value added tax arising from discretionary service charge billed to customers in the United Kingdom and impairment loss on hotel property. Reversal of impairment loss on trade receivables was mainly due to lower provision required on an improved aged trade debt balances.

Lower administrative expenses was mainly due to the adoption of IFRS 16 which replaces the straight-line operating lease expense with depreciation charge of right-of-use assets and interest expense on lease liabilities. The interest expense is included in net financing cost. Accordingly, higher financing costs were mainly due to interest expense on lease liabilities upon the adoption of IFRS 16.

Higher income tax expense was mainly due to lower tax credit available to offset the tax expenses in the hotel segment during the period.

Despite post-Brexit uncertainty dampening travel into the United Kingdom, London’s hotel occupancy rate over the medium term is likely to remain resilient, as major international events such as the ICC Cricket World Cup, Netball World Cup and the UEFA Euro 2020 football championships will bolster international tourism in 2020. However, an anticipated increase in room supply will moderate occupancy and room rate growth in the London hotel market.

Near term, the current coronavirus outbreak may lead to a retrenchment in travel and reduced hotel room demand in London. Early signs of a softening in demand have been noted in some of GL’s hotels favoured by Asian travellers.

Upon opening in April 2019, the Hard Rock Hotel London faced competition and, following resolution of post-renovation challenges, enhanced promotional efforts are being undertaken across booking channels to boost occupancy. The room refurbishment of The Grosvenor Hotel has been completed and the hotel was re-launched as Amba Hotel Grosvenor on 10 December 2019.

The profit contribution from GL’s interest in the Bass Strait oil and gas royalty will likely be affected by the recent decline in oil and gas prices.

GL maintains a cautious outlook and will continue to focus on a rate-led strategy to improve its hotel occupancy and room rate.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax for the six months ended 31 December 2019 of GBP39.8 million, an increase of 113% as compared to GBP18.7 million in the previous corresponding period. Net gaming revenue increased by 14% to GBP397.4 million, reflecting the pleasing digital and venue businesses.

Operating profit was up by 117% to GBP56.1 million, driven by the growth in net gaming revenue and cost savings delivered through the transformation programme.

The net financing charge increased by 127% to GBP6.8 million mainly due to the interest expense on lease liabilities upon the adoption of IFRS 16 and the interest expense on the pre-arranged five-year term loan of GBP128.1 million fully drawn following the completion of the acquisition of Stride Gaming plc ("Stride").

Rank completed the acquisition of Stride on 4 October 2019 and the implementation of a comprehensive integration plan is underway. The successful integration of Stride is a key priority for Rank with the project now falling within the transformation programme's framework to ensure the benefits from combining Stride's and Rank's digital businesses are maximised.

Whilst there is now greater clarity following the outcome of the General Election in December, Rank remains cautious as attention turns to the United Kingdom's post-transition relationship with the European Union. Mitigations have been prepared to reduce the potential impact on Rank.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG will publish its results for the interim period ended 31 December 2019 at a later date. The consolidated results of HLFG based on their unaudited management accounts have been incorporated in the Group's interim results.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2019 amounted to HK$59.8 billion, a decrease of 4% or HK$2.3 billion as compared to 30 June 2019.

The equity-debt ratio as at 31 December 2019 is arrived at as follows:

		HK$'M
Total borrowings		39,967
Less:	Cash and short term funds	(12,871)
	Trading financial assets	(12,215)
Net debt		14,881
Total equity attributable to equity shareholders of the Company		59,801
Equity-debt ratio		80 : 20

The Group's total cash balance and trading financial assets were mainly in USD (29%), HKD (25%), GBP (13%), SGD (10%), JPY (10%) and RMB (5%).

Total Borrowings

There was an increase in total borrowings from HK$35.4 billion as at 30 June 2019 to HK$40.0 billion as at 31 December 2019. The Group's total borrowings are mostly denominated in SGD (68%), GBP (8%), HKD (7%), MYR (6%) and USD (5%).

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	7,458	-	1,012	8,470
After 1 year but within 2 years	4,310	-	723	5,033
After 2 years but within 5 years	22,856	578	3,030	26,464
	27,166	578	3,753	31,497
	34,624	578	4,765	39,967

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$47.6 billion. In addition, a subsidiary has granted security over certain assets in favour of a bank as security trustee on behalf of a secured bank loan of HK$1.0 billion.

Committed borrowing facilities available to group companies and not yet drawn as at 31 December 2019 amounted to approximately HK$13.4 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 contracts to manage its interest rate exposure as appropriate.

As at 31 December 2019, approximately 85% of the Group's borrowings were at floating rates and the remaining 15% were at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK$10.8 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 2019, there were outstanding foreign exchange contracts with a total notional amount of HK$21.5 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.

GROUP OUTLOOK

Looking ahead, the tense relationship between the U.S. and China and the lack of growth acceleration in China will continue to induce market volatility. While the European stock markets should see a more positive prospect with the Brexit uncertainty removed, turbulence may resurface during the course of the U.K. and the European Union trade talk. The surge in asset values in 2019 is not expected to be repeated in 2020. The current coronavirus outbreak will probably further dampen the Chinese economy, albeit temporary. Amid such an uncertain outlook, the Group will continue to maintain a value oriented investment approach in its Principal Investment activities and exercise caution in implementing business plans of other core businesses.

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 2019.

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.

During the period, the Company has complied 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

The unaudited interim results for the six months ended 31 December 2019 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 Tuesday, 10 March 2020, 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 Monday, 9 March 2020.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 24 February 2020

As at the date of this announcement, the Board of the Company 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. Roderic N. A. Sage, Mr. David Michael Norman and Mr. Huang Lester Garson, SBS, JP as Independent Non-executive Directors.