2013
ANNUAL REPORT

國浩集團有限公司
Guoco Group Limited
A Member of the Hong Leong Group
(Stock Code: 53)

CONTENTS

*Please visit our website at **http://www.guoco.com** and click into "INVESTOR RELATIONS" and "Annual and Interim Reports" to view the on-line version of this Annual Report.*

CORPORATE INFORMATION

(As at 30 August 2013)

BOARD OF DIRECTORS

Executive Directors

Quek Leng Chan – *Executive Chairman*
Kwek Leng Hai – *President, CEO*
Tan Lim Heng

Non-executive Director

Kwek Leng San

Independent Non-executive Directors

Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

BOARD AUDIT COMMITTEE

Roderic N. A. Sage – *Chairman*
Volker Stoeckel
David Michael Norman

BOARD REMUNERATION COMMITTEE

Volker Stoeckel – *Chairman*
Quek Leng Chan
Roderic N. A. Sage

BOARD NOMINATION COMMITTEE

Quek Leng Chan – *Chairman*
Volker Stoeckel
Roderic N. A. Sage

COMPANY SECRETARY

Stella Lo Sze Man

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

PRINCIPAL OFFICE

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

Telephone:	(852) 2283 8833
Fax:	(852) 2285 3233
Website:	http://www.guoco.com

BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

FINANCIAL CALENDAR

Interim results announcement	20 February 2013
Declaration of a special interim dividend in specie of shares in The Rank Group Plc ("Rank Shares") Note 1	3 July 2013
Closure of Register of Members for the special interim dividend in specie	18 July 2013
Despatch of physical share certificates for Rank Shares and crediting of Rank Shares to nominated CREST accounts (as the case may be)	5 September 2013
Despatch of cheques for sale proceeds of Rank Shares	26 September 2013
Annual results announcement	30 August 2013
Closure of Register of Members for Annual General Meeting	15 November 2013 to 19 November 2013
Annual General Meeting	19 November 2013
Closure of Register of Members for final dividend Note 2	26 November 2013
Proposed payment date of final dividend of HK$1.50 per share Note 2	5 December 2013

Notes:

1. On 3 July 2013, Guoco Group Limited ("Guoco") declared a special interim dividend in respect of the financial year ended 30 June 2013 by way of a distribution in specie of 0.27 of a Rank Share for every one ordinary share in Guoco.
2. The declaration of the final dividend is subject to shareholders' approval at the Annual General Meeting.

CORPORATE ORGANISATION CHART

(As at 30 August 2013)

Guoco Group Limited (1)

PRINCIPAL INVESTMENT

- 100% GuocoEquity Assets Limited

PROPERTY DEVELOPMENT & INVESTMENT

- 65.2% GuocoLand Limited (2)
  - 100% GuocoLand (Singapore) Pte. Ltd.
  - 100% GuocoLand (China) Limited
  - 65% GuocoLand (Malaysia) Berhad (3)
  - 100% GuocoLand Vietnam (S) Pte. Ltd.

HOSPITALITY & LEISURE BUSINESS

- 66.5% GuocoLeisure Limited (2)
  - 100% Guoman Hotels Group Limited
  - 100% Clermont Leisure (UK) Limited
  - 100% Molokai Properties Limited
  - 100% Tabua Investments Limited
  - 55.1% Bass Strait Oil & Gas Royalty
- 74.5% The Rank Group Plc (4)

FINANCIAL SERVICES

- 25.4% Hong Leong Financial Group Berhad (3)
  - 64.4% Hong Leong Bank Berhad (3)
    - 100% Hong Leong Islamic Bank Berhad
  - 100% HLA Holdings Sdn Bhd
    - 70% Hong Leong Assurance Berhad
    - 65% Hong Leong MSIG Takaful Berhad
    - 30% MSIG Insurance (Malaysia) Berhad
    - 100% Hong Leong Insurance (Asia) Limited
  - 81.3% Hong Leong Capital Berhad (3)
    - 100% Hong Leong Investment Bank Berhad
    - 100% Hong Leong Asset Management Berhad
- 100% GuocoCapital Limited
- 100% GuocoCommodities Limited

(1) Listed in Hong Kong
(2) Listed in Singapore
(3) Listed in Malaysia
(4) Listed in London

Websites:

- Guoco Group Limited (http://www.guoco.com)
- GuocoLand Limited (http://www.guocoland.com.sg)
- GuocoLand (Malaysia) Berhad (http://www.guocoland.com.my)
- GuocoLeisure Limited (http://www.guocoleisure.com)
- Guoman Hotels Group Limited (http://www.guoman.com) (http://www.thistle.com)
- Clermont Leisure (UK) Limited (http://www.clermontleisure.com)
- Tabua Investments Limited (http://www.denarau.com)
- The Rank Group Plc (http://www.rank.com)
- Hong Leong Financial Group Berhad (http://www.hlfg.com.my)
- Hong Leong Bank Berhad (http://www.hlb.com.my)
- Hong Leong Islamic Bank Berhad (http://www.hlisb.com.my)
- Hong Leong Assurance Berhad (http://www.hla.com.my)
- Hong Leong MSIG Takaful Berhad (http://www.hlmsigtakaful.com.my)
- MSIG Insurance (Malaysia) Berhad (http://www.msig.com.my)
- Hong Leong Insurance (Asia) Limited (http://www.hl-insurance.com)
- Hong Leong Capital Berhad (http://www.hlgcap.com.my)
- GuocoCapital Limited (http://www.guococap.com)
- GuocoCommodities Limited (http://www.guococom.com)

CORPORATE PROFILE

Guoco Group Limited ("Guoco") (Stock Code: 53), listed on The Stock Exchange of Hong Kong Limited, is an investment holding and investment management company with the vision of achieving long term sustainable returns for its shareholders and creating prime capital value.

Guoco's operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. Guoco has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

PRINCIPAL INVESTMENT

Our Principal Investment business, leveraging on years of experience and success as an investor, has been built up into a core business of the Group with a team of well-trained and experienced investment professionals covering equity and direct investments as well as treasury operations. Ongoing resources are allocated to enhance our investment infrastructure. This includes synergistic analytical tools, risk management system, as well as management information system to facilitate the growth of our Principal Investment activities.

Our portfolio and strategic investments cover global capital markets and comprise primarily 'large cap' equity investments in Asian, Europe and North America, and we invest in business and industries where our management knowledge and competencies can enhance creation of capital value in line with Guoco's vision to achieve superior long-term sustainable returns for shareholders.

Our treasury division focuses on global economic conditions, forex and interest rate trends and strategic trading ideas. It also manages major financial exposures of the Group and hedging proposals to manage the Group's liquid assets.

Treasury and investment management teams have been organised regionally to harness the group resources under two investment offices, namely Hong Kong and Malaysia to enable us to select and validate appropriate investments that meet the Group's target valuation benchmarks and whose potential satisfies its demanding investment criteria.

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand"), a public company listed on the Singapore Exchange, is an award-winning developer whose developments are distinguished by quality, innovative designs and concepts. A major developer headquartered in Singapore, GuocoLand has substantial land bank in the embedded markets of Singapore, China, Malaysia and Vietnam, which it will continue to build on.

In Singapore, GuocoLand is recognised as a developer of eco-friendly projects. For its commitment towards environmental sustainability, it has won the Building and Construction Authority Green Mark Awards for projects such as Goodwood Residence, Sophia Residence, Leedon Residence, The Waterline, Elliot at the East Coast and The Quartz.

GuocoLand has been active in China since 1994 and is an established property developer in China with a sizeable portfolio of properties in the major cities of Beijing, Shanghai, Nanjing and Tianjin.

Listed on the Main Market of Bursa Malaysia Securities Berhad, GuocoLand (Malaysia) Berhad is a 65% subsidiary of GuocoLand. It has an established presence in Malaysia, engaging in property development and investment as well as hotel and resort holdings activities. Its portfolio includes prime office and residential properties in Kuala Lumpur and Greater Kuala Lumpur.

Through its subsidiary, GuocoLand Vietnam (S) Pte Ltd, GuocoLand is developing The Canary, an integrated development in Binh Duong Province.

CORPORATE PROFILE

HOSPITALITY AND LEISURE BUSINESS

GuocoLeisure Limited ("GuocoLeisure") is the Group's subsidiary in the Hospitality and Leisure Business. It has a primary listing on the Main Board of Singapore Exchange with a secondary listing on the New Zealand Exchange. GuocoLeisure's core operating assets include GLH Hotels Limited ("GLH") and Clermont Leisure (UK) Limited ("CLUK") in the United Kingdom.

GLH owns, leases or manages hotels (almost 9,000 rooms) under two brands, the deluxe "Guoman" brand, which now consists of five major central London hotels with over 2,600 rooms, and the premium "Thistle" brand with more than 5,500 rooms in London and the counties and provinces of the United Kingdom as well as two Thistle hotels in Malaysia with more than 600 rooms.

CLUK is a licensed casino operator in the United Kingdom. It currently operates the prestigious Clermont Club in Mayfair, London.

In addition to its core hospitality and leisure business, GuocoLeisure also has rights to royalties from the production of oil and natural gas in the Bass Strait in Australia. This entitlement to royalties continues to produce a steady stream of income for the GuocoLeisure group of companies.

The Rank Group Plc ("Rank"), is a leading European gaming company, headquartered in Great Britain and listed on the London Stock Exchange.

Rank's businesses comprise three established gaming based entertainment operations in Great Britain, Spain and Belgium, including Mecca, a leading bingo operator in Great Britain with 97 clubs and a digital business offering both online and mobile bingo; Grosvenor Casinos, the leading operator with 55 casinos in Great Britain along with two other casinos in Belgium and an online and mobile casino business; and Enracha which operates 11 premium bingo clubs in Spain.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG"), an associated company of the Group, is an integrated financial services group and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in Malaysia. HLFG's commercial banking subsidiary is Hong Leong Bank Berhad ("HLB") which is also listed on the Main Market of Bursa Securities. HLB currently has over 280 branches in Malaysia with overseas branches in Singapore and Hong Kong, and wholly owned subsidiaries in Vietnam and Cambodia, providing comprehensive services in personal financial services, treasury, corporate and commercial banking. HLB also has a presence in China via an interest of 19.99% in the Bank of Chengdu Co., Limited ("BOCD") and 49% in Sichuan Jincheng Consumer Finance Limited Liability Company, a joint venture company between BOCD and HLB.

HLB's Islamic banking subsidiary, namely Hong Leong Islamic Bank Berhad focuses on Shariah-compliant commercial banking, Islamic wholesale and investment banking as well as Islamic wealth management.

HLFG Group's insurance interests are made up of a 70% interest in Hong Leong Assurance Berhad which provides life insurance services in Malaysia, a 30% interest in MSIG Insurance (Malaysia) Berhad which provides general insurance services in Malaysia, a 100% interest in Hong Leong Insurance (Asia) Limited which provides general insurance business in Hong Kong and a 65% interest in Hong Leong MSIG Takaful Berhad focusing on Takaful insurance.

HLFG's other financial services interests are held through Hong Leong Capital Berhad ("HLCB") which is listed on the Main Market of Bursa Securities. HLCB has two main subsidiaries namely, Hong Leong Investment Bank Berhad ("HLIB") (formerly known as MIMB Investment Bank Berhad) and Hong Leong Asset Management Bhd ("HLAM"). HLIB is involved in investment banking, stockbroking business, futures broking and related financial services, while HLAM's main businesses are unit trust management, fund management and sale of unit trusts.

As at 30 June 2013, the HLFG Group employs over 10,800 employees to deliver quality and competitive financial products and services to customers in Malaysia, Singapore, Hong Kong, Vietnam, Cambodia and China.

The Group also operates stock and futures broking and corporate advisory business in Hong Kong through its wholly owned subsidiaries, **GuocoCapital Limited** and **GuocoCommodities Limited**.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

QUEK LENG CHAN

Quek Leng Chan, aged 70, has been the Executive Chairman of Guoco Group Limited ("Guoco") since 1990 and is the Chairman of the Board Nomination Committee ("BNC") and a member of the Board Remuneration Committee ("BRC") of Guoco. He is the Chairman & CEO and a shareholder of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company of Guoco. Mr Quek is the Chairman of HL Holdings Sdn Bhd (a deemed substantial shareholder of Guoco), which is wholly owned by him. He is a director and shareholder of Davos Investment Holdings Private Limited and a director of Hong Leong Investment Holdings Pte Ltd, both of which are deemed substantial shareholders of Guoco. He holds directorships in Guoco's key listed subsidiaries and associated companies, including as the Executive Chairman of GuocoLeisure Limited ("GuocoLeisure"), GuocoLand Limited ("GuccoLand") and GuocoLand (Malaysia) Berhad; and as the Chairman of Hong Leong Financial Group Berhad, Hong Leong Bank Berhad ("HLB") and Hong Leong Capital Berhad. He qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate. He is a brother of Messrs Kwek Leng Hai and Kwek Leng San.

KWEK LENG HAI

Kwek Leng Hai, aged 60, is the President, CEO of Guoco and has been an Executive Director of Guoco since 1990. He holds directorships in the Guoco's key subsidiaries and associated companies including GuocoLand, GuocoLeisure, HLB and Bank of Chengdu Co., Ltd. He also serves as the Chairman of Lam Soon (Hong Kong) Limited ("LSHK"), a Hong Kong listed subsidiary of HLCM. He is also a director and shareholder of HLCM. Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales. He is a brother of Messrs Quek Leng Chan and Kwek Leng San.

KWEK LENG SAN

Kwek Leng San, aged 58, a Non-executive Director of Guoco since 1990. He is the Chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad, Narra Industries Berhad and Southern Steel Berhad as well as a director of HLB, all Malaysian listed subsidiaries of HLCM. He is a director and shareholder of HLCM. He graduated from University of London with a Bachelor of Science (Engineering) degree and also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing. He is a brother of Messrs Quek Leng Chan and Kwek Leng Hai.

TAN LIM HENG

Tan Lim Heng, aged 65, joined GuocoCapital Limited and GuocoCommodities Limited, wholly owned subsidiaries of Guoco, as the Managing Director in 1990, and has been an Executive Director of Guoco since 1996. He also serves as a non-executive director of LSHK. Mr Tan holds a Bachelor of Science first class honours degree in engineering from University of Surrey and a Master of Science degree in management from Massachusetts Institute of Technology. He had also previously worked in Geneva in 1974 with the United Nations Conference on Trade and Development. Prior to joining Guoco, he had served in the Singapore Civil Service as a Colombo Plan Scholar 1975-1978 before coming to work in Hong Kong with a financial services company and a major U.S. bank. Mr Tan has extensive experience in property investment, financial and investment management services.

VOLKER STOECKEL

Volker Stoeckel, aged 68, has been an Independent Non-executive Director of Guoco since 2004 and is the Chairman of the BRC and a member of both the Board Audit Committee ("BAC") and the BNC of Guoco. He was Chairman and CEO of Metal Cast Zhong Shan Limited during the period from 2007 to 2009. He was also the Chairman and CEO of the German Centre for Industry and Trade in Shanghai until 2006. Before that he had held various senior banking positions in Asia for over 26 years. Until 2004 he was the Senior Executive Vice President and Chief Executive of Asia Pacific of Bayerische Landesbank, Regional Head Office, in Hong Kong. Mr Stoeckel has wide ranging experience in capital markets, corporate finance, project finance, treasury and securities business, and property development of commercial and industrial projects in China. He is also a consultant for major companies in Asia for projects in Europe. He graduated from the University of Munich in economics and holds a diploma in banking.

RODERIC N. A. SAGE

Roderic N. A. Sage, aged 60, was appointed as an Independent Non-executive Director of Guoco since October 2009 and is the Chairman of the BAC and a member of both the BRC and the BNC of Guoco. He is the Chief Executive Officer of a specialist tax, corporate services and trust consultancy firm in Hong Kong. Prior to that, Mr Sage had worked with KPMG Hong Kong as a senior partner and member of the management board of KPMG for over 20 years until 2003. He has been granted fellow status with the Institute of Chartered Accountants in England and Wales and with the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Taxation in England. He has over 30 years' experience in accounting, international tax planning and investment structuring enhanced by considerable knowledge of cross-boarder and onshore and offshore transactions and structures.

Mr Sage was a Convenor of the Financial Reporting Review Panel of the Financial Reporting Council during the period from July 2007 to July 2010. He is also an independent non-executive director of Tai Ping Carpets International Limited listed in Hong Kong and the Alpha Tiger Fund listed on London's Alternative Investment Market.

DAVID MICHAEL NORMAN

David Michael Norman, aged 57, was appointed as an Independent Non-executive Director and a member of the BAC of Guoco in July 2013. Mr Norman studied philosophy and psychology at Oxford University in the United Kingdom and was admitted as a solicitor in the United Kingdom in 1981 and in Hong Kong in 1984. He was a partner of an international law firm until he resigned in 2010. Mr Norman is also a non-executive director of South China Holdings Limited, a company listed in Hong Kong. Mr Norman has extensive experience in mergers and acquisitions and corporate finance.

FINANCIAL HIGHLIGHTS

Financial highlights of Guoco Group for the year ended 30 June 2013:

	Year ended 30 June 2013 HK$'M	Year ended 30 June 2012 HK$'M	Increase
Turnover	**24,140**	21,493	12%
Revenue	**17,030**	12,757	33%
Profit/(loss) from operations before finance costs	**7,578**	(1,077)	N/A
Profit/(loss) attributable to shareholders of the Company	**6,296**	(1,294)	N/A
	HK$	HK$	
Earnings/(loss) per share	**19.37**	(3.98)	N/A
Dividend per share: Interim	**–**	0.50	
Declared special interim dividend in specie Note	**4.87**	–	
Proposed final	**1.50**	1.70	
Total	**6.37**	2.20	190%

	As at 30 June 2013 HK$	As at 30 June 2012 HK$	Increase
Equity per share attributable to shareholders of the Company	**153.65**	134.32	14%
	HK$'M	HK$'M	
Equity attributable to shareholders of the Company	**50,558**	44,198	14%
Total assets	**124,048**	107,331	16%
Total liabilities	**61,563**	52,564	17%

Note: On 3 July 2013, the Company declared a special interim dividend in respect of the financial year ended 30 June 2013 by way of a distribution in specie of 0.27 of a share in The Rank Group Plc ("Rank") for every one ordinary share in the Company. Based on the closing price of GBP153.5 per Rank share as at 2 July 2013 and the exchange rate of GBP1 : HK$11.7517, this would represent a value of approximately HK$4.87 dividend per ordinary share.

TEN YEAR SUMMARY

US$'000 Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit/(loss) for the year attributable to shareholders of the Company	Dividend per share US$
2004[1]	4,858,457	680,891	3,933,605	312,805	0.38
2005[1]	5,191,012	655,282	4,196,126	415,476	0.49
2006	7,470,726	1,750,335	4,754,347	725,876	0.64
2007	8,863,439	2,677,829	5,186,062	546,371	0.55
2008	10,261,067	3,766,946	5,280,935	188,191	0.51
2009	9,530,768	3,367,014	5,121,487	61,364	0.26
2010	9,743,006	3,215,707	5,569,187	363,626	0.36
2011	15,014,970	7,275,121	6,297,179	534,459	0.41
2012	13,838,778	6,777,309	5,698,683	(166,810)	0.28
2013	**15,992,118**	**7,936,590**	**6,517,923**	**811,725**	**0.82**[2]

HK$'000 Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit/(loss) for the year attributable to shareholders of the Company	Dividend per share HK$
2004[1]	37,895,963	5,310,949	30,682,119	2,439,881	3.00
2005[1]	40,344,545	5,092,852	32,612,290	3,229,080	3.80
2006	58,011,681	13,591,701	36,918,455	5,636,572	5.00
2007	69,283,288	20,931,920	40,538,151	4,270,845	4.30
2008	80,025,549	29,378,224	41,185,748	1,467,690	4.00
2009	73,864,407	26,094,697	39,692,037	475,577	2.00
2010	75,843,455	25,032,349	43,352,779	2,830,611	2.80
2011	116,853,254	56,618,266	49,007,481	4,159,400	3.20
2012	107,331,487	52,563,792	44,198,131	(1,293,754)	2.20
2013	**124,047,661**	**61,562,542**	**50,558,225**	**6,296,389**	**6.37**[2]

Notes:

1. The figures for 2004 and 2005 were restated due to change in accounting policies.
2. Including special interim dividend in specie declared on 3 July 2013 (estimated value at HK$4.87 per share).

CHAIRMAN'S STATEMENT

"Amidst this uneven performance of the major economies and their respective equity markets, the Group nevertheless came through the year with an excellent return to profitability as we were positioned in the right markets.

We maintain a sanguine view of the market outlook.......
We will continue to monitor the risks associated with our core businesses, and will provide support for the sustainable growth of those businesses."

I am pleased to present our Annual Report for the financial year ended 30 June 2013.

OVERVIEW

Over the past twelve months we have seen selective macroeconomic improvement helped by continued liquidity and extremely low interest rates. This has underpinned the performance of the financial markets. The prospects for recovery in the US strengthened after another round of quantitative easing and a pick-up in employment growth. The S&P500 moved to a new all-time high during the period. In other developed markets, repeated commitments by the European Central Bank to preserve the Euro and the appointment of a new Japanese Prime Minister, who promised long-awaited reforms served as triggers for buying interests. On the other hand, emerging economies, including those in Asia, were restrained due to a relative slowdown in growth. Stock prices in these countries under-performed their developed peers. Amidst this uneven performance of the major economies and their respective equity markets, the Group nevertheless came through the year with an excellent return to profitability as we were positioned in the right markets.

FINANCIAL RESULTS

The Group registered a high operating profit of HK$6.4 billion for the financial year 2012/13 arising from substantial contributions from Principal Investment, and, to a lesser extent, from Property Development and Investment, and Hospitality and Leisure. In terms of consolidated profit attributable to shareholders, after taxation and non-controlling interests, the Group achieved HK$6.3 billion for the year, compared with a loss of HK$1.3 billion for the previous year.

On 3 July 2013, the Company declared a special interim dividend in specie of 0.27 of a share in The Rank Group Plc for every one Guoco share held which, for reference only, represented a value of HK$4.87 per share based on the closing price of 153.5 pence per Rank Share as at 2 July 2013 (the trading date before the declaration of the said dividend in specie) and the exchange rate of GBP1: HK$11.7517.

At the upcoming Annual General Meeting, the directors will be recommending a final dividend of HK$1.50 per share (2012: HK$1.70 per share).

PRIVATISATION OFFER FOR THE COMPANY

In December 2012, the Company's controlling shareholder, GuoLine Overseas Limited, launched a voluntary unconditional cash offer to acquire all the shares in the Company (other than those already held by it), with an intention to privatise the Company. The voluntary unconditional offer of HK$88 per share was subsequently revised and to include a conditional offer alternative of HK$100 per share. While the privatisation offer lapsed on 30 May 2013, it prompted the market to recognise the intrinsic value of the Company.

CORE BUSINESSES

Principal Investment

Given the benign economic environment last year, we managed to achieve a record return from our Principal Investment portfolio benefitting from our heavier weighting in the better performing developed countries. We had positions in a number of financial counters in the developed markets, and those positions were riding on the recovery potential. With their sharp share price rebounds last year, our returns were enhanced. To realise part of these gains, we selectively took profits in some of these holdings. Again, shareholders are reminded that our performance is dependent on market conditions and is subject to fair value movements, which can fluctuate.

Volatile currency market conditions were challenging and our treasury operations maintained a balanced approach in managing our currency exposure. More focus was placed on liability management, with the establishment of the Company's first medium-term note programme and a 5-year bond issuance of US$500 million to secure longer-term financing for our long-term investments, in anticipation that long-term interest rates will rise.

Property Development and Investment

GuocoLand Limited

In 2012, Singapore and China in which GuocoLand has core businesses, continued their tightening measures to curb property and asset inflation. This resulted in subdued market conditions in the property markets there. Nonetheless, GuocoLand pressed on with the implementation of its existing projects in these core markets.

During the year, GuocoLand unveiled detailed plans for Tanjong Pagar Center, its first large-scale integrated mixed-use development in Singapore. This iconic project, slated for completion in 2016, will be symbolised by its 290m-high tower premium office, retail and residential homes, linked to a luxury business hotel.

GuocoLand was active in managing sales launches and making progress on construction for its projects under development during the year. In Singapore, Leedon Residence saw its first sale launch in August 2012 while Waterline and Goodwood Residence were issued temporary occupation permits in March and June 2013 respectively. The recognition of GuocoLand's profits deferred by the Group in previous years due to our adoption of completion method financial reporting standard made a significant contribution to the Group's operating profit for this year. Sales of the development projects in China, including Seasons Park in Tianjin and Changfeng GuoSon Centre in Shanghai, were strategically executed in opportune times to achieve the projected pricing in the midst of a slowdown in market momentum.

While GuocoLand expects business conditions in the countries in which it operates to be difficult in the short term, it remains reasonably optimistic that these markets will stabilise and see growth in the medium to long term. It will monitor the respective markets closely to capitalise on opportunities as they arise.

Hospitality and Leisure Businesses

GuocoLeisure Limited

GuocoLeisure reported lower profit before tax compared to last year, with a modest increase in revenue. Its hospitality business in the UK faced challenging market conditions after the London 2012 Olympic, while inclement poor weather dampened demand for travel and lodging over the winter. There were investment costs related to key strategic initiatives and the hiring of new personnel, including the appointment of a new chief executive officer for its hospitality division.

In June 2013, as part of a strategy to transform GuocoLeisure's hospitality business into a world-class global hospitality entity, the hospitality division was renamed glh. Embedded in glh. is its owner-operator hotel business, which will continue to focus on delivering the best guest-centric experience in the industry. It currently operates two hotel brands: ***Guoman Hotel***, an exclusive collection of premium hotels located in central London, and ***Thistle***, an award-winning chain of quality full-service hotels throughout the UK and in Malaysia.

glh. will begin work on plans to launch new globally distinctive brands in the luxury, upscale and value segments. This will take some time to develop, and will entail some sacrifice in short-term profit, but GuocoLeisure is prepared and energised to begin this journey of transformation over the next several years, supported by a strong balance sheet.

Meanwhile, based on current estimates, production from Bass Strait is anticipated to continue for at least another 25 years with new discoveries and facilities. Bass Strait oil royalties will remain a source of steady income for GuocoLeisure.

The Rank Group Plc

Rank completed the acquisition of 19 Gala Casinos and 3 non-operating licences in May 2013. The acquisition added 11 new markets to the coverage by Grosvenor Casinos in the UK. Rank is now the largest casino operator in UK with 55 casinos and 12 non-operating licences. Given the synergistic benefits, Rank is strongly positioned to capture the long-term growth opportunities presented by casino gaming in the UK as it deploys its operational excellence across an enlarged portfolio.

Rank changed to a brand-based organisational structure, with venues and online operations managed together to maximise brand synergies and growth opportunities. It now operates under three brands: Grosvenor Casinos, Mecca and Enracha.

The online gaming business saw encouraging growth during the year. Through improved cross-channel working and capital investment, Rank will continue to focus on growing its digital channels.

Financial Services Group

Hong Leong Financial Group Berhad ("HLFG")

In the midst of successful integration and franchise strengthening activities, especially in its key operating division under Hong Leong Bank Berhad, HLFG achieved another record group profit before taxation of RM2.63 billion, up 10% year-on-year from the previous year.

Hong Leong Bank remains committed to expanding its regional franchise. It has extended its footprint to Cambodia with the establishment of a new 100%-owned subsidiary, Hong Leong Bank (Cambodia) Plc, which started operations in July 2013.

CHAIRMAN'S STATEMENT

In the financial year 2012/13, HLFG Group consolidated the growth that resulted from various corporate activities undertaken in recent years. Initiatives such as the Bank's branch transformation programmes, the continuing efforts to offer better and more extensive services through digital channels and the focus to deepen customer penetration remain as on-going business priorities across each core business.

Given these concrete steps to consolidate its market position, HLFG is now a bigger and stronger entity with the necessary scale to compete more effectively in Malaysia, whilst also being better positioned to undertake any future potential acquisitions.

GROUP HUMAN RESOURCES

People talent and good team spirit within the Group is the cornerstone of its achievements and continued success. Good staff with high morale and high moral standards make a good company, and it is my ardent desire to see that we continue to attract, retain and nurture talent by offering skill-training and management improvement programmes, and that we continue to bring out the entrepreneurial spirit in those with leadership qualities. As our Group does well and grows, the benefits and rewards will accrue to those who contribute to making it happen. The emphasis on high-quality group human resources remains a core value in our group culture.

OUTLOOK

We maintain a sanguine view of the market outlook. While the Fed has signalled a need to "taper" its QE approach, the message has been communicated effectively to avoid any surprise to investors. Such a move is expected to be gradual with no disruption to the prevailing low-interest-rate environment. In China, economic growth is slowing down after years of rapid expansion, but is expected to remain at steady levels, because the authorities have the policy tools to stimulate growth to keep the economy on an even keel. At the same time, macro conditions in Japan and Europe are showing signs of improvement or are stabilizing. Taken together, these should provide an improved backdrop for financial markets and asset prices. We will continue to monitor the risks associated with our core businesses, and will provide support for the sustainable growth of those businesses.

APPRECIATION

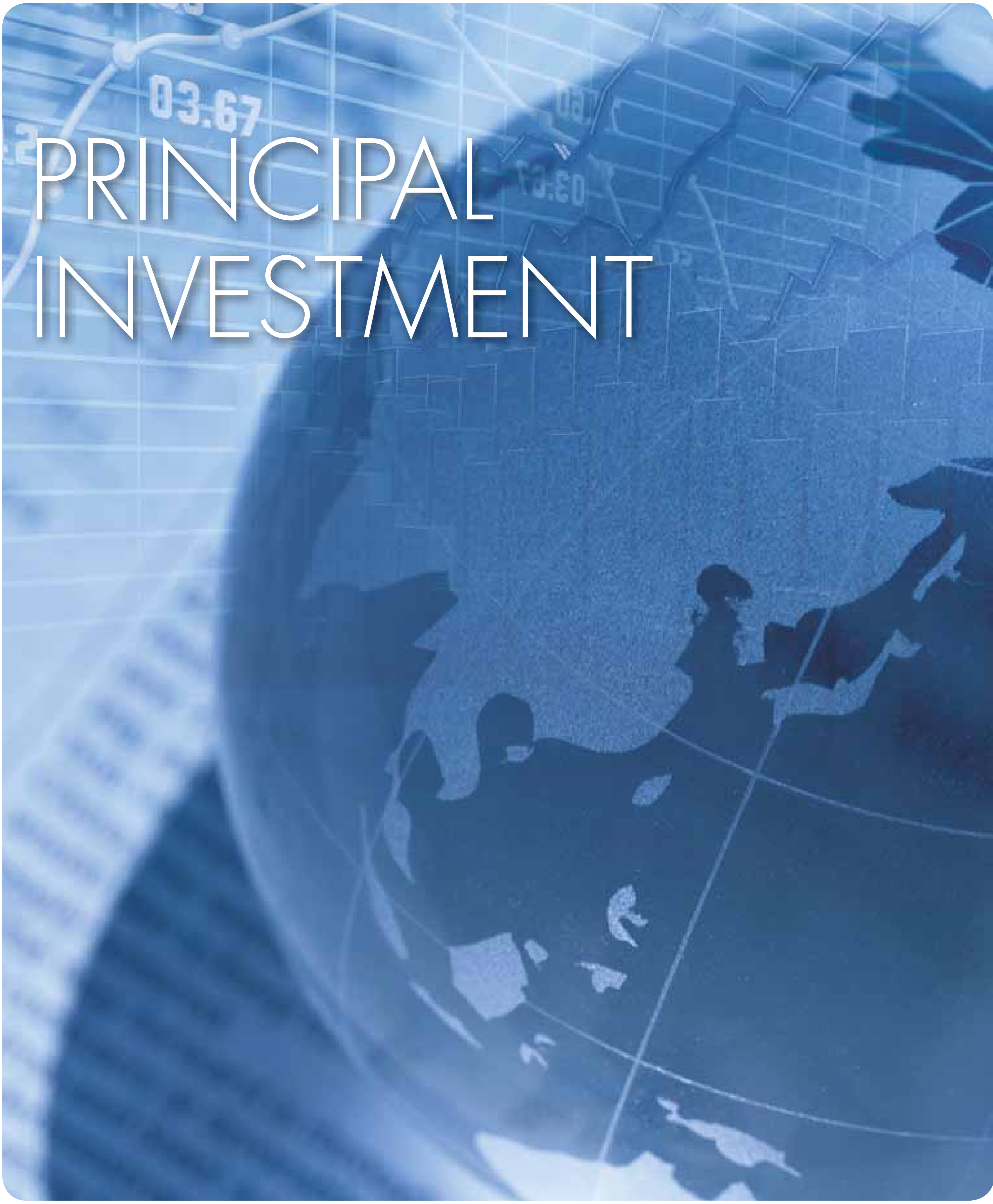
I would like to take this opportunity to welcome Mr. David Michael Norman, a distinguished lawyer, who has joined the Board as an independent non-executive director.

In the area of charity work, our Company has again, for the eighth year, been awarded the Platinum Award and the prestigious President's Award for our donations to the Community Chest of Hong Kong. This year, the Company was also recognised as a Top Ten Donor. In one of the major annual fund-raising events, the Community Chest Walk for Millions, Guoco Group, through the participation of its staff, won the Challenge Cup for being the number-one donor, and our executive director, Mr Tan Lim Heng, won the Top Individual Fund Raiser Award for the sixth year in a row. I am proud to note the enthusiastic participation of our staff in such charity events, which aim to help the needy and less fortunate in our community.

I would like to thank my fellow directors for their wise counsel during the year. To our management and staff, I express my appreciation for their dedication and commitment to working as a team and building a sustainable business in their respective areas. I am grateful to our shareholders, bankers, customers and business associates for their support. Thanks to all your efforts, we look forward to another rewarding year ahead.

Quek Leng Chan
Executive Chairman
30 August 2013

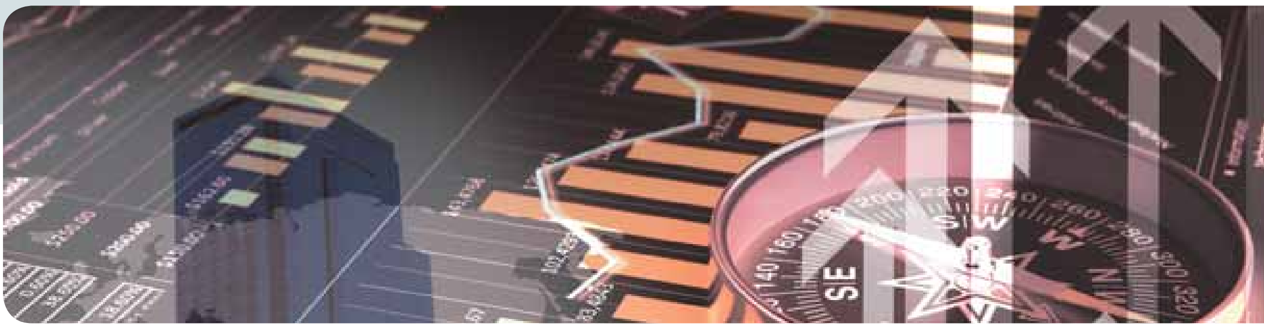
PRINCIPAL INVESTMENT



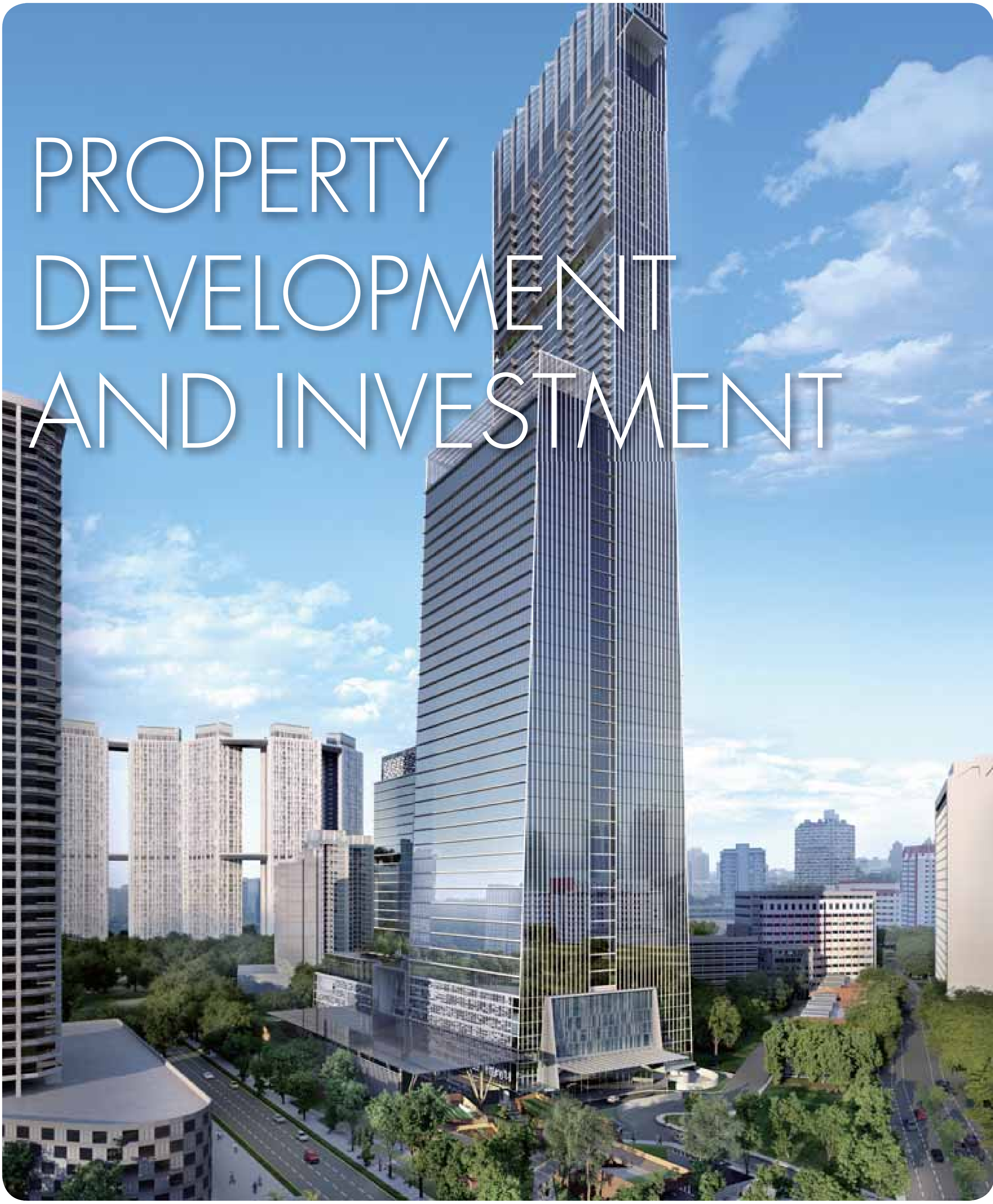
PRINCIPAL INVESTMENT

Global stocks enjoyed double-digit gains on average in the twelve months to June 2013 with developed markets taking the lead but there was sharp divergence in emerging market performance. Our investment approach continued to focus on strategic opportunities with attractive fundamental value. During the year, we allocated more resources in identifying and analyzing long-term cycle trends in markets as well as sectors that are expected to generate substantial returns over time. At the same time, after severe under-performance by a number of markets such as China, we aimed to follow their developments closely so as to be able to timely position for the eventual recovery.

Volatile market conditions have been challenging, reducing the positive contribution that Treasury team made in managing currency exposures relative to the year before. The team has further extended the research, analytics and risk management support to the Group's operating companies to enhance the overall performance of the Group.



PROPERTY DEVELOPMENT AND INVESTMENT



Artist's impression – Tanjong Pagar integrated development, Singapore

Artist's impression Damansara City integrated development, Malaysia

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

GuocoLand ended the year 30 June 2013 with a profit before tax of S$98.5 million, an increase of 2% as compared to S$96.7 million in the previous year.

Revenue achieved for current year was S$677.4 million, on par with last year but gross profit declined by 29%. Gross profit declined mainly due to additional construction costs for Goodwood Residence and Sophia Residence in the current year as a result of higher estimated completion costs arising from default by the main contractor which is under judicial management.

Other income increased by S$81.5 million in the current year as compared to that of the previous year. This was largely due to the fair value gain recognised for the investment properties and income recognised from a customer's deposit for the purchase of certain units in Goodwood Residence.

Higher borrowings and lower capitalisation of interest expenses during the current year resulted in increase in finance costs by S$31.1 million. Tax expenses of S$55.0 million in current year were higher than previous year by S$22.8 million primarily because of withholding tax expenses arising from GuocoLand's internal restructuring to streamline its equity holdings in China.

Shareholders' equity attributable to equity holders of GuocoLand was S$2.65 billion as at 30 June 2013, an increase of 10% from 30 June 2012. The increase was principally due to the issuance of S$200 million in aggregate principal of 4.7% senior perpetual securities by the GuocoLand group in May 2013.

Artist's impression Emerald Gardens, Malaysia

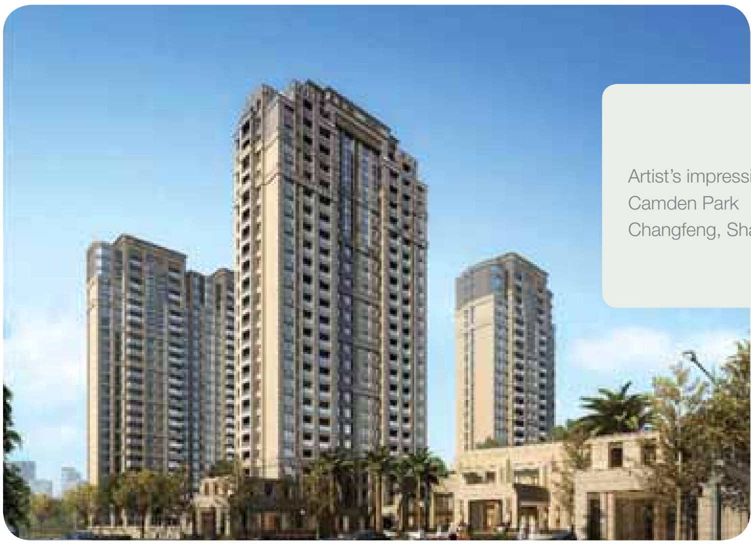
Showflat at Goodwood Residence, Singapore

Showflat at Leedon Residence, Singapore

Singapore

GuocoLand (Singapore) Pte. Ltd. ("GuocoLand Singapore") continues to be the main contributor of GuocoLand's revenue and profit for the year ended 30 June 2013. Revenue and profit from operating activities of GuocoLand Singapore increased marginally by 5% and 1% respectively as compared to the previous year.

Sentiment for luxury residential properties in Singapore remains cautious. The series of government cooling measures since 2010, including the recent introduction of a total debt servicing ratio framework for all property loans, have dampened overall residential property sales.



Artist's impression
Camden Park
Changfeng, Shanghai

China

Revenue from GuocoLand (China) Limited decreased by 63% mainly due to fewer projects completed for the year ended 30 June 2013 as compared to the previous year.

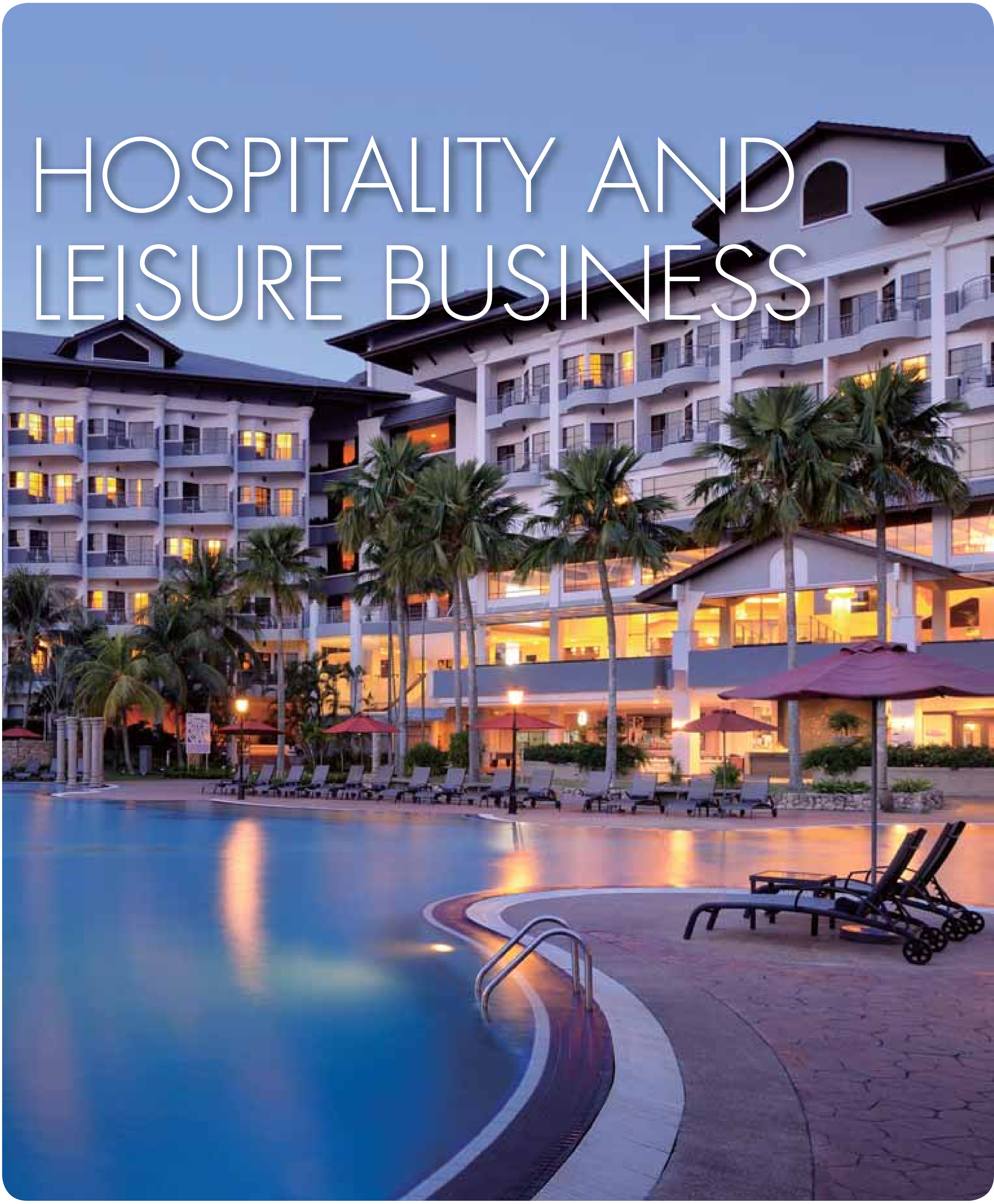
In China, despite central government's controls on the market and slowing of economic growth, the real estate sector showed strength and solid housing demand in the first half of 2013.

In August 2013, GuocoLand disposed of its entire interests in its wholly owned subsidiary group which held a land parcel of approximately 296,000 square metres located in the Xuanwu District, Nanjing. This disposal will generate a net profit of approximately S$81 million for GuocoLand group in the financial year 2013/14.

The business environment in GuocoLand's key markets continues to be challenging. In view of the present uncertainties, GuocoLand will continue to focus on strong execution of its current projects. It will remain vigilant on costs and be alert to opportunities to add value to its portfolio.

Artist's impression
Guoson Centre
Changfeng, Shanghai

HOSPITALITY AND LEISURE BUSINESS



Thistle Port Dickson, Malaysia

The Caledonian by Thistle, Scotland

HOSPITALITY AND LEISURE BUSINESS

GuocoLeisure Limited ("GuocoLeisure")

GuocoLeisure recorded a profit after tax for the year ended 30 June 2013 at US$43.6 million, a decrease of 43.4% as compared to US$77.0 million in the previous year. Stripping away the one-off items realised in the previous year from the resolution of a royalty settlement dispute and write back of deferred tax as a result of two UK hotel properties' internal restructuring, as well as a compensation from hotel lease termination received in the current year, profit after tax recorded a normalised decrease of 12.2% relative to the previous year.

Revenue increased by 2.8% to US$380.3 million mainly due to higher revenue generated from the hotel segment during the 2012 Summer Olympics. Whilst the revenues of the hotel operations showed a growth of 4.5%, volatility in the gaming sector affected overall revenue performance.

The Grosvenor Hotel
• Guoman, London

Bass Strait oil and gas royalties decreased by 16.9% to US$44.6 million due to lower average crude oil prices and low oil production compared to the previous year. In addition, a one-off royalty distribution of US$5.5 million arising from the resolution of a royalty entitlement dispute was received in the previous year.

Shareholders' equity attributable to owners of GuocoLeisure as at 30 June 2013 decreased by 1.1% to US$1.107 billion from US$1.119 billion as at 30 June 2012, principally due to the net effect of earnings generated during the year offset with net foreign exchange translation losses arising from translation of GBP- and AUD-denominated net assets into USD, and dividend payment during the year.

Following the 2012 Olympics, London hotels are experiencing a drop in demand which, combined with the need to absorb a significant increase in new supply pre-Olympics, will present challenges to hoteliers in 2013 and 2014. The appointment of a new CEO for GuocoLeisure's hospitality business and the rebranding plans for the hotels is expected to help its UK based business to weather the current economic cycle.

Enracha Casino, Spain

Mecca Bingo, UK

The Rank Group Plc ("Rank")

Rank registered an increase in its profit after taxation (before exceptional items and discontinued operations) for the year ended 30 June 2013 by 2% to GBP48.1 million.

For the year ended 30 June 2013, Rank's revenue from continuing operations grew by 7.0% to GBP625.0 million, partly due to taxes on gaming machines moving from a sales tax to gaming duty from 1 February 2013. The gaming duty effectively grosses up revenue but has no material impact on overall profitability.

Operating profit before exceptional items of GBP69.9 million was marginally up in the current year. The Grosvenor Casinos brand delivered a strong increase in operating profit (including the contribution generated from the acquisition of Gala Casinos) but Mecca's profits were adversely impacted by reduced frequency of customer visits to venues and increased digital marketing costs on customer acquisition. Despite the continuing Eurozone difficulties, Enracha, Rank's casino operation in Spain, delivered an improved performance with reduced losses in its fledgling online business.

Exceptional items totalling GBP15.5 million comprised costs associated with the Gala Casinos acquisition, losses on the disposal of the loss-making online sportsbook operation (Blue Square Bet), provisions for indirect and direct taxation matters as well as impairment and onerous lease adjustments associated with the venue businesses.

Grosvenor Casino, UK

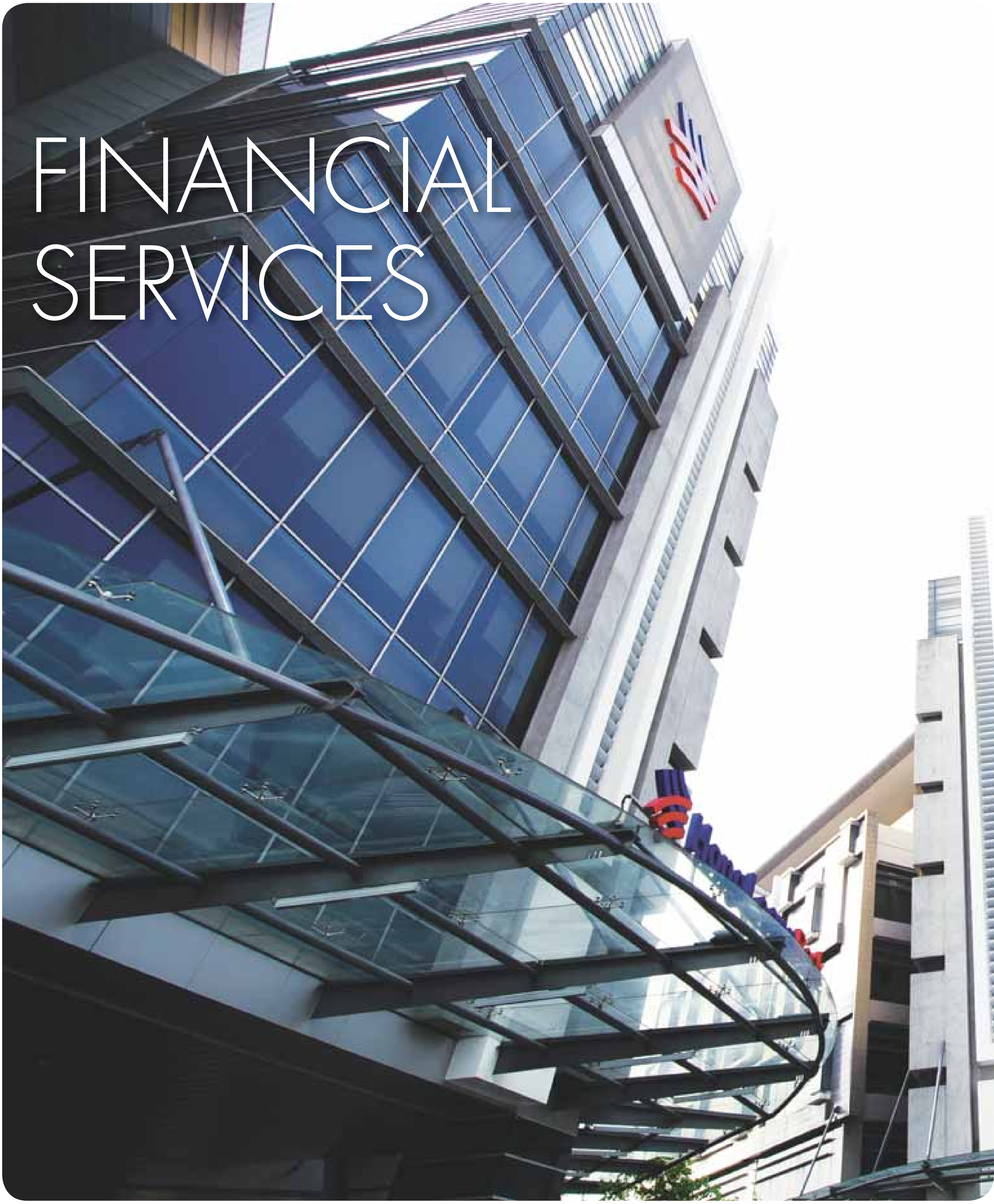
The Grosvenor Casinos brand has grown its customer base across both channels however only digital contributed positively to the increase in customer visits. Total spend per visit rose in the twelve-month period by 7% driven principally by major player activity in the London venues.

The growth in venues customers for Mecca came from the under-35 age group, which grew by 6% in the period. Digital spend per visit declined as more customers migrated to the mobile platform where the variety of games on offer is currently limited and consequently dwell time is shorter.

Shareholders' equity of Rank as at 30 June 2013 increased by 6.1% to GBP241.9 million from GBP228.0 million as at 30 June 2012, principally due to Rank's profit for the year offset by the dividends paid to equity holders of Rank during the year.

Rank remains confident in its long-term prospects and sees good growth opportunities for its expanded casino estate and digital channels.

FINANCIAL SERVICES



FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG recorded a profit before tax of RM2,630.0 million for the year ended 30 June 2013 as compared to RM2,393.7 million in the previous year, with an increase of 10%.

The commercial banking division recorded a higher profit before tax of RM2,392.9 million for the current year as compared to RM2,236.2 million in the previous year, an increase of 7.0%. The increase was due to higher net income and lower other operating expenses coupled with a higher share of profits from the investment in associate, Bank of Chengdu Co., Ltd. This was however offset by higher allowance for impairment losses on loans, advances and financing coupled with lower write back of impairment losses on financial assets.

The investment banking division recorded a profit before tax of RM67.9 million for the current year as compared to RM51.5 million in the previous year, an increase of 31.8%. This was primarily attributable to higher contributions from the investment banking segment, offset by higher overheads and provisions from the asset management segment.

The insurance division registered a profit before tax of RM183.9 million for the current year as compared to RM208.8 million in the previous year, a decrease of 11.9%. The decrease in profit was principally due to lower net income (higher reserves requirements due to lower interest rates). This was however mitigated by lower overheads and a higher share of profits from the investment in associate, MSIG Insurance (Malaysia) Berhad.

HLFG remains positive that its core businesses will continue to grow at a sustainable pace and believes that it can further strengthen its post-merger franchises and achieve greater cost efficiencies in its enlarged entities with core transformational changes made to the way it operates.

GROUP FINANCIAL COMMENTARY

Financial Results

The Group registered a high operating profit of HK$6.4 billion for the financial year 2012/13 arising from substantial contributions from Principal Investment, and, to a lesser extent, from Property Development and Investment, and Hospitality and Leisure. In terms of consolidated profit attributable to shareholders, after taxation and non-controlling interests, the Group achieved HK$6.3 billion for the year, compared with a loss of HK$1.3 billion for the previous year.

For the year ended 30 June 2013, the principal investment division posted a net operating profit of HK$4.7 billion mainly from trading financial assets.

Profits (before taxation) were also generated from the following sources:

- property development and investment of HK$2.0 billion, including release of operating profits which have been deferred in previous years of HK$1.4 billion;
- contributions from associates and jointly controlled entities of HK$1.1 billion;
- hospitality and leisure business of HK$623.9 million;
- oil and gas royalty of HK$311.3 million;

and were set off by finance costs in the sum of HK$1.2 billion.

Revenue increased by 33% to HK$17.0 billion. The increase was mainly attributable to the increase in revenue derived from the property development and investment sector in the sum of HK$3.8 billion.

Capital Management

– The Group’s consolidated total equity (including non-controlling interests) as at 30 June 2013 amounted to HK$62.5 billion, an increase of 14% compared to the total equity as at 30 June 2012.

– The Group’s consolidated total equity attributable to shareholders of the Company as at 30 June 2013 amounted to HK$50.6 billion, an increase of HK$6.4 billion compared to the previous year.

Capital Management (cont'd)

– The equity-debt ratio as at 30 June 2013 is as follows:

	HK$'M
Total borrowings	50,067
Less: Cash and short term funds	(16,079)
Marketable securities	(11,820)
Net debt	22,168
Equity attributable to shareholders of the Company	50,558
Equity-debt ratio	70:30

– The Group's total cash balance and marketable securities were mainly in USD (58%), HKD (11%), SGD (7%), MYR (6%) and JPY (4%).

Total Borrowings

The increase in total borrowings from HK$43.8 billion as at 30 June 2012 to HK$50.1 billion as at 30 June 2013 was primarily due to the issuance of US$500.0 million (approximately HK$3.9 billion) fixed rate bonds under the Group's medium term note programme in August 2012. The acquisition of the Gala Casinos by Rank was partly financed by new bank loans of GBP140.0 million (approximately HK$1.7 billion) which also contributed to the increase in total borrowings over last year. The Group's total borrowings are mainly denominated in SGD (54%), USD (20%), GBP (9%) and RMB (7%).

The Group's bank loans and other borrowings are repayable as follows:

	Bank loans HK$'M	Mortgage debenture stock HK$'M	Other borrowings HK$'M	Total HK$'M
Within 1 year or on demand	11,741	–	2,150	13,891
After 1 year but within 2 years	7,733	1,704	3,880	13,317
After 2 years but within 5 years	12,872	–	7,571	20,443
After 5 years	795	693	928	2,416
	21,400	2,397	12,379	36,176
	33,141	2,397	14,529	50,067

Total Borrowings (cont'd)

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK$39.5 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2013 amounted to approximately HK$12.1 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 swaps to manage its interest rate exposure as appropriate.

As at 30 June 2013, approximately 67% of the Group's borrowings were at floating rates and the remaining 33% were at fixed rates.

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 exposures and investments.

As at 30 June 2013, there were outstanding foreign exchange contracts with a total notional amount of HK$15.4 billion for hedging of foreign currency equity and bond investments.

Equity Price Exposure

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

Contingent Liabilities

Details are encapsulated in note 40 "Contingent Liabilities" to the Financial Statement in this annual report.

HUMAN RESOURCES AND TRAINING

The Group employed approximately 14,990 employees as at 30 June 2013. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and 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 general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share options are granted to eligible employees to reward their contribution and foster loyalty towards the Group.

CORPORATE GOVERNANCE REPORT

*"**Corporate Governance** is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' value, whilst taking into account the interest of other stakeholders."*

The board of directors of the Company (the "Board") has adopted a Code of Corporate Governance Practices (the "CGP Code"), which was updated with effect from April 2012 and 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 "Listing Rules"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the letter of the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the HKEx Code throughout the financial year ended 30 June 2013, except where otherwise stated.

A. DIRECTORS

1. The Board

The Board assumes responsibilities for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles and has established relevant board committees to assist in discharging these responsibilities.

The role and responsibilities of the Board broadly cover reviewing and approving corporate mission and broad strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate measures and control systems to manage these risks; reviewing and approving important matters such as financial results, investments and divestments and other material transactions; and reviewing the Company's policies and practices on corporate governance.

The Board has delegated the day-to-day management and operation of the Group's businesses to management of the Company and its subsidiaries.

The Board currently comprises the following members:

Executive Directors
Quek Leng Chan *(Executive Chairman)*
Kwek Leng Hai *(President, CEO)*
Tan Lim Heng

Independent Non-executive Directors [Note]
Volker Stoeckel
Roderic N. A. Sage
David Michael Norman (appointed on 4 July 2013)

Non-executive Director
Kwek Leng San

Note:
Following the retirement of Mr Sat Pal Khattar, the number of independent non-executive directors and members of the Board Audit Committee fell to two, which is below the minimum number of three required under Rules 3.10(1) and 3.21 of the Listing Rules.

A. DIRECTORS (cont'd)

1. The Board (cont'd)

Note: (cont'd)

In view of the voluntary cash offer by Standard Chartered Bank (Hong Kong) Limited on behalf of GuoLine Overseas Limited to acquire all of the issued shares in the share capital of the Company (other than those already held by GuoLine Overseas Limited) (the "Privatisation Offer"), the Company had applied for, and The Stock Exchange of Hong Kong Limited had granted for, a waiver to the Company from strict compliance with Rules 3.10(1) and 3.21 of the Listing Rules and obtained an extension of time to three months after the close/lapse of the Privatisation Offer.

Mr David Michael Norman has been appointed as an independent non-executive director and a member of the Board Audit Committee with effect from 4 July 2013 following the close/lapse of the Privatisation Offer on 30 May 2013.

Every director is subject to retirement by rotation at least once every three years pursuant to the Bye-Laws of the Company and the CGP Code.

Despite non-executive directors are not appointed for a specific term as stipulated by the HKEx Code, they are subject to retirement by rotation and re-election at the annual general meetings of the Company. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx Code.

The Company received confirmation of independence from each of the independent non-executive directors for the year pursuant to Rule 3.13 of the Listing Rules. The Company considers that Messrs Volker Stoeckel, Roderic N. A. Sage and David Michael Norman continue to be independent up to and as at the date of this report.

The family relationships among the board members, if any, are disclosed under "Biographical Details of Directors and Senior Management" on pages 6 and 7 of this annual report.

2. Chairman and Chief Executive Officer ("CEO")

The roles of the Chairman and the CEO of the Company are segregated and are not held by the same person. Currently, Mr Quek Leng Chan is the Executive Chairman and Mr Kwek Leng Hai is the President and CEO of the Company.

The primary responsibility of the Executive Chairman is to ensure smooth and effective functioning of the Board and, together with the President and CEO, to set up the vision and oversee strategic direction and policies of the Group as well as to monitor progress on implementation of Key Performance Areas ("KPAs") and strategic development.

The CEO's main responsibility is to work with business managers to develop strategic business plans and to set out KPAs for the business managers as well as to focus on creating value through asset deployment and optimal use of the capital resources available.

A. DIRECTORS (cont'd)

3. Board Meetings and Access of Information

The Board meets regularly and members of the Board receive information between meetings about developments in the Company's business.

During the year, four board meetings were held and details of directors' attendance are as follows:

	Meetings attended/held
Executive Directors	
Quek Leng Chan	4/4
Kwek Leng Hai	4/4
Tan Lim Heng	4/4
Non-executive Director	
Kwek Leng San	4/4
Independent Non-executive Directors	
Sat Pal Khattar (retired on 14 November 2012)	1/2[Note]
Volker Stoeckel	4/4
Roderic N. A. Sage	3/4

Note: Two Board meetings were held during the period from 1 July 2012 up to 14 November 2012 (date of retirement of Mr Sat Pal Khattar).

Where appropriate, decisions are also taken by way of circulated resolutions.

Board papers are circulated prior to board meetings on a timely manner, which include, among others, financial and corporate information, significant operational and corporate issues and business performance of the Group as well as management proposals which require the approval of the Board.

All directors have access to the advice and services of the company secretary and internal auditors, and upon reasonable request, independent professional advice in appropriate circumstances at the Company's expense, if any.

A. DIRECTORS (cont'd)

4. Directors' Securities Transactions

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

All directors of the Company during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

5. Directors' Continuous Training and Development Programme

Pursuant to the HKEx Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant.

The Company has put in place a training and development programme for directors which includes (i) induction/familiarisation progamme for newly appointed directors; and (ii) on-going training and professional development programme for directors.

During the year ended to 30 June 2013, all directors of the Company namely, Messrs Quek Leng Chan, Kwek Leng Hai, Sat Pal Khattar (retired on 14 November 2012), Kwek Leng San, Tan Lim Heng, Volker Stoeckel and Roderic N. A. Sage, received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations applicable to the Group was provided to the directors. They also attended regulatory update sessions and seminars on relevant topics. All directors are requested to provide the Company with their respective training record pursuant to the CGP Code.

B. DIRECTORS' REMUNERATION

1. Board Remuneration Committee ("BRC")

The principal role of the BRC is to make recommendations to the Board on the policy and structure for the remuneration of directors and senior management, as well as to determine, with delegated responsibility from the Board as described under Code B.1.2(c)(i) of the HKEx Code, the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment. Detailed terms of reference of the BRC is accessible on the Company's website.

B. DIRECTORS' REMUNERATION (cont'd)

1. Board Remuneration Committee ("BRC") (cont'd)

Membership and attendance

For the year ended 30 June 2013, the members of the BRC and their attendance at the meetings are set out below:

	Meetings attended/held
Volker Stoeckel – *Chairman*	2/2
Quek Leng Chan	2/2
Roderic N. A. Sage	2/2

Work done during the year

- reviewed its terms of reference and the remuneration policy for directors and senior management;
- reviewed and approved the remuneration proposal of a new senior management;
- made recommendation regarding the executive directors' fees;
- approved the discretionary bonuses for executive directors and senior management; and
- reviewed the remuneration packages of executive directors and senior management.

2. Level and Make-up of Remuneration

The Group's remuneration scheme for executive directors and senior management is linked to performance, service seniority, experience and scope of responsibility and is based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for shareholders' approval at the Company's annual general meetings.

Details of the remuneration of the directors for the year ended 30 June 2013 are provided in note 9 to the Financial Statements in this annual report.

C. DIRECTORS' NOMINATION

1. Board Nomination Committee ("BNC")

The principal role of the BNC is to make recommendations to the Board on the structure, size and composition of the Board, and to review the independence of independent non-executive directors, the suitability of directors who will stand for re-election and directors' continuous training and development programme. Detailed terms of reference of the BNC is accessible on the Company's website.

Membership and attendance

For the year ended 30 June 2013, the members of the BNC and their attendance at the meetings are set out below:

	Meetings attended/held
Quek Leng Chan – *Chairman*	1/1
Volker Stoeckel	1/1
Roderic N. A. Sage	1/1

Work done during the year

- reviewed the structure, size and composition of the Board (including the mix of skills, knowledge, experience and competences of directors, and the balance between executive, non-executive and independent non-executive directors), and is of the view that there is an appropriate and diverse mix of skills and experience;

- reviewed the independence of independent non-executive directors of the Company and confirmed that all independent non-executive directors are considered independent;

- reviewed the profile of and participation in the Company's affairs by directors who will stand for re-election at the annual general meeting and confirmed that all those directors are suitable to stand for re-election;

- reviewed the continuous training and development programs undertaken by directors and confirmed that an appropriate program is in place; and

- reviewed the suitability and independence of a candidate and made recommendation to the Board for appointing him as an independent non-executive director.

D. ACCOUNTABILITY AND AUDIT

1. Board Audit Committee ("BAC")

The BAC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's financial and internal controls as well as risk management systems. The BAC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programmes, the results of their examinations as well as their evaluations of the system of controls. The BAC reviews the Group's and the Company's financial statements and the auditors' report thereon and submits its views to the Board. Detailed terms of reference of the BAC is accessible on the Company's website.

Membership and attendance

For the year ended 30 June 2013, the members of BAC and their attendance at the meetings are set out below:

	Meetings attended/held
Sat Pal Khattar[1]	2/2[2]
Roderic N. A. Sage[1]	3/4
Volker Stoeckel	4/4

Notes:

1. Mr Sat Pal Khattar ceased to be Chairman of the BAC following his retirement as director with effect from the conclusion of 2012 annual general meeting held on 14 November 2012. Mr Roderic N.A. Sage has been re-designated as the Chairman of the BAC on even day.

2. Mr Sat Pal Khattar attended two BAC meetings, being all BAC meetings held during his term of office.

D. ACCOUNTABILITY AND AUDIT (cont'd)

1. Board Audit Committee ("BAC") (cont'd)

The Chief Executive, Chief Financial Officer and Head of Internal Audit are normal attendees of the BAC meetings. Where appropriate, representatives of the external auditors are invited to attend the BAC meetings to present significant audit and accounting matters which they noted in the course of their audit.

Work done during the year

- reviewed the nature and scope of external audit and approved the external audit fee;
- reviewed the interim financial report, the interim results announcement, the annual accounts and the final results announcement;
- reviewed the financial reporting system and related internal control procedures, including the adequacy of resources, qualifications, experience of staff of the accounting and financial reporting functions, and their training programmes and budget;
- reviewed the Group's accounting policies and practices;
- reviewed and approved the annual internal audit plan;
- reviewed major findings of internal audit assignments and the progress of implementation of remedial measures on control issues identified; and
- reviewed connected transactions entered into by the Group or subsisting during the year.

2. Financial Reporting

The Listing Rules require listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of the companies and of the results of their operations and cashflows.

The Board is responsible for ensuring the maintenance of proper accounting records of the Group. It has also acknowledged its responsibility for preparing the financial statements.

The Board approves the financial statements after taking into account the BAC's comments on specific accounting matters.

The Board is satisfied that appropriate accounting policies have been used in preparing the financial statements, consistently applied and complied with the relevant accounting standards.

A statement of the auditors about their reporting responsibilities is included in the Report of the Auditors on page 65 of this annual report.

D. ACCOUNTABILITY AND AUDIT (cont'd)

3. Internal Controls

The Board, recognising its responsibilities to ensure sound internal controls, has put in place a risk management framework for the Group to:

- identify significant risks faced by the Group in the operating environment as well as evaluate the impact of such risks identified;
- develop necessary measures for managing these risks; and
- monitor and review the effectiveness and adequacy of such measures.

The Board has entrusted the BAC with the responsibility of overseeing the implementation of the Group's risk management framework. In discharging this responsibility, the BAC, assisted by the Group Internal Audit Department and the audit committees of other listed subsidiary groups:

- ensures that new and emerging risks relevant to the Group are promptly identified by management;
- assesses the adequacy of action plans and control systems developed to manage these risks; and
- monitors the implementation of the action plans and the effectiveness and adequacy of the control systems.

These on-going processes are in place, and reviewed periodically by the BAC.

The controls built into the risk management framework are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. These controls provide reasonable, but not absolute, assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board, through the BAC, has conducted an annual review on the Group's system of internal control and considers that it is adequate and effective. The Board is satisfied that the Group has fully complied with the provisions on internal controls as set out in the CGP Code.

4. Auditors' Remuneration

The fees charged by the Group's external auditors for the year in respect of annual audit services amounted to HK$17,391,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK$4,065,000.

E. INVESTOR RELATIONS

1. Communication with Investors

The Company encourages two-way communication with both its institutional and private investors. Extensive information about the Company's activities is provided in the interim and annual reports which are distributed to shareholders.

Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcome and are dealt with in an informative and timely manner. The enquiries can be directed to the Group Company Secretary via email at the designated mail box – comsec@guoco.com or directly by questions at general meetings of the Company.

In order to promote effective communication, the Company maintains a website at www.guoco.com to provide:

- latest news, announcements, financials including interim and annual reports;
- other corporate communication materials, e.g. notices of meetings, circulars, proxy forms, etc.;
- corporate calendar for important shareholders' dates for current financial year;
- constitutional documents of the Company;
- corporate governance information including composition and terms of reference of various corporate governance committees, corporate governance report and shareholders' rights;
- online registration of email alert service for receiving the Company's latest corporate communications; and
- other information relating to the Group and its businesses.

Shareholders can make any query in respect of the Company or to make a request for the Company's information to the extent such information is publicly available. The designated contact details are as follows:

By Post:	Guoco Group Limited 50th Floor, The Center, 99 Queen's Road Central, Hong Kong
By Fax:	(852) 2285 3233
By Email:	comsec@guoco.com

Shareholders' questions about their shareholdings should be directed to Computershare Hong Kong Investor Services Limited, the Company's share registrar, at Shops 1712-16, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong.

2. General Meetings

The annual general meeting of the Company provides an opportunity for the shareholders to seek clarification and to obtain a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the annual general meeting and to vote on all resolutions.

E. INVESTOR RELATIONS (cont'd)

2. General Meetings (cont'd)

During the year, two general meetings (including the annual general meeting and a special general meeting were held and details of directors' attendance at the meetings are as follows:

	Meetings attended/held
Executive Directors	
Quek Leng Chan	2/2
Kwek Leng Hai	2/2
Tan Lim Heng	2/2
Non-executive Director	
Kwek Leng San	2/2
Independent Non-executive Directors	
Sat Pal Khattar (retired on 14 November 2012)	0/1 Note
Volker Stoeckel	2/2
Roderic N. A. Sage	2/2

Note: Mr Sat Pal Khattar retired with effect from the conclusion of the annual general meeting held on 14 November 2012. One general meeting was held during his term of office.

3. Rights and Procedures for Shareholders to Convene General Meetings

Pursuant to Bermuda Companies Act 1981, the directors of the Company shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

Pursuant to the Company's Bye-Law 103, shareholder(s) may send a notice in writing of intention to propose a person for election as a Director. Such notice in writing shall be lodged at the Company's principal office at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong, or at the branch share registrars' office at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong provided that the minimum length of the period for lodgment of the notices referred to herein shall be at least seven days which shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

30 August 2013

FINANCIAL SECTION CONTENTS

REPORT OF THE DIRECTORS

The directors of the Company present their report together with the audited financial statements of the Group for the year ended 30 June 2013 (the "Financial Statements").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and investment management. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure business, stock and commodity broking and investment advisory. The principal activities of the associates which materially affected the results of the Group during the year include banking and financing, insurance, fund management, stockbroking and merchant banking.

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in note 17 to the Financial Statements.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 17 to the Financial Statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2013 and the state of the Company's and the Group's affairs as at that date are set out in the Financial Statements on pages 66 to 168.

DIVIDENDS

On 3 July 2013, the Company declared a special interim dividend in specie of 0.27 of a share in The Rank Group Plc for every one Guoco share held, which, for reference only, represented a value of HK$4.87 per share based on the closing price of 153.5 pence per Rank Share as at 2 July 2013 (the trading date before the declaration of the said dividend in specie) and the exchange rate of GBP1:HK$11.7517 (an interim dividend of HK$0.50 per share totalling HK$164,526,000 was paid in cash for the year ended 30 June 2012).

The directors are recommending payment of a final dividend of HK$1.50 per share (2012: HK$1.70 per share) in respect of the year ended 30 June 2013 totalling HK$493,577,000 (2012: HK$559,387,000).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting:

Closure dates of Register of Members (both days inclusive)	15 November 2013 (Friday) to 19 November 2013 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 14 November 2013 (Thursday)
Record date	19 November 2013 (Tuesday)
Annual General Meeting	19 November 2013 (Tuesday)

For ascertaining shareholders' entitlement to the proposed final dividend:

Closure date of Register of Members	26 November 2013 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 25 November 2013 (Monday)
Record date	26 November 2013 (Tuesday)
Proposed final dividend payment date	5 December 2013 (Thursday)

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before the relevant latest time to lodge transfers.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the total turnover of the Group and the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US$754,000 (2012: US$719,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES AND WARRANTS

The Company did not issue any new share during the year. Details of the share capital of the Company are shown in note 33 to the Financial Statements.

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

During the year, the Company did not redeem any of its listed securities. Neither did the Company nor any of its other subsidiaries purchase or sell any of the Company's listed securities.

TRANSFER TO RESERVES

Profit for the year, before dividend, of US$889.8 million (2012: loss of US$157.6 million) has been transferred to reserves. Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 33 to the Financial Statements respectively.

INTEREST CAPITALISED

Interest capitalised during the year by the Group in respect of development properties, investment properties and property, plant and equipment amounted to approximately US$86.4 million (2012: approximately US$93.9 million).

FIXED ASSETS

Movements in fixed assets during the year are set out in note 15 to the Financial Statements.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 169 to 172.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda.

DIRECTORS

The directors during the year and up to the date of this report are:

Quek Leng Chan – *Executive Chairman*
Kwek Leng Hai – *President, CEO*
Sat Pal Khattar** (retired on 14 November 2012)
Kwek Leng San*
Tan Lim Heng
Volker Stoeckel**
Roderic N. A. Sage**
David Michael Norman** (appointed on 4 July 2013)

* Non-executive director
** Independent non-executive director

In accordance with Bye-Law 99 and Code A.4.2 of the Code of Corporate Governance Practices of the Company, Messrs Kwek Leng San and Tan Lim Heng will retire from office by rotation at the forthcoming annual general meeting of the Company to be held on 19 November 2013 (the "AGM"). Mr David Michael Norman, who was appointed as a director on 4 July 2013, shall hold office until the AGM in accordance with Bye-Law 102 and Code A.4.2 of the Code of Corporate Governance Practices of the Company. All of them, being eligible, will offer themselves for re-election at the AGM.

None of the directors has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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

As at 30 June 2013, the interests and short positions of the directors of the Company 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Certain information herein is based on additional information of the relevant events on or before 30 June 2013 with the disclosure deadlines under the SFO falling after 30 June 2013.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(A) The Company

	Number of *shares/underlying shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of the Company	
Quek Leng Chan	1,056,325	253,642,792	254,699,117	77.40%	Note
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%	
Kwek Leng San	209,120	–	209,120	0.06%	
Tan Lim Heng	566,230	–	566,230	0.17%	

* *Ordinary shares unless otherwise specified in the Notes*

Note:

The total interests of 254,699,117 shares/underlying shares comprised 249,499,117 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

The corporate interests of 253,642,792 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
GuoLine Overseas Limited ("GOL")	243,815,930
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by Guoco Management Company Limited which was in turn wholly owned by the Company. The Company was 74.10% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HLCM was 49.27% owned by Mr Quek Leng Chan as to 2.424% under his personal name, 46.534% via HL Holdings Sdn Bhd ("HLH") which was wholly owned by him and 0.311% via Newton (L) Limited ("NLL"). NLL was wholly owned by Newton Capital Group Limited which was 2.424% owned by Mr Quek Leng Chan and 46.534% owned by HLH.

CL was wholly owned by Mr Quek Leng Chan.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations

(a) Hong Leong Company (Malaysia) Berhad ("HLCM")

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLCM	
Quek Leng Chan	390,000	7,537,100	7,927,100	49.27%	Note
Kwek Leng Hai	420,500	–	420,500	2.61%	
Kwek Leng San	117,500	–	117,500	0.73%	

* *Ordinary shares*

Note:

The corporate interests of 7,537,100 shares comprised the respective direct interests held by:

	Number of shares
HL Holdings Sdn Bhd ("HLH")	7,487,100
Newton (L) Limited ("NLL")	50,000

The respective controlling shareholders of HLH and NLL as well as their respective percentage control are shown in the Note under Part (A) above.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

(b) GuocoLand Limited ("GLL")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLL	
Quek Leng Chan	13,333,333	864,170,024	877,503,357	74.15%	Note
Kwek Leng Hai	35,290,914	–	35,290,914	2.98%	
Tan Lim Heng	1,337,777	–	1,337,777	0.11%	
Volker Stoeckel	1,461,333	–	1,461,333	0.12%	

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 877,503,357 shares/underlying shares comprised 831,244,363 ordinary shares of GLL and 46,258,994 underlying shares of other unlisted derivatives.

The corporate interests of 864,170,024 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
GuocoLand Assets Pte Ltd ("GAPL")	772,032,426
GuoLine Capital Limited ("GCL")	46,258,994
Newton (Cayman) Limited ("NCL")	32,461,318
Chaghese Limited ("CL")	13,417,286

GAPL was wholly owned by the Company. The respective controlling shareholders of the Company, CL and GCL as well as their respective percentage control are shown in the Note under Part (A) above.

NCL was wholly owned by Newton Resources Sdn Bhd which was in turn wholly owned by Newton (L) Limited ("NLL"). The controlling shareholders of NLL as well as its percentage control are shown in the Note under Part (A) above.

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) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLFG	
Quek Leng Chan	4,989,600	856,380,500	861,370,100	81.82%	Note
Kwek Leng Hai	2,316,800	–	2,316,800	0.22%	
Kwek Leng San	600,000	–	600,000	0.06%	
Tan Lim Heng	245,700	–	245,700	0.02%	

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 861,370,100 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 36,466,600 underlying shares of other unlisted derivatives.

The corporate interests of 856,380,500 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,773,354
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	3,600
GuoLine Capital Limited ("GCL")	36,466,600
Guoco Assets Sdn Bhd ("GASB")	267,079,946
Soft Portfolio Sdn Bhd ("SPSB")	6,057,000

GASB was 45.45% and 54.55% owned by the Company and GA Investment Limited ("GAIL") respectively. GAIL was wholly owned by the Company. HLSRS was wholly owned by HL Management Co Sdn Bhd which was in turn wholly owned by HLCM.

The respective controlling shareholders of the Company, HLCM and GCL as well as their respective percentage control are shown in the Note under Part (A) above.

SPSB was 99% owned by Mr Quek Leng Chan.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

(d) GuocoLand (Malaysia) Berhad ("GLM")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLM	
Quek Leng Chan	19,506,780	476,928,096	496,434,876	70.87%	Note
Kwek Leng Hai	226,800	–	226,800	0.03%	
Tan Lim Heng	326,010	–	326,010	0.05%	

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 496,434,876 shares/underlying shares comprised 474,705,376 ordinary shares of GLM and 21,729,500 underlying shares of other unlisted derivatives.

The corporate interests of 476,928,096 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
GLL (Malaysia) Pte Ltd ("GLLM")	455,130,580
GuoLine Capital Limited ("GCL")	21,797,516

GLLM was wholly owned by GuocoLand Limited which was in turn 65.24% owned by GuocoLand Assets Pte Ltd ("GAPL").

The controlling shareholder of GCL and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of GAPL and its percentage control are shown in the Note under Part (B)(b) above.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

(e) GuocoLeisure Limited ("GL")

	Number of *shares (Long Position)			Approx. % of	
Director	Personal interests	Corporate interests	Total interests	the issued share capital of GL	
Quek Leng Chan	735,000	911,676,434	912,411,434	66.69%	Note
Tan Lim Heng	1,100,000	–	1,100,000	0.08%	

* *Ordinary shares*

Note:

The corporate interests of 911,676,434 shares comprised the respective direct interests held by:

	Number of shares
GuocoLeisure Assets Limited ("GLAL")	910,261,434
GuoLine Overseas Limited ("GOL")	1,415,000

GLAL was wholly owned by the Company. The respective controlling shareholders of the Company and GOL as well as their respective percentage control are shown in the Note under Part (A) above.

(f) Hong Leong Industries Berhad ("HLI")

	Number of *shares (Long Position)			Approx. % of
Director	Personal interests	Corporate interests	Total interests	the issued share capital of HLI
Kwek Leng Hai	190,000	–	190,000	0.06%
Kwek Leng San	2,520,000	–	2,520,000	0.79%

* *Ordinary shares*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

(g) Hong Leong Bank Berhad ("HLB")

	Number of *shares (Long Position)			Approx. % of
Director	Personal interests	Corporate interests	Total interests	the issued share capital of HLB
Kwek Leng Hai	4,750,000	–	4,750,000	0.26%
Kwek Leng San	462,000	–	462,000	0.03%

* *Ordinary shares*

(h) Malaysian Pacific Industries Berhad ("MPI")

	Number of *shares (Long Position)			Approx. % of
Director	Personal interests	Corporate interests	Total interests	the issued share capital of MPI
Kwek Leng Hai	71,250	–	71,250	0.04%
Kwek Leng San	1,260,000	–	1,260,000	0.63%

* *Ordinary shares*

(i) Narra Industries Berhad ("NIB")

	Number of *shares (Long Position)			Approx. % of	
Director	Personal interests	Corporate interests	Total interests	the issued share capital of NIB	
Quek Leng Chan	8,150,200	38,304,000	46,454,200	74.70%	Note

* *Ordinary shares*

Note:

The corporate interests of 38,304,000 shares were directly held by Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). HLMG was wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The controlling shareholders of HLCM and its percentage control are shown in the Note under Part (A) above.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

(j) Lam Soon (Hong Kong) Limited ("LSHK")

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of LSHK
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tan Lim Heng	274,000	–	274,000	0.11%

* *Ordinary shares*

(C) Others

Associated Corporations in which Mr Quek Leng Chan was deemed to be interested solely through his deemed controlling interest in HLCM and/or its subsidiaries

Carsem (M) Sdn Bhd
Carter Realty Sdn Bhd
Century Touch Sdn Bhd
GLL IHT Pte. Ltd.*
Guangzhou Lam Soon Food Products Limited
Guocera Tile Industries (Meru) Sdn Bhd
Hong Leong Assurance Berhad
Hong Leong Bank Berhad
Hong Leong Capital Berhad
Hong Leong Industries Berhad
Hong Leong MSIG Takaful Berhad
Hong Leong Yamaha Motor Sdn Bhd
Kwok Wah Hong Flour Company Limited
Lam Soon (Hong Kong) Limited
Luck Hock Venture Holdings, Inc.
Malaysian Pacific Industries Berhad
RZA Logistics Sdn Bhd
Southern Steel Berhad
Southern Pipe Industry (Malaysia) Sdn Bhd
The Rank Group Plc

* *In respect of interests in debentures only*

The Company applied for and the Stock Exchange granted a waiver from full compliance with the disclosure requirements in respect of details of the deemed interests of Mr Quek Leng Chan in the above associated corporations under Paragraph 13(1) of Appendix 16 to the Listing Rules.

Certain directors hold qualifying shares in certain subsidiaries in trust for other subsidiaries of the Company.

Save as disclosed above, as at 30 June 2013, none of the directors of the Company had any interests and 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 by the directors of the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SHARE OPTIONS

The Company

Share Option Plan

On 16 December 2002 ("SOP Adoption Date"), the Company adopted a share option plan (the "Share Option Plan") for the purpose of motivating the employees and directors of the group companies and the employees of associated companies (the "Participants") and allowing them to participate in the growth of the Company through the grant of options over existing shares of the Company.

The life of the Share Option Plan is 10 years from the SOP Adoption Date. The Share Option Plan expired on 15 December 2012. No option had ever been granted to any Participant pursuant to the Share Option Plan since its establishment.

The Share Option Plan did not involve options over newly issued shares of the Company and thereby avoided the uncertainty for the shareholders of potential dilutionary effect on the Company's issued share capital from time to time. A trust (the "Trust") had been set up for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the Share Option Plan. A wholly owned subsidiary of the Company as the trustee was responsible for administering the Trust.

The number of existing shares of the Company that might be transferred upon exercise of all share options to be granted under the Share Option Plan should not in aggregate exceed 10% of the issued share capital of the Company as at the SOP Adoption Date, i.e. 32,496,137 which represented approximately 9.88% of the shares in issue of the Company as at the date of this report. The maximum entitlement for any Participant in respect of the total number of shares transferred and to be transferred upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant should not exceed 1% of the shares of the Company in issue as at any date of grant.

The exercise price per share of an option for the purchase of a share should not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK$1 was payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option should fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option.

SHARE OPTIONS (cont'd)

The Company (cont'd)

Executive Share Option Scheme 2012

In view of the expiry of share option scheme and Share Option Plan on 28 November 2011 and 15 December 2012 respectively, an executive share option scheme 2012 (the "ESOS 2012") was approved by the shareholders of the Company at the special general meeting on 14 November 2012 and took effect on 16 November 2012 (the "ESOS 2012 Adoption Date") to provide an opportunity for the executives or directors of the Company and all its subsidiaries (the "Eligible Executives") to participate in the equity of the Company and aligning the Eligible Executives' long term interests with those of the shareholders.

Pursuant to the ESOS 2012, the exercise of options by Eligible Executives could be satisfied through the issue of new shares and/or the transfer of the existing shares of the Company. A trust (the "ESOS Trust") is in place for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the ESOS 2012. A wholly owned subsidiary of the Company as the trustee is responsible for administering the ESOS Trust.

The number of new shares of the Company that may be issued upon exercise of all share options to be granted under the ESOS 2012 shall not in aggregate exceed 10% of the issued share capital of the Company as at the ESOS 2012 Adoption Date, i.e. 32,905,137 which represents 10% of the shares in issue of the Company as at the date of this report. The maximum entitlement for any Eligible Executives in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

The option price per share payable upon exercise of any share option will be determined by the directors upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 30 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer.

The life of the ESOS 2012 is 10 years from the ESOS 2012 Adoption Date. The ESOS 2012 shall remain valid and effective till 15 November 2022.

No option has ever been granted to any Eligible Executives pursuant to the ESOS 2012 up to 30 June 2013.

GuocoLand Limited ("GLL")

GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008")

The GLL ESOS 2008 was approved by the shareholders of GLL on 17 October 2008 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 21 November 2008 (the "Effective Date"). Under the GLL ESOS 2008, options may be granted over newly issued and/or existing shares of GLL to eligible participants including employees and executive directors of GLL and its subsidiaries who are not controlling shareholders of GLL.

The GLL ESOS 2008 provides an opportunity for the employees of the GLL Group who have contributed to the growth and development of the GLL Group to participate in the equity of GLL.

The GLL ESOS Committee shall select confirmed employees (including executive directors) of the GLL Group to become participants in the GLL ESOS 2008.

SHARE OPTIONS (cont'd)

GuocoLand Limited ("GLL") (cont'd)

GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008") (cont'd)

The number of GLL shares over which the GLL ESOS Committee may grant options under the GLL ESOS 2008 on any date shall not in aggregate exceed 15% of the issued share capital of GLL on the day preceding that date, provided that the maximum aggregate number of new GLL shares over which the GLL ESOS Committee may grant options when added to the number of new GLL shares issued and issuable in respect of all options granted under the GLL ESOS 2008, shall not exceed 10% of the issued share capital of GLL as at the Effective Date. As at the date of this report, the total number of new GLL shares available for issue over which options under the GLL ESOS 2008 may be granted is 118,337,327, which represents approximately 10% of the issued share capital of GLL.

The maximum entitlement of any participant in respect of the total number of new GLL shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GLL in issue as at any date of grant.

The grant of option to a participant shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of S$1 as consideration.

The exercise price per GLL share shall be a price equal to the 5-day weighted average market price of the GLL shares immediately prior to the date of grant of the option. An option shall be exercisable within such period commencing on the date after (a) the second anniversary of the date of grant (for participants who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other participants) and ending on a date not later than 10 years after the date of grant.

The GLL ESOS 2008 shall continue to be in force at the discretion of the GLL ESOS Committee, subject to a maximum period of 10 years commencing on the Effective Date till 20 November 2018.

As at 1 July 2012, outstanding options granted under the GLL ESOS 2008 comprised 6,148,475 GLL shares, all of which lapsed during the year. There were no new options granted or exercised during the year. As at 30 June 2013, there were no more outstanding options.

Details of the said options are as follows:

		No. of GLL shares comprised in options			
Date of grant	Grantees	As at 1 Jul 2012	Lapsed during the year	As at 30 Jun 2013	Exercise price per GLL share
28 September 2009	Employees	6,148,475	6,148,475	–	S$2.142
	Total:	6,148,475	6,148,475	–	

SHARE OPTIONS (cont'd)

GuocoLeisure Limited ("GL")

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008")

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "GL ESOS Effective Date") for the purpose of compliance with Chapter 17 of the Listing Rules. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to confirmed employees (including executive directors) of the GL and its subsidiaries (the "GL Group") who are at least twenty-one (21) years of age and who are not undischarged bankrupts. Non-executive directors of GL, directors and employees of associated companies of GL, directors and employees of the Company and its subsidiaries (excluding members of the GL Group) and GL's controlling shareholders or its associates are not eligible to participate in GL ESOS 2008.

The GL ESOS 2008 is to:

(1) align the long-term interests of the confirmed employees with those of the shareholders of GL and to encourage such employees to assume greater responsibility for the performance of the businesses that they manage;

(2) motivate the employees towards strategic business objectives;

(3) reward the employees with an equity stake in the success of the GL Group; and

(4) make the total compensation package more competitive in order to attract, retain and motivate high caliber executives.

A committee (the "GL ESOS Committee") comprising directors of GL who are duly authorised and appointed by GL's board of directors to administer GL ESOS 2008 may grant options to any eligible participants during the term of GL ESOS 2008.

The number of GL shares over which the GL ESOS Committee may grant options under the GL ESOS 2008 on any date, when added to the number of GL shares issued and transferred and issuable and transferable in respect of all options granted under GL ESOS 2008 shall not in aggregate exceed 15% of the issued share capital of GL on the day preceding that date, provided that the maximum aggregate number of new GL shares over which the GL ESOS Committee may grant when added to the number of new GL shares issued and issuable in respect of all options granted under the GL ESOS 2008, shall not exceed 10% of the issued share capital of GL as at the GL ESOS Effective Date. As at the date of this report, the total number of new GL shares available for issue over which options under the GL ESOS 2008 may be granted is 136,806,363, which represents approximately 10% of the issued share capital of GL.

The maximum entitlement of any participant in respect of the total number of new GL shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GL in issue as at any date of grant.

The grant of an option to a participant shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of S$1 as consideration.

The exercise price per GL share shall be a price equal to the 5-day weighted average market price of the GL shares immediately prior to the date of grant of the option for which there was trading in the GL shares. An option shall be exercisable in accordance with the terms of the grant of such option, within such period commencing on the date after (a) the second anniversary of the date of grant (for participants who have been employed for less than one year), and (b) the first anniversary of the date of grant (for all other participants), and ending on a date not later than 10 years after the date of grant.

The GL ESOS 2008 shall continue to be in force at the discretion of the GL ESOS Committee, subject to a maximum period of 10 years commencing from the GL ESOS Effective Date until 20 November 2018.

As at 1 July 2012, outstanding options granted under GL ESOS 2008 comprised 210,000 GL shares. During the year, 79,900,000 options were granted to certain Employees pursuant to GL ESOS 2008. No options were exercised during the year. 4,105,000 options lapsed during the year. As at 30 June 2013, the number of GL shares comprised in the outstanding options granted under the GL ESOS 2008 was 76,005,000.

SHARE OPTIONS (cont'd)

GuocoLeisure Limited ("GL") (cont'd)

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008") (cont'd)

Details of the said options are as follows:

		No. of GL shares comprised in options					
Date of grant	Grantees	As at 1 Jul 2012	Granted during the year	Lapsed during the year	As at 30 Jun 2013		Exercise price per GL share
16 December 2010	Employees	210,000	–	105,000	105,000	Note 1	S$0.713
13 May 2013	Premod Paul Thomas	–	5,000,000	–	5,000,000	Notes 2 & 4	S$0.86
13 May 2013	Michael DeNoma	–	25,000,000	–	25,000,000	Notes 2, 3 & 4	S$0.86
13 May 2013	Mark Ostridge	–	3,000,000	–	3,000,000	Notes 2 & 4	S$0.86
13 May 2013	Fiona Keddie	–	3,000,000	–	3,000,000	Notes 2 & 4	S$0.86
13 May 2013	Employees	–	43,900,000	4,000,000	39,900,000	Notes 2 & 4	S$0.86
	Total:	210,000	79,900,000	4,105,000	76,005,000		

Notes:

1. The options have a validity period commencing from the date of grant on 16 December 2010 and expiring on 16 March 2014. The options granted are exercisable in tranches during certain periods of between 3 to 6 months from the respective date of vesting, with the last tranche of options exercisable up to and including 16 March 2014.

2. Mr Premod Paul Thomas, Mr Michael DeNoma and Mr Mark Ostridge are directors of the GL Group. Ms Fiona Keddie became a director of the GL Group after the grant of options on 13 May 2013.

   The options granted on 13 May 2013 under the GL ESOS 2008 will be valid from 13 May 2013 and will vest in two tranches:

   i. the first tranche of up to 20% to 35% will vest at the end of the financial year 2015/2016 upon achievement of applicable performance targets; and

   ii. the second tranche of up to 65% to 80% will vest within three months from the end of the financial year 2018/2019 upon achievement of applicable performance targets.

   Each tranche, once vested, is exercisable as follows:

   i. 40% of which is exercisable within 6 months from vesting date;

   ii. 40% of which is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and

   iii. 20% of which is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

   The market price per GL share immediately before the date on which the options were granted (i.e. 10 May 2013) was S$0.85.

3. The option in respect of 13,680,636 GL shares to Mr Michael DeNoma was within the 1% limit stipulated by the Listing Rules and the GL ESOS 2008. The option for the remaining 11,319,364 GL shares (the "Excess Grant") was granted conditional, among other things, on the approval of shareholders of the Company in general meeting as required under the Listing Rules and the GL ESOS 2008. The Company will seek approval from its shareholders on the Excess Grant at its forthcoming 2013 annual general meeting.

SHARE OPTIONS (cont'd)

GuocoLeisure Limited ("GL") (cont'd)

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008") (cont'd)

Notes: (cont'd)

4. Based on the Black-Scholes option pricing model, the fair values of the options granted as at the date of grant ranged from S$0.17 to S$0.23 per option. The assumptions in the Black-Scholes model used to estimate the value of the options are as follows:

   - risk-free interest rate of 1.05%, based on 5 years' historical yield of Singapore Government Securities bonds in issue on the date of grant;
   - expected volatility of 34.1%, based on 5 years' historical volatility prior to the date of grant;
   - expected dividend yield of 2.4%, based on 5 years' historical dividend payout over the market share price of GL on the date of grant; and
   - expected option life of 3.6 years to 8.6 years.

   The Black-Scholes option pricing model requires the input of subjective assumptions which can affect the fair value estimates. As such, the model does not necessarily provide a single definitive measure of the fair value of the share options granted.

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Option Scheme (the "GLM ESOS")

The GLM ESOS was approved by the shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 25 November 2011 (the "Approval Date"). Under the GLM ESOS, options may be granted over newly issued and/or existing shares of GLM. The GLM ESOS took effect on 21 March 2012 (the "GLM Effective Date").

The GLM ESOS provides an opportunity for the eligible participants (selected by the board of directors of GLM or its subsidiaries (the "GLM Board") or a/an committee/individual duly authorised by the GLM Board) being executives or directors (executive or non-executive) of GLM and its subsidiaries (the "GLM Group") who have contributed to the growth and development of the GLM Group to participate in the equity of GLM.

The number of GLM shares over which the GLM Board may grant options under the GLM ESOS and any other executive share option schemes shall not in aggregate exceed 15% of the issued and paid-up ordinary share capital (excluding treasury shares) of GLM from time to time provided that the total number of new GLM shares which may be issued upon exercise of options to be granted under the GLM ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of GLM as at the Approval Date. Accordingly, the maximum number of new GLM shares available for issue over which options under the GLM ESOS may be granted is 70,045,851, which represents approximately 10% of the issued and paid-up ordinary share capital of GLM as at the date of this report.

The maximum entitlement of any participant in respect of the total number of new GLM shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% in nominal value of the issued and paid-up ordinary share capital of GLM as at any date of grant.

The grant of an option to a participant shall be accepted within 30 days from such date of offer (or such longer period of time as may be permitted by the GLM Board at its discretion) accompanied by a payment of RM1 as non-refundable consideration.

SHARE OPTIONS (cont'd)

GuocoLand (Malaysia) Berhad ("GLM") (cont'd)

Executive Share Option Scheme (the "GLM ESOS") (cont'd)

The GLM Board may at its discretion determine the exercise price for each GLM share provided that such exercise price so fixed shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of GLM shares preceding the date of offer and shall in no event be less than the par value of the GLM shares. An option shall be exercisable during the option period which shall be determined by the GLM Board provided that such period shall not be more than 10 years from the GLM Effective Date.

The GLM ESOS shall continue to be in force for a period of 10 years commencing from the GLM Effective Date till 20 March 2022.

Since the establishment up to 30 June 2013, no options had been granted pursuant to the GLM ESOS.

Save for above, certain other subsidiaries of Hong Leong Company (Malaysia) Berhad maintain share option schemes or plans which subsisted at the end of the year or at any time during the year, under which eligible directors of the Company may be granted share options for acquisition of shares of respective companies concerned. No person, being a director of the Company during the year, held shares acquired in pursuance of certain aforesaid share option schemes or plans.

Apart from the above, at no time during the year was the Company, its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2013, other than the interests and short positions of the directors of the Company disclosed above, 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 (Long Position)	Notes	Approx. % of the issued share capital
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	253,042,792	1 & 2	76.90%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	253,042,792	2 & 3	76.90%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	253,042,792	2 & 4	76.90%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	253,042,792	2 & 5	76.90%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	253,042,792	2 & 6	76.90%
Elliott Capital Advisors, L.P.	Interest of controlled corporations	28,233,716		8.58%
First Eagle Investment Management, LLC	Investment Manager	23,042,704		7.00%

Notes:

1. These interests comprised 247,842,792 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted cash settled derivatives.

   These interests comprised the respective direct interests held by:

	Number of shares/ underlying shares
GuoLine Overseas Limited ("GOL")	243,815,930
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

   AFCW was wholly owned by Guoco Management Company Limited which was in turn wholly owned by the Company. The Company was 74.10% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (cont'd)

Notes: (cont'd)

2. The interests of HLCM, HLH, HLInvt, Davos and KLK are duplicated.

3. HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 49.27% owned by Mr Quek Leng Chan as to 2.424% under his personal name, 46.534% via HLH which was wholly owned by him and 0.311% via Newton (L) Limited.

4. HLInvt was deemed to be interested in these interests through its controlling interests of 34.69% in HLCM.

5. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInvt.

6. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any person (other than the directors of the Company) 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.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Master Services Agreements

The following master services agreements dated 4 July 2011 were entered into by the Company (together with its subsidiaries, the "Group") with certain Hong Leong group companies for the provision by the latter of management services including overview of businesses and operations, investment management and financial management disciplines, treasury and risk management, key managerial recruitment and retention, productivity and quality programmes and other operating practices and procedures as well as planning and development of management information system (the "Services"):

1. the master services agreement entered into by the Company with GuoLine Group Management Co. Limited ("GGMC") and GOMC Limited ("GOMC") for provision of the Services by GGMC or GOMC to the Company and/or the subsidiaries of the Company from time to time excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia ("Malaysian Subsidiaries") (hereinafter referred to as "GGMC/GOMC Agreement"); and

2. the master services agreement entered into by the Company with HL Management Co Sdn Bhd ("HLMC") for provision of the Services by HLMC to the Malaysian Subsidiaries (hereinafter referred to as "HLMC Agreement"),

(collectively, the "Master Services Agreements").

The Master Services Agreements are for a term of three financial years from 1 July 2011 to 30 June 2014.

The fees payable under the respective Master Services Agreements comprise a monthly fee (the "Monthly Fee") as agreed from time to time between the Company or such service recipient and the relevant service provider and an annual fee (the "Annual Fee") equal to three per cent of the annual profit before tax of such service recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment, if any.

The total fees, being the sum of the Monthly Fee, the Annual Fee and the total amount of any fees paid or payable by the Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK$417,000,000 (the "Annual Cap") for each of the three financial years ending 30 June 2014.

Mr Quek Leng Chan, the Executive Chairman of the Company, is deemed a controlling shareholder of Hong Leong Company (Malaysia) Berhad ("HLCM") and the Company. GGMC, GOMC and HLMC are indirect wholly-owned subsidiaries of HLCM, the ultimate holding company of the Company and thus they are associates of connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Services Agreements (cont'd)

The independent non-executive directors of the Company had reviewed the transactions under the Master Services Agreements during the year and confirmed that:

a. the transactions under the Master Services Agreements for the year were entered into:

   – in the ordinary and usual course of business of the Group;

   – on terms no less favourable to the Group than the respective terms available from independent third parties; and

   – in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

b. the total services fees paid and payable by the Group under the respective Master Services Agreements for the year were as follows:

		Services fees paid and payable by the Group HK$'000
GGMC/GOMC Agreement		131,455
HLMC Agreement		3,186
	Total:	134,641
		(<HK$417 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK$134.6 million which did not exceed the Annual Cap of HK$417 million as disclosed in the Company's announcement dated 5 July 2011.

Provision of Finances to the Trust for the Executives' Share Option Scheme 2008 of GuocoLand Limited

The Executives' Share Option Scheme 2008 (the "GLL ESOS 2008") was approved by the shareholders of GuocoLand Limited ("GLL") on 17 October 2008 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 21 November 2008. Under the GLL ESOS 2008, options may be granted over newly issued and/or existing shares of GLL to eligible participants including employees and executive directors of GLL and its subsidiaries who are not controlling shareholders of GLL.

A trust for the GLL ESOS (the "GLL Trust") was established pursuant to a trust deed (the "Trust Deed") between GLL and a trustee of the GLL Trust (the "Trustee" which is a trust company unrelated to GLL) to acquire existing GLL shares and the Trust Deed was amended subsequently for the purpose of the GLL ESOS 2008. GLL or its subsidiaries ("GLL Group") would provide finances to the GLL Trust from time to time to enable it to acquire and hold existing GLL shares for the purpose of the GLL ESOS 2008.

The GLL Trust, whose beneficiaries include eligible participants of the GLL ESOS 2008 who may be executive directors of the GLL Group, was deemed to be a connected person of the Company under the Listing Rules.

The provision of finances to the GLL Trust from time to time constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Provision of Finances to the Trust for the Executives' Share Option Scheme 2008 of GuocoLand Limited (cont'd)

The independent non-executive directors of the Company had reviewed such continuing connected transactions and confirmed that during the year, the maximum subsisting amount of the finances provided by the GLL Group for the purchases of existing GLL shares was approximately S$134.4 million which did not exceed the cap amount of S$150 million or its equivalent as disclosed in the announcement of the Company dated 27 August 2010. The provision of such finances were made:

– in the ordinary and usual course of business of the Group;

– on normal commercial terms; and

– in accordance with the relevant document governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Banking Transactions

The Group has from time to time entered into, and may in future enter into, among others, the following transactions with the authorised financial institutions within Hong Leong Group including Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Vietnam Limited and Hong Leong Investment Bank Berhad (collectively, "Hong Leong Financial Institutions"):

– placing of deposits by the Group with Hong Leong Financial Institutions; and

– purchase of and/or subscription for debt securities issued by Hong Leong Financial Institutions by the Group,

(collectively, the "Banking Transactions").

The Banking Transactions are part of the treasury activities of the Group in the ordinary and usual course of its business. The treasury functions involve the management of cashflows and cash resources, which the Group conducts with various financial institutions.

Hong Leong Financial Institutions are associates of connected person (as defined under the Listing Rules) of the Company by virtue of the fact that they are indirect subsidiaries of HLCM, an indirect controlling shareholder of the Company.

Mr Quek Leng Chan, the Executive Chairman of the Company, is deemed a controlling shareholder of HLCM and the Company. The Banking Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From time to time during the year, the Group entered into deposit transactions which involved placing of deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). The Deposit Transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. The interest rate for the savings and time deposits for various currencies placed by the Group with the Hong Leong Financial Institutions ranged from 0.0725% to 9% per annum. The tenor of the time deposits ranged from overnight to 6 months. As at 30 June 2013, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$23.5 million.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions (cont'd)

The independent non-executive directors of the Company had reviewed the Banking Transactions during the year and confirmed that,

a. during the year, there is no subscription for or purchase by the Group of debt securities issued by Hong Leong Financial Institutions;

b. during the year, the maximum aggregate outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$79.2 million which did not exceed the cap amount of US$120 million or its equivalent as disclosed in the announcement of the Company dated 29 June 2012; and

c. the Deposit Transactions were entered into:

   – in the ordinary and usual course of business of the Group;

   – on normal commercial terms; and

   – in accordance with the relevant documents governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Auditor's Review

Pursuant to Rule 14A.38 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 60 to 63 of this Annual Report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Others

During the year, the Group regularly conducts investment, insurance, stockbroking, nominee, custodian, share registration, lease of premises, management and administrative services as well as other activities in the ordinary course of business and on normal commercial terms with subsidiaries of, and companies related to, HLCM.

As Mr Quek Leng Chan and his associate own 5% or more of the issued shares of HLCM, he is deemed materially interested in the aforesaid transactions pursuant to the Bye-Laws of the Company.

Apart from the above, no contract of significance, to which the Company or any of its holdings companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Messrs Quek Leng Chan, Kwek Leng Hai and Kwek Leng San are directors of HLCM, the ultimate holding company of the Company, which is a conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investment as well as hospitality and leisure.

The above directors are considered as having interests in business apart from the Group's business, which is likely to compete, directly or indirectly, with the Group's business under paragraph 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company maintained sufficient public float during the financial year until 30 May 2013, the date on which the voluntary privatisation offer (the "Offer") by the controlling shareholder of the Company, GuoLine Overseas Limited (the "Offeror"), to acquire all the shares of the Company other than those already held by the Offeror, closed/lapsed.

Taking into account valid acceptances of the unconditional offer alternative in respect of 8,467,401 shares, the Offeror and the concert parties held 253,525,834 shares of the Company in aggregate, representing approximately 77.05% of the total issued share capital of the Company. Number of shares held by public amounted to 75,525,539, representing approximately 22.95% of the total issued share capital of the Company. Accordingly, the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules is not satisfied. The Company had therefore made an application for and the Stock Exchange had granted a waiver from strict compliance with aforesaid rule for a period up to 30 November 2013. The Offeror and the Company will consider and take steps, as appropriate, to restore the required minimum public float.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Kwek Leng Hai
President, CEO

Hong Kong, 30 August 2013

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GUOCO GROUP LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Guoco Group Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 66 to 168, which comprise the consolidated and company statements of financial position as at 30 June 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2013

	Note	2013 US$'000	2012 US$'000	2013 HK$'000 (Note 1(c))	2012 HK$'000 (Note 1(c))
Turnover	5	3,112,167	2,771,166	24,140,457	21,492,748
Revenue	5	2,195,481	1,644,773	17,029,907	12,756,613
Cost of sales		(1,139,760)	(872,977)	(8,840,890)	(6,770,679)
Other attributable costs		(32,433)	(28,905)	(251,576)	(224,183)
		1,023,288	742,891	7,937,441	5,761,751
Other revenue	6(a)	102,492	79,141	795,010	613,806
Other net income/(losses)	6(b)	529,789	(371,442)	4,109,467	(2,880,848)
Administrative and other operating expenses		(678,677)	(589,461)	(5,264,362)	(4,571,771)
Profit/(loss) from operations before finance costs		976,892	(138,871)	7,577,556	(1,077,062)
Finance costs	7(a)	(152,051)	(103,221)	(1,179,429)	(800,567)
Profit/(loss) from operations	14	824,841	(242,092)	6,398,127	(1,877,629)
Valuation surplus on investment properties	15	28,594	3,198	221,798	24,803
Share of profits of associates	7(c)	127,307	98,021	987,495	760,236
Share of profits less losses of jointly controlled entities	7(c)	8,817	4,824	68,392	37,414
Profit/(loss) for the year before taxation	7	989,559	(136,049)	7,675,812	(1,055,176)
Tax expenses	8(a)	(99,803)	(21,553)	(774,152)	(167,162)
Profit/(loss) for the year		889,756	(157,602)	6,901,660	(1,222,338)
Attributable to:					
Shareholders of the Company	11	811,725	(166,810)	6,296,389	(1,293,754)
Non-controlling interests		78,031	9,208	605,271	71,416
Profit/(loss) for the year		889,756	(157,602)	6,901,660	(1,222,338)
Appropriations:					
Final dividend paid in respect of prior year		(71,296)	(91,870)	(553,029)	(712,530)
Interim dividend paid in respect of current year		–	(20,920)	–	(162,252)
	12	(71,296)	(112,790)	(553,029)	(874,782)
Earnings/(loss) per share		US$	US$	HK$	HK$
Basic	13	2.50	(0.51)	19.37	(3.98)
Diluted	13	2.50	(0.51)	19.37	(3.98)
		US$'000	US$'000	HK$'000	HK$'000
Declared special interim dividend	12	(206,590)	–	(1,602,477)	–
Proposed final dividend	12	(63,632)	(72,125)	(493,577)	(559,387)

The notes on pages 75 to 168 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	2013 US$'000	2012 US$'000	2013 HK$'000 (Note 1(c))	2012 HK$'000 (Note 1(c))
Profit/(loss) for the year	889,756	(157,602)	6,901,660	(1,222,338)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit obligation	6,419	(11,920)	49,791	(92,450)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	8,914	(87,204)	69,144	(676,341)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	11,221	11,385	87,039	88,300
Changes in fair value of available-for-sale financial assets	49,276	(187,038)	382,224	(1,450,639)
Transfer to profit or loss:				
– disposal of available-for-sale financial assets	832	(93,450)	6,454	(724,784)
– impairment loss of an available-for-sale financial asset	–	10,162	–	78,815
Release of valuation reserve upon disposal of properties	(39)	(36)	(303)	(279)
Share of other comprehensive income of associates	42,950	(557)	333,155	(4,320)
	113,154	(346,738)	877,713	(2,689,248)
Other comprehensive income for the year, net of tax	119,573	(358,658)	927,504	(2,781,698)
Total comprehensive income for the year	1,009,329	(516,260)	7,829,164	(4,004,036)
Total comprehensive income for the year attributable to:				
Shareholders of the Company	901,135	(474,856)	6,989,925	(3,682,913)
Non-controlling interests	108,194	(41,404)	839,239	(321,123)
	1,009,329	(516,260)	7,829,164	(4,004,036)

The notes on pages 75 to 168 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 US$'000	2012 US$'000	2013 HK$'000 (Note 1(c))	2012 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Fixed assets					
– Investment properties	15	1,673,137	1,518,898	12,978,189	11,780,345
– Other property, plant and equipment	15	1,825,517	1,848,341	14,160,170	14,335,456
Interest in associates	18	818,825	687,929	6,351,462	5,335,474
Interest in jointly controlled entities	19	110,907	112,518	860,283	872,673
Available-for-sale financial assets	21	1,577,914	1,489,702	12,239,563	11,553,905
Deferred tax assets	32	3,897	23,518	30,228	182,402
Intangible assets	16	1,170,289	960,052	9,077,698	7,446,019
Goodwill	22	158,176	68,218	1,226,940	529,089
		7,338,662	6,709,176	56,924,533	52,035,363
CURRENT ASSETS					
Development properties	23	3,976,823	4,167,580	30,847,421	32,323,125
Properties held for sale	24	486,886	205,842	3,776,677	1,596,480
Trade and other receivables	25	592,914	395,069	4,599,115	3,064,096
Trading financial assets	26	1,523,887	1,226,472	11,820,487	9,512,333
Cash and short term funds	27	2,072,946	1,134,639	16,079,428	8,800,090
		8,653,456	7,129,602	67,123,128	55,296,124
CURRENT LIABILITIES					
Trade and other payables	28	1,045,233	763,309	8,107,664	5,920,110
Current portion of bank loans and other borrowings	29	1,790,849	1,929,996	13,891,258	14,968,759
Taxation	8(d)	165,515	132,218	1,283,867	1,025,463
Provisions and other liabilities	31	30,184	11,032	234,131	85,563
		3,031,781	2,836,555	23,516,920	21,999,895
NET CURRENT ASSETS		5,621,675	4,293,047	43,606,208	33,296,229
TOTAL ASSETS LESS CURRENT LIABILITIES		12,960,337	11,002,223	100,530,741	85,331,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2013 US$'000	2012 US$'000	2013 HK$'000 (Note 1(c))	2012 HK$'000 (Note 1(c))
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	30	4,663,774	3,723,733	36,175,962	28,880,715
Amount due to non-controlling interests		104,032	93,267	806,955	723,365
Provisions and other liabilities	31	83,009	93,822	643,884	727,669
Deferred tax liabilities	32	53,994	29,932	418,821	232,148
		4,904,809	3,940,754	38,045,622	30,563,897
NET ASSETS		8,055,528	7,061,469	62,485,119	54,767,695
CAPITAL AND RESERVES					
Share capital	33(c)	164,526	164,526	1,276,195	1,276,039
Reserves		6,353,397	5,534,157	49,282,030	42,922,092
Equity attributable to shareholders of the Company		6,517,923	5,698,683	50,558,225	44,198,131
Non-controlling interests		1,537,605	1,362,786	11,926,894	10,569,564
TOTAL EQUITY		8,055,528	7,061,469	62,485,119	54,767,695

Approved and authorised for issue by the Board of Directors on 30 August 2013

Kwek Leng Hai
Tan Lim Heng
Directors

The notes on pages 75 to 168 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 US$'000	2012 US$'000	2013 HK$'000 (Note 1(c))	2012 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Interest in subsidiaries	17	2,974,435	3,820,371	23,072,097	29,630,224
Available-for-sale financial assets	21	203	203	1,575	1,575
		2,974,638	3,820,574	23,073,672	29,631,799
CURRENT ASSETS					
Trade and other receivables	25	544	170	4,220	1,318
Cash and short term funds	27	1,078,387	215,821	8,364,832	1,673,875
		1,078,931	215,991	8,369,052	1,675,193
CURRENT LIABILITIES					
Amounts due to subsidiaries	17	148,683	141,017	1,153,304	1,093,707
Trade and other payables	28	492	567	3,816	4,398
		149,175	141,584	1,157,120	1,098,105
NET CURRENT ASSETS		929,756	74,407	7,211,932	577,088
NET ASSETS		3,904,394	3,894,981	30,285,604	30,208,887
CAPITAL AND RESERVES					
Share capital	33	164,526	164,526	1,276,195	1,276,039
Reserves	33	3,739,868	3,730,455	29,009,409	28,932,848
TOTAL EQUITY		3,904,394	3,894,981	30,285,604	30,208,887

Approved and authorised for issue by the Board of Directors on 30 August 2013

Kwek Leng Hai
Tan Lim Heng
Directors

The notes on pages 75 to 168 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Attributable to the Shareholders of the Company												
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOP reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 July 2012	164,526	10,493	(65,579)	2,544	(41,073)	3,964	193,167	95,446	9,003	5,326,192	5,698,683	1,362,786	7,061,469
Profit for the year	–	–	–	–	–	–	–	–	–	811,725	811,725	78,031	889,756
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(705)	–	5	174	(13,968)	(21)	23	–	(14,492)	23,406	8,914
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	9,510	–	–	–	9,510	1,711	11,221
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	46,822	–	–	46,822	2,454	49,276
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	369	–	–	369	463	832
Release of valuation reserve upon disposal of properties	–	–	–	–	–	–	–	–	(39)	–	(39)	–	(39)
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	4,290	4,290	2,129	6,419
Share of other comprehensive income of associates	–	–	5	–	–	–	(2,226)	12,097	–	33,074	42,950	–	42,950
Total comprehensive income for the year	–	–	(700)	–	5	174	(6,684)	59,267	(16)	849,089	901,135	108,194	1,009,329
Transfer between reserves	–	–	40,232	–	–	–	–	–	–	(40,232)	–	–	–
Equity settled share-based transactions	–	–	–	–	–	(3,337)	–	–	–	–	(3,337)	(3,459)	(6,796)
Excess of purchase cost over consideration received from employee upon exercise of share options by a subsidiary	–	–	1,420	–	–	(1,420)	–	–	–	–	–	–	–
Purchase of own shares for share option scheme by a subsidiary	–	–	(6,877)	–	–	–	–	–	–	–	(6,877)	(1,558)	(8,435)
Issue of share capital upon exercise of share options by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	148	148
Issuance cost of perpetual bonds by a subsidiary	–	–	(385)	–	–	–	–	–	–	–	(385)	(799)	(1,184)
Perpetual bonds issued by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	106,918	106,918
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	359	359
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(34,984)	(34,984)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(71,296)	(71,296)	–	(71,296)
At 30 June 2013	164,526	10,493	(31,889)	2,544	(41,068)	(619)	186,483	154,713	8,987	6,063,753	6,517,923	1,537,605	8,055,528

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the Shareholders of the Company												
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOP reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 July 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849
Loss for the year	–	–	–	–	–	–	–	–	–	(166,810)	(166,810)	9,208	(157,602)
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	3,508	–	(140)	(267)	(33,541)	1,215	(140)	–	(29,365)	(57,839)	(87,204)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	(2,446)	–	–	–	(2,446)	13,831	11,385
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	(184,366)	–	–	(184,366)	(2,672)	(187,038)
Transfer to profit or loss:													
– disposal of an available-for-sale financial asset	–	–	–	–	–	–	–	(93,450)	–	–	(93,450)	–	(93,450)
– impairment loss of an available-for-sale financial asset	–	–	–	–	–	–	–	10,162	–	–	10,162	–	10,162
Release of valuation reserve upon disposal of properties	–	–	–	–	–	–	–	–	(36)	–	(36)	–	(36)
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	(7,988)	(7,988)	(3,932)	(11,920)
Share of other comprehensive income of associates	–	–	1,307	–	–	–	(2,126)	691	–	(429)	(557)	–	(557)
Total comprehensive income for the year	–	–	4,815	–	(140)	(267)	(38,113)	(265,748)	(176)	(175,227)	(474,856)	(41,404)	(516,260)
Transfer between reserves	–	–	18,625	–	–	–	–	–	–	(18,625)	–	–	–
Equity settled share-based transactions	–	–	–	–	–	(4,459)	–	–	–	–	(4,459)	(2,449)	(6,908)
Purchase of own shares for share option scheme by a subsidiary	–	–	(997)	–	–	–	–	–	–	–	(997)	(501)	(1,498)
Acquisition of subsidiaries	–	–	(6,690)	–	–	–	–	–	–	–	(6,690)	–	(6,690)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	1,124	1,124	(2,794)	(1,670)
Liquidation of subsidiaries	–	–	(13)	–	–	–	–	–	–	–	(13)	–	(13)
Redemption of convertible bonds of a subsidiary	–	–	(18,537)	–	–	–	–	–	–	18,722	185	–	185
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(32,736)	(32,736)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(91,870)	(91,870)	–	(91,870)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	(20,920)	(20,920)	–	(20,920)
At 30 June 2012	164,526	10,493	(65,579)	2,544	(41,073)	3,964	193,167	95,446	9,003	5,326,192	5,698,683	1,362,786	7,061,469

The notes on pages 75 to 168 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Note	2013 US$'000	2012 US$'000
Operating activities			
Profit/(loss) for the year before taxation		989,559	(136,049)
Adjustments for:			
– Finance costs		152,051	103,221
– Interest income		(26,192)	(23,490)
– Dividend income		(105,797)	(105,449)
– Depreciation		87,604	85,523
– Amortisation of intangible assets		13,325	14,013
– Equity settled share-based payment forfeited		(2,479)	(6,735)
– Impairment loss/(write-back) on property, plant and equipment		4,118	(366)
– Valuation surplus on investment properties		(28,594)	(3,198)
– Impairment loss on intangible assets		2,547	18,177
– Impairment loss on goodwill		29,069	–
– Impairment loss on an available-for-sale financial asset		–	59,024
– Provision/(write-back) of allowance for forseeable losses on development properties		1,921	(7,594)
– Share of profits of associates		(127,307)	(98,021)
– Share of profits less losses of jointly controlled entities		(8,817)	(4,824)
– Net losses on disposal of fixed assets		872	455
– Net profit on disposal of an investment property		(63)	–
– Gain on disposal of associates		(3,139)	–
Operating profit/(loss) before changes in working capital		978,678	(105,313)
(Increase)/decrease in trade and other receivables		(184,511)	158,257
(Increase)/decrease in trading financial assets		(297,553)	954,505
Increase in available-for-sale financial assets		(12,467)	(377,850)
Increase in development properties		(30,957)	(729,125)
Decrease in properties held for sale		29,448	30,499
Increase/(decrease) in provisions and other liabilities		9,842	(6,310)
Increase in trade and other payables		157,437	26,303
Cash generated from/(used in) operations		649,917	(49,034)
Interest received		29,480	20,705
Dividend received from equity investments		75,364	89,786
Tax paid			
– Hong Kong Profits Tax paid		(84)	(3,041)
– Hong Kong Profits Tax refund		2	–
– Overseas tax paid		(56,083)	(140,200)
– Overseas tax refund		2,503	3,761
Net cash generated from/(used in) operating activities		701,099	(78,023)
Investing activities			
Acquisition of subsidiary	34(b)	(271,961)	–
Acquisition of subsidiaries under common control		–	(8,947)
Net (advance to)/repayment from associates		(4)	61
Net advance to jointly controlled entities		(309)	(319)
Purchase of fixed assets		(70,239)	(125,324)
Additions in investment properties under development		(29,790)	(30,767)
Purchase of intangible assets		(11,425)	(11,146)
Proceeds from disposal of associates		10,629	–
Proceeds from disposal of an investment property		11,817	–
Proceeds from disposal of fixed assets		943	804
Dividends received from associates		33,806	23,771
Dividends received from jointly controlled entities		9,782	5,926
Net cash used in investing activities		(316,751)	(145,941)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2013 US$'000	2012 US$'000
Financing activities			
Issue of share capital upon exercise of share options by a subsidiary		148	–
Purchase of ordinary shares for share option schemes by a subsidiary		(10,336)	(1,498)
Purchase of additional interests in subsidiaries		–	(1,670)
Net proceeds from/(repayment of) bank loans and other borrowings		768,494	(115,596)
Proceeds from issuance of perpetual securities by a subsidiary	34(c)	106,918	–
Issuance cost of perpetual securities by a subsidiary		(1,184)	–
Buy-back of mortgage debenture by a subsidiary		–	(40,167)
Redemption of convertible bonds by a subsidiary		–	(304,531)
Contribution from non-controlling interests of subsidiaries		359	–
Loans from non-controlling interests of subsidiaries		6,299	14,948
Interest paid		(209,884)	(189,707)
Dividends paid to non-controlling interests		(34,984)	(32,736)
Dividends paid to equity shareholders		(71,296)	(112,790)
Net cash generated from/(used in) financing activities		554,534	(783,747)
Net increase/(decrease) in cash and cash equivalents		938,882	(1,007,711)
Cash and cash equivalents at 1 July	27	690,094	1,710,788
Effect of foreign exchange rate changes		(15,765)	(12,983)
Cash and cash equivalents at 30 June	27	1,613,211	690,094

The notes on pages 75 to 168 form part of these financial statements.

1. BASIS OF PREPARATION

(a) Statement of compliance

Although not required to do so under the Bye-Laws of the Company, these financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost modified by the revaluation of investment properties and the marking to market of certain financial instruments as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Hong Kong dollar amounts

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

– Interest income is recognised as it accrues using the effective interest method.

(ii) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Revenue arising from pre-sale of properties is recognised in the financial statements upon completion of the development of the property. Provision for foreseeable loss is made in the year in which such loss is determined.

(iv) Revenue arising from the disposal of other properties is recognised when substantially all the conditions of sales have been met and the risks and rewards of ownership have been transferred to the buyers.

(v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(vi) Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(vii) Commission and brokerage income in respect of trading securities is recognised on a trade date basis when the relevant transactions are executed.

(viii) Casino revenue represents the gaming win before deduction of gaming duty.

(b) Investments

(i) Investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(i) Investments in debt and equity securities (cont'd)

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any interest or dividends earned on these investments as these are recognised in accordance with the policies set out in notes 2(a)(i) and 2(a)(ii).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(k)(i)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(a)(ii), and where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(a)(i). When these investments are derecognised or impaired (see note 2(k)(i)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)(i)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) Subsidiaries and non-controlling interests

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(l), (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(b)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(b)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(d) and 2(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income, after adjusting, where necessary to ensure consistency with the Group's accounting policies.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(b)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(b)(iii)).

In the Company's statement of financial position, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 2(k)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The gains or losses on the hedging instrument used to hedge a net investment in a foreign operation relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement. The Group did not hold any hedging instrument to hedge its investments in foreign subsidiaries at the reporting dates.

(d) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(k)(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Fixed assets and depreciation

(i) Properties are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated to write off the cost of the assets less their estimated residual value using the straight-line method over their estimated useful lives as follows:

– Freehold land is not depreciated.

– Building situated on freehold land are depreciated over their remaining useful economic lives (up to 100 years).

– Land held under operating leases and buildings thereon are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

(ii) Furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated on a straight-line basis to write off the cost of the assets over their estimated useful lives, taken as being between 3 to 15 years.

(iii) Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iv) Gain or loss arising from the retirement or disposal of an item of fixed assets is determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(a)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(g)) or is held for sale (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Properties held for sale

Properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(j) Development properties

Development properties are stated at the lower of cost and estimated net realisable value, net of progress billings. Land, related acquisition expenses, development expenditure, borrowing costs and other related expenditure are capitalised as part of the cost of development properties.

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, associates and jointly controlled entities including those recognised using the equity method (see note 2(b)(iii)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(i) Impairment of investments in debt and equity securities and other receivables (cont'd)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale financial assets, the cumulative loss that had been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of bad and doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Perpetual securities

The perpetual securities do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, i.e. having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax (cont'd)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated into United States dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Translation of foreign currencies (cont'd)

The results of foreign operations are translated into United States dollars at the average exchange rates for the year. Items presented in the statement of financial position, including goodwill arising on consolidation of foreign operations acquired, are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in profit or loss as incurred.

The Group also contributed to retirement schemes of its overseas subsidiaries in accordance with their respective requirements and the contributions thereto are charged to profit or loss for the year.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future pension benefits to existing pensioners; those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The discount rate is the yield at the end of the reporting date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

The Group recognises all actuarial gains and losses arising from defined benefit plan in other comprehensive income and all expenses related to defined benefit plan in personnel expenses in income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits (cont'd)

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in reserves until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial guarantees issued, provisions and contingent liabilities (cont'd)

(i) Financial guarantees issued (cont'd)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(u)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(u)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(iv) Onerous contracts

The Group is a party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. Provision has also been made against leases where impairment testing has indicated that, after recognising an impairment charge, the estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Related parties

(i) A person, or a close member of that person's family, is related to the group if that person:

(a) has control or joint control over the group;

(b) has significant influence over the group; or

(c) is a member of the key management personnel of the group or the group's parent.

(ii) An entity is related to the group if any of the following conditions applies:

(a) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The key assumptions concerning the future and the accounting estimates that have a significant effect on the carrying value of assets and liabilities in the statement of financial position and the profit or loss items are discussed below:

(a) Investment properties (Note 15)

At 30 June 2013 and 2012, investment properties are stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuers, management has reviewed the valuation including the assumptions and estimates adopted.

(b) Impairment of assets

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations. There are a number of assumptions and estimates involved in the calculations.

(c) Income taxes (Notes 8 & 32)

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on its estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Equity settled share-based transactions (Note 36)

The Black-Scholes option pricing model was applied to estimate the fair value of share options granted by the Company and certain of its subsidiaries. This pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(e) Defined benefit retirement plan obligations (Note 35)

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future pension benefits to existing pensioners. Those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each plan's liabilities over the fair value of that plan's assets is recognised in profit or loss upon notification to the Group.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(f) Intangible assets - casino licence and brand name (Note 16)

The valuation of the casino licences and brand name from the Group's acquisition of The Rank Group Plc ("Rank") in financial year 2010/11 and Gala Casino 1 Limited in financial year 2012/13 was based on a value-in-use model from future income expected to be received from the respective operations. There are a number of assumptions and estimates involved in the calculations.

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain revised HKFRSs and amendments to HKFRSs, which term collectively includes HKASs and Interpretations, that became effective for the current accounting period of the Group. The adoption of the revised standards, amendments and interpretations had no material impact on the results and financial position of the Group. In addition, the Amendments to HKAS 1, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income have been effective from 1 July 2012. The Amendments require an entity to present the items of other comprehensive income that may be reclassified to profit or loss in the future if certain conditions are met, separately from those that would never be reclassified to profit or loss. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

The Group has not applied any new/revised standard or interpretation that is not yet effective for the current accounting period (see note 44).

5. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, securities and commodities broking, investment advisory and hotel and gaming operations.

An analysis of the amount of each significant category of turnover and revenue from principal activities during the year is as follows:

	The Group	
	2013 US$'000	2012 US$'000
Revenue from sale of properties	683,104	189,608
Revenue from hotel and gaming operations	1,354,316	1,299,350
Interest income		
– from listed securities	3,322	225
– others	22,870	23,265
Dividend income from listed securities	105,797	105,449
Rental income from properties	17,160	16,084
Securities commission and brokerage	3,600	4,927
Others	5,312	5,865
Revenue	2,195,481	1,644,773
Proceeds from sale of investments in securities	916,686	1,126,393
Turnover	3,112,167	2,771,166

6. OTHER REVENUE AND NET INCOME/(LOSSES)

(a) Other revenue

	The Group	
	2013 US$'000	2012 US$'000
Sublease income	6,345	8,607
Bass Strait oil and gas royalty	44,607	53,668
Hotel management fee	5,173	6,055
Income from forfeiture of deposit from sale of properties	33,804	–
Others	12,563	10,811
	102,492	79,141

(b) Other net income/(losses)

	The Group	
	2013 US$'000	2012 US$'000
Net realised and unrealised gains/(losses) on trading financial assets	511,713	(384,662)
Net realised and unrealised gains/(losses) on derivative financial instruments	2,512	(6,784)
Net realised gains on disposal of available-for-sale financial assets	5,732	63,047
Impairment loss on an available-for-sale financial asset	–	(59,024)
Net gains on foreign exchange contracts	5,394	13,567
Other exchange (losses)/gains	(745)	1,140
Net losses on disposal of fixed assets	(872)	(455)
Gain on disposal of associates	3,139	–
Other income	2,916	1,729
	529,789	(371,442)

7. PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

	The Group	
	2013 US$'000	2012 US$'000
Interest on bank advances and other borrowings wholly repayable within five years	214,917	157,592
Other borrowing costs	23,531	39,571
Total borrowing costs	238,448	197,163
Less: borrowing costs capitalised into:		
– development properties	(52,796)	(67,381)
– investment properties	(30,073)	(23,170)
– property, plant and equipment	(3,528)	(3,391)
Total borrowing costs capitalised (Note)	(86,397)	(93,942)
	152,051	103,221

Note: These borrowing costs have been capitalised at rates of 1.11% to 7.57% per annum (2012: 0.85% to 7.36%).

(b) Staff cost

	The Group	
	2013 US$'000	2012 US$'000
Contributions to defined contribution retirement plan	8,622	6,753
Expenses recognised in respect of defined benefit retirement plans	985	474
Total retirement costs	9,607	7,227
Equity settled share-based payment forfeited	(2,479)	(6,735)
Salaries, wages and other benefits	448,780	429,998
	455,908	430,490

7. PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION (cont'd)

(c) Other items

	The Group	
	2013 US$'000	2012 US$'000
Depreciation	87,604	85,523
Provision/(write-back) of allowance for foreseeable losses on development properties	1,921	(7,594)
Impairment loss on intangible assets	2,547	18,177
Impairment loss on goodwill	29,069	–
Amortisation		
– Bass Strait oil and gas royalty	4,400	4,452
– casino licences and brand name	1,088	9,561
– other intangible assets	7,837	–
Operating lease charges		
– properties	67,145	61,751
– others	8,899	11,821
Auditors' remuneration		
– audit services	2,242	1,815
– tax services	274	483
– other services	250	770
Donations	754	719
Gross rental income from investment properties	(17,160)	(16,084)
Less: direct outgoings	5,146	6,810
Net rental income	(12,014)	(9,274)
Share of (profits)/losses of associates:		
– listed	(127,360)	(98,134)
– unlisted	53	113
	(127,307)	(98,021)
Share of profits less losses of jointly controlled entities:		
– unlisted	(8,817)	(4,824)

8. TAX EXPENSES

(a) Tax expenses in the consolidated income statement represent:

	The Group	
	2013 US$'000	2012 US$'000
Current tax – Hong Kong Profits Tax		
Tax for the year	(197)	(9)
Over/(under)-provision in respect of prior years	1,248	(865)
	1,051	(874)
Current tax – Overseas		
Tax for the year	(107,798)	(67,666)
Over/(under)-provision in respect of prior years	21,201	(5,326)
	(86,597)	(72,992)
Deferred tax		
Origination and reversal of temporary differences	(13,646)	57,597
Utilisation of deferred tax asset in relation to tax losses	(597)	(4,622)
Effect of changes in tax rate on deferred tax balances	(14)	(662)
	(14,257)	52,313
	(99,803)	(21,553)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year ended 30 June 2013. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. TAX EXPENSES (cont'd)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	The Group	
	2013 US$'000	2012 US$'000
Profit/(loss) before tax	989,559	(136,049)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits in the countries concerned	(175,598)	4,425
Tax effect of non-deductible expenses	(32,594)	(87,768)
Tax effect of non-taxable revenue	131,277	53,632
Tax effect of unused tax losses not recognised	(20,168)	(8,710)
Tax effect of utilisation of tax losses not previously recognised	2,503	27,205
Tax effect of changes in tax rate on deferred tax balances	(14)	(662)
Over/(under)-provision in respect of prior years	22,449	(6,191)
Others	(27,658)	(3,484)
Actual tax expenses	(99,803)	(21,553)

(c) Tax effects relating to the components of other comprehensive income:

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purposes for the years 2013 and 2012.

(d) Taxation in the statement of financial position represents:

	The Group	
	2013 US$'000	2012 US$'000
Hong Kong Profits Tax	198	1,314
Overseas taxation	165,317	130,904
Taxation payable	165,515	132,218
Amount of taxation payable expected to be settled after more than 1 year	33,197	62,057

9. DIRECTORS' REMUNERATION

Directors' emoluments comprises payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid and payable to each Director of the Company for the year ended 30 June 2013 are as below:

	The Group				
Name	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	2013 Total emoluments US$'000
Quek Leng Chan	–[(1)]	–	–	–	–
Kwek Leng Hai	–[(1)]	1,024	387	85	1,496
Sat Pal Khattar**[(2)]	63	–	–	–	63
Kwek Leng San*	–[(1)]	–	–	–	–
Tan Lim Heng	–[(1)]	417	13	1	431
Volker Stoeckel**	54	–	–	–	54
Roderic N. A. Sage**	55	–	–	–	55
	172	1,441	400	86	2,099

Notes:

* Non-executive director

** Independent non-executive director

(1) No directors' fees have been paid to any salaried directors employed by the Company or its related corporations

(2) Retired as independent non-executive director after the conclusion of the Annual General Meeting on 14 November 2012

9. DIRECTORS' REMUNERATION (cont'd)

	The Group				
Name	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	2012 Total emoluments US$'000
Quek Leng Chan	123[(3)]	–	–	–	123
Kwek Leng Hai	122[(3)]	950	3,086	77	4,235
Sat Pal Khattar**	155	–	–	–	155
Kwek Leng San*	31[(3)]	–	–	–	31
Tan Lim Heng	–	417	26	1	444
Volker Stoeckel**	43	–	–	–	43
Ding Wai Chuen[(4)]	–	383	103	15	501
Roderic N. A. Sage**	43	–	–	–	43
	517	1,750	3,215	93	5,575

Notes:

* Non-executive director

** Independent non-executive director

(3) These fees have been assigned in favour of the company where the director is employed or its related corporations

(4) Resigned with effective from 1 June 2012

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, one (2012: one) is a director whose remuneration is disclosed in note 9. The remunerations of the other four (2012: four) individuals are as follows:

	The Group	
	2013 US$'000	2012 US$'000
Salaries, allowances and benefits in kind	3,284	2,605
Discretionary bonuses	1,528	1,017
Share-based payments	1,223	438
Pension contributions	333	314
Compensation for loss of office	346	–
	6,714	4,374

The numbers of individuals whose remuneration falls within the following bands are:

	The Group	
US$	2013 Number of individuals	2012 Number of individuals
850,001 – 900,000	–	1
950,001 – 1,000,000	–	1
1,150,001 – 1,200,000	1	1
1,300,001 – 1,350,000	1	1
1,350,001 – 1,400,000	1	–
2,800,001 – 2,850,000	1	–
	4	4

11. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to shareholders of the Company includes a profit of US$81,592,000 (2012: profit of US$117,071,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	The Group		The Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Year 2011/2012:				
Final dividend paid of HK$1.70 per ordinary share (Year 2010/2011: HK$2.20 per ordinary share)	**71,296**	91,870	**72,179**	93,008
Year 2012/2013:				
No interim dividend paid during the year ended 30 June 2013 (Year 2011/2012: HK$0.50 per ordinary share)	**–**	20,920	**-**	21,181
	71,296	112,790	**72,179**	114,189
Year 2012/2013:				
(a) Declared special interim dividend in specie on ordinary shares (Year 2011/2012: Nil)	**206,590**	–	**206,590**	–
(b) Proposed final dividend of HK$1.50 per ordinary share (Year 2011/2012: HK$1.70 per ordinary share)	**63,632**	72,125	**63,632**	72,125
	270,222	72,125	**270,222**	72,125

(a) On 3 July 2013, the Company declared a special interim dividend in respect of the financial year ended 30 June 2013 to be effected by way of a distribution in specie of approximately 88.84 million shares representing approximately 22.74% of the issued share capital of The Rank Group Plc ("Rank"), at a basis of 0.27 Rank share for every one ordinary share in the Company.

Based on the closing price of GBp153.5 per Rank share as at 2 July 2013, this would represent a value of approximately HK$4.87 dividend per ordinary share. The special interim dividend in specie declared of approximately US$206,590,000 is calculated based on 329,051,373 ordinary shares of the Company in issue as at 30 June 2013. This amount will be subsequently revised in the consolidated and company's financial statements based on the closing price of Rank share and the exchange rate on the settlement date on or about 5 September 2013. After the distribution, the Group's ownership in Rank would decrease from 74.5% to approximately 51.76%.

(b) The final dividend proposed for the year ended 30 June 2013 of US$63,632,000 (2012: US$72,125,000) is calculated based on 329,051,373 ordinary shares (2012: 329,051,373 ordinary shares) in issue as at 30 June 2013.

The special interim dividend in specie declared and final dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period in the accounts.

13. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of the Company of US$811,725,000 (2012: loss of US$166,810,000) and the weighted average number of 325,024,511 ordinary shares (2012: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

For the year ended 30 June 2013 and 2012, the diluted earnings/(loss) per share equalled the basic earnings/(loss) per share as there was no dilutive potential ordinary share outstanding during the year.

14. SEGMENT REPORTING

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

Segment	Business activities	Operated by
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia, Vietnam and Hong Kong.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming business in the United Kingdom, Spain and Belgium.	Subsidiaries
Securities, commodities and brokerage:	This segment provides stock and commodities broking and corporate advisory services principally in Hong Kong.	Subsidiaries
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait oil trust in Australia.	Subsidiary
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

14. SEGMENT REPORTING (cont'd)

The accounting policies of the operating segments are the same as those described in the significant accounting policies in note 2. 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 2011/12.

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the year is set out below.

(a) Reportable segment revenue and profit or loss, assets and liabilities

Segment revenue and profit or loss

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
For the year ended 30 June 2013							
Turnover	1,033,186	710,588	1,362,380	6,013	–	–	3,112,167
Revenue from external customers	116,500	710,588	1,362,380	6,013	–	–	2,195,481
Inter-segment revenue	3,427	1,057	–	304	–	–	4,788
Reportable segment revenue	119,927	711,645	1,362,380	6,317	–	–	2,200,269
Operating profit/(loss)	601,867	257,415	80,430	(67)	40,133	–	979,778
Finance costs	(35,915)	(69,789)	(48,592)	(239)	(402)	–	(154,937)
Valuation surplus on investment properties	–	28,594	–	–	–	–	28,594
Share of profits of associates	–	5,029	–	–	–	122,278	127,307
Share of profits less losses of jointly controlled entities	–	8,817	–	–	–	–	8,817
Profit/(loss) before taxation	565,952	230,066	31,838	(306)	39,731	122,278	989,559
For the year ended 30 June 2012							
Turnover	1,234,859	216,426	1,312,823	7,058	–	–	2,771,166
Revenue from external customers	108,466	216,426	1,312,823	7,058	–	–	1,644,773
Inter-segment revenue	1,308	971	–	915	–	–	3,194
Reportable segment revenue	109,774	217,397	1,312,823	7,973	–	–	1,647,967
Operating (loss)/profit	(277,833)	(40,484)	130,654	679	49,164	–	(137,820)
Finance costs	(15,939)	(44,123)	(44,157)	(53)	–	–	(104,272)
Valuation surplus on investment properties	–	3,198	–	–	–	–	3,198
Share of profits of associates	–	2,874	–	–	–	95,147	98,021
Share of profits less losses of jointly controlled entities	–	4,824	–	–	–	–	4,824
(Loss)/profit before taxation	(293,772)	(73,711)	86,497	626	49,164	95,147	(136,049)

14. SEGMENT REPORTING (cont'd)

(a) Reportable segment revenue and profit or loss, assets and liabilities (cont'd)

Segment assets and liabilities

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
As at 30 June 2013							
Reportable segment assets	4,342,503	7,198,159	3,278,023	127,952	115,749	–	15,062,386
Interest in associates	–	35,489	–	–	–	783,336	818,825
Interest in jointly controlled entities	–	110,907	–	–	–	–	110,907
Total assets	4,342,503	7,344,555	3,278,023	127,952	115,749	783,336	15,992,118
Reportable segment liabilities	1,539,342	4,883,382	1,448,841	64,915	110	–	7,936,590
As at 30 June 2012							
Reportable segment assets	3,154,991	6,699,670	3,010,187	39,759	133,724	–	13,038,331
Interest in associates	–	39,886	–	–	–	648,043	687,929
Interest in jointly controlled entities	–	112,518	–	–	–	–	112,518
Total assets	3,154,991	6,852,074	3,010,187	39,759	133,724	648,043	13,838,778
Reportable segment liabilities	1,092,566	4,632,794	1,045,969	5,765	215	–	6,777,309

Other information

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
2013							
Interest income	14,024	4,622	8,064	2,368	–	–	29,078
Depreciation and amortisation	435	3,240	92,663	191	4,400	–	100,929
Additions to non-current segment assets	34	88,761	72,541	296	–	–	161,632
2012							
Interest income	5,124	3,873	13,473	2,071	–	–	24,541
Depreciation and amortisation	448	2,242	92,222	172	4,452	–	99,536
Additions to non-current segment assets	245	56,612	125,436	359	–	–	182,652

Major customers

During the financial years 2013 and 2012, there is no major customer accounting for more than 10% of the total revenue of the Group.

14. SEGMENT REPORTING (cont'd)

(b) Reconciliations of reportable segment revenue, finance costs and interest income

Revenue

	The Group 2013 US$'000	The Group 2012 US$'000
Reportable segment revenue	2,200,269	1,647,967
Elimination of inter-segment revenue	(4,788)	(3,194)
Consolidated revenue (note 5)	2,195,481	1,644,773

Finance costs

	The Group 2013 US$'000	The Group 2012 US$'000
Reportable finance costs	(154,937)	(104,272)
Elimination of inter-segment finance costs	2,886	1,051
Consolidated finance costs (note 7(a))	(152,051)	(103,221)

Interest income

	The Group 2013 US$'000	The Group 2012 US$'000
Reportable interest income	29,078	24,541
Elimination of inter-segment interest income	(2,886)	(1,051)
Consolidated interest income (note 5)	26,192	23,490

(c) Geographical information

The following table illustrates the geographical location of the Group's revenue from external customers, profit/(loss) from operations, the Group's total assets and non-current assets other than financial instruments and deferred tax assets ("specified non-current assets"). The geographical information is classified by reference to the location of the income generating entities.

14. SEGMENT REPORTING (cont'd)

(c) Geographical information (cont'd)

	Revenue from external customers		Profit/(loss) from operations	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
The People's Republic of China				
Hong Kong	123,487	116,835	566,699	(284,644)
Mainland China	14,026	35,719	(71,752)	(43,933)
United Kingdom and Continental Europe	1,326,544	1,275,980	67,497	87,197
Singapore	647,499	182,527	(Note) 211,842	(44,062)
Australasia and others	83,925	33,712	50,555	43,350
	2,195,481	1,644,773	824,841	(242,092)

	Segment assets		Specified non-current assets	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
The People's Republic of China				
Hong Kong	4,450,810	3,188,150	53,430	51,239
Mainland China	3,422,676	3,145,337	183,925	144,007
United Kingdom and Continental Europe	2,978,181	2,701,548	2,709,248	2,427,819
Singapore	3,308,542	3,113,228	1,599,140	1,453,011
Australasia and others	1,831,909	1,690,515	1,211,108	1,119,880
	15,992,118	13,838,778	5,756,851	5,195,956

Note:

In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the sale of properties upon completion of development projects instead of the percentage of completion method adopted by GuocoLand Limited ("GuocoLand") for residential projects under progressive payment schemes in Singapore.

GuocoLand has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

Accordingly, operating profits of GuocoLand for the year amounting to US$26.1 million (2012: US$139.0 million) in Singapore have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GuocoLand of US$180.2 million (2012: US$5.0 million) which have been deferred in previous years in Singapore. Up to 30 June 2013, accumulated operating profits of GuocoLand totalling US$64.9 million (2012: US$215.7 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

15. FIXED ASSETS

	The Group					
	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Cost or valuation						
At 1 July 2011	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
Additions	53,937	34,331	11,597	82,787	128,715	182,652
Transfer from/(to):						
– properties held for sale	–	–	(6,017)	–	(6,017)	(6,017)
– development properties	122,235	17,851	–	–	17,851	140,086
– investment properties	(5,071)	–	5,071	–	5,071	–
Disposals and written off	–	(13,687)	(77)	(14,261)	(28,025)	(28,025)
Surplus on revaluation	3,198	–	–	–	–	3,198
Exchange adjustments	(41,841)	(27,765)	(15,633)	(35,427)	(78,825)	(120,666)
At 30 June 2012	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858
Representing:						
Cost	–	1,172,345	502,527	1,133,088	2,807,960	2,807,960
Valuation – 2012	1,518,898	–	–	–	–	1,518,898
	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858
At 1 July 2012	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858
Additions through acquisition of subsidiary	–	10,780	763	17,130	28,673	28,673
Additions	87,865	12,474	1,381	59,912	73,767	161,632
Transfer from/(to):						
– properties held for sale	–	–	(3,277)	–	(3,277)	(3,277)
– development properties	39,069	(4,076)	–	–	(4,076)	34,993
– others	–	107	(107)	–	–	–
Disposals and written off	(11,754)	(5,690)	–	(21,952)	(27,642)	(39,396)
Surplus on revaluation	28,594	–	–	–	–	28,594
Exchange adjustments	10,465	(16,552)	(9,956)	(20,320)	(46,828)	(36,363)
At 30 June 2013	1,673,137	1,169,388	491,331	1,167,858	2,828,577	4,501,714
Representing:						
Cost	–	1,169,388	491,331	1,167,858	2,828,577	2,828,577
Valuation – 2013	1,673,137	–	–	–	–	1,673,137
	1,673,137	1,169,388	491,331	1,167,858	2,828,577	4,501,714

15. FIXED ASSETS (cont'd)

	The Group					
	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Accumulated amortisation and depreciation						
At 1 July 2011	–	136,191	44,591	754,602	935,384	935,384
Charge for the year	–	11,964	2,801	70,758	85,523	85,523
Written back on disposals and written off	–	(13,666)	(30)	(13,070)	(26,766)	(26,766)
Transfer to properties held for sale	–	–	(3,100)	–	(3,100)	(3,100)
Impairment charge/(write-back)	–	(1,906)	(63)	1,603	(366)	(366)
Exchange adjustments	–	(3,335)	(1,529)	(26,192)	(31,056)	(31,056)
At 30 June 2012	–	129,248	42,670	787,701	959,619	959,619
At 1 July 2012	–	129,248	42,670	787,701	959,619	959,619
Charge for the year	–	17,416	1,679	68,509	87,604	87,604
Written back on disposals and written off	–	(4,813)	–	(21,015)	(25,828)	(25,828)
Transfer to properties held for sale	–	–	(2,857)	–	(2,857)	(2,857)
Impairment charge/(write-back)	–	339	(1,737)	5,516	4,118	4,118
Exchange adjustments	–	(2,802)	(781)	(16,013)	(19,596)	(19,596)
At 30 June 2013	–	139,388	38,974	824,698	1,003,060	1,003,060
Net book value						
At 30 June 2013	1,673,137	1,030,000	452,357	343,160	1,825,517	3,498,654
At 30 June 2012	1,518,898	1,043,097	459,857	345,387	1,848,341	3,367,239

15. FIXED ASSETS (cont'd)

(a) The analysis of net book value of properties is as follows:

	The Group	
	2013 US$'000	2012 US$'000
In Hong Kong:		
– Leasehold with between 10 to 50 years unexpired	52,912	50,580
Outside Hong Kong:		
– Leasehold with over 50 years unexpired	2,026,989	1,947,022
– Leasehold with between 10 to 50 years unexpired	216,971	168,119
– Leasehold with less than 10 years unexpired	29,423	28,898
– Freehold	829,199	827,233
	3,155,494	3,021,852

(b) Certain of the Group's properties with a book value of US$2,006.1 million (2012: US$1,909.7 million) were pledged for bank loans and mortgage debenture stock.

(c) Investment properties comprise:

	The Group	
	2013 US$'000	2012 US$'000
Completed investment properties	467,664	445,246
Investment properties under development	1,205,473	1,073,652
	1,673,137	1,518,898

15. FIXED ASSETS (cont'd)

(c) Investment properties comprise: (cont'd)

Investment properties are stated at fair value based on independent valuation. The valuers have considered valuation techniques including the direct comparison method, discounted cash flow method and residual land value method in determining the open market values.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The discounted cash flow method involves discounting the future net cash flow of the investment property to its present value by using an appropriate discount rate to reflect the rate of return required by a typical investor for an investment of its type. The residual land value method involves the deduction of the estimated development costs and the developer's profit from the gross development value to arrive at the residual value of the land.

In accordance with the Group's accounting policy, the Group's investment properties in Hong Kong, China, Singapore and Malaysia were valued by independent firms of professional valuers, CB Richard Ellis and Savills (which are independent firms of professional valuers registered with the Hong Kong Institute of Surveyors, the Singapore Institute of Surveyors and Valuers and Royal Institution of Surveyors, Malaysia) as at 30 June 2013, and CB Richard Ellis, Savills and Burgess Rawson as at 30 June 2012.

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years. The gross carrying amounts of investment properties of the Group held for use in operating leases were US$467.7 million (2012: 445.2 million).

(e) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

16. INTANGIBLE ASSETS

	The Group			
	Casino licences and brand name US$'000	Bass Strait oil and gas royalty US$'000	Others US$'000	Total US$'000
Cost				
At 1 July 2011	985,572	203,103	–	1,188,675
Additions	11,146	–	–	11,146
Exchange adjustments	(50,709)	(10,590)	–	(61,299)
At 30 June 2012	946,009	192,513	–	1,138,522
At 1 July 2012	946,009	192,513	–	1,138,522
Reclassification	(77,574)	–	77,574	–
Additions through acquisition of subsidiary	237,680	–	5,596	243,276
Additions	1,074	–	10,355	11,429
Disposal	–	–	(35,701)	(35,701)
Exchange adjustments	(16,189)	(17,441)	(1,793)	(35,423)
At 30 June 2013	1,091,000	175,072	56,031	1,322,103
Accumulated amortisation				
At 1 July 2011	88,570	69,340	–	157,910
Charge for the year	9,561	4,452	–	14,013
Impairment	18,177	–	–	18,177
Exchange adjustments	(7,934)	(3,696)	–	(11,630)
At 30 June 2012	108,374	70,096	–	178,470
At 1 July 2012	108,374	70,096	–	178,470
Reclassification	(58,689)	–	58,689	–
Charge for the year	1,088	4,400	7,837	13,325
Impairment charge/(write-back)	(3,008)	–	5,555	2,547
Disposal	–	–	(35,701)	(35,701)
Exchange adjustments	1,653	(6,774)	(1,706)	(6,827)
At 30 June 2013	49,418	67,722	34,674	151,814
Net book value				
At 30 June 2013	1,041,582	107,350	21,357	1,170,289
At 30 June 2012	837,635	122,417	–	960,052

16. INTANGIBLE ASSETS (cont'd)

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust. It is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so that the amortisation charge for the year is included in administrative and other operating expenses in the consolidated income statement so as to write off the cost over its estimated useful life of 38 years to 2040.

The Group capitalises acquired casino and other gaming licences and concessions. Management believes that licences, with the exception of the two casino concessions in Belgium, have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment. In respect of the two casino concessions in Belgium, their carrying value is amortised over the expected useful life of the concessions (nine years).

Included in other intangible assets are acquired computer software licences, costs that are directly associated with the production and development of identifiable and unique software products controlled by the Group, and computer software development costs which are amortised over their estimated useful lives (three to five years).

The recoverable amounts of the intangible assets are estimated based on value-in-use models. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Subsequent to the cash flow projections period, the growth rate used to extrapolate the cash flow projections is 2% to 4% (2012: 2% to 3%), which does not exceed the long term average growth rate for the relevant businesses. The pre-tax discount rates used for the calculations are 9% to 14% (2012: 9% to 18%). As a result of the impairment testing, impairment charges of US$2,547,000 (2012: US$18,177,000) was recognised for the year ended 30 June 2013.

17. INTEREST IN SUBSIDIARIES

	The Company	
	2013	2012
	US$'000	US$'000
Unlisted shares	**467,678**	467,678
Amounts due from subsidiaries	**2,506,757**	3,352,693
	2,974,435	3,820,371
Amounts due to subsidiaries	**148,683**	141,017

As at 30 June 2013, amounts due from subsidiaries of US$139,960,000 (2012: US$255,028,000) bear interest at 1.14% to 2.55% (2012: effective rate at 1.57%) per annum and are unsecured and have no fixed repayment terms. The remaining outstanding balances are unsecured, interest free and have no fixed repayment terms.

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

17. INTEREST IN SUBSIDIARIES (cont'd)

(a) Details of the principal subsidiaries incorporated and operating in Hong Kong are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asia Fountain Investment Company Limited	2 shares of HK$10 each	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares of HK$1 each	–	67	Investment holding
GuocoCapital Limited	120,000 shares of HK$100 each	–	100	Stockbroking and securities trading
GuocoCommodities Limited	100,000 shares of HK$100 each	–	100	Commodities broking
GuocoEquity Assets Limited	23,000,000 shares of HK$1 each	100	100	Investment holding
GuoSon Assets China Limited	1 share of HK$1 each	–	65	Investment holding
Guoco Management Company Limited	2,000,000,000 shares of HK$1 each	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares of HK$1 each	100	100	Investment holding
Guo Xiang Property Co Limited	10,000 shares of HK$1 each	–	65	Investment holding and agency services

17. INTEREST IN SUBSIDIARIES (cont'd)

(b) Details of the principal subsidiaries incorporated and operating in Singapore are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Belmeth Pte Ltd	50,000,000 shares (S$50,000,000) *	–	52	Property investment
Elliot Development Pte Ltd	16,000,000 shares (S$16,000,000) *	–	65	Property development
GLL IHT Pte Ltd	10,000,000 shares (S$10,083,000) *	–	65	Provision of financial and treasury services
GLL Land Pte Ltd	70,000,000 shares (S$70,000,000) *	–	65	Property investment
GLL (Malaysia) Pte Ltd	58,000,000 shares (S$58,000,000) *	–	65	Investment holding
Goodwood Residence Development Pte Ltd	90,300,000 shares (S$90,300,000) *	–	65	Property development
Guoco Assets Pte Ltd	2 shares (S$2) *	100	100	Investment holding
GuocoLand Limited	1,183,373,276 shares (S$1,926,053,441) *	–	65	Investment holding
GuocoLand Assets Pte Ltd	20,000,000 shares (S$20,000,000) *	100	100	Investment holding
GuocoLand Property Management Pte Ltd	2 shares (S$2) *	–	65	Property management, marketing and maintenance services
GuocoLand (Singapore) Pte Ltd	195,000,000 shares (S$195,000,000) *	–	65	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share (S$1) *	–	65	Investment holding
GuocoLeisure Management Pte Ltd	2 shares (S$2)*	–	67	Management company
Guston Pte Ltd	10,000,000 shares (S$10,000,000) *	–	52	Investment holding
Leedon Residence Development Pte Ltd	158,000,000 shares (S$158,000,000) *	–	65	Property development
Perfect Eagle Pte Ltd	30,000,000 shares (S$30,000,000) *	–	52	Property development
Sophia Residence Development Pte Ltd	91,600,000 shares (S$91,600,000) *	–	65	Property development
Waterline Development Pte Ltd	13,000,000 shares (S$13,000,000) *	–	65	Property development

* Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.

Amount shown represents the nominal value of the issued shares of the company.

17. INTEREST IN SUBSIDIARIES (cont'd)

(c) Details of the principal subsidiaries incorporated and operating in Malaysia are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Ace Acres Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Property development
Damansara City Sdn. Bhd.	20,100,000 shares of RM1 each	–	44	Property development and property investment
DC Hotel Sdn. Bhd. (formerly known as Famous Moments Sdn. Bhd.)	2,500,002 shares of RM1 each	–	44	Hotel operations
DC Offices Sdn. Bhd. (formerly known as Hikmat Gembira Sdn. Bhd.)	2,500,002 shares of RM1 each	–	44	Property investment
DC Parking Sdn. Bhd. (formerly known as Intelligent Circle Sdn. Bhd.)	2,500,002 shares of RM1 each	–	44	Car park operations and property investment
DC Tower Sdn. Bhd.	2,500,002 shares of RM1 each	–	44	Property investment
DC Town Square Sdn. Bhd. (formerly known as Impressive Genesis Sdn. Bhd.)	2,500,002 shares of RM1 each	–	44	Property investment
Guoco Assets Sdn. Bhd.	250,000 shares of RM1 each, 300,000 Class B shares of RM1 each and 5,815 preference shares of RM1 each	45	100	Investment holding
GuocoLand (Malaysia) Berhad	700,458,518 shares of RM0.5 each	–	44	Investment holding and provision of management services
Hong Leong Real Estate Management Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Property investment and trading
JB Parade Sdn. Bhd.	40,000,000 shares of RM1 each	–	35	Investment holding and hotel operations
PD Resort Sdn. Bhd.	100,000,000 shares of RM1 each	–	51	Property investment and development and hotel operations
Positive Vision Labuan Limited	10,000 shares of US$1 each	–	44	Investment holding
Titan Debut Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Acquire, enhance and resale of properties
Wonderful Space Sdn. Bhd.	250,000 shares of RM1 each	–	44	Property investment and property development

17. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asian Financial Common Wealth (PTC) Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Cheng Jian Dong Hua Real Estate Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB50,000,000 (Note (ii))	–	59	Property development
Beijing Jiang Sheng Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB250,000,000 (Note (ii))	–	65	Property development
BIL Australia Pty Limited	Australia	1 share of AUD1 each	–	67	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZD1,000 each	–	67	Investment holding
Capital Intelligence Limited (Note (iii))	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Clermont Leisure International Limited	Jersey	2 shares of GBP1 each	–	67	Investment holding
Clermont Leisure (UK) Limited	United Kingdom	55,000,000 shares of GBP1 each	–	67	Gaming
Dynamic Talent Limited	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Fresco Resources Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Financing activities
GA Investment Limited	Labuan	200,000 shares of US$1 each	100	100	Investment holding
Great Insight Limited (Note (iii))	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Grosvenor Casinos Limited	England and Wales	39,000,000 shares of GBP1 each	–	75	London and provincial casinos
Grosvenor Casinos (GC) Limited	England and Wales	10,000 shares of GBP0.01 each	–	75	London and provincial casinos

17. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows: (cont'd)

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	–	100	Investment holding
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 (Note (ii))	–	65	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	65	Investment holding
GuocoLeisure Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	67	Hotel and property management
GuocoLeisure Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Guoman Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	67	Investment holding
Guoman Hotel Holdings Limited	United Kingdom	2 shares of GBP1 each	–	67	Investment holding
GLH Hotels Limited (formerly known as Guoman Hotels Limited)	United Kingdom	310,545,212 shares of GBP0.26 each	–	67	Ownership and operation of hotels in UK
GuoSon Investment Company Limited (Note (i) & (vi))	The People's Republic of China	US$392,000,000 (Note (ii))	–	65	Investment holding
Hong Way Holdings, Inc.	The Philippines	100,000 shares of P1 each	–	100	Investment holding
Ma Sing Investments Limited (Note (iv))	British Virgin Islands	407,174,860 shares of AUD1 each	–	67	Investment holding
Mecca Bingo Limited	England and Wales	170,000,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	75	Social and bingo clubs
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	67	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows: (cont'd)

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Nanjing Mahui Property Development Co., Ltd. (Note (i) & (vii))	The People's Republic of China	RMB286,000,000 (Note (ii))	–	62	Property development
Nanjing Xinhaoning Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	US$11,920,000 (Note (ii))	–	65	Property development
Nanjing Xinhaoxuan Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	US$11,920,000 (Note (ii))	–	65	Property development
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Rank Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Rank Digital Limited (formerly known as Blue Square Limited)	England and Wales	14,884,600 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	75	Support services to interactive gaming
Rank Digital Gaming (Alderney) Limited (formerly known as Blue Square Gaming (Alderney) Limited)	Alderney	1 share of GBP1 each	–	75	Interactive gaming and sports betting
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	–	75	Support services to interactive gaming
Rank Gaming Group Limited	England and Wales	100 shares of GBP1 each	–	75	Investment holding
Rank Group Finance Plc	England and Wales	200,000,000 shares of GBP1 each	–	75	Funding operations
Rank Group Gaming Division Limited	England and Wales	76,133,001 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	75	Investment holding and provision of shared services
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	–	75	Investment holding of Top Rank España
Rank Holdings (Netherlands) BV	Holland	65 shares of EUR453 each	–	75	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows: (cont'd)

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Rank Interactive Development Limited	England and Wales	20,000,100 shares of GBp1 each	–	75	Support services to interactive gaming
Rank Leisure Limited	England and Wales	1 share of GBP1 each	–	75	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited	England and Wales	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	75	Investment holding and corporate activities
Rank Nemo (Twenty-Five) Limited	England and Wales	1 share of GBP1 each	–	75	Investment holding
Rank Overseas Holdings Limited	England and Wales	1,000,000 shares of GBP1 each	–	75	Investment holding
Shanghai Xinhaolong Property Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	US$126,000,000 (Note (ii))	–	65	Property development
Shanghai Xinhaojia Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB3,100,176,000 (Note (ii))	–	83	Property development
Supreme Goal Investments Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Property investment
Tabua Investments Limited	Fiji	2 shares of FJD1 each	–	67	Investment holding
Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	RMB510,000,000 (Note (ii))	–	65	Property development
The Gaming Group Limited	England and Wales	1 share of GBP1 each	–	75	Investment holding
The Rank Group Plc	England and Wales	390,683,521 shares of GBp13 $^{8}/_{9}$ each	–	75	Investment holding of gaming business
Wayforward Services Limited (Note (v))	British Virgin Islands	1 share of US$1 each	–	67	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in other countries are as follows: (cont'd)

Notes:

(i) These companies have a financial year end of 31 December.

(ii) These comprise capital contribution to the companies. These companies have a defined period of existence.

(iii) These companies are operating in Hong Kong.

(iv) These companies are operating in Australia.

(v) These companies are operating in United Kingdom.

(vi) These companies are foreign capital enterprise.

(vii) These companies are sino-foreign equity joint venture enterprise.

18. INTEREST IN ASSOCIATES

	The Group	
	2013 US$'000	2012 US$'000
Share of net assets		
Listed shares, overseas	843,745	705,775
Unlisted	450	294
Goodwill	12,092	12,092
	856,287	718,161
Amounts due from associates	–	7,230
	856,287	725,391
Less: Impairment loss	(37,462)	(37,462)
	818,825	687,929

The market value of the listed investments at 30 June 2013 was US$1,252.8 million (2012: US$1,055.9 million).

The amounts due from associates were unsecured, interest free and had no fixed repayment terms.

18. INTEREST IN ASSOCIATES (cont'd)

Details of the principal associates are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Hong Leong Financial Group Berhad	Malaysia	1,052,767,789 shares of RM1 each	25	Financial services
Tower Real Estate Investment Trust	Malaysia	280,500,000 shares of RM1.0173 each	10	Investment in real estate and real estate related assets

The summarised financial information in respect of the Group's associates is set out below:

	The Group	
	2013 US$'000	2012 US$'000
Total assets	57,310,684	53,849,561
Total liabilities	(52,399,952)	(49,736,234)
	4,910,732	4,113,327
Non-controlling interests	(1,559,656)	(1,307,206)
Net assets	3,351,076	2,806,121
Group's share of associates' net assets	844,195	706,069
Revenue	2,494,065	2,326,705
Profits for the year	505,446	384,840
Group's share of associates' profits for the year	127,307	98,021

19. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2013 US$'000	2012 US$'000
Share of net assets – unlisted	106,898	108,834
Amounts due from jointly controlled entities	4,009	3,684
	110,907	112,518

The amounts due from jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

Details of principal jointly controlled entities are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Continental Estates Sdn. Bhd.	Malaysia	50,600,000 shares of RM1 each	22	Property development and operation of an oil palm estate
Vintage Heights Sdn. Bhd.	Malaysia	140,000,000 shares of RM1 each	21	Property development and operation of an oil palm estate

Summary financial information on jointly controlled entities – Group's effective interest:

	The Group	
	2013 US$'000	2012 US$'000
Non-current assets	111,428	119,499
Current assets	37,780	33,813
Non-current liabilities	(18,125)	(20,460)
Current liabilities	(24,185)	(24,018)
Net assets	106,898	108,834
Income	36,172	8,218
Expenses	(27,355)	(3,394)
Profits for the year	8,817	4,824

20. ACQUISITIONS OF SUBSIDIARY AND NON-CONTROLLING INTERESTS

(a) Acquisition of subsidiary in the financial year 2012/13

On 12 May 2013, Rank, a subsidiary of the Group, acquired a 100% interest in Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) ("Gala") for a base cash consideration, subject to certain completion adjustment, of GBP179.0 million (US$273.1 million). The acquisition, which includes 19 operating casinos and 3 non-operating casino licences, provides a significant opportunity for Rank to deliver sustainable value to its shareholders through the development of its successful casino portfolio.

Provisional accounting

The provisional fair value of the assets and liabilities acquired in respect of the acquisition are outlined in the following table:

	Provisional fair value US$'000
Property, plant and equipment	28,673
Intangible assets	243,276
Trade and other receivables	3,096
Cash and short term funds	6,920
Trade and other payables	(89,107)
Taxation	4,169
Provisions	(7,505)
Deferred tax liabilities	(30,228)
Net assets acquired	159,294
Provisional goodwill	119,788
Consideration	279,082
Total consideration satisfied by:	
Cash	279,082

The amounts disclosed are provisional due to the proximity of the acquisition to the Group's year-end and the completion account process outlined by the sale and purchase agreement extending beyond the finalisation of these financial statements. The amounts have therefore been based on the latest available draft completion accounts. The initial accounting will be completed within the 12 month measurement period permitted by HKFRS 3 Business Combinations.

20. ACQUISITIONS OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (cont'd)

(a) Acquisition of subsidiary in the financial year 2012/13 (cont'd)

Goodwill comprises deferred tax liabilities recognised on certain fair value adjustment arising on acquisition and the synergy benefits arising from the exclusion of all central management functions previously associated with the operation of the casinos from the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

The Group has raised a total of GBP140.0 million (US$213.6 million) term loans to partly finance the acquisition at their fair value less GBP1.8 million (US$2.7 million) of costs directly attributable to the issue of the debt.

From the date of acquisition to 30 June 2013, Gala contributed GBP15.1 million (US$23.7 million) turnover and GBP1.6 million (US$2.5 million) to the profit for the year attributable to shareholders of the Company. If the above acquisition had occurred on 1 July 2012, total Group revenue would have been US$2,343.6 million and profit for the year attributable to shareholders of the Company would have been US$824.3 million for the year ended 30 June 2013.

In preparing the pro-forma results, certain assumptions and estimates have been made and are therefore not necessarily indicative of the results of the Group that would have occurred had the acquisition actually occurred at the beginning of the reporting period. The information is also not indicative of the future results of the Group.

(b) Acquisition of non-controlling interests

There was no acquisition of non-controlling interests of subsidiaries by the Group during the financial year ended 30 June 2013.

During the financial year ended 30 June 2012, the Group acquired an additional 0.2% interest in GuocoLeisure for US$1.6 million in cash, increasing its ownership from 66.3% to 66.5%. The Group recognised a decrease in non-controlling interests of US$2.7 million and an increase in retained earnings of US$1.1 million.

The following summarises the effect of changes in the Group's ownership interest in GuocoLeisure:

	US$'000
Group's ownership interest at 1 July 2011	781,286
Effect of increase in Group's ownership interest	2,743
Share of comprehensive income	8,443
Group's ownership interest at 30 June 2012	792,472

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Equity securities				
Listed (at market value)				
– In Hong Kong	**1,541,548**	1,433,789	**–**	–
– Outside Hong Kong	**1,253**	20,446	**–**	–
Unlisted	**3,571**	3,780	**–**	–
	1,546,372	1,458,015	**–**	–
Club and other debentures	**310**	451	**203**	203
Investment in partnership	**31,232**	31,236	**–**	–
	1,577,914	1,489,702	**203**	203

22. GOODWILL

	The Group
	US$'000
Cost:	
At 1 July 2011	68,713
Exchange adjustments	(495)
At 30 June 2012	68,218
At 1 July 2012	68,218
Additions through acquisition of subsidiary	119,788
Impairment	(29,069)
Exchange adjustments	(761)
At 30 June 2013	158,176

In accordance with the Group's accounting policy, the carrying value of goodwill was tested for impairment annually, based on value-in-use models. The recoverable amount of goodwill is determined by discounting the future cash flows to be generated from the cash generating unit based on the financial budgets approved by management for the first three years, with long term growth rate of 2% to 4% thereafter, at a pre-tax discount rates of 8% to 10%. For impairment testing purpose, each subsidiary group acquired is treated as a single cash generating unit.

At the end of the financial period of 30 June 2013, the management has decided to write off the goodwill, amounting to US$29,069,000, related to the GuocoLeisure group as the adverse situation in the Eurozone as well as in the UK continues to have an impact on the Group's hospitality business. This impairment loss was included in administrative and other operating expenses (note 7(c)) in the consolidated income statement.

23. DEVELOPMENT PROPERTIES

	The Group	
	2013 US$'000	2012 US$'000
Cost as at 30 June	4,613,693	4,587,604
Less: Impairment loss	(8,385)	(10,699)
Progress instalments received and receivable	(321,196)	(409,325)
Transfer to properties held for sale	(307,289)	–
	3,976,823	4,167,580

The carrying amounts of development properties were written down based on their estimated selling prices.

Certain of the Group's development properties with book value of US$1,938.5 million (2012: US$2,144.7 million) were pledged for bank loans and mortgage debenture stock.

24. PROPERTIES HELD FOR SALE

	The Group	
	2013 US$'000	2012 US$'000
As at 1 July	205,842	239,615
Additions	–	157
Transfer from:		
– development properties	307,289	–
– fixed assets	420	2,917
Disposals	(29,448)	(30,499)
	484,103	212,190
Exchange adjustments	2,783	(6,348)
As at 30 June	486,886	205,842

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Trade debtors	303,082	218,208	–	–
Accrued receivables for sales consideration not yet billed on completed development properties	92,543	–	–	–
Deposits and prepayments	184,499	170,798	52	157
Derivative financial instruments, at fair value	11,908	1,893	–	–
Interest receivables	882	4,170	492	13
	592,914	395,069	544	170

Included in the Group's trade and other receivables is US$8.5 million (2012: US$8.3 million) which is expected to be recovered after one year.

(a) Ageing analysis

As of the end of 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:

	The Group	
	2013 US$'000	2012 US$'000
Within 1 month	298,813	214,889
1 to 3 months	2,112	1,733
More than 3 months	2,157	1,586
	303,082	218,208

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2013 and 2012 are not significant.

25. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that is neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2013 US$'000	2012 US$'000
Neither past due nor impaired	293,630	186,197
Less than 1 month past due	5,632	7,758
1 to 3 months past due	1,494	1,220
More than 3 months past due	2,273	1,584
	9,399	10,562
	303,029	196,759

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over these balances.

26. TRADING FINANCIAL ASSETS

	The Group	
	2013 US$'000	2012 US$'000
Debt securities		
Unlisted	–	509
Equity securities		
Listed (at market value)		
– In Hong Kong	274,496	97,606
– Outside Hong Kong	1,233,570	1,128,357
	1,508,066	1,225,963
Unit trusts		
Unlisted	15,821	–
	1,523,887	1,226,472

27. CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Deposits with banks	1,841,177	954,537	1,077,670	214,710
Cash at bank and in hand	231,769	180,102	717	1,111
Cash and short term funds in the statement of financial position	2,072,946	1,134,639	1,078,387	215,821
Cash collateral (Note)	(459,735)	(444,545)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,613,211	690,094	1,078,387	215,821

Note: Cash collateral is deposited with financial institutions for loan facilities. A deposit of US$459.7 million (2012: US$444.5 million) is pledged with a financial institution for bank loans in China.

28. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Trade creditors	181,722	115,099	–	–
Other payables and accrued operating expenses	834,579	621,598	492	567
Derivative financial instruments, at fair value	12,168	19,891	–	–
Amounts due to fellow subsidiaries	16,426	6,377	–	–
Amounts due to associates	35	39	–	–
Amounts due to jointly controlled entities	303	305	–	–
	1,045,233	763,309	492	567

Included in trade and other payables of the Group and the Company are amounts of US$119.1 million (2012: US$54.3 million) and US$0.3 million (2012: US$0.3 million) respectively which are expected to be payable after one year.

28. TRADE AND OTHER PAYABLES (cont'd)

(a) Ageing analysis

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:

	The Group	
	2013 US$'000	2012 US$'000
Within 1 month	157,099	101,068
1 to 3 months	15,063	4,469
More than 3 months	9,560	9,562
	181,722	115,099

(b) Other payables and accrued operating expenses:

	The Group		The Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Accrued operating expenses	231,642	178,287	–	–
Real estate tax payable	97,927	84,803	–	–
Social security and gaming and other taxation	55,715	41,208	–	–
Interest payable	44,993	23,482	–	–
Deposits received	26,887	51,572	–	–
Accruals for above market property rentals on the acquired subsidiary	70,714	–	–	–
Progress billings on properties	193,527	87,516	–	–
Others	113,174	154,730	492	567
	834,579	621,598	492	567

At the reporting date, there might be further costs to the Group in meeting its contractual obligations in China for which the Group is currently unable to make a reliable estimate.

(c) The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

29. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2013 US$'000	2012 US$'000
Bank loans		
– Secured	538,470	595,224
– Unsecured	975,193	834,464
	1,513,663	1,429,688
Other loans		
– Secured	109,980	440,511
– Unsecured	4,967	4,692
	114,947	445,203
Unsecured medium term notes repayable within 1 year	162,239	55,105
	1,790,849	1,929,996

30. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2013 US$'000	2012 US$'000
Bank loans		
– Secured	1,932,595	1,795,352
– Unsecured	826,343	528,209
	2,758,938	2,323,561
Other loans		
– Unsecured	19,922	24,477
Unsecured medium term notes and bonds	1,575,899	1,052,669
Secured mortgage debenture stock	309,015	323,026
	4,663,774	3,723,733

30. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS (cont'd)

The Group's bank loans and other borrowings were repayable as follows:

	The Group							
	2013				2012			
	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000
Within 1 year or on demand	1,513,663	–	277,186	1,790,849	1,429,688	–	500,308	1,929,996
After 1 year but within 2 years	997,001	219,658	500,153	1,716,812	364,202	–	165,880	530,082
After 2 years but within 5 years	1,659,507	–	976,031	2,635,538	1,852,604	231,050	887,693	2,971,347
After 5 years	102,430	89,357	119,637	311,424	106,755	91,976	23,573	222,304
	2,758,938	309,015	1,595,821	4,663,774	2,323,561	323,026	1,077,146	3,723,733
	4,272,601	309,015	1,873,007	6,454,623	3,753,249	323,026	1,577,454	5,653,729

Note:

The bank loans and mortgage debenture stock are secured by the following:

– legal mortgages on investment properties with an aggregate book value of US$1,205.5 million (2012: US$1,085.4 million) (note 15);

– legal mortgages on development properties with an aggregate book value of US$1,938.5 million (2012: US$2,144.7 million) (note 23);

– legal mortgages on property, plant and equipment with an aggregate book value of US$800.6 million (2012: US$824.3 million) (note 15); and

– certain trading financial assets with an aggregate book value of US$1,142.2 million (2012: US$1,098.3 million) (note 26).

31. PROVISIONS AND OTHER LIABILITIES

	The Group			
	Pensions US$'000	Onerous leases US$'000	Others US$'000	Total US$'000
As at 1 July 2012	21,877	71,878	11,099	104,854
Additions through acquisition of subsidiary	–	4,211	3,294	7,505
Provision made/(written back) during the year	(7,835)	3,928	20,994	17,087
Amounts settled or utilised during the year	(5,189)	(6,526)	(1,949)	(13,664)
Exchange adjustments	(309)	(1,738)	(542)	(2,589)
As at 30 June 2013	8,544	71,753	32,896	113,193
Provisions and other liabilities as at 30 June 2013 are disclosed as:				
Current liabilities	–	6,392	23,792	30,184
Non-current liabilities	8,544	65,361	9,104	83,009
	8,544	71,753	32,896	113,193

32. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group						
Deferred tax arising from:	Depreciation allowance in excess of related depreciation US$'000	Revaluation of properties US$'000	Timing difference on development properties US$'000	Revaluation of financial liabilities US$'000	Tax losses US$'000	Others US$'000	Total US$'000
As at 1 July 2011	(43,042)	61,987	40,148	(9,284)	(14,158)	39,281	74,932
Charged/(credited) to consolidated income statement	13,965	(23,924)	(41,308)	3,964	2,989	(7,999)	(52,313)
Charged to other comprehensive income	–	–	1,431	–	–	674	2,105
Transfer to provision for taxation in the consolidated statement of financial position	–	–	(16,224)	–	–	–	(16,224)
	(29,077)	38,063	(15,953)	(5,320)	(11,169)	31,956	8,500
Exchange adjustments	994	(1,164)	(871)	173	280	(1,498)	(2,086)
As at 30 June 2012	(28,083)	36,899	(16,824)	(5,147)	(10,889)	30,458	6,414
As at 1 July 2012	(28,083)	36,899	(16,824)	(5,147)	(10,889)	30,458	6,414
Charged/(credited) to consolidated income statement	5,487	(4,161)	8,918	1,612	1,776	625	14,257
Charged/(credited) to other comprehensive income	–	367	569	–	–	(387)	549
Additions through acquisition of subsidiary	(2,805)	–	–	–	–	33,033	30,228
	(25,401)	33,105	(7,337)	(3,535)	(9,113)	63,729	51,448
Exchange adjustments	527	(634)	(798)	77	45	(568)	(1,351)
As at 30 June 2013	(24,874)	32,471	(8,135)	(3,458)	(9,068)	63,161	50,097

32. DEFERRED TAXATION (cont'd)

(a) Deferred tax assets and liabilities recognised: (cont'd)

	The Group	
	2013 US$'000	2012 US$'000
Net deferred tax assets recognised on the consolidated statement of financial position	(3,897)	(23,518)
Net deferred tax liabilities recognised on the consolidated statement of financial position	53,994	29,932
	50,097	6,414

(b) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2013 US$'000	2012 US$'000
Deductible temporary differences	69,780	63,464
Tax losses	2,054,535	2,102,392
	2,124,315	2,165,856

The Group has not recognised deferred tax assets in respect of tax losses for certain group companies as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The deductible temporary differences and tax losses have no expiry dates under current tax legislation.

(c) Deferred tax liabilities not recognised

As at 30 June 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to US$202.2 million (2012: US$194.1 million). Deferred tax liabilities of US$15.3 million (2012: US$13.8 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

33. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital US$'000	Share premium US$'000	Retained profits US$'000	Total equity US$'000
The Company				
At 1 July 2011	164,526	10,493	3,717,080	3,892,099
Final dividend paid in respect of prior year	–	–	(93,008)	(93,008)
Interim dividend paid in respect of current year	–	–	(21,181)	(21,181)
Total comprehensive income for the year – Profit for the year	–	–	117,071	117,071
At 30 June 2012	164,526	10,493	3,719,962	3,894,981
At 1 July 2012	164,526	10,493	3,719,962	3,894,981
Final dividend paid in respect of prior year	–	–	(72,179)	(72,179)
Total comprehensive income for the year – Profit for the year	–	–	81,592	81,592
At 30 June 2013	164,526	10,493	3,729,375	3,904,394

(b) Nature and purpose of reserves

(i) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The purchase consideration for issued shares of the subsidiaries acquired for the purpose of satisfying outstanding share options granted by the subsidiaries is included in the capital reserve.

(iii) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

The contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iv) The ESOP reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees (Note 36).

33. SHARE CAPITAL AND RESERVES (cont'd)

(b) Nature and purpose of reserves (cont'd)

(v) The share option reserve comprises the cumulative value of employee services received for the issue of share options.

(vi) The exchange translation reserve comprises:

(a) the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.

(b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries and associates.

(vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of available-for-sale financial assets.

(viii) Revaluation reserve comprises increase in fair value of property, plant and equipment and development properties from acquired subsidiaries.

(ix) Distributable reserves of the Company as at 30 June 2013 amounted to US$3,700,010,000 (2012: US$3,690,661,000).

(c) Share capital

	The Group and The Company			
	2013		2012	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Authorised:				
Ordinary shares of US$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2013, 4,026,862 ordinary shares (2012: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiary

	The Group	
	2013 US$'000	2012 US$'000
Net assets acquired:		
Property, plant and equipment	28,673	–
Intangible assets	243,276	–
Trade and other receivables	3,096	–
Cash and short term funds	6,920	–
Trade and other payables	(89,107)	–
Taxation	4,169	–
Provisions	(7,505)	–
Deferred tax liabilities	(30,228)	–
	159,294	–
Goodwill arising from acquisition	119,788	–
Total consideration	279,082	–
Satisfied by:		
Cash consideration	279,082	–

(b) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiary

	The Group	
	2013 US$'000	2012 US$'000
Cash consideration	(279,082)	–
Other current assets	201	–
Cash at bank and in hand acquired	6,920	–
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiary	(271,961)	–

(c) Issuance of perpetual securities by a subsidiary

On 27 May 2013, a wholly owned subsidiary of GuocoLand issued senior perpetual securities (the "Perpetual Securities") with an aggregate principal amount of S$200 million (US$158.4 million), of which the Company, via a wholly owned subsidiary, subscribed S$65 million (US$51.5 million). Transaction costs incurred amounting to S$1.5 million (US$1.2 million) were recognised in equity as a deduction from proceeds.

The Perpetual Securities bear distributions at a rate of 4.7% per annum for the period from 27 May 2013 to 26 May 2016. The distribution rate will be reset on 27 May 2016 in accordance with the relevant terms and conditions of the Perpetual Securities. Distributions are cumulative and payable semi-annually at the option of GuocoLand.

The Perpetual Securities do not have a fixed maturity date. They are redeemable at the option of GuocoLand on or after 27 May 2016 at their principal amount together with any unpaid distributions.

35. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	The Group	
	2013 US$'000	2012 US$'000
Present value of wholly or partly funded obligations	(123,484)	(127,451)
Fair value of plan assets	119,750	110,928
	(3,734)	(16,523)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Changes in the present value of the defined benefit obligation:

	The Group	
	2013 US$'000	2012 US$'000
At 1 July	127,451	116,603
Service cost	413	430
Interest cost	5,169	6,031
Actuarial (gain)/loss	(2,075)	11,204
Benefits paid	(4,511)	(3,807)
Exchange differences	(2,963)	(3,010)
At 30 June	123,484	127,451

35. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(iii) Changes in the fair value of plan assets:

	The Group	
	2013 US$'000	2012 US$'000
At 1 July	110,928	105,089
Expected return on plan assets	6,546	6,927
Contributions from the Group	5,067	5,208
Benefits paid	(4,511)	(3,807)
Actuarial gain	4,304	151
Exchange differences	(2,584)	(2,640)
At 30 June	119,750	110,928

(iv) Movements in the other liabilities recognised in the consolidated statement of financial position are as follows:

	The Group	
	2013 US$'000	2012 US$'000
At 1 July	(16,523)	(11,514)
Contributions paid to plans	5,067	5,166
Income/(expenses) recognised in statement of comprehensive income	7,538	(10,704)
Exchange differences	184	529
At 30 June	(3,734)	(16,523)

(v) Income/(expenses) recognised in consolidated income statement and statement of comprehensive income are as follows:

	The Group	
	2013 US$'000	2012 US$'000
Current service cost	(425)	(436)
Interest cost	(5,318)	(6,122)
Actuarial expected return on plan assets	6,728	7,032
Net actuarial gain/(loss) recognised	6,553	(11,178)
	7,538	(10,704)

35. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(vi) The principal actuarial assumptions used as at 30 June 2013 (expressed as weighted averages) are as follows:

	The Group	
	2013	2012
Discount rate	3.77%	4.16%
Expected returns on plan assets – equities	8.00%	8.00%
Expected returns on plan assets – bonds	4.55%	4.00%
Expected rates of salary increase	3.90%	3.40%

Other pension commitment

The Group's UK subsidiary has an unfunded pension commitment relating to three former executives of the subsidiary. At 30 June 2013, the Group's commitment was US$4.7 million (2012: US$5.3 million). The Group paid US$0.2 million (2012: US$0.3 million) in pension payments during the year. The net cost arising on the commitment of US$nil (2012: US$0.2 million) has been recognised in other financial losses in the consolidated income statement. The actuarial gain arising on the commitment, resulting from the changes in assumptions outlined below in 2013, was US$0.3 million (2012: loss of US$0.9 million).

Assumptions used to determine the obligations at:

	The Group	
	2013	2012
Discount rate	4.5%	4.2%
Pension increases	3.0%	2.9%

(b) Defined contribution retirement plans

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

Subsidiaries in Singapore operates a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 6.5 percent to 16 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$9,607,000 (2012: US$7,227,000) and forfeited contributions in the amount of US$48,000 (2012: US$93,000) were used to reduce current year's contributions.

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) The Company

The Company adopted a share option scheme on 29 November 2001 which expired on 28 November 2011. No option had ever been granted pursuant to this share option scheme since its establishment.

On 16 December 2002, the Company adopted a share option plan (the "Share Option Plan") for the purpose of motivating the employees and directors of the Group companies and the employees of associated companies (the "Participants") and allowing them to participate in the growth of the Group through the grant of options over existing shares.

The exercise price of an option for the purchase of share will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. The Share Option Plan expired on 15 December 2012. No option had ever been granted pursuant to the Share Option Plan since its establishment.

An executive share option scheme (the "ESOS 2012") was approved by the shareholders of the Company at the special general meeting held on 14 November 2012 and took effect on 16 November 2012 for grant of options over newly issued and/or existing shares of the Company to directors and executives (the "Eligible Executives") of the Company or any of its subsidiaries from time to time (the "Group"), for the purpose of providing the Eligible Executives of the Group the opportunity of participating in the growth and success of the Group through the grant of options over newly issued and/or existing shares of the Company.

The exercise price per share payable upon exercise of any share option will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of grant of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 30 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. The ESOS 2012 shall be in force for a period of ten years commencing from the effective date of the ESOS 2012 and no share option may be granted under the ESOS 2012 on or after 16 November 2022.

No share options were outstanding during the year and no option has been granted to any eligible participants pursuant to the ESOS 2012 during the year.

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(b) GuocoLand

The GuocoLand Limited Executives' Share Option Scheme 2008 (the "GuocoLand ESOS 2008") was approved by the shareholders of GuocoLand on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date"). Under the GuocoLand ESOS 2008, options may be granted over newly issued and/or existing shares of GuocoLand to eligible participants including employees and executive directors of GuocoLand and its subsidiaries who are not controlling shareholders of GuocoLand. The GuocoLand ESOS 2008 shall continue to be in force at the discretion of the GuocoLand ESOS Committee subject to a maximum period of 10 years commencing on the Effective Date till 20 November 2018.

6,148,475 share options were lapsed and there were no new options granted or exercised during the year.

(i) The number and weighted average exercise prices of share options are as follows:

	2013		2012	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	S$2.14	6,148,475	S$2.17	33,615,318
Lapsed during the year	S$2.14	(6,148,475)	S$2.18	(27,466,843)
Outstanding at the end of the year	N/A	–	S$2.14	6,148,475
Exercisable at the end of the year	N/A	–	N/A	–

	2013	2012
The weighted average share price at the date of exercise for share options exercised during the year	N/A	N/A
The weighted average exercise price per share of the outstanding options	N/A	S$2.14
The weighted average remaining contractual life of the options	N/A	1.0 year

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(b) GuocoLand (cont'd)

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on 1-year historical volatility.

In respect of financial year 2011/12

Date of grant of options	28 September 2009
Fair value at measurement date	S$0.69 to S$0.72
Share price at grant date	S$2.28
Exercise price	S$2.29
Adjusted exercise price	S$2.14
Expected volatility	42.2% to 49.8%
Expected option life	3.2 years to 5.2 years
Expected dividend yield	2.2%
Risk-free interest rate	0.6% to 1.3%

(c) GuocoLand (Malaysia) Berhad ("GLM")

The GLM Executive Share Option Scheme was approved by shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company on 25 November 2011 ("New ESOS") to replace GLM's former Executive Share Option Scheme expiring in year 2016. The New ESOS was established on 21 March 2012 and shall be in force for a period of 10 years. The New ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the GLM group to participate in the equity of GLM. Under the New ESOS, options may be granted over newly issued and/or existing shares of GLM to eligible participants including any executive or director of GLM and its subsidiaries. None of the option under the New ESOS has been granted as at the end of the financial year.

During the financial year 2011/12, GLM has established a Value Creation Incentive Plan ("VCIP") for selected key executives of GLM and its subsidiaries to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the GLM ESOS Trust. Pursuant to the VCIP, GLM has granted conditional incentive share options ("VCIP Options") over 27,500,000 ordinary shares of GLM, at an exercise price of RM0.87 per share to eligible key executives of the GLM group, of which 23,000,000 share options were lapsed during the year.

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(c) GuocoLand (Malaysia) Berhad ("GLM") (cont'd)

(i) The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees of GLM:			
– on 24 August 2011	4,500,000	Achievement of certain financial and performance targets/criteria during the performance periods for FY2012 to FY2015.	2 to 7 years
Total share options	4,500,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2013 Weighted average exercise price	2013 Number of options	2012 Weighted average exercise price	2012 Number of options
Outstanding at the beginning of the year	**RM0.87**	**27,500,000**	–	–
Granted during the year	**–**	**–**	RM0.87	27,500,000
Lapsed during the year	**RM0.87**	**(23,000,000)**	–	–
Outstanding at the end of the year	**RM0.87**	**4,500,000**	RM0.87	27,500,000
Exercisable at the end of the year	**N/A**	**–**	N/A	–

	2013	2012
The weighted average share price at the date of exercise for share options exercised during the year	**N/A**	N/A
The weighted average exercise price per share of the outstanding options	**RM0.87**	RM0.87
The weighted average remaining contractual life of the options	**3.4 years**	4.4 years

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(c) GuocoLand (Malaysia) Berhad ("GLM") (cont'd)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Date of grant of options	24 August 2011
Fair value at measurement date	RM0.17 to RM0.42
Share price at grant date	RM0.83
Exercise price	RM0.87
Expected volatility	42.8%
Expected option life	1.5 years to 6.5 years
Expected dividend yield	2.30% to 3.09%
Risk-free interest rate	3.04% to 3.25%

(d) GuocoLeisure

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GuocoLeisure ESOS 2008") was approved by the shareholders of GuocoLeisure on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date") in place of the previous GuocoLeisure Share Option Plan and the GuocoLeisure Value Creation Incentive Share Scheme, which were both terminated on 21 November 2008. The GuocoLeisure ESOS 2008 allows the grant of options over newly issued and/or existing shares of GuocoLeisure to eligible participants including employees and executive directors of the GuocoLeisure group who are not controlling shareholders of GuocoLeisure. The GuocoLeisure ESOS 2008 shall continue to be in force at the discretion of the GuocoLeisure ESOS Committee, subject to a maximum period of 10 years commencing from the GuocoLeisure ESOS Effective Date till 20 November 2018.

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(d) GuocoLeisure (cont'd)

(i) The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees of GuocoLeisure:			
– on 16 December 2010	105,000	1 to 3 years from the date of grant	1.5 to 3.3 years
Options granted to directors of GuocoLeisure:			
– on 13 May 2013	5,000,000		
Options granted to directors of subsidiaries of GuocoLeisure:			
– on 13 May 2013	31,000,000	3 to 6 years from the date of grant	3.6 to 8.6 years
Options granted to employees of GuocoLeisure:			
– on 13 May 2013	39,900,000		
Total share options	76,005,000		

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(d) GuocoLeisure (cont'd)

(ii) The number and weighted average exercise prices of share options are as follows:

	2013 Weighted average exercise price	2013 Number of options	2012 Weighted average exercise price	2012 Number of options
Outstanding at the beginning of the year	S$0.713	210,000	S$0.713	5,300,000
Granted during the year	S$0.86	79,900,000	–	–
Lapsed during the year	S$0.713-S$0.86	(4,105,000)	S$0.713	(5,090,000)
Outstanding at the end of the year	S$0.713-S$0.86	76,005,000	S$0.713	210,000
Exercisable at the end of the year	N/A	–	N/A	–

	2013	2012
The weighted average share price at the date of exercise for share options exercised during the year	N/A	N/A
The weighted average exercise price per share of the outstanding options	S$0.86	S$0.713
The weighted average remaining contractual life of the options	6.5 years	2.3 years

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(d) GuocoLeisure (cont'd)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends for the date of grants of 16 December 2010.

Date of grant of options	13 May 2013	16 December 2010
Fair value at measurement date	S$0.17 to S$0.227	S$0.189 to S$0.263
Share price at grant date	S$0.83	S$0.715
Exercise price	S$0.86	S$0.713
Expected volatility	34.1%	56.7%
Expected option life	3.6 years to 8.6 years	1.5 years to 3.3 years
Expected dividend yield	2.41%	1.99%
Risk-free interest rate	1.05%	2.04%

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(e) Rank

Rank operates the Save-As-You-Earn ("SAYE") share option scheme, the Executive Share Option Scheme ("ESOS") and the Long Term Incentive Plans ("LTIP"), a share award scheme. All of these schemes are equity settled. The SAYE scheme previously offered to all UK employees has now lapsed and all grants under the ESOS have been suspended.

(i) The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors of Rank:			
– LTIP	3,225,208	Certain financial and performance targets to be met and will be vested 3 to 5 years from the date of grant	3 to 5 years
Options granted to directors of subsidiaries of Rank:			
– LTIP	3,202,719		
Options granted to employees of Rank:			
– LTIP	2,120,905		
Total share options	8,548,832		

(ii) The number and weighted average exercise prices of share options are as follows:

	2013 Weighted average exercise price	2013 Number of options	2012 Weighted average exercise price	2012 Number of options
Outstanding at the beginning of the year	GBp7.6	3,298,508	GBp28.4	3,902,006
Exercised during the year	GBp8.3	(1,169,881)	–	–
Granted during the year	NIL	6,874,638	NIL	124,819
Expired during the year	GBp37.2	(454,433)	GBp117.6	(728,317)
Outstanding at the end of the year	NIL	8,548,832	GBp7.6	3,298,508
Exercisable at the end of the year	NIL	–	GBp270.0	11,666

	2013	2012
The weighted average share price at the date of exercise for share options exercised during the period	GBp163.54	–
The weighted average exercise price per share of the outstanding options	NIL	GBp7.6
The weighted average remaining contractual life of the options	3.1 years	1.3 years

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(e) Rank (cont'd)

(iii) Fair value of share options and assumptions

The fair values for each of the ESOS and SAYE awards granted were calculated using a Black-Scholes pricing model. The fair value of LTIP awards is calculated using a Monte Carlo simulation which allows for the incorporation of market performance conditions. For grants made subject to an EPS performance condition, the expense recognised is based on expectations of these conditions being met, which are reassessed at the end of each reporting period.

	2013 LTIP	2011 LTIP	2010 LTIP
Fair value at measurement date	GBp103.40	GBp79.10	GBp83.56 to GBp89.20
Share price at grant date	GBp160.50	GBp129.30 to GBp138.20	GBp115.20 to GBp119.00
Exercise price	Nil	Nil	Nil
Expected volatility	33.0%	42.0%	49.0%
Expected option life	2.8 years	3.0 years	3.0 years
Expected dividend yield	5.1%	2.7%	2.5% to 2.9%
Risk-free interest rate	1.4%	1.7%	1.1% to 1.8%

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The Group's credit exposure in property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group only obtain liquid securities as collaterals from margin clients of securities, commodities and brokerage business.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(b) Liquidity risk (cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	2013 Contractual undiscounted cash flow						2012 Contractual undiscounted cash flow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2013 US$'000	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2012 US$'000
The Group												
Non-derivative financial liabilities												
Bank loans and other loans	(1,662,640)	(1,077,923)	(1,782,236)	(121,931)	(4,644,730)	(4,407,470)	(1,878,070)	(423,370)	(1,992,828)	(144,189)	(4,438,457)	(4,222,929)
Unsecured medium term notes	(241,131)	(567,283)	(1,087,276)	(107,127)	(2,002,817)	(1,738,138)	(102,713)	(208,284)	(943,636)	(15,283)	(1,269,916)	(1,107,774)
Secured mortgage debenture stock	(29,303)	(228,666)	(19,954)	(111,088)	(389,011)	(309,015)	(30,002)	(30,002)	(247,746)	(120,554)	(428,304)	(323,026)
Trade and other payables	(913,478)	(111,427)	(7,431)	(729)	(1,033,065)	(1,033,065)	(687,479)	(54,902)	(888)	(149)	(743,418)	(743,418)
	(2,846,552)	(1,985,299)	(2,896,897)	(340,875)	(8,069,623)	(7,487,688)	(2,698,264)	(716,558)	(3,185,098)	(280,175)	(6,880,095)	(6,397,147)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(3,221)	(2,470)	(481)	–	(6,172)		(3,492)	(2,941)	(2,624)	–	(9,057)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(3,329,254)	–	–	–	(3,329,254)		(3,664,728)	–	–	–	(3,664,728)	
– inflows	3,332,436	–	–	–	3,332,436		3,650,001	–	–	–	3,650,001	
Currency option contracts												
– outflows	–	–	–	–	–		(131,570)	–	–	–	(131,570)	
– inflows	–	–	–	–	–		132,075	–	–	–	132,075	
	(39)	(2,470)	(481)	–	(2,990)		(17,714)	(2,941)	(2,624)	–	(23,279)	
The Company												
Non-derivative financial liabilities												
Trade and other payables	(221)	(271)	–	–	(492)	(492)	(296)	(271)	–	–	(567)	(567)
Financial guarantees issued on behalf of subsidiaries (maximum amount guaranteed)												
– banks	(355,371)	(253,885)	(100,350)	–	(709,606)		(50,285)	(250,000)	(150,000)	–	(450,285)	
– fixed rate bondholders	(23,750)	(23,750)	(549,479)	–	(596,979)		–	–	–	–	–	
	(379,121)	(277,635)	(649,829)	–	(1,306,585)		(50,285)	(250,000)	(150,000)	–	(450,285)	

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(c) Interest rate risk

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 swaps and swap spread to manage its interest rate exposure as appropriate. As at 30 June 2013, the Group had interest rate swaps with outstanding notional amount of US$197.7 million (2012: US$320.2 million).

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest earning financial assets and interest bearing financial liabilities at the end of the reporting period.

	2013 Effective interest rate	2013 US$'000	2012 Effective interest rate	2012 US$'000
The Group				
Floating rate financial assets/(liabilities)				
Bank loans and other borrowings	0.55% to 7.56%	(4,303,450)	0.55% to 7.65%	(4,115,142)
		(4,303,450)		(4,115,142)
Fixed rate financial assets/(liabilities)				
Debt securities	–	–	6.00%	509
Deposits with banks	0.03% to 7.80%	1,841,177	0.02% to 9.00%	954,537
Bank loans and other borrowings	2.33% to 10.75%	(2,151,173)	2.33% to 10.75%	(1,538,587)
		(309,996)		(583,541)
Total		(4,613,446)		(4,698,683)
The Company				
Fixed rate financial assets				
Deposits with banks	0.03% to 3.03%	1,077,670	0.08% to 1.17%	214,710
Amounts due from subsidiaries	1.14% to 2.55%	139,960	1.57%	255,028
		1,217,630		469,738

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(c) Interest rate risk

(ii) Sensitivity analysis

As at 30 June 2013, it is estimated that a general increase/decrease of 10 to 63 basis points (2012: 10 to 63 basis points) in interest rates for the Group's various currencies, mainly United States dollars, British pounds, Malaysian Ringgit and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$2.6 million (2012: decreased/increased of US$4.6 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2013.

The sensitivity analysis above indicates the instantaneous change in the Group's profit and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

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

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk (cont'd)

(i) Exposure to foreign currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2013					2012				
	Australian Dollars '000	Renminbi '000	Japanese Yen '000	Malaysian Ringgit '000	Singapore Dollars '000	Australian Dollars '000	Renminbi '000	Japanese Yen '000	Malaysian Ringgit '000	Singapore Dollars '000
The Group										
Available-for-sale financial assets	–	–	–	3,960	–	5,798	–	–	5,490	–
Trade and other receivables	128	134,232	9,641	468	293	162	118,133	135	53	712
Trading financial assets	151,182	–	15,584,685	208,909	–	219,110	–	16,435,740	212,061	12,324
Cash and short term funds	237	144,955	2,671	247,612	25,743	174	70,605	5,864	18,378	13,256
Trade and other payables	–	(10,303)	–	(27)	–	–	(33,097)	–	(133)	(3,683)
Bank loans and other borrowings	–	–	–	–	(13,000)	–	–	–	–	–
Gross exposure arising from recognised assets and liabilities	151,547	268,884	15,596,997	460,922	13,036	225,244	155,641	16,441,739	235,849	22,609
Notional amounts of forward exchange contracts at fair value through profit or loss	(155,416)	–	(15,551,612)	(424,452)	317,614	(284,814)	(1,149)	(37,995,529)	(111,153)	183,392
Notional amounts of currency option contracts at fair value through profit or loss	–	–	–	–	–	30,000	–	794,300	63,885	–
Overall net exposure	(3,869)	268,884	45,385	36,470	330,650	(29,570)	154,492	(20,759,490)	188,581	206,001
The Company										
Trade and other receivables	–	–	–	100	–	–	–	–	–	–
Cash and short term funds	139	4	373	246,785	4,968	90	–	3,535	119	257
Gross exposure arising from recognised assets and liabilities	139	4	373	246,885	4,968	90	–	3,535	119	257

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2013			2012		
	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000
The Group						
Australian Dollars	5%	(236)	–	6%	(3,810)	–
Renminbi	1%	561	–	3%	756	–
Japanese Yen	8%	(932)	–	5%	(15,989)	–
Malaysian Ringgit	4%	200	45	6%	2,093	–
Singapore Dollars	3%	6,670	–	5%	7,045	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2012.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 26) and available-for-sale equity securities (see note 21).

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

As at 30 June 2013, it is estimated that an increase/decrease of 11% to 23% (2012: 10% to 24%) in the market value of the Group's global listed trading securities and available-for-sale equity securities, with all other variables held constant, would have increased/decreased the Group's profit and total equity by US$259.3 million (2012: US$156.9 million) and US$259.3 million (2012: US$243.6 million) respectively. It is assumed that none of the available-for-sale investments would be considered impaired as a result of relevant risk variables. The analysis is performed on the same basis for 2012.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	2013				2012			
	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
The Group								
Assets								
Available-for-sale equity securities:								
– Listed	1,542,801	–	–	1,542,801	1,454,235	–	–	1,454,235
– Unlisted	–	–	35,113	35,113	–	–	35,467	35,467
Trading debt securities:								
– Unlisted	–	–	–	–	–	509	–	509
Trading equity securities:								
– Listed	1,508,066	–	–	1,508,066	1,225,963	–	–	1,225,963
Trading unit trusts:								
– Unlisted	–	15,821	–	15,821	–	–	–	–
Derivative financial instruments:								
– Forward exchange contracts	–	11,605	–	11,605	–	1,564	–	1,564
– Futures	–	–	–	–	–	246	–	246
– Equity options	–	303	–	303	–	–	–	–
– Currency options	–	–	–	–	–	83	–	83
	3,050,867	27,729	35,113	3,113,709	2,680,198	2,402	35,467	2,718,067
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	5,359	–	5,359	–	8,553	–	8,553
– Forward exchange contracts	–	6,809	–	6,809	–	10,751	–	10,751
– Equity options	–	–	–	–	–	527	–	527
– Currency options	–	–	–	–	–	60	–	60
	–	12,168	–	12,168	–	19,891	–	19,891

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values (cont'd)

Financial instruments carried at fair value (cont'd)

	2013				2012			
	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
The Company								
Assets								
Available-for-sale equity securities:								
– Unlisted	–	–	203	203	–	–	203	203

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	The Group	
	2013 US$'000	2012 US$'000
Unlisted available-for-sale equity securities:		
At 1 July	35,467	39,531
Net unrealised losses recognised in other comprehensive income during the period	(87)	(4,185)
Proceeds from sales	(264)	–
Exchange adjustments	(3)	121
At 30 June	35,113	35,467
Total gains or losses for the year reclassified from consolidated other comprehensive income on disposal	122	–

(g) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2013 and 2012.

Listed investments are stated at quoted market bid prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair value of forward exchange contracts is determined using forward exchange rates at the end of the reporting period. The fair value of derivatives financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(g) Fair value estimation (cont'd)

The fair value of non-derivative financial liabilities is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the end of the reporting period.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

38. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the equity attributable to shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds and marketable securities.

The equity-debt ratio as at 30 June 2013 is as follows:

	The Group	
	2013 US$'000	2012 US$'000
Bank loans	4,272,601	3,753,249
Mortgage debenture stock	309,015	323,026
Other borrowings	1,873,007	1,577,454
Total borrowings	6,454,623	5,653,729
Less: Cash and short term funds	(2,072,946)	(1,134,639)
Marketable securities	(1,523,887)	(1,226,472)
Net debt	2,857,790	3,292,618
Equity attributable to shareholders of the Company	6,517,923	5,698,683
Equity-debt ratio	70:30	63:37

39. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

As at 30 June 2013, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	The Group	
	2013 US$'000	2012 US$'000
Within 1 year	143,896	129,854
After 1 year but within 5 years	553,886	486,621
After 5 years	1,681,948	1,599,828
	2,379,730	2,216,303

The Group leases a number of properties, plant and machinery under operating leases. The leases typically run for periods from one year to fifty-two years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

(ii) As lessor

As at 30 June 2013, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	The Group	
	2013 US$'000	2012 US$'000
Within 1 year	13,243	16,627
After 1 year but within 5 years	26,497	27,615
After 5 years	20,309	24,865
	60,049	69,107

(b) Capital commitments outstanding at year end not provided for in the financial statements

	The Group	
	2013 US$'000	2012 US$'000
Authorised and contracted for	13,207	6,987
Authorised but not contracted for	33,562	64,240
	46,769	71,227

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$1,512.5 million (2012: US$1,507.3 million).

(c) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2013.

40. CONTINGENT LIABILITIES

(a) GuocoLand

In November 2007, GuocoLand (China) Limited ("GLC"), a wholly owned subsidiary of GuocoLand, completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("DZM Project Co"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). An aggregate of RMB3.22 billion (approximately US$0.52 billion) of the purchase consideration of RMB5.8 billion (approximately US$0.94 billion) had been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "DZM Vendors"). The balance RMB2.58 billion (approximately US$0.42 billion) had been withheld, pending resolution of disputes described below and, in respect of a loan of RMB2 billion (approximately US$0.33 billion) made by Agricultural Bank of China ("ABC") to Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB, and guaranteed by BBJB, DZM Project Co and Hainan Co. The loan of RMB2 billion (approximately US$0.33 billion) with interest ("ABC Loan") had, in April 2011, been acquired from ABC by GuoSon Investment Company Limited ("GICL"), a wholly owned subsidiary of GuocoLand, together with all rights attaching thereto including enforcement rights against the borrower and guarantors, for a sum of RMB3.048 billion (approximately US$0.50 billion). GICL's acquisition of the ABC Loan had been sanctioned by The Beijing Second Intermediate People's Court. PRC lawyers have advised that GLC has a good case to treat the sum paid by GICL to ABC as a set-off against any outstanding balance of the purchase consideration for the DZM Project.

(i) Alleged claims by Shenzhen Development Bank ("SDB")

SDB had claimed that a loan of RMB1.5 billion (approximately US$0.24 billion) was granted by SDB to certain borrowers (the "Alleged Loans"). Amongst the security allegedly obtained by SDB is a guarantee by Zhiye. SDB filed an earlier suit against Zhiye and DZM Project Co in The People's High Court of Beijing ("Beijing Court") but this was dismissed in December 2007. An appeal has been filed by SDB against Zhiye and DZM Project Co in respect of this dismissal ("SDB appeal").

SDB has also initiated another suit directly against DZM Project Co in connection with the recovery of its loan and interest under the Zhiye guarantee ("second SDB suit"). It made an interim application to the Beijing Court to restrict dealing in DZM Project Co's assets in the aggregate sum of its claims. GLC's PRC lawyers have advised that the interim application by SDB granted by the Beijing Court only restricts dealing in the assets of DZM Project Co pending final resolution of the SDB actions. The interim application will be expunged in the event the PRC courts dismiss the SDB actions.

Based on the information available to GLC, DZM Project Co is neither a guarantor nor borrower of the Alleged Loans granted by SDB to the third party borrowers which were unrelated to DZM Project Co. GLC has also been advised by its PRC lawyers that both the SDB appeal and second SDB suit have no merits.

Before the hearing of the SDB appeal and the second SDB suit, SDB and BBJB purportedly entered into a settlement agreement in May 2008 for DZM Project Co to pay, inter alia, RMB1 billion (approximately US$0.16 billion) of the Alleged Loans to SDB. In November 2008, this settlement agreement was purportedly mediated through the Supreme People's Court of The People's Republic of China ("Supreme Court") and was stated to have effect as a judgement upon signing by the relevant parties ("Alleged Civil Mediation Agreement"). GLC did not have conduct of the aforesaid proceedings and is not aware of whether the Alleged Civil Mediation Agreement has been signed by the parties, and has been advised by its PRC lawyers that the Alleged Civil Mediation Agreement is void and unenforceable. GLC has submitted an application for the rehearing of the Alleged Civil Mediation Agreement, which is pending before the Supreme Court.

40. CONTINGENT LIABILITIES (cont'd)

(a) GuocoLand (cont'd)

(ii) Hainan Co and DZM Project Co

In early 2008, GLC had received a notice issued by the Industrial and Commercial Administrative Bureau of Hainan Province purporting to revert registration of the shares in Hainan Co to its original shareholders, who are two of the DZM Vendors, allegedly on the ground, inter alia, that GLC had not paid the requisite consideration for Hainan Co.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the DZM Vendors. GLC has taken legal advice on these matters and would strongly defend and protect its 90% interest in the DZM Project.

In March 2008, GLC filed a suit against the Industrial and Commercial Administration Bureau of Hainan Province on its reversion of the registration in Hainan Co to the original shareholders. In October 2008, GLC was notified that an administrative judgement by the Hainan Haikou Intermediate People's Court has ruled against GLC. GLC has since appealed to the Hainan High Court against such judgement. The case has been heard by the Hainan High Court and is pending judgement.

GLC group has also sought to protect its 90% interest in the DZM Project and is pursuing separate legal actions in Beijing which are now before the Beijing Intermediate Court, seeking, inter alia, for an order as rightful owner that the 90% interest in DZM Project Co be transferred to GLC or its nominee as, amongst other arguments, the development costs of the DZM Project have been funded by the GuocoLand group. Pending judgement of the aforesaid legal actions, the Beijing Intermediate Court has granted GLC group's application for an asset preservation order in respect of the 90% shareholding in DZM Project Co held by Hainan Co.

(b) Rank

(i) Rank liabilities relating to Fiscal Neutrality Case

In May 2010, Rank received GBP30.8 million (approximately US$47.0 million) (VAT of GBP26.4 million (approximately US$40.3 million) plus interest of GBP4.4 million (approximately US$6.7 million)) relating to a claim for repayment of overpaid VAT on amusement machines. This claim was heard at the European Court of Justice in 2011 but the decision was not conclusive and part of the appeal was referred back to the UK courts. The case was heard at the Upper Tribunal in June 2012 and a number of specific points have been referred back to the First Tier Tribunal for further consideration. Rank agreed with HM Revenue & Customs to delay this hearing until another point of dispute in relation to the claim was heard at the Court of Appeal in May 2013. The result of this hearing is expected by the end of October 2013.

(ii) Other VAT and duty

In previous periods Rank has disclosed contingent liabilities in respect of a limited number of VAT and duty issues. During the period an amount of GBP12.2 million (approximately US$18.6 million) (plus interest) has been provided to cover the directors' best estimate of the expected outflow. However, it remains possible that the ultimate resolution of these issues will vary from the amount provided. Rank's total exposure, including the amount provided, is estimated at approximately GBP29 million (approximately US$44.2 million) (plus interest).

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

During the year, 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.

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

(i) Income for the year ended 30 June

	The Group	
	2013	2012
	US$'000	US$'000
Interest income	**397**	299

(ii) Balance as at 30 June

	The Group	
	2013	2012
	US$'000	US$'000
Cash and short term funds	**23,469**	19,520

(b) Management fees

On 4 July 2011, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the year ended 30 June 2013 amounted to US$4,766,000 (2012: US$260,000) and US$12,182,000 (2012: US$6,650,000) respectively.

On 4 July 2011, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to HLMC for the year ended 30 June 2013 amounted to US$411,000 (2012: US$328,000).

41. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel information

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	The Group	
	2013	2012
	US$'000	US$'000
Short-term employee benefits	**2,099**	5,575

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (a) banking transactions and (b) management fees above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS" of the Report of the Directors.

42. SUBSEQUENT EVENT

On 2 August 2013, GuocoLand entered into a sale and purchase agreement for the sale of all its interest in a subsidiary ("Sale") which has a project located in Nanjing, China, for a total consideration of RMB1,200 million (approximately US$194.8 million). The Sale was completed on 30 August 2013 and the Group will recognise a net gain of approximately US$42.7 million in the financial year 2013/14.

43. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2013 to be Guoline Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia. These entities do not produce financial statements available for public use.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2013

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2013 and which have not been adopted in these financial statements:

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial Instruments, which may have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

	Effective for accounting periods beginning on or after
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HKAS 27 (2011), Separate Financial Statements	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKFRS 9, Financial Instruments	1 January 2015

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Singapore						
Goodwood Residence situated at Bukit Timah Road	Residential	TOP obtained in 6/2013	N/A	24,845	39,752	65
Sophia Residence situated at 32 Adis Road	Residential	Superstructure and architectural works in progress	3/2014	15,435	32,413	65
Leedon Residence situated at Leedon Heights	Residential	Substructure and superstructure works in progress	11/2014	48,525	77,640	65
Tanjong Pagar Centre site situated at Peck Seah Street/ Choon Guan Street	Residential/ Commercial#/ Office#/ Hotel^	Substructure works in progress	6/2016	15,023	157,738	52
Malaysia						
Changkat Kia Peng, situated at Lot 241 Seksyen 63, Bandar, Kuala Lumpur	Residential	Planning	*	3,030	3,030	44
Commerce One, Bedford Business Park situated at Old Klang Road, Mukim of Petaling Jaya, Kuala Lumpur	Commercial	Phase 2: Building works in progress	12/2013	2,565	39,636	44
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	Phase 6B: Main building works completed	12/2013	26,993	23,411	44
		Phases 5B, 6C, 6D, 8D, CL5 & CL11: Planning	*	93,195	65,341	44
Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	30,351	30,351	44

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Malaysia (cont'd)						
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Residential/ Commercial#/ Office#/ Hotel^	Building works in progress	12/2014	32,450	214,794	44
Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang	Residential	Planning	*	18,534	18,534	44
Amandarii situated at Seksyen 9, Tempat Sungai Kantan, Daerah Hulu Langat, Selangor Darul Ehsan	Residential	Building works in progress	9/2013	35,450	16,591	44
The OVAL situated at Seksyen 63, Jalan Binjai, Kuala Lumpur	Residential	TOP obtained in 9/2009	N/A	7,080	54,474	44
Site situated at Geran No. 18795-18799, 18803-18805, 18831, Lot 7585-7589, 7597-7599, 7600 Mukim Petaling and District of Kuala Lumpur	Residential	Planning	*	184,687	184,687	44
PJ City Corporate Hub situated at Lot 13508 Seksyen 32 Bandar Petaling Jaya Daerah Petaling	Industrial	Building works in progress	3/2014	31,404	18,486	44
Site situated at 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling	Commercial	Planning	*	12,974	12,974	44

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
The People's Republic of China						
Gujiaying situated in Xuanwu District, Nanjing	Residential/ Commercial	Planning	*	296,002	504,420	65
Ascot Park situated in Qixia District, Nanjing	Commercial	Phase 2: Planning	*	19,273	19,273	62
Guoson Centre Changfeng situated in Putuo District, Shanghai	Commercial#	Phase 1: TOP obtained in 7/2010	N/A	67,335	155,618	65
	Hotel^	TOP obtained in 6/2010	N/A			
	Serviced Apartment	TOP obtained in 3/2013	N/A			
	Commercial/ Office	Phase 2: Construction works in progress	12/2016	76,510	214,330	65
Camden Park (Changfeng Plot 9), site situated in Putuo District, Shanghai	Residential	Planning	8/2016	47,675	168,227	83
Seasons Park situated in Nankai District, Tianjin	Residential	Construction works in progress	9/2013	25,866	209,661	65
Guoson Centre Dongzhimen situated in Dong Cheng District, Beijing	Residential/ Commercial/ Office/ Hotel	Construction works under review	N/A	106,000	595,812	59
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential/ Commercial	Phase 2: Construction works in progress	10/2013	101,532	173,000	65
		Phases 3 & 4: Planning	*			

* Not applicable as these developments have not commenced construction or have not been launched yet.

\# The carrying value is included in Investment Properties.

^ The carrying value is included in Property, Plant and Equipment.

N/A: Not applicable.

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR INVESTMENT

Location	Existing Use	Tenure of Land
Singapore		
Tung Centre 20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	(Note)
Site situated at Peck Seah Street/ Choon Guan Street, Singapore	Land under development	99 years lease with effect from 21 February 2011

Note: The Group disposed its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land in July 2006 to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

Location	Existing Use	Tenure of Land
Malaysia		
Menara Pandan C & D Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	Office tower building	99 years lease with effect from 25 March 2002
Damansara City Lot 58303 Damansara Heights Jalan Damanlela 50490 Kuala Lumpur	Land under development	Freehold
The People's Republic of China		
Guoson Centre Changfeng No. 452 Daduhe Road Shanghai	Commercial building	50 years lease with effect from 11 December 2005
Hong Kong		
The Center 15th Floor 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047