

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



國浩集團有限公司 Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Six months ended 31 December		Increase/ (Decrease)
	2020 HK\$'M	2019 HK\$'M	
Turnover	6,016	9,828	(39%)
Revenue	4,581	9,137	(50%)
Profit from operations	251	1,289	(81%)
Profit attributable to equity shareholders of the Company	1,011	1,076	(6%)
	HK\$	HK\$	
Earnings per share	3.11	3.31	(6%)
Interim dividend per share	0.50	1.00	(50%)
	As at 31 December 2020 HK\$	As at 30 June 2020 HK\$	
Equity per share attributable to equity shareholders of the Company	179.64	170.55	5%

RESULTS

The unaudited consolidated results of Guoco Group Limited (the “Company”) and its subsidiaries (together the “Group”) for the six months ended 31 December 2020 together with comparative figures for the corresponding period last year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2020 – Unaudited

	Note	2020 HK\$'000	2019 HK\$'000
Turnover	3 & 4	<u>6,015,714</u>	<u>9,828,256</u>
Revenue	3 & 4	4,580,575	9,136,761
Cost of sales		(2,767,127)	(4,736,837)
Other attributable costs		<u>(249,903)</u>	<u>(339,467)</u>
		1,563,545	4,060,457
Other revenue		609,027	145,076
Other net income/(losses)	5	598,199	(145,387)
Administrative and other operating expenses		<u>(1,987,630)</u>	<u>(2,138,669)</u>
Profit from operations before finance costs		783,141	1,921,477
Finance costs	6(a)	<u>(532,617)</u>	<u>(632,928)</u>
Profit from operations		250,524	1,288,549
Share of profits of associates and joint ventures		570,264	504,961
Profit for the period before taxation	3 & 6	820,788	1,793,510
Tax expenses	7	<u>(97,067)</u>	<u>(346,110)</u>
Profit for the period		<u>723,721</u>	<u>1,447,400</u>
Attributable to:			
Equity shareholders of the Company		1,010,915	1,075,670
Non-controlling interests		<u>(287,194)</u>	<u>371,730</u>
Profit for the period		<u>723,721</u>	<u>1,447,400</u>
Earnings per share		HK\$	HK\$
Basic	9	<u>3.11</u>	<u>3.31</u>
Diluted	9	<u>3.11</u>	<u>3.31</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020 – Unaudited

	2020 HK\$'000	2019 HK\$'000
Profit for the period	<u>723,721</u>	<u>1,447,400</u>
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") - net movement in fair value reserve (non-recycling)	(50,832)	(1,903,659)
Actuarial gains on defined benefit obligation	<u>1,186</u>	<u>-</u>
	<u>(49,646)</u>	<u>(1,903,659)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	3,911,205	572,017
Changes in fair value of cash flow hedge	(19,920)	26,975
Changes in fair value on net investment hedge	(62,040)	23,930
Share of other comprehensive income of associates	<u>22,765</u>	<u>(70,303)</u>
	<u>3,852,010</u>	<u>552,619</u>
Other comprehensive income for the period, net of tax	<u>3,802,364</u>	<u>(1,351,040)</u>
Total comprehensive income for the period	<u>4,526,085</u>	<u>96,360</u>
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	3,511,931	(473,032)
Non-controlling interests	<u>1,014,154</u>	<u>569,392</u>
	<u>4,526,085</u>	<u>96,360</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
	Note	
NON-CURRENT ASSETS		
Investment properties	29,697,805	28,580,323
Other property, plant and equipment	13,579,857	12,632,004
Right-of-use assets	5,996,189	5,492,666
Interests in associates and joint ventures	13,512,159	12,242,732
Equity investments at FVOCI	8,945,459	9,039,438
Deferred tax assets	587,836	440,438
Intangible assets	8,194,060	7,434,454
Goodwill	3,182,966	2,850,146
Pensions surplus	53,002	47,911
	<u>83,749,333</u>	<u>78,760,112</u>
CURRENT ASSETS		
Development properties	22,618,361	20,455,381
Properties held for sale	2,599,533	2,734,910
Inventories	519,440	474,236
Contract assets	160,688	226,194
Trade and other receivables	1,350,652	2,098,719
Tax recoverable	56,405	14,384
Trading financial assets	9,576,941	9,632,785
Cash and short term funds	12,964,095	12,449,815
Assets held for sale	119,204	437,633
	<u>49,965,319</u>	<u>48,524,057</u>
CURRENT LIABILITIES		
Contract liabilities	104,307	111,958
Trade and other payables	4,807,883	4,219,155
Bank loans and other borrowings	6,150,498	7,613,729
Taxation	372,998	378,786
Provisions and other liabilities	133,877	246,484
Lease liabilities	603,849	536,973
Liabilities held for sale	3,597	-
	<u>12,177,009</u>	<u>13,107,085</u>
NET CURRENT ASSETS	<u>37,788,310</u>	<u>35,416,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>121,537,643</u>	<u>114,177,084</u>
NON-CURRENT LIABILITIES		
Bank loans and other borrowings	31,927,688	29,643,613
Amount due to non-controlling interests	2,740,502	2,608,567
Provisions and other liabilities	226,069	108,997
Deferred tax liabilities	550,785	566,075
Lease liabilities	7,937,359	7,233,316
	<u>43,382,403</u>	<u>40,160,568</u>
NET ASSETS	<u>78,155,240</u>	<u>74,016,516</u>
CAPITAL AND RESERVES		
Share capital	1,275,257	1,275,093
Reserves	57,834,933	54,845,869
Total equity attributable to equity shareholders of the Company	<u>59,110,190</u>	<u>56,120,962</u>
Non-controlling interests	19,045,050	17,895,554
TOTAL EQUITY	<u>78,155,240</u>	<u>74,016,516</u>

Notes:

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019/20 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020/21 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019/20 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2020 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website <http://www.guoco.com>. The auditors expressed an unqualified opinion on those financial statements in their report dated 15 September 2020.

The condensed consolidated financial statements of the Group are expressed in the United States dollars (“USD”), which is the functional currency of the Company. The Hong Kong dollar (“HKD”) figures presented in the sections entitled “FINANCIAL HIGHLIGHTS” and “RESULTS” above are the HKD equivalents of the corresponding USD figures in the condensed consolidated financial statements, which are translated at the rates prevailing at the respective financial period/year ends for presentation purposes only (31 December 2020: US\$1 = HK\$7.7511, 30 June 2020: US\$1 = HK\$7.7501, 31 December 2019: US\$1 = HK\$7.7872).

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *COVID 19 – Related Rent Concessions*

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, the Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

Segment	Business activities	Operated by
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia, Vietnam and Hong Kong.	Subsidiaries, associates and joint ventures
Hospitality and leisure:	This segment owns, leases or manages hotels and operates gaming and leisure businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Other segments include royalty entitlement of Bass Strait's oil and gas production and manufacture, marketing and distribution of health products. None of these segments meets any of the quantitative thresholds for determining reportable segments in the six months ended 31 December 2020 or 2019.

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2019/20.

3. SEGMENT REPORTING (cont'd)

Information regarding the Group's reportable segments for the period is set out below.

(a) Reportable segment revenue and profit or loss (unaudited)

	Principal investment HK\$'000	Property development and investment HK\$'000	Hospitality and leisure HK\$'000	Financial services HK\$'000	Others HK\$'000	Total HK\$'000
For the six months ended 31 December 2020						
Turnover	1,854,986	1,885,509	1,963,819	-	311,400	6,015,714
Disaggregated by timing of revenue						
- Point in time	419,846	548,321	1,963,819	-	311,400	3,243,386
- Over time	-	1,337,189	-	-	-	1,337,189
Revenue from external customers	419,846	1,885,510	1,963,819	-	311,400	4,580,575
Inter-segment revenue	6,464	8,713	-	-	-	15,177
Reportable segment revenue	426,310	1,894,223	1,963,819	-	311,400	4,595,752
Reportable segment operating profit/(loss)	823,895	537,726	(641,280)	-	68,962	789,303
Finance costs	(34,275)	(214,977)	(278,420)	-	(11,107)	(538,779)
Share of profits of associates and joint ventures	-	40,135	-	530,129	-	570,264
Profit/(loss) before taxation	789,620	362,884	(919,700)	530,129	57,855	820,788
For the six months ended 31 December 2019						
Turnover	941,846	3,138,615	5,488,652	-	259,143	9,828,256
Disaggregated by timing of revenue						
- Point in time	250,351	478,274	5,488,652	-	259,143	6,476,420
- Over time	-	2,660,341	-	-	-	2,660,341
Revenue from external customers	250,351	3,138,615	5,488,652	-	259,143	9,136,761
Inter-segment revenue	24,195	10,256	-	-	-	34,451
Reportable segment revenue	274,546	3,148,871	5,488,652	-	259,143	9,171,212
Reportable segment operating profit	40,493	821,627	957,654	-	125,898	1,945,672
Finance costs	(74,080)	(260,824)	(295,470)	-	(26,749)	(657,123)
Share of profits of associates and joint ventures	-	33,734	-	471,227	-	504,961
(Loss)/profit before taxation	(33,587)	594,537	662,184	471,227	99,149	1,793,510

3. SEGMENT REPORTING (cont'd)

(b) Reconciliations of reportable segment revenue and finance costs (unaudited)

Revenue	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Reportable segment revenue	4,595,752	9,171,212
Elimination of inter-segment revenue	<u>(15,177)</u>	<u>(34,451)</u>
Consolidated revenue (Note 4)	<u><u>4,580,575</u></u>	<u><u>9,136,761</u></u>

Finance costs	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Reportable finance costs	538,779	657,123
Elimination of inter-segment finance costs	<u>(6,162)</u>	<u>(24,195)</u>
Consolidated finance costs (Note 6(a))	<u><u>532,617</u></u>	<u><u>632,928</u></u>

4. TURNOVER AND REVENUE

The amount of each significant category of turnover and revenue is as follows:

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue from sale of properties	1,457,951	2,692,580
Revenue from hospitality and leisure	1,960,036	5,480,016
Interest income	66,675	163,111
Dividend income	403,297	161,172
Rental income from properties	337,522	354,465
Revenue from sales of goods	311,393	259,135
Others	<u>43,701</u>	<u>26,282</u>
Revenue	<u>4,580,575</u>	<u>9,136,761</u>
Proceeds from sale of investments in securities	<u>1,435,139</u>	<u>691,495</u>
Turnover	<u><u>6,015,714</u></u>	<u><u>9,828,256</u></u>

5. OTHER NET INCOME/(LOSSES)

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net realised and unrealised gains/(losses) on trading financial assets	471,794	(100,556)
Net realised and unrealised gains/(losses) on derivative financial instruments	38,686	(3,901)
Net losses on foreign exchange contracts	(56,893)	(113,522)
Other exchange gains	85,417	60,117
Net gains on disposal of property, plant and equipment	-	257
Net gain on disposal of an investment property	39,174	-
Other income	20,021	12,218
	<u>598,199</u>	<u>(145,387)</u>

6. PROFIT FOR THE PERIOD BEFORE TAXATION

Profit for the period before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loans and other borrowings	564,373	650,052
Interest on lease liabilities	189,894	194,423
Other borrowing costs	24,757	37,254
Total borrowing costs	<u>779,024</u>	<u>881,729</u>
Less: borrowing costs capitalised into:		
- development properties	(114,592)	(111,458)
- investment properties	(131,815)	(137,343)
Total borrowing costs capitalised (Note)	<u>(246,407)</u>	<u>(248,801)</u>
	<u>532,617</u>	<u>632,928</u>

Note: These borrowing costs have been capitalised at rates of 1.01% to 5.00% per annum (2019: 1.81% to 4.37%).

6. PROFIT FOR THE PERIOD BEFORE TAXATION (cont'd)

(b) Staff cost

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Salaries, wages and other benefits	1,314,362	1,579,182
Contributions to defined contribution retirement plans	44,600	51,948
Expenses recognised in respect of defined benefit retirement plans	674	615
Equity-settled share-based payment expenses	18,262	17,552
	<u>1,377,898</u>	<u>1,649,297</u>

(c) Other items

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Depreciation		
- other property, plant and equipment	290,038	304,760
- right-of-use assets	165,757	194,851
Amortisation		
- customer relationship, licences and brand names	52,808	36,195
- casino licences and brand names	915	5,895
- Bass Strait oil and gas royalty	12,177	11,439
- other intangible assets	115,755	52,462
	<u>(337,522)</u>	<u>(354,465)</u>
Gross rental income from investment properties		
Less: direct outgoings	84,627	90,853
Net rental income	<u>(252,895)</u>	<u>(263,612)</u>

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax	1,728	2,578
Current tax - Overseas	277,505	164,162
Deferred tax	(182,166)	179,370
	<u>97,067</u>	<u>346,110</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2019: 16.5%) to the profits for the six months ended 31 December 2020. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8. DIVIDENDS

	Six months ended 31 December	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend declared of HK\$0.50 (2019: HK\$1.00) per ordinary share	<u>164,525</u>	<u>329,048</u>
Dividends paid in respect of the prior year:		
- Final dividend of HK\$1.50 (2019: HK\$3.00) per ordinary share	<u>493,575</u>	<u>970,441</u>

The interim dividend declared for the year ending 30 June 2021 of HK\$164,525,000 (2020: HK\$329,048,000) is calculated based on 329,051,373 ordinary shares (2019: 329,051,373 ordinary shares) in issue at 31 December 2020.

The interim dividend declared after the interim period has not been recognised as a liability at the end of the interim reporting period in the accounts.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profits attributable to equity shareholders of the Company of HK\$1,010,915,000 (2019: HK\$1,075,670,000) and the weighted average number of 325,224,511 ordinary shares (2019: 325,224,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2020 and 2019, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. TRADE AND OTHER RECEIVABLES

	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
Trade debtors	534,601	715,861
Other receivables, deposits and prepayments	776,381	1,303,497
Derivative financial instruments, at fair value	32,198	68,991
Interest receivables	7,472	10,370
	<u>1,350,652</u>	<u>2,098,719</u>

Included in the Group's trade and other receivables is HK\$93.8 million (30 June 2020: HK\$95.3 million) which is expected to be recovered after one year.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
Within 1 month	420,451	637,236
1 to 3 months	93,176	45,098
More than 3 months	20,974	33,527
	<u>534,601</u>	<u>715,861</u>

11. TRADE AND OTHER PAYABLES

	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
Trade creditors	739,998	698,113
Other payables and accrued operating expenses	3,190,507	2,859,579
Derivative financial instruments, at fair value	825,678	622,333
Amounts due to fellow subsidiaries	51,436	38,518
Amounts due to associates and joint ventures	264	612
	<u>4,807,883</u>	<u>4,219,155</u>

Included in trade and other payables is HK\$608.5 million (30 June 2020: HK\$988.9 million) which is expected to be payable after one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2020 (Unaudited) HK\$'000	At 30 June 2020 (Audited) HK\$'000
Within 1 month	410,925	493,123
1 to 3 months	108,074	113,492
More than 3 months	220,999	91,498
	<u>739,998</u>	<u>698,113</u>

The amounts due to fellow subsidiaries, associates and joint ventures are unsecured, interest free and have no fixed repayment terms.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.50 per share amounting to approximately HK\$165 million (2019/2020 interim dividend: HK\$1.00 per share amounting to approximately HK\$329 million) for the financial year ending 30 June 2021 which will be payable on Tuesday, 23 March 2021 to the shareholders whose names appear on the Register of Members on Wednesday, 10 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 31 December 2020, amid an unprecedented and persistent COVID-19 pandemic, the Group recorded an unaudited consolidated profit attributable to shareholders of HK\$1,011 million, 6% lower than the corresponding period in 2019. This was mainly a result of the profits generated during this period offset by losses suffered in the hospitality and leisure segment. Basic earnings per share amounted to HK\$3.11.

The hospitality and leisure segment recorded a loss before taxation of HK\$920 million as lockdowns, border closures and social distancing measures brought travel and leisure activities to almost a standstill. Despite this setback, the Group still managed to close the period in a profitable position with the profits before taxation generated from the principal investment, property development and investment, financial services and other segments of HK\$790 million, HK\$363 million, HK\$530 million and HK\$58 million respectively.

Revenue during the six months ended 31 December 2020 declined by 50% to HK\$4.6 billion, again primarily due to a drop of HK\$3.5 billion in revenue from the hospitality and leisure segment, and compounded by a decrease of HK\$1.3 billion in revenue from the property development and investment segment, as a result of lower progressive sales recognition from residential projects in Singapore.

Review of Operations

Principal Investment

The second half of 2020 began with continued global equity market recovery in the midst of escalation in the global pandemic, albeit more muted than the previous three months as governments pulled back on fiscal stimuli. Uncertainty of the U.S. elections in November somewhat subdued increases in asset prices, but global equity markets were quick to take off again once the elections results were in, followed by the much anticipated announcement of the availability of various effective COVID-19 vaccines. The months of November and December once again lived up to their reputation of being the seasonally strongest months of a year for equity prices.

Against this bullish equity market backdrop, the Principal Investment segment recorded improved results against the previous corresponding period with a pre-tax gain for the six months ended 31 December 2020 of HK\$789.6 million as equity values hit all-time high, while the treasury team focused on managing the foreign currency risk exposures and liquidity positions of the Group's companies in a challenging environment.

Property Development and Investment

GuocoLand Limited (“GuocoLand”)

For the six months ended 31 December 2020, GuocoLand’s revenue and gross profit declined more than 40% as compared to the corresponding period in 2019 to S\$319.6 million and S\$95.0 million respectively, mainly due to lower progressive recognition of sales from the Singapore residential projects as construction of Martin Modern reaches its tail end. Whilst revenue from GuocoLand’s investment properties was similar to that of the corresponding period in 2019, revenue from the hotel business fell by 75%. Gross profit margin remained stable at approximately 30%.

Other income increased by 58% to S\$25.2 million partly due to the completion of the disposal of the Changfeng cultural building in Shanghai for a consideration of RMB610 million. Related taxes for the disposal transaction were recorded in the tax expense resulting in an increase as compared to the corresponding period in 2019. Meanwhile, the change from fair value loss to fair value gain on derivative financial instruments for the period also contributed to the increase in other income and led to the decrease in other expenses by 93%.

In October 2020, GuocoLand entered into an agreement to dispose of its two subsidiaries in Vietnam for a consideration of approximately US\$28 million. Upon completion of this transaction, GuocoLand will cease to have business operations in Vietnam.

Latest statistics released by the Urban Redevelopment Authority in Singapore showed that the overall private residential price index increased by 2.1% quarter-on-quarter in the fourth quarter of 2020, compared with a 0.8% increase in the previous quarter. The Singapore residential market is expected to remain strong, supported by low interest rates, bright spots in the economy and long-term confidence in the market. Both the residential and office sectors are expected to benefit from any economic recovery and the vaccine rollout.

Average new home prices across the 70 biggest cities in China rose 0.1% month-on-month and 3.8% year-on-year in December 2020 according to calculations by Reuters of the data from the National Bureau of Statistics. In Chongqing, prices increased by 0.3% month-on-month and 4.6% year-on-year in December 2020. China’s housing market is expected to remain resilient in 2021 underpinned by deferred purchases, upgrade demand and confidence in the property market.

The residential property market in Malaysia continued to struggle with a large overhang of completed properties. The property market is likely to remain soft, with the pace of recovery dependent on domestic and external factors such as political stability and COVID-19-related developments.

Hospitality and Leisure

GL Limited (“GL”)

The hospitality and leisure sector was severely impacted by reduced mobility as a result of continued closure of borders, rounds of lockdowns and voluntary social distancing to contain the COVID-19 pandemic. Under such unprecedented and challenging conditions, GL recorded a loss after tax for the six months ended 31 December 2020 of US\$19.8 million, compared to a profit after tax of US\$26.9 million in the previous corresponding period.

Revenue was 90% lower than that of the previous corresponding period as lower revenues were generated by the hotel, as well as the oil and gas, segments. Hotel revenue was significantly lower compared to the previous corresponding period due to the continued impact from the COVID-19 pandemic in the United Kingdom (“UK”). Most of GL’s hotels were closed during the period from July to December 2020 following COVID-19 restrictions in the UK. Lower revenue was recognised in the oil and gas segment due to lower crude oil and gas prices, mitigated by the strengthening of AUD against USD during this period. GL reported a loss after tax of US\$19.8 million which was mitigated by the receipt of business interruption insurance payments in relation to its UK hotels, as well as government grants from various COVID-19 pandemic relief schemes in both the UK and Singapore.

The COVID-19 pandemic is expected to continue to significantly curtail business activities and depress demand for hotel rooms in London until business and leisure travel resume. With effect from January 2021, the UK government imposed another lockdown with tiered restrictions as a new COVID-19 variant caused a record number of cases. This has led to GL’s hotels being closed yet again. GL expects its UK hotels to continue to face a difficult operating environment in 2021 and has proactively taken actions to preserve liquidity by implementing cost reduction initiatives across all its business segments, utilising government support and relief schemes where applicable, deferring non-business critical capital projects, pursuing insurance claims and arranging credit facilities.

The global COVID-19 situation remains uncertain - uncertainty over the easing of health and safety measures, the pace of a global vaccine rollout and the timing of the easing of travel restrictions. GL will continue to monitor the situation closely as this unprecedented crisis lingers.

The Rank Group Plc (“Rank”)

Rank recorded a loss after tax for the six months ended 31 December 2020 of GBP48.6 million, compared to a profit after tax of GBP39.8 million in the previous corresponding period. Net gaming revenue declined by 55% to GBP177.6 million as a result of COVID-19 restrictions which saw venues being closed for 45% of the available operating days of the period. The situation was exacerbated further by the implementation of curfew at a time when Grosvenor’s casinos were allowed to open, only to be mitigated by a slight improvement in the net gaming revenue from the digital business.

Rank delivered the first important integration milestone in the first half of this financial year by successfully migrating one of its smaller brands, Bella Casino, onto its proprietary technology platform. The migration of Mecca and Grosvenor remains on track for the second half of this financial year and the first half of the next financial year respectively. Rank is confident of achieving the cost synergies expected of the migration. Migrating onto its own proprietary technology will provide the digital business with greater agility and speed in delivering developments to the market and, more importantly, provide Rank with the platform controlled by it for growth.

Rank continues to focus on the next stage of its transformation programme, while being mindful of current cash constraints, ensuring that Rank deploys its cash most effectively and maintains sufficient flexibility to pivot quickly once its venues reopen and generate cash for investment. This next phase of transformation places strong emphasis on revenue growth alongside continued pursuit of cost efficiencies.

Rank has taken strong and decisive action throughout the pandemic to preserve cash and protect liquidity. Additional capital of GBP70 million was raised through an equity placing at 90p per share, a 4% premium to the then closing price, which was completed on 23 November 2020. Rank has prepared to weather a prolonged period of enforced closure and expects a full closure of its venues in the near term until reopening is permitted by government rules.

In September 2020, when the majority of its venues were open, albeit operating under social distancing restrictions, Rank traded at a cash break even position - demonstrating that Rank should be able to quickly return to financial health when it is able to operate under any better trading conditions. The health and safety regimes ensure that its venues are COVID-safe places to visit and Rank believes that its customers recognise this. This bodes well for the eventual post-pandemic recovery.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”)

HLFG will publish its results for the interim period ended 31 December 2020 at a later date. The consolidated results of HLFG based on their unaudited management accounts have been incorporated in the Group’s interim results.

Others

The Group’s wholly owned Manuka honey product producer and distributor, Manuka Health New Zealand Limited (“MHNZ”), continued to experience a year-on-year growth in sales, driven by increased demand for natural wellness products across a number of key markets under the ongoing impact of COVID-19. Leveraging on this growth momentum, MHNZ is working on a brand value proposition and a global communication strategy to build a distinctive brand to enhance market recognition and further grow the global consumer base.

GROUP FINANCIAL COMMENTARY

Capital Management

The consolidated total equity attributable to shareholders of the Company as at 31 December 2020 amounted to HK\$59.1 billion. Net debt, being total bank loans and other borrowings less cash and short term funds as well as trading financial assets, amounted to HK\$15.5 billion. The equity-debt ratio was 79:21 as at 31 December 2020.

Liquidity and Financial Resources

The Group’s total cash and short term funds as well as trading financial assets were mostly denominated in USD (30%), HKD (24%), RMB (13%), GBP (10%), SGD (10%) and JPY (5%) as at 31 December 2020.

The Group’s total bank loans and other borrowings amounted to HK\$38.1 billion as at 31 December 2020, and were mostly denominated in SGD (69%), GBP (9%), HKD (7%), MYR (5%), RMB (5%) and USD (5%). The Group has borrowings of HK\$6.2 billion payable within 1 year or on demand.

Certain of the Group’s bank loans and other borrowings are secured by pledges of various properties, fixed assets and trading financial assets with an aggregate book value of HK\$49.8 billion as at 31 December 2020.

Committed borrowing facilities available to the Group and not yet drawn as at 31 December 2020 amounted to approximately HK\$18.6 billion.

Interest Rate Exposure

The Group’s interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group’s overall cost of debt and exposure to changes in interest rates. The Group uses interest rate contracts to manage its interest rate exposure when considered appropriate.

As at 31 December 2020, approximately 84% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 16% carried interest at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK\$11.0 billion.

Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposure and investments.

As at 31 December 2020, there were outstanding foreign exchange contracts with a total notional amount of HK\$16.9 billion entered into by the Group to primarily hedge foreign currency equity investments.

Equity Price Exposure

The Group maintains an investment portfolio which mainly comprises public listed equities. Equity investments are subject to asset allocation limits.

CORPORATE EXERCISE

Voluntary Conditional Cash Offer on GL

The Group announced a voluntary conditional cash offer (the "Offer") in Singapore on 15 January 2021 for all the issued ordinary shares in the capital of GL at an offer price of S\$0.70 in cash for each GL share, subject to a minimum acceptance condition of 90%. It intends to privatise GL and delist it from the Singapore Exchange Securities Trading Limited. The Group's 73.64% interest in GL is held via the Company's wholly owned subsidiary, GuocoLeisure Assets Limited, which has irrevocably undertaken to accept the Offer. The Offer opened for acceptance on 4 February 2021 and will close on 4 March 2021, or such later date as may be announced.

GROUP OUTLOOK

Improvements in the COVID-19 situation will remain the most important factor in economic recovery moving forward. Although recent vaccine approvals have raised hopes, uncertainty still looms with new waves and variants of the virus posing concerns. Globally, subject to the effective deployment of vaccines around the world, the economy is projected to recover and grow. In the US, the possibility of less combative international trade and foreign policies under the new administration and the expectations of more fiscal stimuli paint a favourable outlook. On the other side, Europe will face the first year without a key member as the reality of the Brexit divorce sets in. Recovery, however, is expected to be uneven across sectors and countries.

Given the continuing immediate challenges, the outlook for the remainder of FY2021 remains challenging, especially with both our operating UK businesses severely affected and continuing to suffer losses. The London hotels and gaming operations are expected to stay closed in the near future and the re-opening is subject to the 4-step plan to ease the lockdown restrictions recently announced by the UK government. The Group is cognisant that current asset prices have already factored in investor optimism but less so the possibility of setbacks. We will therefore continue to maintain a prudent investment approach in our Principal Investment activities and the execution of strategic plans in our core businesses to produce long-term sustainable growth.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2020.

CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the principles set out in Appendix 14 (the "HKEX Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the period, the Company has complied with applicable provisions of the HKEX Code, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEX Code.

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2020 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Wednesday, 10 March 2021, on which date no share transfers will be registered.

To qualify for the interim dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 9 March 2021.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 23 February 2021

As at the date of this announcement, the Board of the Company comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. Roderic N. A. SAGE, Mr. David Michael NORMAN and Mr. Lester G. HUANG, SBS, JP as Independent Non-executive Directors.