

For immediate release

24 February 2020

GUOCO GROUP LIMITED
(the “Company” or “Guoco”)

PRELIMINARY INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Six months ended 31 December		
	2019 HK\$'M	2018 HK\$'M	Increase/ (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	As at	
	31 December 2019	30 June 2019	
	HK\$	HK\$	
Equity per share attributable to equity shareholders of the Company	181.74	188.81	(4%)

(24 February 2020, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its preliminary interim results for the six months ended 31 December 2019.

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.

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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.

INTERIM DIVIDEND

Guoco Group declared an interim dividend of HK\$1.00 per share for the financial year ending 30 June 2020.

GUOCO GROUP’S CORE BUSINESSES

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 had been focusing 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, a residential development located in prime district of Singapore. Consequently, profit attributable to equity holders of GuocoLand doubled to S\$74.5 million for the half year ended 31 December 2019.

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

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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.

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

More details are available at <http://www.gl-grp.com>.

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.

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.

More details are available at www.rank.com.

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.

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

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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.

Commenting on the group outlook, Mr. Tang Hong Cheong, the President & CEO of Guoco said, “Amid such an uncertain outlook, the Group will continue to maintain a value oriented investment approach in our Principal Investment activities and exercise caution in implementing business plans of other core businesses.”

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

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Guoco Group Limited (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 Group's operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. Guoco Group has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure; and Financial Services.

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