

For immediate release

28 February 2017

GUOCO GROUP LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Six months ended 31 December		
	2016	2015	Increase
	HK\$'M	HK\$'M	/(decrease)
Turnover	8,901	10,893	(18%)
Revenue	6,416	9,767	(34%)
Profit from operations	3,116	4,580	(32%)
Profit attributable to equity shareholders of the Company	3,052	2,529	21%
	HK\$	HK\$	
Earnings per share	9.39	7.78	21%
Interim dividend per share	1.00	1.00	-
	As at	As at	
	31 December 2016	30 June 2016	
	HK\$	HK\$	
Equity per share attributable to equity shareholders of the Company	170.13	170.71	-

(28 February 2017, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its interim results for the six months ended 31 December 2016.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2016, after taxation and non-controlling interests, amounted to HK\$3,052 million, up 21% as compared to HK\$2,529 million for the previous corresponding period. Basic earnings per share amounted to HK\$9.39.

For the six months ended 31 December 2016, profit before taxation was generated from the following sources:

- a net operating profit of HK\$2,465 million from principal investment;
- hospitality and leisure of HK\$594 million;
- property development and investment of HK\$585 million;
- financial services of HK\$385 million;
- oil and gas royalty of HK\$90 million;

and were offset by HK\$363 million of finance costs.

Revenue decreased by 34% to HK\$6.4 billion. The decrease was mainly resulted from the decline of property development and investment sector of HK\$2.3 billion.

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INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$1.00 per share for the financial year ending 30 June 2017.

GUOCO'S CORE BUSINESSES

Principal Investment

The six months under review was a period of the improbable. The Brexit vote in late June and the U.S. presidential election result in early November led to equity markets sell-offs, albeit temporary, before recovering to higher levels by end of 2016. The Company's investment portfolio benefited from the price improvement as compared to June 2016 and the results were further enhanced through opportunities presented by the volatility in the market. Our treasury team made a positive contribution in managing the foreign currency exposures of the investment portfolio and through deployment of yield-enhancement strategies, reduced the overall net interest expense of the Group.

We will continue to identify and invest in undervalued stocks with capital appreciation potential and whose dividend will supplement the annual cash returns. Furthermore, we will continue to risk manage and optimize returns through active management of our foreign exchange and interest rate exposures.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

GuocoLand ended its half year with a profit attributable to equity holders of S\$82.8 million, as compared to S\$555.5 million for the previous corresponding period. The decrease in profit was primarily due to the one-time gain from disposal of the subsidiaries relating to the Dongzhimen project in the same period last year.

Revenue for the half year ended 31 December 2016 decreased by 36% to S\$434.7 million, largely resulted from the absence of contribution from the sale of an office block in Shanghai Guoson Centre in the previous corresponding period.

GuocoLand will continue its focus on sales and leasing of its current projects.

Hospitality and Leisure

GL Limited ("GL")

GL recorded a profit after tax of US\$24.5 million for the half year ended 31 December 2016, as compared to US\$51.2 million for the previous corresponding period.

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Revenue stood at US\$184.5 million which was 20% below that of the previous corresponding period, principally due to lower revenue generated from the hotel segment resulting from the weakening of GBP/USD exchange rate despite improved RevPAR during the half year.

The recent volatility in the hotel industry is expected to remain in the months ahead. In spite of such volatility, GL's hotel RevPAR for the half year improved by 3% as compared to the previous corresponding period on the back of a 5% improvement in average room rate. While maintaining a cautious outlook, GL will continue with its hotel refurbishment programme and expects to launch three refurbished hotels next year.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2016 of GBP27.3 million, a decrease of 14% as compared to the previous corresponding period.

Statutory revenue grew by 1% to GBP355.3 million, with good growth in digital revenue offset by a 2% fall in Mecca Bingo venues (following the closure of a number of under-performing venues) and a 2% fall in Grosvenor Casinos. Both retail businesses faced challenging trading conditions and, although they grew their respective market shares, combined like-for-like retail revenue was flat.

Despite increased inflationary and employment costs, Rank has detailed plans to improve its operating profit for the second half of the financial year and it remains confident that it will make good strategic progress in 2017.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,558.0 million for the period ended 31 December 2016, an increase of RM373.7 million or 32% as compared to the previous corresponding period. Excluding the one-off Mutual Separation Scheme expense in the previous corresponding period, HLFG's profit before tax increased by RM202.0 million or 15%. The improved financial performance came from higher profit contributions across all operating divisions.

OUTLOOK

Markets around the world continue to navigate through new political landscapes. Globalisation and protectionism are in search of a new balance. Interest rates are poised to rise further as the U.S. government resorts to deficit spending and the Federal Reserve continues to normalize interest rates. In general, we expect global markets to remain volatile and bond yields to rise.

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While our core businesses are expected to face challenging times ahead, they will stay vigilant and continue to enhance their competitiveness to achieve their business targets and sustainable growth.

(Please visit www.guoco.com or www.hkexnews.hk for Guoco's full interim 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 investment 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; and Financial Services.

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