

For immediate release

26 February 2019

GUOCO GROUP LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Six months ended 31 December		
	2018 HK\$'M	2017 HK\$'M	(Decrease)
Turnover	9,013	24,317	(63%)
Revenue	8,034	22,808	(65%)
(Loss)/profit from operations	(106)	5,301	N/A
Profit attributable to equity shareholders of the Company	102	3,697	(97%)
	HK\$	HK\$	
Earnings per share	0.32	11.38	(97%)
Interim dividend per share	1.00	1.00	-
	As at	As at	
	31 December 2018	30 June 2018	
	HK\$	HK\$	
Equity per share attributable to equity shareholders of the Company	183.93	198.99	(8%)

(26 February 2019, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its interim results for the six months ended 31 December 2018.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2018, after taxation and non-controlling interests, amounted to HK\$102 million, down 97% as compared to HK\$3,697 million for the previous corresponding period. The decline in the result is primarily attributable to lower contribution from the property and the principal investment segments. Basic earnings per share amounted to HK\$0.32.

For the half year ended 31 December 2018, profits before taxation were generated from the following sources:

- property development and investment of HK\$337 million;
- hospitality and leisure of HK\$428 million;
- financial services of HK\$672 million;
- oil and gas royalty of HK\$123 million;

and set off by the loss before taxation of HK\$1,116 million from principal investment.

Revenue declined by HK\$14.8 billion during the period to HK\$8.0 billion, which was primarily driven by the decrease in property development and investment sector of HK\$14.7 billion.

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INTERIM DIVIDEND

Guoco Group declared an interim dividend of HK\$1.00 per share for the financial year ending 30 June 2019.

GUOCO GROUP'S CORE BUSINESSES

Principal Investment

The last six months of financial year 2018/19 began with a stock market rally for three months but pockets of weakness in the global economy, threats of rising interest rates, a protracted U.S.-China trade war, an imminent slowdown in corporate earnings growth, and Brexit uncertainty exerted their collective downward influence on the global stock markets and closed the half year with one of the weakest December in history.

"Dividend income and the realised trading gains in the period have partially mitigated the adverse mark-to-market loss of the portfolio as at 31 December 2018. Our Principal Investment division showed an overall loss before taxation of HK\$1,116 million," said Mr. Tang Hong Cheong, President and CEO of Guoco Group. "Our strategy to invest in fallen angels and undervalued stocks should provide recovery potential when the markets rebound," he added.

Its treasury team performed well in optimizing the returns in foreign exchange and interest rate management for the Group. Foreign currency exposures with appropriate hedging resulted in higher earnings in the six months to December 2018.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

For the half year ended 31 December 2018, revenue and gross profit for GuocoLand decreased to S\$311.0 million and S\$94.4 million respectively as compared to the previous corresponding period. This was due to lower contribution from Singapore residential projects as GuocoLand has brought down its inventory of completed unsold units substantially in the past quarters. Despite the drop in revenue, gross profit margin remains stable at approximately 30%.

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Hospitality and Leisure

GL Limited (“GL”)

GL recorded a profit after tax for the half year ended 31 December 2018 at US\$32.4 million, an increase of 12% as compared to US\$29.0 million in the previous corresponding period. Revenue was 3% higher than previous corresponding period mainly due to higher revenue generated from hotel and oil & gas segments.

The refurbishment of The Cumberland Hotel is progressing into its final stage and the hotel is on track for its launch as Hard Rock Hotel London in 2019. GL maintains its cautious outlook and continues to focus on an occupancy-led strategy in order to uphold RevPAR and protect its market share.

The Rank Group Plc (“Rank”)

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2018 of GBP23.8 million, a decrease of 24% as compared to the previous year.

Statutory revenue fell marginally to GBP348.2 million. Rank’s like-for-like revenues were down 2.4% for the first half year ended 31 December 2018. The digital business grew by 15.8% in the period driven by Mecca and YoBingo. However, the period continued to be challenging for Rank’s UK retail businesses with like-for-like revenue down 4.2%.

Rank does not expect any material improvement to the challenging consumer environment over the short to medium term, however driven by the transformation programme, Rank’s financial performance for FY2018/19 is expected to be in line with the current consensus expectations with circa GBP10.0 million of total cost savings scheduled for the second half of the financial year.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

HLFG Group achieved a profit before tax of RM1,806.6 million for the period ended 31 December 2018, an increase of RM41.4 million or 2.3% as compared to the previous corresponding period. The increase was mainly due to higher contribution from the commercial banking division.

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OUTLOOK

A lack of clarity on macro-economic growth and the trajectory of interest rates will preclude a V-shaped recovery in the global stock markets. In addition, political uncertainty in Europe and a second U.S.-North Korea summit will also add to investor anxiety.

Commenting on the group outlook, Mr. Tang Hong Cheong said, "The outlook for the equity market remains uncertain and the Group will maintain a cautious posture in its Principal Investment activities. Our core businesses will continue to execute their strategic plans, regardless of market conditions, to achieve the business goals and to build on sound fundamentals to create sustainable growth and shareholder value."

(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 investment 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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