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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 2017

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2017	2016	
	HK$'M	HK$'M	*Increase*
Turnover	**24,317**	8,901	*173%*
Revenue	**22,808**	6,416	*255%*
Profit from operations	**5,301**	3,116	*70%*
Profit attributable to equity shareholders of the Company	**3,697**	3,052	*21%*
	HK$	HK$	
Earnings per share	**11.38**	9.39	*21%*
Interim dividend per share	**1.00**	1.00	-
	As at 31 December 2017	As at 30 June 2017	
	HK$	HK$	
Equity per share attributable to equity shareholders of the Company	**200.63**	188.20	*7%*

RESULTS

The unaudited consolidated results of Guoco Group Limited (the “Company”) and its subsidiaries (together the “Group”) for the six months ended 31 December 2017 together with comparative figures for the corresponding period last year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2017 - Unaudited

	Note	**2017** HK$'000	2016 HK$'000
Turnover	2 & 3	**24,317,376**	8,900,700
Revenue	2 & 3	**22,807,716**	6,416,492
Cost of sales		**(14,832,550)**	(3,147,575)
Other attributable costs		**(376,696)**	(177,283)
		7,598,470	3,091,634
Other revenue		**133,824**	129,182
Other net income	4	**431,235**	2,402,778
Administrative and other operating expenses		**(2,404,080)**	(2,150,548)
Profit from operations before finance costs		**5,759,449**	3,473,046
Finance costs	2(b) & 5(a)	**(458,802)**	(357,032)
Profit from operations		**5,300,647**	3,116,014
Share of profits of associates and joint ventures		**421,617**	639,583
Profit for the period before taxation	2 & 5	**5,722,264**	3,755,597
Tax expenses	6	**(1,270,249)**	(355,776)
Profit for the period		**4,452,015**	3,399,821
Attributable to:			
Equity shareholders of the Company		**3,697,209**	3,052,187
Non-controlling interests		**754,806**	347,634
Profit for the period		**4,452,015**	3,399,821
Earnings per share		**HK$**	HK$
Basic	8	**11.38**	9.39
Diluted	8	**11.38**	9.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2017 - Unaudited

	2017 HK$'000	2016 HK$'000
Profit for the period	**4,452,015**	3,399,821
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**1,817,424**	(3,332,837)
Changes in fair value of cash flow hedge	**11,087**	10,127
Changes in fair value of available-for-sale financial assets	**94,881**	17,634
Transfer to profit or loss on disposal of available-for-sale financial assets	**1,859**	-
Share of other comprehensive income of associates	**(53,070)**	22,519
Other comprehensive income for the period, net of tax	**1,872,181**	(3,282,557)
Total comprehensive income for the period	**6,324,196**	117,264
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	**5,005,127**	817,239
Non-controlling interests	**1,319,069**	(699,975)
	6,324,196	117,264

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Note	**At 31 December 2017 (Unaudited) HK$'000**	At 30 June 2017 (Audited) HK$'000
NON-CURRENT ASSETS			
Investment properties		**18,904,986**	18,336,773
Other property, plant and equipment		**13,612,777**	13,178,164
Interest in associates and joint ventures		**10,368,932**	9,500,650
Available-for-sale financial assets		**14,824,307**	14,461,613
Deferred tax assets		**144,974**	701,985
Intangible assets		**8,045,598**	7,737,082
Goodwill		**1,122,571**	1,078,661
Pensions surplus		**3,930**	4,574
		67,028,075	64,999,502
CURRENT ASSETS			
Development properties		**11,744,393**	17,942,230
Properties held for sale		**6,693,704**	3,757,690
Deposits for land		**2,850,701**	2,646,894
Trade and other receivables	9	**4,672,461**	2,472,532
Trading financial assets		**14,268,295**	11,569,944
Cash and short term funds		**21,161,677**	25,200,402
Assets held for sale		**69,018**	68,538
		61,460,249	63,658,230
CURRENT LIABILITIES			
Trade and other payables	10	**6,533,907**	10,699,380
Bank loans and other borrowings		**17,109,479**	18,336,125
Taxation		**1,007,609**	649,799
Provisions and other liabilities		**80,449**	103,787
		24,731,444	29,789,091
NET CURRENT ASSETS		**36,728,805**	33,869,139
TOTAL ASSETS LESS CURRENT LIABILITIES		**103,756,880**	98,868,641
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		**17,863,426**	18,822,113
Amount due to non-controlling interests		**2,257,301**	1,793,986
Provisions and other liabilities		**313,562**	304,992
Deferred tax liabilities		**805,767**	629,076
		21,240,056	21,550,167
NET ASSETS		**82,516,824**	77,318,474
CAPITAL AND RESERVES			
Share capital		**1,285,549**	1,284,175
Reserves		**64,732,714**	60,643,520
Total equity attributable to equity shareholders of the Company		**66,018,263**	61,927,695
Non-controlling interests		**16,498,561**	15,390,779
TOTAL EQUITY		**82,516,824**	77,318,474

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 2016/17 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017/18 annual financial statements.

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.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has 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. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial Instruments, HKFRS 15, Revenue from Contracts with Customers, and HKFRS 16, Leases.

As HKFRS 9, HKFRS 15 and HKFRS16, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, revenue and leases respectively, these standards are expected to be relevant to the Group. The Group is currently assessing the potential impact of adopting these new standards on its financial statements and does not plan to adopt these standards early.

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 2016/17 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 HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2017 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 2017 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 29 August 2017.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

The 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 consolidated financial statements, which are translated at the rates prevailing at the respective financial period/year ends for presentation purposes only (31 December 2017: US$1 = HK$7.81365, 30 June 2017: US$1 = HK$7.8053, 31 December 2016: US$1 = HK$7.7545).

2. 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 five 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, associate 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
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.	Subsidiary

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 2016/17.

2. 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	Oil and gas HK$'000	Total HK$'000
For the six months ended 31 December 2017						
Turnover	**2,205,067**	**16,968,247**	**5,144,062**	**-**	**-**	**24,317,376**
Revenue from external customers	**695,407**	**16,968,247**	**5,144,062**	**-**	**-**	**22,807,716**
Inter-segment revenue	**-**	**820**	**-**	**-**	**-**	**820**
Reportable segment revenue	**695,407**	**16,969,067**	**5,144,062**	**-**	**-**	**22,808,536**
Operating profit	**1,001,413**	(Note) **4,067,122**	**600,385**	**-**	**90,529**	**5,759,449**
Finance costs	**(78,309)**	**(283,104)**	**(97,389)**	**-**	**-**	**(458,802)**
Share of (loss) / profits of associates and joint ventures	**-**	**(27,957)**	**-**	**449,574**	**-**	**421,617**
Profit before taxation	**923,104**	**3,756,061**	**502,996**	**449,574**	**90,529**	**5,722,264**
For the six months ended 31 December 2016						
Turnover	2,832,137	1,162,461	4,906,102	-	-	8,900,700
Revenue from external customers	347,929	1,162,461	4,906,102	-	-	6,416,492
Inter-segment revenue	5,653	597	-	-	-	6,250
Reportable segment revenue	353,582	1,163,058	4,906,102	-	-	6,422,742
Operating profit	2,465,109	(Note) 330,194	593,591	-	89,805	3,478,699
Finance costs	(148,724)	(146,761)	(67,200)	-	-	(362,685)
Share of profits of associates and joint ventures	-	254,805	-	384,778	-	639,583
Profit before taxation	2,316,385	438,238	526,391	384,778	89,805	3,755,597

2. SEGMENT REPORTING (cont'd)

(a) Reportable segment revenue and profit or loss (unaudited) (cont'd)

Note:

The Group's financial statements have been prepared in accordance with all applicable HKFRSs and at Group level, revenue arising from the sale of properties has been recognised upon completion of development projects.

The subsidiary, GuocoLand Limited ("GuocoLand") has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

Accordingly, operating profits of GuocoLand for the period amounting to HK$14.8 million (2016: HK$191.5 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has recognised operating profits of GuocoLand of HK$604.8 million for the period (2016: Nil) which have been deferred in previous years. Up to 31 December 2017, accumulated operating profits of GuocoLand totalling HK$22.7 million (2016: HK$345.9 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

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

Revenue

	Six months ended 31 December	
	2017	2016
	HK$'000	HK$'000
Reportable segment revenue	**22,808,536**	6,422,742
Elimination of inter-segment revenue	**(820)**	(6,250)
Consolidated revenue (note 3)	**22,807,716**	6,416,492

Finance costs

	Six months ended 31 December	
	2017	2016
	HK$'000	HK$'000
Reportable finance costs	**458,802**	362,685
Elimination of inter-segment finance costs	**-**	(5,653)
Consolidated finance costs (note 5(a))	**458,802**	357,032

3. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue from sale of properties	**16,523,776**	936,759
Revenue from hospitality and leisure	**5,139,670**	4,902,286
Interest income	**150,178**	98,025
Dividend income	**631,132**	309,149
Rental income from properties	**318,008**	141,031
Others	**44,952**	29,242
Revenue	**22,807,716**	6,416,492
Proceeds from sale of investments in securities	**1,509,660**	2,484,208
Turnover	**24,317,376**	8,900,700

4. OTHER NET INCOME

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net realised and unrealised gains on trading financial assets	**351,856**	2,180,255
Net realised and unrealised losses on derivative financial instruments	**(7,321)**	(11,888)
Net realised losses on disposal of available-for-sale financial assets	**(1,844)**	-
Net gains on foreign exchange contracts	**39,951**	128,190
Other exchange gains	**29,957**	128,391
Net losses on disposal of property, plant and equipment	**(1,289)**	(26,257)
Net gain on disposal of a subsidiary	**2,735**	-
Other income	**17,190**	4,087
	431,235	2,402,778

5. 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans and other borrowings	**510,208**	546,103
Other borrowing costs	**31,137**	18,424
Total borrowing costs	**541,345**	564,527
Less: borrowing costs capitalised into:		
- development properties	**(82,543)**	(118,171)
- investment properties	**-**	(62,175)
- other property, plant and equipment	**-**	(27,149)
Total borrowing costs capitalised (Note)	**(82,543)**	(207,495)
	458,802	357,032

Note: These borrowing costs have been capitalised at rates of 1.81% to 4.37% per annum (2016: 1.11% to 8.00%).

(b) Staff cost

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries, wages and other benefits	**1,595,454**	1,523,100
Contributions to defined contribution retirement plans	**45,975**	37,757
Expenses recognised in respect of defined benefit retirement plans	**836**	837
Equity-settled share-based payment expenses/(forfeiture)	**4,454**	(14,439)
	1,646,719	1,547,255

(c) Other items

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**289,003**	282,621
Amortisation		
- casino licences and brand names	**6,329**	5,777
- Bass Strait oil and gas royalty	**13,103**	12,492
- other intangible assets	**43,311**	43,472
Gross rental income from investment properties	**(318,008)**	(141,031)
Less: direct outgoings	**93,256**	59,175
Net rental income	**(224,752)**	(81,856)

6. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax - Hong Kong Profits Tax	**9,501**	1,675
Current tax - Overseas	**541,119**	472,784
Deferred tax	**719,629**	(118,683)
	1,270,249	355,776

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2016: 16.5%) to the profits for the six months ended 31 December 2017. 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.

7. DIVIDENDS

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend declared of HK$1.00 (2016: HK$1.00) per ordinary share	**329,048**	329,054
Dividends paid in respect of the prior year:		
- Final dividend of HK$3.00 (2016: HK$3.00) per ordinary share	**975,089**	974,973

The interim dividend declared for the year ending 30 June 2018 of HK$329,048,000 (2017: HK$329,054,000) is calculated based on 329,051,373 ordinary shares (2016: 329,051,373 ordinary shares) in issue at 31 December 2017.

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.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$3,697,209,000 (2016: HK$3,052,187,000) and the weighted average number of 325,024,511 ordinary shares (2016: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2017 and 2016, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

9. TRADE AND OTHER RECEIVABLES

	At 31 December 2017 (Unaudited) HK$'000	At 30 June 2017 (Audited) HK$'000
Trade debtors	**1,874,495**	899,529
Accrued receivables for sales consideration not yet billed on completed development properties	**1,693,327**	239,701
Other receivables, deposits and prepayments	**1,004,077**	1,166,479
Derivative financial instruments, at fair value	**63,377**	94,702
Interest receivables	**37,185**	72,121
	4,672,461	2,472,532

Included in the Group’s trade and other receivables is HK$100.0 million (30 June 2017: HK$102.2 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 2017 (Unaudited) HK$'000	At 30 June 2017 (Audited) HK$'000
Within 1 month	**1,439,634**	664,941
1 to 3 months	**384,439**	192,978
More than 3 months	**50,422**	41,610
	1,874,495	899,529

10. TRADE AND OTHER PAYABLES

	At 31 December 2017 (Unaudited) HK$'000	At 30 June 2017 (Audited) HK$'000
Trade creditors	**683,843**	625,025
Other payables and accrued operating expenses	**5,379,198**	9,640,170
Derivative financial instruments, at fair value	**322,430**	267,425
Amounts due to fellow subsidiaries	**148,170**	166,510
Amounts due to associates	**266**	250
	6,533,907	10,699,380

Included in trade and other payables is HK$507.1 million (30 June 2017: HK$681.4 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 2017 (Unaudited) HK$'000	At 30 June 2017 (Audited) HK$'000
Within 1 month	**614,083**	550,890
1 to 3 months	**50,851**	46,746
More than 3 months	**18,909**	27,389
	683,843	625,025

The amounts due to fellow subsidiaries and associates 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 (2016/2017 interim dividend: HK$1.00 per share amounting to approximately HK$329 million) for the financial year ending 30 June 2018 which will be payable on Monday, 26 March 2018 to the shareholders whose names appear on the Register of Members on Friday, 16 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2017, after taxation and non-controlling interests of HK$3,697 million, up 21% as compared to HK$3,052 million for the previous corresponding period. Basic earnings per share amounted to HK$11.38.

For the six months ended 31 December 2017, profit before taxation was generated from the following sources:

- property development and investment of HK$4,039 million;
- principal investment of HK$1,001 million;
- hospitality and leisure of HK$600 million;
- financial services of HK$450 million;
- oil and gas royalty of HK$91 million;

and was set off by HK$459 million of finance costs.

Revenue increased by HK$16.4 billion to HK$22.8 billion during the period of which HK$15.8 billion was attributable to the property development and investment sector.

Review of Operations

Principal Investment

In the last six months of 2017, global equity markets continued their relentless climb to overwhelm the customary mid-summer lull and nuclear threats from North Korea. The synchronized macro-economic growth among the 45 OECD countries and the decision by the United States to cut corporate tax rates along with the announcement of massive infrastructure spending fuelled confidence to drive stock markets higher despite signals that the accommodative monetary policies of the major central banks may be coming to an end soon. Stock prices continued to exceed corporate earnings growth, thereby taking equity valuations to lofty levels.

We continue to stay cautious and invest in fallen angels and undervalued stocks with capital appreciation potential. We also selectively invest in companies that pay a healthy cash dividend to supplement shareholder returns.

Our treasury team performed well in optimizing the returns in foreign exchange and interest rate management for the Group. Foreign currency exposures of the investment portfolio were minimized with relevant hedges giving positive carry. With the successful deployment of yield enhancement strategies, the overall net interest expense was well contained despite a larger loan liability in the six months ended 31 December 2017 as compared to the corresponding period of 2016.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

GuocoLand ended its half year with a profit attributable to equity holders of S$208.5 million, as compared to S$82.8 million for the previous corresponding period. The increase in profit was primarily due to revenue recognition from Singapore's residential projects and increase in share of profit of associates and joint ventures.

Revenue for the half year ended 31 December 2017 increased by 69% to S$732.5 million, largely contributed by the stronger performance of Singapore's residential projects. In line with the higher revenue, gross profit increased by 68% to S$151.8 million.

Contribution from Changfeng Residence, a joint venture residential project in Shanghai which has been substantially sold and completed, was the main reason for GuocoLand's share of profit of associates and joint ventures to increase by S$134.9 million to S$179.5 million in the current period.

As a result of higher sales activities and the commencement of GuocoLand's new hotels during the period, administrative expenses increased 65% to S$46.6 million. Finance costs increased by S$28.6 million to S$55.1 million due to higher average borrowings and lower capitalisation of finance cost as compared to the previous corresponding period.

According to flash estimates released by the Urban Redevelopment Authority in Singapore, private residential property prices posted a second consecutive increase of 0.7% for the 4th quarter of 2017, same as the previous quarter. For 2017, private residential property prices increased by 1.0% as compared to the 3.1% decline for 2016. Preliminary estimates showed that developers sold 14,707 units in 2017, which was 23% higher than the number of units sold in 2016.

According to the National Bureau of Statistics of China, new home prices in Shanghai and Chongqing rose in December 2017. In Shanghai, new home prices increased by 0.2% both on a year-on-year and month-on-month basis while in Chongqing, the year-on-year and month-on-month increase was 10.0% and 0.4% respectively.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a profit after tax for the six months ended 31 December 2017 at US$29.0 million, an increase of 18% as compared to US$24.5 million in the previous corresponding period.

Revenue increased by 1% to US$186.7 million year-on-year. Hotel revenue was lower in GBP terms as a result of fewer rooms available for sale due to the refurbishment of the Cumberland Hotel during the period. Gaming and oil & gas segments continue to generate lower revenue compared to previous corresponding period. This was primarily due to lower gaming drop and reduced oil & gas production during the period. However, these negative impacts were offset by the strengthening of GBP and AUD against USD.

Cost of sales increased by 5% as a result of the appreciation of GBP against USD during the period.

Administrative expenses also increased by 5% for the period which were largely attributable to higher business operating cost in the hotel segment as well as the strengthening of GBP against USD.

The decrease in other operating expenses was mainly due to the assets written off and the settlement of a legal claim against a subsidiary in the UK which provided a guarantee in relation to a hotel property previously leased and operated by another subsidiary in the previous corresponding period.

Higher financing costs for the period were due to higher interest cost from an interest rate hedging contract. Higher income tax was associated with higher earnings from the hotel segment.

The London hotel market remains soft, and city-wide RevPARs were flat or have fallen on a year-on-year basis. Factors such as uncertainties over Brexit and an increase in London room supply continue to affect the UK hotel industry. GL's London hotels continue to operate in a challenging environment due to increasing operating costs and stagnant demand. The market is not expected to grow significantly and GL maintains a cautious outlook.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2017 of GBP31.3 million, an increase of 15% as compared to the previous year.

Statutory revenue fell marginally to GBP354.2 million, with 12% growth in digital revenue offset by a 3% fall in Mecca Bingo revenue due to lower admissions and closure of several under-performing venues and a 2% fall in Grosvenor Casinos' revenues due to lower UK admissions and the end of the concession for a Belgium casino. However, both retail businesses managed to maintain market shares despite challenging trading conditions.

Operating profit before exceptional items of GBP41.7 million was up by GBP5.1 million with the marginal decline in revenue being offset by lower costs, particularly employment costs and gaming duties. Digital profit improved by 56% with strong revenue growth combining with better cost control, particularly around marketing effectiveness. Mecca Bingo venues saw profits decline by 5% with lower revenue partially offset by lower employment costs (despite further increases in the National Living Wage) and tight cost control. Grosvenor Casinos delivered a 15% increase in profit, despite revenue falling due to lower customer visitations, following delivery of planned reductions in employment levels along with lower gaming duties.

The net charge for exceptional items of GBP6.2 million comprised GBP4.9 million in impairment charges for two underperforming provincial casino, GBP1.6 million in restructuring costs and a GBP1.0 million onerous lease provision for a former provincial casino offset by GBP1.3 million tax credit.

Rank remains in a strong financial position, possesses market leading brands and has a clear strategy for long-term growth.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,765.2 million for the period ended 31 December 2017, an increase of RM207.2 million or 13.3% as compared to the previous corresponding period. The increase was mainly due to a better performance from its commercial banking division.

The commercial banking division recorded a profit before tax of RM1,613.5 million for the period, an increase of RM242.3 million or 17.7% versus the previous corresponding period. The increase was due to higher revenue of RM132.2 million, higher share of profit from Bank of Chengdu Co., Limited and Sichuan Jincheng Consumer Finance joint venture of RM141.8 million. This was however offset by higher operating expenses of RM31.6 million.

The insurance division registered a profit before tax of RM152.4 million for the period ended 31 December 2017, a decrease of RM36.8 million or 19.4% compared to the previous corresponding period. The decrease in profits was primarily due to lower life fund surplus of RM31.9 million and lower share of profit from an associated company of RM11.6 million. This was however mitigated by higher revenue of RM3.8 million, lower allowance for impairment losses on securities of RM0.4 million and lower operating expenses of RM2.5 million.

The investment banking division recorded a profit before tax of RM37.4 million for the period ended 31 December 2017, a decrease of RM2.5 million or 6.4% compared to the previous corresponding period. The lower profits versus last period were mainly due to lower contributions from investment banking and stockbroking divisions.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2017 amounted to HK$66.0 billion, an increase of 7% or HK$4.1 billion as compared to 30 June 2017.

The equity-debt ratio as at 31 December 2017 is arrived at as follows:

		HK$'M
Total borrowings		34,973
Less:	Cash and short term funds	(21,162)
	Trading financial assets	(14,268)
Net cash		(457)
Total equity attributable to equity shareholders of the Company		66,018
Equity-debt ratio		100:0

The Group's total cash balance and trading financial assets were mainly in RMB (22%), USD (18%), HKD (16%), GBP (13%), CHF (9%), and SGD (9%).

Total Borrowings

The decrease in total borrowings from HK$37.2 billion as at 30 June 2017 to HK$35.0 billion as at 31 December 2017 was primarily due to the redemption of the US$461 million (approximately HK$3.9 billion) fixed rate bonds under the Group's medium term note programme in August 2017. The Group's total borrowings are mostly denominated in SGD (63%), USD (21%), GBP (9%) and MYR (8%).

The Group's bank loans and other borrowings are repayable as follows:

	Bank Loan	**Mortgage debenture stock**	**Other borrowings**	**Total**
	HK$'M	HK$'M	HK$'M	HK$'M
Within 1 year or on demand	15,478	-	1,631	17,109
After 1 year but within 2 years	4,598	-	746	5,344
After 2 years but within 5 years	7,063	603	3,845	11,511
After 5 years	-	-	1,009	1,009
	11,661	603	5,600	17,864
	27,139	603	7,231	34,973

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$33.1 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2017 amounted to approximately HK$17.6 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 swaps to manage its interest rate exposure as appropriate.

As at 31 December 2017, approximately 75% of the Group's borrowings were at floating rates and the remaining 25% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK$1.5 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 2017, there were outstanding foreign exchange contracts with a total notional amount of HK$25.3 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

The major global economies look poised to continue its growth trajectory amid a backdrop that their accommodative monetary policies will be curtailed as interest rates may likely be increased to keep inflation at bay. With equity markets at lofty levels, we remain cautious and selective in our principal investment posture.

Despite the challenges in their respective operating markets, our core businesses will continue to execute their strategic plans to achieve the business goals and to build on sound fundamentals to create sustainable growth and shareholders' value.

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 2017.

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 (the "Stock Exchange").

During the period, the Company has complied with 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 ("BARMC")

The unaudited interim results for the six months ended 31 December 2017 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 Friday, 16 March 2018, 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 Thursday, 15 March 2018.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 28 February 2018

As at the date of this announcement, the Board comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San and Mr. Tan Lim Heng as Non-executive Directors and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.