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# 國浩集團有限公司 Guoco Group Limited

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

## **VOLUNTARY ANNOUNCEMENT ECONOMIC IMPACT OF COVID-19 ON THE RANK GROUP PLC**

This announcement is made by Guoco Group Limited (“Guoco” or the “Company”) on a voluntary basis. The Rank Group Plc (“Rank”, together with its subsidiaries, the “Rank Group”), a subsidiary of Guoco and listed on London Stock Exchange Plc (“LSE”), published a trading statement on 20 April 2020 in relation to an update on the impact of COVID-19, the mitigating actions being taken, Rank’s contribution to the national effort, and a trading update for the quarter to 31 March. The purpose of this announcement is to provide an update on the economic impact of COVID-19 on the Rank Group as follows:

Rank provides this trading update in the context of the unprecedented situation caused by the COVID-19 pandemic which is having a material impact on the Rank Group. Since Rank’s update on 17 March 2020, Rank has continued to make progress on its plan to ensure that Rank withstands this crisis and re-emerge as a strong business. Whilst Rank has limited forward visibility and with it the likely pace of recovery, Rank is preparing for difficult trading conditions when Rank reopens its venues businesses.

The short-term economic impact to Rank’s venues businesses has been significant, but Rank has acted swiftly and decisively to mitigate where appropriate. Across Rank’s UK venues and support offices, circa 7,000 colleagues, out of a UK workforce of 7,600, have been furloughed. Where relevant, Rank has topped up the UK Government’s Coronavirus Job Retention Scheme (“CJRS”) so that all colleagues in furlough will receive 80% of their salary. The executive and non-executive directors have volunteered a 20% reduction in salaries and fees with effect from 1 April 2020 for as long as our colleagues are in furlough. The positive cash impact of the UK’s CJRS, and similar schemes in Spain and Belgium, will be approximately £8 million per month.

The Rank Group also benefits by approximately £1 million per month from the business rates holiday. Discussions to reduce its cash outflow are ongoing with suppliers and landlords. Rank's approach is to ensure that both Rank and its suppliers are able to survive the current economic crisis.

The Rank Group has a small number of long running value-added tax ("VAT") claims. At the outset of the lockdown period, Rank requested repayment from HM Revenue and Customs ("HMRC") of £25.2 million in relation to VAT paid on slot machine revenue between 2002 and 2005 to maximise its liquidity and this was received in early April 2020. Subsequently on 15 April 2020, following an appeal heard in January, the Upper Tribunal ruled in favour of Rank. If HMRC is granted permission to appeal this latest decision and the Court of Appeal rules in favour of HMRC, Rank would be required to repay the £25.2 million. In that scenario, Rank does not expect any repayment to be made for at least 12 months. In addition, Rank has reached agreement with HMRC to defer circa £40 million of tax and duty that was due to be paid in April 2020, initially until 30 June 2020.

The Rank Group's next dividend would typically be paid in October 2020. The board of directors of Rank does not intend to recommend a dividend unless all creditors, directly arising from the actions of the Rank Group to mitigate the economic impact of COVID-19, have been resolved and Rank has the necessary visibility on future cashflows following the reopening of Rank's venues.

Assuming that all venues remain closed for the rest of the financial year to 30 June 2020, underlying operating profit for the year of Rank is expected to be between £48 million to £58 million after the International Financial Reporting Standard 16 ("IFRS 16") (£40 million to £50 million before IFRS 16). As a result, Rank expects to meet all its bank covenants at 30 June 2020.

Immediately prior to lockdown measures in the UK, Rank estimated that during a period of full closure of all venues, monthly cash outflow before mitigation was £25 million and would be reduced to £17 million with mitigating actions within Rank's control. As a result of the HM Treasury's support measures and further progress on Rank's own mitigations, it is estimated that the monthly cash outflow rate will be reduced to approximately £10 million from May 2020. As at 31 March 2020, total available cash and facilities, after deducting customer balances, was £166 million with the month of April expected to be broadly cash neutral. The Rank Group is funded by the Stride acquisition facility of £128 million and undrawn revolving credit facilities of £85 million (of which £30 million expires on 29 September 2020, £40 million in 2024 and £15 million in 2025).

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

*(Note: The expression “£” in this announcement means “Pounds Sterling”)*

Remarks: *The trading statement of Rank dated 20 April 2020 is accessible at LSE’s website (<http://www.londonstockexchange.com>) and are also posted by Guoco as an overseas regulatory announcement on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and Guoco (<http://www.guoco.com>).*

By Order of the Board  
**LO Sze Man, Stella**  
Company Secretary

Hong Kong, 20 April 2020

*As at the date of this announcement, the board of directors of Guoco 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. Lester G. HUANG, SBS, J.P. as Independent Non-executive Directors.*