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 2021

## FINANCIAL HIGHLIGHTS

| | Six months ended 31 December | | |
|---|---|---|---|
| | **2021** | 2020 | *Increase/* |
| | **HK$'M** | HK$'M | *(Decrease)* |
| Turnover | **8,061** | 6,016 | *34%* |
| Revenue | **7,358** | 4,581 | *61%* |
| Profit from operations | **838** | 251 | *234%* |
| Profit attributable to equity shareholders of the Company | **616** | 1,011 | *(39%)* |
| | **HK$** | HK$ | |
| Earnings per share | **1.89** | 3.11 | *(39%)* |
| Interim dividend per share | **0.50** | 0.50 | - |
| | **As at 31 December 2021** | As at 30 June 2021 | |
| | **HK$** | HK$ | |
| Equity per share attributable to equity shareholders of the Company | **177.30** | 181.68 | *(2%)* |

## RESULTS

The unaudited consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 December 2021 together with comparative figures for the corresponding period in the previous year are as follows:

## CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2021 – Unaudited

| | Note | **2021**<br>**HK$'000** | 2020<br>HK$'000 |
|---|---|---|---|
| Turnover | 3 & 4 | **8,060,733** | 6,015,714 |
| Revenue | 3 & 4 | **7,357,628** | 4,580,575 |
| Cost of sales | | **(4,384,504)** | (2,767,127) |
| Other attributable costs | | **(261,326)** | (249,903) |
| | | **2,711,798** | 1,563,545 |
| Other revenue | | **1,114,516** | 609,027 |
| Other net (losses)/income | 5 | **(665,869)** | 598,199 |
| Administrative and other operating expenses | | **(1,800,461)** | (1,987,630) |
| Profit from operations before finance costs | | **1,359,984** | 783,141 |
| Finance costs | 6(a) | **(521,577)** | (532,617) |
| Profit from operations | | **838,407** | 250,524 |
| Share of profits of associates and joint ventures | | **560,529** | 570,264 |
| Profit for the period before taxation | 3 & 6 | **1,398,936** | 820,788 |
| Tax expenses | 7 | **(225,751)** | (97,067) |
| Profit for the period | | **1,173,185** | 723,721 |
| Attributable to: | | | |
| Equity shareholders of the Company | | **615,861** | 1,010,915 |
| Non-controlling interests | | **557,324** | (287,194) |
| Profit for the period | | **1,173,185** | 723,721 |
| Earnings per share | | **HK$** | HK$ |
| Basic | 9 | **1.89** | 3.11 |
| Diluted | 9 | **1.89** | 3.11 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2021 – Unaudited

| | 2021<br>HK$'000 | 2020<br>HK$'000 |
|---|---|---|
| **Profit for the period** | **1,173,185** | 723,721 |
| **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) | **(1,422,178)** | (50,832) |
| Actuarial gains on defined benefit obligation | **-** | 1,186 |
| | **(1,422,178)** | (49,646) |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | **(293,363)** | 3,911,205 |
| Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries | **(2,549)** | - |
| Changes in fair value of cash flow hedge | **30,882** | (19,920) |
| Changes in fair value on net investment hedge | **(33,463)** | (62,040) |
| Share of other comprehensive income of associates | **(94,386)** | 22,765 |
| | **(392,879)** | 3,852,010 |
| **Other comprehensive income for the period, net of tax** | **(1,815,057)** | 3,802,364 |
| **Total comprehensive income for the period** | **(641,872)** | 4,526,085 |
| **Total comprehensive income for the period attributable to:** | | |
| Equity shareholders of the Company | **(1,145,953)** | 3,511,931 |
| Non-controlling interests | **504,081** | 1,014,154 |
| | **(641,872)** | 4,526,085 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

| | Note | **At 31 December 2021 (Unaudited) HK$'000** | At 30 June 2021 (Audited) HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Investment properties | | **31,550,930** | 30,011,173 |
| Other property, plant and equipment | | **12,999,802** | 13,355,702 |
| Right-of-use assets | | **5,875,627** | 5,983,354 |
| Interests in associates and joint ventures | | **14,068,302** | 13,769,190 |
| Equity investments at FVOCI | | **6,225,866** | 7,798,011 |
| Deferred tax assets | | **989,248** | 799,420 |
| Intangible assets | | **7,940,190** | 8,138,978 |
| Goodwill | | **3,093,145** | 3,157,607 |
| Pensions surplus | | **49,859** | 51,565 |
| | | **82,792,969** | 83,065,000 |
| CURRENT ASSETS | | | |
| Development properties | | **23,264,205** | 19,635,167 |
| Properties held for sale | | **1,856,830** | 2,256,812 |
| Inventories | | **511,933** | 555,806 |
| Contract assets | | **1,490,936** | 2,877,677 |
| Trade and other receivables | 10 | **1,720,811** | 1,577,542 |
| Tax recoverable | | **29,892** | 116,896 |
| Trading financial assets | | **9,223,471** | 10,297,436 |
| Cash and short term funds | | **14,113,405** | 11,250,595 |
| Assets held for sale | | **-** | 120,413 |
| | | **52,211,483** | 48,688,344 |
| CURRENT LIABILITIES | | | |
| Contract liabilities | | **835,016** | 562,755 |
| Trade and other payables | 11 | **4,730,119** | 4,796,317 |
| Bank loans and other borrowings | | **6,682,076** | 8,640,812 |
| Taxation | | **217,626** | 201,251 |
| Provisions and other liabilities | | **164,407** | 166,745 |
| Lease liabilities | | **544,530** | 594,722 |
| Liabilities held for sale | | **-** | 14,605 |
| | | **13,173,774** | 14,977,207 |
| NET CURRENT ASSETS | | **39,037,709** | 33,711,137 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **121,830,678** | 116,776,137 |
| NON-CURRENT LIABILITIES | | | |
| Bank loans and other borrowings | | **34,712,927** | 28,466,243 |
| Amount due to non-controlling interests | | **2,683,364** | 2,682,421 |
| Provisions and other liabilities | | **229,719** | 236,913 |
| Deferred tax liabilities | | **595,777** | 517,441 |
| Lease liabilities | | **7,595,682** | 7,879,423 |
| | | **45,817,469** | 39,782,441 |
| NET ASSETS | | **76,013,209** | 76,993,696 |
| CAPITAL AND RESERVES | | | |
| Share capital | | **1,282,743** | 1,277,479 |
| Reserves | | **57,059,464** | 58,505,787 |
| Total equity attributable to equity shareholders of the Company | | **58,342,207** | 59,783,266 |
| Non-controlling interests | | **17,671,002** | 17,210,430 |
| TOTAL EQUITY | | **76,013,209** | 76,993,696 |

**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 2020/21 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021/22 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 2020/21 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a 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 2021 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 2021 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 16 September 2021.

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 2021: US$1 = HK$7.7966, 30 June 2021: US$1 = HK$7.7646, 31 December 2020: US$1 = HK$7.7511).

## 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2
- Amendment to HKFRS 16 – COVID 19 – Related Rent Concessions beyond 30 June 2021

None of the amendments 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.

## 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 debt, 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 segments meets any of the quantitative thresholds for determining reportable segments in the six months ended 31 December 2021 or 2020.

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 2020/21.

## 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 2021** | | | | | | |
| Turnover | **988,406** | **2,659,412** | **4,108,964** | **-** | **303,951** | **8,060,733** |
| Disaggregated by timing of revenue | | | | | | |
| - Point in time | **285,301** | **1,713,833** | **4,108,964** | **-** | **303,951** | **6,412,049** |
| - Over time | **-** | **945,579** | **-** | **-** | **-** | **945,579** |
| Revenue from external customers | **285,301** | **2,659,412** | **4,108,964** | **-** | **303,951** | **7,357,628** |
| Inter-segment revenue | **11,001** | **8,771** | **-** | **-** | **-** | **19,772** |
| Reportable segment revenue | **296,302** | **2,668,183** | **4,108,964** | **-** | **303,951** | **7,377,400** |
| Reportable segment operating (loss)/profit | **(580,472)** | **833,597** | **1,019,389** | **-** | **98,167** | **1,370,681** |
| Finance costs | **(27,678)** | **(202,454)** | **(293,924)** | **-** | **(8,218)** | **(532,274)** |
| Share of (losses)/profits of associates and joint ventures | **-** | **(6,261)** | **-** | **566,790** | **-** | **560,529** |
| (Loss)/profit before taxation | **(608,150)** | **624,882** | **725,465** | **566,790** | **89,949** | **1,398,936** |
| For the six months ended 31 December 2020 | | | | | | |
| Turnover | 1,854,986 | 1,885,509 | 1,963,819 | - | 311,400 | 6,015,714 |
| Disaggregated by timing of revenue | | | | | | |
| - Point in time | 419,846 | 548,321 | 1,963,819 | - | 311,400 | 3,243,386 |
| - Over time | - | 1,337,189 | - | - | - | 1,337,189 |
| Revenue from external customers | 419,846 | 1,885,510 | 1,963,819 | - | 311,400 | 4,580,575 |
| Inter-segment revenue | 6,464 | 8,713 | - | - | - | 15,177 |
| Reportable segment revenue | 426,310 | 1,894,223 | 1,963,819 | - | 311,400 | 4,595,752 |
| Reportable segment operating profit/(loss) | 823,895 | 537,726 | (641,280) | - | 68,962 | 789,303 |
| Finance costs | (34,275) | (214,977) | (278,420) | - | (11,107) | (538,779) |
| Share of profits of associates and joint ventures | - | 40,135 | - | 530,129 | - | 570,264 |
| Profit/(loss) before taxation | 789,620 | 362,884 | (919,700) | 530,129 | 57,855 | 820,788 |

## 3. SEGMENT REPORTING (cont'd)

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

**Revenue**

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **HK$'000** | HK$'000 |
| Reportable segment revenue | **7,377,400** | 4,595,752 |
| Elimination of inter-segment revenue | **(19,772)** | (15,177) |
| Consolidated revenue (Note 4) | **7,357,628** | 4,580,575 |

**Finance costs**

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **HK$'000** | HK$'000 |
| Reportable finance costs | **532,274** | 538,779 |
| Elimination of inter-segment finance costs | **(10,697)** | (6,162) |
| Consolidated finance costs (Note 6(a)) | **521,577** | 532,617 |

## 4. TURNOVER AND REVENUE

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

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Revenue from sale of properties | **2,224,635** | 1,457,951 |
| Revenue from hospitality and leisure | **4,104,325** | 1,960,036 |
| Interest income | **63,870** | 66,675 |
| Dividend income | **277,239** | 403,297 |
| Rental income from properties | **345,623** | 337,522 |
| Revenue from sales of goods | **303,670** | 311,393 |
| Others | **38,266** | 43,701 |
| Revenue | **7,357,628** | 4,580,575 |
| Proceeds from sale of investments in securities | **703,105** | 1,435,139 |
| Turnover | **8,060,733** | 6,015,714 |

## 5. OTHER NET (LOSSES)/INCOME

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Net realised and unrealised (losses)/gains on trading financial assets | **(810,956)** | 471,794 |
| Net realised and unrealised gains on derivative financial instruments | **72,025** | 38,686 |
| Net losses on foreign exchange contracts | **(41,657)** | (56,893) |
| Other exchange (losses)/gains | **(40,293)** | 85,417 |
| Net gains on disposal of property, plant and equipment | **62** | - |
| Gain on disposal of subsidiaries | **98,783** | - |
| Gain on disposal of an investment property | **-** | 39,174 |
| Other net income | **56,167** | 20,021 |
| | **(665,869)** | 598,199 |

## 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 | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Interest on bank loans and other borrowings | **573,308** | 564,373 |
| Interest on lease liabilities | **193,332** | 189,894 |
| Other borrowing costs | **14,938** | 24,757 |
| Total borrowing costs | **781,578** | 779,024 |
| Less: borrowing costs capitalised into: | | |
| - development properties | **(136,230)** | (114,592) |
| - investment properties | **(123,771)** | (131,815) |
| Total borrowing costs capitalised (Note) | **(260,001)** | (246,407) |
| | **521,577** | 532,617 |

Note:

These borrowing costs have been capitalised at rates of 1.06% to 7.20% per annum (2020: 1.01% to 5.00%).

## 6. PROFIT FOR THE PERIOD BEFORE TAXATION (cont'd)

### (b) Staff cost

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Salaries, wages and other benefits | **1,261,014** | 1,314,362 |
| Contributions to defined contribution retirement plans | **63,846** | 44,600 |
| Expenses recognised in respect of defined benefit retirement plans | **-** | 674 |
| Equity-settled share-based payment expenses | **2,331** | 18,262 |
| | **1,327,191** | 1,377,898 |

### (c) Other items

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Depreciation | | |
| - other property, plant and equipment | **301,042** | 290,038 |
| - right-of-use assets | **191,118** | 165,757 |
| Impairment losses reversed (note) | | |
| - other property, plant and equipment | **(5,629)** | - |
| - intangible assets | **(98,385)** | - |
| - right-of-use assets | **(11,710)** | - |
| Amortisation | | |
| - customer relationship, licences and brand names | **53,859** | 52,808 |
| - casino licences and brand names | **335** | 915 |
| - Bass Strait oil and gas royalty | **12,233** | 12,177 |
| - other intangible assets | **124,582** | 115,755 |
| Refund on value-added tax claim and related interest | **(879,495)** | - |
| | | |
| Gross rental income from investment properties | **(345,623)** | (337,522) |
| Less: direct outgoings | **84,788** | 84,627 |
| Net rental income | **(260,835)** | (252,895) |

Note:

During the six months ended 31 December 2021, the Group recognised a reversal of previously impaired assets of HK$115.7 million (2020: nil) relating to six casino venues. This follows the business transformation completed in 2020 and the reopening of venues since May 2021, which has contributed to an improved current result and forecast outlook for the venues identified.

## 7. TAX EXPENSES

Taxation in the consolidated income statement represents:

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Current tax - Hong Kong Profits Tax | **1,871** | 1,728 |
| Current tax - Overseas | **336,533** | 277,505 |
| Deferred tax | **(112,653)** | (182,166) |
| | **225,751** | 97,067 |

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2020: 16.5%) to the profits for the six months ended 31 December 2021. 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 | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Dividends payable/paid in respect of the current year: | | |
| - Interim dividend declared of HK$0.50 (2020: HK$0.50) per ordinary share | **164,524** | 164,525 |
| Dividends paid in respect of the prior year: | | |
| - Final dividend of HK$1.50 (2020: HK$1.50) per ordinary share | **493,579** | 493,575 |

The interim dividend declared for the year ending 30 June 2022 of HK$164,524,000 (2021: HK$164,525,000) is calculated based on 329,051,373 ordinary shares (2020: 329,051,373 ordinary shares) in issue as at 31 December 2021.

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 is based on the profits attributable to equity shareholders of the Company of HK$615,861,000 (2020: HK$1,010,915,000) and the weighted average number of 325,224,511 ordinary shares (2020: 325,224,511 ordinary shares) in issue during the period.

### (b) Diluted earnings per share

For the six months ended 31 December 2021 and 2020, 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 2021 (Unaudited) HK$'000** | At 30 June 2021 (Audited) HK$'000 |
|---|---|---|
| Trade debtors | **839,421** | 456,745 |
| Other receivables, deposits and prepayments | **780,946** | 1,015,346 |
| Derivative financial instruments, at fair value | **90,308** | 103,603 |
| Interest receivables | **10,136** | 1,848 |
| | **1,720,811** | 1,577,542 |

Included in the Group's trade and other receivables is HK$70.2 million (30 June 2021: HK$69.9 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 2021 (Unaudited) HK$'000** | At 30 June 2021 (Audited) HK$'000 |
|---|---|---|
| Within 1 month | **786,209** | 403,355 |
| 1 to 3 months | **24,497** | 13,433 |
| More than 3 months | **28,715** | 39,957 |
| | **839,421** | 456,745 |

## 11. TRADE AND OTHER PAYABLES

| | **At 31 December 2021 (Unaudited) HK$'000** | At 30 June 2021 (Audited) HK$'000 |
|---|---|---|
| Trade creditors | **679,248** | 643,615 |
| Other payables and accrued operating expenses | **3,664,683** | 3,686,508 |
| Derivative financial instruments, at fair value | **366,666** | 438,436 |
| Amounts due to fellow subsidiaries | **19,265** | 27,510 |
| Amounts due to associates and joint ventures | **257** | 248 |
| | **4,730,119** | 4,796,317 |

Included in trade and other payables is HK$553.6 million (30 June 2021: HK$1,094.8 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 2021 (Unaudited) HK$'000** | At 30 June 2021 (Audited) HK$'000 |
|---|---|---|
| Within 1 month | **488,161** | 441,868 |
| 1 to 3 months | **101,972** | 132,774 |
| More than 3 months | **89,115** | 68,973 |
| | **679,248** | 643,615 |

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$0.50 per share amounting to approximately HK$165 million for the financial year ending 30 June 2022 (2020/2021 interim dividend: HK$0.50 per share amounting to approximately HK$165 million), which will be payable on Wednesday, 23 March 2022 to the shareholders whose names appear on the Register of Members on Thursday, 10 March 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

The Group recorded an unaudited consolidated profit attributable to shareholders of HK$616 million for the six months ended 31 December 2021 (2020: HK$1,011 million). For this reporting period, performances were mixed. Principal Investment and the hotel business in the Hospitality and Leisure segments recorded losses but the other core businesses witnessed improved profitability. Basic earnings per share amounted to HK$1.89 (2020: HK$3.11).

Revenue for the six months ended 31 December 2021 increased by 61% to HK$7.4 billion primarily due to an increase of HK$2.1 billion in revenue from the Hospitality and Leisure segment arising from the progressive lifting of COVID-19 related lockdowns, and the scale back in restrictions on travel and social distancing measures for much of the financial period being reported. Our results were also augmented by an increase of HK$0.8 billion in revenue from the Property Development and Investment segment as a result of higher recognition of progressive sales from residential projects in Singapore along with the sales of properties in China. However, the performance and results were tempered by the effects of the Omicron variant affecting our hotel business in the Hospitality and Leisure segment in particular towards the end of the calendar year.

### Review of Operations

### Principal Investment

The continuing COVID-19 pandemic and the effects from government remedial measures, namely monetary and fiscal stimuli in many of the world's major economies, dominated the backdrop to the financial period and the equity markets in which we have invested. Whilst major equity markets were buoyed by progressive relaxation of lockdown measures and expectations of a rebounding economy, there remained concerns caused by global supply chains disruptions and increased inflationary pressures. This led to increased expectations of higher interest rates and the tapering of quantitative easing. Market sentiment was further aggravated by the emergence of the highly transmissive Omicron variant of the COVID-19 virus at the end of November 2021. In short, the volatility of equity markets remained high.

The market breadth, i.e. the number of stocks and sectors that rose, narrowed as global asset prices increased. As an example, five highly valued technology stocks accounted for 31% of the S&P500's gain in 2021. Meanwhile, value stocks continued to languish. Our Principal Investments portfolio which was more weighted in value stocks did not benefit from the market rally in the first half of our fiscal year. Our Principal Investment segment recorded a pre-tax loss for the six months ended 31 December 2021 of HK$608 million.

The treasury markets also remained volatile in the first half of the financial year. Our treasury team continued to focus on managing the foreign currency risk exposures and liquidity positions of the Group companies to reduce the overall impact.

**Property Development and Investment**

***GuocoLand Limited ("GuocoLand")***

For the six months ended 31 December 2021, GuocoLand's revenue and gross profit increased by more than 40% to S$452.7 million and S$140.2 million respectively, as compared to the corresponding period in 2020. This was mainly due to higher progressive recognition of sales from the Singapore residential projects, including Meyer Mansion, Midtown Bay and Midtown Modern, and the sales from Guoco Changfeng City in China during the period. The revenue from GuocoLand's investment properties increased by 3% and revenue from the hotel business grew close to 10%. Gross profit margin remained stable at approximately 30%.

Other income increased by S$14.2 million mainly due to the higher fair value gain on interest rate hedges. As a result of the appreciation of Chinese Renminbi (RMB) against Singapore dollars during the first half of the financial year, a higher net foreign exchange loss was recorded in other expenses. Meanwhile, the share of profits of associates and joint ventures declined by S$8.9 million due to the lower profit contribution from EcoWorld International Berhad.

GuocoLand completed the disposal of its Vietnam subsidiaries during the first half, resulting in a net gain of S$14.3 million. Overall, the profit attributable to equity holders for the six months ended 31 December 2021 increased by 195% to S$67.5 million as compared to the corresponding period in 2020.

In July 2021, GuocoLand successfully won the tender for a plot of land of 185,899 square feet at Lentor Central, Singapore to develop three 25-storey towers with around 600 residential units and more than 96,000 square feet of commercial, food and beverage and retail spaces. The transit-oriented development is directly connected to the newly opened Lentor MRT station on the Thomson-East Coast Line. When fully operational, the commercial components of the development will be accretive to the investment portfolio and recurrent income.

In Singapore, the prices of non-landed private homes grew consecutively for the seventh quarter, up by 5.4% in the fourth quarter in 2021, and outstripped the 0.7% growth in the third quarter, according to the latest statistics released by the Urban Redevelopment Authority. Higher prices were broad-based, from all regions, and attributable to new launches with higher benchmark prices. The private residential market in Singapore is expected to continue to be healthy, driven principally by demand from owner-occupiers, coupled with low unsold inventory in the market as well as projected lower supply from new launches in 2022, arising from calibrated land supply in the past two years. While the latest cooling measures may have some impact on the sales momentum, particularly on the number of foreign buyers, a broader economic recovery would help increase demand in general from Singaporeans, particularly those purchasing their first property or those who are upgrading. Demand for Grade A office space in the CBD is expected to remain resilient as the economy recovers and companies prepare for growth.

Average new home prices across the 70 biggest cities in China declined marginally for the fourth consecutive month, contracting by 0.28% month-on-month in December 2021, according to an analysis by Reuters of the data from the National Bureau of Statistics. This was a reflection of the weak demand which persisted due to the credit tightening and restrictive policies in the property sector. Against this backdrop, home prices in Chongqing and Shanghai remained resilient, increasing by 0.3% and 0.4% month-on-month respectively. Home prices rose by 4.2% in Shanghai and 7.9% in Chongqing as compared to a year ago. With recent steps implemented by the Chinese authorities to marginally ease property restrictions, China's housing market is expected to see signs of recovery in homebuyer sentiment, leading to improvement in transaction volumes in this year.

According to the data released by National Property Information Centre, the home price index in Malaysia in the fourth quarter of 2021 dipped by 0.7% year-on-year and 1.9% over the previous quarter, mainly due to the scale back in new launches during the period. Despite the downward pricing pressure, there was a bright spot in the high-end residential properties in Kuala Lumpur. The gradual easing of COVID-19 restrictions and reopening of sales galleries drove the transaction volume up by about 26% quarter-on-quarter. The property market is expected to be on a recovery path, on the back of an improving economy, reopening of borders and supportive policies such as the abolishment of the real property gains tax for properties sold after five years. However, the recent floods which affected several states and the Omicron variant of COVID-19 virus could pose downside risks.

## Hospitality and Leisure

### *GLH Hotels Group Limited ("GLH")*

GLH, our key hotel operating business unit, recorded a loss after tax for the six months ended 31 December 2021 of GBP22.6 million, compared to a loss of GBP23.3 million for the corresponding period in 2020. Operationally GLH's loss in the current period was significantly less than in the previous corresponding period, as the prior year numbers include an exceptional income from a business interruption insurance claim of GBP14.5 million.

At the start of the financial year, many of GLH's hotels were open following the government restrictions in the UK on the leisure and hospitality industry largely having been lifted since May 2021. From July to November 2021, the occupancy, average room rate and revenue grew consistently as market confidence and demand grew in the UK. However, the occupancy was still well below pre-pandemic levels as international travels continued to be restrained by the ongoing COVID-19 pandemic. GLH constantly reviewed the trading strategy during the period with selective hotels being opened according to market demand to maximise average room rate while some remained closed to contain costs. GLH also focused on delivery of an improved guest experience to uphold service standards. However, since November 2021, the Omicron variant saw rapid infection rates in the UK, resulting in some cancellations and occupancy dropping marginally below the pre-Omicron levels, though in December 2021 average room rate was the highest over the six-month period.

With the lifting of restrictions, support from the UK Government reduced during the first half of the financial year. The 100% business rates holiday ended on 30 June 2021. It was replaced by a relief capped at GBP2.0 million across GLH for the 2021/22 business rates year. The Coronavirus Job Retention Scheme, through which the UK Government supported businesses with furloughed employees, ended on 30 September 2021.

GLH maintained strong operational cost control measures during the period and kept capital expenditure to only essential in nature. The industry-wide recruitment challenge in the UK, brought about by a combination of the pandemic and the exit from the European Union, has resulted in cost inflation and operational challenges. GLH has continued to review its approach to being an employer of choice for UK nationals and overseas nationals alike. A flexible staffing model has been employed, the purpose of which is to channel staff resources into the hotels and departments with the most demand.

Despite the bump in recovery as a result of the Omicron variant, infection cases in the UK have dropped and UK government restrictions have been reduced to their lowest levels since the start of the pandemic. While GLH remains positive on the recovery and long-term strength of the London hotel market, the lack of international arrivals and low occupancy rate will continue to impact on the operations of GLH in the near term.

***The Rank Group Plc ("Rank")***

Rank's net gaming revenue increased significantly by 88% to GBP333.7 million for the six months ended 31 December 2021 following the reopening of venues since May 2021 which were not subject to any enforced COVID-19 closures as experienced in the corresponding period in 2020. Along with the receipt of GBP83.1 million after the successful conclusion of a longstanding Value Added Tax ("VAT") refund claim with the HM Revenue & Customs, a reversal of previously impaired assets of GBP10.8 million relating to six Grosvenor venues and an additional profit on the disposal of the Blankenberge casino in Belgium in the prior year of GBP3.1 million, Rank returned to profitability and recorded a profit after tax of GBP84.6 million for the six months ended 31 December 2021, compared to a loss after tax of GBP48.6 million in the corresponding period in 2020.

Both the Grosvenor and Enracha venues businesses have performed strongly throughout the first half, providing evidence that the end of the pandemic will see a strong recovery in revenue and profitability. The Mecca venues business has been more severely impacted by the autumn's rise in COVID-19 case numbers, but venue-based bingo remains an attractive social activity and Rank has focused on investing in value for bingo customers as consumers return to indoor hospitality.

As a result of the emergence of the Omicron variant, the reintroduction of COVID-19 restrictions together with the increase in consumer caution in regards to indoor hospitality settings negatively impacted trading in November and December. With most COVID-19 restrictions in the UK being removed since late January 2022, Rank expects the trading to recover across the Grosvenor venues, particularly when inbound tourism picks up. For the Mecca venues, Rank expects a slower build as consumer confidence gradually recovers.

The UK facing digital business returned to growth in the first half, strongly supported by omni-channel customer revenues. In early January 2022, Rank successfully migrated the Mecca digital platform onto its RIDE proprietary technology platform. This is a very significant milestone for the UK digital business, Rank Interactive. Rank expects to complete the migration of Grosvenor digital onto RIDE in the summer. Similarly, in the Spanish facing digital business, Rank has migrated the Enracha site onto the Yo Bingo platform and is now well advanced in terms of launching Yo Sports in Spain and introducing the Yo brand to the Portuguese market.

With the return to profitable cash generative trading and the receipt from the VAT refund claim, Rank has opportunities for organic growth investments and the strengthened balance sheet has enabled the acceleration of the Transformation 2.0 programme, with some key investments now again being made in products, properties and systems to improve the quality of the customer proposition. Rank has a strong capital investment programme planned for the second half of the financial year. Rank is well positioned to regain the strong growth momentum it had previously built up as it comes out of the pandemic.

## Financial Services

### *Hong Leong Financial Group Berhad ("HLFG")*

HLFG will publish its results for the interim period ended 31 December 2021 at a later date. The consolidated results of HLFG based on their unaudited management accounts have been incorporated in the Group's interim results.

**Others**

The Group's wholly owned Manuka honey product producer and distributor, Manuka Health New Zealand Limited ("MHNZ"), continues to build on its brand position in key markets combating the ongoing impact of COVID-19 which reduced shopper traffic in many markets and tourism in Asia Pacific. Leveraging on the strong base, MHNZ is focusing on growing its direct-to-consumer model and strengthening its position in key markets.

Revenue from the oil and gas segment saw an increase during the period due to higher average crude oil and gas prices as well as the higher gas production.

## GROUP FINANCIAL COMMENTARY

***Capital Management***

The consolidated total equity attributable to shareholders of the Company as at 31 December 2021 amounted to HK$58.3 billion. Net debt, being total bank loans and other borrowings less cash and short term funds as well as trading financial assets, amounted to HK$18.1 billion. The equity-debt ratio was 76:24 as at 31 December 2021.

***Liquidity and Financial Resources***

The Group's total cash and short term funds as well as trading financial assets were mostly denominated in HKD (24%), USD (18%), SGD (16%), RMB (14%), GBP (12%), and EUR (6%) as at 31 December 2021.

The Group's total bank loans and other borrowings amounted to HK$41.4 billion as at 31 December 2021, and were mostly denominated in SGD (69%), RMB (8%), GBP (7%), HKD (7%), MYR (4%) and USD (4%). The Group has borrowings of HK$6.7 billion payable within 1 year or on demand.

Certain of the Group's bank loans and other borrowings are secured by pledges of various properties, fixed assets, trading financial assets and bank deposits with an aggregate book value of HK$50.0 billion as at 31 December 2021.

Committed borrowing facilities available to the Group and not yet drawn as at 31 December 2021 amounted to approximately HK$14.3 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 when considered appropriate.

As at 31 December 2021, approximately 83% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 17% carried interest 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 exposure and investments.

As at 31 December 2021, there were outstanding foreign exchange contracts with a total notional amount of HK$19.1 billion entered into by the Group to primarily hedge foreign currency equity investments.

### *Equity Price Exposure*

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

## GROUP OUTLOOK

Although the pandemic continues into a third year, the world is now much better equipped to fight the virus and its variants with efficacious vaccines and prophylactic treatments. Despite this challenge weighing on world economies, global asset prices in major markets have increased at a good pace for each of the last three years, courtesy of easy monetary policies and stimulative fiscal policies as well as forward expectations of rebounding economies. However, lurking on the horizon are heightened concerns of persistent inflation, a slowdown in corporate earnings growth and an expected termination of these accommodative policies, amidst rising geo-political uncertainties. Asset prices may be poised to enter a period of more moderate returns but with COVID-19 persisting, volatility remains.

Looking forward, with COVID-19 restrictions being progressively removed in most key operating markets, in particular the UK, we expect trading to continue to recover across our operating business segments.

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

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2021.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company has adopted a Code on 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 the HKEX Code which was in force during the relevant time, 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 2021 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 Thursday, 10 March 2022, 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 Registrar 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 Wednesday, 9 March 2022.

By Order of the Board
**Stella Lo Sze Man**
Company Secretary

Hong Kong, 23 February 2022

*As at the date of this announcement, the Board of the Company comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. David Michael NORMAN, Mr. Lester G. HUANG, SBS, JP and Mr. Paul Jeremy BROUGH as Independent Non-executive Directors.*