2018/19

INTERIM REPORT

國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

CONTENTS

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CORPORATE INFORMATION

(As at 26 February 2019)

BOARD OF DIRECTORS

Executive Chairman

Kwek Leng Hai

President & CEO

Tang Hong Cheong

Non-executive Director

Kwek Leng San

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

GROUP FINANCIAL CONTROLLER

Richard Mak Chi Ming

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
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BRANCH SHARE REGISTRARS

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Hong Kong

FINANCIAL CALENDAR

Interim results announcement	26 February 2019
Latest time to register transfers for interim dividend	4:30 p.m. on 14 March 2019
Closure of Register of Members for interim dividend	15 March 2019
Payment date of interim dividend of HK$1.00 per share	25 March 2019

The board of directors (the “Board”) of Guoco Group Limited (the “Company”) would like to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the ”Group”) for the six months ended 31 December 2018 as follows:

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2018, after taxation and non-controlling interests, amounted to HK$102 million, down 97% as compared to HK$3,697 million for the previous corresponding period. The decline in the result is primarily attributable to lower contribution from the property and the principal investment segments. Basic earnings per share amounted to HK$0.32.

For the half year ended 31 December 2018, profits before taxation were generated from the following sources:

- property development and investment of HK$337 million;
- hospitality and leisure of HK$428 million;
- financial services of HK$672 million;
- oil and gas royalty of HK$123 million;

and set off by the loss before taxation of HK$1,116 million from principal investment.

Revenue declined by HK$14.8 billion during the period to HK$8.0 billion, which was primarily driven by the decrease in property development and investment sector of HK$14.7 billion.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$1.00 per share amounting to approximately HK$329 million (2017/2018 interim dividend: HK$1.00 per share, amounting to approximately HK$329 million) for the financial year ending 30 June 2019 which will be payable on Monday, 25 March 2019 to the shareholders whose names appear on the Register of Members on Friday, 15 March 2019.

REVIEW OF OPERATIONS

PRINCIPAL INVESTMENT

The last six months of financial year 2018/19 began with a stock market rally for three months but pockets of weakness in the global economy, threats of rising interest rates, a protracted U.S.-China trade war, an imminent slowdown in corporate earnings growth, and Brexit uncertainty exerted their collective downward influence on the global stock markets and closed the half year with one of the weakest December in history. Dividend income and the realised trading gains in the period have partially mitigated the adverse mark-to-market loss of the portfolio as at 31 December 2018. Our Principal Investment division showed an overall loss before taxation of HK$1,116 million. Our strategy to invest in fallen angels and undervalued stocks should provide recovery potential when the markets rebound.

Our Treasury team performed well in optimizing the returns in foreign exchange and interest rate management for the Group. Foreign currency exposures with appropriate hedging resulted in higher earnings in the six months to December 2018.

REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

For the half year ended 31 December 2018, revenue and gross profit for GuocoLand decreased to S$311.0 million and S$94.4 million respectively as compared to the previous corresponding period. This was due to lower contribution from Singapore residential projects as GuocoLand has brought down its inventory of completed unsold units substantially in the past quarters. Despite the drop in revenue, gross profit margin remains stable at approximately 30%.

Other income increased by 69% to S$18.3 million mainly due to foreign exchange gain recorded for the period. Finance costs fell by 22% to S$53.5 million due to higher capitalisation of finance costs during the period. Meanwhile, share of profit of associates and joint ventures fell by 87% to S$22.5 million as substantial recognition of profit from GuocoLand's joint venture residential project in Shanghai was recorded in the previous corresponding period.

In Singapore, statistics released by the Urban Redevelopment Authority ("URA") indicated that private residential property prices decreased by 0.1% in the fourth quarter of 2018, after an increase of 0.5% in the third quarter. While prices for non-landed residential properties in the Core Central Region had decreased by 1.0%, prices for non-landed residential properties in the Rest of Central Region and Outside Central Region increased 1.8% and 0.7% respectively. For office space in core business areas, rentals continue to be on the rise and vacancies have been stable. GuocoLand has a balanced pipeline of mixed-use, commercial and residential projects, including the integrated mixed-use development Guoco Midtown which had its groundbreaking in November 2018.

In December 2018, new home prices in Chongqing continued to rise, increasing by 0.8% month-on-month and 11.6% year-on-year according to official data from the National Bureau of Statistics of China.

HOSPITALITY AND LEISURE BUSINESS

GL Limited ("GL")

GL recorded a profit after tax for the half year ended 31 December 2018 at US$32.4 million, an increase of 12% as compared to US$29.0 million in the previous corresponding period.

Revenue was 3% higher than previous corresponding period mainly due to higher revenue generated from hotel and oil & gas segments. Hotel revenue was higher compared to previous corresponding period primarily driven by improved hotel occupancy rate during the period. However, the increase was partially offset by the weakening of GBP against USD. Oil and gas segment continues to generate higher royalty income compared to previous corresponding period. This was due to higher average crude oil and gas prices during the period.

The increase in cost of sales was in tandem with the increase in hotel revenue during the period. The decrease in other operating income for the half year was mainly due to a one-off recovery of legacy loan which has been written off in previous corresponding period. The increase in other operating expenses was related to the impairment of obsolete hotel furniture and equipments.

Higher financing costs were due to release of hedging cost from an existing interest rate swap hedging reserve following the partial repayment of loan and borrowings during the period. Higher income tax expense was associated with higher earnings from oil and gas segment.

HOSPITALITY AND LEISURE BUSINESS (Cont'd)

GL Limited ("GL") (Cont'd)

Brexit uncertainty continues to weigh down corporate travel. This and a projected increase in London room supply of approximately 3% in 2019 are expected to negatively affect the hotel industry. However, London is still expected to operate at similar occupancy levels to 2018 with a weaker pound and events such as the ICC Cricket World Cup helping demand. GL maintains its cautious outlook and continues to focus on an occupancy-led strategy in order to uphold RevPAR and protect its market share.

The refurbishment of The Cumberland Hotel is progressing into its final stage and the hotel is on track for its launch as Hard Rock Hotel London in 2019.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2018 of GBP23.8 million, a decrease of 24% as compared to the previous year.

Statutory revenue fell marginally to GBP348.2 million. Like-for-like revenues were down 2.4% for the first half year ended 31 December 2018. The digital business grew by 15.8% in the period driven by Mecca and YoBingo. However, the period continued to be challenging for Rank's UK retail businesses with like-for-like revenue down 4.2%.

Total Grosvenor venues revenue was down 5.1% in the period, with like-for-like revenue down 4.7%. Performance was principally driven by a lower contribution from its major players, both handle and win margin, the challenging consumer backdrop and a weather impacted the first quarter. Total and like-for-like operating profit fell by 33.8% and 35.0% respectively in the period, due to lower revenues. As part of the transformation programme, changes were introduced to simplify casino management structures and reduce labour hours. These changes are expected to result in approximately GBP7.5 million of labour savings in the second half of FY2018/19.

Mecca venues like-for-like revenue was down 3.3% in the period driven by an 11.8% decline in like-for-like customer visits. Total revenue and total operating profit fell by 3.9% and 10.2% respectively. Excluding the impact of closed sites and the three Luda venues, like-for-like operating profit fell by 7.6%. Changes to the customer offer continued to be developed in the period with the successful trial of a new price and prize board policy aimed at giving customers additional value at the lower attended midweek sessions and guaranteeing bigger prize boards across the weekend.

Like-for-like digital revenue grew by 5.1%, driven by an improved performance from Mecca. Total digital revenue was up 15.8% in the period following the contribution from YoBingo. YoBingo performed strongly in the period with revenues up 41.0% and continued to grow its share of the Spanish digital bingo market, up 4.9ppts to 42.1%. The contribution from YoBingo helped grow total digital operating profit by 5.8%. Like-for-like operating profit fell by 1.9% following the increase in UK Remote Gaming Duty ("RGD") on customer bonuses, which resulted in GBP0.9 million of incremental RGD in the period.

Like-for-like international venues revenue was broadly flat in the period.

Exceptional items, before tax and financing charges, were GBP4.5 million in the period. GBP3.8 million of the costs relate to redundancies made across Rank.

REVIEW OF OPERATIONS

HOSPITALITY AND LEISURE BUSINESS (Cont'd)

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

Like other businesses operating in the UK, Rank must prepare for the changes that Brexit might bring. Rank has considered how Brexit might impact the group and the overall conclusion is that it is reasonably well positioned based on the nature of the sector and geographies in which it operates. However, Rank remains cautious in light of the unknown economic impact of Brexit on consumer expenditure.

Rank does not expect any material improvement to the challenging consumer environment over the short to medium term, however driven by the transformation programme, Rank's financial performance for FY2018/19 is expected to be in line with the current consensus expectations with circa GBP10.0 million of total cost savings scheduled for the second half of the financial year.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,806.6 million for the period ended 31 December 2018, an increase of RM41.4 million or 2.3% as compared to the previous corresponding period. The increase was mainly due to higher contribution from the commercial banking division.

The commercial banking division recorded a profit before tax of RM1,674.3 million for the period, an increase of RM60.8 million or 3.8% versus the previous corresponding period. The result was mainly driven by a healthy expansion in its loan books, improving asset quality metrics as well as solid contributions from its associates.

The insurance division registered a profit before tax of RM140.9 million for the period ended 31 December 2018, a decrease of RM11.6 million or 7.6% compared to previous corresponding period. The decrease was mainly due to lower revenue of RM8.7 million and higher operating expenses of RM17.8 million. This was however mitigated by higher share of profit from associated company of RM1.7 million, lower allowance for impairment losses on securities of RM0.4 million and higher life fund surplus of RM12.8 million.

The investment banking division recorded a profit before tax of RM37.5 million for the period ended 31 December 2018, an increase of RM0.1 million or 0.3% compared to the previous corresponding period. This was mainly due to higher contribution from the asset management division.

The efforts on the Islamic financial services had resulted in the Islamic banking and takaful businesses combined share of HLFG's profit before tax (excluding one-off) improving to 13.4% from 10.2% in the previous corresponding period.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2018 amounted to HK$60.5 billion, a decrease of 8% or HK$5.0 billion as compared to 30 June 2018.

The equity-debt ratio as at 31 December 2018 is arrived at as follows:

	HK$'M
Total borrowings	36,276
Less: Cash and short term funds	(19,335)
Trading financial assets	(11,657)
Net debt	5,284
Total equity attributable to equity shareholders of the Company	60,522
Equity-debt ratio	92:8

The Group's total cash balance and trading financial assets were mainly in USD (29%), HKD (21%), RMB (16%), SGD (10%), GBP (9%) and JPY (8%).

Total Borrowings

There was a decrease in total borrowings from HK$37.7 billion as at 30 June 2018 to HK$36.3 billion as at 31 December 2018. The Group's total borrowings are mostly denominated in SGD (64%), USD (14%), MYR (7%) and GBP (6%).

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	4,695	–	731	5,426
After 1 year but within 2 years	6,850	–	1,017	7,867
After 2 years but within 5 years	18,657	567	3,748	22,972
After 5 years	–	–	11	11
	25,507	567	4,776	30,850
	30,202	567	5,507	36,276

REVIEW OF OPERATIONS

GROUP FINANCIAL COMMENTARY (Cont'd)

Total Borrowings (Cont'd)

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK$39.6 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2018 amounted to approximately HK$13.1 billion.

Interest Rate Exposure

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

As at 31 December 2018, approximately 75% of the Group's borrowings were at floating rates and the remaining 25% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK$5.9 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 31 December 2018, there were outstanding foreign exchange contracts with a total notional amount of HK$26.4 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.

HUMAN RESOURCES AND TRAINING

As at 31 December 2018, the Group had over 12,500 staff. 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.

GROUP OUTLOOK

A lack of clarity on macro-economic growth and the trajectory of interest rates will preclude a V-shaped recovery in the global stock markets. In addition, political uncertainty in Europe and a second U.S.-North Korea summit will also add to investor anxiety. The outlook for the equity market remains uncertain and the Group will maintain a cautious posture in its Principal Investment activities.

Our core businesses will continue to execute their strategic plans, regardless of market conditions, to achieve the business goals and to build on sound fundamentals to create sustainable growth and shareholder value.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2018.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

OTHER INFORMATION

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

As at 31 December 2018, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(A) The Company

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of the Company	
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%	
Tang Hong Cheong	130,000	–	130,000	0.04%	Note
Kwek Leng San	209,120	–	209,120	0.06%	
David Michael Norman	4,000	–	4,000	0.00%	

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 130,000 shares/underlying shares comprised 52,000 ordinary shares of the Company and an option in respect of 78,000 underlying shares of the Company pursuant to an executive option scheme of a Hong Leong Group company.

(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
Kwek Leng Hai	420,500	–	420,500	2.61%
Kwek Leng San	160,895	–	160,895	1.00%

* Ordinary shares

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

(B) Associated Corporations (Cont'd)

(b) GuocoLand Limited ("GuocoLand")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GuocoLand	
Kwek Leng Hai	35,290,914	–	35,290,914	2.98%	
Tang Hong Cheong	865,000	–	865,000	0.07%	Note
Volker Stoeckel	1,461,333	–	1,461,333	0.12%	

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 865,000 shares/underlying shares comprised 65,000 ordinary shares of GuocoLand and an option in respect of 800,000 underlying shares of GuocoLand pursuant to an executive option scheme of a Hong Leong Group company.

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLFG
Kwek Leng Hai	2,526,000	–	2,526,000	0.22%
Tang Hong Cheong	174,146	–	174,146	0.02%
Kwek Leng San	654,000	–	654,000	0.06%

* Ordinary shares

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLM
Kwek Leng Hai	226,800	–	226,800	0.03%
Tang Hong Cheong	195,000	–	195,000	0.03%

* Ordinary shares

OTHER INFORMATION

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

(B) Associated Corporations (Cont'd)

(e) GL Limited ("GL")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GL	
Kwek Leng Hai	300,000	–	300,000	0.02%	
Tang Hong Cheong	430,000	–	430,000	0.03%	Note

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 430,000 shares/underlying shares comprised 300,000 ordinary shares of GL and an option in respect of 130,000 underlying shares of GL pursuant to an executive option scheme of a Hong Leong Group company.

(f) The Rank Group Plc ("Rank")

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of Rank	
Kwek Leng Hai	1,026,209	–	1,026,209	0.26%	
Tang Hong Cheong	200,000	–	200,000	0.05%	Note
Kwek Leng San	56,461	–	56,461	0.01%	

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 200,000 shares/underlying shares comprised 70,000 ordinary shares of Rank and an option in respect of 130,000 underlying shares of Rank pursuant to an executive option scheme of a Hong Leong Group company.

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

Director	Number of *shares (Long Position) Personal interests	Family interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLI
Kwek Leng Hai	190,000	–	–	190,000	0.06%
Tang Hong Cheong	300,000	15,000	–	315,000	0.10%
Kwek Leng San	2,300,000	–	–	2,300,000	0.72%

* Ordinary shares

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

(B) Associated Corporations (Cont'd)

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLB
Kwek Leng Hai	5,510,000	–	5,510,000	0.26%
Kwek Leng San	536,000	–	536,000	0.03%

* Ordinary shares

(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
Kwek Leng Hai	71,250	–	71,250	0.04%
Kwek Leng San	1,260,000	–	1,260,000	0.63%

* Ordinary shares

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of LSHK
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tang Hong Cheong	700,000	–	700,000	0.29%

* Ordinary shares

OTHER INFORMATION

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

(B) Associated Corporations (Cont'd)

(k) Hume Industries Berhad ("HIB")

Director	Number of *shares/underlying shares (Long Position)				Approx. % of the issued share capital of HIB	
	Personal interests	Family interests	Corporate interests	Total interests		
Kwek Leng Hai	205,200	–	–	205,200	0.04%	
Tang Hong Cheong	2,578,100	16,200	–	2,594,300	0.54%	Note
Kwek Leng San	3,921,600	–	–	3,921,600	0.82%	

* Ordinary shares unless otherwise specified in the Note

Note:
The personal interests of 2,578,100 shares/underlying shares comprised 2,448,100 ordinary shares of HIB and an option in respect of 130,000 underlying shares of HIB pursuant to an executive option scheme of a Hong Leong Group company.

(l) Southern Steel Berhad ("SSB")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of SSB	
	Personal interests	Corporate interests	Total interests		
Tang Hong Cheong	131,000	–	131,000	0.03%	Note

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 131,000 shares/underlying shares comprised 71,000 ordinary shares of SSB and an option in respect of 60,000 underlying shares of SSB pursuant to an executive option scheme of a Hong Leong Group company.

Save as disclosed above, as at 31 December 2018, 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.

UPDATE OF DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Company's director up to 26 February 2019 is set out below:

On 15 January 2019, Mr. Tang Hong Cheong was appointed as a non-executive director of The Rank Group Plc, a subsidiary of the Company and listed on the London Stock Exchange.

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 and took effect on 16 November 2012. Under the ESOS 2012, options may be granted over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries from time to time.

No option had ever been granted pursuant to the ESOS 2012 up to 31 December 2018.

GuocoLand Limited ("GuocoLand")

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

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

Details of the outstanding options granted pursuant to the GuocoLand ESOS 2008 as at 31 December 2018 are as follows:

		No. of GuocoLand shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 2018	Notes	Exercise price per GuocoLand share
Executive Director								
Choong Yee How	8 December 2017	20,000,000	–	–	–	20,000,000	1&2	S$1.984
Other employees	8 December 2017	19,700,000	–	–	1,000,000	18,700,000	2	S$1.984
		39,700,000	–	–	1,000,000	38,700,000		

Notes:

1. The board of directors of GuocoLand has resolved that the exercise of the option in respect of 20,000,000 GuocoLand shares granted to Mr. Choong Yee How would be satisfied by the transfer of existing GuocoLand shares. Such option is not subject to Chapter 17 of the Listing Rules.

2. Each option, shall be exercisable, in whole or in part, subject to vesting conditional on certain performance targets being met following the end of the performance period concluding in the financial year 2018/19 and 2020/21. The options may be exercisable and valid up to 30 months from the date of vesting.

Pursuant to the provisions of the GuocoLand ESOS 2008, the GuocoLand ESOS 2008 expired on 20 November 2018. The termination of the GuocoLand ESOS 2008 would not affect the options which were granted thereunder and remain unexercised on such termination and, if such options are vested, the option holders will be able to exercise such options in accordance with the terms of grant thereof.

OTHER INFORMATION

SHARE OPTIONS (Cont'd)

GuocoLand Limited ("GuocoLand") (Cont'd)

(b) GuocoLand Limited Executive Share Scheme 2018 (the "GuocoLand ESS 2018")

The GuocoLand ESS 2018 was approved by the shareholders of GuocoLand on 25 October 2018 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 12 December 2018 ("GuocoLand ESS Effective Date"). Under the GuocoLand ESS 2018, options over newly issued and/or existing GuocoLand shares may be granted or free GuocoLand shares may be awarded to eligible participants including directors and executives of the GuocoLand Group. GuocoLand's non-executive directors, GuocoLand's controlling shareholders and their associates, and the directors and employees of GuocoLand's controlling shareholders, associated companies, holding company and such holding company's subsidiaries (excluding the GuocoLand Group) are not eligible to participate in the GuocoLand ESS 2018.

No option had ever been granted pursuant to the GuocoLand ESS 2018 since the GuocoLand ESS Effective Date up to 31 December 2018.

GL Limited ("GL")

(a) The GL 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 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.

Details of the outstanding options granted pursuant to the GL ESOS 2008 as at 31 December 2018 are as follows:

		No. of GL shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 2018	Notes	Exercise price per GL share
Eligible employees	3 April 2018	37,250,000	–	–	3,500,000	33,750,000	1&2	S$0.741
		37,250,000	–	–	3,500,000	33,750,000		

SHARE OPTIONS (Cont'd)

GL Limited ("GL") (Cont'd)

(a) The GL Executives' Share Option Scheme 2008 ("GL ESOS 2008") (Cont'd)

Notes:

1. Upon the GL Remuneration Committee ("RC")'s decision to vest and determination of the number of GL shares under an option to be vested ("Vested Option Shares"), subject to Note 2 below, the Vested Option Shares shall be exercisable within such periods (each an "Exercise Period") as follows:

    a. 40% of the total Vested Option Shares ("Total Vested Shares") is exercisable from the date of notification of entitlement of the Total Vested Shares ("Vesting Date") up to two (2) months from the Vesting Date;

    b. another 40% of the Total Vested Shares is exercisable within two (2) months from the 1st anniversary of the Vesting Date; and

    c. the remaining 20% of the Total Vested Shares is exercisable within two (2) months from the 2nd anniversary of the Vesting Date.

    Any part of the Vested Option Shares not exercised within the relevant prescribed Exercise Period shall forthwith lapse.

2. Notwithstanding the vesting of any of the GL shares under an option, if the RC considers that GL is not able to sustain its achievement in respect of the applicable performance targets post the relevant Vesting Date, the RC may at its sole and absolute discretion without any compensation or liability to the grantee, revoke all or reduce the number of the Vested Option Shares exercisable by the grantee during the relevant prescribed Exercise Periods that have not commenced as at the date of notification of such revocation or reduction to the grantee.

Pursuant to the provisions of the GL ESOS 2008, the GL ESOS 2008 expired on 20 November 2018. The termination of the GL ESOS 2008 does not affect the options which were granted thereunder and remain unexercised on such termination and, if such options are vested, the option holders will be able to exercise such options in accordance with the terms of grant thereof.

(b) GL Limited Executives' Share Scheme 2018 ("GL ESS 2018")

The GL ESS 2018 was approved by the shareholders of GL on 25 October 2018 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 12 December 2018 ("GL ESS Effective Date"). Under the GL ESS 2018, options over newly issued and/or existing GL shares may be granted or free GL shares may be awarded to eligible participants including directors and executives of the GL Group. GL's non-executive directors, GL's controlling shareholders and their associates, and the directors and employees of GL's controlling shareholders, associated companies, holding company and such holding company's subsidiaries (excluding the GL Group) are not eligible to participate in the GL ESS 2018.

No option had ever been granted pursuant to the GL ESS 2018 since the GL ESS Effective Date up to 31 December 2018.

OTHER INFORMATION

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 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.

During the six months ended 31 December 2018, the following options were outstanding:

		No. of GLM shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 2018	Notes	Exercise price per GLM share
Eligible Participants	11 December 2017	18,000,000	–	–	–	18,000,000	1&2	RM1.16
		18,000,000	–	–	–	18,000,000		

Notes:

1. The board of directors of GLM has resolved that the exercise of the options in respect of all the 18,000,000 GLM shares would be satisfied by the transfer of existing GLM shares. Such options are not subject to Chapter 17 of the Listing Rules.

2. The vesting of the options granted is subject to the achievement of certain performance criteria by the grantees over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The exercise period of the vested options will be up to the 30th month from the respective vesting dates to be determined.

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 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. Further minor amendments to the rules were approved by Rank's shareholders on 25 April 2018. The LTIP is an equity-based incentive scheme pursuant to which executive directors and other senior executives of Rank and its subsidiaries (collectively the "Eligible Participants") may be granted awards, including, among others, awards of 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 of 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 of 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.

No Option or CSOP option had ever been granted pursuant to the LTIP during the six months ended 31 December 2018.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2018, 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
Quek Leng Chan	Personal interests	1,056,325 (Long Position)	1	
	Interest of controlled corporations	249,425,792 (Long Position)		
	Total interests	250,482,117		76.12%
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 3	75.62%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 4	75.62%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 5	75.62%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 6	75.62%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 7	75.62%
Elliott Capital Advisors, L.P. ("ECA")	Interest of controlled corporations	29,635,716 (Long Position)	8	9.01%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	23,040,846 (Long Position)	9	7.00%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,155,153 (Long Position)	10	6.13%
		20,155,153 (Short Position)		6.13%

OTHER INFORMATION

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (Cont'd)

Notes:

1. The interest of controlled corporation of Mr. Quek Leng Chan ("Mr. Quek") comprised 242,208,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
GuoLine International Limited ("GIL")	3,074,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	3,826,862
HL Management Co. Sdn Bhd ("HLMC")	200,000
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 and GIL were wholly owned by GuoLine Capital Assets Limited ("GCAL"). GCL was wholly owned by GuoLine (Singapore) Pte Ltd which in turn was wholly owned by GCAL. GCAL and HLMC were wholly owned by HLCM. HLCM was 49.11% owned by Mr. Quek as to 2.43% under his personal name and 46.68 via HLH which was wholly owned by him. CL was wholly owned by Mr. Quek.

2. The interests of HLCM comprised 240,551,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GCL, GIL, AFCW and HLMC as set out in Note 1 above.

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

4. HLH was deemed to be interested in these interests through its controlling interests of 46.68% in HLCM as set out in Notes 1 and 2 above.

5. HLInvt was deemed to be interested in these interests through its controlling interests of 34.49% in HLCM.

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

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

8. ECA was 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 was 100% controlled by Hambledon Inc. which in turn was 100% controlled by ECA. LLP was 100% controlled by Liverpool Associates, Ltd. which in turn was 100% controlled by Elliott Associates, L.P. which was 100% controlled by ECA.

9. 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 31 December 2018, FEIM was deemed to be interested in 23,132,846 shares of the Company (held by various management accounts and funds controlled by it), representing approximately 7.03% of the total issued share capital of the Company.

10. Among these interests, 9,000 shares (long position) and 9,000 shares (short position) were directly held by Credit Suisse (Hong Kong) Limited and Credit Suisse Securities (Europe) Limited respectively. Credit Suisse Securities (USA) LLC respectively held 20,146,153 shares (long position) and 20,146,153 shares (short position). All the above companies were wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests. The Company was subsequently notified by CS that, as at 31 December 2018, CS was deemed to be interested in 20,160,153 shares (long position), representing approximately 6.13% of the total issued share capital of the Company, and 20,160,153 shares (short position).

Save as disclosed above, as at 31 December 2018, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2018 – Unaudited

	Note	**2018 US$'000**	2017 US$'000	**2018 HK$'000 (Note 20)**	2017 HK$'000 (Note 20)
Turnover	3 & 4	**1,150,998**	3,112,166	**9,013,465**	24,317,376
Revenue	3 & 4	**1,025,959**	2,918,958	**8,034,285**	22,807,716
Cost of sales		**(507,078)**	(1,898,287)	**(3,970,928)**	(14,832,550)
Other attributable costs		**(36,623)**	(48,210)	**(286,795)**	(376,696)
		482,258	972,461	**3,776,562**	7,598,470
Other revenue	5(a)	**21,384**	17,127	**167,458**	133,824
Other net (loss)/income	5(b)	**(178,467)**	55,190	**(1,397,575)**	431,235
Administrative and other operating expenses		**(279,334)**	(307,677)	**(2,187,465)**	(2,404,080)
Profit from operations before finance costs		**45,841**	737,101	**358,980**	5,759,449
Finance costs	3(b) & 6(a)	**(59,368)**	(58,718)	**(464,911)**	(458,802)
(Loss)/profit from operations		**(13,527)**	678,383	**(105,931)**	5,300,647
Share of profits of associates and joint ventures		**70,256**	53,959	**550,175**	421,617
Profit for the period before taxation	3 & 6	**56,729**	732,342	**444,244**	5,722,264
Tax expenses	7	**(11,504)**	(162,568)	**(90,088)**	(1,270,249)
Profit for the period		**45,225**	569,774	**354,156**	4,452,015
Attributable to:					
Equity shareholders of the Company		**13,086**	473,173	**102,475**	3,697,209
Non-controlling interests		**32,139**	96,601	**251,681**	754,806
Profit for the period		**45,225**	569,774	**354,156**	4,452,015
		US$	US$	**HK$**	HK$
Earnings per share					
Basic	9	**0.04**	1.46	**0.32**	11.38
Diluted	9	**0.04**	1.46	**0.32**	11.38

The notes on pages 28 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2018 – Unaudited

	2018 US$'000	2017 US$'000	**2018 HK$'000 (Note 20)**	2017 HK$'000 (Note 20)
Profit for the period	**45,225**	569,774	**354,156**	4,452,015
Other comprehensive income for the period (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)	**(355,105)**	–	**(2,780,827)**	–
Actuarial gains on defined benefit obligation	**70**	–	**548**	–
	(355,035)	–	**(2,780,279)**	–
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**(164,554)**	232,596	**(1,288,622)**	1,817,424
Changes in fair value of cash flow hedge	**3,364**	1,419	**26,343**	11,087
Changes in fair value of available-for-sale financial assets	**–**	12,143	**–**	94,881
Changes in fair value on net investment hedge	**3,446**	–	**26,986**	–
Transfer upon disposal of available-for-sale financial assets	**–**	238	**–**	1,859
Transfer upon disposal of ESOS shares	**2,585**	–	**20,243**	–
Share of other comprehensive income of associates	**2,806**	(6,792)	**21,974**	(53,070)
	(152,353)	239,604	**(1,193,076)**	1,872,181
Other comprehensive income for the period, net of tax	**(507,388)**	239,604	**(3,973,355)**	1,872,181
Total comprehensive income for the period	**(462,163)**	809,378	**(3,619,199)**	6,324,196
Total comprehensive income for the period attributable to:				
Equity shareholders of the Company	**(448,846)**	640,562	**(3,514,914)**	5,005,127
Non-controlling interests	**(13,317)**	168,816	**(104,285)**	1,319,069
	(462,163)	809,378	**(3,619,199)**	6,324,196

The notes on pages 28 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	**At 31 December 2018 (Unaudited) US$'000**	At 30 June 2018 (Audited) US$'000	**At 31 December 2018 (Unaudited) HK$'000 (Note 20)**	At 30 June 2018 (Audited) HK$'000 (Note 20)
NON-CURRENT ASSETS					
Investment properties		**3,578,553**	3,568,977	**28,023,649**	28,005,763
Other property, plant and equipment	10	**1,780,753**	1,694,781	**13,945,077**	13,298,946
Interest in associates and joint ventures		**1,406,123**	1,358,479	**11,011,349**	10,659,985
Available-for-sale financial assets		**–**	1,795,393	**–**	14,088,449
Equity investments at FVOCI		**1,467,317**	–	**11,490,559**	–
Deferred tax assets		**27,428**	20,095	**214,789**	157,685
Intangible assets		**944,231**	981,821	**7,394,273**	7,704,349
Goodwill		**177,375**	182,607	**1,389,024**	1,432,917
Pensions surplus		**11,116**	11,382	**87,049**	89,315
		9,392,896	9,613,535	**73,555,769**	75,437,409
CURRENT ASSETS					
Development properties	11	**1,672,933**	1,691,000	**13,100,738**	13,269,277
Properties held for sale		**558,177**	746,537	**4,371,084**	5,858,076
Deposits for land		**21,118**	–	**165,375**	–
Trade and other receivables	12	**306,271**	536,911	**2,398,408**	4,213,141
Trading financial assets		**1,488,618**	1,658,769	**11,657,368**	13,016,360
Cash and short term funds		**2,469,049**	2,530,900	**19,335,123**	19,859,972
Assets held for sale		**30,611**	31,653	**239,715**	248,381
		6,546,777	7,195,770	**51,267,811**	56,465,207
CURRENT LIABILITIES					
Trade and other payables	13	**705,523**	697,666	**5,524,951**	5,474,585
Bank loans and other borrowings	14	**692,908**	1,481,116	**5,426,162**	11,622,317
Taxation		**49,052**	47,945	**384,126**	376,224
Provisions and other liabilities		**13,155**	10,851	**103,017**	85,148
		1,460,638	2,237,578	**11,438,256**	17,558,274
NET CURRENT ASSETS		**5,086,139**	4,958,192	**39,829,555**	38,906,933
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,479,035**	14,571,727	**113,385,324**	114,344,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Note	**At 31 December 2018 (Unaudited) US$'000**	At 30 June 2018 (Audited) US$'000	**At 31 December 2018 (Unaudited) HK$'000 (Note 20)**	At 30 June 2018 (Audited) HK$'000 (Note 20)
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	14	**3,939,486**	3,317,855	**30,850,115**	26,035,208
Amount due to non-controlling interests		**299,251**	291,904	**2,343,435**	2,290,571
Provisions and other liabilities		**47,958**	52,018	**375,559**	408,185
Deferred tax liabilities		**98,144**	123,177	**768,566**	966,570
		4,384,839	3,784,954	**34,337,675**	29,700,534
NET ASSETS		**10,094,196**	10,786,773	**79,047,649**	84,643,808
CAPITAL AND RESERVES					
Share capital	15	**164,526**	164,526	**1,288,403**	1,291,036
Reserves		**7,563,995**	8,179,860	**59,233,645**	64,187,361
Total equity attributable to equity shareholders of the Company		**7,728,521**	8,344,386	**60,522,048**	65,478,397
Non-controlling interests		**2,365,675**	2,442,387	**18,525,601**	19,165,411
TOTAL EQUITY		**10,094,196**	10,786,773	**79,047,649**	84,643,808

The notes on pages 28 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018 – Unaudited

	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 30 June 2018	164,526	10,493	(71,309)	2,806	(41,056)	304	(342,575)	340,887	(10,217)	51,342	8,239,185	8,344,386	2,442,387	10,786,773
Effect of changes of accounting policies														
– adopting HKFRS9 (Note 2)	–	–	402	–	–	–	–	(19,602)	–	–	10,344	(8,856)	–	(8,856)
– adopting HKFRS15 (Note 2)	–	–	–	–	–	–	9,981	–	–	–	(38,509)	(28,528)	(23,526)	(52,054)
Adjusted balance at 1 July 2018	164,526	10,493	(70,907)	2,806	(41,056)	304	(332,594)	321,285	(10,217)	51,342	8,211,020	8,307,002	2,418,861	10,725,863
Profit for the period	–	–	–	–	–	–	–	–	–	–	13,086	13,086	32,139	45,225
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	(116,735)	–	–	–	–	(116,735)	(47,819)	(164,554)
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	2,091	–	–	2,091	1,273	3,364
Changes in fair value of equity investments at FVOCI	–	–	–	–	–	–	–	(355,104)	–	–	–	(355,104)	(1)	(355,105)
Changes in fair value on net investment hedge	–	–	–	–	–	–	–	–	2,389	–	–	2,389	1,057	3,446
Transfer upon disposal of equity investment at FVOCI	–	–	–	–	–	–	–	(12,637)	–	–	12,637	–	–	–
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	–	36	36	34	70
Transfer upon disposal of ESOS shares	–	–	–	–	2,039	–	–	–	–	–	546	2,585	–	2,585
Share of other comprehensive income of associates	–	–	1,129	–	–	–	(1,297)	3,390	(36)	–	(380)	2,806	–	2,806
Total comprehensive income for the period	–	–	1,129	–	2,039	–	(118,032)	(364,351)	4,444	–	25,925	(448,846)	(13,317)	(462,163)
Transfer between reserves	–	–	5,318	–	–	–	3,643	–	–	–	(8,961)	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	726	–	–	–	–	–	726	372	1,098
Capital reduction of a subsidiary with non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(189)	(189)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	1,169	1,169	(3,108)	(1,939)
Distribution payment for perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(6,622)	(6,622)
Accrued distribution for perpetual securities	–	–	–	–	–	–	–	–	–	–	(6,939)	(6,939)	6,939	–
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(37,261)	(37,261)
Final dividend payable in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,591)	(124,591)	–	(124,591)
At 31 December 2018	164,526	10,493	(64,460)	2,806	(39,017)	1,030	(446,983)	(43,066)	(5,773)	51,342	8,097,623	7,728,521	2,365,675	10,094,196

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2017 – Unaudited

	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 2017	164,526	10,493	(82,963)	2,806	(41,056)	1,118	(422,987)	463,752	(4,505)	51,342	7,791,531	7,934,057	1,971,837	9,905,894
Profit for the period	–	–	–	–	–	–	–	–	–	–	473,173	473,173	96,601	569,774
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	160,979	–	–	–	–	160,979	71,617	232,596
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	958	–	–	958	461	1,419
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	12,138	–	–	–	12,138	5	12,143
Transfer upon disposal of available-for-sale financial assets	–	–	–	–	–	–	–	106	–	–	–	106	132	238
Share of other comprehensive income of associates	–	–	354	–	–	–	(4,910)	(2,116)	43	–	(163)	(6,792)	–	(6,792)
Total comprehensive income for the period	–	–	354	–	–	–	156,069	10,128	1,001	–	473,010	640,562	168,816	809,378
Transfer between reserves	–	–	(139)	–	–	–	–	–	–	–	139	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	(732)	–	–	–	–	–	(732)	(788)	(1,520)
Capitalisation of shareholders' loan from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	10,180	10,180
Share capital reduction in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(405)	(405)
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(38,135)	(38,135)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,793)	(124,793)	–	(124,793)
At 31 December 2017	164,526	10,493	(82,748)	2,806	(41,056)	386	(266,918)	473,880	(3,504)	51,342	8,139,887	8,449,094	2,111,505	10,560,599

The notes on pages 28 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018 – Unaudited

	2018 **US$'000**	2017 US$'000
Net cash generated from operating activities	**403,416**	30,079
Net cash generated from investing activities	**153,095**	648,508
Net cash used in financing activities	**(263,698)**	(570,391)
Net increase in cash and cash equivalents	**292,813**	108,196
Cash and cash equivalents at 1 July	**1,935,323**	2,179,991
Effect of foreign exchange rate changes	**(39,196)**	52,687
Cash and cash equivalents at 31 December	**2,188,940**	2,340,874
Analysis of the balances of cash and cash equivalents		
Cash and short term funds in the consolidated statement of financial position	**2,469,049**	2,708,296
Cash collaterals	**(10,488)**	(8,570)
Fixed deposits with maturity over three months	**(269,621)**	(358,852)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**2,188,940**	2,340,874

The notes on pages 28 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017/18 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018/19 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017/18 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2018 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2018 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website http://www.guoco.com. The auditors expressed an unqualified opinion on those financial statements in their report dated 3 September 2018.

2. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(a) Overview (Cont'd)

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 9 and note 2(c) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 July 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 30 June 2018 US$'000	Impact on initial application of HKFRS 9 US$'000 (Note 2(b))	Impact on initial application of HKFRS 15 US$'000 (Note 2(c))	At 1 July 2018 US$'000
Interest in associates and joint ventures	1,358,479	(8,856)	123	1,349,746
Deferred tax assets	20,095	–	9,046	29,141
Available-for-sale financial assets	1,795,393	(1,795,393)	–	–
Equity investments at FVOCI	–	1,795,393	–	1,795,393
Total non-current assets	**9,613,535**	**(8,856)**	**9,169**	**9,613,848**
Development properties	1,691,000	–	(12,903)	1,678,097
Properties held for sale	746,537	–	(65,309)	681,228
Total current assets	**7,195,770**	**–**	**(78,212)**	**7,117,558**
Trade and other payables	697,666	–	(15,376)	682,290
Taxation	47,945	–	(1,700)	46,245
Total current liabilities	**2,237,578**	**–**	**(17,076)**	**2,220,502**
Deferred tax liabilities	123,177	–	87	123,264
Total non-current liabilities	**3,784,954**	**–**	**87**	**3,785,041**
Net assets	**10,786,773**	**(8,856)**	**(52,054)**	**10,725,863**
Retained profits	8,239,185	10,344	(38,509)	8,211,020
Fair value reserve	340,887	(19,602)	–	321,285
Capital and other reserves	(71,309)	402	–	(70,907)
Exchange reserve	(342,575)	–	9,981	(332,594)
Total equity attributable to equity shareholders of the company	**8,344,386**	**(8,856)**	**(28,528)**	**8,307,002**
Non-controlling interests	2,442,387	–	(23,526)	2,418,861
Total equity	**10,786,773**	**(8,856)**	**(52,054)**	**10,725,863**

Further details of these changes are set out in sub-sections (b) and (c) of this note.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 July 2018. Therefore, comparative information continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Cont'd)

(i) Classification of financial assets and financial liabilities (Cont'd)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at fair value through profit or loss ("FVPL") under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 July 2018, the Group designated its equity investments not held for trading at FVOCI (non-recycling), as the investment is held for strategic purposes.

Trading financial assets classified under HKAS 39 continue to be measured at FVPL under HKFRS 9.

The carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 July 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The adoption of HKFRS9 has not had a significant impact on the Group's financial statements in this regard.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Cont'd)

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2017/18 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 July 2018 (the date of initial application of HKFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and

  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

- All hedging relationships designated under HKAS 39 at 30 June 2018 met the criteria for hedge accounting under HKFRS 9 at 1 July 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 July 2018.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) HKFRS 15, *Revenue from contracts with customers* (Cont'd)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts. However, the timing of revenue recognition for sales of properties is affected as follows.

Sales of properties: the Group's property development activities are mainly carried out in Singapore, Malaysia and China. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of China, the property sales contracts do not meet the criteria for recognising revenue over time and therefore revenue from property sales continues to be recognised at a point in time. Previously the Group recognised revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which was taken to be the point in time when the risks and rewards of ownership of the property were transferred to the customer. Under the transfer-of-control approach in HKFRS 15, revenue from property sales is generally recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) HKFRS 15, *Revenue from contracts with customers* (Cont'd)

(ii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as distribution costs when they were incurred. Under HKFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as distribution costs at that time.

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)22 does not have any material impact on the financial position and the financial result of the Group.

3. SEGMENT REPORTING

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

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 2017/18.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

3. SEGMENT REPORTING (Cont'd)

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

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

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Oil and gas US$'000	Total US$'000
For the six months ended 31 December 2018						
Turnover	**214,434**	**291,089**	**645,475**	**–**	**–**	**1,150,998**
Revenue from external customers	**89,395**	**291,089**	**645,475**	**–**	**–**	**1,025,959**
Inter-segment revenue	**–**	**1,081**	**–**	**–**	**–**	**1,081**
Reportable segment revenue	**89,395**	**292,170**	**645,475**	**–**	**–**	**1,027,040**
Operating (loss)/profit	**(130,569)**	**66,544**	**68,772**	**–**	**15,724**	**20,471**
Finance costs	**(11,970)**	**(33,232)**	**(14,166)**	**–**	**–**	**(59,368)**
Write back of provision for impairment loss on interest in an associate	**–**	**–**	**–**	**25,370**	**–**	**25,370**
Share of profits of associates and joint ventures	**–**	**9,711**	**–**	**60,545**	**–**	**70,256**
(Loss)/profit before taxation	**(142,539)**	**43,023**	**54,606**	**85,915**	**15,724**	**56,729**
For the six months ended 31 December 2017						
Turnover	282,207	2,171,616	658,343	–	–	3,112,166
Revenue from external customers	88,999	2,171,616	658,343	–	–	2,918,958
Inter-segment revenue	–	105	–	–	–	105
Reportable segment revenue	88,999	2,171,721	658,343	–	–	2,919,063
Operating profit	128,162	(Note) 520,515	76,838	–	11,586	737,101
Finance costs	(10,022)	(36,232)	(12,464)	–	–	(58,718)
Share of (loss)/profits of associates and joint ventures	–	(3,578)	–	57,537	–	53,959
Profit before taxation	118,140	480,705	64,374	57,537	11,586	732,342

3. SEGMENT REPORTING (Cont'd)

(a) Reportable segment revenue and profit or loss (unaudited) (Cont'd)

Note:

The Group's financial statements had been prepared in accordance with all applicable HKFRSs and at Group level, revenue arising from the sale of properties had been recognised upon completion of development projects for the period ended 31 December 2017.

The subsidiary, GuocoLand Limited ("GuocoLand") 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 period amounting to US$1.9 million in Singapore had been deferred for recognition in the Group's consolidated financial statements for the period ended 31 December 2017. The Group had recognised operating profits of GuocoLand of US$77.4 million for the period ended 31 December 2017 which had been deferred in previous years. Up to 31 December 2017, accumulated operating profits of GuocoLand totalling US$2.9 million in Singapore had been deferred for recognition, and would be recognised by the Group upon completion of the relevant development projects in subsequent years.

(b) Reconciliations of reportable segment revenue (unaudited)

Revenue

	Six months ended 31 December	
	2018	2017
	US$'000	US$'000
Reportable segment revenue	**1,027,040**	2,919,063
Elimination of inter-segment revenue	**(1,081)**	(105)
Consolidated revenue (Note 4)	**1,025,959**	2,918,958

4. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Revenue from sale of properties	**230,686**	2,114,732
Revenue from hospitality and leisure	**644,750**	657,781
Interest income	**27,100**	19,220
Dividend income	**76,424**	80,773
Rental income from properties	**43,652**	40,699
Others	**3,347**	5,753
Revenue	**1,025,959**	2,918,958
Proceeds from sale of investments in securities	**125,039**	193,208
Turnover	**1,150,998**	3,112,166

5. OTHER REVENUE AND NET (LOSS)/INCOME

(a) Other revenue

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Sublease income	**2,433**	2,350
Bass Strait oil and gas royalty	**18,152**	13,468
Hotel management fee	**51**	92
Income from forfeiture of deposit from sale of properties	**409**	109
Others	**339**	1,108
	21,384	17,127

5. OTHER REVENUE AND NET (LOSS)/INCOME (Cont'd)

(b) Other net (loss)/income

	Six months ended 31 December 2018 (Unaudited) US$'000	2017 (Unaudited) US$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(214,995)**	45,031
Net realised and unrealised losses on derivative financial instruments	**(1,310)**	(937)
Net realised losses on disposal of available-for-sale financial assets	**–**	(236)
Net gains on foreign exchange contracts	**2,177**	5,113
Other exchange gains	**9,136**	3,834
Net losses on disposal of property, plant and equipment	**(70)**	(165)
Net gain on disposal of a subsidiary	**–**	350
Write back of provision for impairment loss on interest in an associate (Note)	**25,370**	–
Other income	**1,225**	2,200
	(178,467)	55,190

Note:

At the end of the reporting period, the recoverable amount of interest in an associate is assessed to be higher than its impaired carrying amount, write back of provision for impairment loss on interest in an associate has been recognised accordingly.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

6. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance costs

	Six months ended 31 December 2018 (Unaudited) US$'000	2017 (Unaudited) US$'000
Interest on bank loans and other borrowings	**81,976**	65,297
Other borrowing costs	**5,155**	3,985
Total borrowing costs	**87,131**	69,282
Less: borrowing costs capitalised into:		
– development properties	**(13,638)**	(10,564)
– investment properties	**(14,125)**	–
Total borrowing costs capitalised (Note)	**(27,763)**	(10,564)
	59,368	58,718

Note:

These borrowing costs have been capitalised at rates of 2.9% to 4.79% per annum (2017: 1.81% to 4.37%).

(b) Staff cost

	Six months ended 31 December 2018 (Unaudited) US$'000	2017 (Unaudited) US$'000
Salaries, wages and other benefits	**206,529**	204,188
Contributions to defined contribution retirement plans	**6,533**	5,884
Expenses recognised in respect of defined benefit retirement plans	**79**	107
Equity-settled share-based payment expenses	**1,762**	570
	214,903	210,749

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

(c) Other items

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Depreciation	**36,507**	36,987
Amortisation		
– casino licences and brand names	**785**	810
– Bass Strait oil and gas royalty	**1,553**	1,677
– other intangible assets	**6,986**	5,543
Gross rental income from investment properties	**(43,652)**	(40,699)
Less: direct outgoings	**10,283**	11,935
Net rental income	**(33,369)**	(28,764)

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Current tax – Hong Kong Profits Tax	**375**	1,216
Current tax – Overseas	**34,336**	69,253
Deferred tax	**(23,207)**	92,099
	11,504	162,568

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2017: 16.5%) to the profits for the six months ended 31 December 2018. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8. DIVIDENDS

	Six months ended 31 December 2018 (Unaudited) US$'000	2017 (Unaudited) US$'000
Dividends payable/paid in respect of the current year: – Interim dividend declared of HK$1.00 (2017: HK$1.00) per ordinary share	**42,019**	42,112
Dividends payable/paid in respect of the prior year: – Final dividend of HK$3.00 (2017: HK$3.00) per ordinary share	**124,591**	124,793

The interim dividend declared for the year ending 30 June 2019 of US$42,019,000 (2018: US$42,112,000) is calculated based on 329,051,373 ordinary shares (2017: 329,051,373 ordinary shares) in issue at 31 December 2018.

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

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profits attributable to equity shareholders of the Company of US$13,086,000 (2017: US$473,173,000) and the weighted average number of 325,061,468 ordinary shares (2017: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2018 and 2017, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2018, the Group acquired items of property, plant and equipment with a cost of US$169,076,000 (2017: US$32,572,000). The Group disposed of items of property, plant and equipment with a net book value of US$615,000 (2017: US$206,000) during the six months ended 31 December 2018.

11. DEVELOPMENT PROPERTIES

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Cost	**1,857,846**	3,023,172
Less: Impairment loss	**–**	(5,115)
Progress instalments received and receivable	**(184,913)**	(733,023)
Transfer to properties held for sale	**–**	(594,034)
	1,672,933	1,691,000

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Trade debtors	**112,110**	198,569
Accrued receivables for sales consideration not yet billed on completed development properties	**17,506**	143,901
Other receivables, deposits and prepayments	**150,797**	161,547
Derivative financial instruments, at fair value	**20,010**	22,197
Interest receivables	**5,848**	10,697
	306,271	536,911

Included in the Group's trade and other receivables is US$6.2 million (30 June 2018: US$6.5 million) which is expected to be recovered after one year.

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

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Within 1 month	**99,746**	186,220
1 to 3 months	**9,621**	10,367
More than 3 months	**2,743**	1,982
	112,110	198,569

13. TRADE AND OTHER PAYABLES

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Trade creditors	**34,167**	101,043
Other payables and accrued operating expenses	**621,751**	554,101
Derivative financial instruments, at fair value	**29,855**	23,188
Amounts due to fellow subsidiaries	**19,717**	19,300
Amounts due to associates	**33**	34
	705,523	697,666

Included in trade and other payables is US$59.7 million (30 June 2018: US$99.3 million) which is expected to be payable after one year.

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

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Within 1 month	**27,202**	97,086
1 to 3 months	**5,375**	2,128
More than 3 months	**1,590**	1,829
	34,167	101,043

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

14. BANK LOANS AND OTHER BORROWINGS

	At 31 December 2018 (Unaudited)			At 30 June 2018 (Audited)		
	Current portion US$'000	Non-current portion US$'000	Total US$'000	Current portion US$'000	Non-current portion US$'000	Total US$'000
Bank loans						
– Secured	**42,329**	**2,415,944**	**2,458,273**	980,927	1,635,480	2,616,407
– Unsecured	**557,175**	**841,340**	**1,398,515**	294,610	996,663	1,291,273
	599,504	**3,257,284**	**3,856,788**	1,275,537	2,632,143	3,907,680
Other loans						
– Secured	**–**	**–**	**–**	56,997	–	56,997
– Unsecured	**1,701**	**5,402**	**7,103**	1,941	7,266	9,207
	1,701	**5,402**	**7,103**	58,938	7,266	66,204
Unsecured medium term notes and bonds	**91,703**	**604,440**	**696,143**	146,641	603,413	750,054
Secured mortgage debenture stock	**–**	**72,360**	**72,360**	–	75,033	75,033
	692,908	**3,939,486**	**4,632,394**	1,481,116	3,317,855	4,798,971

15. SHARE CAPITAL

	At 31 December 2018 (Unaudited)		At 30 June 2018 (Audited)	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Authorised:				
Ordinary shares of US$0.50 each	**1,000,000**	**500,000**	1,000,000	500,000
Issued and fully paid	**329,051**	**164,526**	329,051	164,526

Note:

As at 31 December 2018, 3,826,862 (30 June 2018: 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.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

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

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

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

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

	At 31 December 2018 (Unaudited)				At 30 June 2018 (Audited)			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements								
Assets								
Equity investment at FVOCI/Available-for-sale financial assets:								
– Listed	1,413,940	–	–	1,413,940	1,738,523	–	–	1,738,523
– Unlisted	–	–	53,377	53,377	–	32,400	24,470	56,870
Trading financial assets:								
– Listed	1,478,594	–	–	1,478,594	1,648,769	–	–	1,648,769
– Unlisted	–	10,024	–	10,024	–	10,000	–	10,000
Derivative financial instruments:								
– Forward exchange contracts	–	16,103	–	16,103	–	17,918	–	17,918
– Equity options	–	3,907	–	3,907	–	4,279	–	4,279
	2,892,534	30,034	53,377	2,975,945	3,387,292	64,597	24,470	3,476,359
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	7,682	–	7,682	–	4,270	–	4,270
– Forward exchange contracts	–	16,702	–	16,702	–	14,938	–	14,938
– Equity options	–	5,471	–	5,471	–	3,980	–	3,980
	–	29,855	–	29,855	–	23,188	–	23,188

During the six months ended 31 December 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: 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.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial assets and liabilities measured at fair value (Cont'd)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts is determined based on quotes from market makers or alternative market participants supported by observable inputs including spot and forward exchange rates. The fair value of other derivative financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties at the end of the reporting period, taking into account current observable inputs. The fair value of the unlisted equity investment at FVOCI/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 equity investment at FVOCI/available-for-sale financial asset. The assets held by the unlisted equity investment at FVOCI/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 equity investment at FVOCI/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.

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

	2018 (Unaudited) US$'000	2017 (Unaudited) US$'000
Unlisted equity investment at FVOCI/ available-for-sale financial assets:		
At 1 July	**24,470**	24,760
Addition	**28,866**	–
Exchange adjustments	**41**	(27)
At 31 December	**53,377**	24,733

(b) 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 31 December 2018 and 30 June 2018.

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 31 December 2018 is estimated to be US$84.3 million (30 June 2018: US$88.2 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 1.8% (30 June 2018: 1.59%).

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

	At 31 December 2018 (Unaudited) US$'000	At 30 June 2018 (Audited) US$'000
Authorised and contracted for	**211,581**	13,378
Authorised but not contracted for	**58,287**	86,017
	269,868	99,395

At 31 December 2018, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$115.0 million (30 June 2018: US$177.5 million); in respect of purchase of land was US$482.0 million (30 June 2018: US$508.0 million).

18. CONTINGENT LIABILITIES

(a) GuocoLand

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

(b) Rank

Property leases

Concurrent to the GBP211 million (approximately US$285 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, 8 of these have not expired or been surrendered. These 8 leases have durations of between 2 months and 94 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.

19. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

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

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

(i) **Income**

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Interest income	**669**	643

(ii) **Balance**

	At 31 December 2018	At 30 June 2018
	(Unaudited)	(Audited)
	US$'000	US$'000
Cash and short term funds	**68,743**	32,204

19. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Management fee

On 7 July 2017, 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 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the six months ended 31 December 2018 amounted to US$159,000 (2017: US$2,158,000) and US$3,127,000 (2017: US$10,498,000) respectively.

On 7 July 2017, 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 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to HLMC for the six months ended 31 December 2018 amounted to US$49,000 (2017: US$584,000).

20. HONG KONG DOLLAR AMOUNTS

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

21. REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2018 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.