

2022/23

I N T E R I M
R E P O R T



國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

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CORPORATE INFORMATION

(As at 20 February 2023)

BOARD OF DIRECTORS

Executive Chairman

KWEK Leng Hai

Executive Director

CHEW Seong Aun

Non-executive Director

KWEK Leng San

Independent Non-executive Directors

David M. NORMAN

Lester G. HUANG, *SBS, JP*

Paul J. BROUGH

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Paul J. BROUGH – *Chairman*

David M. NORMAN

Lester G. HUANG, *SBS, JP*

BOARD REMUNERATION COMMITTEE

Lester G. HUANG, *SBS, JP* – *Chairman*

KWEK Leng Hai

Paul J. BROUGH

BOARD NOMINATION COMMITTEE

KWEK Leng Hai – *Chairman*

David M. NORMAN

Paul J. BROUGH

GROUP CHIEF FINANCIAL OFFICER

CHEW Seong Aun

COMPANY SECRETARY

LO Sze Man, Stella

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

PRINCIPAL OFFICE

50th Floor, The Center
99 Queen's Road Central
Hong Kong

Telephone : (852) 2283 8833

Fax : (852) 2285 3233

Website : www.guoco.com

BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-16

17th Floor, Hopewell Centre

183 Queen's Road East, Wan Chai

Hong Kong

AUDITOR

KPMG

*Public Interest Entity Auditor registered in accordance with the
Financial Reporting Council Ordinance*

FINANCIAL CALENDAR

Announcement of interim results
Latest time to register transfers for interim dividend
Closure of register of members for interim dividend
Payment of interim dividend of HK\$0.50 per share

20 February 2023 (Monday)
4:30 p.m. on 9 March 2023 (Thursday)
10 March 2023 (Friday)
23 March 2023 (Thursday)



The board of directors (the “Board”) of Guoco Group Limited (the “Company”) would like to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2022 as follows:

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.

INTERIM DIVIDEND

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.

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.

As at 31 December 2022, the Group’s total investments under the Principal Investment amounted to US\$1,774 million. No single investment accounted for a value of 5% or more of the Group’s total asset value as at 31 December 2022.

REVIEW OF OPERATIONS

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 policies 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 growing 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.

REVIEW OF OPERATIONS

HOSPITALITY AND LEISURE (CONT'D)

The Rank Group Plc ("Rank") (cont'd)

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")

The results performance of HLFG continued to grow for the six months ended 31 December 2022. Profit before tax reached RM2,697.8 million (approximately HK\$4,643.1 million), an increase of 14% from RM2,376.0 million (approximately HK\$4,089.2 million) in the corresponding period in 2021. The increase was mainly contributed from the commercial banking division, but offset by lower contributions from the insurance divisions as well as the investment and stockbroking divisions.

Hong Leong Bank Group recorded an increase of 17% in profit before tax, amounting to RM2,474.5 million (approximately HK\$4,258.8 million) for the six months ended 31 December 2022 as compared to RM2,118.6 million (approximately HK\$3,646.2 million) in the corresponding period in 2021. The increase was mainly due to an increase in both revenue of RM235.1 million (approximately HK\$404.6 million) and share of profit from associated companies of RM168.8 million (approximately HK\$290.5 million). The profit growth, however, was offset by the increase in operating expenses of RM66.4 million (approximately HK\$114.3 million).

HLA Holdings Group recorded a profit before tax of RM208.1 million (approximately HK\$358.2 million) for the six months ended 31 December 2022, a decrease of 4% as compared to RM217.0 million (approximately HK\$373.5 million) in the corresponding period in 2021. The lower profit arose mainly from a decrease in life fund surplus of RM30.7 million (approximately HK\$52.8 million), an increase in operating expenses of RM24.4 million (approximately HK\$42.0 million) and a decrease in share of profit from associated companies of RM20.8 million (approximately HK\$35.8 million). The decrease, however, was mitigated by an increase in revenue of RM67.0 million (approximately HK\$115.3 million).

Hong Leong Capital Group recorded a profit before tax of RM36.1 million (approximately HK\$62.1 million) for the six months ended 31 December 2022, a decrease of 38% as compared to RM58.2 million (approximately HK\$100.2 million) in the corresponding period in 2021. This was mainly due to lower contributions from the investment banking and stockbroking divisions, fund management and trust unit management divisions.

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.

GROUP FINANCIAL COMMENTARY (CONT'D)

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.

HUMAN RESOURCES AND TRAINING

As at 31 December 2022, the Group had around 10,500 staff. The Group continued to seek an optimal workforce. It is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial results of the Group and individual achievement to promote performance. In addition, share based award schemes are in place for granting share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention. Details of the staff costs are set out in note 6(b) to the interim financial report.

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 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

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 (the "Stock Exchange"). During the period, the Company has complied with all applicable code provisions of the HKEX Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding directors' securities transactions.

All directors of the Company (the "Directors"), following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Model Code throughout the period.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were disclosed as follows in accordance with the Listing Rules:

(A) The Company

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	3,800,775	3,800,775	1.16%
KWEK Leng San	209,120	209,120	0.06%
David M. NORMAN	4,000	4,000	0.00%

* Ordinary shares

(B) Associated Corporations

(a) GuoLine Capital Assets Limited

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	841,000	841,000	2.62%
KWEK Leng San	321,790	321,790	1.00%

* Ordinary shares

(b) GuocoLand Limited

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	35,290,914	35,290,914	2.98%

* Ordinary shares

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

(B) Associated Corporations (cont'd)

(c) Hong Leong Financial Group Berhad ("HLFG")

Director	Number of *shares/ underlying shares (Long Position)		Approx. % of total number of shares in issue	
	Personal interests	Total interests		
KWEK Leng Hai	2,526,000	2,526,000	0.22%	
CHEW Seong Aun	93,842	93,842	0.00%	Note
KWEK Leng San	654,000	654,000	0.06%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 93,842 HLFG shares/underlying shares comprised 62,562 ordinary shares of HLFG and a share grant of 31,280 underlying shares of HLFG which shall be vested on 24 November 2023.

(d) GuocoLand (Malaysia) Berhad

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	226,800	226,800	0.03%

* Ordinary shares

(e) The Rank Group Plc

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	1,026,209	1,026,209	0.26%
KWEK Leng San	56,461	56,461	0.01%

* Ordinary shares

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)**(B) Associated Corporations (cont'd)**

(f) Lam Soon (Hong Kong) Limited

Director	Number of *shares (Long Position)			Approx. % of total number of shares in issue
	Personal interests	Family interests	Total interests	
KWEK Leng Hai	2,300,000	-	2,300,000	0.95%
Lester G. HUANG, SBS, JP	-	150,000	150,000	0.06%

* Ordinary shares

Save as disclosed above, as at 31 December 2022, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

1. Mr. David M. NORMAN

- resigned as a non-executive director of South China Holdings Company Limited (a company listed on the Stock Exchange) with effect from 31 December 2022.

2. Mr. Paul J. BROUGH

- appointed as a director of Pacific Primary Health Care Holdings Limited with effect from 1 January 2023.

SHARE SCHEMES**Executive Share Option Scheme 2012 (the "ESOS")**

The ESOS was approved by the shareholders of the Company at the special general meeting on 14 November 2012 and took effect on 16 November 2012. Under the ESOS, options may be granted over newly issued and/or existing shares of the Company to executives or directors of the Company and its subsidiaries from time to time.

The ESOS expired on 15 November 2022. No option had ever been granted pursuant to the ESOS since its adoption and up to 15 November 2022.

OTHER INFORMATION

SHARE SCHEMES (CONT'D)

Executive Share Scheme 2022 (the “ESS”)

The ESS was approved by the shareholders of the Company at the annual general meeting on 8 November 2022 and took effect on 10 November 2022 (the “Effective Date”). Under the ESS, options and/or share grants may be granted over newly issued and/or existing shares of the Company to directors or executives of the Company and its subsidiaries from time to time.

The maximum number of new shares of the Company which may be issued upon exercise of the options to be granted and vesting of share grants to be offered under the ESS is 32,905,137, representing 10% of the total number of shares in issue of the Company as at the Effective Date and 31 December 2022.

No option/share grant had ever been granted pursuant to the ESS since its adoption and up to 31 December 2022.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company’s issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/ underlying shares	Note(s)	Approx. % of total number of shares in issue
QUEK Leng Chan (“QLC”)	Interest of controlled corporations	250,282,117 (Long Position)	1	76.06%
GuoLine Capital Assets Limited (“GCAL”)	Interest of controlled corporations	248,625,792 (Long Position)	2 & 3	75.55%
Hong Leong Investment Holdings Pte. Ltd. (“HLInv’t”)	Interest of controlled corporations	248,625,792 (Long Position)	3 & 4	75.55%
Davos Investment Holdings Private Limited (“Davos”)	Interest of controlled corporations	248,625,792 (Long Position)	3 & 5	75.55%
KWEK Leng Kee (“KLK”)	Interest of controlled corporations	248,625,792 (Long Position)	3 & 6	75.55%
Elliott Investment Management GP LLC (“EIM”)	Investment manager	31,998,716 (Long Position)	7	9.72%
Elliott International Special GP, LLC (“EIS”)	Interest of controlled corporations	21,759,127 (Long Position)	8	6.61%
First Eagle Investment Management, LLC (“FEIM”)	Investment manager	26,238,046 (Long Position)	9	7.97%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (CONT'D)

Notes:

1. The interest of controlled corporations of QLC comprised 242,008,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine (Singapore) Pte Ltd ("GSL")	8,274,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	3,826,862
Robusto Ltd ("RL")	1,056,325
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL and GSL were wholly owned by GCAL. GCAL was 49.11% owned by QLC while RL and CL were wholly owned by QLC.

2. The interests of GCAL comprised 240,351,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GSL and AFCW as set out in Note 1 above.
3. The interests of GCAL, HLIInv, Davos and KLK are duplicated.
4. HLIInv was deemed to be interested in these interests through its controlling interests of 34.49% in GCAL.
5. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
6. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.
7. EIM was deemed to be interested in these interests comprising 21,759,127 shares held by Elliott International, L.P. ("EILP") and 10,239,589 shares held by The Liverpool Limited Partnership ("LLP"). EIM controls 100% of Elliott Investment Management L.P. which has investment discretion with respect to all those shares.
8. EIS was deemed to be interested in these interests comprising 21,759,127 shares held by EILP. EILP was 100% controlled by Hambleton, Inc. which in turn was controlled by EIS for these purposes.
9. FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it.

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2022 – Unaudited

	Note	2022 US\$'000	2021 US\$'000	2022 HK\$'000 (Note 22)	2021 HK\$'000 (Note 22)
Turnover	3 & 4	1,209,479	1,033,878	9,431,154	8,060,733
Revenue	3 & 4	1,173,794	943,697	9,152,893	7,357,628
Cost of sales		(676,356)	(562,361)	(5,274,021)	(4,384,504)
Other attributable costs		(40,398)	(33,518)	(315,011)	(261,326)
		457,040	347,818	3,563,861	2,711,798
Other revenue	5(a)	45,198	142,949	352,440	1,114,516
Other net losses	5(b)	(9,415)	(85,405)	(73,415)	(665,869)
Administrative and other operating expenses		(349,608)	(230,929)	(2,726,138)	(1,800,461)
Profit from operations before finance costs		143,215	174,433	1,116,748	1,359,984
Finance costs	3(b) & 6(a)	(81,708)	(66,898)	(637,134)	(521,577)
Profit from operations		61,507	107,535	479,614	838,407
Share of profits of associates and joint ventures		76,342	71,894	595,292	560,529
Profit for the period before taxation	3 & 6	137,849	179,429	1,074,906	1,398,936
Tax expenses	7	(5,167)	(28,955)	(40,291)	(225,751)
Profit for the period		132,682	150,474	1,034,615	1,173,185
Attributable to:					
Equity shareholders of the Company		163,063	78,991	1,271,517	615,861
Non-controlling interests		(30,381)	71,483	(236,902)	557,324
Profit for the period		132,682	150,474	1,034,615	1,173,185
		US\$	US\$	HK\$	HK\$
Earnings per share					
Basic	9	0.50	0.24	3.91	1.89
Diluted	9	0.50	0.24	3.91	1.89

The notes on pages 21 to 36 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2022 – Unaudited

	2022 US\$'000	2021 US\$'000	2022 HK\$'000 (Note 22)	2021 HK\$'000 (Note 22)
Profit for the period	132,682	150,474	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)	(101,873)	(182,410)	(794,375)	(1,422,178)
Actuarial gains on defined benefit obligation	270	–	2,105	–
	(101,603)	(182,410)	(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	66,124	(37,627)	515,615	(293,363)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	–	(327)	–	(2,549)
Changes in fair value of cash flow hedge	326	3,961	2,542	30,882
Changes in fair value on net investment hedge	12,417	(4,292)	96,824	(33,463)
Share of other comprehensive income of associates	14,594	(12,106)	113,800	(94,386)
	93,461	(50,391)	728,781	(392,879)
Other comprehensive income for the period, net of tax	(8,142)	(232,801)	(63,489)	(1,815,057)
Total comprehensive income for the period	124,540	(82,327)	971,126	(641,872)
Total comprehensive income for the period attributable to:				
Equity shareholders of the Company	124,961	(146,981)	974,409	(1,145,953)
Non-controlling interests	(421)	64,654	(3,283)	504,081
	124,540	(82,327)	971,126	(641,872)

The notes on pages 21 to 36 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000	At 31 December 2022 (Unaudited) HK\$'000 (Note 22)	At 30 June 2022 (Audited) HK\$'000 (Note 22)
	Note				
NON-CURRENT ASSETS					
Investment properties		4,639,292	4,421,488	36,175,807	34,686,794
Other property, plant and equipment	10	1,482,891	1,510,282	11,563,139	11,848,238
Right-of-use assets		651,598	650,495	5,080,966	5,103,166
Interests in associates and joint ventures		1,884,418	1,792,395	14,694,126	14,061,428
Equity investments at FVOCI	11	745,406	841,696	5,812,452	6,603,147
Deferred tax assets		124,499	108,317	970,806	849,752
Intangible assets		847,910	889,165	6,611,748	6,975,544
Goodwill		305,892	305,164	2,385,254	2,394,027
Pensions surplus		15,027	15,156	117,176	118,900
		10,696,933	10,534,158	83,411,474	82,640,996
CURRENT ASSETS					
Development properties	12	2,720,910	2,669,272	21,216,840	20,940,572
Properties held for sale		246,686	298,471	1,923,583	2,341,520
Inventories		61,697	60,930	481,095	477,999
Contract assets		26,049	167,665	203,122	1,315,341
Trade and other receivables	13	224,932	227,844	1,753,952	1,787,448
Tax recoverable		18,289	19,466	142,612	152,712
Trading financial assets		1,028,753	1,120,139	8,021,907	8,787,546
Cash and short term funds		1,683,923	1,504,382	13,130,726	11,801,952
		6,011,239	6,068,169	46,873,837	47,605,090
CURRENT LIABILITIES					
Contract liabilities		221,242	120,739	1,725,179	947,203
Trade and other payables	14	696,534	613,617	5,431,363	4,813,856
Bank loans and other borrowings	15	2,690,728	1,529,802	20,981,490	12,001,373
Taxation		15,512	26,816	120,958	210,373
Provisions and other liabilities	16	25,470	22,349	198,607	175,329
Lease liabilities		57,682	57,675	449,787	452,463
		3,707,168	2,370,998	28,907,384	18,600,597
NET CURRENT ASSETS		2,304,071	3,697,171	17,966,453	29,004,493
TOTAL ASSETS LESS CURRENT LIABILITIES		13,001,004	14,231,329	101,377,927	111,645,489

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000	At 31 December 2022 (Unaudited) HK\$'000 (Note 22)	At 30 June 2022 (Audited) HK\$'000 (Note 22)
	Note				
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	15	2,053,814	3,355,924	16,015,025	26,327,392
Amount due to non-controlling interests		285,796	324,727	2,228,551	2,547,500
Provisions and other liabilities	16	44,548	13,174	347,372	103,351
Deferred tax liabilities		54,827	57,754	427,524	453,083
Lease liabilities		894,459	877,729	6,974,723	6,885,828
		3,333,444	4,629,308	25,993,195	36,317,154
NET ASSETS					
		9,667,560	9,602,021	75,384,732	75,328,335
CAPITAL AND RESERVES					
Share capital	17	164,526	164,526	1,282,924	1,290,715
Reserves		7,255,179	7,192,673	56,573,709	56,426,879
Total equity attributable to equity shareholders of the Company		7,419,705	7,357,199	57,856,633	57,717,594
Non-controlling interests		2,247,855	2,244,822	17,528,099	17,610,741
TOTAL EQUITY		9,667,560	9,602,021	75,384,732	75,328,335

The notes on pages 21 to 36 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022 – Unaudited

	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2022	164,526	10,493	(68,118)	2,806	(39,017)	(541)	(599,718)	(754,505)	3,332	46,692	8,591,249	7,357,199	2,244,822	9,602,021
Profit for the period	-	-	-	-	-	-	-	-	-	-	163,063	163,063	(30,381)	132,682
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	-	40,408	-	-	-	-	40,408	25,716	66,124
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	325	-	-	325	1	326
Changes in fair values of equity investments at FVOCI	-	-	-	-	-	-	-	(101,873)	-	-	-	(101,873)	-	(101,873)
Changes in fair value on net investment hedge	-	-	-	-	-	-	-	-	8,300	-	-	8,300	4,117	12,417
Actuarial gains on defined benefit obligation	-	-	-	-	-	-	-	-	-	-	144	144	126	270
Share of other comprehensive income of associates	-	-	(1,371)	-	-	-	11,865	3,650	11	-	439	14,594	-	14,594
Total comprehensive income for the period	-	-	(1,371)	-	-	-	52,273	(98,223)	8,636	-	163,646	124,961	(421)	124,540
Transfer between reserves	-	-	11,064	-	-	-	-	-	-	-	(11,064)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	30,940	30,940
Capital reduction of a subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(693)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	181	-	-	-	6,728	6,909	(11,899)	(4,990)
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(6,802)	(6,802)
Accrued distribution for perpetual securities	-	-	-	-	-	-	-	-	-	-	(7,147)	(7,147)	7,147	-
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(15,239)	(15,239)
Final dividend payable in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(62,217)	(62,217)	-	(62,217)
At 31 December 2022	164,526	10,493	(58,425)	2,806	(39,017)	(541)	(547,264)	(852,728)	11,968	46,692	8,681,195	7,419,705	2,247,855	9,667,560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022 – Unaudited

	Attributable to equity shareholders of the Company											Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits			
At 1 July 2021	164,526	10,493	(79,927)	2,806	(39,017)	(225)	(262,607)	(566,016)	(8,620)	46,692	8,431,360	7,699,465	2,216,525	9,915,990
Profit for the period	-	-	-	-	-	-	-	-	-	-	78,991	78,991	71,483	150,474
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	-	(31,459)	-	-	-	-	(31,459)	(6,168)	(37,627)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	-	(188)	-	-	-	-	(188)	(139)	(327)
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	3,060	-	-	3,060	901	3,961
Changes in fair values of equity investments at FVOCI	-	-	-	-	-	-	-	(182,410)	-	-	-	(182,410)	-	(182,410)
Changes in fair value on net investment hedge	-	-	-	-	-	-	-	-	(2,869)	-	-	(2,869)	(1,423)	(4,292)
Transfer upon disposal of equity investments at FVOCI	-	-	-	-	-	-	-	(16,020)	-	-	16,020	-	-	-
Share of other comprehensive income of associates	-	-	(1,828)	-	-	-	4,665	(16,293)	178	-	1,172	(12,106)	-	(12,106)
Total comprehensive income for the period	-	-	(1,828)	-	-	-	(26,982)	(214,723)	369	-	96,183	(146,981)	64,654	(82,327)
Transfer between reserves	-	-	4,255	-	-	-	-	-	-	-	(4,255)	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	200	-	-	-	-	-	200	184	384
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(6,759)	(6,759)
Accrued distribution for perpetual securities	-	-	-	-	-	-	-	-	-	-	(7,090)	(7,090)	7,090	-
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(15,193)	(15,193)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(62,562)	(62,562)	-	(62,562)
At 31 December 2021	164,526	10,493	(77,500)	2,806	(39,017)	(25)	(289,589)	(780,739)	(8,251)	46,692	8,453,636	7,483,032	2,266,501	9,749,533

The notes on pages 21 to 36 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022 – Unaudited

	2022 US\$'000	2021 US\$'000
Net cash generated from operating activities	742,499	194,573
Net cash used in investing activities	(114,589)	(34,695)
Net cash (used in)/generated from financing activities	(501,189)	326,165
Net increase in cash and cash equivalents	126,721	486,043
Cash and cash equivalents at 1 July	1,345,816	1,324,589
Effect of foreign exchange rate changes	17,318	(17,855)
Cash and cash equivalents at 31 December	1,489,855	1,792,777
Analysis of the balances of cash and cash equivalents		
Cash and short term funds in the consolidated statement of financial position	1,683,923	1,810,200
Cash collaterals	(13,163)	(17,423)
Fixed deposits with maturity over three months	(180,370)	-
Bank overdraft	(535)	-
Cash and cash equivalents in the condensed consolidated statement of cash flows	1,489,855	1,792,777

The notes on pages 21 to 36 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Others US\$'000	Total US\$'000
For the six months ended 31 December 2022						
Turnover	131,728	463,168	574,816	-	39,767	1,209,479
Disaggregated by timing of revenue						
- Point in time	96,043	146,510	574,816	-	39,767	857,136
- Over time	-	316,658	-	-	-	316,658
Revenue from external customers	96,043	463,168	574,816	-	39,767	1,173,794
Inter-segment revenue	3,448	942	-	-	-	4,390
Reportable segment revenue	99,491	464,110	574,816	-	39,767	1,178,184
Reportable segment operating profit/(loss)	44,695	118,750	(50,939)	-	34,119	146,625
Finance costs	(7,982)	(42,034)	(32,369)	-	(2,733)	(85,118)
Share of profits/(losses) of associates and joint ventures	218	(5,211)	-	81,335	-	76,342
Profit/(loss) before taxation	36,931	71,505	(83,308)	81,335	31,386	137,849
For the six months ended 31 December 2021						
Turnover	126,774	341,099	527,020	-	38,985	1,033,878
Disaggregated by timing of revenue						
- Point in time	36,593	219,818	527,020	-	38,985	822,416
- Over time	-	121,281	-	-	-	121,281
Revenue from external customers	36,593	341,099	527,020	-	38,985	943,697
Inter-segment revenue	1,411	1,125	-	-	-	2,536
Reportable segment revenue	38,004	342,224	527,020	-	38,985	946,233
Reportable segment operating (loss)/profit	(74,452)	106,918	130,748	-	12,591	175,805
Finance costs	(3,550)	(25,967)	(37,699)	-	(1,054)	(68,270)
Share of (losses)/profits of associates and joint ventures	-	(803)	-	72,697	-	71,894
(Loss)/profit before taxation	(78,002)	80,148	93,049	72,697	11,537	179,429

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

3. SEGMENT REPORTING (cont'd)

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

Revenue

	Six months ended 31 December 2022 US\$'000	2021 US\$'000
Reportable segment revenue	1,178,184	946,233
Elimination of inter-segment revenue	(4,390)	(2,536)
Consolidated revenue (Note 4)	1,173,794	943,697

Finance costs

	Six months ended 31 December 2022 US\$'000	2021 US\$'000
Reportable finance costs	85,118	68,270
Elimination of inter-segment finance costs	(3,410)	(1,372)
Consolidated finance costs (Note 6(a))	81,708	66,898

4. TURNOVER AND REVENUE

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

	Six months ended 31 December 2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Revenue from sale of properties	396,492	285,334
Revenue from hospitality and leisure	574,275	526,425
Interest income	19,452	8,192
Dividend income	85,798	35,559
Rental income from properties	53,487	44,330
Revenue from sales of goods	39,766	38,949
Others	4,524	4,908
Revenue	1,173,794	943,697
Proceeds from sale of investments in securities	35,685	90,181
Turnover	1,209,479	1,033,878

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

5. OTHER REVENUE AND NET LOSSES**(a) Other revenue**

	Six months ended 31 December	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Sublease income	6,797	3,558
Bass Strait oil and gas royalty	26,107	16,977
Hotel management fee	238	229
Income from forfeiture of deposit from sale of properties	323	4,139
Government grants	43	4,474
Refund on value-added tax claim and related interest	-	112,805
Hotel business interruption insurance claim	11,331	-
Others	359	767
	45,198	142,949

(b) Other net losses

	Six months ended 31 December	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Net realised and unrealised losses on trading financial assets	(44,521)	(104,014)
Net realised and unrealised gains on derivative financial instruments	14,016	9,238
Net gains/(losses) on foreign exchange contracts	3,530	(5,343)
Other exchange gains/(losses)	12,405	(5,168)
Net gains on disposal of property, plant and equipment	49	8
Gain on disposal of subsidiaries	-	12,670
Other net income	5,106	7,204
	(9,415)	(85,405)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Interest on bank loans and other borrowings	91,318	73,533
Interest on lease liabilities	22,067	24,797
Other borrowing costs	1,699	1,916
Total borrowing costs	115,084	100,246
Less: borrowing costs capitalised into:		
- development properties	(14,334)	(17,473)
- investment properties	(19,042)	(15,875)
Total borrowing costs capitalised (note)	(33,376)	(33,348)
	81,708	66,898

Note:

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

(b) Staff cost

	Six months ended 31 December	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Salaries, wages and other benefits	166,712	161,739
Contributions to defined contribution retirement plans	11,081	8,189
Equity-settled share-based payment expenses	290	299
	178,083	170,227

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

(c) Other items

	Six months ended 31 December	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Depreciation		
– other property, plant and equipment	31,403	38,612
– right-of-use assets	20,533	24,513
Impairment losses recognised/(reversed) (note a & b)		
– other property, plant and equipment	27,763	(722)
– intangible assets	24,708	(12,619)
– right-of-use assets	59,693	(1,502)
Amortisation		
– customer relationship, licences and brand names	1,565	6,908
– casino licences and brand names	252	43
– Bass Strait oil and gas royalty	2,887	1,569
– other intangible assets	12,754	15,979
Gross rental income from investment properties	(53,487)	(44,330)
Less: direct outgoings	11,218	10,875
Net rental income	(42,269)	(33,455)

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 US\$59.7 million, other property, plant and equipment of US\$27.8 million and intangible assets of US\$24.7 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 US\$14.8 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December 2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Current tax – Hong Kong Profits Tax	43	240
Current tax – Overseas	24,198	43,164
Deferred tax	(19,074)	(14,449)
	5,167	28,955

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 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend declared of HK\$0.50 (2021: HK\$0.50) per ordinary share	21,099	21,102
Dividends paid in respect of the prior year:		
– Final dividend of HK\$1.50 (2021: HK\$1.50) per ordinary share	63,298	63,307

The interim dividend declared for the year ending 30 June 2023 of US\$21,099,000 (2022: US\$21,102,000) 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 US\$163,063,000 (2021: US\$78,991,000) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of US\$30,623,000 (2021: US\$15,849,000). The Group disposed of items of property, plant and equipment with a net book value of US\$24,000 (2021: US\$186,000) during the six months ended 31 December 2022.

11. EQUITY INVESTMENTS AT FVOCI

During the six months ended 31 December 2022, the Group has no disposal in equity investments at FVOCI.

During the six months ended 31 December 2021, the Group disposed an equity investment at FVOCI with a fair value of US\$22,774,000 as this investment no longer suited the Group's investment strategy. The gain on disposal of US\$16,020,000 which had already been included in other comprehensive income was transferred to retained profits.

12. DEVELOPMENT PROPERTIES

	At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000
Cost	4,392,579	4,030,249
Less: Progress instalments received and receivable	(1,635,968)	(1,325,481)
Write down of development properties	(35,701)	(35,496)
	2,720,910	2,669,272

13. TRADE AND OTHER RECEIVABLES

	At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000
Trade debtors	83,418	91,082
Other receivables, deposits and prepayments	111,157	107,626
Derivative financial instruments, at fair value	25,763	27,836
Interest receivables	4,594	1,300
	224,932	227,844

Included in the Group's trade and other receivables is US\$10.0 million (30 June 2022: US\$6.7 million) which is expected to be recovered after one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. TRADE AND OTHER RECEIVABLES (cont'd)

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) US\$'000	At 30 June 2022 (Audited) US\$'000
Within 1 month	73,782	85,812
1 to 3 months	7,978	2,961
More than 3 months	1,658	2,309
	83,418	91,082

14. TRADE AND OTHER PAYABLES

	At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000
Trade creditors	150,755	124,714
Other payables and accrued operating expenses	531,452	480,280
Derivative financial instruments, at fair value	11,803	3,842
Amounts due to fellow subsidiaries	2,493	4,750
Amounts due to associates and joint ventures	31	31
	696,534	613,617

Included in trade and other payables is US\$44.2 million (30 June 2022: US\$175.4 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) US\$'000	At 30 June 2022 (Audited) US\$'000
Within 1 month	92,336	86,203
1 to 3 months	49,110	24,182
More than 3 months	9,309	14,329
	150,755	124,714

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. BANK LOANS AND OTHER BORROWINGS

	At 31 December 2022 (Unaudited)			At 30 June 2022 (Audited)		
	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000
Bank loans						
– Secured	1,928,767	1,228,542	3,157,309	932,900	2,298,717	3,231,617
– Unsecured	635,224	453,594	1,088,818	474,704	699,322	1,174,026
	2,563,991	1,682,136	4,246,127	1,407,604	2,998,039	4,405,643
Unsecured medium term notes and bonds	126,737	371,678	498,415	122,198	357,885	480,083
	2,690,728	2,053,814	4,744,542	1,529,802	3,355,924	4,885,726

16. PROVISIONS AND OTHER LIABILITIES

In view of the likelihood of future closure of venues following the closure of venues in the past 2 years and the downturn in the trading outlook, together with a hardening position from landlords and recessionary environment making certain properties less attractive, the Group re-considered the basis of the dilapidation provision estimate on the obligation to make good its leased properties and has recognised an additional asset and liability of US\$32.8 million. These provisions are recognised based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amounts expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

Where the Group is able to exit lease contracts before the expiry date or agree sublets which may result in the release of any associated property provisions such events are subject to the agreement of the landlord. As such, the Group makes no assumptions on the ability to either exit or sublet a property until a position is contractually agreed.

17. SHARE CAPITAL

	At 31 December 2022 (Unaudited)		At 30 June 2022 (Audited)	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	800,000	400,000	800,000	400,000
Issued and fully paid	329,051	164,526	329,051	164,526

Note:

As at 31 December 2022, 3,826,862 (30 June 2022: 3,826,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	At 31 December 2022 (Unaudited)				At 30 June 2022 (Audited)			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Recurring fair value measurements								
Assets								
Equity investments at FVOCI:								
- Listed	592,667	-	-	592,667	683,344	-	-	683,344
- Unlisted	-	72,267	80,472	152,739	-	72,267	86,085	158,352
Trading financial assets:								
- Listed	1,028,753	-	-	1,028,753	1,120,139	-	-	1,120,139
Derivative financial instruments:								
- Interest rate swaps	-	23,105	-	23,105	-	7,431	-	7,431
- Forward exchange contracts	-	2,658	-	2,658	-	19,956	-	19,956
- Equity swaps	-	-	-	-	-	449	-	449
	1,621,420	98,030	80,472	1,799,922	1,803,483	100,103	86,085	1,989,671
Liabilities								
Derivative financial instruments:								
- Forward exchange contracts	-	9,984	-	9,984	-	2,458	-	2,458
- Equity swaps	-	1,819	-	1,819	-	1,384	-	1,384
	-	11,803	-	11,803	-	3,842	-	3,842

During the six months ended 31 December 2022, there were no transfers between Level 1 and Level 2 (2021: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)**(a) Financial assets and liabilities measured at fair value (cont'd)**

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts is determined based on quotes from market makers or alternative market participants supported by observable inputs including spot and forward exchange rates. The fair value of other derivative financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties at the end of the reporting period, taking into account current observable inputs. The fair value of the unlisted equity investment at FVOCI in Level 2 is determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the unlisted equity investment at FVOCI. The assets held by the unlisted equity investment at FVOCI consist of a publicly traded investment in an active market which is reported at the market closing price.

Information about Level 3 fair value measurements

Other unlisted equity investments at FVOCI carried at fair value are categorised within Level 3 of the fair value hierarchy. The fair values are determined using a valuation technique or based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the investee fund.

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	Six months ended 31 December	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Unlisted equity investments at FVOCI:		
At 1 July	86,085	60,235
Net unrealised losses recognised in other comprehensive income during the period	(6,683)	-
Additions	1,723	5,431
Cash distribution	(653)	(2,267)
At 31 December	80,472	63,399

The net unrealised gains or losses arising from the remeasurement of the unlisted equity investments at FVOCI are recognised in fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity investments, the amount accumulated in other comprehensive income is transferred directly to retained profits.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 30 June 2022.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE FINANCIAL STATEMENTS

	At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000
Authorised and contracted for	23,520	22,385
Authorised but not contracted for	13,932	16,017
	37,452	38,402

At 31 December 2022, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US\$626.8 million (30 June 2022: US\$955.3 million).

20. CONTINGENT LIABILITIES

(a) GuocoLand

On 20 August 2015, GuocoLand, through its subsidiary, GuocoLand (China) Limited (“GLC”), entered into a Master Transaction Agreement (the “Agreement”) to dispose of all the equity, contractual and loan interest of GLC in or relating to the Dongzhimen project in Beijing (“DZM Project”). The Agreement provides that the buyer will indemnify GLC, its affiliates and representatives from and against all actions, losses and liabilities to which any of these parties is or may become subject to arising out of or related to the DZM Project in accordance with the terms and conditions therein.

(b) Rank

Property arrangements

Rank has certain property arrangements under which rental payments revert to Rank in the event of default by the third party. At 31 December 2022, it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party were to default on these arrangements, the obligation for Rank would be GBP0.9 million (approximately US\$1.1 million) on a discounted basis.

Legal and regulatory landscape

Given the nature of the legal and regulatory landscape of the industry, from time to time Rank receives notices and communications from regulatory authorities and other parties in respect of its activities and is subject to compliance assessments of its licensed activities.

Rank recognises that there is uncertainty over any fines or charges that may be levied by regulators as a result of past events and depending on the status of such reviews, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

Disposal claims

As a consequence of historic sale or closure of previously owned businesses, Rank may be liable for legacy industrial disease and personal injury claims alongside any other directly attributable costs. The nature and timing of these claims are uncertain and depending on the result of the claim’s assessment review, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

21. MATERIAL RELATED PARTY TRANSACTIONS**(a) Banking transactions**

Transactions with companies in the Hong Leong Company (Malaysia) Berhad (“HLCM”) Group:

During the period, the Group entered into a number of transactions in the normal course of business with companies in the HLCM Group including deposits and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Mr. QUEK Leng Chan, being a deemed controlling shareholder of the Company, is a deemed controlling shareholder of companies in the HLCM Group. Companies in the HLCM Group are deemed related parties to the Group.

Information relating to interest income from these transactions during the period and balance outstanding at the end of the reporting period is set out below:

(i) Income

	Six months ended 31 December 2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Interest income	205	75

(ii) Balance

	At 31 December 2022 (Unaudited) US\$'000	At 30 June 2022 (Audited) US\$'000
Deposits and short term funds	14,013	13,251

(b) Management fee

On 3 July 2020, the Company entered into master agreements for services for three financial years from 1 July 2020 to 30 June 2023 with each of GuoLine Group Management Company Pte. Ltd. (“GGMC”) (a wholly-owned subsidiary of GuoLine Capital Assets Limited (“GCAL”)) and HL Management Co Sdn Bhd (“HLMC”) which were indirect wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad (“HLCM”), the ultimate holding company of the Company at the time. On 16 April 2021, GCAL replaced HLCM to become the ultimate holding company and a substantial shareholder of the Company following the completion of an internal restructuring exercise. Mr. QUEK Leng Chan, being a deemed controlling shareholder of the Company, is a deemed controlling shareholder of GCAL and HLMC. GGMC and HLMC are deemed related parties to the Group.

Total amount paid or provided for in respect of management fees to GGMC and HLMC for the six months ended 31 December 2022 amounted to US\$3,676,000 (2021: US\$4,012,000) and US\$145,000 (2021: US\$83,000) respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

22. HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position are for information only. The Company's functional currency is United States dollar. The Hong Kong dollar figures are translated from United States dollar at the rates ruling at the respective financial period ends.

23. 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.