2016

ANNUAL REPORT

國浩集團有限公司
GuocoGroup 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 15 September 2016)

BOARD OF DIRECTORS [Note 1]

Executive Chairman
Kwek Leng Hai

President & CEO
Tang Hong Cheong

Non-executive Directors
Kwek Leng San
Tan Lim Heng

Independent Non-executive Directors
Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

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

BOARD REMUNERATION COMMITTEE

Volker Stoeckel – *Chairman*
Kwek Leng Hai
Roderic N. A. Sage

BOARD NOMINATION COMMITTEE

Kwek Leng Hai – *Chairman*
Volker Stoeckel
Roderic N. A. Sage

CHIEF FINANCIAL OFFICER

Adam R. Boswick

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

Note:

1. As announced by the Company on 1 September 2016, with effect from the even day,
   - (a) Mr. Quek Leng Chan has relinquished his position as a director and the Chairman of the board of directors (the "Board") following internal restructuring of the Hong Leong Group, and accordingly ceased to be the Chairman of the Board Nomination Committee (the "BNC") and a member of the Board Remuneration Committee (the "BRC") of the Company;
   - (b) Mr. Kwek Leng Hai has been re-designated from President, CEO to the Executive Chairman of the Board, and appointed as the Chairman of the BNC and a member of the BRC; and
   - (c) Mr. Tang Hong Cheong has been appointed as a Director and the President & CEO of the Company.

FINANCIAL CALENDAR

Interim results announcement	19 February 2016
Closure of Register of Members for interim dividend	15 March 2016
Payment date of interim dividend of HK$1.00 per share	23 March 2016
Annual results announcement	30 August 2016
Closure of Register of Members for Annual General Meeting	17 November 2016 to 21 November 2016
Annual General Meeting	21 November 2016
Closure of Register of Members for final dividend [Note 2]	29 November 2016
Payment date of final dividend of HK$3.00 per share [Note 2]	6 December 2016

Note:

2. The declaration of the final dividend is subject to shareholders' approval at the Annual General Meeting.

CORPORATE ORGANISATION CHART

(As at 30 August 2016)

GuocoGroup 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
  - **65.0%** GuocoLand (Malaysia) Berhad(3)
  - **100%** GuocoLand Vietnam (S) Pte. Ltd.

HOSPITALITY & LEISURE BUSINESS

- **67.3%** GL Limited (formerly known as "GuocoLeisure Limited")(2)
  - **100%** GLH Hotels Group Limited
  - **100%** Clermont Leisure (UK) Limited
  - **100%** Molokai Properties Limited
  - **55.1%** Bass Strait Oil & Gas Royalty
- **52.0%** 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%** Hong Leong Bank Vietnam Limited
    - **100%** Hong Leong Bank (Cambodia) Plc.
  - **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
    - **100%** HL Assurance Pte. Ltd.
  - **81.3%** Hong Leong Capital Berhad(3)
    - **100%** Hong Leong Investment Bank Berhad
    - **100%** Hong Leong Asset Management Berhad

(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)
– GL Limited (http://www.gl-grp.com)
– GLH Hotels Group Limited (http://www.glhhotels.com)
– Clermont Leisure (UK) Limited (http://www.theclermontclub.com)
– Molokai Properties Limited (http://molokairanch.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 Bank Vietnam Limited (https://www.hlb.com.my/vn)
– Hong Leong Bank (Cambodia) Plc. (https://www.hlb.com.my/main/cambodia)
– Hong Leong Assurance Berhad (http://www.hla.com.my)
– Hong Leong MSIG Takaful Berhad (http://www.hlmtakaful.com.my)
– MSIG Insurance (Malaysia) Berhad (http://www.msig.com.my)
– Hong Leong Insurance (Asia) Limited (http://www.hl-insurance.com)
– HL Assurance Pte Ltd. (https://www.hlas.com.sg)
– Hong Leong Capital Berhad (http://www.hlgcap.com.my)

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 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. Committed to its mission to create attractive risk weighted returns and capital value to the Group, the team is supported by up-to-date information systems and technological infrastructure as well as solid risk management processes and control mechanism. Ongoing resources are allocated to enhance our investment infrastructure to cater for the business needs.

Our investment team focuses on long-term cycle trends and related investment opportunities and actively looks for under-valued counters that offer attractive recovery potential.

Our treasury team 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.

Guoco's Board Investment Committee, chaired by Mr. Kwek Leng Hai (Guoco's Executive Chairman), has the overall responsibility to oversee the principal investment activities of the Group and guide the process governing the Group's core investment and treasury operations.

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand"), a public company listed on the Main Board of Singapore Exchange (the "SGX") since 1978, is a premier regional property company with operations in the geographical markets of Singapore, China, Malaysia and Vietnam. Headquartered in Singapore, GuocoLand is focused on achieving scalability, sustainability and growth in its core markets through its property development, property investment, hotel operations and property management businesses. Being an award winning developer whose developments are distinguished by quality, innovative designs and concepts, GuocoLand is also a leader of integrated mixed-use developments across Asia with sizeable integrated projects in each of its four markets.

In Singapore, GuocoLand has successfully developed and sold 34 residential projects yielding more than 9,000 apartments and homes over the last 26 years. Widely-recognised for its eco-friendly award winning developments, GuocoLand has received the Building and Construction Authority ("BCA") Green Mark Awards for projects such as Wallich Residence at Tanjong Pagar Centre, Goodwood Residence, Sophia Residence, Leedon Residence, The Waterline, Elliot at the East Coast and The Quartz. Guoco Tower, the office component of Tanjong Pagar Centre, has been awarded the LEED (Leadership in Energy and Environmental Design) Platinum Precertification and, together with the hotel and retail components, has also been conferred the Singapore BCA Green Mark (Platinum) Award.

GuocoLand has been active in China since 1994. As an established property developer in China, it has developed a sizeable portfolio of properties in the major cities of Beijing, Shanghai, Nanjing and Tianjin. Its portfolio ranges from single component developments to signature large scale integrated developments which comprise residential, commercial, retail and hospitality assets in prime locations close to, or even integrated with transportation hubs. In 2014, GuocoLand was awarded by the Shanghai Putuo District People's Government for its contribution to the regional district of Shanghai Putuo.

In Malaysia, GuocoLand has an established presence, engaging in property development and investment as well as hotel and resort holdings activities through its 65% subsidiary, GuocoLand (Malaysia) Berhad ("GLM"). GLM is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Its portfolio includes an integrated mixed-use development, prime office and residential properties in Kuala Lumpur and Greater Kuala Lumpur as well as master planned townships. GLM is also active in property investment through its 21.7% interest in Tower REIT which is listed on Bursa Securities. Tower REIT has Menara HLA and HP Towers in its portfolio of office buildings and is managed by GLM REIT Management Sdn Bhd, a wholly-owned subsidiary of GLM.

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

HOSPITALITY AND LEISURE BUSINESS

GL Limited ("GL", formerly known as "GuocoLeisure Limited") was founded in 1961, and is the holding company of an international hospitality and leisure group with its global head office in Singapore. GL is listed on the Main Board of SGX and its core hospitality business is operated out of GLH Hotels Limited ("GLH") in the United Kingdom.

GLH owns and/or operates hotels in the United Kingdom, and is the largest owner-operator hotel company in London with 15 hotels in top London locations. It currently operates 12 hotels under three owned brands – Amba Hotels, every Hotels and Thistle Hotels, and four luxury London hotels with individual branding – The Grosvenor Hotel, The Royal Horseguards, The Tower Hotel and The Cumberland.

In addition to its core hospitality business, GL owns the prestigious Clermont Club in Mayfair, London, real estate in Hawaii and rights to royalties from the production of oil and natural gas in the Bass Strait in Australia.

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. They are: "Mecca" – a leading bingo operator in Great Britain with 86 clubs and a digital business offering both online and mobile bingo; "Grosvenor Casinos" – the leading casino operator with 53 casinos in Great Britain along with 2 other casinos in Belgium and an online and mobile casino business; and "Enracha" – an operator of 9 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 listed on the Main Market of Bursa Securities. 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 270 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 ("HLISB"), offers its customers a wide range of innovative solutions which amongst others include structured finance, business and corporate banking, personal financial services, Islamic global markets and wealth management. In addition to these, HLISB also pursues the development of its own business niche in payment and transactional solutions and Islamic Capital Markets.

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, a 65% interest in Hong Leong MSIG Takaful Berhad focusing on Takaful insurance and a 100% interest in HL Assurance Pte. Ltd. which provides general insurance business in Singapore.

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") 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 2016, the HLFG Group employs over 10,900 employees to deliver quality and competitive financial products and services to customers in Malaysia, Singapore, Hong Kong, Vietnam, Cambodia and China.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

KWEK LENG HAI

Mr. Kwek Leng Hai, aged 63, the Executive Chairman of the Board of Directors (the "Board") of Guoco Group Limited ("Guoco"), the Chairman of the Board Nomination Committee ("BNC") and a member of the Board Remuneration Committee ("BRC") of Guoco since 1 September 2016. He was appointed to the Board in 1990 and assumed the position of the President, CEO of Guoco from 1995 up to 1 September 2016. He is also a director of Guoco's key listed subsidiaries and associated companies including as the Non-executive Chairman of GL Limited ("GL") and a Director of GuocoLand Limited ("GuocoLand"), Hong Leong Bank Berhad and Bank of Chengdu Co., Ltd. He is a Director and shareholder of Hong Leong Company (Malaysia) Berhad ("HLCM", and together with its subsidiaries, the "Hong Leong Group"), the ultimate holding company of Guoco. He also serves as the Chairman of Lam Soon (Hong Kong) Limited ("LSHK"). He qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate. He is a brother of Mr. Kwek Leng San.

TANG HONG CHEONG

Mr. Tang Hong Cheong, aged 61, a Director and the President & CEO of Guoco since 1 September 2016. He is also Group Managing Director of GL and a Director of GuocoLand and LSHK. He held various senior management positions in different companies within the Hong Leong Group. Prior to joining the Guoco Group, he was the President/Finance Director of HL Management Co Sdn Bhd. He was a Director of Southern Steel Berhad ("Southern Steel"), and the Non-executive Chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust. Mr. Tang is a member of the Malaysian Institute of Accountants and has over 40 years of broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He possesses in-depth knowledge in investment, manufacturing, financial services, property development, gaming and hospitality industry.

KWEK LENG SAN

Mr. Kwek Leng San, aged 61, a Non-executive Director of Guoco since 1990. He is the Chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad, Hume Industries Berhad and Southern Steel. 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 Mr. Kwek Leng Hai.

TAN LIM HENG

Mr. Tan Lim Heng, aged 68, a Non-executive Director of Guoco since March 2015. He had been an Executive Director of Guoco since 1996. He also serves as a 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

Mr. Volker Stoeckel, aged 71, an Independent Non-executive Director of Guoco since 2004 and is the Chairman of the BRC and a member of both the Board Audit and Risk Management Committee ("BARMC") and the BNC of Guoco. He was the 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 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

Mr. Roderic N. A. Sage, aged 63, an Independent Non-executive Director of Guoco since October 2009 and the Chairman of the BARMC and a member of both the BRC and the BNC of Guoco. He was 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 for over 20 years until 2003, as a senior partner and member of the management board. 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

Mr. David Michael Norman, aged 60, an Independent Non-executive Director and a member of the BARMC of Guoco since July 2013. He was appointed as the Chairman of the Share Registrars' Disciplinary Committee of the Securities and Futures Commission of Hong Kong ("SFC") for a term from 1 April 2015 to 31 March 2017. He was also appointed as a member of the Takeovers Appeal Committee of the SFC and reappointed as a member of the Takeovers and Mergers Panel of the SFC, both for a term from 1 April 2016 to 31 March 2018. 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 Company Limited (formerly known as "South China (China) Limited"), listed in Hong Kong. Mr. Norman has extensive experience in mergers and acquisitions and corporate finance.

FINANCIAL HIGHLIGHTS

	2016 HK$'M	2015 HK$'M	Decrease
Turnover	**18,878**	33,771	(44%)
Revenue	**17,260**	21,748	(21%)
Profit from operations	**5,118**	5,436	(6%)
Profit attributable to equity shareholders of the Company	**3,088**	4,625	(33%)
	HK$	HK$	
Earnings per share	**9.50**	14.23	(33%)
Dividend per share:			
Interim	**1.00**	1.00	
Proposed final	**3.00**	3.00	
Total	**4.00**	4.00	–
Equity per share attributable to equity shareholders of the Company	**170.71**	177.60	(4%)

TEN YEAR SUMMARY

US$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share US$
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	0.84[1]
2014	16,610,521	7,442,421	7,256,604	742,151	0.52
2015	16,511,383	7,053,466	7,538,536	596,590	0.52
2016	**14,709,370**	**5,628,729**	**7,239,547**	**397,967**	**0.52**

HK$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share HK$
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	6.51[1]
2014	128,743,997	57,684,345	56,244,124	5,752,227	4.00
2015	127,997,067	54,678,822	58,439,108	4,624,794	4.00
2016	**114,132,208**	**43,674,152**	**56,172,731**	**3,087,886**	**4.00**

Note:

1. Including special interim dividend in specie declared on 3 July 2013 (approximately HK$5.01 per ordinary share).

CHAIRMAN'S STATEMENT

"Each of our core businesses will continue to enhance its competitive advantages through productivity improvement, innovation as well as new technology initiatives to achieve stable growth and sustain profitability."

I am pleased to present our Annual Report for the financial year ended 30 June 2016.

OVERVIEW

The twelve months to June 2016 was certainly a volatile period for the global economy. While stimulus measures continued to support markets in Europe and Japan, the U.S. stepped back from accommodative policies, raising interest rates for the first time in nearly a decade. The Fed then abruptly paused their tightening track as economic fissures ushered in renewed concerns of a global recession. Growth in Asia continued to moderate amid the tepid global recovery and a slowdown in China. By mid-year 2016, after the Brexit vote result, most equity markets had retreated over the twelve month period, with the exception of the U.S. which recorded a modest increase. The fair value of the Group's investment portfolio was adversely affected by this downside volatility. Our other core businesses were subject to different challenges in their respective environments but were still able to post solid results despite the various economic headwinds.

FINANCIAL RESULTS

The Group's consolidated profit attributable to equity shareholders for the financial year, after taxation and non-controlling interests, amounted to HK$3.1 billion, as compared to HK$4.6 billion for the previous year. Profit from operations decreased by 6% year-on-year due to the net operating loss of Principal Investment eroding the higher operating profit contributions from the Property Development and Hospitality segments.

In addition to the interim dividend of HK$1.00 per share already paid, the directors will be recommending a final dividend of HK$3.00 per share (2015: HK$3.00 per share) at the forthcoming Annual General Meeting. This gives a total dividend of HK$4.00 per share, same as last year, maintaining our healthy trend of dividend payout to shareholders.

CORE BUSINESSES

Principal Investment

Corporate profit growth has weakened and record-low government bond yields point to poor medium-term investment returns. Investors saw expensive U.S. equities, weakening developed market cycle fundamentals and the fading of oversold tailwinds. Economic recovery in the U.S. has continued as has the recovery in Europe, albeit sustained with greater levels of economic stimulus. China's economy stayed below growth trend line and its stock market under-performed on persistent fears of industrial over-capacity and an anti-corruption campaign. Japan's economic cycle was also in a different phase as the Bank of Japan was still working on lifting the country out of a deflationary cycle. We took advantage of the low share prices outside the U.S. to rebuild our positions in stocks that traded at discounts to their respective markets. While our investment portfolio showed an unrealised loss for the year, we see the recovery potential of our holdings post year-end.

The global economic environment remains challenging and uncertain with an unconvincing recovery. We will remain prudent and disciplined in managing our portfolio and continue to focus on value investments, fallen angels, and sector megatrends/cycles. Shareholders should be mindful that our financial results are marked-to-market and will therefore remain volatile.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

Market sentiment in the domestic and overseas property markets in which GuocoLand operates in remained weak and potential buyers were in a generally cautious mood. However, the demand for good-quality properties has held firm with prices remaining competitive. While GuocoLand recorded lower revenue from sales of inventories in the current year, it was able to achieve a better performance from the successful divestment of its Dongzhimen project, the integrated mixed-use development in Beijing.

As GuocoLand continued to monetise its inventories during the year, the strong cash flow from operating activities has effectively reduced its gearing ratio to 0.73 times as at 30 June 2016. It has sufficient financial resources to support future projects and to capitalise on investment opportunities when they arise.

In keeping with the strategy to maintain a pipeline of projects for development income, GuocoLand had tendered for and won an attractively located residential site at Martin Place in Singapore. This sizeable land parcel of more than 15,900 sqm will be developed into luxury condominiums capable of yielding approximately 450 units.

The two large integrated mixed-use developments, Tanjong Pagar Centre in Singapore and Damansara City in Kuala Lumpur of Malaysia, are scheduled to be completed in the new financial year. Rental income from these important projects will enhance GuocoLand's recurring income base going forward, in line with its strategy of optimizing the balance between development and recurring income to sustain future growth.

GuocoLand will continue to focus on sales and leasing of its current projects while staying watchful for investment opportunities which provide long-term value for future growth.

Hospitality and Leisure

GL Limited ("GL", formerly known as "GuocoLeisure Limited")

The financial year presented a challenging operating environment for GL. Events in Europe weighed down on the revenue performance of its core hospitality division, GLH Hotels. Oil prices fell to a ten-year low, impacting GL's oil and gas royalty income. Despite this, GL managed to record a substantial increase in profit with some non-operating and one-off gains driving sizeable year-on-year profit growth at GLH.

GLH continues to make progress in its transformation. It presently operates 16 hotels in the United Kingdom. In an exciting development, GLH has also unveiled plans for a collaboration with Hard Rock International. The 900-room Hard Rock Hotel London, to be converted from the existing Cumberland Hotel, is scheduled for opening in the summer of 2018.

Performance of the London hotel market is expected to grow in the year ahead albeit at a modest rate. GLH continues to maintain a cautious outlook following the events in Europe which could negatively impact discretionary travel in the coming year. Uncertainty arising from such events may cause further weakness in the Pound Sterling. However, this could provide a boost for inbound travel into the United Kingdom, but at the same time, adversely impacting the hotel and gaming divisions' revenue growth in USD terms. GL continues to be financially strong while maintaining a conservative gearing ratio.

The Rank Group Plc ("Rank")

Rank continued to grow all parts of its business across all brands and channels in the year on a like-for-like basis, with solid performances posted by Grosvenor Casinos and Mecca Bingo. It also focused on delivering significant projects to bring in the right platform for future growth. This included the migration of its digital business onto a new gaming platform, the rollout of an improved retail casino management system and investments into new generation machines in both its casino and bingo venues.

With approximately 2.8 million members, and 154 venues, Rank aims to be a U.K. leading multi-channel gaming operator, possessing market leading brands and with the ability to deliver them via the channels their customers prefer, whether in venue, online or mobile. Rank is in a strong financial position and has a clear strategy for sustained long-term organic growth.

As part of its efforts to rapidly scale via transformational inorganic growth, Rank jointly with 888 Holdings plc submitted in early August 2016 a non-binding proposal to William Hill plc for a combination of the three businesses. While the parties unfortunately could not agree upon terms, Rank will continue to actively evaluate further strategic opportunities.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

In the financial year, HLFG had been affected by a number of adverse financial one-offs at both its banking division, Hong Leong Bank Berhad, and its insurance division, Hong Leong Assurance Berhad, which if stripped away, would have generated an increase in profit before tax. Also slower economic growth, weaker consumer and business sentiment in the key operating markets, as well as volatile commodity prices and currencies, resulted in lower contributions across all operating divisions. In addition, the share of profit from Bank of Chengdu and Sichuan Jincheng Consumer Finance joint venture was also less than the previous year.

The Malaysian economy is expected to continue to see lower growth with reduced domestic demand, higher cost pressure, increased competition and regulations in the financial sector. With its core operations taking concrete steps to increase productivity and application of technology for customer services to strengthen the business franchise and its competitive edge, HLFG is confident of working through these challenges. It is very well positioned to build on its solid foundation for the next phase of growth and to take advantage of potential opportunities that may arise to generate further return for shareholders.

GROUP OUTLOOK

Global equity markets are in a range constrained by lackluster profits, slower growth and possible recession risks. Brexit negotiations could be drawn out and lead to uncertainty. In general, we expect global markets to remain volatile and eventually bond yields to rise. In addition, China has to deal with excessive inventory and capacity, carried over from the runaway growth in the previous years. Given the adverse uptick in geopolitical events, we also expect short term negative impact on tourism.

Despite the global uncertainties, each of our core businesses will continue to enhance its competitive advantages through productivity improvement, innovation as well as new technology initiatives to achieve stable growth and sustain profitability. In addition, the Group shall attempt to capitalize on market volatility to strengthen its Principal Investment business.

GROUP HUMAN RESOURCES

Human capital is instrumental to our performance and continued success. The Group has demonstrated an on-going commitment to people and to fair employment practices. We have established employee-centric initiatives to ensure our competitiveness to attract and retain good competent managers in the various business sectors in which the Group operates. Ongoing talent development is directed at ensuring our internal bench strength remains resilient. We will keep to our practice that as our Group does well and grows, the benefits and rewards will accrue to those who contribute to making it happen.

CORPORATE SOCIAL RESPONSIBILITY

The Group sees Corporate Social Responsibility as integral to its mission. We need to move away from a list of check boxes to meaningful actions to ensure positive impact on the lives of the people in the communities where we conduct our businesses. Our commitment to do the right things in respect of workplace, environment, marketplace and community is discussed in detail in the Corporate Social Responsibility Report in this annual report.

Our Company has, for the eleventh year, been awarded the Platinum Award and the prestigious President's Award for our donations and staff participation in the activities of The Community Chest of Hong Kong. In the Community Chest Walk for Millions, Guoco Group was the second top donor in 2016 with our director, Mr. Tan Lim Heng, being the Top Individual Fund Raiser for this annual event for the ninth year in a row.

APPRECIATION

I would like to thank my fellow Directors for their continuous guidance and support. As always, I recognise and appreciate the dedication and commitment of our management and staff to keep on building sustainable businesses in their respective markets. To our shareholders, bankers, customers and business associates, thank you for your support, confidence and trust in our Group over the years.

Quek Leng Chan
Chairman
30 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

PRINCIPAL INVESTMENT

PRINCIPAL INVESTMENT

Our investment strategy has always been to identify important market and sector cycles as well as laggards with good recovery potential. Due to the U.S. stock market being over-valued relative to its long term valuation and the European stock markets having enjoyed a multi-year rally subsequent to the Greek debt crisis, we chose to focus on the moribund Chinese stock market and the under-performing Japanese stock market. We began investing in Chinese stocks after a sharp correction and building our positions in Japan at the end of the year after the negative interest rate policy had backfired on the foreign exchange market and concomitantly the stock market. While our investment portfolio reported losses as at financial year end date, its overall value has registered above the mark-to-market prices as of date of writing.

With the commitment of G-20 countries to avoid competitive depreciation, foreign exchange management became more challenging as the movement of currencies became less congruent with economic development. Money market yields fell as fund managers pursued returns but our Treasury team was able to lessen the impact to interest expenses with yield enhancement strategies.

PROPERTY DEVELOPMENT AND INVESTMENT

Aerial view of Damansara City, Malaysia (artist's impression)

Guoco Tower office lobby, Tanjong Pagar Centre, Singapore (artist's impression)

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

GuocoLand ended the financial year 2015/16 with a profit attributable to equity holders of S$606.7 million on the back of revenue of S$1,059.8 million.

Revenue for the current financial year decreased by 9% mainly due to lower revenue recognised for Singapore and China. In the previous financial year, Goodwood Residence in Singapore and Seasons Park in Tianjin were substantially sold, while the sale of the serviced apartments in Shanghai Guoson Centre was also completed. The lower revenue was partially offset by revenue recognised in the current financial year for DC Residency in Malaysia as the Temporary Occupation Permit for the project was obtained in November 2015 and the progressive revenue recognition from the sale of Sims Urban Oasis in Singapore. The fall in revenue and change in sales mix have led to a 25% decrease in gross profit as compared to the previous financial year.

Other income for the current financial year increased by S$523.5 million, mainly due to a gain from GuocoLand's disposal of subsidiaries relating to the Dongzhimen project. GuocoLand's tax expense increased by S$75.8 million in the current financial year, primarily because of this transaction.

Administrative expenses for the current financial year reduced by 22% to S$83.7 million as compared to the previous financial year. The lower professional fees for China operations were partially offset by an increase in other indirect administrative expenses. Finance costs fell by 9% to S$58.6 million as a result of lower loans and borrowings in the current financial year.

Driven by the strong profit recorded for the year, equity attributable to ordinary equity holders of GuocoLand was S$3.28 billion as at 30 June 2016, an increase of 12% from 30 June 2015.

Urban park with City Room at Tanjong Pagar Centre, Singapore (artist's impression)

Singapore

Compared with the previous financial year, revenue from Singapore decreased by 9% to S$651.3 million in the current financial year. Although Singapore continues to be the main revenue contributor for GuocoLand, its segmental profit before tax decreased by 31% to S$155.9 million mostly due to the change in sales mix for the two periods under review.

In Singapore, the property market remains challenging although there are early signs that the residential property market is stabilising. According to the second quarter of 2016 real estate statistics released by the Urban Redevelopment Authority of Singapore, the price index for the overall private residential market declined by 0.4% in the second quarter of 2016 which was the smallest quarterly decline seen in the 11 straight quarters of correction. GuocoLand remains committed to the Singapore residential market as reflected in its recent success against a large number of participants in the tender for the residential site at Martin Place.

Note: The above figures are before the S$24.7 million of operating profits deferred under HKFRS as set out in Note 2(c).

Changfeng Residence Clubhouse, Shanghai (artist's impression)

China

China contributed revenue of S$272.4 million, a drop of 32% as compared to the previous financial year. However, boosted by the gain from disposal of the Dongzhimen project in the current financial year, segment profit before tax from China increased by nearly six-fold to S$602.0 million.

In China, new home prices continue to rise month-on-month in 55 out of 70 cities surveyed by the National Bureau of Statistics of the People's Republic of China in June 2016. Prices in Shanghai rose 2.4% month-on-month and 33.7% year-on-year in June 2016. Recent property cooling measures introduced in the larger cities have started to slow down the price increase in these cities.

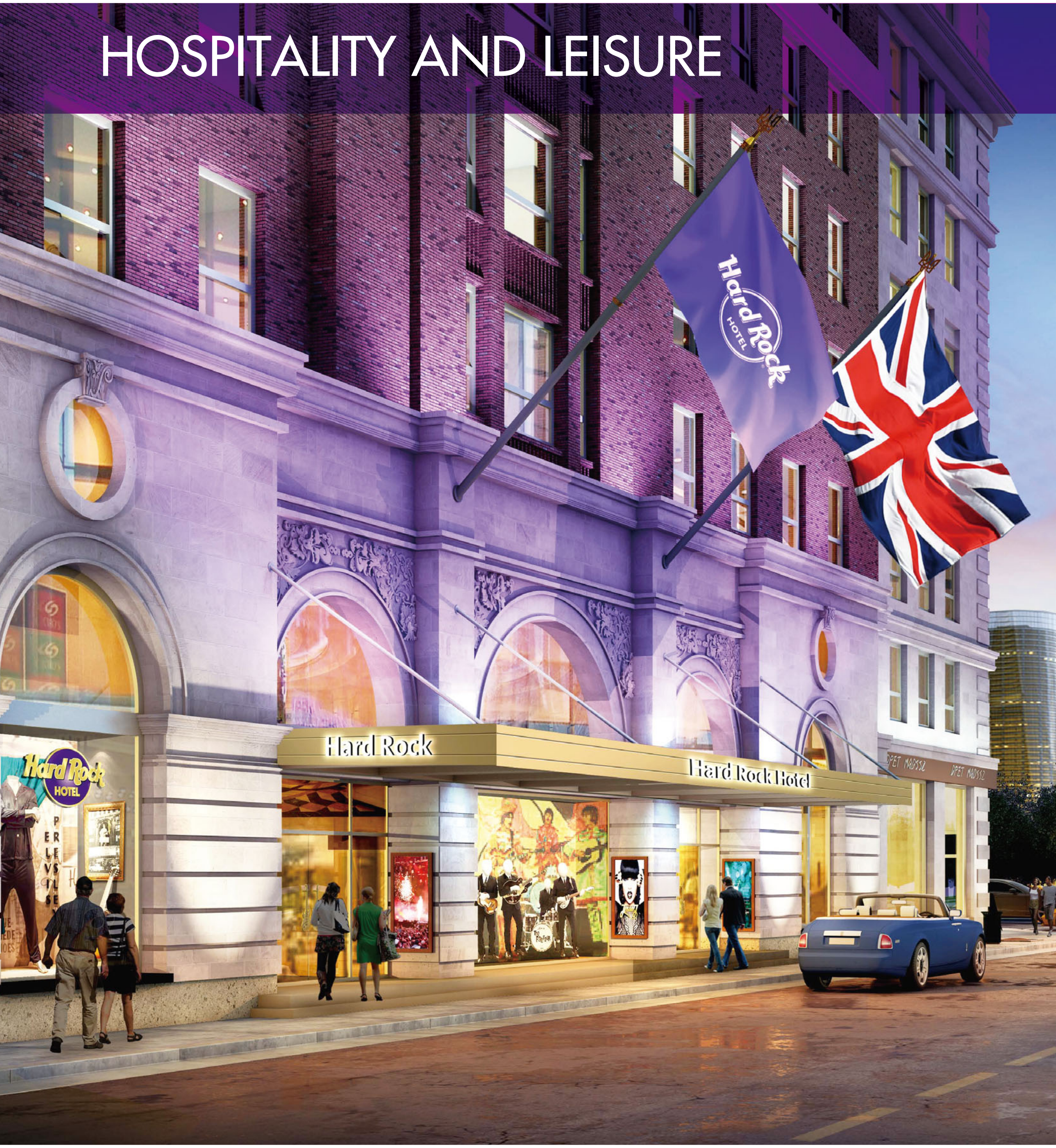
Living room of an in-situ show unit at DC Residency, Malaysia (artist's impression)

Malaysia

Whilst revenue from Malaysia improved by S$91.3 million to S$131.1 million from last year, its segment profit before tax decreased by 18% to S$63.1 million. This was because the higher profit from sales was offset by a lower fair value gain from its investment properties for the current financial year.

In Malaysia, the property market outlook and sentiment continue to be cautious. Notwithstanding this, GuocoLand continues to see opportunities in the Malaysia market. In July 2016, GuocoLand's Malaysian subsidiary entered into a sale and purchase agreement for the proposed acquisition of two land parcels located in Mukim Cheras in Negeri Selangor. The acquisition is expected to be completed in the fourth quarter of 2016.

HOSPITALITY AND LEISURE



Hard Rock Hotel, London – to be converted from The Cumberland Hotel (artist's impression)

Lobby at The Royal Horseguards, London

HOSPITALITY AND LEISURE

GL Limited ("GL", formerly known as "GuocoLeisure Limited")

GL recorded a profit after tax for the year ended 30 June 2016 of US$67.4 million, an increase of 42% as compared to US$47.5 million in the previous financial year, with strong profit growth out of the hospitality division, GLH Hotels, although driven primarily by some non-operating support with lower interest costs and a one-off gain.

Revenue stood at US$393.9 million, which was 7% below that of the previous financial year, principally due to lower hotel revenue in USD terms as a result of the weakening of the GBP/USD exchange rate which worsened after the Brexit referendum. A softness in the second half London market occupancy also impacted GLH's top line performance.

Bass Strait oil and gas royalty income was lower compared to previous financial year. Lower average crude oil prices and the decline in oil production have negatively impacted the royalty income during the year. Apart from this, the weakening of the AUD/USD exchange rate also affected the overall royalty earnings. However, this was offset by higher revenue generated by the gaming and property development segments as a result of improved gaming drop and win margin, and land disposal respectively.

Cost of sales also decreased by 7% as compared to the previous financial year which was again a function of the weakened GBP/USD exchange rate, partially offset by higher gaming duty in tandem with the increase in gaming revenue.

Other operating income was higher due to the one-off compensation amount received from the cessation of management of 19 regional Thistle Hotels owned by a third party.

Administrative expenses also decreased by 6% for the year which was generally attributable to the soft GBP/USD exchange rate, as well as reflecting overall cost disciplines.

Lower financing costs for the financial year were primarily due to savings in interest costs resulting from the refinancing of mortgage debentures with a term loan in December 2014 at the hotel segment.

Lower income tax expenses were associated with the lower Bass Strait oil and gas royalty income and the income tax benefit from the hotel segment.

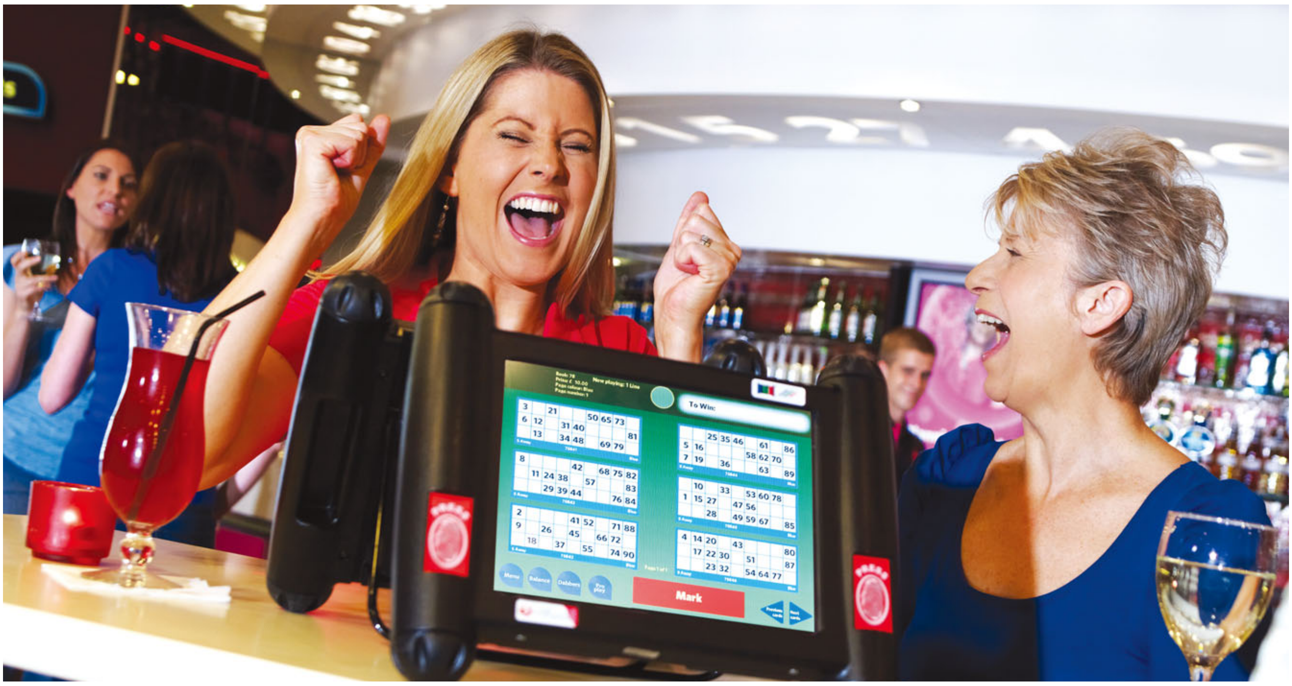
GL's net assets before non-controlling interests as at 30 June 2016 decreased by 9% to US$1,051.2 million from US$1,152.1 million as at 30 June 2015 principally attributed to the net foreign exchange translation loss during the year.

GL expects an extended period of volatility for the hotel industry in the UK in the months ahead. Performance of the London hotel market may be negatively impacted during this period as businesses adjust to this new reality after the EU exit referendum. The weakness in the British Pound could provide a boost for inbound travel into the UK, but at the same time adversely impact its hotel division's revenue growth and the carrying value of its hotel properties in USD terms. GL is continuing with the refurbishment of its other hotels and expects to launch three refurbished hotels in the next year and to maintain a cautious outlook.

GL's hotel division recently unveiled plans for a Hard Rock Hotel London in collaboration with Hard Rock International. A conversion of the existing Cumberland Hotel, the 900-room property will be refurbished and rebranded into Hard Rock Hotel London. The refurbishment is scheduled for completion in the summer of 2018.

In the global oil market, oil prices are not expected to recover significantly in the coming year. This will continue to adversely affect GL's oil and gas royalty revenues.

Every Hotel Piccadilly, London



The Rank Group Plc ("Rank")

Rank recorded an increase of 8% in its profit after tax (before exceptional items and discontinued operations) for the year ended 30 June 2016 to GBP61.4 million.

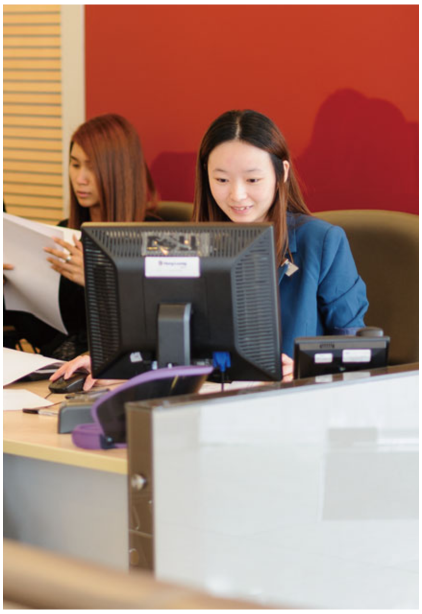
Statutory revenue grew by 1% to GBP708.5 million, with strong growth in digital revenue, flat revenues from Mecca Bingo venues (despite the closure of a number of under-performing venues) and a marginal fall in Grosvenor Casinos venues channel following tough trading in the fourth quarter of FY2015/16.

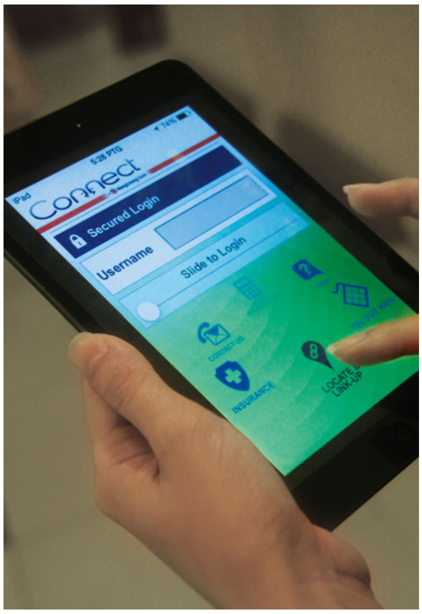
Operating profit before exceptional items of GBP82.4 million was down by GBP1.6 million as a result of a GBP4.8 million increase in remote gaming duty following the introduction of a 15% rate (on a point of consumption basis) levied on all UK digital income from 1 December 2014. Excluding the impact of this change, underlying profit increased by 4%. Mecca's venues grew profit by 14% as a result of strong cost control and the closure of under-performing venues. Mecca digital profits fell following the increased costs as a result of the migration to a new digital gaming platform, added competition and the increase in duties. The Grosvenor Casinos brand delivered a flat profit performance with strong digital growth being offset by flat revenues and increased costs in the venues channel.

The credit on exceptional items and discontinued operations totaling GBP13.3 million comprised GBP10.0 million from the sale of freehold property, a GBP4.2 million refund following the settlement of a transfer pricing dispute for a business sold in 2006 and a net GBP0.9 million expense from impairment and onerous lease costs, closure costs for loss-making clubs and minor costs in relation to discontinued operations.

Rank is predominantly a UK facing business with limited exposure to non-sterling costs and earnings. The UK's decision to leave the European Union is expected to have little or no direct impact on Rank's performance. Any likely impact would however be driven by any macro-economic impact of lower UK growth rates or loss of consumer confidence and spending power.

FINANCIAL SERVICES





FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM2,565.0 million for the year ended 30 June 2016 as compared to RM3,023.3 million last year, a decrease of RM458.3 million or 15.2%. The decrease was mainly due to lower contribution across all operating divisions, although was impacted by considerable one-off items which if backed out would have shown growth in normalized profit before tax.

The commercial banking division recorded a profit before tax of RM2,381.7 million for the year, a decrease of RM364.5 million or 13.3% versus last year. While the decrease was primarily because of higher operating expenses of RM272.9 million and a higher allowance for impairment losses on loans, advances and financing of RM104.5 million. Collectively, contributions from Bank of Chengdu Co., Ltd. and the Sichuan Jincheng Consumer Finance Limited Liability Company joint venture of RM333.4 million represent 14.0% of the division's profit before tax results as compared to 15.2% last year.

The insurance division registered a profit before tax of RM197.5 million for the year ended 30 June 2016, a decrease of RM89.8 million or 31.3%. The decrease was largely a function of higher operating expenses of RM23.8 million, higher actuarial reserve provisioning of RM90.1 million and a higher allowance for impairment losses on securities of RM20.6 million. This is however mitigated by higher share of profit from an associated company of RM6.9 million as well as higher insurance income and investment income of RM24.2 million and RM12.5 million respectively.

The investment banking division recorded a profit before tax of RM64.5 million for the year ended 30 June 2016, a decrease of RM14.0 million or 17.8% from last year. This was mostly due to lower contributions from the investment banking and stockbroking divisions.

GROUP FINANCIAL COMMENTARY

Financial Results

The audited consolidated profit attributable to equity shareholders for the year ended 30 June 2016, after taxation and non-controlling interests, amounted to HK$3,088 million, as compared to HK$4,625 million for the previous year. Basic earnings per share amounted to HK$9.50.

For the year ended 30 June 2016, profits before taxation were generated from the following sources:

- property development and investment of HK$4,500 million;
- hospitality and leisure of HK$1,557 million;
- financial services of HK$821 million;
- oil and gas royalty of HK$132 million;
- a net operating loss of HK$352 million from principal investment;

and were set off by HK$777 million of finance costs.

Revenue decreased by 21% to HK$17.3 billion. The decrease was mainly resulted from the decline of property development and investment sector of HK$3.8 billion.

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 30 June 2016 amounted to HK$56.2 billion, a decrease of 4% or HK$2.3 billion as compared to the previous year.

The equity-debt ratio as at 30 June 2016 is arrived at as follows:

	HK$'M
Total borrowings	34,503
Less: Cash and short term funds	(18,976)
Trading financial assets	(13,495)
Net debt	2,032
Total equity attributable to equity shareholders of the Company	56,173
Equity-debt ratio	97:3

The Group's total cash balance and trading financial assets were mainly in USD (25%), JPY (16%), RMB(15%), HKD (14%), GBP (12%), and SGD (8%).

Total Borrowings

The decrease in total borrowings from HK$44.1 billion as at 30 June 2015 to HK$34.5 billion as at 30 June 2016 was primarily due to the repayment of loans. The Group's total borrowings are mostly denominated in SGD (57%), USD (20%), GBP (9%) and MYR (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	12,446	–	2,207	14,653
After 1 year but within 2 years	6,023	–	5,269	11,292
After 2 years but within 5 years	5,052	–	2,181	7,233
After 5 years	687	603	35	1,325
	11,762	603	7,485	19,850
	24,208	603	9,692	34,503

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$31.5 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2016 amounted to approximately HK$11.3 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 2016, approximately 66% of the Group's borrowings were at floating rates and the remaining 34% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK$2.1 billion.

Foreign Currency Exposure

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

As at 30 June 2016, there were outstanding foreign exchange contracts with a total notional amount of HK$26.0 billion for hedging of foreign currency equity investments.

Equity Price Exposure

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

Contingent Liabilities

Details are encapsulated in note 38 "Contingent Liabilities" to the Financial Statements in this annual report.

HUMAN RESOURCES AND TRAINING

The Group employed over 13,600 employees as at 30 June 2016. 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 results of the Group and individual achievement as incentives to optimise performance. In addition, share based award schemes are in place for granting share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention.

CORPORATE SOCIAL RESPONSIBILITY

"Guided by our company value of Social Responsibility, we aim to achieve our business objective of realising long term shareholders' value and business sustainability, taking into account of the interests of our stakeholders. We believe that serving our communities is not only integral to running a business successfully; it is also part of our individual responsibilities as citizens of the world."

Guided by our company value of Social Responsibility, we aim to achieve our business objective of realising long term shareholders' value and business sustainability, taking into account of the interests of our stakeholders. We believe that serving our communities is not only integral to running a business successfully; it is also part of our individual responsibilities as citizens of the world. We continue to support communities in ways that enhance the Group's relationship and reputation with employees, customers, business partners and other stakeholders.

Below is our commitment to each of the focus areas under our corporate social responsibility framework:

WORKPLACE

The Group aims to ensure that the health, safety and welfare of our employees are well taken care of and we believe it is vital to put in place a work environment where the rights and well-being of each employee is respected. This helps us attract good talent regardless of background. While we regard legislative compliance as a minimum, whenever possible, we seek to implement higher health and safety standards throughout our businesses.

Consistent with our Best Work Environment practices, the Group is committed to providing equal opportunities for all our employees. We ensure that every employee is treated equally and fairly, free from discrimination in all aspects of employment including recruitment, promotion, and opportunities for training, pay and benefits.

Staff Training and Development

The Group is committed to the following mission in staff training and development:

"To improve employee's present job performance, and develop their potential to support the business needs and future growth."

It is the policy of the Group to encourage employees to attend appropriate courses to enhance their competence for performance improvement and career development. In view of this, the Group has organized workshops, seminars and training programmes for employees covering various aspects to improve their level of skills and knowledge and maximise their potentials. They are also encouraged to enrol in external studies opportunities to enrich themselves through acquiring higher professional qualifications or to attend job-related courses.

Guoco staff participated in an in-house workshop conducted by external consultant

Workplace Health & Safety

We are dedicated to providing a healthy and safe workplace to our employees. The promotion of occupational and health measures at workplace are regarded essential to our businesses and operations. Appropriate occupational and health manuals relevant to their industries/businesses are adopted by the core business subsidiary groups. Risk assessments of workstations are conducted constantly to identify and assess the risks to the safety and health of the employees, and to decide whether existing precautions are adequate. We constantly provide regular environment, health and safety training to employees and continue to raise corporate and individual awareness of maintaining a healthy and safe workplace. We encourage our employees to advise us of any health and safety issues in their workplace so that we can look at eliminating or reducing the risk and finally we will all work together to reduce health and safety risks to a minimum.

Guoco staff hiking day

Guoco staff participated in The Hong Kong Community Chest Flag Day

Employee Engagement

We value the importance of maintaining a healthy lifestyle and worklife balance of our employees. Staff wellness programmes varied from fruity day, love teeth day to annual health screening exercise. Staff privileges were also given to employees from time to time.

The Group also actively engages its employees through social, employee bonding, outing, volunteer works and charity activities. During the year, Hong Kong staff took part in Walk for Millions, Dress Casual Day, Flag Day and Skip Lunch Day organised by The Community Chest of Hong Kong. Other staff bonding activities also included bakery workshop, staff annual dinners, Christmas gatherings and bowling competition, etc.

To recognise the Group's effort to implement family-friendly measures and support employees who are breastfeeding, the Company together with the group companies in Hong Kong, namely Guoco Management Company Limited ("GMC"), Hong Leong Insurance (Asia) Limited ("HLIA") and Hong Leong Bank Berhad, Hong Kong Branch ("HLBB"), have been awarded "2015/16 Family-Friendly Employer Award" and "2015/16 Award for Breastfeeding Support" by the Family Council of Hong Kong. In particular, HLIA and HLBB have been commended the "2015/16 Outstanding Family-Friendly Employer Award".

ENVIRONMENT

Guoco Group endeavours to identify and minimise the negative environmental impacts of our products and business activities. Each year, the Group continues to improve on initiatives to minimise its operational impact on the environment. We have been careful with the consumption of resources such as water and energy, as well as having been conscious of reducing waste generation and carbon emissions.

GuocoLand is committed in its efforts to develop processes and to include environmental sustainable features in its property development. Initiatives have been taken to develop buildings which comply with the guidelines set by the local building authorities in countries in which GuocoLand group operates in. It was once again conferred the Singapore Top 10 Developers Award by BCI Asia in May 2016, in recognition of its portfolio of quality and sustainable developments in Singapore. Testimony to GuocoLand's efforts in environmental sustainability are the awards its property developments have garnered in all these years. In particular, Tanjong Pagar Centre, GuocoLand Group's flagship integrated, mixed-use development in Singapore, has earned recognition for its green features, the most notable of which being the Leadership in Energy and Environmental Design (LEED) Core & Shell (CS) Pre-Certification. The LEED (CS) certification is an internationally renowned third-party verification programme that recognises eco-friendly buildings around the world. The different components of Tanjong Pagar Centre have also been conferred the Singapore Building and Construction Authority Green Mark awards.

Rank has reduced its carbon footprint for the fifth consecutive year, like-for-like, since 2010. Following the successful implementation of food waste collection across its estate, and in partnership with its waste management company, Rank has reduced the overall amount of waste by 18% and also improved its landfill diversion to over 96%. Rank has reduced gas and electricity consumption on a like-for-like basis, achieved by the various initiatives coordinated via internal opportunities database including an automatic meter reading system for monitoring gas and electricity consumption.

GL has an environmental policy in place which requires working with suppliers and partners to reduce energy and water consumption, increase recycling levels and incorporate renewable energy into its business practices to minimise operational expenses as well as its carbon footprint. This environmental policy is regularly monitored and updated to reflect new initiatives and processes.

GL's subsidiary, Molokai Properties Limited, is working with a third party to develop solar energy on the island of Molokai, to lower electricity costs and utilise clean renewable energy, thus decreasing the importation of fossil fuel to the island.

MARKETPLACE

The Group is committed to good business ethics and integrity. For many years now, we have had in place internally generated best practices to ensure the economic sustainability of all our companies. Some of these best practices are:

- Financial management disciplines established to drive excellence in financial management with the objective of preserving and enhancing the quality of the business as an on-going concern.
- An established enterprise risk management structure to ensure that a systematic process and delegation of responsibility are clearly set out to guide management.
- Financial reports containing disclosures that are true and fair adhere to a code of business conduct and ethics.
- The practice of responsible selling and marketing of products and services.

We believe in fair and open competition based upon sound commercial practices and aim to develop long term relationships with suppliers and contractors based upon mutual trust. Therefore, the hire of services or the purchase of goods should be based solely upon price, quality, service dependability, and need. It is the policy of the Group to prohibit bribery and corrupt practices. The Group has in place policies and guidelines, including staff code of conduct, intellectual properties rights policy and personal data privacy policy, to ensure the conduct of the Group companies and employees are in compliance of rules and regulations and adhere to a higher standard of business ethnics and integrity.

We continue to be alert on the policies and regulations in the countries we operate and ensure compliance to the relevant rules and regulations. We also have appropriate procedures in place to monitor the regulatory developments from time to time and respond and take appropriate measures as necessary. Our compliance to the Listing Rules pertaining to corporate governance is stated in the "Corporate Governance Report" in this annual report.

Guoco staff participate in The Hong Kong Community Chest Walk to Millions 2016

COMMUNITY

Social responsibility is one of the Group's culture. We have long been committed to striving for the betterment of society and hold strongly the belief that a business organisation should not detach itself from its social responsibility. To this end, the Group and its staff are dedicated to charity works and active engagement with the communities.

Guoco staff participated in Walk for Millions, Skip Lunch Day, Flag Day, Dress Casual Day and Love Teeth Day organised by The Community Chest of Hong Kong during the year. We were ranked second in the overall fund raising for The Community Chest Walk for Millions 2016. To recognise our enthusiastic participation and contribution, Guoco has been awarded the Platinum Award and the prestigious President's Award for the eleventh year by The Community Chest.

The Company, together with GMC, HLIA and HLBB have been for the second year awarded "Caring Company" designation by The Hong Kong Council of Social Service in recognition of their continuous dedication and enduring efforts in performing corporate social responsibilities.

Rank Cares, a fund-raising and volunteering programme Rank launched in 2014, provides support to Carers Trust to help those who help others in need of care. The programme provides support, advice and relief for those undertaking what is often very physically and emotionally draining work and provides a framework for the employees of Rank to volunteer their time to help the Carers Trust. The programme had raised GBP1.25 million since its launch in 2014.

GL's subsidiary GLH Hotels Limited has an established charitable foundation "Lite@Nite" that engages the entire workforce throughout the UK for the benefit of vulnerable children and to raise awareness of children's issues. In the last two years, Lite@Nite has raised GBP250,000 for recognised children's charities through team based events such as a 10-mile sponsored walk, 1,400 mile hotel to hotel nationwide relay which involved 10k run and many hotel based fundraising activities. Lite@Nite also sponsors fun and engaging triathlons for children.

Rank staff took part in the Kilt Walk for Carers Trust

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") based on the principles set out in Appendix 14 (the "HKEx Code") to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. The CGP Code is reviewed from time to time and updated as appropriate to align with the revised provisions of the HKEx Code. Continuous efforts are made to review and enhance the Group's risk management and internal control system 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 applicable HKEx Code throughout the financial year ended 30 June 2016 (the "Year"), 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 main role and responsibilities of the Board broadly cover, among others, 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 systems to manage these risks; reviewing and approving key matters such as financial results, investments and divestments and other material transactions; and reviewing the Company's policies and practices on corporate governance as well as legal and regulatory compliance.

The Board recognises its corporate governance duties as an ongoing commitment and has monitored and reviewed the relevant corporate governance standard and practices of the Company during the year and delegated relevant aspects of the function to the board committees and management where appropriate.

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

A. DIRECTORS (cont'd)

1. The Board (cont'd)

The Board during the Year and up to the date of this report comprises the following members:

Chairman
Quek Leng Chan

Executive Director
Kwek Leng Hai *(President, CEO)*

Non-executive Directors
Kwek Leng San
Tan Lim Heng

Independent Non-executive Directors
Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

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 (the "INED") 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 "Board 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. During the Year and up to the date of this report, Mr. Quek Leng Chan was the Chairman and Mr. Kwek Leng Hai was the President and CEO of the Company.

The Chairman leads the Board and ensures its smooth and effective functioning. The CEO is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

A. DIRECTORS (cont'd)

3. Board Meetings and Access of Information

The Board meets regularly. During the Year, four board meetings were held and details of directors' attendance are as follows:

	Meetings attended/held
Chairman	
Quek Leng Chan	4/4
Executive Director	
Kwek Leng Hai	4/4
Non-executive Directors	
Kwek Leng San	4/4
Tan Lim Heng	4/4
Independent Non-executive Directors	
Volker Stoeckel	4/4
Roderic N. A. Sage	4/4
David Michael Norman	3/4

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.

Where appropriate, decisions are also taken by way of circulated resolutions. The Board also receives information between meetings about developments in the Company's business.

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

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.

A. DIRECTORS (cont'd)

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 (1) induction/familiarisation progamme for newly appointed directors; and (2) on-going training and professional development programme for directors.

During the Year, all Directors have participated in relevant training sessions and briefed Company's business updates and salient regulatory matters. All directors are requested to provide the Company with their respective training record pursuant to the CGP Code.

For the year ended 30 June 2016, the Directors' training records are set out below:

Directors	Briefings on Company's Businesses	Reading Regulatory Updates	Attending Relevant Training Sessions
Quek Leng Chan	√	√	√
Kwek Leng Hai	√	√	√
Kwek Leng San	√	√	√
Tan Lim Heng	√	√	√
Volker Stoeckel	√	√	√
Roderic N.A. Sage	√	√	√
David Michael Norman	√	√	√

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 which may include 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 2016, 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

* Independent Non-executive Directors

Work done during the Year

- reviewed its terms of reference and remuneration policy for directors and senior management;
- reviewed and recommended directors' fees for the non-executive directors for the financial year 2014/2015;
- approved the discretionary bonuses for the directors and senior management;
- reviewed the remuneration packages of the executive director and senior management;
- reviewed and approved the remuneration package of a senior management for his intra-group transfer; and
- deliberated the statement relating to the BRC for inclusion in the Corporate Governance Report

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 remuneration policy and Human Resources Manual which are reviewed from time to time to align with industry practices and market benchmarks.

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

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

Details of the emoluments of the directors for the year ended 30 June 2016 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, composition and diversity of the Board, 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 and to formulate a policy concerning board diversity, monitor the implementation of such policy and to review the same, as appropriate. Detailed terms of reference of the BNC is accessible on the Company's website.

Membership and attendance

For the year ended 30 June 2016, 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

* Independent Non-executive Directors

Work done during the Year

- reviewed the structure, size, composition and diversity 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) annually;
- reviewed and assessed 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 programmes undertaken by directors and confirmed that an appropriate programme is in place;
- reviewed its terms of reference and the Board Diversity Policy; and
- deliberated the statement relating to the BNC for inclusion in the Corporate Governance Report.

2. Board Diversity Policy

The Company has adopted the Board Diversity Policy pursuant to which the Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company maintains that selection of candidates for Board appointments will be based on a range of diversity perspectives and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The BNC reviews the Board Diversity Policy to ensure its effectiveness and monitors the implementation of the Board Diversity Policy annually.

D. ACCOUNTABILITY AND AUDIT

1. Board Audit and Risk Management Committee ("BARMC")

The BARMC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's financial as well as risk management and internal control systems. The BARMC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programme, and the results of their examinations as well as their evaluations of the system of controls. The BARMC 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 BARMC are accessible on the Company's website.

Membership and attendance

For the year ended 30 June 2016, the members of BARMC and their attendance at the meetings are set out below:

	Meetings attended/held
Roderic N. A. Sage* – *Chairman*	4/4
Volker Stoeckel*	4/4
David Michael Norman*	4/4

* Independent Non-executive Directors

The Chief Executive, Chief Financial Officer and Head of Internal Audit are normal attendees of the BARMC meetings. Where appropriate, representatives of the external auditors are invited to attend the BARMC 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;
- reviewed the Group's risk registers of strategic business units and system of internal control and assessed the adequacy and effectiveness of the action plans and control systems for managing these risks;
- reviewed connected transactions entered into by the Group or subsisting during the Year;
- considered and recommended the renaming of the Committee to Board Audit and Risk Management Committee and the amendments to its terms of reference to align the amendments to the HKEX Code regarding risk management and internal control; and
- deliberated the statement relating to the BARMC for inclusion in the Corporate Governance.

D. ACCOUNTABILITY AND AUDIT (cont'd)

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 BARMC'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 auditor about their reporting responsibilities is included in the Independent Auditor's Report on page 73 of this annual report.

3. Risk Management and 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 BARMC with the responsibility of overseeing the implementation of the Group's risk management framework. In discharging this responsibility, the BARMC, 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 BARMC.

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 BARMC, has conducted an annual review on the Group's risk registers of strategic business units and system of internal control and considers that the Group's risk management and internal control system are adequate and effective. The Board is satisfied that the Group has complied with the provisions on internal controls as set out in the applicable HKEx Code.

D. ACCOUNTABILITY AND AUDIT (cont'd)

4. Auditor's Remuneration

The fees charged by the Group's external auditor for the year in respect of annual audit services amounted to HK$15,930,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK$3,686,000.

E. INVESTOR RELATIONS

1. Communication with Investors

The Company encourages two-way communication with both its institutional and private investors. Extensive information about the Group'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 Group 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 Group or to make a request for the Group'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.

E. INVESTOR RELATIONS (cont'd)

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.

During the Year, two general meetings were held and details of directors' attendance at the meetings are as follows:

	Meetings attended/held
Chairman	
Quek Leng Chan	2/2
Executive Director	
Kwek Leng Hai	2/2
Non-executive Directors	
Kwek Leng San	2/2
Tan Lim Heng	2/2
Independent Non-executive Directors	
Volker Stoeckel	2/2
Roderic N. A. Sage	2/2
David Michael Norman	2/2

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 2016

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 2016 (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 commodities broking, bullion trading and corporate advisory services. 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 16 to the Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 June 2016 are provided in the Chairman's Statement, Management Discussion and Analysis and Corporate Social Responsibility sections of this annual report.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 16 to the Financial Statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2016 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 74 to 176.

DIVIDENDS

An interim dividend of HK$1.00 (2015: HK$1.00) per share totalling HK$329,051,000 (2015: HK$329,051,000) was paid on 23 March 2016. The directors are recommending payment of a final dividend of HK$3.00 per share (2015: HK$3.00 per share) in respect of the year ended 30 June 2016 totalling HK$987,154,000 (2015: HK$987,154,000).

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)	17 November 2016 (Thursday) to 21 November 2016 (Monday)
Latest time to lodge transfers	4:30 p.m. on 16 November 2016 (Wednesday)
Record date	21 November 2016 (Monday)
Annual General Meeting	21 November 2016 (Monday)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Closure date of Register of Members	29 November 2016 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 28 November 2016 (Monday)
Record date	29 November 2016 (Tuesday)
Proposed final dividend payment date	6 December 2016 (Tuesday)

*(*subject to shareholders' approval at the forthcoming annual general meeting)*

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$1,023,000 (2015: US$984,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES AND WARRANTS

The Company did not issue any new share, convertible securities and warrants during the year. Details of the share capital of the Company are shown in note 31 to the Financial Statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company as disclosed in this Directors' Report, no equity-linked agreement was entered into by the Company subsisted at the end of the year or at any time during the year ended 30 June 2016.

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

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2016.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 177 to 180.

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 30 August 2016, the date of this Directors' report, were:

Quek Leng Chan* – *Chairman*
Kwek Leng Hai – *President, CEO*
Kwek Leng San*
Tan Lim Heng*
Volker Stoeckel**
Roderic N. A. Sage**
David Michael Norman**

* 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 Hai, Tan Lim Heng and Roderic N. A. Sage will retire from office by rotation at the forthcoming annual general meeting of the Company to be held on 21 November 2016 (the "AGM"). All of them, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

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.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

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

As at 30 June 2016, 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 Listed Issuers (the "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 2016 with the disclosure deadlines under the SFO falling after 30 June 2016.

(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	249,425,792	250,482,117	76.12%	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%	
David Michael Norman	4,000	–	4,000	0.00%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 250,482,117 shares/underlying shares comprised 242,208,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted derivatives.

The corporate interests of 249,425,792 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
GuoLine International Limited ("GIL")	3,074,000
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL, GCL and GIL were wholly owned by GuoLine Capital Assets Limited which in turn was 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	160,895	–	160,895	1.00%	

* 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.

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	865,250,220	878,583,553	74.24%	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

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

(B) Associated Corporations (cont'd)

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

Note:

The total interests of 878,583,553 shares/underlying shares comprised 831,444,363 ordinary shares of GLL and 47,139,190 underlying shares of other unlisted derivatives.

The corporate interests of 865,250,220 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")	47,139,190
GuoLine International Limited ("GIL")	32,461,318
Chaghese Limited ("CL")	13,417,286
HL Management Co Sdn Bhd ("HLMC")	200,000

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

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

	Number of *shares/underlying shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLFG	
Quek Leng Chan	5,438,664	933,752,425	939,191,089	81.85%	Note
Kwek Leng Hai	2,526,000	–	2,526,000	0.22%	
Kwek Leng San	654,000	–	654,000	0.06%	
Tan Lim Heng	267,813	–	267,813	0.02%	

* Ordinary shares unless otherwise specified in the Note

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") (cont'd)

Note:

The total interests of 939,191,089 shares/underlying shares comprised 899,144,890 ordinary shares of HLFG and 40,046,199 underlying shares of other unlisted derivatives.

The corporate interests of 933,752,425 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	595,982,955
Guoco Assets Sdn Bhd ("GASB")	291,117,141
GuoLine International Limited ("GIL")	36,502,718
Soft Portfolio Sdn Bhd ("SPSB")	6,602,130
GuoLine Capital Limited ("GCL")	3,543,481
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	4,000

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 in turn was wholly owned by HLCM.

The respective controlling shareholders of the Company, HLCM, GCL and GIL 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.

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

	Number of *shares/underlying shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLM	
Quek Leng Chan	19,506,780	478,198,296	497,705,076	71.05%	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

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

(B) Associated Corporations (cont'd)

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

Note:

The total interests of 497,705,076 shares/underlying shares comprised 474,705,376 ordinary shares of GLM and 22,999,700 underlying shares of other unlisted derivatives.

The corporate interests of 478,198,296 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")	21,729,500
GuoLine International Limited ("GIL")	1,338,216

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

The respective controlling shareholders of GCL and GIL and their 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.

e) GL Limited ("GL", formerly known as "GuocoLeisure Limited")

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of GL**	
Quek Leng Chan	735,000	922,136,634	922,871,634	67.46%	Note
Tan Lim Heng	1,100,000	–	1,100,000	0.08%	

* Ordinary shares

Note:

The corporate interests of 922,136,634 shares comprised the respective direct interests held by:

	Number of shares
GuocoLeisure Assets Limited ("GLAL")	920,079,834
GuoLine Overseas Limited ("GOL")	1,415,000
HL Management Co Sdn Bhd ("HLMC")	500,000
GuoLine Capital Limited ("GCL")	141,800

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

f) The Rank Group Plc ("Rank")

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of Rank	
Quek Leng Chan	285,207	219,582,221	219,867,428	56.28%	Note
Kwek Leng Hai	1,026,209	–	1,026,209	0.26%	
Kwek Leng San	56,461	–	56,461	0.01%	
Tan Lim Heng	152,882	–	152,882	0.04%	

* Ordinary shares

Note:

The corporate interests of 219,582,221 shares comprised the respective direct interests held by:

	Number of shares
Rank Assets Limited ("RAL")	203,289,921
GuoLine Overseas Limited ("GOL")	15,830,300
HL Management Co Shd Bhd ("HLMC")	300,000
Chaghese Limited ("CL")	162,000

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

g) Hong Leong Industries Berhad ("HLI")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLI	
Quek Leng Chan	–	243,551,870	243,551,870	76.24%	Note
Kwek Leng Hai	190,000	–	190,000	0.06%	
Kwek Leng San	2,300,000	–	2,300,000	0.72%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 243,551,870 shares/underlying shares comprised 242,665,670 ordinary shares of HLI and 886,200 underlying shares of other unlisted derivatives.

The corporate interests of 243,551,870 shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Manufacturing Group Sdn Bhd ("HLMG")	238,217,035
Soft Portfolio Sdn Bhd ("SPSB")	2,512,000
Hong Leong Assurance Berhad ("HLA")	1,936,635
GuoLine International Limited ("GIL")	675,000
GuoLine Capital Limited ("GCL")	211,200

HLA was 70% owned by HLA Holdings Sdn Bhd ("HLAH"). HLAH was wholly owned by HLFG which in turn was 77.31% owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

HLMG was wholly owned by HLCM.

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

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

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

(B) Associated Corporations (cont'd)

h) Hong Leong Bank Berhad ("HLB")

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HLB**	
Quek Leng Chan	–	1,346,589,469	1,346,589,469	64.53%	Note
Kwek Leng Hai	5,510,000	–	5,510,000	0.26%	
Kwek Leng San	536,000	–	536,000	0.03%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 1,346,589,469 shares/underlying shares comprised 1,346,237,169 ordinary shares of HLB and 352,300 underlying shares of other unlisted derivatives.

The corporate interests of 1,346,589,469 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Financial Group Berhad ("HLFG")	1,326,959,965
Hong Leong Equities Sdn Bhd ("HLESB")	13,177,716
Hong Leong Assurance Berhad ("HLA")	3,057,504
GuoLine Capital Limited ("GCL")	2,776,344
GuoLine International Limited ("GIL")	352,300
Asia Fountain Investment Company Limited ("AFI")	209,960
Soft Portfolio Sdn Bhd ("SPSB")	55,680

AFI was wholly owned by GuocoEquity Assets Limited which in turn was wholly owned by the Company. The respective controlling shareholders of the Company, GCL and GIL as well as their respective percentage control are shown in the Note under Part (A) above.

HLESB was wholly owned by HLFG. The respective controlling shareholders of HLA and HLFG as well as their respective percentage control are shown in the Note under Part (B)(g) above.

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

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

(B) Associated Corporations (cont'd)

i) Malaysian Pacific Industries Berhad ("MPI")

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of MPI	
Quek Leng Chan	–	111,179,357	111,179,357	55.90%	Note
Kwek Leng Hai	71,250	–	71,250	0.04%	
Kwek Leng San	1,260,000	–	1,260,000	0.63%	

* Ordinary shares

Note:

The corporate interests of 111,179,357 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Manufacturing Group Sdn Bhd ("HLMG")	104,386,088
Hong Leong Industries Berhad ("HLI")	2,438,469
Hong Leong Assurance Berhad ("HLA")	2,352,838
Asia Fountain Investment Company Limited ("AFI")	1,000,000
Soft Portfolio Sdn Bhd ("SPSB")	995,500
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	6,462

HLI was 74.57% owned by HLMG.

The respective controlling shareholders of HLA and HLMG as well as their respective percentage control are shown in the Note under Part (B)(g) above.

The respective controlling shareholders of HLSRS and SPSB as well as their respective percentage control are shown in the Note under Part (B)(c) above.

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

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

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

* Ordinary shares

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

(B) Associated Corporations (cont'd)

k) Hume Industries Berhad ("HIB")

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HIB**	
Quek Leng Chan	–	360,823,704	360,823,704	75.31%	Note
Kwek Leng Hai	205,200	–	205,200	0.04%	
Kwek Leng San	3,921,600	–	3,921,600	0.82%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 360,823,704 shares/underlying shares comprised 350,451,608 ordinary shares of HIB and 10,372,096 underlying shares of other unlisted derivatives.

The corporate interests of 360,823,704 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Manufacturing Group Sdn Bhd ("HLMG")	343,652,101
HLMB Trading Limited ("HIMB")	10,144,000
Soft Portfolio Sdn Bhd ("SPSB")	2,712,960
Hong Leong Assurance Berhad ("HLA")	2,091,565
Hong Leong Industries Berhad ("HLI")	1,994,982
GuoLine Capital Limited ("GCL")	228,096

HIMB was wholly owned by HLMG.

The respective controlling shareholders of HLA and HLMG as well as their respective percentage control are shown in the Note under Part (B)(g) above.

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

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

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

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

(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 Resources Sdn Bhd (formerly known as "Carter Realty Sdn Bhd")
Century Touch Sdn Bhd #
Dynamic Talent Limited*
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 MSIG Takaful Berhad
Hong Leong Yamaha Motor Sdn Bhd
Lam Soon (Hong Kong) Limited
Luck Hock Venture Holdings, Inc.
Southern Steel Berhad
Southern Pipe Industry (Malaysia) Sdn Bhd

In members' voluntary liquidation
* 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.

Save as disclosed above, as at 30 June 2016, 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

Executive Share Option Scheme 2012 (the "ESOS 2012")

The ESOS 2012 was approved by the shareholders of the Company at the special general meeting on 14 November 2012 (the "Approval Date") and took effect on 16 November 2012 (the "Effective Date") for grant of options over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries (the "Eligible Executives") from time to time. The ESOS 2012 provides an opportunity for the Eligible Executives to participate in the equity of the Company and aligning the Company's long term interests with those of the shareholders.

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 Approval 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 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 Effective Date. The ESOS 2012 shall remain valid and effective till 15 November 2022.

No option has ever been granted to any Eligible Executive pursuant to the ESOS 2012 up to 30 June 2016.

SHARE OPTIONS (cont'd)

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 "GLL ESOS 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 (collectively the "GLL Group") who are not GLL's controlling shareholders or their associates.

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.

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 GLL ESOS Effective Date. As at the date of this report, the total number of new GLL shares available for issue under the GLL ESOS 2008 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 GLL ESOS Effective Date till 20 November 2018.

There was no outstanding option at any time during the year ended 30 June 2016.

SHARE OPTIONS (cont'd)

GL Limited ("GL", formerly known as "GuocoLeisure Limited")

The GL Executives' Share Option Scheme 2008 (formerly known as "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 by the shareholders of the Company on 21 November 2008 (the "GGL Approval 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 GL and its subsidiaries (collectively the "GL Group"). Non-executive directors of GL, directors and employees of associated companies of GL, and directors and employees of and GL's controlling shareholders or their associates are not eligible to participate in the GL ESOS 2008.

The primary aim of the GL ESOS 2008 is to align the long-term interests of GL employees with those of the shareholders of GL and to encourage such employees to assume greater responsibility for the performance of the businesses which they manage.

GL's Remuneration Committee ("RC"), comprising directors of GL who are not participants of GL ESOS 2008, administers the GL ESOS 2008.

The aggregate of: (a) the number of GL shares over which the RC may grant options under the GL ESOS 2008 on any date (the "Date"); and (b) the number of GL shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted pursuant to all options granted under the GL ESOS 2008, shall not exceed 15% of the issued share capital of GL on the day preceding the Date, provided that the aggregate of: (i) the number of new GL shares to be issued and allotted and over which the RC may grant options under the GL ESOS 2008; and (ii) the number of new GL shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the GL ESOS 2008, shall not exceed 10% of the issued share capital of GL as at the GGL Approval Date. As at the date of this report, the total number of new GL Shares available for issue under GL ESOS 2008 is 136,806,363, which represents 10% of the issued share capital of GL.

The maximum entitlement of any participant in respect of the new GL shares issued and allotted and to be issued and allotted 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 the date of such grant.

The grant of an option to a participant shall be accepted within 30 days from the date on which such 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 GL shares immediately prior to the date of grant of the relevant option for which there was trading in the GL shares. 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 GL ESOS 2008 shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from the GGL Approval Date (i.e. 20 November 2018).

SHARE OPTIONS (cont'd)

GL Limited ("GL", formerly known as "GuocoLeisure Limited") (cont'd)

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

Details of the options outstanding during the year ended 30 June 2016 are as follows:

		No. of GL shares comprised in options						
Grantees	**Date of grant**	**As at 1 Jul 2015**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**As at 30 Jun 2016**	**Notes**	**Exercise price per GL share**
Michael DeNoma	13 May 2013	25,000,000	–	–	–	25,000,000	1 & 2	S$0.86
Eligible employees	13 May 2013	33,400,000	–	–	(5,500,000)	27,900,000	2	S$0.86
Eligible employees	21 September 2015	–	19,500,000	–	–	19,500,000	3 & 4	S$0.80
		58,400,000	19,500,000	–	(5,500,000)	72,400,000		

Notes:

1. Mr. Michael DeNoma is an option holder under Rule 17.07(ii) of the Listing Rules. The options lapsed following his resignation on 1 July 2016.

2. The options that were granted on 13 May 2013 will vest in 2 tranches:

   i. The first tranche of up to 35% of the relevant GL shares will vest upon achievement of applicable performance targets at the end of the financial year ended 30 June 2016.

   ii. The second tranche of up to 65% of the relevant GL shares will vest within 3 months after the end of the financial year ending 30 June 2019 upon achievement of applicable performance targets.

   Each tranche, once vested, is exercisable as follows:

   a. 40% of that tranche is exercisable within 6 months from vesting date;

   b. 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and

   c. 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

SHARE OPTIONS (cont'd)

GL Limited ("GL", formerly known as "GuocoLeisure Limited") (cont'd)

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

Notes: (cont'd)

3. The options that were granted on 21 September 2015 will vest in 2 tranches:

   i. The first tranche of up to 20% of the relevant GL shares will vest upon achievement of applicable performance targets at the end of 30 June 2016; and

   ii. The second tranche of up to 80% of the relevant GL shares will vest within 3 months after 30 June 2019 upon achievement of applicable performance targets.

   Each tranche, once vested, is exercisable as follows:

   a. 40% of that tranche is exercisable within 6 months from vesting date;

   b. 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and

   c. 20% of that tranche 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. 21 September 2015) was S$0.80.

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$0.09 to S$0.227 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 0.98% to 1.05%, based on 5 years' historical yield of Singapore Government Securities bonds in issue on the date of grant;

   - expected volatility of 30.1% to 34.1%, based on 5 years' historical volatility prior to the date of grant;

   - expected dividend yield of 2.41% to 2.75%, based on 5 years' historical dividend payout over the market share price of GL on the date of grant; and

   - expected option life of 1.3 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.

SHARE OPTIONS (cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme (the "GLM ESS")

The Executive Share Option Scheme of GLM (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"). The GLM ESOS which took effect on 21 March 2012 (the "Effective Date") allows the grant of options over newly issued and/or existing shares of GLM to eligible executives and/or directors of GLM and its subsidiaries ("Eligible Participants"). It provides an opportunity for the Eligible Participants who have contributed to the growth and development of the GLM and its subsidiaries to participate in the equity of GLM.

The shareholders of GLM and the Company had subsequently on 21 October 2013 and 19 November 2013 respectively, approved the amendments to the Bye-Laws of the GLM ESOS to incorporate an executive share grant scheme (the "GLM ESGS"). While the GLM ESGS is not subject to Chapter 17 of the Listing Rules, the GLM ESOS remains in compliance with the said Listing Rules. The GLM ESGS together with the GLM ESOS have been combined and renamed as the GLM ESS.

The number of GLM shares over which the GLM's Board of Directors ("GLM Board") may grant options under the GLM ESOS and any other executive share option schemes shall not in aggregate exceed 10% 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 Eligible 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 an Eligible 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 RM1.00 as non-refundable consideration.

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 Effective Date.

The GLM ESS shall continue to be in force until 20 March 2022.

SHARE OPTIONS (cont'd)

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

Executive Share Scheme (the "GLM ESS") (cont'd)

Details of the options outstanding during the year ended 30 June 2016 are as follows:

		No. of GLM shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2015	Granted during the year	Exercised during the year	Lapsed during the year	As at 30 Jun 2016	Notes	Exercise price per GLM share
Tan Lee Koon	7 July 2015	–	10,000,000	–	10,000,000	–	1 & 2	RM$1.31
		–	10,000,000	–	10,000,000	–		

Notes:

1. Mr. Tan Lee Koon was an option holder under Rule 17.07(ii) of the Listing Rules. The option was to be vested subject to the achievement of certain performance criteria over two performance periods concluding at the end of the financial years ending 30 June 2016 and 30 June 2018 respectively. The exercise period of the vested option would be up to the 30th month from the respective vesting dates. The market price per GLM share immediately before the date on which the option was granted was RM1.29.

2. The options lapsed following Mr. Tan Lee Koon's resignation on 31 December 2015, and therefore the disclosure of the value of options pursuant to Rule 17.08 of the Listing Rules was considered not meaningful.

The Rank Group Plc ("Rank")

The Long Term Incentive Plan ("LTIP")

The rules of LTIP were approved by Rank's shareholders on 22 April 2010 (the "Establishment Date") with amendments thereto approved on 22 April 2015. It was further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 24 November 2015 (the "Approval Date"). The LTIP is an equity-based incentive scheme pursuant to which executive directors and other senior executives (collectively the "Eligible Participants") of Rank and its subsidiaries may be granted awards (the "Awards"), including, among others, ordinary shares of Rank ("Rank Shares"), options ("Options") and Company Share Option Plan ("CSOP") options or cash. It provides an opportunity for the Eligible Participants to participate in the equity of Rank with an aim to aligning their interests with those of Rank's shareholders through the creation of shareholder value over the long term. Pursuant to the LTIP, the exercise of the Options or CSOP options shall be satisfied through issue of new Rank Shares and/or transfer of existing Rank Shares out of treasury or otherwise. The rules in the LTIP pertaining to the grant of Options and CSOP options, the exercise of which are to be satisfied by issue of new Rank Shares, are subject to Chapter 17 of the Listing Rules.

The total number of unissued Rank Shares in respect of which Awards may be granted under the LTIP shall not, when aggregate of: (a) the number of Rank Shares issued, or capable of issue, pursuant to the Options or CSOP options; and (b) other awards or rights granted under any other Employees' Share Scheme adopted by Rank, exceed 10% of Rank's ordinary share capital as at the Approval Date. As at the date of this report, the total number of new Rank Shares which can be issued pursuant to the Awards granted under LTIP or any other Employees' Share Scheme adopted by Rank is 39,068,352, which represents 10% of the issued share capital of Rank.

SHARE OPTIONS (cont'd)

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

The Long Term Incentive Plan ("LTIP") (cont'd)

Subject to the approval by the shareholders of the Company in accordance to the Listing Rules, no Eligible Participant may be granted an Option or a CSOP Option or other Awards if such grant would entitle that Eligible Participant to acquire a number of Rank Shares in any 12-month period that represents more than 1% of the ordinary share capital of Rank from time to time.

Subject to the directors of Rank having determined the extent to which any performance target has been satisfied, an Option or a CSOP option shall vest on or as soon as practicable following the date or dates set out in the award certificate (or in the absence of any such date or dates being expressed in the award certificate, the third anniversary of the date of grant). Following its vesting, an Option or a CSOP option shall remain exercisable so long as the Option holder or CSOP option holder is an Eligible Participant at any time until the day before the tenth anniversary of the date of grant unless otherwise determined by the directors of Rank on or before the date of grant. An Option or a CSOP option shall lapse automatically, if it remains unexercised on its expiry.

In respect of an Option, the exercise price per Rank Share to be paid by the Option holder on the exercise of the Option (subject to any subsequent adjustment pursuant to any variation of capital of Rank) shall be: (a) nil; (b) the nominal value of a Rank Share; or (c) such other price at the discretion of the directors of Rank, save that if and to the extent that the Option is to be satisfied by the issue of new Rank Shares directly to the Option holder, the exercise price of the Options shall be not less than the nominal value of a Rank Share. In respect of a CSOP option, the exercise price per Rank Share under CSOP option to be paid by the CSOP option holder shall be not less than the market value of a Rank Share on the date of grant. If and to the extent that the exercise of the CSOP option is to be satisfied by the issue of new Rank Shares, such exercise price shall be not less than the nominal value of a Rank Share.

The LTIP shall continue to be in force for a period of 10 years commencing from the Establishment Date till 21 April 2020.

Since the establishment of the LTIP up to 30 June 2016, no Option or CSOP option had ever been granted pursuant to the LTIP.

Save for above, certain other subsidiaries of Hong Leong Company (Malaysia) Berhad, the ultimate holding company of the Company, maintain share option schemes or plans or arrangements 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. Mr. Kwek Leng San, a director of the Company, was granted shares (the "Grant") of Hume Industries Berhad ("HIB"), a Malaysian listed subsidiary of HLCM, pursuant to the Executive Share Scheme of Hong Leong Manufacturing Group Sdn Bhd which is also a subsidiary of HLCM. He has received and held shares of HIB following the vesting pursuant to the Grant during the year.

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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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	Notes	Approx. % of the issued share capital
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	248,825,792 (Long Position)	1 & 2	75.62%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 3	75.62%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 4	75.62%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 5	75.62%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 6	75.62%
Elliott Capital Advisors, L.P. ("ECA")	Interest of controlled corporations	29,635,716 (Long Position)	7	9.01%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	23,042,704 (Long Position)	8	7.00%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,408,099 (Long Position)	9	6.20%
		2,084 (Short Position)		0.00%

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

Notes:

1. These interests comprised 240,551,792 ordinary shares of the Company and 8,274,000 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")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
GuoLine International Limited ("GIL")	3,074,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

   AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL, GCL and GIL were wholly owned by GuoLine Capital Assets Limited which in turn was wholly owned by HLCM. HLCM was 34.69% owned by HLInvt.

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.

7. ECA is deemed to be interested in these interests comprising 19,263,215 shares held by Elliott International L.P. ("EILP") and 10,372,501 shares held by The Liverpool Limited Partnership ("LLP"). EILP is 100% controlled by Hambledon Inc. which in turn is 100% controlled by ECA. LLP is 100% controlled by Liverpool Associates, Ltd. which in turn is 100% controlled by Elliott Associates, L.P. which is 100% controlled by ECA.

8. FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it. The Company was subsequently notified by FEIM that, as at 30 June 2016, FEIM was deemed to be interested in 23,482,846 shares of the Company (held by various management accounts and funds controlled by it, representing approximately 7.14% of the total issued share capital of the Company.

9. These interests comprised (i) long position in 20,407,499 shares and 600 underlying shares of phscially settled unlisted derivatives; and (ii) short position in 1,000 shares and 1,084 underlying shares of physically settled unlisted derivatives. Among these interests, 277,600 shares (long position) and 1,084 underlying shares (short position) were directly held by Credit Suisse Securities (USA) LLC and 20,130,499 shares (long position) and 1,000 shares (short position) were directly held by Credit Suisse Securities (Europe) Limited, both indirect wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests.

Save as disclosed above, as at 30 June 2016, 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 2 July 2014 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, as well as other operating practices and procedures, accounting, corporate advisory, legal, company secretarial and other services (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 2014 to 30 June 2017.

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 (for example, to avoid double counting of profit), 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$475,000,000 (the "Annual Cap") for each of the three financial years ended 30 June 2017.

Mr. Quek Leng Chan, the 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 and thus they are associates of connected persons of the Company under the Listing Rules. The Master Services Agreements constitute 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)

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 normal commercial terms; 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	146,021
HLMC Agreement	10,598
Total:	156,619
	(<HK$475 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK$156.6 million which did not exceed the Annual Cap of HK$475 million as disclosed in the Company's announcement dated 3 July 2014.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

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 from time to time during the year including Hong Leong Bank Berhad ("HLB"), Hong Leong Islamic Bank Berhad ("HLIB"), Hong Leong Bank Vietnam Limited, Hong Leong Bank (Cambodia) PLC and Hong Leong Investment Bank Berhad (collectively, "Hong Leong Financial Institutions"):

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

2. 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 persons (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 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 0.0019% to 5.2% per annum. The tenor of the time deposits ranged from overnight to 6 months. As at 30 June 2016, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$67.6 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$67.6 million which did not exceed the cap amount of US$190 million or its equivalent as disclosed in the announcement of the Company dated 19 June 2015; 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.56 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 67 to 70 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Connected Transaction

Sale of DC Tower Sdn Bhd

On 3 July 2015, Hong Leong Real Estate Holdings Sdn Bhd, a wholly owned subsidiary of GuocoLand (Malaysia) Berhad which in turn is an indirect listed subsidiary of Guoco, as vendor, entered into a share sale agreement (the "Share Sale Agreement") with Hong Leong Bank Berhad ("HLB"), as purchaser, in respect of the disposal of 2,500,002 ordinary shares and 36,450 redeemable preference shares ("RPS") of RM1 each with premium of RM999 each in DC Tower Sdn Bhd ("DCT"), being the entire issued and paid up share capital of DCT (DCT Sale Shares). DCT is holding the development and ownership rights of a 33-storey purpose-built stratified office building currently referred to as Office Tower A which is located within the on-going integrated development project known as Damansara City Kuala Lumpur, Malaysia.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Connected Transaction (cont'd)

Sale of DC Tower Sdn Bhd (cont'd)

The sale price of the DCT Sale Shares was RM168,780,000 (equivalent to approximately US$41.6 million) which was paid (the "Sale Price") as follows:

(a) a sum of RM18,933,300 (equivalent to approximately US$4.7 million) was paid in cash as deposit upon signing of the Share Sale Agreement.

(b) the balance of the Sale Price was paid upon completion of the transaction.

HLB is an associate of connected persons (as defined under the Listing Rules) of the Company by virtue of the fact that it is an indirect subsidiary of HLCM, the ultimate holding company of the Company. The transaction constituted a connected transaction for the Company.

Undertaking to subscribe for the proposed rights issue of Hong Leong Financial Group Berhad

On 12 August 2015, Hong Leong Financial Group Berhad ("HLFG"), a 25.37% owned associated company of the Company, with shares listed on Bursa Malaysia Securities Berhad, proposed to undertake a renounceable rights issue of new HLFG shares to raise a gross proceeds of up to RM1.1 billion (equivalent to approximately US$272.9 million). Guoco Assets Sdn Bhd, a wholly owned subsidiary of the Company holding 25.37% in the total issued share capital of HLFG, had undertaken to subscribe for its entitlement of approximately RM278.8 million (equivalent to approximately US$69.2 million) of the rights issue in order to maintain its pro-rata shareholding in HLFG.

The issue price of the rights shares was fixed at RM11.60 each at an entitlement basis of 9 rights shares for every 100 existing HLFG shares. The rights issue was completed on 7 December 2015.

HLFG is an associate of connected persons (as defined under Chapter 14A of the Listing Rules) by virtue of the fact that it is an indirect subsidiary of HLCM, the ultimate holding company of the Company. The undertaking to subscribe for the entitlement of the rights issue constituted a connected transaction for the Company.

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 of which Mr. Quek Leng Chan and his associate has a material interest.

Apart from the above, no other transaction, arrangement or contract that is significant in relation to the Group's business, 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 or his connected entity had directly or indirectly material interest, subsisted at the end of the year or at any time during the year, and no other contract of significance between the Company and the controlling shareholders or any of their subsidiaries subsisted 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 Rule 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 at all times during the year.

AUDITOR

A resolution for the re-appointment of KPMG as auditor 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 2016

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 74 to 176, which comprise the consolidated statement of financial position as at 30 June 2016, 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 requirements 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 financial position of the Group as at 30 June 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 US$'000	2015 US$'000	2016 HK$'000 (Note 1(c))	2015 HK$'000 (Note 1(c))
Turnover	5	**2,433,008**	4,356,357	**18,878,074**	33,770,697
Revenue	5	**2,224,429**	2,805,435	**17,259,678**	21,747,872
Cost of sales		**(1,156,322)**	(1,523,551)	**(8,972,076)**	(11,810,644)
Other attributable costs		**(40,141)**	(40,076)	**(311,460)**	(310,671)
		1,027,966	1,241,808	**7,976,142**	9,626,557
Other revenue	6(a)	**41,442**	54,384	**321,555**	421,587
Other net income	6(b)	**288,837**	207,525	**2,241,130**	1,608,744
Administrative and other operating expenses		**(600,475)**	(670,182)	**(4,659,176)**	(5,195,284)
Profit from operations before finance costs		**757,770**	833,535	**5,879,651**	6,461,604
Finance costs	7(a)	**(98,098)**	(132,278)	**(761,157)**	(1,025,426)
Profit from operations	13	**659,672**	701,257	**5,118,494**	5,436,178
Valuation surplus on investment properties	14	**14,799**	55,277	**114,828**	428,510
Share of profits of associates and joint ventures	7(c)	**83,453**	119,993	**647,524**	930,192
Profit for the year before taxation	7	**757,924**	876,527	**5,880,846**	6,794,880
Tax expenses	8(a)	**(127,443)**	(117,150)	**(988,849)**	(908,153)
Profit for the year		**630,481**	759,377	**4,891,997**	5,886,727
Attributable to:					
Equity shareholders of the Company		**397,967**	596,590	**3,087,886**	4,624,794
Non-controlling interests		**232,514**	162,787	**1,804,111**	1,261,933
Profit for the year		**630,481**	759,377	**4,891,997**	5,886,727
Earnings per share		**US$**	US$	**HK$**	HK$
Basic	12	**1.22**	1.84	**9.50**	14.23
Diluted	12	**1.22**	1.84	**9.50**	14.23

The notes on pages 82 to 176 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	2016 US$'000	2015 US$'000	2016 HK$'000 (Note 1(c))	2015 HK$'000 (Note 1(c))
Profit for the year	**630,481**	759,377	**4,891,997**	5,886,727
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit obligation	**(9,650)**	1,561	**(74,876)**	12,101
Surplus on revaluation of leasehold land and buildings	**42,648**	–	**330,912**	–
	32,998	1,561	**256,036**	12,101
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**(447,820)**	(381,270)	**(3,474,703)**	(2,955,624)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	**(55,516)**	(5,968)	**(430,757)**	(46,264)
Exchange translation reserve reclassified to profit or loss upon deemed disposal of associate	**–**	(2,028)	**–**	(15,721)
Release of reserves upon liquidation of subsidiaries	**–**	(11,419)	**–**	(88,521)
Changes in fair value of cash flow hedge	**(5,910)**	(2,901)	**(45,857)**	(22,489)
Changes in fair value of available-for-sale financial assets	**(234,532)**	112,551	**(1,819,769)**	872,501
Transfer to profit or loss on disposal of available-for-sale financial assets	**–**	10,491	**–**	81,327
Release of valuation reserve upon disposal of properties	**(22)**	–	**(171)**	–
Share of other comprehensive income of associates	**14,899**	18,505	**115,604**	143,452
	(728,901)	(262,039)	**(5,655,653)**	(2,031,339)
Other comprehensive income for the year, net of tax	**(695,903)**	(260,478)	**(5,399,617)**	(2,019,238)
Total comprehensive income for the year	**(65,422)**	498,899	**(507,620)**	3,867,489
Total comprehensive income for the year attributable to:				
Equity shareholders of the Company	**(118,701)**	450,487	**(921,020)**	3,492,197
Non-controlling interests	**53,279**	48,412	**413,400**	375,292
	(65,422)	498,899	**(507,620)**	3,867,489

The notes on pages 82 to 176 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	2016 US$'000	2015 US$'000	2016 HK$'000 (Note 1(c))	2015 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Investment properties	14	**2,109,617**	1,897,367	**16,368,835**	14,708,484
Other property, plant and equipment	14	**1,687,522**	1,877,727	**13,093,736**	14,556,234
Interest in associates and joint ventures	17	**1,022,388**	947,119	**7,932,862**	7,342,114
Available-for-sale financial assets	19	**1,630,067**	1,778,554	**12,647,934**	13,787,439
Deferred tax assets	30	**49,362**	–	**383,007**	–
Intangible assets	15	**1,017,203**	1,166,136	**7,892,631**	9,039,945
Goodwill	20	**143,342**	166,330	**1,112,212**	1,289,398
Pensions surplus	29	**2,630**	10,346	**20,407**	80,203
		7,662,131	7,843,579	**59,451,624**	60,803,817
CURRENT ASSETS					
Development properties	21	**1,586,452**	3,206,017	**12,309,519**	24,853,204
Properties held for sale	22	**758,000**	1,019,897	**5,881,436**	7,906,293
Trade and other receivables	23	**517,886**	714,134	**4,018,355**	5,536,002
Trading financial assets	24	**1,739,242**	973,865	**13,495,039**	7,549,450
Cash and short term funds	25	**2,445,659**	2,641,545	**18,976,235**	20,477,389
Assets held for sale	26	**–**	112,346	**–**	870,912
		7,047,239	8,667,804	**54,680,584**	67,193,250
CURRENT LIABILITIES					
Trade and other payables	27	**786,098**	856,186	**6,099,452**	6,637,198
Bank loans and other borrowings	28	**1,888,531**	1,558,053	**14,653,395**	12,078,105
Taxation	8(d)	**114,398**	143,524	**887,631**	1,112,605
Provisions and other liabilities	29	**13,300**	16,992	**103,197**	131,723
Liabilities held for sale	26	**–**	73,264	**–**	567,946
		2,802,327	2,648,019	**21,743,675**	20,527,577
NET CURRENT ASSETS		**4,244,912**	6,019,785	**32,936,909**	46,665,673
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,907,043**	13,863,364	**92,388,533**	107,469,490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	**2016 US$'000**	2015 US$'000	**2016 HK$'000 (Note 1(c))**	2015 HK$'000 (Note 1(c))
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	28	**2,558,221**	4,132,176	**19,849,621**	32,032,835
Amount due to non-controlling interests		**155,639**	125,189	**1,207,626**	970,471
Provisions and other liabilities	29	**63,408**	79,748	**491,992**	618,210
Deferred tax liabilities	30	**49,134**	68,334	**381,238**	529,729
		2,826,402	4,405,447	**21,930,477**	34,151,245
NET ASSETS		**9,080,641**	9,457,917	**70,458,056**	73,318,245
CAPITAL AND RESERVES					
Share capital	31(c)	**164,526**	164,526	**1,276,582**	1,275,414
Reserves		**7,075,021**	7,374,010	**54,896,149**	57,163,694
Total equity attributable to equity shareholders of the Company		**7,239,547**	7,538,536	**56,172,731**	58,439,108
Non-controlling interests		**1,841,094**	1,919,381	**14,285,325**	14,879,137
TOTAL EQUITY		**9,080,641**	9,457,917	**70,458,056**	73,318,245

Approved and authorised for issue by the Board of Directors on 30 August 2016

Kwek Leng Hai
Tan Lim Heng
Directors

The notes on pages 82 to 176 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to equity shareholders of the Company													
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOS reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Hedging 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 2015	164,526	10,493	72,373	2,544	(41,093)	938	32,037	480,642	(1,923)	8,726	6,809,273	7,538,536	1,919,381	9,457,917
Profit for the year	-	-	-	-	-	-	-	-	-	-	397,967	397,967	232,514	630,481
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	307	-	37	57	(293,038)	(427)	-	(10)	-	(293,074)	(154,746)	(447,820)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	-	(36,220)	-	-	-	-	(36,220)	(19,296)	(55,516)
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	(3,934)	-	-	(3,934)	(1,976)	(5,910)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(234,503)	-	-	-	(234,503)	(29)	(234,532)
Release of valuation reserve upon disposal of properties	-	-	-	-	-	-	-	-	-	(22)	-	(22)	-	(22)
Actuarial losses on defined benefit obligation	-	-	-	-	-	-	-	-	-	-	(6,462)	(6,462)	(3,188)	(9,650)
Surplus on revaluation of leasehold land and buildings	-	-	-	-	-	-	-	-	-	42,648	-	42,648	-	42,648
Share of other comprehensive income of associates	-	-	(592)	-	-	-	9,976	4,206	(78)	-	1,387	14,899	-	14,899
Total comprehensive income for the year	-	-	(285)	-	37	57	(319,282)	(230,724)	(4,012)	42,616	392,892	(118,701)	53,279	(65,422)
Transfer between reserves	-	-	34,330	-	-	-	-	-	-	-	(34,330)	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	701	-	-	-	-	-	701	854	1,555
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	2,309	2,309	(8,098)	(5,789)
Disposal of subsidiaries	-	-	-	262	-	-	-	(545)	-	-	-	(283)	(816)	(1,099)
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(4,716)	(4,716)
Redemption of perpetual securities by a subsidiary	-	-	360	-	-	-	-	-	-	-	(15,644)	(15,284)	(84,257)	(99,541)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(34,533)	(34,533)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(125,812)	(125,812)	-	(125,812)
Interim dividend paid in respect of the current year	-	-	-	-	-	-	-	-	-	-	(41,919)	(41,919)	-	(41,919)
At 30 June 2016	164,526	10,493	106,778	2,806	(41,056)	1,696	(287,245)	249,373	(5,935)	51,342	6,986,769	7,239,547	1,841,094	9,080,641

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to equity shareholders of the Company													
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOS reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Hedging 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 2014	164,526	10,493	4,446	2,544	(41,100)	(505)	305,788	365,298	–	9,035	6,436,079	7,256,604	1,911,496	9,168,100
Profit for the year	–	–	–	–	–	–	–	–	–	–	596,590	596,590	162,787	759,377
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	9,550	–	7	96	(279,732)	(129)	–	(309)	–	(270,517)	(110,753)	(381,270)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	–	–	–	–	–	–	(3,894)	–	–	–	–	(3,894)	(2,074)	(5,968)
Exchange translation reserve reclassified to profit or loss upon deemed disposal of associate	–	–	–	–	–	–	(1,323)	–	–	–	–	(1,323)	(705)	(2,028)
Release of reserves upon liquidation of subsidiaries	–	–	–	–	–	–	(11,419)	–	–	–	–	(11,419)	–	(11,419)
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	(1,930)	–	–	(1,930)	(971)	(2,901)
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	112,870	–	–	–	112,870	(319)	112,551
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	10,459	–	–	–	10,459	32	10,491
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	–	1,146	1,146	415	1,561
Share of other comprehensive income of associates	–	–	330	–	–	–	22,617	(7,856)	7	–	3,407	18,505	–	18,505
Total comprehensive income for the year	–	–	9,880	–	7	96	(273,751)	115,344	(1,923)	(309)	601,143	450,487	48,412	498,899
Transfer between reserves	–	–	60,680	–	–	–	–	–	–	–	(60,680)	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	1,347	–	–	–	–	–	1,347	970	2,317
Purchase of own shares for share option scheme by a subsidiary	–	–	(2,633)	–	–	–	–	–	–	–	–	(2,633)	(1,324)	(3,957)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	207	207	(3,855)	(3,648)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	5,797	5,797
Disposal of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(2,898)	(2,898)
Distribution payment for perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(4,714)	(4,714)
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(34,503)	(34,503)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(125,792)	(125,792)	–	(125,792)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	–	(41,910)	(41,910)	–	(41,910)
Refund of unclaimed dividends	–	–	–	–	–	–	–	–	–	–	226	226	–	226
At 30 June 2015	164,526	10,493	72,373	2,544	(41,093)	938	32,037	480,642	(1,923)	8,726	6,809,273	7,538,536	1,919,381	9,457,917

The notes on pages 82 to 176 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 US$'000	2015 US$'000
Operating activities			
Profit for the year before taxation		**757,924**	876,527
Adjustments for:			
– Finance costs		**98,098**	132,278
– Interest income		**(30,761)**	(45,294)
– Dividend income		**(127,815)**	(109,468)
– Depreciation		**87,503**	88,688
– Amortisation of intangible assets		**16,338**	13,012
– Equity-settled share-based payment expenses		**2,295**	2,532
– Impairment loss recognised on other property, plant and equipment		**2,109**	1,828
– Impairment loss reversed on intangible assets		**(2,091)**	(4,053)
– Impairment loss reversed on development properties		**(1,430)**	–
– Impairment loss recognised on properties held for sale		**3,682**	–
– Valuation surplus on investment properties		**(14,799)**	(55,277)
– Share of profits of associates and joint ventures		**(83,453)**	(119,993)
– Net (gains)/losses on disposal of property, plant and equipment		**(14,113)**	54
– Net losses on disposal of intangible assets		**32**	–
– Net (gains)/losses on disposal of subsidiaries and associates		**(425,336)**	2,481
– Net gains on liquidation of subsidiaries		**–**	(11,419)
Operating profit before changes in working capital		**268,183**	771,896
Decrease/(increase) in trade and other receivables		**144,606**	(74,526)
(Increase)/decrease in trading financial assets		**(766,268)**	870,194
(Increase)/decrease in available-for-sale financial assets		**(45,095)**	205,320
Decrease/(increase) in development properties		**42,502**	(416,568)
Decrease in properties held for sale		**360,143**	237,949
Decrease in provisions and other liabilities		**(10,077)**	(12,854)
Increase in trade and other payables		**106,955**	134,070
Cash generated from operations		**100,949**	1,715,481
Interest received		**32,159**	46,073
Dividend received from equity investments		**65,115**	82,539
Taxation			
– Hong Kong Profits Tax paid		**(395)**	(463)
– Hong Kong Profits Tax refunded		**1**	–
– Overseas tax paid		**(199,760)**	(65,978)
Net cash (used in)/generated from operating activities		**(1,931)**	1,777,652

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 US$'000	2015 US$'000
Investing activities			
Acquisition of subsidiary	32(b)	–	(8,589)
Net repayment from associates and joint ventures		30	2,159
Purchase of property, plant and equipment		(124,869)	(90,674)
Additions in investment properties under development		(157,002)	(193,996)
Purchase of intangible assets		(19,612)	(16,525)
Acquisition of additional interests in subsidiaries		(5,789)	(1,047)
Subscription for the rights issue of an associate		(69,163)	–
Proceeds from disposal of subsidiaries	32(c)	1,680,576	14,369
Proceeds from disposal of associates		–	426
Proceeds from disposal of an investment property		16,025	–
Proceeds from disposal of property, plant and equipment		18,330	2,799
Dividends received from associates and joint ventures		26,983	31,325
Net cash generated from/(used in) investing activities		1,365,509	(259,753)
Financing activities			
Purchase of ordinary shares for share option schemes by a subsidiary		–	(3,957)
Net (repayment of)/proceeds from bank loans and other borrowings		(1,017,403)	15,240
Redemption of mortgage debenture stock by a subsidiary		–	(217,282)
Decrease in fixed deposits pledged		255,887	11,315
Distribution payment for perpetual securities		(4,716)	(4,714)
Repurchase of medium term notes by a subsidiary		(38,711)	–
Redemption of perpetual securities by a subsidiary	32(d)	(99,541)	–
Loans from non-controlling interests of subsidiaries		25,271	13,255
Interest paid		(172,590)	(223,005)
Dividends paid to non-controlling interests by subsidiaries		(34,533)	(34,503)
Dividends paid to equity shareholders of the Company		(167,731)	(167,476)
Net cash used in financing activities		(1,254,067)	(611,127)
Net increase in cash and cash equivalents		109,511	906,772
Cash and cash equivalents at 1 July	25	2,378,203	1,531,983
Effect of foreign exchange rate changes		(42,055)	(60,552)
Cash and cash equivalents at 30 June	25	2,445,659	2,378,203

The notes on pages 82 to 176 form part of these financial statements.

NOTES TO THE 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 2016 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis 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 and consolidated 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 sale 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.

(ix) Revenue from hotel operations is recognised in the profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes income earned from sales of food and beverages, rendering of laundry services and other miscellaneous income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses 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:

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 dividends or interest 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 financial assets. 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. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)(i)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(a)(ii) and 2(a)(i), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(k)(i)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

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.

(ii) Subsidiaries and non-controlling interests

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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, transactions and cash flows 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) Subsidiaries and non-controlling interests (cont'd)

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 the non-controlling interests' 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) or (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 joint venture (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 joint ventures

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 joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture 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 joint venture, 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 joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures 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.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, 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)).

In the Company's statement of financial position, investments in associates and joint ventures 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, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(ii) Hedge of net investments in foreign operations

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income and accumulated separately in equity in the exchange translation reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss. The Group did not hold any hedging instrument to hedge its investments in foreign subsidiaries at the reporting dates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture 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) Other property, plant and equipment 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) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are 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 measured 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 recognised as property, plant and equipment 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 associates and joint ventures accounted for under the equity method in the consolidated financial statements (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 has 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:

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

– intangible assets;

– goodwill; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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 of disposal 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 of disposal (if measurable) 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 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 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(t)(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) 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.

(p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax (cont'd)

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.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated 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 (see note 2(c)(ii)).

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 measured.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) 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

A defined benefit retirement plan is a post-employment benefit retirement plan other than a defined contribution retirement plan. The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The Group obtains the actuarial valuation at least once every three years.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit retirement plans in staff cost in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Employee benefits (cont'd)

(ii) Defined benefit retirement plan obligations (cont'd)

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve with 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 options, the total estimated fair value of the 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 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 the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) 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 is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. 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.

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(t)(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(t)(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(t)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Financial guarantees issued, provisions and contingent liabilities (cont'd)

(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.

(u) 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).

(h) The entity, or any member of a group which it is a part, provides key management personnel services to the group or to the group's parent.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) 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 14)

At 30 June 2016 and 2015, 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 and 30)

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 34)

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 33)

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The calculation is performed annually 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 retirement 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 licences and brand names (note 15)

The valuation of the casino licences and brand names 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 Group has adopted all new or revised HKFRSs, which term collectively includes HKASs and Interpretations, issued by the HKICPA that are mandatory for application for the current accounting period of the Group. The adoption of the new standards, amendments to standards and interpretations that are relevant to the Group had no material impact on the results and financial position of the Group.

In addition, the disclosure requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) became effective at the start of the Company's financial year ended 30 June 2016 in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The adoption of the disclosure requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include updating any references to the Hong Kong Companies Ordinance to refer to the current Hong Kong Companies Ordinance and replacing certain terminology no longer used in the Hong Kong Companies Ordinance with terminology used in HKFRS.

The Group has not applied any new standard or interpretation that is not yet effective for the year ended 30 June 2016 (see note 42).

5. TURNOVER AND REVENUE

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, stock and commodities broking, bullion trading and corporate advisory services.

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

	2016 US$'000	2015 US$'000
Revenue from sale of properties	**612,735**	1,111,433
Revenue from hospitality and leisure	**1,427,701**	1,508,333
Interest income	**30,761**	45,294
Dividend income	**127,815**	109,468
Rental income from properties	**17,243**	18,018
Securities commission and brokerage	**2,213**	5,779
Others	**5,961**	7,110
Revenue	**2,224,429**	2,805,435
Proceeds from sale of investments in securities	**208,579**	1,550,922
Turnover	**2,433,008**	4,356,357

6. OTHER REVENUE AND NET INCOME

(a) Other revenue

	2016 US$'000	2015 US$'000
Sublease income	**5,788**	6,026
Bass Strait oil and gas royalty	**20,726**	31,723
Hotel management fee	**863**	6,094
Termination fee from hotel management contract	**12,517**	–
Income from forfeiture of deposit from sale of properties	**188**	930
Others	**1,360**	9,611
	41,442	54,384

6. OTHER REVENUE AND NET INCOME (cont'd)

(b) Other net income

	2016 US$'000	2015 US$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(168,618)**	104,977
Net realised and unrealised gains/(losses) on derivative financial instruments	**1,955**	(187)
Net realised gains on disposal of available-for-sale financial assets	**–**	88,203
Net gains on foreign exchange contracts	**20,757**	59,213
Other exchange losses	**(12,620)**	(58,107)
Net gains/(losses) on disposal of property, plant and equipment	**14,113**	(54)
Net losses on disposal of intangible assets	**(32)**	–
Net gains/(losses) on disposal of subsidiaries and associates	**425,336**	(2,481)
Net gains on liquidation of subsidiaries	**–**	11,419
Other income	**7,946**	4,542
	288,837	207,525

7. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

	2016 US$'000	2015 US$'000
Interest on bank loans and other borrowings wholly repayable within five years	**155,124**	206,897
Interest on bank loans and other borrowings not wholly repayable within five years	**6,416**	6,930
Other borrowing costs	**11,403**	9,167
Total borrowing costs	**172,943**	222,994
Less: borrowing costs capitalised into:		
– development properties	**(26,069)**	(49,734)
– investment properties	**(43,168)**	(4,356)
– other property, plant and equipment	**(5,608)**	(36,626)
Total borrowing costs capitalised (Note)	**(74,845)**	(90,716)
	98,098	132,278

Note: These borrowing costs have been capitalised at rates of 1.91% to 8.00% per annum (2015: 1.57% to 8.00%).

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

(b) Staff cost

	2016 US$'000	2015 US$'000
Contributions to defined contribution retirement plans	**12,336**	11,277
Expenses recognised in respect of defined benefit retirement plans	**677**	889
Equity-settled share-based payment expenses	**2,295**	2,532
Salaries, wages and other benefits	**457,572**	491,618
	472,880	506,316

(c) Other items

	2016 US$'000	2015 US$'000
Depreciation	**87,503**	88,688
Impairment losses recognised/(reversed)		
– other property, plant and equipment	**2,109**	1,828
– intangible assets	**(2,091)**	(4,053)
– development properties	**(1,430)**	–
– properties held for sale	**3,682**	–
Amortisation		
– casino licences and brand names	**1,413**	1,438
– Bass Strait oil and gas royalty	**3,123**	3,563
– other intangible assets	**11,802**	8,011
Operating lease charges		
– properties	**74,474**	78,214
– others	**8,128**	6,168
Auditors' remuneration		
– audit services	**2,053**	2,137
– tax services	**198**	168
– other services	**277**	152
Donations	**1,023**	984
Gross rental income from investment properties	**(17,243)**	(18,018)
Less: direct outgoings	**4,725**	4,813
Net rental income	**(12,518)**	(13,205)
Share of (profits)/losses of associates and joint ventures:		
– associates	**(84,452)**	(121,469)
– joint ventures	**999**	1,476
	(83,453)	(119,993)

8. TAX EXPENSES

(a) Taxation in the consolidated income statement represents:

	2016 US$'000	2015 US$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**299**	36,019
Under/(over)-provision in respect of prior years	**76**	(2)
	375	36,017
Current tax – Overseas		
Provision for the year	**182,416**	101,460
Over-provision in respect of prior years	**(5,517)**	(29,576)
	176,899	71,884
Deferred tax		
Origination and reversal of temporary differences	**(46,333)**	7,748
Utilisation of deferred tax asset in relation to tax losses	**1,394**	1,816
Effect of changes in tax rate on deferred tax balances	**(4,892)**	(315)
	(49,831)	9,249
	127,443	117,150

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year ended 30 June 2016. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

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

	2016 US$'000	2015 US$'000
Profit before tax	**757,924**	876,527
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**143,797**	157,523
Tax effect of non-deductible expenses	**57,090**	47,763
Tax effect of non-taxable revenue	**(62,525)**	(59,618)
Tax effect of unused tax losses not recognised	**13,328**	125
Tax effect of utilisation of tax losses not previously recognised	**(1,670)**	(2,925)
Reversal of temporary differences not accounted for in previous years	**(11,858)**	–
Tax effect of changes in tax rate on deferred tax balances	**(4,892)**	(315)
Over-provision in respect of prior years	**(5,441)**	(29,578)
Others	**(386)**	4,175
Actual tax expenses	**127,443**	117,150

8. TAX EXPENSES (cont'd)

(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 ended 30 June 2016 and 2015.

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

	2016 US$'000	2015 US$'000
Hong Kong Profits Tax	**36,039**	36,090
Overseas taxation	**78,359**	107,434
Taxation payable	**114,398**	143,524
Amount of taxation payable expected to be settled after more than 1 year	**–**	2,148

9. DIRECTORS' EMOLUMENTS

Directors' emoluments comprise 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 2016 are as below:

Name	**Fees US$'000**	**Salaries, allowances and benefits in kind[1] US$'000**	**Discretionary bonuses US$'000**	**Pension contributions US$'000**	**Total emoluments US$'000**
2016					
Quek Leng Chan*	**–[2]**	**–**	**–**	**–**	**–**
Kwek Leng Hai	**–[2]**	**1,582**	**5,223**	**131**	**6,936**
Kwek Leng San*	**–[2]**	**–**	**–**	**–**	**–**
Tan Lim Heng*	**68**	**19**	**128**	**–**	**215**
Volker Stoeckel**	**54**	**–**	**–**	**–**	**54**
Roderic N. A. Sage**	**57**	**–**	**–**	**–**	**57**
David Michael Norman**	**48**	**–**	**–**	**–**	**48**
	227	**1,601**	**5,351**	**131**	**7,310**
2015 (Restated)					
Quek Leng Chan*	–[2]	–	–	–	–
Kwek Leng Hai	–[2]	1,487	4,935	124	6,546
Kwek Leng San*	–[2]	–	–	–	–
Tan Lim Heng*[3]	28	318	13	–	359
Volker Stoeckel**	54	–	–	–	54
Roderic N. A. Sage**	57	–	–	–	57
David Michael Norman**	48	–	–	–	48
	187	1,805	4,948	124	7,064

9. DIRECTORS' EMOLUMENTS (cont'd)

Certain of the comparative information of directors' emoluments, emoluments of the five highest paid individuals (note 10) and key management personnel information (note 39(c)) for the year ended 30 June 2015 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

Notes:

* Non-executive director

** Independent non-executive director

(1) Benefits in kind include insurance premium and motor vehicle expenses

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

(3) Redesignated as non-executive director with effect from 1 March 2015

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, one (2015: one) is a director of the Company whose emolument is disclosed in note 9. The emoluments of the other four (2015: four) individuals are as follows:

	2016 US$'000	2015 US$'000 (Restated)
Salaries, allowances and benefits in kind	**2,958**	3,619
Discretionary bonuses	**2,094**	1,053
Share-based payments	**–**	494
Pension contributions	**246**	95
Compensation for loss of office	**442**	129
	5,740	5,390

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

US$	**2016 Number of individuals**	2015 Number of individuals
800,001 – 850,000	**–**	2
1,200,001 – 1,250,000	**1**	–
1,350,001 – 1,400,000	**2**	–
1,750,001 – 1,800,000	**1**	–
1,800,001 – 1,850,000	**–**	1
1,900,001 – 1,950,000	**–**	1
	4	4

11. DIVIDENDS

	2016 US$'000	2015 US$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend of HK$1.00 (2015: HK$1.00) per ordinary share	**41,919**	41,910
– Proposed final dividend of HK$3.00 (2015: HK$3.00) per ordinary share	**127,225**	127,341
	169,144	169,251
Dividends paid/(refunded) in respect of the prior year:		
– Final dividend of HK$3.00 (2015: HK$3.00) per ordinary share	**125,812**	125,792
– Refund of unclaimed dividends	**–**	(226)
	125,812	125,566

The final dividend proposed for the year ended 30 June 2016 of US$127,225,000 (2015: US$127,341,000) is calculated based on 329,051,373 ordinary shares (2015: 329,051,373 ordinary shares) in issue as at 30 June 2016.

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

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of US$397,967,000 (2015: US$596,590,000) and the weighted average number of 325,024,511 ordinary shares (2015: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

For the years ended 30 June 2016 and 2015, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years.

13. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, the Group has five 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:	This segment owns, leases or manages hotels and operates gaming and leisure businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, stock and commodities broking, bullion trading and corporate advisory services.	Subsidiaries and associate
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.	Subsidiary

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 2014/15.

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.

13. SEGMENT REPORTING (cont'd)

(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 US$'000	Financial services US$'000	Oil and gas US$'000	Total US$'000
For the year ended 30 June 2016						
Turnover	**349,392**	**650,377**	**1,428,992**	**4,247**	**–**	**2,433,008**
Revenue from external customers	**140,813**	**650,377**	**1,428,992**	**4,247**	**–**	**2,224,429**
Inter-segment revenue	**4,400**	**902**	**–**	**514**	**–**	**5,816**
Reportable segment revenue	**145,213**	**651,279**	**1,428,992**	**4,761**	**–**	**2,230,245**
Operating profit/(loss)	**(45,289)**	**564,947**	**200,619**	**22,535**	**17,051**	**759,863**
Finance costs	**(36,175)**	**(41,746)**	**(21,580)**	**(690)**	**–**	**(100,191)**
Valuation surplus on investment properties	**–**	**14,799**	**–**	**–**	**–**	**14,799**
Share of profits of associates and joint ventures	**–**	**170**	**–**	**83,283**	**–**	**83,453**
Profit/(loss) before taxation	**(81,464)**	**538,170**	**179,039**	**105,128**	**17,051**	**757,924**
For the year ended 30 June 2015						
Turnover	1,689,631	1,143,477	1,512,547	10,702	–	4,356,357
Revenue from external customers	138,709	1,143,477	1,512,547	10,702	–	2,805,435
Inter-segment revenue	5,719	1,260	–	1,128	–	8,107
Reportable segment revenue	144,428	1,144,737	1,512,547	11,830	–	2,813,542
Operating profit	318,322	297,465	190,765	2,540	27,560	836,652
Finance costs	(41,290)	(48,621)	(43,995)	(1,489)	–	(135,395)
Valuation surplus on investment properties	–	55,277	–	–	–	55,277
Share of profits of associates and joint ventures	–	1,595	–	118,398	–	119,993
Profit before taxation	277,032	305,716	146,770	119,449	27,560	876,527

13. 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 US$'000	Financial services US$'000	Oil and gas US$'000	Total US$'000
At 30 June 2016						
Reportable segment assets	**4,529,205**	**6,057,857**	**3,023,154**	**–**	**76,766**	**13,686,982**
Interest in associates and joint ventures	**–**	**82,376**	**–**	**940,012**	**–**	**1,022,388**
Total assets	**4,529,205**	**6,140,233**	**3,023,154**	**940,012**	**76,766**	**14,709,370**
Reportable segment liabilities	**1,301,913**	**3,272,540**	**1,054,276**	**–**	**–**	**5,628,729**
At 30 June 2015						
Reportable segment assets	4,808,324	7,128,355	3,417,369	127,682	82,534	15,564,264
Interest in associates and joint ventures	–	90,974	–	856,145	–	947,119
Total assets	4,808,324	7,219,329	3,417,369	983,827	82,534	16,511,383
Reportable segment liabilities	1,361,433	4,229,161	1,394,443	68,429	–	7,053,466

Other information

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Oil and gas US$'000	Total US$'000
2016						
Interest income	**14,940**	**14,589**	**1,291**	**2,034**	**–**	**32,854**
Depreciation and amortisation	**293**	**5,596**	**94,523**	**306**	**3,123**	**103,841**
Additions to non-current segment assets	**44**	**182,451**	**129,781**	**50**	**–**	**312,326**
2015						
Interest income	32,324	7,520	4,214	4,353	–	48,411
Depreciation and amortisation	378	4,068	93,270	421	3,563	101,700
Additions to non-current segment assets	118	202,981	122,066	487	–	325,652

Major customers

During the years ended 30 June 2016 and 2015, there is no major customer accounting for more than 10% of the total revenue of the Group.

13. SEGMENT REPORTING (cont'd)

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

Revenue

	2016 US$'000	2015 US$'000
Reportable segment revenue	**2,230,245**	2,813,542
Elimination of inter-segment revenue	**(5,816)**	(8,107)
Consolidated revenue (note 5)	**2,224,429**	2,805,435

Finance costs

	2016 US$'000	2015 US$'000
Reportable finance costs	**100,191**	135,395
Elimination of inter-segment finance costs	**(2,093)**	(3,117)
Consolidated finance costs (note 7(a))	**98,098**	132,278

Interest income

	2016 US$'000	2015 US$'000
Reportable interest income	**32,854**	48,411
Elimination of inter-segment interest income	**(2,093)**	(3,117)
Consolidated interest income (note 5)	**30,761**	45,294

(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, deferred tax assets and pensions surplus ("specified non-current assets"). The geographical information is classified by reference to the location of the income generating entities.

13. SEGMENT REPORTING (cont'd)

(c) Geographical information (cont'd)

	Revenue from external customers		Profit/(loss) from operations	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
The People's Republic of China				
– Hong Kong	**146,686**	150,394	**(60,791)**	277,474
– Mainland China	**195,997**	305,583	**439,312**	68,103
United Kingdom and Continental Europe	**1,401,278**	1,478,502	**180,585**	152,589
Singapore	**373,564**	834,586	(Note) **59,326**	177,220
Australasia and others	**106,904**	36,370	**41,240**	25,871
	2,224,429	2,805,435	**659,672**	701,257

	Total assets		Specified non-current assets	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
The People's Republic of China				
– Hong Kong	**4,578,248**	4,904,566	**100,600**	58,545
– Mainland China	**1,375,184**	2,753,914	**156,138**	149,344
United Kingdom and Continental Europe	**2,619,118**	3,098,822	**2,399,324**	2,790,512
Singapore	**4,139,567**	3,712,474	**2,002,631**	1,804,840
Australasia and others	**1,997,253**	2,041,607	**1,321,379**	1,251,438
	14,709,370	16,511,383	**5,980,072**	6,054,679

Note:

The Group's financial statements have been prepared in accordance with all applicable HKFRSs and at Group level, revenue arising from the sale of properties has been recognised upon completion of development projects.

The subsidiary, GuocoLand Limited ("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$17.8 million (2015: US$1.6 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has not recognised any operating profits of GuocoLand for the year (2015: US$65.4 million) which have been deferred in previous years. Up to 30 June 2016, accumulated operating profits of GuocoLand totalling US$19.9 million (2015: US$2.3 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.

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	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 2014	1,896,005	1,287,548	546,841	1,371,471	3,205,860	5,101,865
Acquisition of subsidiary	–	–	185	1,863	2,048	2,048
Additions	198,352	40,106	23,341	63,853	127,300	325,652
Transfer from/(to):						
– development properties	446	–	–	–	–	446
– assets held for sale	(111,132)	–	(1,084)	(2,341)	(3,425)	(114,557)
Disposals and written off	–	(1,832)	(4,407)	(31,628)	(37,867)	(37,867)
Disposal of subsidiaries	–	(56)	–	(100)	(156)	(156)
Fair value adjustments	55,277	–	–	–	–	55,277
Exchange adjustments	(141,581)	(91,350)	(47,496)	(114,170)	(253,016)	(394,597)
At 30 June 2015	1,897,367	1,234,416	517,380	1,288,948	3,040,744	4,938,111
Representing:						
Cost	–	1,234,416	517,380	1,288,948	3,040,744	3,040,744
Valuation - 2015	1,897,367	–	–	–	–	1,897,367
	1,897,367	1,234,416	517,380	1,288,948	3,040,744	4,938,111
At 1 July 2015	**1,897,367**	**1,234,416**	**517,380**	**1,288,948**	**3,040,744**	**4,938,111**
Additions	**181,849**	**48,866**	**20,861**	**60,750**	**130,477**	**312,326**
Surplus on revaluation prior to transfer	**–**	**42,648**	**–**	**–**	**42,648**	**42,648**
Less: elimination of accumulated depreciation	**–**	**(3,464)**	**–**	**–**	**(3,464)**	**(3,464)**
Transfer between categories	**50,070**	**(50,070)**	**–**	**–**	**(50,070)**	**–**
Transfer from:						
– development properties	**–**	**–**	**–**	**176**	**176**	**176**
– trade and other receivables	**–**	**–**	**–**	**275**	**275**	**275**
Disposals and written off	**(16,025)**	**(12,906)**	**(6,759)**	**(16,857)**	**(36,522)**	**(52,547)**
Disposal of subsidiaries	**–**	**(1,203)**	**–**	**(4,171)**	**(5,374)**	**(5,374)**
Fair value adjustments	**14,799**	**–**	**–**	**–**	**–**	**14,799**
Reclassification	**–**	**37,752**	**3,585**	**(41,337)**	**–**	**–**
Exchange adjustments	**(18,443)**	**(146,021)**	**(69,453)**	**(161,990)**	**(377,464)**	**(395,907)**
At 30 June 2016	**2,109,617**	**1,150,018**	**465,614**	**1,125,794**	**2,741,426**	**4,851,043**
Representing:						
Cost	**–**	**1,150,018**	**465,614**	**1,125,794**	**2,741,426**	**2,741,426**
Valuation – 2016	**2,109,617**	**–**	**–**	**–**	**–**	**2,109,617**
	2,109,617	**1,150,018**	**465,614**	**1,125,794**	**2,741,426**	**4,851,043**

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

	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 depreciation and impairment loss						
At 1 July 2014	–	168,840	49,156	991,283	1,209,279	1,209,279
Acquisition of subsidiary	–	–	141	475	616	616
Charge for the year	–	11,172	1,589	75,927	88,688	88,688
Written back on disposals and written off	–	(1,190)	(3,188)	(30,636)	(35,014)	(35,014)
Written back on disposal of subsidiaries	–	(56)	–	(92)	(148)	(148)
Transfer to assets held for sale	–	–	(672)	(1,855)	(2,527)	(2,527)
Impairment loss recognised/(reversed)	–	(312)	–	2,140	1,828	1,828
Exchange adjustments	–	(11,987)	(4,317)	(83,401)	(99,705)	(99,705)
At 30 June 2015	–	166,467	42,709	953,841	1,163,017	1,163,017
At 1 July 2015	**–**	**166,467**	**42,709**	**953,841**	**1,163,017**	**1,163,017**
Charge for the year	**–**	**15,725**	**2,754**	**69,024**	**87,503**	**87,503**
Written back on disposals and written off	**–**	**(12,849)**	**(4,787)**	**(15,567)**	**(33,203)**	**(33,203)**
Written back on disposal of subsidiaries	**–**	**(1,064)**	**–**	**(3,769)**	**(4,833)**	**(4,833)**
Elimination on revaluation	**–**	**(3,464)**	**–**	**–**	**(3,464)**	**(3,464)**
Impairment loss recognised	**–**	**41**	**–**	**2,068**	**2,109**	**2,109**
Reclassification	**–**	**48,113**	**16,864**	**(64,977)**	**–**	**–**
Exchange adjustments	**–**	**(28,925)**	**(8,178)**	**(120,122)**	**(157,225)**	**(157,225)**
At 30 June 2016	**–**	**184,044**	**49,362**	**820,498**	**1,053,904**	**1,053,904**
Net book value						
At 30 June 2016	**2,109,617**	**965,974**	**416,252**	**305,296**	**1,687,522**	**3,797,139**
At 30 June 2015	1,897,367	1,067,949	474,671	335,107	1,877,727	3,775,094

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	2016 US$'000	2015 US$'000
In Hong Kong:		
– Leasehold with between 10 to 50 years unexpired	100,359	57,280
– Leasehold with less than 10 years unexpired	25	229
Outside Hong Kong:		
– Freehold	872,191	899,482
– Leasehold with over 50 years unexpired	2,314,307	2,247,238
– Leasehold with between 10 to 50 years unexpired	181,035	207,182
– Leasehold with less than 10 years unexpired	23,926	28,576
	3,491,843	3,439,987

(b) Certain of the Group's properties with an aggregate book value of US$2,000.8 million (2015: US$1,783.3 million) were pledged for bank loans and mortgage debenture stock.

(c) Investment properties comprise:

	2016 US$'000	2015 US$'000
Completed investment properties	641,503	486,524
Investment properties under development	1,468,114	1,410,843
	2,109,617	1,897,367

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years. The gross carrying amount of investment properties of the Group held for use in operating leases was US$513.7 million (2015: US$486.5 million).

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

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) Fair value measurement of properties

(i) Fair value hierarchy

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

	2016				2015			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurement								
Investment properties	**–**	**100,359**	**2,009,258**	**2,109,617**	–	49,665	1,847,702	1,897,367

During the year ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2016. The valuations were carried out by external independent property valuers, Crowe Horwath (HK) Consulting & Valuation Limited, CB Richard Ellis, Rahim & Co and Savills, which have appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued. The valuers have considered valuation techniques including the direct comparison method, discounted cash flow method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. Management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of investment properties in Level 2 are determined using market comparison approach by reference to the recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) Fair value measurement of properties (cont'd)

(iii) Information about Level 3 fair value measurements

Type of investment properties	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	– Direct comparison method	– Sales prices of US$245 to US$1,984 (2015: US$280 to US$1,989) per square feet ("psf")	The higher the sales price, the estimated fair value increases
	– Discounted cash flow method	– Discount rate of 6.5% (2015: 6.5%) – Terminal yield rate of 3.5% (2015: 3.5%)	The lower the discount rate and terminal yield rate, the estimated fair value increases
Reversionary interest in freehold land	– Direct comparison method	– Sales prices of land of US$827 to US$1,984 (2015: US$829 to US$1,989) psf	The higher the sales price of land and gross development value, the estimated fair value increases
	– Residual land method	– Gross development value of US$1,853 (2015: US$1,857) psf	
Commercial properties under development	– Residual land method	– Gross development value of US$1,764 to US$1,964 (2015: US$1,746 to US$2,006) psf	The higher the gross development value, the estimated fair value increases

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) Fair value measurement of properties (cont'd)

(iii) Information about Level 3 fair value measurements (cont'd)

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

	2016 US$'000	2015 US$'000
Investment properties:		
At 1 July	**1,847,702**	1,848,913
Additions	**181,849**	198,352
Transfer from/(to):		
– development properties	**–**	446
– assets held for sale	**–**	(111,132)
Disposal	**(16,025)**	–
Fair value adjustments	**14,129**	52,696
Exchange adjustments	**(18,397)**	(141,573)
At 30 June	**2,009,258**	1,847,702

Fair value adjustment of investment properties is recognised in the line item "Valuation surplus on investment properties" on the face of the consolidated income statement.

Exchange adjustment of investment properties is recognised in other comprehensive income in "Exchange translation reserve".

15. INTANGIBLE ASSETS

	Casino licences and brand names US$'000	Bass Strait oil and gas royalty US$'000	Others US$'000	Total US$'000
Cost				
At 1 July 2014	1,203,335	177,845	75,666	1,456,846
Additions	757	–	15,768	16,525
Disposals	(4,669)	–	(8,364)	(13,033)
Exchange adjustments	(99,622)	(68,012)	(5,807)	(173,441)
At 30 June 2015	1,099,801	109,833	77,263	1,286,897
At 1 July 2015	**1,099,801**	**109,833**	**77,263**	**1,286,897**
Additions	**135**	**–**	**19,477**	**19,612**
Disposals	**(29)**	**–**	**(766)**	**(795)**
Disposal of subsidiaries	**–**	**–**	**(335)**	**(335)**
Exchange adjustments	**(149,105)**	**31,010**	**(10,898)**	**(128,993)**
At 30 June 2016	**950,802**	**140,843**	**84,741**	**1,176,386**
Accumulated amortisation and impairment loss				
At 1 July 2014	66,430	72,833	48,362	187,625
Charge for the year	1,438	3,563	8,011	13,012
Written back on disposals	(4,669)	–	(7,565)	(12,234)
Impairment loss reversed	(4,053)	–	–	(4,053)
Exchange adjustments	(10,795)	(49,097)	(3,697)	(63,589)
At 30 June 2015	48,351	27,299	45,111	120,761
At 1 July 2015	**48,351**	**27,299**	**45,111**	**120,761**
Charge for the year	**1,413**	**3,123**	**11,802**	**16,338**
Written back on disposals	**–**	**–**	**(763)**	**(763)**
Written back on disposal of subsidiaries	**–**	**–**	**(128)**	**(128)**
Impairment loss reversed	**(2,091)**	**–**	**–**	**(2,091)**
Exchange adjustments	**(1,269)**	**33,655**	**(7,320)**	**25,066**
At 30 June 2016	**46,404**	**64,077**	**48,702**	**159,183**
Net book value				
At 30 June 2016	**904,398**	**76,766**	**36,039**	**1,017,203**
At 30 June 2015	1,051,450	82,534	32,152	1,166,136

15. INTANGIBLE ASSETS (cont'd)

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia held by GL Limited ("GL"). 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 30 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 (9 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 (3 to 5 years).

The directors of GL have estimated the recoverable amounts for the casino licences and brand names of GL based on the expected realisable amounts as at the reporting date, taking into account prevailing and expected market conditions.

The recoverable amounts of the other 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 3-year period. Subsequent to the cash flow projections period, the growth rates used to extrapolate the cash flow projections are stated below. The growth rate does not exceed the long term average growth rate for the relevant businesses.

The key assumptions used for value-in-use calculations are as follows:

	Casino licences and brand names of Rank		**Bass Strait oil and gas royalty of GL**	
	2016	2015	**2016**	2015
Long term growth rate	**2%**	2%	**2%**	2%
Discount rate	**10%-12%**	10%-11%	**10%**	10%

For casino licences and brand names of Rank, the key assumptions in the calculation of value in use are customer visits, spend per visit, casino duty, machine games duty, bingo duty and the discount rate. For Bass Strait oil and gas royalty of GL, the key assumptions in the calculation of value in use are oil and gas production, oil and gas price, exchange rate and general inflation. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

As a result of impairment testing in the year ended 30 June 2016, the Group reversed previous impairment losses of US$2,091,000 (2015: US$4,053,000) in relation to the hospitality and leisure segment reflecting increased performance at a venue attributed to improvements in the commercial environment.

16. INTEREST IN SUBSIDIARIES

(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 *	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares *	–	67	Investment holding
GuocoEquity Assets Limited	23,000,000 shares *	100	100	Investment holding
GuoSon Assets China Limited	1 share *	–	65	Investment holding
GuoSon Changfeng China Limited	1 share *	–	65	Investment holding
Guoco Management Company Limited	2,000,000,000 shares *	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares *	100	100	Investment holding

* Concept of par value was abolished with effect from 3 March 2014 pursuant to section 135 of new Hong Kong Companies Ordinance (Cap. 622).

(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	Investment holding
GL Management Pte Ltd (formerly known as GuocoLeisure Management Pte Ltd)	2 shares (S$2) **	–	67	Management company
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	Holding properties for rental
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

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
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
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
Sims Urban Oasis Pte Ltd	64,560,000 shares (S$64,560,000) **	–	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.

16. 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
Continental Estates Sdn. Bhd. ("Continental Estates")	50,600,000 shares of RM1 each	–	30	Property development and operation of an oil palm estate
Damansara City Sdn. Bhd.	20,100,000 shares of RM1 each	–	44	Property development and property investment
DC Hotel Sdn. Bhd.	2,500,002 shares of RM1 each	–	44	Hotel operations
DC Offices Sdn. Bhd.	2,500,002 shares of RM1 each	–	44	Property investment
DC Parking Sdn. Bhd.	2,500,002 shares of RM1 each	–	44	Car park operations and property investment
DC Town Square Sdn. Bhd.	2,500,002 shares of RM1 each	–	44	Property investment
GLM Alam Damai Sdn. Bhd.	2,500,000 shares of RM1 each	–	44	Property investment and property development
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
Titan Debut Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Acquire, enhance and resale of properties

16. INTEREST IN SUBSIDIARIES (cont'd)

(d) Details of the principal subsidiaries incorporated and operating in the United Kingdom 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
Clermont Leisure (UK) Limited	55,000,000 shares of GBP1 each	–	67	Gaming
Grosvenor Casinos Limited	39,000,000 shares of GBP1 each	–	52	Casinos
Grosvenor Casinos (GC) Limited	10,000 shares of GBP0.01 each	–	52	Casinos
GLH Hotel Holdings Limited	2 shares of GBP1 each	–	67	Investment holding
GLH Hotels Limited	310,545,212 shares of GBP0.26 each	–	67	Ownership and operation of hotels in UK
Mecca Bingo Limited	170,000,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	52	Social and bingo clubs
Rank Digital Limited	14,884,600 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	52	Support services to interactive gaming
Rank Gaming Group Limited	100 shares of GBP1 each	–	52	Intermediary holding company
Rank Group Finance Plc	200,000,000 shares of GBP1 each	–	52	Funding operations
Rank Group Gaming Division Limited	76,133,001 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	52	Intermediary holding and provision of shared services
Rank Leisure Limited	1 share of GBP1 each	–	52	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	52	Intermediary holding and corporate activities
Rank Nemo (Twenty–Five) Limited	1 share of GBP1 each	–	52	Intermediary holding company

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Rank Overseas Holdings Limited	1,000,000 shares of GBP1 each	–	52	Intermediary holding company
The Gaming Group Limited	1 share of GBP1 each	–	52	Casinos
The Rank Group Plc	390,683,521 shares of GBp13 $^{8}/_{9}$ each	–	52	Investment holding of gaming business

(e) 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 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 A$1 each	–	67	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZ$1,000 each	–	67	Investment holding
Clermont Leisure International Limited	Jersey	2 shares of GBP1 each	–	67	Investment holding
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
GL Limited (formerly known as GuocoLeisure Limited)	Bermuda	1,368,063,633 shares of US$0.2 each	–	67	Hotel and property management
Great Insight Limited (Note (iii))	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	–	100	Investment holding

16. INTEREST IN SUBSIDIARIES (cont'd)

(e) 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 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 Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
GLH Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	67	Investment holding
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	1 share of US$1 each	–	67	Investment holding
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	67	Investment holding
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 Gaming (Alderney) Limited	Alderney	1 share of GBP1 each	–	52	Interactive gaming
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	–	52	Support services to interactive gaming
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	–	52	Intermediary holding company
Rank Malta Operations Plc	Malta	1,500 shares of EUR1 each	–	52	Interactive gaming

16. INTEREST IN SUBSIDIARIES (cont'd)

(e) 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
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) & (vi))	The People's Republic of China	RMB3,150,000,000 (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 FJ$1 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
Wayforward Services Limited (Note (v))	British Virgin Islands	1 share of US$1 each	–	67	Investment holding

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) This company is a sino–foreign equity joint venture enterprise.

16. INTEREST IN SUBSIDIARIES (cont'd)

(f) Material non-controlling interests

The following table lists out the information relating to each subsidiary of the group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	GuocoLand		GL		Rank		Total	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000
NCI percentage at the end of the reporting period	**35%**	35%	**33%**	33%	**48%**	48%		
Non–current assets	**2,718,566**	2,514,666	**1,167,293**	1,365,018	**1,316,405**	1,522,005		
Current assets	**3,118,223**	4,487,352	**286,935**	281,312	**144,955**	203,419		
Non–current liabilities	**(1,446,313)**	(2,793,872)	**(284,495)**	(337,009)	**(207,107)**	(136,308)		
Current liabilities	**(1,856,409)**	(1,760,931)	**(99,506)**	(138,219)	**(281,371)**	(545,774)		
Net assets	**2,534,067**	2,447,215	**1,070,227**	1,171,102	**972,882**	1,043,342		
Carrying amount of NCI	**1,042,181**	1,048,377	**346,159**	386,765	**452,754**	484,239	**1,841,094**	1,919,381
Revenue	**666,309**	1,170,093	**367,184**	381,411	**1,043,453**	1,102,554		
Profit for the year	**421,439**	225,445	**67,627**	47,866	**109,942**	117,785		
Total comprehensive income	**290,670**	290,446	**(80,043)**	(42,094)	**116,590**	109,712		
Profit allocated to NCI	**157,474**	90,325	**22,318**	15,639	**52,722**	56,823	**232,514**	162,787
Dividend paid to NCI	**13,815**	14,319	**6,065**	6,112	**14,653**	14,072	**34,533**	34,503
Net cash generated from/ (used in):								
– operating activities	**395,520**	94,226	**95,294**	99,389	**112,815**	215,607		
– investing activities	**1,451,396**	(177,307)	**(18,819)**	(54,867)	**(61,358)**	(51,789)		
– financing activities	**(1,087,078)**	118,890	**(28,964)**	(41,092)	**(95,207)**	(98,778)		
Net increase/(decrease) in cash and cash equivalents	**759,838**	35,809	**47,511**	3,430	**(43,750)**	65,040		

17. INTEREST IN ASSOCIATES AND JOINT VENTURES

	2016 US$'000	2015 US$'000
Share of net assets of associates	**1,019,314**	940,165
Goodwill	**14,524**	14,744
Amounts due from associates	**20**	22
	1,033,858	954,931
Less: Impairment loss	**(37,462)**	(37,462)
Interest in associates	**996,396**	917,469
Share of net assets of joint ventures	**25,992**	29,627
Amounts due from joint ventures	**–**	23
Interest in joint ventures	**25,992**	29,650
	1,022,388	947,119

The market value of the listed investments in associates at 30 June 2016 was US$1,078.3 million (2015: US$1,092.5 million).

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

The details of significant 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 ("HLFG")	Malaysia	1,147,516,890 shares of RM1 each	25	Financial services (Note 1)
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	280,500,000 shares of RM1.0173 each	10	Investment in real estate and real estate related assets (Note 2)
Vintage Heights Sdn. Bhd. ("Vintage Heights")	Malaysia	140,000,000 shares of RM1 each	21	Property development and operation of an oil palm estate

Note 1: HLFG is an integrated financial services group and is listed on the Malaysia Stock Exchange. Its businesses cover commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.

Note 2: Tower REIT is listed on the Malaysia Stock Exchange. Its investment portfolio comprises 2 strategically located prime commercial buildings in Kuala Lumpur.

All of the associates and joint ventures are accounted for using the equity method in the consolidated financial statements.

17. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	HLFG		Tower REIT		Continental Estates		Vintage Heights		Total	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Non-current assets	N/A	N/A	136,586	144,178	-	–	67,172	73,096		
Current assets	N/A	N/A	2,302	2,429	-	–	4,293	2,837		
Total assets	52,207,499	53,651,532	138,888	146,607	-	–	71,465	75,933		
Non-current liabilities	N/A	N/A	(24)	(27)	-	–	(14,921)	(2,308)		
Current liabilities	N/A	N/A	(5,205)	(3,550)	-	–	(1,029)	(12,139)		
Total liabilities	(46,458,484)	(48,493,034)	(5,229)	(3,577)	-	–	(15,950)	(14,447)		
Non-controlling interests	(1,943,699)	(1,683,768)	-	–	-	–	-	–		
Net assets	3,805,316	3,474,730	133,659	143,030	-	–	55,515	61,486		
Group's share of net assets	965,382	881,515	28,950	30,980	-	–	24,982	27,670		
Goodwill	12,092	12,092	-	–	-	–	2,432	2,652		
Amounts due from associates	-	–	-	–	-	–	20	22		
Impairment loss	(37,462)	(37,462)	-	–	-	–	-	–		
Group's carrying amount	940,012	856,145	28,950	30,980	-	–	27,434	30,344		
Revenue	1,557,824	1,799,825	9,540	11,455	-	3,866	1,426	1,603		
Profit/(loss) for the year	328,282	466,697	7,159	13,401	-	1,681	(847)	(1,515)		
Other comprehensive income	19,407	(16,207)	(11,571)	(11,320)	-	(697)	(5,418)	(5,444)		
Total comprehensive income	347,689	450,490	(4,412)	2,081	-	984	(6,265)	(6,959)		
Carrying amount of interest in associates at the beginning of the year	856,145	890,500	30,980	34,288	-	36,498	30,344	36,059		
Total comprehensive income attributable to the Group	88,206	114,286	(956)	451	-	492	(2,819)	(3,132)		
Subscription for rights issue (note 39(d))	69,163	–	-	–	-	–	-	–		
Dividends received during the year	(25,970)	(29,224)	(1,013)	(1,234)	-	–	-	–		
Deemed disposal of associate	-	–	-	–	-	(34,325)	-	–		
Net advance to associates	-	–	-	–	-	–	-	11		
Exchange adjustments	(47,532)	(119,417)	(61)	(2,525)	-	(2,665)	(91)	(2,594)		
Carrying amount of interest in associates at the end of the year	940,012	856,145	28,950	30,980	-	–	27,434	30,344	996,396	917,469

18. ACQUISITIONS OF SUBSIDIARY AND TRANSACTIONS WITH NON–CONTROLLING INTERESTS

(a) Acquisition of subsidiary for the financial year ended 30 June 2015

On 18 July and 31 July 2014, GuocoLand (Malaysia) Berhad ("GLM") acquired an additional 10.66% equity interests and 13.48% cumulative redeemable preference shares in Continental Estates for a consideration of RM43 million (approximately US$12.2 million). As a result, Continental Estates, which was previously a 50% owned associate of GLM, became a subsidiary of the Group from the acquisition date. The Group acquired an additional 7.34% equity interest in May 2015 for a consideration of RM4 million (approximately US$1.1 million). As at 30 June 2015, Continental Estates was 68% owned by GLM.

(b) Transactions with non–controlling interests

During the financial year ended 30 June 2016, the Group acquired an additional 0.7% interest in GL for US$5.8 million in cash, increasing its ownership from 66.6% to 67.3%. The Group recognised a decrease in non–controlling interests of US$8.1 million and an increase in total equity attributable to equity shareholders of the Company of US$2.3 million.

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

	US$'000
Group's ownership interest at 1 July 2015	**784,337**
Effect of increase in Group's ownership interest	**8,098**
Share of total comprehensive income	**(68,367)**
Group's ownership interest at 30 June 2016	**724,068**

During the financial year ended 30 June 2015, the Group recognised an additional 0.2% interest in Rank for US$2.6 million, increasing its ownership from 51.8% to 52.0%. The Group recognised a decrease in non–controlling interests of US$2.8 million and an increase in total equity attributable to equity shareholders of the Company of US$0.2 million.

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

	US$'000
Group's ownership interest at 1 July 2014	556,510
Effect of increase in Group's ownership interest	2,808
Share of total comprehensive income	(215)
Group's ownership interest at 30 June 2015	559,103

19. AVAILABLE–FOR–SALE FINANCIAL ASSETS

	2016 US$'000	2015 US$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	**1,569,756**	1,730,920
– Outside Hong Kong	**447**	500
Unlisted	**34,154**	17,724
	1,604,357	1,749,144
Club and other debentures	**310**	310
Investment in partnership	**25,400**	29,100
	1,630,067	1,778,554

20. GOODWILL

	2016 US$'000	2015 US$'000
Cost:		
At 1 July	**166,330**	180,062
Exchange adjustments	**(22,988)**	(13,732)
At 30 June	**143,342**	166,330

In accordance with the Group's accounting policy, the carrying value of goodwill is tested for impairment annually, based on value-in-use models. For impairment testing purposes, each subsidiary group acquired is treated as a single cash generating unit ("CGU"). The recoverable amount of goodwill is determined by discounting the future cash flows to be generated from the CGU based on the financial budgets approved by management covering a 3-year period. Cash flows beyond the 3-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

20. GOODWILL (cont'd)

The key assumptions used for value–in–use calculations are as follows:

	GuocoLand		GL		Rank	
	2016	2015	**2016**	2015	**2016**	2015
Long term growth rate	**4%**	4%	**4–5%**	5%	**2%**	2%
Discount rate	**8%**	8%	**8–9%**	8%	**9%**	9%

The long term growth rates used are consistent with the forecasts included in industry reports and do not exceed the long-term average growth rates for the business in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

The results of the tests undertaken as at 30 June 2016 and 30 June 2015 indicated no impairment loss was necessary.

21. DEVELOPMENT PROPERTIES

	2016 US$'000	2015 US$'000
Cost	**2,057,149**	4,452,968
Add: Additions through acquisition of subsidiary	**–**	85,395
Less: Impairment loss	**(5,044)**	(7,085)
Progress instalments received and receivable	**(349,888)**	(519,417)
Transfer to properties held for sale	**(115,589)**	(805,398)
Transfer to other property, plant and equipment	**(176)**	–
Transfer to investment properties	**–**	(446)
	1,586,452	3,206,017

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

Certain of the Group's development properties with an aggregate book value of US$1,648.2 million (2015: US$1,817.8 million) were pledged for bank loans and mortgage debenture stock.

22. PROPERTIES HELD FOR SALE

	2016 US$'000	2015 US$'000
At 1 July	1,019,897	486,687
Additions	10,947	20,067
Acquisition of subsidiary	–	45
Transfer from development properties	115,589	805,398
Disposals	(371,090)	(258,016)
Impairment loss recognised	(3,682)	–
	771,661	1,054,181
Exchange adjustments	(13,661)	(34,284)
At 30 June	758,000	1,019,897

23. TRADE AND OTHER RECEIVABLES

	2016 US$'000	2015 US$'000
Trade debtors	64,690	228,967
Accrued receivables for sales consideration not yet billed on completed development properties	134,651	273,799
Other receivables, deposits and prepayments	267,297	178,868
Derivative financial instruments, at fair value	48,437	28,291
Interest receivables	2,811	4,209
	517,886	714,134

Included in the Group's trade and other receivables is US$12.1 million (2015: US$11.7 million) which is expected to be recovered after one year.

23. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Ageing analysis

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

	2016 US$'000	2015 US$'000
Within 1 month	**52,232**	226,664
1 to 3 months	**9,277**	1,451
More than 3 months	**3,181**	852
	64,690	228,967

(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 2016 and 2015 are not significant.

(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:

	2016 US$'000	2015 US$'000
Neither past due nor impaired	**41,773**	218,808
Less than 1 month past due	**16,652**	8,138
1 to 3 months past due	**4,513**	1,156
More than 3 months past due	**1,752**	865
	22,917	10,159
	64,690	228,967

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 the receivables balances.

24. TRADING FINANCIAL ASSETS

	2016 US$'000	2015 US$'000
Debt securities		
Listed (at market value)		
– In Hong Kong	8,263	8,252
– Outside Hong Kong	15,164	15,173
	23,427	23,425
Equity securities		
Listed (at market value)		
– In Hong Kong	485,665	33,219
– Outside Hong Kong	1,230,150	917,221
	1,715,815	950,440
	1,739,242	973,865

25. CASH AND SHORT TERM FUNDS

	2016 US$'000	2015 US$'000
Deposits with banks	1,931,057	2,135,410
Cash at bank and in hand	514,602	506,135
Cash and short term funds in the consolidated statement of financial position	2,445,659	2,641,545
Cash collaterals (Note)	–	(263,364)
Cash and cash equivalents of disposal group classified as held for sale	–	22
Cash and cash equivalents in the consolidated statement of cash flows	2,445,659	2,378,203

Note: Cash collaterals comprised deposits of US$263.4 million as at 30 June 2015 pledged with financial institutions in China and Hong Kong for bank loans.

26. ASSETS/LIABILITIES HELD FOR SALE

	2016 US$'000	2015 US$'000
Other property, plant and equipment held for sale	**–**	898
Assets of disposal group held for sale (Note)	**–**	111,448
Assets held for sale	**–**	112,346
Liabilities held for sale (Note)	**–**	73,264

Note: Prior to 30 June 2015, the Group had commenced efforts to dispose of the entire issued and paid–up share capital of DC Tower Sdn Bhd ("DCT"), a Malaysian subsidiary. Accordingly, the assets and liabilities of DCT were presented as disposal group held for sale as at 30 June 2015. In July 2015, the Group had entered into a conditional share sale agreement with Hong Leong Bank Berhad, a related party, for the proposed disposal of DCT. The sale was completed on 30 June 2016 for a consideration of RM168.8 million (approximately US$41.6 million) (see note 32(c)).

As at 30 June 2015, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	2015 US$'000
Investment property	111,132
Derivative financial instruments	116
Trade and other receivables	178
Cash and short term funds	22
Assets held for sale	111,448
Bank loans and other borrowings	67,923
Deferred tax liabilities	2,249
Trade and other payables	3,092
Liabilities held for sale	73,264

As at 30 June 2015, the derivative financial instruments relate to interest rate swaps contracts with a notional amount of US$25.6 million. The bank loans and other borrowings of the disposal group, which bare interest ranging from 4.5% to 5.0% per annum, were secured and repayable in tranches with final repayment due in 2022. The investment property was mortgaged to secure the loan facilities.

26. ASSETS/LIABILITIES HELD FOR SALE (cont'd)

Measurement of fair value

As at 30 June 2015, the fair value measurement for investment property of the disposal group was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation method	Key unobservable inputs
Residual land and residual method	Gross development value of US$307 psf

As at 30 June 2015, the fair value measurement for bank loans and other borrowings of the disposal group was categorised as a Level 2 fair value which was determined using the discounted cash flow method.

27. TRADE AND OTHER PAYABLES

	2016 US$'000	2015 US$'000
Trade creditors	**191,804**	114,748
Other payables and accrued operating expenses	**499,660**	697,461
Derivative financial instruments, at fair value	**75,755**	26,976
Amounts due to fellow subsidiaries	**18,825**	16,952
Amounts due to associates	**54**	49
	786,098	856,186

Included in trade and other payables is US$109.4 million (2015: US$121.7 million) which is expected to be payable after one year.

(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:

	2016 US$'000	2015 US$'000
Within 1 month	**184,726**	87,534
1 to 3 months	**2,477**	9,637
More than 3 months	**4,601**	17,577
	191,804	114,748

27. TRADE AND OTHER PAYABLES (cont'd)

(b) Other payables and accrued operating expenses

	2016 US$'000	2015 US$'000
Accrued operating expenses	**263,535**	289,031
Real estate tax payable	**3,768**	49,396
Social security and gaming and other taxation	**45,322**	58,019
Interest payables	**26,556**	31,759
Deposits received	**23,343**	64,525
Accruals for above market property rentals on the acquired subsidiary	**59,086**	63,715
Progress billings on properties	**6,521**	40,390
Others	**71,529**	100,626
	499,660	697,461

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

28. BANK LOANS AND OTHER BORROWINGS

	2016			2015		
	Current portion US$'000	**Non-current portion US$'000**	**Total US$'000**	Current portion US$'000	Non-current portion US$'000	Total US$'000
Bank loans						
– Secured	**1,214,917**	**599,368**	**1,814,285**	788,431	1,585,738	2,374,169
– Unsecured	**389,182**	**916,554**	**1,305,736**	517,756	1,237,657	1,755,413
	1,604,099	**1,515,922**	**3,120,021**	1,306,187	2,823,395	4,129,582
Other loans						
– Secured	**71,988**	**–**	**71,988**	–	–	–
– Unsecured	**1,433**	**10,737**	**12,170**	4,765	13,780	18,545
	73,421	**10,737**	**84,158**	4,765	13,780	18,545
Unsecured medium term notes and bonds	**211,011**	**953,895**	**1,164,906**	247,101	1,203,476	1,450,577
Secured mortgage debenture stock	**–**	**77,667**	**77,667**	–	91,525	91,525
	1,888,531	**2,558,221**	**4,446,752**	1,558,053	4,132,176	5,690,229

28. BANK LOANS AND OTHER BORROWINGS (cont'd)

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

	2016				2015			
	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	**1,604,099**	**–**	**284,432**	**1,888,531**	1,306,187	–	251,866	1,558,053
After 1 year but within 2 years	**776,245**	**–**	**679,060**	**1,455,305**	1,614,816	–	213,120	1,827,936
After 2 years but within 5 years	**651,127**	**–**	**281,021**	**932,148**	1,154,248	–	997,036	2,151,284
After 5 years	**88,550**	**77,667**	**4,551**	**170,768**	54,331	91,525	7,100	152,956
	1,515,922	**77,667**	**964,632**	**2,558,221**	2,823,395	91,525	1,217,256	4,132,176
	3,120,021	**77,667**	**1,249,064**	**4,446,752**	4,129,582	91,525	1,469,122	5,690,229

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$1,595.9 million (2015: US$1,410.8 million) (note 14);

– legal mortgages on development properties with an aggregate book value of US$1,648.2 million (2015: US$1,817.8 million) (note 21);

– legal mortgages on other property, plant and equipment with an aggregate book value of US$404.9 million (2015: US$372.4 million) (note 14); and

– certain trading financial assets with an aggregate book value of US$411.8 million (2015: US$408.6 million) (note 24).

29. PROVISIONS AND OTHER LIABILITIES

	Pensions US$'000	Property lease US$'000	Others US$'000	Total US$'000
At 1 July 2014	7,377	89,729	12,870	109,976
Provision made/(written back) during the year	(1,589)	1,766	2,897	3,074
Amounts settled or utilised during the year	(5,283)	(9,971)	(2,235)	(17,489)
Exchange adjustments	(1,375)	(6,991)	(801)	(9,167)
At 30 June 2015	(870)	74,533	12,731	86,394
Provisions and other liabilities as at 30 June 2015 are disclosed as:				
Current liabilities	–	9,460	7,532	16,992
Non–current liabilities	9,476	65,073	5,199	79,748
Non–current assets	(10,346)	–	–	(10,346)
	(870)	74,533	12,731	86,394
At 1 July 2015	**(870)**	**74,533**	**12,731**	**86,394**
Provision made during the year	**11,754**	**3,567**	**1,429**	**16,750**
Amounts settled or utilised during the year	**(5,425)**	**(7,408)**	**(4,344)**	**(17,177)**
Exchange adjustments	**191**	**(10,857)**	**(1,223)**	**(11,889)**
At 30 June 2016	**5,650**	**59,835**	**8,593**	**74,078**
Provisions and other liabilities as at 30 June 2016 are disclosed as:				
Current liabilities	**–**	**9,521**	**3,779**	**13,300**
Non–current liabilities	**8,280**	**50,314**	**4,814**	**63,408**
Non–current assets	**(2,630)**	**–**	**–**	**(2,630)**
	5,650	**59,835**	**8,593**	**74,078**

30. 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:

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
At 1 July 2014	(25,744)	35,019	(773)	(2,107)	(6,731)	62,888	62,552
Reclassification	–	101	–	–	(3,354)	3,253	–
Charged/(credited) to consolidated income statement	4,142	2,836	3,434	1,051	(873)	(1,341)	9,249
Charged to other comprehensive income	–	–	236	–	–	577	813
Acquisition of subsidiary	271	–	3,892	–	–	–	4,163
Written back on disposal of subsidiaries	341	–	(627)	–	231	–	(55)
Effect on changes in tax rate	9	–	–	–	168	(429)	(252)
Transfer to liabilities held for sale	–	(2,249)	–	–	–	–	(2,249)
	(20,981)	35,707	6,162	(1,056)	(10,559)	64,948	74,221
Exchange adjustments	2,008	(2,397)	(1,685)	161	838	(4,812)	(5,887)
At 30 June 2015	(18,973)	33,310	4,477	(895)	(9,721)	60,136	68,334
At 1 July 2015	**(18,973)**	**33,310**	**4,477**	**(895)**	**(9,721)**	**60,136**	**68,334**
Charged/(credited) to consolidated income statement	**185**	**(3,810)**	**(32,641)**	**105**	**(6,024)**	**(7,646)**	**(49,831)**
Credited to other comprehensive income	**–**	**–**	**(1,199)**	**(1,934)**	**–**	**(1,320)**	**(4,453)**
Written back on disposal of subsidiaries	**(58)**	**(1,129)**	**(6,668)**	**–**	**–**	**(6)**	**(7,861)**
	(18,846)	**28,371**	**(36,031)**	**(2,724)**	**(15,745)**	**51,164**	**6,189**
Exchange adjustments	**2,708**	**(3,293)**	**793**	**119**	**882**	**(7,626)**	**(6,417)**
At 30 June 2016	**(16,138)**	**25,078**	**(35,238)**	**(2,605)**	**(14,863)**	**43,538**	**(228)**

30. DEFERRED TAXATION (cont'd)

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

	2016 US$'000	2015 US$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(49,362)**	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	**49,134**	68,334
	(228)	68,334

(b) Deferred tax assets not recognised

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

	2016 US$'000	2015 US$'000
Deductible temporary differences	**52,145**	46,810
Tax losses	**1,803,866**	2,106,069
	1,856,011	2,152,879

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

At 30 June 2016, the temporary differences relating to the undistributed profits of subsidiaries amounted to US$280.9 million (2015: US$333.1 million). Deferred tax liabilities of US$28.1 million (2015: US$41.1 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 the profits will not be distributed in the foreseeable future.

31. 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 2014	164,526	10,493	3,492,429	3,667,448
Final dividend paid in respect of prior year	–	–	(127,350)	(127,350)
Interim dividend paid in respect of current year	–	–	(42,428)	(42,428)
Refund of unclaimed dividends	–	–	226	226
Total comprehensive income for the year – Profit for the year	–	–	227,587	227,587
At 30 June 2015	164,526	10,493	3,550,464	3,725,483
At 1 July 2015	**164,526**	**10,493**	**3,550,464**	**3,725,483**
Final dividend paid in respect of prior year	**–**	**–**	**(127,372)**	**(127,372)**
Interim dividend paid in respect of current year	**–**	**–**	**(42,435)**	**(42,435)**
Total comprehensive income for the year – Profit for the year	**–**	**–**	**176,024**	**176,024**
At 30 June 2016	**164,526**	**10,493**	**3,556,681**	**3,731,700**

(b) Nature and purpose of reserves of the Group

(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. It also comprises statutory and regulatory reserves maintained by HLFG's banking subsidiary companies in Malaysia and Vietnam.

31. SHARE CAPITAL AND RESERVES (cont'd)

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

(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 ESOS reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees (note 34).

(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) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ix) Revaluation reserve comprises increase in fair value of other property, plant and equipment and development properties from acquired subsidiaries.

(x) Distributable reserves of the Company at 30 June 2016 amounted to US$3,527,297,000 (2015: US$3,521,087,000).

31. SHARE CAPITAL AND RESERVES (cont'd)

(c) Share capital

	2016 No. of shares '000	2016 US$'000	2015 No. of shares '000	2015 US$'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 2016, 4,026,862 (2015: 4,026,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiary

	2016 US$'000	2015 US$'000
Net assets acquired:		
Other property, plant and equipment	–	1,432
Development properties	–	85,395
Properties held for sale	–	45
Trade and other receivables	–	423
Cash and short term funds	–	3,578
Trade and other payables	–	(168)
Bank loans and other borrowings	–	(31,794)
Taxation	–	(441)
Deferred tax liabilities	–	(4,163)
Exchange translation reserve	–	62
Non–controlling interests	–	(5,797)
Total consideration paid	–	48,572
Satisfied by:		
Cash consideration paid	–	12,167
Group's interest in associates classified to subsidiary	–	34,325
Gain on deemed disposal of associate	–	2,080
	–	48,572

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiary

	2016 US$'000	2015 US$'000
Cash consideration paid	–	(12,167)
Cash at bank and in hand acquired	–	3,578
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiary	–	(8,589)

(c) Disposal of subsidiaries

On 20 August 2015, the Group disposed of its investment in subsidiaries relating to the Dongzhimen project in Beijing including Vantage Beauty Limited, Vantage Beauty (HK) Limited, Hainan Jinghao Asset Ltd and Beijing Cheng Jian Dong Hua Real Estate Development Company Limited for a net sale consideration of RMB10.5 billion (approximately US$1.7 billion). In addition, on 30 June 2016, the Group completed the disposal of its investment in a subsidiary, DC Tower Sdn Bhd (see note 26).

On 16 February 2016, the Group disposed of its investments in subsidiaries, GuocoCapital Limited, GuocoCapital Futures Limited and GuocoCapital Bullion Limited, which operated the Group's securities brokerage business for a total sale consideration of HK$415 million (approximately US$53.3 million).

During the financial year ended 30 June 2015, the Group disposed of its investment in a subsidiary, Nanjing Mahui Property Development Co., Ltd, which had completed and sold all the units in its residential development project in Nanjing, China for a net sale consideration of RMB100 million (approximately US$15.8 million).

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(c) Disposal of subsidiaries (cont'd)

The cash flows and net assets disposed of are summarised as follows:

	2016 US$'000	2015 US$'000
Net assets disposed of:		
Investment property	129,173	–
Other property, plant and equipment	541	8
Available-for-sale financial assets	258	–
Development properties	1,410,744	26,759
Intangible assets	207	–
Trade and other receivables	159,261	1,340
Cash and short term funds	27,050	1,396
Trade and other payables	(140,886)	(444)
Bank loans and other borrowings	(142,335)	–
Deferred tax liabilities	(9,923)	(55)
Non–controlling interests	(816)	(2,898)
	1,433,274	26,106
Realisation of contributed surplus	262	–
Realisation of exchange translation reserve	(55,516)	(5,783)
Realisation of fair value reserve	(545)	–
Disposal costs	3,341	–
Net gains/(losses) on disposal of subsidiaries	425,336	(4,558)
Total consideration	1,806,152	15,765
Less: Sale consideration not yet received	(96,907)	–
Less: Cash of subsidiaries disposed of	(27,050)	(1,396)
Less: Disposal costs paid	(1,619)	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,680,576	14,369

(d) Redemption 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 (approximately US$158.4 million), of which the Company, via a wholly owned subsidiary, subscribed S$65 million (approximately US$51.5 million). Transaction costs incurred amounting to S$1.5 million (approximately US$1.2 million) were recognised in equity as a deduction from the 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 was subject to reset on 27 May 2016 in accordance with the relevant terms and conditions of the Perpetual Securities. Distributions were cumulative and payable semi–annually at the option of GuocoLand.

The Perpetual Securities had no fixed maturity and were redeemable at the option of GuocoLand on or after 27 May 2016 at their principal amount together with any unpaid distributions.

The Perpetual Securities were fully redeemed on 27 May 2016.

33. 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 their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the schemes.

These defined benefit pension schemes exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plans are funded by contributions from the Group's subsidiaries in accordance with the schedule of contributions between the trustees and the Group's subsidiaries following each triennial actuarial valuation carried out by independent actuaries, using the projected unit credit method. The latest independent actuarial valuations of the plans in United Kingdom were at 1 May 2014 and were prepared by qualified staff of Aon Hewitt Limited, who are members of the Institute and Faculty of Actuaries. The latest independent actuarial valuations of the plans in New Zealand were at 31 March 2015 and were prepared by qualified staff of MCA NZ Limited, who are fellow members of the New Zealand Society of Actuaries. The actuarial valuations indicate that the Group's combined obligations under these defined benefit retirement plans are 99.5% (2015: 104.9%) covered by the plan assets held by the trustees.

The amounts recognised in the consolidated statement of financial position are as follows:

	2016 US$'000	2015 US$'000
Present value of funded obligations	**129,192**	138,984
Less: Fair value of plan assets	**(128,551)**	(145,814)
Present value of net obligations/(surplus) of funded plans	**641**	(6,830)
Present value of unfunded obligations	**5,009**	5,960
Net liabilities/(assets) in the consolidated statement of financial position	**5,650**	(870)

A portion of the above net (assets)/liabilities is expected to be (recovered)/settled after more than one year. However, it is not practicable to segregate this amount from the amounts (receivable)/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.

(i) Changes in the present value of the defined benefit obligation are as follows:

	2016 US$'000	2015 US$'000
At 1 July	**138,984**	148,587
Current service cost	**306**	426
Interest cost	**4,919**	5,493
Actuarial losses	**9,861**	1,441
Benefits paid	**(4,962)**	(4,767)
Exchange differences	**(19,916)**	(12,196)
At 30 June	**129,192**	138,984

33. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(ii) Changes in the fair value of plan assets are as follows:

	2016 US$'000	2015 US$'000
At 1 July	**(145,814)**	(146,967)
Contributions from the Group	**(5,213)**	(5,161)
Benefits paid	**4,962**	4,767
Actuarial gains	**(3,461)**	(9,807)
Exchange differences	**20,975**	11,354
At 30 June	**(128,551)**	(145,814)

(iii) Movements in the net (assets)/liabilities for defined benefit pension scheme recognised in the consolidated statement of financial position are as follows:

	2016 US$'000	2015 US$'000
At 1 July	**(6,830)**	1,620
Contributions paid	**(5,213)**	(5,161)
Expenses/(income) recognised in other comprehensive income	**11,625**	(2,447)
Exchange differences	**1,059**	(842)
At 30 June	**641**	(6,830)

(iv) Expenses/(income) recognised in consolidated income statement and consolidated statement of comprehensive income are as follows:

	2016 US$'000	2015 US$'000
Current service costs	**306**	426
Net interest expense on obligation	**2**	10
Net actuarial losses/(gains) recognised	**11,317**	(2,883)
	11,625	(2,447)

33. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(v) Plan assets comprise of:

	2016 US$'000	2015 US$'000
Equity/Diversified growth fund	**66,850**	80,683
Bond	**60,974**	64,398
Cash	**727**	733
	128,551	145,814

(vi) Principal actuarial assumptions as at the reporting date (expressed as weighted averages) are as follows:

	2016	2015
Discount rate	**3.05% to 4.00%**	3.77%
Rates of increase to pensions in payment		
– Retail Price Index maximum 5% per annum	**2.80%**	3.20%
– Consumer Price Index maximum 3% per annum	**1.70%**	2.00%
– Consumer Price Index maximum 2.5% per annum	**1.55%**	1.80%
Rate of increase in salaries	**3.35%**	3.75%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US$'000	**Decrease US$'000**
2016		
Discount rate (1% movement)	**(20,733)**	**20,762**
Rate of increase to pensions in payment (1% movement)	**5,571**	**(5,571)**
Rate of increase in salaries (1% movement)	**179**	**(179)**
Future mortality (1% movement)	**(6,911)**	**6,220**
2015		
Discount rate (1% movement)	(22,293)	22,326
Rate of increase to pensions in payment (1% movement)	6,025	(6,025)
Rate of increase in salaries (1% movement)	208	(208)
Future mortality (1% movement)	(7,462)	6,812

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

33. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

Other pension commitment

Rank has an unfunded pension commitment relating to three former executives of Rank. At 30 June 2016, Rank's commitment was US$5.0 million (2015: US$6.0 million). Rank paid US$0.1 million (2015: US$0.2 million) in pension payments during the year. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in the year, was US$0.1 million (2015: US$0.6 million) after taxation.

Assumptions used to determine the obligations at:

	2016	2015
Discount rate per annum	**2.8%**	3.7%
Pension increases per annum	**2.9%**	3.2%

The obligation has been calculated using the S1 mortality tables with a 1.5% per annum improvement in life expectancy.

(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 operate 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$13,013,000 (2015: US$12,166,000) and forfeited contributions in the amount of US$3,800 (2015: US$28,000) were used to reduce current year's contributions.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) The Company

The 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 "Effective 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 Company's long term interests with those of the shareholders.

Pursuant to the ESOS 2012, the exercise of options by Eligible Executives shall be satisfied through the issue of new shares and/or the transfer of existing shares of the Company.

The option 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 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 Effective 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 2016.

(b) GuocoLand

The GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL 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 "GLL Effective Date"). Under the GLL 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 GuocoLand's controlling shareholders or associates. The GLL ESOS 2008 provides an opportunity for the employees of the GuocoLand group who have contributed to the growth and the development of the GuocoLand group to participate in the equity of GuocoLand. The GLL 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 GLL Effective Date till 20 November 2018.

There were no outstanding options at any time during the years ended 30 June 2016 and 30 June 2015.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(c) GLM

The GLM Executive Share Option Scheme (the "GLM ESOS") was approved by the shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company on 25 November 2011. The GLM ESOS which took effect on 21 March 2012 (the "GLM Effective Date") allows the grant of options over newly issued and/or existing shares of GLM to eligible executives and/or directors of GLM and its subsidiaries ("GLM Eligible Participants"). It provides an opportunity for the GLM Eligible Participants who have contributed to the growth and development of GLM and its subsidiaries to participate in the equity of GLM.

The shareholders of GLM and the Company had subsequently on 21 October 2013 and 19 November 2013 respectively, approved the amendments to the Bye-Laws of the GLM ESOS to incorporate an executive share grant scheme (the "GLM ESGS"). The GLM ESGS together with the GLM ESOS have been combined and renamed as Executive Share Scheme (the "GLM ESS"). The GLM ESS shall continue to be in force until 20 March 2022.

During the financial year ended 30 June 2016, an option over 10,000,000 GLM shares was granted pursuant to the GLM ESS and thereafter lapsed arising from the resignation of the participant in December 2015.

On 22 August 2011, GLM established a Value Creation Incentive Plan ("VCIP") for selected key executives of GLM group to incentivise them towards achieving long term performance targets through the grant of options ("VCIP Options") over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the GLM ESOS Trust. The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria by the eligible key executives of GLM group over a stipulated performance period. No VCIP Options were vested during the financial years ended 30 June 2016 and 30 June 2015.

As at the reporting date, there were no (2015: Nil) outstanding VCIP Options granted. 3,150,000 of unvested VCIP Options granted have lapsed in the previous financial year. No VCIP Options have been granted during the financial year.

The number and weighted average exercise prices of share options are as follows:

	2016		2015	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	**N/A**	**–**	RM0.87	3,150,000
Granted during the year	**RM1.31**	**10,000,000**	N/A	–
Lapsed during the year	**RM1.31**	**(10,000,000)**	RM0.87	(3,150,000)
Outstanding at the end of the year	**N/A**	**–**	N/A	–
Exercisable at the end of the year	**N/A**	**–**	N/A	–

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(d) GL

The GL Limited Executives' Share Option Scheme 2008 (formerly known as "The GuocoLeisure Limited Executives' Share Option Scheme 2008") (the "GL ESOS 2008") was approved by the shareholders of GL on 17 October 2008, and by the shareholders of the Company on 21 November 2008 (the "GGL Approval Date"). 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 GL and its subsidiaries who are not GL's controlling shareholders or associates.

The primary aim of the GL ESOS 2008 is to align the long-term interests of GL employees with those of the shareholders of GL and to encourage such employees to assume greater responsibility for the performance of the businesses which they manage. The GL ESOS 2008 shall continue to be in force at the discretion of the GL Remuneration Committee, subject to a maximum period of 10 years commencing from the GGL Approval Date (i.e. 20 November 2018).

During the year ended 30 June 2016, options in respect of 19,500,000 (2015: Nil) GL shares were granted to certain employees. No options were exercised during the years ended 30 June 2016 and 30 June 2015.

(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 GL:			
– on 13 May 2013	25,000,000	3 to 6 years from the date of grant	3.6 to 8.6 years
Options granted to employees of GL:			
– on 13 May 2013	33,400,000	3 to 6 years from the date of grant	3.6 to 8.6 years
– on 21 September 2015	19,500,000	1 to 4 years from the date of grant	1.3 to 6.3 years
Total share options granted	77,900,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2016 Weighted average exercise price	**2016** Number of options	2015 Weighted average exercise price	2015 Number of options
Outstanding at the beginning of the year	**S$0.86**	**58,400,000**	S$0.86	70,400,000
Granted during the year	**S$0.80**	**19,500,000**	N/A	–
Lapsed during the year	**S$0.86**	**(5,500,000)**	S$0.86	(12,000,000)
Outstanding at the end of the year	**S$0.84**	**72,400,000**	S$0.86	58,400,000
Exercisable at the end of the year	**S$0.85**	**20,590,000**	N/A	–

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(d) GL (cont'd)

(ii) The number and weighted average exercise prices of share options are as follows: (cont'd)

	2016	2015
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$0.84**	S$0.86
The weighted average remaining contractual life of the options	**3.4 years**	4.4 years

(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 a Black-Scholes 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.

Date of grant of options	**21 September 2015**	13 May 2013
Fair value at measurement date	**S$0.09 to S$0.17**	S$0.17 to S$0.227
Share price at grant date	**S$0.795**	S$0.83
Exercise price	**S$0.80**	S$0.86
Expected volatility	**30.1%**	34.1%
Expected option life	**1.3 years to 6.3 years**	3.6 years to 8.6 years
Expected dividend yield	**2.75%**	2.41%
Risk-free interest rate	**0.98%**	1.05%

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(e) Rank

The rules of the Long Term Incentive Plan ("LTIP") were approved by Rank's shareholders on 22 April 2010 with amendments thereto approved on 22 April 2015. It was further approved by the shareholders of the Company on 24 November 2015. The LTIP is an equity-based incentive scheme pursuant to which executive directors and other senior executives (the "Rank Eligible Participants") of Rank and its subsidiaries may be granted awards, including, among others, ordinary shares of Rank ("Rank Shares"), options ("Rank Options") and Company Share Option Plan ("CSOP") options or cash. It provides an opportunity for the Rank Eligible Participants to participate in the equity of Rank with an aim to aligning their interests with those of Rank's shareholders through the creation of shareholder value over the long term. Pursuant to the LTIP, the exercise of the Rank Options or CSOP options shall be satisfied through issue of new Rank Shares and/or transfer of existing Rank Shares out of treasury or otherwise.

The LTIP shall continue to be in force for a period of 10 years commencing from the date on which the LTIP was approved by Rank till 21 April 2020.

(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:			
– 22 April 2015	1,981,579	Achievement of certain financial and performance targets/ criteria during the performance periods for FY2015 to FY2017.	2.6-4.6 years
Options granted to directors of subsidiaries of Rank:			
– 22 April 2015	1,668,411		
– 17 September 2015	178,474		
Options granted to employees of Rank:			
– 22 April 2015	1,206,183		
– 17 September 2015	74,496		
Total share options granted	5,109,143		

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (cont'd)

(e) Rank (cont'd)

(ii) The number and weighted average exercise prices of share options are as follows:

	2016 Weighted average exercise price	**2016** Number of options	2015 Weighted average exercise price	2015 Number of options
Outstanding at the beginning of the year	**NIL**	**4,856,173**	NIL	5,393,769
Granted during the year	**NIL**	**252,970**	NIL	4,856,173
Exercised during the year	**NIL**	**–**	NIL	–
Lapsed during the year	**NIL**	**(674,921)**	NIL	(5,393,769)
Outstanding at the end of the year	**NIL**	**4,434,222**	NIL	4,856,173
Exercisable at the end of the year	**NIL**	**–**	NIL	–

	2016	2015
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	**NIL**	NIL
The weighted average remaining contractual life of the options	**2.2 years**	3.2 years
The weighted average fair value for shares granted during the year	**GBp235**	GBp164

(iii) Fair value of share options and assumptions

The fair value of the LTIP awards granted during the year is based on the market value of the share award at grant date less the expected value of dividends forgone.

To the extent that grants are subject to non-market based performance conditions, the expense recognised is based on expectations of these conditions being met, which are reassessed at the end of each reporting period.

35. 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 counterparties and countries to manage concentration risk.

The Group's credit exposure in the 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 does not hold any collateral over the receivables balances.

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.

35. 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 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 prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	2016 Contractual undiscounted cash flow						2015 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$'000	Carrying amount at 30 June 2016 US$'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$'000	Carrying amount at 30 June 2015 US$'000
Non-derivative financial liabilities												
Bank loans and other loans	(1,744,517)	(792,758)	(695,889)	(99,399)	(3,332,563)	(3,204,179)	(1,357,833)	(1,687,060)	(1,220,455)	(73,111)	(4,338,459)	(4,148,127)
Unsecured medium term notes and bonds	(259,935)	(731,874)	(290,582)	–	(1,282,391)	(1,164,906)	(308,579)	(260,519)	(1,023,729)	–	(1,592,827)	(1,450,577)
Secured mortgage debenture stock	(5,877)	(5,877)	(17,632)	(80,530)	(109,916)	(77,667)	(6,855)	(6,855)	(20,564)	(100,772)	(135,046)	(91,525)
Trade and other payables	(623,198)	(23,011)	(20,175)	(47,273)	(713,657)	(701,329)	(697,445)	(60,492)	(33,818)	(61,776)	(853,531)	(829,210)
	(2,633,527)	(1,553,520)	(1,024,278)	(227,202)	(5,438,527)	(5,148,081)	(2,370,712)	(2,014,926)	(2,298,566)	(235,659)	(6,919,863)	(6,519,439)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(3,008)	(2,986)	(4,308)	–	(10,302)		(155)	(1,060)	(5,235)	–	(6,450)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(5,666,809)	–	–	–	(5,666,809)		(8,194,237)	–	–	–	(8,194,237)	
– inflows	5,604,181	–	–	–	5,604,181		8,166,069	–	–	–	8,166,069	
Currency option contracts												
– outflows	(50,239)	–	–	–	(50,239)		–	–	–	–	–	
– inflows	50,000	–	–	–	50,000		–	–	–	–	–	
	(65,875)	(2,986)	(4,308)	–	(73,169)		(28,323)	(1,060)	(5,235)	–	(34,618)	

35. 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 to manage its interest rate exposure as appropriate. As at 30 June 2016, the Group had interest rate swaps with outstanding notional amount of US$276.6 million (2015: US$559.3 million).

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities at the end of the reporting period.

	2016 Effective interest rate	**2016** US$'000	2015 Effective interest rate	2015 US$'000
Floating rate financial liabilities				
Bank loans and other borrowings	**0.91% to 7.70%**	**(2,943,909)**	1.08% to 8.20%	(3,981,316)
		(2,943,909)		(3,981,316)
Fixed rate financial assets/ (liabilities)				
Deposits with banks	**0.001% to 5.20%**	**1,931,057**	0.01% to 4.80%	2,135,410
Debt securities	**2.25% to 2.50%**	**23,427**	2.25% to 2.50%	23,425
Bank loans and other borrowings	**2.68% to 7.88%**	**(1,502,843)**	2.68% to 7.88%	(1,708,913)
		451,641		449,922
Total		**(2,492,268)**		(3,531,394)

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(c) Interest rate risk (cont'd)

(ii) Sensitivity analysis

At 30 June 2016, it is estimated that a general increase/decrease of 25 to 75 basis points (2015: 5 to 95 basis points) in interest rates for the Group's various currencies, mainly United States dollars, Pound sterling, Hong Kong dollars and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$8.1 million (2015: decreased/increased of US$7.1 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2016.

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 as for 2015.

(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.

35. 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 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.

	2016					2015				
	Japenese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000	Japenese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000
Available-for-sale financial assets	-	-	-	1,802	-	–	–	–	1,887	–
Trade and other receivables	14	3,641	1	114	7	22,938	52,180	336	10,031	72
Trading financial assets	38,274,824	-	310,224	115,549	103,290	5,099,947	–	292,276	145,796	133,112
Cash and short term funds	29,130,065	1,822,159	2,758	1,955	100	29,123	380,217	106	2,846,854	274
Trade and other payables	(4,360)	(700,745)	(17)	(2)	(15,479)	(10,777)	(14,075)	(369)	(27)	(8)
Bank loans and other borrowings	(20,000,000)	(176,945)	-	-	-	(29,885,000)	–	–	–	–
Gross exposure arising from recognised assets and liabilities	47,400,543	948,110	312,966	119,418	87,918	(24,743,769)	418,322	292,349	3,004,541	133,450
Notional amounts of forward exchange contracts at fair value through profit or loss	(53,930,816)	(395,695)	(305,279)	(160,564)	(475,197)	23,536,710	(375,993)	(299,182)	(3,015,334)	(249,888)
Notional amounts of currency option contracts at fair value through profit or loss	-	-	-	-	-	1,238,900	–	–	–	–
Overall net exposure	(6,530,273)	552,415	7,687	(41,146)	(387,279)	31,841	42,329	(6,833)	(10,793)	(116,438)

35. 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.

	2016			2015		
	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
Japanese yen	5%	(4,428)	–	4%	49	–
Renminbi	2%	1,851	–	5%	188	–
Pound sterling	2%	215	–	3%	(357)	–
Malaysian ringgit	3%	(332)	13	2%	(380)	11
Singapore dollars	1%	(139)	–	1%	(988)	–

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 as for 2015.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 24) and available-for-sale equity securities (see note 19).

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.

At 30 June 2016, it is estimated that an increase/decrease of 5% to 15% (2015: 4% to 15%) 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$190.3 million (2015: US$108.4 million) and US$235.5 million (2015: US$259.7 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 as for 2015.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement

(i) Financial assets and liabilities measured at fair value

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

	2016				2015			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements								
Assets								
Available-for-sale financial assets:								
– Listed	1,570,203	–	–	1,570,203	1,731,420	–	–	1,731,420
– Unlisted	–	25,400	34,464	59,864	–	29,100	18,034	47,134
Trading financial assets:								
– Listed	1,715,815	23,427	–	1,739,242	950,440	23,425	–	973,865
Derivative financial instruments:								
– Interest rate swaps	–	62	–	62	–	–	–	–
– Forward exchange contracts	–	46,670	–	46,670	–	28,137	–	28,137
– Equity options	–	1,705	–	1,705	–	–	–	–
– Currency options	–	–	–	–	–	154	–	154
	3,286,018	97,264	34,464	3,417,746	2,681,860	80,816	18,034	2,780,710
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	10,923	–	10,923	–	3,334	–	3,334
– Forward exchange contracts	–	64,815	–	64,815	–	23,274	–	23,274
– Equity options	–	17	–	17	–	368	–	368
	–	75,755	–	75,755	–	26,976	–	26,976

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

(i) Financial assets and liabilities measured at fair value (cont'd)

During the years ended 30 June 2016 and 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

Information about Level 3 fair value measurements

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

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

(i) Financial assets and liabilities measured at fair value (cont'd)

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

	2016 **US$'000**	2015 US$'000
Unlisted available-for-sale financial assets:		
At 1 July	**18,034**	3,631
Payment for purchases	**17,009**	15,000
Net unrealised losses recognised in other comprehensive income during the year	**(8)**	–
Redemption of cost	**(284)**	(603)
Disposal of subsidiaries	**(259)**	–
Exchange adjustments	**(28)**	6
At 30 June	**34,464**	18,034
Total gains or losses for the year reclassified from consolidated other comprehensive income on disposal	**–**	–

The gains or losses arising from the disposal of the unlisted available-for-sale financial assets are presented in "other net income" in the consolidated income statement. The net unrealised gains arising from the remeasurement of the unlisted available-for-sale financial assets are recognised in fair value reserve in other comprehensive income.

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

Other than for the mortgage debenture stock, the carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016 and 30 June 2015.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 30 June 2016 is estimated to be US$98.0 million (2015: US$122.5 million) and is classified within Level 2 of the fair value hierarchy. The interest rate used to discount estimated cash flows at the reporting date was 2.25% (2015: 1.7%).

(g) Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master agreements providing offsetting mechanism under certain circumstances. As at 30 June 2016 and 30 June 2015, the Group and the counterparties have not exercised their rights to offset the financial instruments and the derivatives are settled at gross amount.

36. 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 total equity attributable to equity shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds and trading financial assets.

The equity-debt ratio at the end of the reporting period is as follows:

	2016 **US$'000**	2015 US$'000
Bank loans	**3,120,021**	4,129,582
Mortgage debenture stock	**77,667**	91,525
Other borrowings	**1,249,064**	1,469,122
Total borrowings	**4,446,752**	5,690,229
Less: Cash and short term funds	**(2,445,659)**	(2,641,545)
Trading financial assets	**(1,739,242)**	(973,865)
Net debt	**261,851**	2,074,819
Total equity attributable to equity shareholders of the Company	**7,239,547**	7,538,536
Equity-debt ratio	**97 : 3**	78 : 22

37. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2016 US$'000	2015 US$'000
Within 1 year	**119,039**	132,311
After 1 year but within 5 years	**467,020**	526,199
After 5 years	**1,217,589**	1,541,793
	1,803,648	2,200,303

The Group leases a number of properties, plant and machinery under operating leases. The leases typically run for periods from 1 year to 49 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

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2016 US$'000	2015 US$'000
Within 1 year	**28,233**	17,594
After 1 year but within 5 years	**143,954**	34,612
After 5 years	**32,658**	12,857
	204,845	65,063

(b) Capital commitments outstanding at year end not provided for in the financial statements

	2016 US$'000	2015 US$'000
Authorised and contracted for	**6,969**	13,923
Authorised but not contracted for	**25,883**	35,460
	32,852	49,383

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$351.2 million (2015: US$517.9 million).

(c) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2016 and 30 June 2015.

38. CONTINGENT LIABILITIES

(a) GuocoLand

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

(b) Rank

(i) Property leases

Concurrent to the GBP211 million (approximately US$284 million) sale and leaseback in 2006, Rank transferred the rights and obligations but not the legal titles of 44 property leases to a third party. Rank remains potentially liable in the event of default by the third party. Should default occur then Rank would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 9 of these have not expired or been surrendered. These 9 leases have durations of between 5 months and 97 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.8 million (approximately US$1.1 million).

During 2014, Rank became aware of certain information in respect of a change in the financial position of the third party and one of the guarantors. However, Rank has not to date been notified of any default, or intention to default, in respect of the transferred leases.

(ii) Stamp duty

Rank has received from HM Revenue & Customs ("HMRC") a determination in respect of the amount of stamp duty payable on certain transactions undertaken by Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) before its acquisition by Rank on 12 May 2013. Rank estimates the maximum possible additional stamp duty that could be due if HMRC are successful to be GBP7.2 million (approximately US$9.7 million) plus interest. Under the terms of the Sale and Purchase Agreement the vast majority of any liability arising falls upon the vendor and Rank has further indemnification in the event of default by the vendor.

39. 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

	2016 US$'000	2015 US$'000
Interest income	**1,010**	1,044

39. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(a) Banking transactions (cont'd)

(ii) Balance as at 30 June

	2016 US$'000	2015 US$'000
Cash and short term funds	**67,645**	28,560

(b) Management fees

On 2 July 2014, 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 2014 to 30 June 2017. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the year ended 30 June 2016 amounted to US$715,000 (2015: US$8,561,000) and US$18,104,000 (2015: US$8,614,000) respectively.

On 2 July 2014, 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 2014 to 30 June 2017. Total amount paid or provided for in respect of management fees to HLMC for the year ended 30 June 2016 amounted to US$1,366,000 (2015: US$1,077,000).

(c) Key management personnel information

Emoluments 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:

	2016 US$'000	2015 US$'000 (Restated)
Short-term employee benefits	**7,310**	7,064

Total emoluments are included in "staff costs" (see note 7(b)).

(d) Subscription for the rights issue of HLFG

In November 2015, HLFG, a 25.37% owned associated company of the Company, with shares listed on Bursa Malaysia Securities Berhad, undertook a renounceable rights issue of new HLFG shares to raise gross proceeds of approximately RM1.1 billion (approximately US$272.9 million). Guoco Assets Sdn Bhd, a wholly owned subsidiary of the Company holding 25.37% in the total issued share capital of HLFG, has subscribed for its entitlement of approximately RM278.8 million (approximately US$69.2 million) of the rights issue.

(e) 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.

40. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2016 US$'000	2015 US$'000
NON-CURRENT ASSETS		
Interest in subsidiaries	3,014,017	2,551,957
Available-for-sale financial assets	203	203
	3,014,220	2,552,160
CURRENT ASSETS		
Trade and other receivables	2,766	5,360
Cash and short term funds	944,861	1,478,146
	947,627	1,483,506
CURRENT LIABILITIES		
Amounts due to subsidiaries	217,848	301,960
Trade and other payables	12,299	8,223
	230,147	310,183
NET CURRENT ASSETS	717,480	1,173,323
NET ASSETS	3,731,700	3,725,483
CAPITAL AND RESERVES		
Share capital (note 31)	164,526	164,526
Reserves (note 31)	3,567,174	3,560,957
TOTAL EQUITY	3,731,700	3,725,483

Approved and authorised for issue by the Board of Directors on 30 August 2016

Kwek Leng Hai
Tan Lim Heng
Directors

41. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2016 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.

42. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs, 2012-2014 Cycle	1 January 2016
Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to HKAS 27 – Equity Method in Separate Financial Statements	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to HKAS 1 – Disclosure Initiative	1 January 2016
Amendments to HKAS 7 – Disclosure Initiative	1 January 2017
Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 9, Financial Instruments	1 January 2018
HKFRS 15, Revenue from Contracts with Customers	1 January 2018
HKFRS 16, Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A[i]

[i] The HKICPA has deferred the effective date by removing the original effective date of 1 January 2016 and indicating that a new effective date will be determined at a future date.

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, HKFRS 15, Revenue from Contracts with Customers, and HKFRS 16, Leases.

As HKFRS 9, HKFRS 15 and HKFRS16, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, revenue and leases respectively, these standards are expected to be relevant to the Group. The Group is currently assessing the potential impact of adopting these new standards on its financial statements and does not plan to adopt these standards early.

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						
Leedon Residence situated at Leedon Heights	Residential	Completed	TOP obtained on 15 Jun 15	48,525	85,270	65
Tanjong Pagar Centre situated at Peck Seah Street/ Choon Guan Street	Residential/ Commercial#/ Office#/Hotel^	Architectual and M&E works in progress	4th Quarter 2016	15,023	157,738	52
Sims Urban Oasis situated at Sims Drive	Residential	Superstructure, architectual and M&E works in progress	3rd Quarter 2018	23,900	78,870	65
Malaysia						
Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang	Residential	Planning	*	18,534	18,534	44
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Residential	Completed	TOP obtained in Nov 15			
	Commercial#/ Office#	Completed	TOP obtained in Dec 15	32,450	232,337	44
	Hotel^	Building works in progress	3rd Quarter 2016			
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	Phase 6B: Main building works completed	N/A	26,993	23,411	44
		Other phases: Planning	*	60,824	60,824	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)						
Site situated at Mukim of Jasin, Melaka Darul Amin	Residential	Planning	*	15,467,341	15,467,341	30
Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	30,351	30,351	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
Site situated at Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling	Commercial	Block 1: Works in progress Block 2-4: Planning	4th Quarter 2017 *	12,140	43,706	44
The OVAL situated at Seksyen 63, Jalan Binjai, Kuala Lumpur	Residential	Completed	TOP obtained in Sep 09	7,080	54,474	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 %
The People's Republic of China						
Shanghai Guoson Centre situated in Putuo District, Shanghai	Commercial#	Phase 1: completed	TOP obtained in Jul 10	67,335	122,722	65
	Hotel^	Completed	TOP obtained in Jun 10			
	Commercial/ Office	Phase 2: Planning	N/A	76,510	187,968	65
Changfeng Residence, situated in Putuo District, Shanghai	Residential	Structural works completed, construction in progress	Dec 16	47,675	121,107	83
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential/ Commercial	Phase 2: completed	TOP obtained in Sep 13	98,131	177,000	65
		Phases 3 & 4: Planning	*			

* Not available 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 Other Property, Plant and Equipment.
N/A: Not applicable.

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR INVESTMENT

Location	Existing Use	Tenure of Land
Singapore		
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)
Tanjong Pagar Centre 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 of 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		
Damansara City Lot 58303 Damansara Heights Jalan Damanlela 50490 Kuala Lumpur	Consists of one block of 33-storey office building and one F&B lifestyle mall	Freehold
The People's Republic of China		
Shanghai Guoson Centre No. 452 Daduhe Road Shanghai	Commercial building	50 years land use rights with effect from 11 December 2005
Hong Kong		
The Center 12th and 15th Floors 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047

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