

For immediate release

28 February 2018

**GUOCO GROUP LIMITED**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

	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	As at	
	31 December 2017	30 June 2017	
	HK\$	HK\$	
Equity per share attributable to equity shareholders of the Company	200.63	188.20	7%

(28 February 2018, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its interim results for the six months ended 31 December 2017.

**FINANCIAL RESULTS**

Guoco Group recorded 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.

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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 2018.

#### **GUOCO GROUP'S CORE BUSINESSES**

##### 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.

Guoco Group continues to stay cautious and invest in fallen angels and undervalued stocks with capital appreciation potential. It also selectively invests in companies that pay a healthy cash dividend to supplement shareholder returns.

Its 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. In line with the higher revenue, gross profit increased by 68% to S\$151.8 million.

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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.

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.

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.

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**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, Guoco Group remains cautious and selective in its principal investment posture.

Despite the challenges in their respective operating markets, Guoco Group's 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.

(Please visit [www.guoco.com](http://www.guoco.com) or [www.hkexnews.hk](http://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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