國浩集團
GuocoGroup
A Member of the Hong Leong Group

For immediate release

15 September 2020

GUOCO GROUP LIMITED
(the "Company" or "Guoco")

PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

		2020	2019	
		HK$'M	HK$'M	*(Decrease)*
Turnover		**16,745**	19,726	*(15%)*
Revenue		**14,641**	17,475	*(16%)*
(Loss)/profit from operations		**(1,145)**	2,368	*N/A*
(Loss)/profit attributable to equity shareholders of the Company		**(873)**	3,369	*N/A*
		HK$	HK$	
(Loss)/earnings per share		**(2.68)**	10.36	*N/A*
Dividend per share:	Interim	**1.00**	1.00	
	Proposed final	**1.50**	3.00	
	Total	**2.50**	4.00	*(38%)*
Equity per share attributable to equity shareholders of the Company		**170.55**	188.81	*(10%)*

(15 September 2020, Hong Kong) Guoco Group Limited (Stock Code: 53) announced today its preliminary annual results for the year ended 30 June 2020.

FINANCIAL RESULTS

The Company and its subsidiaries (collectively the "Group") recorded a loss attributable to shareholders of the Company for the year ended 30 June 2020 of HK$873 million, compared to a profit of HK$3,369 million last year. The loss was incurred mainly as a result of a negative mark-to-market impact on the principal investment segment and provisions for asset impairment, in particular, in the hospitality and leisure segment. The other business segments remained profitable. The basic loss per share amounted to HK$2.68.

The principal investment segment reported a net loss of HK$2.0 billion primarily because of mark-to-market losses. The hospitality and leisure segment recorded a loss of HK$233 million as a result of the adverse impact caused by COVID-19, with the majority of the loss arising from the provision for asset impairments. However, the profits generated from the property development and investment, financial services and other segments of HK$678 million, HK$866 million and HK$245 million respectively mitigated the overall loss position.

Revenue declined by HK$2.8 billion or 16% to HK$14.6 billion during the year. This was primarily due to reduced income of HK$0.9 billion from the principal investment segment and a decrease of HK$1.6 billion in revenues from the hospitality and leisure segment following the COVID-19 lockdowns of their operations in the final quarter of the year under review.

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DIVIDEND

While the Group's financial position remain strong, the board of directors of the Company (the "Board") has adopted a more prudent approach to conserve financial resources in light of the uncertain economic outlook ahead and recommend a final dividend of HK$1.50 per share, totalling HK$494 million. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 6 November 2020, the final dividend will be payable on 25 November 2020 to the shareholders whose names appear on the Register of Members of the Company on 13 November 2020.

GUOCO'S CORE BUSINESSES

Principal Investment

The principal investment segment in the year ended June 2020 recorded a loss before taxation of HK$2.0 billion primarily from unrealised mark-to-market valuations and decreases in dividend income. The segment was particularly impacted as the majority of its equity portfolio was in the financial services sector which encountered declines in share prices triggered by the poor economic outlook, dividend cuts to conserve capital and a flat interest rate yield curve depressing asset returns. We expect the segment investments in the financial services sector will recover once economic activities return.

"The current market situation presents challenges and opportunities for the principal investment segment to realign its asset allocation and we have taken advantage of rebounds in asset prices to close out our positions in companies whose fundamentals and outlooks have deteriorated. We are judiciously repositioning our portfolio to benefit when economic recovery emerges," said Mr. Tang Hong Cheong, President & CEO of the Group.

Meanwhile, the Group Treasury navigated carefully through the extremely chaotic market conditions in the financial year and recorded positive contribution from foreign exchange and interest rate management.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

For the financial year ended 30 June 2020, GuocoLand's revenue and gross profit increased marginally to S$941.8 million and S$300.1 million respectively as compared to the last financial year. While revenue from GuocoLand's property development business increased by approximately 5%, revenue from investment properties decreased marginally and revenue from hotels fell by close to 30%.

Other income decreased by 32% to S$162.6 million with fair value gain on investment properties recorded in the previous year not being repeated in the current year while a gain was recorded from the sale of the Guoman Hotel in Shanghai. Meanwhile, other expenses increased by S$91.0 million to S$128.4 million mainly due to an impairment loss provided against GuocoLand's joint venture investment and fair value losses on its interest rate hedges.

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Mr. Tang stated, "GuocoLand is paying close attention to the COVID-19 situation and its impact on property development and investment activities. Construction of GuocoLand's ongoing development projects in Singapore, China and Malaysia has resumed. GuocoLand will seek to build a resilient and sustainable business for the long term. This includes provision of a safe work environment for its employees, greater use of technology to ensure business continuity and diversification of supply chains."

More details are available at www.guocoland.com.sg.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a loss after tax for the financial year ended 30 June 2020 of US$26.7 million compared to a profit after tax of US$50.3 million in the previous financial year.

Revenue was 26% lower than in the previous financial year due mainly to lower hotel revenue following the COVID-19 outbreak as all GL's hotels were temporarily closed in late March 2020 following a lockdown in the United Kingdom ("UK"). A decrease in revenue from the oil and gas segment was recognised due to a lower average crude oil price and reduced oil production as well as the weakening of the AUD against the USD. As a result, GL reported a loss after tax of US$26.7 million which was mitigated by the receipt of the final compensation from the compulsory acquisition of Euston Hotel as well as the government grants from various COVID-19 pandemic relief schemes in the UK and Singapore.

According to Mr. Tang, "The COVID-19 pandemic continues to restrict international travel and many office workers choose to work from home. London has yet to regain its allure as a global city and consequently occupancy rates in London remain low. GL continues to implement cost reduction initiatives and defer non-critical projects in order to preserve working capital and liquidity. GL will closely monitor the situation and adapt its response to developments as they arise during this unprecedented crisis."

More details are available at www.gl-grp.com.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax for the financial year ended 30 June 2020 of GBP9.4 million, a decrease of 68% as compared to a profit after tax of GBP29.1 million reported in the previous financial year. Net gaming revenue decreased by 8% to GBP638.1 million with the impact of closed venues during the COVID-19 pandemic offset both by the good progress Rank had made in the first eight months of the financial year and strong growth in its digital business.

Having completed the acquisition of Stride Gaming Plc ("Stride") on 4 October 2019, the focus of Rank has been on the integration of Stride including the development of Stride's proprietary technology in advance of migrating Rank's online services onto the Stride platform before the end of 2021. Rank currently expects cost synergies to be higher than its initial estimation. In the interim, it continues to drive digital growth in the UK, Spain and India.

國浩集團有限公司
Guoco Group Limited
Incorporated in Bermuda with limited liability
Website: www.guoco.com
香港中環皇后大道中九十九號中環中心五十樓
50th Floor, The Center, 99 Queen's Road Central, Hong Kong
電話 Tel: +852 2283 8833 傳真 Fax: +852 2285 3233

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By August 2020, Rank had received government permission to reopen the majority of its international and UK venues. Stringent social distancing and sanitisation measures with redesigned operations and staff training were introduced to ensure a safe and secure environment for customers and staff. Rank expects to rebuild revenues through the new financial year once social distancing and other supply constraints are reduced and customer confidence returns.

More details are available at www.rank.com.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

HLFG Group recorded a profit before tax of RM3,299.5 million for the financial year ended 30 June 2020 as compared to a profit before tax of RM3,505.6 million in the previous financial year, a decrease of RM206.1 million or 5.9%. The decrease was mainly due to a lower contribution from the commercial banking and insurance divisions.

More details are available at www.hlfg.com.my.

Others

During the year, Manuka Health New Zealand Limited (“MHNZ”), a wholly owned subsidiary of the Company engaging in the production and distribution of manuka honey products, experienced an uplift in sales as demand for its products surged. With the onset of the COVID-19 outbreak, consumers sought natural wellness products. In the near term, MHNZ will focus on building its brand profile to differentiate itself from competitors as well as growth in its core markets of China, Europe, Japan, USA and Oceania.

GROUP OUTLOOK

“The on-going COVID-19 pandemic and escalating geopolitical tensions are creating pressure on the global economy. The Group’s core hospitality and leisure businesses require disciplined management to navigate through this turbulent time. The Group’s property segment has experienced delays in its property developments because of COVID-19 lockdowns but has a strong pipeline of projects in the coming years. The Group seeks to balance prospects of capital gains against the risks of underlying business growth. Nonetheless, shareholders are reminded that the Group’s principal investment performance is likely to remain volatile,” commented Mr. Tang. In these uncertain times, the Group will stay vigilant in managing key business concerns such as liquidity, capital, credit, market, and operational risks and will continue to maintain a prudent and sustainable approach to business.

(Please visit www.guoco.com or www.hkexnews.hk for Guoco's full final results announcement.)

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Guoco Group Limited ("Guoco") (Stock Code: 53), listed on The Stock Exchange of Hong Kong Limited, is an investment holding and management company with the vision of achieving long term sustainable returns for its shareholders and creating prime capital value. Guoco's operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. Guoco has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

Contacts :
Ms. Stella Lo
Group Company Secretary
Tel: (852) 2283 8710
Fax: (852) 2285 3210
E-mail: stella.lo@guoco.com