

GUOCO GROUP LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS			
	2022	2021	<i>Increase /</i>
	HK\$'M	HK\$'M	<i>(Decrease)</i>
Turnover	15,758	12,522	26%
Revenue	14,905	10,253	45%
Profit from operations	1,153	891	29%
Profit attributable to equity shareholders of the Company	1,960	2,501	(22%)
	HK\$	HK\$	
Earnings per share	6.03	7.69	(22%)
Dividend per share: Interim	0.50	0.50	
Proposed final	1.50	1.50	
Total	2.00	2.00	-
Equity per share attributable to equity shareholders of the Company	175.41	181.68	(3%)

9 September 2022, Hong Kong – Guoco Group Limited (“Guoco”, or the “Company” or together with its subsidiaries the “Group”, stock code: 53) announced today its annual results for the year ended 30 June 2022 (the “Year”).

Key Results Highlights

- *The Group’s consolidated profit before taxation increased 48% y-o-y to HK\$3,630.0 million, arising from:*
 - *Improved results in the ‘Property Development and Investment’, ‘Hospitality and Leisure’ and ‘Financial Services’ segments, whilst;*
 - *Offset by the loss from the ‘Principal Investment’ and Manuka business under the ‘Others’ segment, being impacted by high market volatilities and pandemic challenges.*
- *The Group’s consolidated profit attributable to shareholders amounted to HK\$1,960.2 million.*
- *Revenue increased by 45% to HK\$14.9 billion, primarily attributed to the business recovery in the Hospitality and Leisure segment.*
- *Proposed final dividend is HK\$1.50 per share.*

Key Segment Highlights

- *GuocoLand registered a good overall performance, evidencing their recovery with profit attributable to equity holders for the Year improving by 132% to S\$392.7 million (approximately HK\$2,263.2 million).*
- *GLH recorded a 31% decrease in its loss after tax, reflecting the rebound in recovery over the Year; opening hotels to meet market demand while recording better average room rates and occupancy.*

GUOCO GROUP LIMITED ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

- Rank returned to profitability and recorded a profit after tax of GBP66.2 million (approximately HK\$687.8 million) for the Year, with its net gaming revenue increased significantly by 95% following the reopening of venues from May 2021.
- The Principal Investment segment posted a pre-tax loss primarily due to unrealized mark-to-market valuations as at the year-end. We remain steadfast to the segment's strategic focus in dividend paying and sound value investments with solid fundamentals.

Outlook

- The short-term outlook remains one of heightened uncertainties amidst continuing challenges and geopolitical tensions.
- The Group will remain vigilant and cautious on cashflow management, managing risks and opportunities while focusing on business fundamentals as the operating companies continue to improve and recover.

FINANCIAL RESULTS

The Group recorded a consolidated profit attributable to shareholders of HK\$1,960.2 million for the Year, a decline of 22% versus the prior year, against mixed performances of the Group's operating businesses reported for the Year.

“The Principal Investment segment and our Manuka honey business under the ‘Others’ segment recorded a loss before taxation of HK\$430.7 million and HK\$441.9 million respectively, due to strong market volatilities and challenges from the pandemic which impacted their performances. However, improved profitability was recorded in all our other core operating businesses,” said the Executive Director and Group Chief Financial Officer of the Company, Mr. CHEW Seong Aun. “Our Property Development and Investment segment, Hospitality and Leisure segment and Financial Services segment reported profits before taxation of HK\$3,207.3 million, HK\$143.8 million and HK\$1,151.5 million respectively, contributing towards an overall 48% year-on-year increase in the consolidated profit before taxation of the Group, bringing it to HK\$3,630.0 million for the Year.”

The Group's revenue for the Year increased by 45% to HK\$14.9 billion, primarily due to an increase of HK\$4.4 billion in revenue from the Hospitality and Leisure segment due to a recovery of business in the current year, following the progressive lifting of COVID-19 related lockdowns and a scaling back of travel restrictions and social distancing measures.

Basic earnings per share amounted to HK\$6.03 as compared to HK\$7.69 in the prior year.

GUOCO GROUP LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

DIVIDEND

The board of directors of the Company will recommend to shareholders for approval at the forthcoming annual general meeting a final dividend for the Year of HK\$1.50 per share, amounting to HK\$494 million. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 8 November 2022, the final dividend will be payable on 24 November 2022 to the shareholders whose names appear on the Register of Members of the Company on 15 November 2022.

GUOCO'S CORE BUSINESSES

Principal Investment

Market conditions during the Year was a tale of two halves. In the first half, the post-pandemic global stock market rally maintained its momentum. In the second half, however, the trend reversed with the shock of the Russia-Ukraine conflict which began on 24 February 2022. This led to a sharp jump in oil and commodity prices. Interest rates started rising sharply in anticipation of tighter than expected monetary policies to curb rising inflation. All major stock market indices recorded declines as at the year end.

Against this backdrop, the Principal Investment segment posted a pre-tax loss of HK\$430.7 million for the Year, primarily due to unrealized mark-to-market valuations at the year end. Group Treasury maintained a cautious stance. Net interest expense and foreign exchange exposures were also managed albeit still subject to movements in the volatile markets.

Mr. Chew commented, "High inflation and monetary tightening have underscored a challenging global financial and economic environment. With the segment's long standing strategic focus on dividend paying and sound value investments, this had helped mitigate our loss in a period of substantial downside volatility. This strategy has strengthened our resilience and we shall continue to adhere to our long-term strategic objectives in managing our portfolio."

Property Development and Investment

GuocoLand Limited ("GuocoLand")

GuocoLand registered a good overall performance, evidencing their recovery, with profit attributable to equity holders for the year improving by 132% to S\$392.7 million (approximately HK\$2,263.2 million) as compared to the prior year. Revenue recorded a 13% year-on-year increase to S\$965.5 million (approximately HK\$5,564.4 million) for the Year. This was mainly due to higher progressive recognition of sales from the residential projects in Singapore, including Meyer Mansion and Midtown Modern, and also the sale of two low-rise office blocks in Guoco Changfeng City during the Year. Meanwhile, driven by the strong rental revisions at Guoco Tower, revenue from GuocoLand's investment properties increased by 10%.

GUOCO GROUP LIMITED ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

“GuocoLand has continued to grow its capabilities in both property development as well as investment properties, to remain strong and sustainable under a challenging operating environment. We are pleased that the investment properties are making a steady contribution to the recurring income stream. The upcoming mega development at Guoco Midtown, which is expected to be completed in phases in the new financial year, will increase GuocoLand’s investment property base and boost its recurring income,” said Mr. Chew.

Over the Year, GuocoLand was honoured to receive a number of accolades, including the Quality Champion (Gold^{Plus}) award under the Developer Category of BCA Quality Excellence Awards 2021, and also winning in eight major categories, including Top Developer and seven others for its Midtown Modern project at the 5th EdgeProp Singapore Excellence Awards 2021. This was a new record for the greatest number of recognitions by any development in a single year.

“GuocoLand will continue to strengthen its brand and grow as a premium real estate group. It will also continue to look out for suitable, premium land parcels to replenish its landbank and sustain its development pipeline,” Mr. Chew added.

More details are available at www.guocoland.com.sg.

Hospitality and Leisure

GLH Hotels Group Limited (“GLH”)

GLH, the Group's key hotel operating business unit based in the United Kingdom (“UK”), recorded a loss after tax of GBP37.9 million (approximately HK\$393.8 million) for the Year, representing a 31% decrease compared to the loss after tax of GBP55.1 million (approximately HK\$580.0 million) in the preceding year. Operationally the loss in the current year was significantly less because the prior year losses were mitigated by an exceptional income from a business interruption insurance claim of GBP14.5 million (approximately HK\$152.6 million). The improvement in performance was also driven by the recovery in occupancy, room rates and non-room revenue that have been gathering pace over the Year.

“The surge of Omicron variant cases last November had disrupted the tentative recovery in 2021, but the momentum was regained after the lifting of restrictions in February 2022, as international business started to return,” Mr. Chew explained. “GLH management has been able to capture the rebound in business by constantly reviewing their trading strategy, opening hotels to meet market demand while seeking to optimise average room rates and occupancy. A continued growth in revenue is expected in the next financial year as the domestic market recovers and international demand picks up.”

GUOCO GROUP LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

Consistent with the wider hospitality industry, GLH is facing headwinds in its cost base under increasing inflation rates, higher energy prices and ongoing recruitment challenges. In spite of that, it will remain focused on driving a return to profitability under an accelerated pace of recovery, reinvestment in its estate whilst exercising strong cost controls.

The Rank Group Plc (“Rank”)

Rank returned to profitability and recorded a profit after tax of GBP66.2 million (approximately HK\$687.8 million) for the Year, as compared to a loss after tax of GBP72.0 million (approximately HK\$757.9 million) in the prior year. Rank’s net gaming revenue increased significantly by 95% to GBP644.0 million (approximately HK\$6,691.3 million) for the Year following the reopening of venues from May 2021. During the Year, Rank successfully concluded a longstanding Value Added Tax refund claim with the HM Revenue & Customs, with a net receipt after tax of GBP67.0 million (approximately HK\$696.1 million). However, this was offset by a net impairment charge of GBP25.8 million (approximately HK\$267.1 million) relating to a number of Grosvenor and Mecca venues following a lower than anticipated performance post-pandemic, lower level of forecast earnings and the closure of selected venues.

Mr. Chew noted, “The venue businesses of both Grosvenor and Enracha recovered strongly during the Year but have not yet returned to pre-pandemic trading levels, mainly due to a slower return of overseas visitors to its London casinos and reduced consumers’ discretionary expenditure arising from inflationary pressures.”

“Inflationary cost pressures in the venue businesses also negatively impacted operating margins. However, a number of key initiatives that have been successfully delivered, such as the investment in new electronic roulette terminals and development of new concept venues, will enhance Rank’s competitiveness in the coming year,” Mr. Chew said.

More details are available at www.rank.com.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

The results performance of HLFG Group remained steady for the Year. Profit before tax reached RM4,840.0 million (approximately HK\$8,958.3 million), an increase of 22% from RM3,971.5 million (approximately HK\$7,481.2 million) in the prior year. The increase in profit was mainly due to a higher contribution from the commercial banking divisions but offset by lower contributions from the insurance divisions as well as the investment and stockbroking divisions.

GUOCO GROUP LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

HLFG has increased its focus in managing ESG issues throughout the Year, integrating ESG principles into their lending practices, and leverage on opportunities as they continue their efforts to improve shareholders' return. Its subsidiary Hong Leong Bank Berhad, is the first bank in Malaysia to launch a maiden issuance of Green Capital Securities of RM900 million in nominal value in April 2022. Hong Leong Asset Management Bhd, its fund management business, also launched its first ESG fund as investor demand for responsible and sustainable investments increases.

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

Others

The Group's wholly owned Manuka honey product producer and distributor, Manuka Health New Zealand Limited ("MHNZ"), continues to build on its brand position in key markets and grow its direct-to-consumer model. However, the ongoing impact of COVID-19, weak tourism in Asia Pacific, as well as waning customer sentiment and shopper traffic in various markets have created significant challenges for MHNZ.

GROUP OUTLOOK

In respect of the Group's outlook, Mr. Chew commented, "We remain cautiously optimistic in the medium-term that the current global shocks will eventually subside, with COVID-19 transitioning from pandemic to endemic and the world economy adjusting to current events and stabilising. However, it is clear that the short-term outlook remains one of heightened uncertainty amidst continuing challenges and geopolitical tensions. Continued high inflationary pressure and rising global interest rates as central banks tighten monetary policies in response, raise the spectre of a global recession.

As such, our Group will remain vigilant and place close attention to cashflow management and ensure that capital and liquidity positions stay strong in each business, including the continuation of cost control initiatives. We will manage risks and opportunities and focus on business fundamentals as our operating companies continue to improve and recover. We remain committed to deliver long-term sustainable growth and returns to our shareholders."

(Please visit www.guoco.com or www.hkexnews.hk for Guoco's full final results announcement.)

– END –

For immediate release

9 September 2022

GUOCO GROUP LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

About Guoco Group Limited

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 and the United Kingdom. Guoco has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

Contacts :

Ms. Stella Lo

Group Company Secretary

Tel: (852) 2283 8710

Fax: (852) 2285 3210

E-mail: stella.lo@guoco.com