

For immediate release

28 August 2019

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

PRELIMINARY ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019

| FINANCIAL HIGHLIGHTS | | | |
|---------------------------------------------------------------------|---------------|---------------|------------|
| | 2019 | 2018 | |
| | HK\$M | HK\$M | (Decrease) |
| Turnover | <u>19,726</u> | <u>35,589</u> | (45%) |
| Revenue | 17,475 | 30,640 | (43%) |
| Profit from operations | 2,368 | 5,809 | (59%) |
| Profit attributable to equity shareholders of the Company | 3,369 | 4,899 | (31%) |
| | HK\$ | HK\$ | |
| Earnings per share | <u>10.36</u> | 15.07 | (31%) |
| Dividend per share : Interim | 1.00 | 1.00 | |
| Proposed final | <u>3.00</u> | <u>3.00</u> | |
| Total | <u>4.00</u> | <u>4.00</u> | - |
| Equity per share attributable to equity shareholders of the Company | 188.81 | 198.99 | (5%) |

(28 August 2019, Hong Kong) Guoco Group Limited (Stock Code: 53) announced today its preliminary annual results for the year ended 30 June 2019.

FINANCIAL RESULTS

The consolidated profit attributable to equity shareholders for the year ended 30 June 2019, after taxation and non-controlling interests, amounted to HK\$3,369 million, compared to HK\$4,899 million for the previous year. Basic earnings per share amounted to HK\$10.36.

For the year ended 30 June 2019, profit before taxation was generated from the following sources:

- property development and investment of HK\$2,002 million;
- financial services of HK\$1,119 million;
- principal investment of HK\$710 million;
- hospitality and leisure of HK\$580 million; and
- other segments of HK\$136 million.

Revenue decreased by HK\$13.1 billion to HK\$17.5 billion for the year. The decrease was primarily due to lower contribution from property development and investment sector of HK\$13.5 billion.

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DIVIDEND

The Company has declared an interim dividend of HK\$1.00 per share which was paid in March 2019. The Board recommends a final dividend of HK\$3.00 per share (2018: HK\$3.00 per share) for shareholders’ approval at the forthcoming Annual General Meeting. This gives a total dividend of HK\$4.00 per share (2018: HK\$4.00 per share) for the year ended 30 June 2019.

GUOCO’S CORE BUSINESSES

Principal Investment

During the year, the Group recorded an operating profit from Principal Investment of HK\$913 million compared to HK\$327 million last year.

Trade negotiations and interest rate policies had outsized impacts on asset prices in the year under review as progress and reversals in direction and tone created volatility with consequent swings in the equity prices. This provided fertile ground for the Principal Investment team to take advantage of rising asset prices to lock in gains and opportunities to pick up undervalued assets in times of unwarranted pessimism. As a result of the position taken to retain a large weightage of our investment funds into higher dividend paying stocks with good fundamentals, dividend income constituted a significant part of the operating profit for the year. This asset allocation strategy has provided a strong and sustainable income base for the Group.

Despite volatile market conditions in FY2018/19, we recorded higher profits in the risk management of the foreign exchange and interest rate exposures for Principal Investment.

Property Development and Investment

GuocoLand Limited (“GuocoLand”)

GuocoLand ended the financial year with revenue of S\$927.0 million and profit attributable to equity holders of S\$255.7 million, a decrease of 19% and 38% respectively as compared to the previous financial year. The lower revenue in the current financial year was mainly due to lower sales of completed residential units in Singapore as GuocoLand has brought down its inventory of completed unsold units substantially in the previous year. Other income increased by 46% to S\$238.8 million as a result of higher fair value gain from Singapore’s investment properties as compared to the previous financial year.

During the year, GuocoLand completed the en-bloc acquisitions of the Pacific Mansion and Casa Meyfort freehold residential sites to further lay the pipeline of development projects that will contribute to future earnings. Revenue from investment properties, particularly its flagship integrated development, Guoco Tower which is fully occupied, remained stable. Having recognized as a best-in-class development by various awards, Guoco Tower was again honoured with the prestigious 2019 Urban Land Institute (ULI) Asia Pacific Award for Excellence and was the only project from Singapore amongst the 10 winners.

Currently, GuocoLand has a healthy and balanced portfolio of mixed-use, commercial and residential developments in Singapore, China, Vietnam and Malaysia that are in varying stages of development.

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 year ended 30 June 2019 at US\$50.3 million, a decrease of 15% compared to US\$58.9 million in the previous financial year. Revenue increased by 1% year-on-year to US\$349.3 million due mainly to higher revenue generated from oil and gas business.

During the year, GL disposed of its interest in The Clermont Club, a London Mayfair based high end casino, at a cash consideration of US\$30.9 million with a loss on disposal of US\$0.3 million and a gain of US\$17.5 million on foreign currency translation reserve.

The Cumberland Hotel was re-launched as the Hard Rock Hotel London on 30 April 2019 after completion of refurbishment. Hotel occupancy levels in London remained healthy in spite of continued macro and geopolitical uncertainties in the UK. The UK tourism industry has received a boost from the weakening pound which helped to uplift GL’s hotel occupancy and average room rate. Barring unforeseen circumstances, this boost to the tourism sector is expected to continue in the coming months. GL maintains a cautious outlook and will leverage on the healthy city-wide occupancies to yield its average room rates.

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

The Rank Group Plc (“Rank”)

Rank recorded a profit after tax (before exceptional items) for the year ended 30 June 2019 of GBP57.7 million, a decrease of 1% as compared to previous year. Revenue increased by 1% to GBP746.5 million, reflecting the acquisition of YoBingo and the growth in the digital business offset by revenue decline in the venue businesses. Operating profit was down by 6% to GBP72.5 million, driven by a GBP8.6 million increase in the overall cost base.

On 31 May 2019, Rank announced that it had reached an agreement with the directors of Stride Gaming plc (“Stride”, listed on AIM market of the London Stock Exchange) on the terms of a recommended cash offer for the entire issued share capital of Stride. On 24 July 2019, Stride’s shareholders voted in support of Rank’s offer. Rank expects the acquisition of Stride to be completed in the second quarter of FY2019/20. Mr. Tang Hong Cheong, President and CEO of Guoco stated, “Being the third largest online bingo operator in the UK with a diverse portfolio of more than 150 brands, the acquisition of Stride aims to step change Rank’s digital business, deliver strong synergies, bring proprietary technology in-house and create one of the UK’s leading online gaming businesses.”

More details are available at www.rank.com.

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Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

HLFG achieved a profit before tax of RM3,505.6 million for the year ended 30 June 2019, a decrease of RM73.0 million or 2.0% as compared to last year. Excluding one-off exceptional items, HLFG's current year profit before tax was lower than last year by RM38.8 million or 1.1%. The decrease was due to lower profits from all divisions.

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

GROUP OUTLOOK

The uncertainties posed by the escalating US-China trade tensions, a disorderly Brexit and slowing economic growth continue to impart negative sentiment to global markets. “The Group's strong fundamentals and prudent financial discipline continue to provide us advantage in responding to challenges and opportunities in turbulent times,” said Mr. Tang Hong Cheong. “Our operating businesses will continue to remain vigilant, progressive and competitive to pursue sustainable growth and business value.”

(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.

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