國浩集團有限公司
Guoco Group Limited

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2022	2021	*Increase/*
	HK$'M	HK$'M	*(Decrease)*
Turnover	**9,431**	8,061	*17%*
Revenue	**9,153**	7,358	*24%*
Profit from operations	**480**	838	*(43%)*
Profit attributable to equity shareholders of the Company	**1,272**	616	*106%*
	HK$	HK$	
Earnings per share	**3.91**	1.89	*106%*
Interim dividend per share	**0.50**	0.50	-
	As at 31 December 2022	As at 30 June 2022	
	HK$	HK$	
Equity per share attributable to equity shareholders of the Company	**175.83**	175.41	*0%*

RESULTS

The unaudited consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 December 2022 together with comparative figures for the corresponding period in the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2022 – Unaudited

	Note	**2022**	2021
		HK$'000	HK$'000
Turnover	3 & 4	**9,431,154**	8,060,733
Revenue	3 & 4	**9,152,893**	7,357,628
Cost of sales		**(5,274,021)**	(4,384,504)
Other attributable costs		**(315,011)**	(261,326)
		3,563,861	2,711,798
Other revenue		**352,440**	1,114,516
Other net losses	5	**(73,415)**	(665,869)
Administrative and other operating expenses		**(2,726,138)**	(1,800,461)
Profit from operations before finance costs		**1,116,748**	1,359,984
Finance costs	6(a)	**(637,134)**	(521,577)
Profit from operations		**479,614**	838,407
Share of profits of associates and joint ventures		**595,292**	560,529
Profit for the period before taxation	3 & 6	**1,074,906**	1,398,936
Tax expenses	7	**(40,291)**	(225,751)
Profit for the period		**1,034,615**	1,173,185
Attributable to:			
Equity shareholders of the Company		**1,271,517**	615,861
Non-controlling interests		**(236,902)**	557,324
Profit for the period		**1,034,615**	1,173,185
Earnings per share		**HK$**	HK$
Basic	9	**3.91**	1.89
Diluted	9	**3.91**	1.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2022 – Unaudited

	2022 **HK$'000**	2021 HK$'000
Profit for the period	**1,034,615**	1,173,185
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)	**(794,375)**	(1,422,178)
Actuarial gains on defined benefit obligation	**2,105**	-
	(792,270)	(1,422,178)
Items that may be reclassified subsequently to profit or loss:		
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**515,615**	(293,363)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	**-**	(2,549)
Changes in fair value of cash flow hedge	**2,542**	30,882
Changes in fair value on net investment hedge	**96,824**	(33,463)
Share of other comprehensive income of associates	**113,800**	(94,386)
	728,781	(392,879)
Other comprehensive income for the period, net of tax	**(63,489)**	(1,815,057)
Total comprehensive income for the period	**971,126**	(641,872)
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	**974,409**	(1,145,953)
Non-controlling interests	**(3,283)**	504,081
	971,126	(641,872)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	**At 31 December 2022 (Unaudited) HK$'000**	At 30 June 2022 (Audited) HK$'000
NON-CURRENT ASSETS			
Investment properties		**36,175,807**	34,686,794
Other property, plant and equipment		**11,563,139**	11,848,238
Right-of-use assets		**5,080,966**	5,103,166
Interests in associates and joint ventures		**14,694,126**	14,061,428
Equity investments at FVOCI		**5,812,452**	6,603,147
Deferred tax assets		**970,806**	849,752
Intangible assets		**6,611,748**	6,975,544
Goodwill		**2,385,254**	2,394,027
Pensions surplus		**117,176**	118,900
		83,411,474	82,640,996
CURRENT ASSETS			
Development properties		**21,216,840**	20,940,572
Properties held for sale		**1,923,583**	2,341,520
Inventories		**481,095**	477,999
Contract assets		**203,122**	1,315,341
Trade and other receivables	10	**1,753,952**	1,787,448
Tax recoverable		**142,612**	152,712
Trading financial assets		**8,021,907**	8,787,546
Cash and short term funds		**13,130,726**	11,801,952
		46,873,837	47,605,090
CURRENT LIABILITIES			
Contract liabilities		**1,725,179**	947,203
Trade and other payables	11	**5,431,363**	4,813,856
Bank loans and other borrowings		**20,981,490**	12,001,373
Taxation		**120,958**	210,373
Provisions and other liabilities		**198,607**	175,329
Lease liabilities		**449,787**	452,463
		28,907,384	18,600,597
NET CURRENT ASSETS		**17,966,453**	29,004,493
TOTAL ASSETS LESS CURRENT LIABILITIES		**101,377,927**	111,645,489
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		**16,015,025**	26,327,392
Amount due to non-controlling interests		**2,228,551**	2,547,500
Provisions and other liabilities		**347,372**	103,351
Deferred tax liabilities		**427,524**	453,083
Lease liabilities		**6,974,723**	6,885,828
		25,993,195	36,317,154
NET ASSETS		**75,384,732**	75,328,335
CAPITAL AND RESERVES			
Share capital		**1,282,924**	1,290,715
Reserves		**56,573,709**	56,426,879
Total equity attributable to equity shareholders of the Company		**57,856,633**	57,717,594
Non-controlling interests		**17,528,099**	17,610,741
TOTAL EQUITY		**75,384,732**	75,328,335

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 2021/22 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022/23 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 2021/22 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 2022 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 2022 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 9 September 2022.

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 2022: US$1 = HK$7.7977, 30 June 2022: US$1 = HK$7.8451, 31 December 2021: US$1 = HK$7.7966).

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 3 – Reference to the Conceptual Framework
- Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to HKFRS – Annual Improvements to HKFRSs 2018-2020 Cycle

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 debt, 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 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 and Spain.	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 2022 or 2021.

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 2021/22.

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 2022						
Turnover	**1,027,175**	**3,611,645**	**4,482,243**	**-**	**310,091**	**9,431,154**
Disaggregated by timing of revenue						
- Point in time	**748,915**	**1,142,440**	**4,482,243**	**-**	**310,091**	**6,683,689**
- Over time	**-**	**2,469,204**	**-**	**-**	**-**	**2,469,204**
Revenue from external customers	**748,915**	**3,611,644**	**4,482,243**	**-**	**310,091**	**9,152,893**
Inter-segment revenue	**26,886**	**7,346**	**-**	**-**	**-**	**34,232**
Reportable segment revenue	**775,801**	**3,618,990**	**4,482,243**	**-**	**310,091**	**9,187,125**
Reportable segment operating profit/(loss)	**348,518**	**925,977**	**(397,207)**	**-**	**266,050**	**1,143,338**
Finance costs	**(62,241)**	**(327,769)**	**(252,404)**	**-**	**(21,310)**	**(663,724)**
Share of profits/(losses) of associates and joint ventures	**1,700**	**(40,634)**	**-**	**634,226**	**-**	**595,292**
Profit/(loss) before taxation	**287,977**	**557,574**	**(649,611)**	**634,226**	**244,740**	**1,074,906**
For the six months ended 31 December 2021						
Turnover	988,406	2,659,412	4,108,964	-	303,951	8,060,733
Disaggregated by timing of revenue						
- Point in time	285,301	1,713,833	4,108,964	-	303,951	6,412,049
- Over time	-	945,579	-	-	-	945,579
Revenue from external customers	285,301	2,659,412	4,108,964	-	303,951	7,357,628
Inter-segment revenue	11,001	8,771	-	-	-	19,772
Reportable segment revenue	296,302	2,668,183	4,108,964	-	303,951	7,377,400
Reportable segment operating (loss)/profit	(580,472)	833,597	1,019,389	-	98,167	1,370,681
Finance costs	(27,678)	(202,454)	(293,924)	-	(8,218)	(532,274)
Share of (losses)/profits of associates	-	(6,261)	-	566,790	-	560,529
(Loss)/profit before taxation	(608,150)	624,882	725,465	566,790	89,949	1,398,936

3. SEGMENT REPORTING (cont'd)

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

Revenue

	Six months ended 31 December	
	2022	2021
	HK$'000	HK$'000
Reportable segment revenue	**9,187,125**	7,377,400
Elimination of inter-segment revenue	**(34,232)**	(19,772)
Consolidated revenue (Note 4)	**9,152,893**	7,357,628

Finance costs

	Six months ended 31 December	
	2022	2021
	HK$'000	HK$'000
Reportable finance costs	**663,724**	532,274
Elimination of inter-segment finance costs	**(26,590)**	(10,697)
Consolidated finance costs (Note 6(a))	**637,134**	521,577

4. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue from sale of properties	**3,091,726**	2,224,635
Revenue from hospitality and leisure	**4,478,024**	4,104,325
Interest income	**151,681**	63,870
Dividend income	**669,027**	277,239
Rental income from properties	**417,075**	345,623
Revenue from sales of goods	**310,083**	303,670
Others	**35,277**	38,266
Revenue	**9,152,893**	7,357,628
Proceeds from sale of investments in securities	**278,261**	703,105
Turnover	**9,431,154**	8,060,733

5. OTHER NET LOSSES

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net realised and unrealised losses on trading financial assets	**(347,161)**	(810,956)
Net realised and unrealised gains on derivative financial instruments	**109,293**	72,025
Net gains/(losses) on foreign exchange contracts	**27,526**	(41,657)
Other exchange gains/(losses)	**96,730**	(40,293)
Net gains on disposal of property, plant and equipment	**382**	62
Gain on disposal of subsidiaries	**-**	98,783
Other net income	**39,815**	56,167
	(73,415)	(665,869)

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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans and other borrowings	**712,070**	573,308
Interest on lease liabilities	**172,072**	193,332
Other borrowing costs	**13,248**	14,938
Total borrowing costs	**897,390**	781,578
Less: borrowing costs capitalised into:		
- development properties	**(111,772)**	(136,230)
- investment properties	**(148,484)**	(123,771)
Total borrowing costs capitalised (Note)	**(260,256)**	(260,001)
	637,134	521,577

Note:

These borrowing costs have been capitalised at rates of 1.90% to 5.08% per annum (2021: 1.06% to 7.20%).

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

(b) Staff cost

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries, wages and other benefits	**1,299,970**	1,261,014
Contributions to defined contribution retirement plans	**86,406**	63,846
Equity-settled share-based payment expenses	**2,261**	2,331
	1,388,637	1,327,191

(c) Other items

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation		
- other property, plant and equipment	**244,871**	301,042
- right-of-use assets	**160,110**	191,118
Impairment losses recognised/(reversed) (note a & b)		
- other property, plant and equipment	**216,488**	(5,629)
- intangible assets	**192,666**	(98,385)
- right-of-use assets	**465,468**	(11,710)
Amortisation		
- customer relationship, licences and brand names	**12,203**	53,859
- casino licences and brand names	**1,965**	335
- Bass Strait oil and gas royalty	**22,512**	12,233
- other intangible assets	**99,452**	124,582
Refund on value-added tax claim and related interest	**-**	(879,495)
Gross rental income from investment properties	**(417,075)**	(345,623)
Less: direct outgoings	**87,475**	84,788
Net rental income	**(329,600)**	(260,835)

Notes:

a. During the six months ended 31 December 2022, the Group has factored the continuing risk of COVID-19 into the impairment testing of right-of-use assets, other property, plant and equipment and intangible assets of individual casino venues and clubs. Testing was carried out by allocating the carrying value of these assets to the individual venues and clubs. The recoverable amounts of individual venues and clubs have been calculated with reference to their value-in-use. Value-in-use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the following five years period ending 30 June 2027 and are most sensitive to revenue growth, the pre-tax discount rate of 13% and growth rates of 0% to 2% used to extrapolate cash flow beyond the forecast period.

   As a result of the impairment assessment, the Group recognised impairment charges on right-of-use assets of HK$465.5 million, other property, plant and equipment of HK$216.5 million and intangible assets of HK$192.7 million due to lower than anticipated performance post pandemic, a lower level of forecast earnings and a decision to close a number of clubs and venues in the period.

b. During the six months ended 31 December 2021, the Group recognised a reversal of previously impaired assets of HK$115.7 million relating to six casino venues. This follows the business transformation completed in 2020 and the reopening of venues since May 2021, which has contributed to an improved result and forecast outlook for the venues identified.

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax - Hong Kong Profits Tax	**335**	1,871
Current tax - Overseas	**188,689**	336,533
Deferred tax	**(148,733)**	(112,653)
	40,291	225,751

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the profits for the six months ended 31 December 2022. 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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend declared of HK$0.50 (2021: HK$0.50) per ordinary share	**164,524**	164,524
Dividends paid in respect of the prior year:		
- Final dividend of HK$1.50 (2021: HK$1.50) per ordinary share	**493,579**	493,579

The interim dividend declared for the year ending 30 June 2023 of HK$164,524,000 (2022: HK$164,524,000) is calculated based on 329,051,373 ordinary shares (2021: 329,051,373 ordinary shares) in issue as at 31 December 2022.

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 is based on the profits attributable to equity shareholders of the Company of HK$1,271,517,000 (2021: HK$615,861,000) and the weighted average number of 325,224,511 ordinary shares (2021: 325,224,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2022 and 2021, 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 2022 (Unaudited) HK$'000	At 30 June 2022 (Audited) HK$'000
Trade debtors	**650,468**	714,543
Other receivables, deposits and prepayments	**866,769**	844,331
Derivative financial instruments, at fair value	**200,892**	218,375
Interest receivables	**35,823**	10,199
	1,753,952	1,787,448

Included in the Group's trade and other receivables is HK$78.0 million (30 June 2022: HK$52.6 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 2022 (Unaudited) HK$'000	At 30 June 2022 (Audited) HK$'000
Within 1 month	**575,330**	673,200
1 to 3 months	**62,210**	23,229
More than 3 months	**12,928**	18,114
	650,468	714,543

11. TRADE AND OTHER PAYABLES

	At 31 December 2022 (Unaudited) HK$'000	At 30 June 2022 (Audited) HK$'000
Trade creditors	**1,175,542**	978,387
Other payables and accrued operating expenses	**4,144,103**	3,767,821
Derivative financial instruments, at fair value	**92,036**	30,141
Amounts due to fellow subsidiaries	**19,440**	37,264
Amounts due to associates and joint ventures	**242**	243
	5,431,363	4,813,856

Included in trade and other payables is HK$344.7 million (30 June 2022: HK$1,376.0 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 2022 (Unaudited) HK$'000	At 30 June 2022 (Audited) HK$'000
Within 1 month	**720,008**	676,266
1 to 3 months	**382,945**	189,709
More than 3 months	**72,589**	112,412
	1,175,542	978,387

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

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has declared an interim dividend of HK$0.50 per share amounting to approximately HK$165 million for the financial year ending 30 June 2023 (2021/2022 interim dividend: HK$0.50 per share amounting to approximately HK$165 million), which will be payable on Thursday, 23 March 2023 to the shareholders whose names appear on the Register of Members on Friday, 10 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group recorded an unaudited consolidated profit attributable to shareholders of HK$1,271.5 million for the six months ended 31 December 2022, representing an increase of 106% versus the corresponding period in 2021. This is mainly attributable to the positive performances of most of the Group's segments, while taking into account the loss from the Hospitality and Leisure segment. Basic earnings per share amounted to HK$3.91 as compared to HK$1.89 in the prior period.

For the six months ended 31 December 2022, the Principal Investment segment, Property Development and Investment segment, Financial Services segment and Others segment reported profits before taxation of HK$288.0 million, HK$557.6 million, HK$634.2 million and HK$244.7 million respectively. However, they were partially offset by the Hospitality and Leisure segment, which recorded a loss before taxation of HK$649.6 million due to impairment of assets, resulting in an overall 23% decline in the unaudited consolidated profit before taxation of the Group to HK$1,074.9 million for the six months ended 31 December 2022.

Revenue for the six months ended 31 December 2022 increased by 24% to HK$9.2 billion, primarily due to an increase of HK$1.0 billion in revenue from the Property Development and Investment segment attributable to the higher progressive recognition of sales from residential projects in Singapore.

Review of Operations

Principal Investment

Equity markets during the six months period ended 31 December 2022 were volatile and largely driven by the ongoing calibration of investor expectations with regards to how high the U.S. interest rates would peak, against the backdrop of continued inflationary pressure and recession concerns. Global equities saw an overall decline in the third calendar quarter of 2022 due to the Federal Reserve assuming a hawkish stance on interest rates amidst continued high inflationary pressure in the U.S. However, global equities managed to stage a rebound in the fourth quarter of 2022 as inflationary pressure started to ease in the U.S. The subsequent announcement of the Chinese government in late December 2022 of relaxation of its pandemic restrictions and the reopening of its economy further brought a positive impact to the equity markets.

Despite this complex market development, our Principal Investment segment recorded a pre-tax profit of HK$288.0 million for the six months ended 31 December 2022.

With a high volatility in the financial markets in the past six months, our Treasury team has focused on hedging and managing foreign exchange exposures while managing the overall liquidity position of the Group to minimize the negative impact from the turbulent financial markets.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

For the six months ended 31 December 2022, GuocoLand's revenue increased by 46% to S$661.6 million (approximately HK$3,712.3 million) and gross profit increased by 18% to S$165.8 million (approximately HK$930.3 million) as compared to the corresponding period in 2021. This was mainly due to the increase in revenue from the property development business by 45% to S$550.4 million (approximately HK$3,088.3 million), as a result of higher progressive recognition of sales from the residential projects in Singapore, arising from mainly the Meyer Mansion and Midtown Modern projects. Revenue from GuocoLand's investment properties increased by 25% to S$74.8 million (approximately HK$419.7 million) driven by higher rental revenue from Guoco Tower and the contribution from Guoco Changfeng City South Tower in Shanghai, which commenced operations during the period. Meanwhile, revenue from GuocoLand's hotels, especially Sofitel Singapore City Centre, continued to improve and recorded a revenue of S$35.3 million (approximately HK$198.1 million) in the first half, a three-fold increase as compared to the corresponding period in 2021.

Other income increased by 45% to S$47.6 million (approximately HK$267.1 million), mainly due to higher fair value gain on interest rate hedges and the foreign exchange gain recognised in the first half of the financial year. The fair value gain on the interest rate hedges mitigated the increase in finance costs, which has risen by 52% to S$60.7 million (approximately HK$340.6 million) during the first half as a result of interest rate hikes.

The profit attributable to equity holders for the six months ended 31 December 2022 amounted to S$59.0 million (approximately HK$331.1 million), a decrease of 13% as compared to the corresponding period in 2021. Excluding the one-off gain from the disposal of the two subsidiaries in Vietnam of S$14.3 million (approximately HK$80.2 million) (net of tax) in the previous corresponding period, the overall profit for the review period would have increased by 11%.

In Singapore, there were 15,777 unsold units in the residential housing market in the third quarter of 2022, about 12,000 units below the 10-year average of 27,767 units. Prices are expected to stabilise and grow moderately. Rents for CBD Grade A offices continued their upward trajectory in the fourth quarter of 2022, bringing the full year rental growth to 5.9% for 2022. In 2023, the CBD Grade A office net demand is likely to remain at positive levels while supply pipeline is still limited over the near and mid-term. Whilst the property market in Singapore is supported by sound economic fundamentals, macroeconomic uncertainties, including higher costs and interest rate hikes remain a concern.

China has begun the easing of its control polices related to the pandemic, including allowing free travel within the country and the lifting of all quarantine requirements for international visitors since January 2023. In general, analysts expect business confidence in China to improve. The Chinese government also introduced a series of support measures to assist the recovery of the real estate sector.

According to the Ministry of Finance, the GDP of Malaysia is expected to grow moderately between 4% and 5% in 2023, backed by strong fundamentals and the diversified economic structure, coupled with policy support to cushion the impact of the rising cost of living. Nevertheless, the real estate market remains challenging due to the high supply of conventional real estate assets in Malaysia and the inflationary environment.

GuocoLand will continue to build its presence as a multi-platform real estate player. With the completion of Guoco Midtown in 2023, it looks forward to further grow the value of its portfolio of integrated developments in Singapore, China and Malaysia.

Hospitality and Leisure

The Clermont Hotel Group (previously GLH Hotels Group Limited or "GLH")

Clermont Hotel Group (previously GLH), our key hotel operating business unit in the United Kingdom ("UK"), recorded a profit after tax of GBP22.8 million (approximately HK$209.3 million) for the six months ended 31 December 2022, overturning a loss of GBP22.6 million (approximately HK$207.4 million) for the corresponding period in 2021. In November 2022, the rebranding of GLH to "The Clermont Hotels" signalled to the market a shift to an aspirational brand repositioned as an upmarket operator with a simplified portfolio consisting of Clermont, Thistle and Hard Rock. The repositioning will ensure the brands are better understood by our guests to drive greater awareness and loyalty. The results for the six months ended 31 December 2022 from the rebranded Clermont Victoria and Clermont Charing Cross hotels have exceeded expectations, demonstrating the value uplift.

The profit in the first half includes an exceptional income from the business interruption insurance claim of GBP7.2 million (approximately HK$66.1 million), net of tax. Operationally, the momentum from the strong finish to the last financial year continued into the current period as the business capitalised on the strong domestic demand across all segments and the return of international visitors throughout the summer and autumn, which has driven occupancies at some central London hotels to above 90%, although overall occupancy is yet to recover fully to pre-pandemic levels. In contrast, average room rates exceeded pre-pandemic levels, benefiting from the strong market rate growth and the premium pricing strategies.

Continued cost base control and mitigation actions partially offset the impacts of high inflation. The business was also assisted by the UK Government energy price cap policy over the winter and with its energy hedging actions, the business has mitigated a significant risk of high energy prices for much of this financial year. The cash flow from profit has allowed the business to re-invest in critical hotel infrastructure upgrades, driving performance through optimisation of under-utilised spaces.

The revenue outlook for the second half of the financial year is cautiously optimistic as demand and pricing forecasts remain strong. However, the worsening economic outlook, high inflationary environment, challenges on labour availability and energy price volatility give rise to continued uncertainty and challenges. Nonetheless, Clermont Hotel Group is confident in the underlying strength of the business and is well positioned to continue to capitalize on opportunities for growth over the next six months to deliver and return to a profit for the year.

The Rank Group Plc ("Rank")

Rank's net gaming revenue increased by 2% to GBP338.9 million (approximately HK$3,110.5 million) for the six months ended 31 December 2022, as driven by the growth in digital business by 9% but offset by the decline in venue business by 1%. Operating margins have been impacted by material increases in energy costs and wage inflation which had an incremental impact of GBP15.0 million (approximately HK$137.7 million) during the first half. Coupled with the impairment charges of GBP95.4 million (approximately HK$874.6 million) relating to the downturn in performance expectations for Grosvenor and Mecca venues in the current period, whilst an exceptional receipt of GBP83.1 million (approximately HK$762.7 million) after the successful conclusion of a longstanding Value Added Tax refund claim with the HM Revenue & Customs in the corresponding period in 2021, Rank recorded a loss after tax of GBP101.2 million (approximately HK$928.8 million) for the six months ended 31 December 2022, as compared to a profit after tax of GBP84.0 million (approximately HK$771.0 million) in the previous corresponding period. Details of the impairment are shown in note 6(c) to the interim financial report.

The number of customer visits to Grosvenor venues increased by 5% over the first half, but the average spend per visit declined by 9%, which reflected the impact of affordability restrictions on higher spending customers and the impact of the cost-of-living crisis on discretionary expenditure. For Mecca venues, whilst customer volumes are rising, the rate of growth was slow at 4% against the prior period and from a much lower base than prior to the pandemic. In Spain, Enracha venues have continued to recover strongly. Customer visits increased by 16% in the first half but were still 14% behind pre-pandemic levels. The venue business was impacted by higher energy costs and wage inflation. A number of initiatives including energy efficiency programmes, changes to opening hours, renegotiating leases and other contracts mitigated some of the impact. Despite the difficult trading conditions, several key initiatives and investments were delivered in the first half to accelerate the transformation, and position the venue business for growth when the consumer climate improves and in readiness for positive regulatory change in the UK Government's gambling legislation review.

The digital business continued to perform strongly. Grosvenor successfully migrated onto the proprietary RIDE platform in September 2022. With the Rank brands now fully operating on the RIDE platform, which was acquired from Stride Gaming plc in late 2019, the UK facing business is well set to drive growth through enhancing the customer offering and maximising the cross-channel opportunity for the Grosvenor and Mecca brands. New live tables continue to be launched to allow customers to experience the Grosvenor casino experience online, and new cross-channel bingo games will be launched in Mecca in the second half of the financial year. The RIDE platform continues to undergo further development to deliver additional scale and to continuously improve the consistency and quality of customer experience. Similarly, in the Spanish facing digital business, YoSports was successfully launched in September 2022 in readiness for the FIFA World Cup and it received a very positive reaction from customers. The strong balance sheet enables Rank to continue investment in both the digital and venues businesses and positions Rank well for when trading conditions normalise.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG will publish its results for the interim period ended 31 December 2022 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"), continues to build on its brand position in key markets and grow its direct-to-consumer model. For the six months ended 31 December 2022, MHNZ delivered a strong performance which overturned a loss to profit, mainly due to the rebound in key markets after several years of pandemic induced lower sales. The investment in direct-to-consumer model is also showing early indications of good growth.

Result performance of the Bass Strait oil and gas business also saw an increase for the first half due to an increase in average crude oil and gas prices as well as higher gas production.

GROUP FINANCIAL COMMENTARY

Capital Management

The consolidated total equity attributable to shareholders of the Company as at 31 December 2022 amounted to HK$57.9 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$15.8 billion. The equity-debt ratio was 79:21 as at 31 December 2022.

Liquidity and Financial Resources

The Group's total cash and short term funds as well as trading financial assets were mostly denominated in HKD (34%), USD (23%), SGD (14%), RMB (13%), GBP (9%), and JPY (3%) as at 31 December 2022.

The Group's total bank loans and other borrowings amounted to HK$37.0 billion as at 31 December 2022, and were mostly denominated in SGD (70%), RMB (9%), USD (7%), GBP (6%), HKD (5%) and RM (3%). The Group has borrowings of HK$21.0 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, trading financial assets and bank deposits with an aggregate book value of HK$52.0 billion as at 31 December 2022.

Committed borrowing facilities available to the Group and not yet drawn as at 31 December 2022 amounted to approximately HK$14.6 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 2022, approximately 88% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 12% carried interest at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK$9.8 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 2022, there were outstanding foreign exchange contracts with a total notional amount of HK$6.2 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.

GROUP OUTLOOK

Going into 2023, as China reopens its economy and global financial conditions gradually improve, with the peak of interest rates expected to be reached this year, more cautious optimism has returned to the equity markets. However, there are expectations of a slower recovery across major economies with weaknesses in corporate earnings undermined by substantial risks remaining in the near term outlook, not least ongoing high inflation. The persistency of the Ukraine war, rate hikes and increased US-China geopolitical tensions also give rise to continued uncertainties.

The Group will remain vigilant under the evolving landscape and will be cautious in managing its Principal Investment portfolio. It will also continue pragmatic strategies for its other core businesses to deal with short term challenges, whilst strengthening business fundamentals to achieve a long term sustainable growth strategy.

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

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2022.

CORPORATE GOVERNANCE CODE

The Board has adopted a Corporate Governance 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 all applicable code provisions of the HKEX Code.

REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2022 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 Friday, 10 March 2023, 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 Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 9 March 2023.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 20 February 2023

As at the date of this announcement, the Board comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. David M. NORMAN, Mr. Lester G. HUANG, SBS, JP and Mr. Paul J. BROUGH as Independent Non-executive Directors.