2008

ANNUAL REPORT

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

Contents

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

Corporate Information

Board of Directors

Quek Leng Chan – *Executive Chairman*
Kwek Leng Hai – *President, CEO*
Sat Pal Khattar **
Kwek Leng San*
Tan Lim Heng
James Eng, Jr.
Volker Stoeckel **
Ding Wai Chuen**

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

Board Audit Committee

Sat Pal Khattar – *Chairman*
Volker Stoeckel
Ding Wai Chuen

Board Remuneration Committee

Quek Leng Chan – *Chairman*
Volker Stoeckel
Ding Wai Chuen

Qualified Accountant

Allan Tsang Cho Tai

Company Secretary

Stella Lo Sze Man

Place of Incorporation

Bermuda

Registered Office

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

Principal Office

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

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

Branch Share Registrars

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

FINANCIAL CALENDAR

Annual results announcement	8 September 2008
Closure of Register of Members	18 November 2008 to 21 November 2008
Annual General Meeting	21 November 2008
Final dividend of HK$3.00 per share payable on	27 November 2008

Interim results announcement	22 February 2008
Closure of Register of Members	11 March 2008 to 14 March 2008
Interim dividend of HK$1.00 per share paid on	17 March 2008

Corporate Profile

Principal Investment

Our Proprietary Asset Management has now been denoted as Principal Investment business. It has been built up into a core business with a team of well-trained and experienced investment professionals covering equity and direct investments as well as treasury operations. Ongoing resources are allocated to enhance our investment infrastructure. This includes synergistic analytical tools, risk management system, as well as management information system to facilitate the growth of our Principal Investment activities.

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

Our treasury division actively manages the currency overlays of equity investments. FX forward contracts as well as currency borrowings are used to hedge the currency exposures of the various equity portfolios. Also, appropriate financial instruments are utilized to manage its interest rate and foreign currency exposures including standard interest rate and currency swaps.

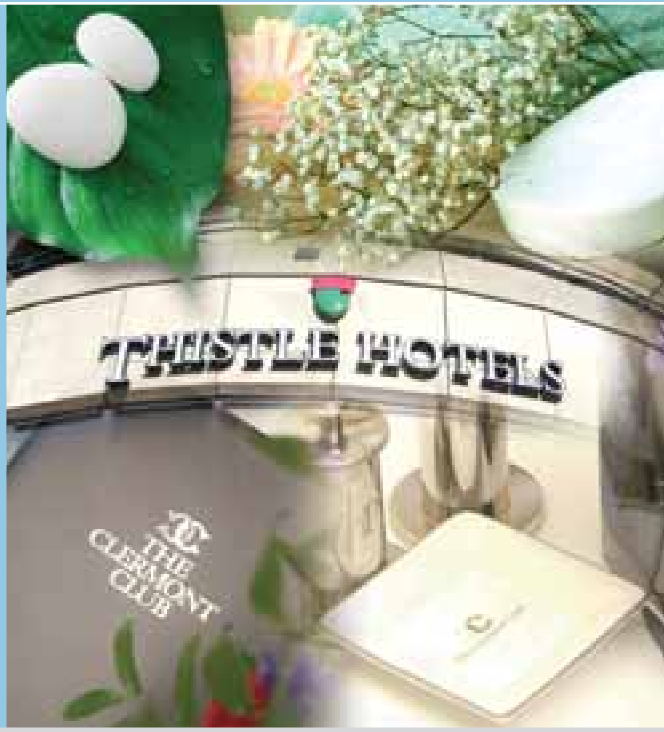
Treasury and investment management teams have been organized regionally to harness the group resources under three investment offices, namely Hong Kong, Singapore and Malaysia to enable us to select and validate appropriate investments that meeting the Group's target valuation benchmarks and whose potential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

Hospitality and Leisure Business

GuocoLeisure Limited ("GL", formerly known as BIL International Limited) is the Group's 54% subsidiary in the Hospitality and Leisure Business. It is primarily listed on the Main Board of Singapore Exchange Securities Trading Limited with secondary listings on the London and New Zealand Exchanges. GL's core operating assets include Guoman Hotels Group and Clermont Leisure (UK) Limited ("Clermont Leisure") in the United Kingdom and other investment projects including development properties of approximately 56,345 acres of land on the island of Molokai in Hawaii; and resort and development properties in Denarau, Fiji.

Guoman Hotels Group owns, leases or manages 38 hotels (8,300 rooms) in the United Kingdom under 2 brands, the international deluxe Guoman brand which now consists of 5 major Central London Landmark hotels with over 2,300 rooms, and the four-star Thistle brand in 33 properties with 5,900 rooms in London and the provinces. It is one of the largest full service hotel operators in London with approximately 5,200 bedrooms.

Clermont Leisure is a licensed operator of gaming business in the United Kingdom. It now has 5 gaming licences approved by the UK Gambling Commission including the prestigious Clermont Club in Mayfair, London. Clermont Leisure also has other gaming licence applications in progress. It intends to operate a number of integrated gaming locations in select Guoman and Thistle hotels and other standalone gaming sites in the United Kingdom.



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

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


Artist's Impression – Four Seasons Park, Tianjin

Property Development and Investment

GuocoLand Limited ("GLL") is the Group's property arm listed in Singapore. This 65% owned subsidiary is a major property development and investment company based in Singapore with operations in the key geographical markets of Singapore, China, Malaysia and Vietnam. GLL had developed and sold 26 residential projects in Singapore, producing more than 7,500 apartments and houses. In China, GLL has established a strong presence and built a solid portfolio of quality assets with a landbank of approximately 2 million square metres in the major cities of Beijing, Shanghai, Nanjing and Tianjin.

In Malaysia, GLL has established an embedded property operation via its Malaysia listed subsidiary, GuocoLand (Malaysia) Berhad ("GLM") with property development activities. It holds approximately 11,110 acres land bank for township development as well as having a property investment portfolio which includes prime office properties.

Financial Services

Hong Leong Financial Group Berhad ("HLFG"), the Group's associated company, is an integrated financial services group listed in Malaysia. Its businesses cover commercial and consumer banking, investment banking, Islamic banking and takaful, life and general insurance, asset management and unit trust, corporate advisory services, futures broking and stock broking. HLFG's main subsidiaries comprise Hong Leong Bank Berhad (listed in Malaysia) which has 185 branches in Malaysia with overseas branches in Singapore and Hong Kong, Hong Leong Islamic Bank Berhad and Hong Leong Tokio Marine Takaful Berhad, Hong Leong Assurance Berhad (a long established life and general insurance company) and HLG Capital Berhad (a stockbroking, futures broking, asset management and unit trust group listed in Malaysia).

Currently, the HLFG Group employs over 6,000 employees to deliver quality and competitive financial products and services to customers in Malaysia, Singapore and Hong Kong.

The Group also operates stock and futures broking and corporate advisory business in Hong Kong through its wholly-owned subsidiaries, Dao Heng Securities Limited and Dao Heng Commodities Limited.

Corporate Organisation Chart

(As at 8 September 2008)

Guoco Group Limited(1)

Principal Investment

- 100% GuocoEquity Assets Limited

Property Development & Investment

- 65.0% GuocoLand Limited(2)
  - 100% GuocoLand (Singapore) Pte. Ltd.
  - 100% GuocoLand (China) Limited
  - 65% GuocoLand (Malaysia) Berhad(3)
  - 100% GuocoLand Vietnam (S) Pte. Ltd.

Hospitality & Leisure Business

- 54.1% GuocoLeisure Limited(2)
  - 100% Guoman Hotels Group Limited
  - 100% Clermont Leisure (UK) Limited
  - 100% Molokai Properties Limited
  - 100% Tabua Investments Limited
  - 55.11% Bass Strait Oil & Gas Royalty Income

Financial Services

- 25.4% Hong Leong Financial Group Berhad(3)
  - 64% Hong Leong Bank Berhad (3)
    - 100% Hong Leong Islamic Bank Berhad
  - 100% Hong Leong Assurance Berhad
    - 10% 55% Hong Leong Tokio Marine Takaful Berhad
    - 100% Dao Heng Insurance Co., Limited
  - 75% HLG Capital Berhad (3)
  - 100% Dao Heng Securities Limited

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

Websites:

Guoco Group Limited (http://www.guoco.com)

GuocoLand Limited (http://www.guocoland.com.sg)

GuocoLand (Malaysia) Berhad (http://www.mystorey.com)

GuocoLeisure Limited (http://www.guocoleisure.com)

Guoman Hotels Group Limited (http://www.guoman.com) (http://www.thistle.com)

Tabua Investments Limited (http://www.denarau.com)

Hong Leong Bank Berhad (http://www.hlb.com.my)

Hong Leong Islamic Bank Berhad (http://www.hlib.com.my)

Hong Leong Assurance Berhad (http://www.hla.com.my)

HLG Capital Berhad (http://www.hlgcap.com.my)

Dao Heng Insurance Co., Limited (http://www.daohenginsurance.com)

Dao Heng Securities Limited (http://www.dhsec.com)

Biographical Details of Directors and Senior Management

Quek Leng Chan, aged 65, has been the Executive Chairman of Guoco Group Limited ("Guoco") since 1990. He is the Chairman and CEO of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company of Guoco, and he sits on the boards of directors of the major public listed subsidiaries of HLCM. Mr Quek is also the Chairman and sole shareholder of HL Holdings Sdn Bhd, a deemed substantial shareholder of Guoco. Mr Quek qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors including financial services, manufacturing and real estate. He is a brother of Messrs Kwek Leng Hai and Kwek Leng San.

Kwek Leng Hai, aged 55, is the President, CEO of Guoco and has been an Executive Director of Guoco since 1990. He holds directorships in the Group's key subsidiaries and associated companies including GuocoLand Limited ("GLL"), Camerlin Group Berhad, GuocoLeisure Limited (formerly known as BIL International Limited) and Hong Leong Bank Berhad. He also serves as the Chairman of Lam Soon (Hong Kong) Limited, a Hong Kong listed subsidiary of HLCM. He is also a director and shareholder of HLCM. Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales. He is a brother of Messrs Quek Leng Chan and Kwek Leng San.

Sat Pal Khattar, aged 65, has been an Independent Non-executive Director of Guoco since 1991. He is the Chairman of GLL, a listed subsidiary of Guoco in Singapore, and holds directorships in other public and private companies in Singapore and elsewhere. He now chairs Khattar Holdings Pte Ltd, an investment group based in Singapore. He obtained a LLM degree and a LLB (Hons) degree from the University of Singapore.

Kwek Leng San, aged 53, has been a Non-executive Director of Guoco since 1990. He is the President and CEO of Hong Leong Industries Berhad, a member of the Hong Leong Group Malaysia. He is also a director and shareholder of HLCM. He holds a Bachelor of Science degree in engineering and a Master of Science degree in finance. He is a brother of Messrs Quek Leng Chan and Kwek Leng Hai.

Tan Lim Heng, aged 60, joined Dao Heng Securities Limited and Dao Heng Commodities Limited, wholly owned subsidiaries of Guoco, as the Managing Director in 1990, and has been an Executive Director of Guoco since 1996. He also serves as a non-executive director of Lam Soon (Hong Kong) Limited. Mr Tan holds a Bachelor of Science first class honours degree in engineering from University of Surrey and a Master of Science degree in management from Massachusetts Institute of Technology. He had also previously worked in Geneva in 1974 with the United Nations Conference on Trade and Development. Prior to joining Guoco, he had served in the Singapore Civil Service as a Colombo Plan Scholar 1975-1978 before coming to work in Hong Kong with a financial services company and a major U.S. bank. Mr Tan has extensive experience in property investment, financial and investment management services.

James Eng, Jr., aged 66, has been an Executive Director of Guoco since 2001 and is responsible for all Group staff support functions for Guoco. He joined Guoco Management Company Limited, a wholly owned subsidiary of Guoco, in 1994 as an executive director. Prior to joining Guoco, Mr Eng worked with Hiram Walker, a Division of Allied-Lyons. Postings included New York, Miami, London, Hong Kong and Windsor Canada. During his time with Brout, Issacs & Co., Certified Public Accountants in New York City, he was responsible for the Management Services Division and was a Management Consultant in New York for Computer Methods Corporation.

Volker Stoeckel, aged 63, is Independent Non-Executive Director of Guoco Group since 2004. Since 2007 he is Chairman and CEO of Metal Cast Zhong Shan Limited. Until 2006 he was Chairman and CEO of the German Centre for Industry and Trade in Shanghai. Before that he held various senior banking positions in Asia for over 26 years. Until 2004 he was Senior Executive Vice President and Chief Executive Asia Pacific of Bayerische Landesbank, Regional Head Office, in Hong Kong. Mr Stoeckel has wide ranging experience in capital markets, corporate finance, project finance, treasury and securities business, and property development of commercial and industrial projects in China. He is also Consultant for major companies in Asia for projects in Europe. He graduated from the University of Munich in economics and holds a diploma in banking.

Ding Wai Chuen, aged 48, has been an Independent Non-executive Director of Guoco since 2006. He also serves as an independent non-executive director of Lam Soon (Hong Kong) Limited. Mr Ding is a Partner of Grant Thornton, Certified Public Accountants. He is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr Ding had worked for international firms of accountants in England and in Hong Kong for over 11 years before joining the Hong Kong Institute of Certified Public Accountants ("HKICPA") in 1994 as the Head of the Professional Compliance Division. His main responsibilities at the HKICPA were monitoring and enforcing compliance with the HKICPA's professional standards. In 2007, Mr Ding was appointed by the Hong Kong SAR Government as a member of the Financial Reporting Review Panel of the Financial Reporting Council. Since 2002, Mr Ding has been appointed by the PRC Ministry of Finance as a member of the Advisory Group of Foreign Experts for the development of PRC's Independent Auditing Standards. Since the beginning of 2007, he has been involved, as an advisor, in the joint projects between HKICPA and PRC Ministry of Finance for the comparison of Hong Kong and PRC accounting and auditing standards. Mr Ding was appointed by the Hong Kong SAR Government of the PRC as a member of the Commission on Strategic Development in November 2005 and as a member of the Central Policy Unit Panel on the Pan-Pearl River Delta in January 2006. Mr Ding has recently been elected as a council member of the HKICPA.

Financial Highlights

Financial highlights of Guoco Group for the year ended 30 June 2008:

	Year ended 30 June 2008 HK$'M	Year ended 30 June 2007 (Restated) HK$'M	Increase/ (Decrease)
Turnover	**21,211**	20,934	1%
Revenue	**8,574**	6,779	26%
Profit from operations before finance cost	**2,106**	4,397	(52%)
Profit attributable to shareholders of the Company	**1,468**	4,271	(66%)
	HK$	HK$	
Earnings per share	**4.52**	13.14	(66%)
Dividend per share:			
Interim	**1.00**	1.00	
Proposed final	**3.00**	3.30	
Total	**4.00**	4.30	(7%)
Equity per share attributable to shareholders of the Company	**125.17**	123.20	2%

	As at 30 June 2008 HK$'M	As at 30 June 2007 HK$'M	Increase
Equity attributable to shareholders of the Company	**41,186**	40,538	2%
Total assets	**80,026**	69,283	16%
Total liabilities	**29,378**	20,932	40%

Ten Year Summary

US$'000 Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit for the year attributable to shareholders of the Company	Dividend per share
1999	19,338,881	16,956,281	1,403,985	78,928	0.08
2000	20,299,446	18,014,260	1,489,778	88,341	0.09
2001	5,937,223	1,571,996	4,116,828	2,726,259	0.10
2002	4,713,770	927,884	3,577,730	202,656	0.14
2003	4,620,094	703,573	3,702,501	157,193	0.14
2004	4,858,457	680,891	3,933,605	312,805	0.38
2005	5,191,012	655,282	4,196,126	415,476	0.49
2006	7,470,726	1,750,335	4,754,347	725,876	0.64
2007	8,863,439	2,677,829	5,186,062	546,371	0.55
2008	**10,261,067**	**3,766,946**	**5,280,935**	**188,191**	**0.51**

HK$'000 Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit for the year attributable to shareholders of the Company	Dividend per share
1999	150,021,371	131,538,351	10,891,414	612,283	0.60
2000	158,244,331	140,430,165	11,613,563	688,662	0.70
2001	46,308,855	12,261,175	32,110,229	21,264,139	0.80
2002	36,766,935	7,237,402	27,905,937	1,580,695	1.10
2003	36,027,500	5,486,464	28,872,108	1,225,789	1.10
2004	37,895,963	5,310,949	30,682,119	2,439,881	3.00
2005	40,344,545	5,092,852	32,612,290	3,229,080	3.80
2006	58,011,681	13,591,701	36,918,455	5,636,572	5.00
2007	69,283,288	20,931,920	40,538,151	4,270,845	4.30
2008	**80,025,549**	**29,378,224**	**41,185,748**	**1,467,690**	**4.00**

Notes:

(a) The figures for 1999 to 2000 were before transfer to general reserve by banking subsidiaries.

(b) The figures for 2000, 2003 and 2005 were restated due to change in accounting policies.

(c) The figures for 2001 to 2008 were after the disposal of the banking subsidiaries.

Chairman's Statement

"Our management team has continued to work towards fulfilling our stated goal – to build each of our core businesses to achieve sustainability and to create capital value."

I am pleased to present this annual report and to share with you the overall progress the Group has made over this period of uncertainties in global financial markets and sharp asset deflation. We had navigated through these turbulent times avoiding pitfalls and had consolidated our assets and businesses to achieve profitability. Our management team has continued to work towards fulfilling our stated goal – to build each of our core businesses to achieve sustainability and to create capital value. We see meaningful consolidation in our core businesses. The contributions towards the Group's results from our core businesses in Property Development and Investment, Hospitality and Leisure, and Financial Services have tripled in the past 5 years.

However, our Proprietary Asset Management, which has now been designated as Principal Investment business, has been facing severe challenges. The global economic shake-out caused by the impact of the US mortgage woes has resulted in financial markets coming under difficult and troubling conditions not experienced in several decades. Concurrently, prices of basic commodities and oil had risen sharply dislocating and straining many economies. Amidst such a poor financial and economic environment, the performance of Principal Investment business was below our expectations.

FINANCIAL RESULTS

The consolidated profit attributable to shareholders, after taxation and minority interests amounted to HK$1,468 million, representing a decrease of 66% compared to the result of the last financial year. Earnings per share amounted to HK$4.52.

The directors will be recommending a final dividend of HK$3.00 per share at the forthcoming Annual General Meeting. Together with the interim dividend of HK$1.00 per share already paid, the total dividend for the year amounted to HK$4.00 per share thereby maintaining a steady annual distribution to shareholders.

BUILDING OUR CORE BUSINESSES

Principal Investment

We had been cautious for quite some time since global equity markets peaked in mid 2007 and remained guarded and disciplined. With the recent deterioration in world financial and equity markets, our risk-averse approach has helped to contain write downs in investments had we been less cautious. We continue to hold substantial assets in cash to make investments when the time is opportune.

The twelve months to June 2008 represented an extremely volatile period in global financial markets. In response to this worsening market environment, we exercised caution in managing our investment portfolio. We have trimmed down substantially the level of investment activities and the size of the investment allocation thereby reducing our exposure. Nevertheless, severe market corrections and the mark-to-market valuations affected our Principal Investment business.

There is still a high degree of uncertainty regarding the timing and future path of a market recovery. Near-term a downside scenario remains. However, we recognise that valuations have come off sharply and selective stocks are becoming more attractive. Our approach is to focus on a list of strategic stocks that we believe offer reasonable valuation with good long-term underlying businesses and potential. We will look to acquiring significant positions in selected companies, strategic investments which present synergistic business opportunities to the Group.

Our treasury team continued to monitor and manage the Group's foreign currency exposure and currency overlays of our investments in the light of the difficult market conditions during the year. They managed creditably and contributed to a meaningful foreign exchange gain to the Group's results.

Property Development and Investment – GuocoLand Limited ("GLL")

The Guoco quality property brand is now successfully established in China, in the major cities of Beijing, Shanghai, Nanjing and Tianjin; in Vietnam, in the rapidly emerging conurbation near to Ho Chi Minh City, and in Malaysia, Kuala Lumpur, in addition to its home turf in Singapore. GLL is fast moving on the path towards realising its vision of becoming a regional property group.

GLL initially started off positively with strong economic growth in its core markets of Singapore, China, Malaysia and Vietnam as key drivers for its performance. The second half of the financial year however coincided with a swift reversal in the global economy, with slowdowns in world markets resulting from the sub-prime crisis, the consequent US credit crunch and global inflationary pressures.

Reacting to these macroeconomic concerns, a mood of caution has crept into the real estate market sentiment across the region, especially in markets where the economies have significant exports to the US. The China and Vietnam governments have put in place measures to tighten credit and rein in real estate speculation. As a result, buyers are adopting a more cautious approach, and sales across the real estate sector have slowed. Against this backdrop, and despite the market uncertainty, GLL has reported satisfactory results for the financial year ended 30 June 2008.

Hospitality and Leisure Business – GuocoLeisure Limited ("GL", formerly known as BIL International Limited)

We had undertaken a corporate streamlining initiative to consolidate the Group's interests in GL. Camerlin Group Berhad, a 61% owned subsidiary of the Group which held 22% shareholding in GL implemented a capital distribution exercise to distribute its GL shares to all its shareholders. The exercise was completed in August 2008 and the Group now holds a total direct shareholding of 54% in GL.

BIL International Limited changed its name to GuocoLeisure Limited during the year in recognition of its control by the Group.

During the year, GL remained focused on growing top-line particularly in the hotel business through effective yield enhancement and market penetration strategies. The hotel segment made significant progress in establishing and growing its two brands in its target markets: Guoman, as deluxe properties competing globally with other international brands and Thistle, as a strong UK-based brand. New brand standards were successfully rolled out. Substantial capital was invested as part of a three-year refurbishment programme and key international markets were developed, particularly in respect of the Guoman properties. As a result of all these, profitability for the hotel segment increased significantly during the year. We see this as an important and encouraging turning point in GL's hotel business.

A detailed plan of space utilisation, development opportunities and alternative use is being studied by management with a view to unravelling and enhancing the significant capital value of the hotel properties in London bearing in mind the potential boom in the hotel industry as London prepares to host the next Olympic Games 2012. A strategic overview was also undertaken with the intent to optimise its hotel and casino operations in the United Kingdom. Clermont Leisure (UK) Limited has made a significant investment in upgrading the facilities and services at the Clermont Club to restore it to its old glory as an exclusive casino in Mayfair and the centrepiece of our gaming business. With an eye on the international characteristics of London, we would build on the heritage of the Clermont brand.

GL had decided to wind down the operations in Molokai. The commercial decision taken to close down the operations in no way affects the value of this development property.

Financial Services – Hong Leong Financial Group Berhad ("HLFG")

HLFG made significant progress towards becoming one of the leading integrated financial services groups domestically and in the region. As a result of its successes in growing its core businesses, HLFG registered record result. Profit before tax of its subsidiary, Hong Leong Bank Berhad ("HLB"), surpassed the RM1 billion mark. The record earnings were driven primarily by continued strong growth in earnings on the back of higher net interest income and Islamic banking income.

To enhance its competitive advantage, HLFG has been investing in improving its infrastructure, customer service experience and sales delivery capabilities including cross-selling programmes to derive synergistic benefits within the various financial businesses of the HLFG Group. Through the introduction of need-based customer relevant products as well as increased customer services to fulfill their expectations, HLFG hopes to build a strong and reputable brand name to enhance its market position in the financial services sectors.

HLB completed the subscription of 20% interest in Chengdu City Commercial Bank Co. Ltd. ("CCCB"). This marked its first major overseas acquisition and first foray into the large and fast-growing China market. It is working with CCCB to explore synergistic opportunities on expanding financial services in Chengdu.

GROUP HUMAN RESOURCES

I firmly believe that it is the people who make the difference in our organisation. Building quality human resources is essential to achieving our vision and therefore continues to be a key element of our business plans. To ensure operational excellence, each of our core businesses will continue the Group's policy of developing and strengthening the talent pool by recruiting high calibre talent for key positions, developing internal talent for future leadership positions and rewarding and retaining talent. Amidst pessimism in the global economic outlook, there could be more opportunities for us to attract talent as the labour market softens.

OUTLOOK

The global meltdown in share price over the past twelve months appears to be continuing. Global financial systems are being tested and some amount of uncertainty may continue over a protracted period. Problems relating to the US housing market, high inflationary pressures and rising unemployment will affect the economies of various countries in which we operate. These could lead to a slower global growth. We remain cautiously optimistic and will look for investment opportunities.

APPRECIATION

I would like to thank my fellow directors for their invaluable counsel. The success of our Group depends on the commitment and contributions of our dedicated management and staff. For their effort and hard work, I express on behalf of the Board, my deepest appreciation for the staff of the Group. To all our shareholders, bankers and customers I thank them for their strong support.

I am pleased to see that the Company and its staff in Hong Kong have again united in a number of charity events to raise funds for the less fortunate. With increased participations and donations contributed this year, the Company was the winner of the Highest Donation Increment Award and the first runner up of Top-fund Raiser Award by The Community Chest in the Hong Kong and Kowloon Walks for the Millions in which event, one of our Board members clinched the Top Individual Fund-raiser Award. The Company has also been presented the Platinum and the prestigious President's Award by The Community Chest for the third consecutive year in recognition of its continuous commitment towards the local community development.

Quek Leng Chan
Executive Chairman

8 September 2008

Review of Operations

Principal Investment

Principal Investment

During the past financial year, the global market was haunted by sub-prime mortgage issues and the massive credit crunch triggered by the continued correction in US house prices. Banks and other financial services companies suffered record write-offs and capital depletion with rising concern on their viability in some cases. At the same time, commodity prices and especially the price of oil surged to record levels, which led to widespread inflationary pressure. While global central banks and other authorities undertook decisive and proactive measures to stabilise the financial system, it did not prevent major price corrections in most financial assets. Investor sentiment remained very fragile. Against a backdrop of aggravating macroeconomic conditions, we have taken a defensive and cautious stance and reduced our exposure to equity markets.

We continue to look into the market for value in stocks and investments. The correction in the Hong Kong and China markets may open up new opportunities. We will continue to monitor closely all the major sectors. Given our belief that markets may face protracted consolidation, we will not rush into new investments.

During the year, our customised portfolio management system was rolled out. This new system provides enhanced reporting, execution and risk control capabilities covering both treasury and equity investments. Despite intense competition for talented staff in the market, our human resources position was stable. External training, internal guidance and consultation are provided continuously to raise the level of competency as well as to create a stronger sense of belonging.

Property Development and Investment

Le Crescendo, Singapore

Property Development and Investment

GuocoLand Limited ("GLL") – 64.3% controlled by Guoco

For the financial year ended 30 June 2008, GLL reported a net profit of S$161.8 million, a decrease of 43% compared to the previous corresponding year. The decrease in net profit was mainly due to lower gross profit contribution from sale of property development projects in Singapore, lower revaluation gain on the investment properties and higher income tax expense mainly from its property development projects in China.

GLL's revenue and cost of sales decreased by 4% and 2% respectively compared to the previous corresponding year mainly due to lower revenue and cost of sales recognised for GLL's property development projects in Singapore as a result of lower sales achieved. Gross profit correspondingly decreased by 12% to S$135.3 million.

Other income decreased by 33% to S$130.8 million comprising mainly a revaluation gain of S$88.1 million from the investment properties in Singapore and net foreign exchange gains of S$28.0 million. Other income in the previous financial year included non-recurring profits of S$19.3 million from the sale of GLL's long-term investment and S$16.9 million from the sale of a hotel in Hanoi.

Finance costs increased by 22% to S$39.4 million due to higher interest rates and an increase in bank borrowings.

The contribution of S$11.5 million from GLL's associates to profit after tax for the financial year ended 30 June 2008 comprised mainly a negative goodwill of S$10.6 million arising from the increase in GLL's interest in Tower Real Estate Investment Trust ("Tower REIT") in Malaysia from 15.00% to 19.97% during the financial year. Tower REIT is now an associate of GLL.

The Quartz, Singapore
Certified Green Mark Award 2006

The View @ Meyer, Singapore

Singapore

GLL has three launched developments on the market in Singapore: Le Crescendo, The View @ Meyer and The Quartz.

Singapore's GDP grew by 2.1% in the second quarter of 2008 compared to 6.9% in the first quarter of 2008. The GDP growth forecast for 2008 has been revised downwards from 4%-6% to 4%-5%. Statistics released by Urban Redevelopment Authority showed that private residential property prices increased by 0.2% in the second quarter of 2008, down from a 3.7% increase in the previous quarter. The cautious sentiment in the property market is evidenced by a slow down and delay in property launches and a lower take-up rate by buyers compared to 2007. The ongoing development and subsequent completion of the two integrated resorts and the Marina Bay Financial Centre should help economic growth in the next few years. GLL expects the demand for residential properties to remain stable in the medium term.

Goodwood Residence, Singapore
Green Mark Platinum Award 2007

China

The residential apartments at West End Point, a 810-unit development located within the Second Ring Road in Feng Sheng, Xicheng District of Beijing, are 97% sold. The retail units are currently being launched for sale.

Construction is in progress for Phase 1 comprising 1,112 units in Ascot Park, a residential development located in Qixia District of Nanjing.

Construction has commenced for Phase 1 of Changfeng project, GLL's development site situated in Putuo District of Shanghai. Land resettlement has been completed and design planning is in process for Phase 2.

Construction work on the Dongzhimen Project continues to be in full progress and structural works have been completed for the residential, hotel, retail, airport terminal and transportation centre. Part of the transportation centre was completed and handed over to the Beijing government in July 2008. The claims by Shenzhen Development Bank and Agricultural Bank of China and the various actions taken by GuocoLand (China) Limited to defend and protect its 90% interest in the Dongzhimen Project are pending hearing and adjudication before the PRC courts.

West End Point, Beijing

China's GDP growth grew 10.1% in the second quarter of 2008, compared to 10.6% in the previous quarter. Inflation eased to 7.1% in June from 7.7% in the previous month. The property market appears to be cooling down as developers face credit squeeze, slower sales and lower prices. Despite the slowdown in the economy and the property market, GLL believes that the economy will continue to grow within the framework of macro-economic policies and other regulatory measures by the government to prevent overheating of the economy and to curb inflation. Demand for quality housing is expected to be stable in the medium term.

Artist's Impression -
Guoson Centre ▪ Changfeng, Shanghai

The OVAL, Kuala Lumpur

Malaysia

GLL's 64.98% subsidiary, GuocoLand (Malaysia) Berhad ("GLM"), currently has eight ongoing mixed residential development projects located in Rawang, Sungai Buloh, Cheras, Kajang, Sepang, Damansara Heights and Old Klang Road.

In June 2008, GLM completed the acquisition of a piece of freehold land situated at Changkat Kia Peng, Kuala Lumpur.

In July 2008, GLM completed the acquisition of 100% equity interest in Raikon Building Management Co Sdn Bhd ("Raikon") for a total cash consideration of RM1.8 million. Raikon is principally engaged in property services and the acquisition will provide synergistic benefits to GLM.

Amidst the slowdown in the global economy, global credit crunch and rising inflation, the property market in Malaysia appears to be softening. With rising construction costs, developers are holding back launches and take-up rates have also come down. Despite the weaker demand for housing, GLL remains cautiously optimistic that the property sentiment will remain positive in the medium term in view of government policies to make home ownership more attractive. Property prices in Malaysia are also amongst the lowest in the region.

Artist's Impression -
Damansara CITY, Kuala Lumpur

Artist's Impression -
Homez @ The Canary, Vietnam

Vietnam

In January 2008, GLL launched Phase 1 of the residential component comprising 237 units in The Canary, a development located next to Vietnam Singapore Industrial Park in Binh Duong Province, 17 kilometres north of Ho Chi Minh City.

The pace of growth in Vietnam is showing signs of moderation. Vietnam achieved a GDP growth of about 6.5% in the first half year of 2008 compared to 7.9% in the same period last year. Inflation reached 27% in July 2008, driven by soaring food and fuel prices. To control the rapid inflation, the State Bank of Vietnam has introduced a series of monetary and credit tightening measures such as raising interest rates and reducing loans for investments in shares and real estate and other regulatory measures. As a result, the property market in Vietnam is showing signs of slowing down. Given the large and young population, GLL expects the medium to long term economic prospects in Vietnam to remain promising and the growth potential to remain bright. The demand for quality housing is expected to remain stable in the medium term.

Review of Operations

Hospitality and Leisure Business

Guoman - The Cumberland, London

Hotel Lobby
Guoman - The Cumberland, London

Hospitality and Leisure Business

GuocoLeisure Limited ("GL", formerly known as BIL International Limited) – 61.1% controlled by Guoco

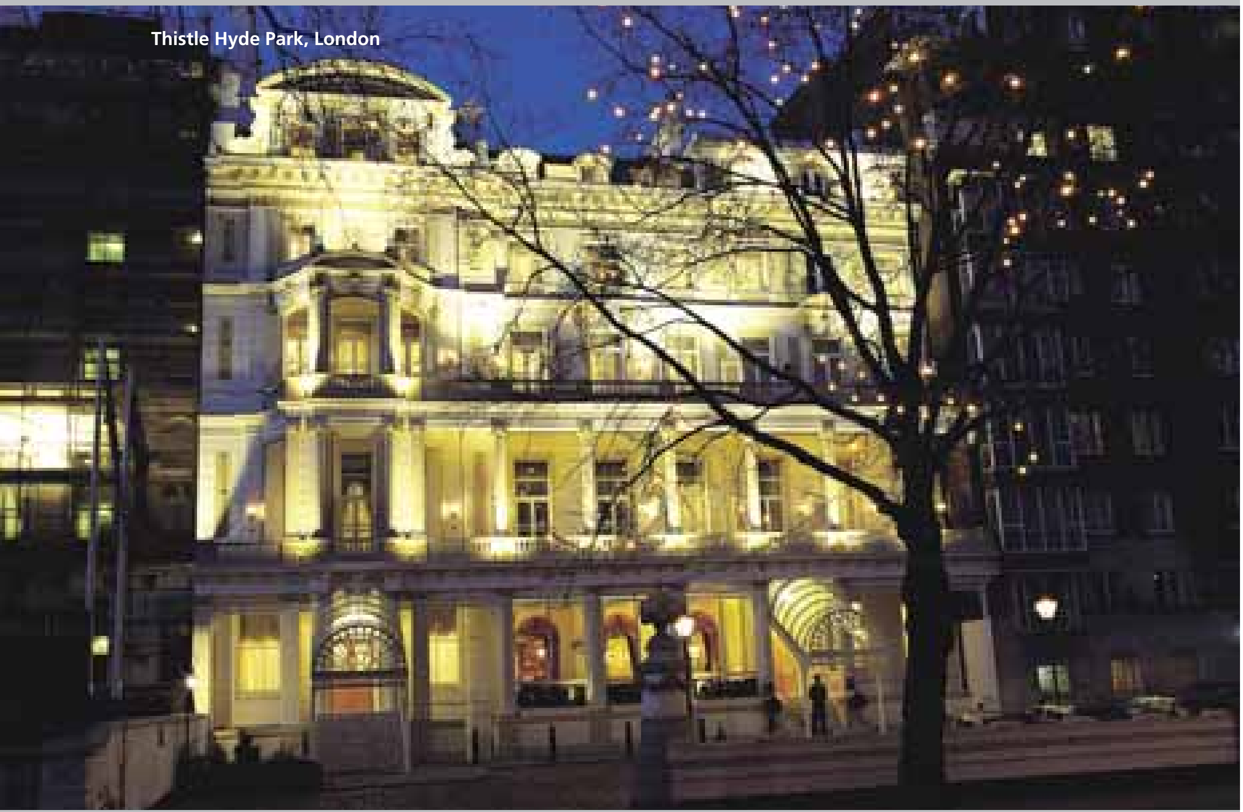
GL registered a profit before tax of US$58.6 million for the financial year ended 30 June 2008, which is twelve times that in previous financial year.

GL's revenue rose by 29.2% to US$573.7 million during the financial year principally due to improved REVPAR in the hotel operation, increased royalty income from the Bass Strait Oil & Gas produce, higher sales of land and developed properties from Denarau, Fiji and improved revenue in the gaming operation. Higher revenue in the hotel operations was due to higher REVPAR for the current financial year as compared to the previous financial year. Higher royalty income from the Bass Strait Oil & Gas produce in Australia was attributable to mainly full redemption of the ordinary units of the Bass Strait Oil Trust in July 2007 and the soaring crude oil price. Since then, GL has been entitled to full royalty distribution from the Bass Strait Oil & Gas produce in Australia.

Rhodes W1 Restaurant
Guoman - The Cumberland, London

Review of Operations

The Clermont Club, London



Thistle Hyde Park, London

The operating expense of GL for the financial year at US$190.6 million was 12.1% higher year-on-year due mainly to the effects of business rationalisation and increased spending in marketing related activities. The increase in operating expense was partly mitigated by a write-back of provision made in prior year for a claim against its debtor in Australia and property rate rebate in the United Kingdom that related to prior year operations.

Other operating income for the financial year increased by 57.3% to US$30.2 million over that of previous financial year chiefly due to gain on disposal of investment and higher hotel management fees.

Camerlin Group Berhad ("CGB") – 61.3% controlled by Guoco

The demerger exercise undertaken by CGB comprising a cash repayment and a capital distribution of its GL shares to shareholders was completed in August 2008. The Group now holds a total direct shareholding of 54.1% in GL. Following the demerger, CGB will surrender its listing status on Bursa Malaysia Securities Berhad.

Junior Suite
Guoman – Charing Cross, London

Financial Services

Signing ceremony of Hong Leong Bank's investment of 20% interest in Chengdu City Commercial Bank – October 2007

Financial Services

Hong Leong Financial Group Berhad ("HLFG") – 25.4% owned by Guoco

HLFG recorded a profit before tax of RM1,120.2 million for the year ended 30 June 2008 as compared to RM985.7 million in the previous financial year, an increase of RM134.5 million or 13.6%. This reflects the steps taken to grow the various business especially contribution from the banking division.

The banking division recorded a profit before tax of RM1,010.0 million for the year ended 30 June 2008 as compared to RM856.6 million in the previous financial year, an increase of RM153.4 million or 17.9%. This was mainly due to higher net income of RM250.2 million arising from strong growth in business volumes.

The insurance division recorded a profit before tax of RM103.8 million for the year ended 30 June 2008 as compared to RM120.1 million in the previous financial year, a decrease of RM16.4 million or 13.6%. The decrease was mainly due to exceptionally high investment income in the previous financial year and a one-off change in accounting estimate for unearned premium reserves calculation of RM4.2 million. Backing off the one-offs from prior years, the core business registered a growth of 12.5%.

The stockbroking and asset management divisions recorded a profit before tax of RM32.2 million for the year ended 30 June 2008 as compared to RM37.9 million in the previous financial year, a decrease of RM5.7 million or 15.1%. The decrease was mainly due to lower Bursa volumes and higher operating expenditure in line with its budgeted business initiatives.

GROUP FINANCIAL COMMENTARY

Results

The consolidated profit attributable to shareholders for the year ended 30 June 2008, after taxation and minority interests amounted to HK$1,468 million, representing a decrease of 66% over that of last year. Earnings per share amounted to HK$4.52.

The major profit contributions (before finance cost and taxation) arose from the following:

– total interest income of HK$1,345 million;

– property operations of HK$752 million;

– hospitality and leisure business of HK$584 million;

– contribution from associates and jointly controlled entities of HK$472 million;

– total net exchange gain (including foreign exchange contracts) of HK$659 million;

– dividend income of HK$177 million; and offset by

– total realised and unrealised losses on investments of HK$1,468 million.

Revenue increased by 26% to HK$8.6 billion. The increase was mainly attributable to the increase in property development sector of 91% or HK$1,492 million and in hotel and gaming sector of 13% or HK$432 million.

Capital and Finance

– The Group's consolidated total equity (including minority interests) as at 30 June 2008 amounted to HK$50.6 billion, an increase of 5% comparing to the total equity as at 30 June 2007.

– The Group's consolidated total equity attributable to shareholders of the Company as at 30 June 2008 amounted to HK$41.2 billion, an increase of HK$648 million comparing to the figure as at 30 June 2007.

Total Cash and Liquid Funds

As at 30 June 2008, the Group has net liquid funds of HK$7.3 billion, comprising total cash balance of HK$25.4 billion and marketable securities of HK$4.1 billion and after netting off the total borrowings of HK$22.2 billion.

Total Borrowings

The increase in total borrowings from HK$16.0 billion as at 30 June 2007 to HK$22.2 billion as at 30 June 2008 was primarily due to the drawdown of new bank loans by GLL to finance the development property projects in Singapore, Malaysia and China. The Group's total borrowings are mainly denominated in Singapore dollars (59%), British Pound (20%) and US dollars (13%).

Total Borrowings (cont'd)

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

	Bank loans HK$'M	Mortgage debenture stock HK$'M	Convertible bonds HK$'M	Other borrowings HK$'M	Total HK$'M
Within 1 year or on demand	4,441	–	–	1,493	5,934
After 1 year but within 2 years	1,026	–	–	459	1,485
After 2 years but within 5 years	6,805	–	3,714	201	10,720
After 5 years	8	4,067	–	–	4,075
	7,839	4,067	3,714	660	16,280
	12,280	4,067	3,714	2,153	22,214

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

– legal mortgages on investment properties with an aggregate book value of HK$88.1 million;

– legal mortgages on development properties with an aggregate book value of HK$16.0 billion; and

– legal mortgages on property, plant and equipment with an aggregate book value of HK$9.0 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2008 amounted to approximately HK$7.9 billion.

Interest Rate Exposure

As at 30 June 2008, approximately 56% of the Group's borrowings were at floating rates and the remaining 44% were at fixed rates. 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 swap contracts to manage the interest rate exposure if it considers this appropriate.

Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts for the purpose of hedging the foreign currency exposures. The Group may also raise foreign currency loans to hedge its foreign currency investments.

Contingent Liabilities

GL had contingent liabilities of HK$40 million as at 30 June 2007 in relation to the guarantees of investment performance which were nil as at 30 June 2008.

GL has given a guarantee to the owner of the 20 (2007: 28) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than HK$431 million (2007: HK$512 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was HK$431 million (2007: HK$512 million) and the maximum aggregate liability under the guarantee was approximately HK$861 million (2007: HK$1,024 million). Based on past performance, GL's expectation is that the future annual EBITDA will be able to meet the guaranteed amount.

In November 2007, GLL's wholly-owned subsidiary, GuocoLand (China) Limited ("GLC"), completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). To date, an aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "vendors"). The balance of RMB2.58 billion has been withheld pending resolution of disputes described hereunder, which had been disclosed by GLL previously.

(1) Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC")

(a) SDB

SDB claims that a loan of RMB1.5 billion was granted by SDB to certain borrowers. Amongst the security obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB. An earlier suit filed by SDB against Zhiye and CJDH in The People's High Court of Beijing ("Beijing Court") was dismissed in December 2007. SDB has initiated another suit directly against CJDH for the recovery of its loan under the Zhiye guarantee ("second SDB suit"). In addition, SDB has filed an appeal against Zhiye and CJDH in respect of the dismissal of the earlier SDB suit ("SDB appeal").

An interim application was made by SDB to the Beijing Court to restrict dealing in the assets of CJDH in the aggregate sum of their claims.

Based on the information available to GLC, CJDH is neither a guarantor nor borrower of the alleged loans of RMB1.5 billion granted by SDB to borrowers who are third parties apparently unrelated to CJDH. GLC has been advised by its PRC lawyers that the SDB appeal and second SDB suit both have no merits.

Pending hearing of the SDB appeal and the second SDB suit, SDB and BBJB have purportedly entered into a settlement agreement in May 2008 for CJDH to pay RMB1 billion of the alleged loan to SDB. GLC has been advised by its PRC lawyers that the settlement agreement is void and unenforceable.

Contingent Liabilities (cont'd)

(1) Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC") (cont'd)

(b) ABC

ABC had claimed that CJDH and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion owing to ABC by Zhiye. ABC has commenced legal proceedings against Zhiye, CJDH and Hainan Co. BBJB is also a defendant in the ABC proceedings.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, CJDH and BBJB in the aggregate sum of their claims.

PRC lawyers of GLC are of the view that if CJDH is liable for the loan or any part thereof, GLC is entitled to set off any payment towards the loan against the balance purchase consideration still not paid by GLC.

GLC's PRC lawyers have also advised that the interim applications by SDB and ABC only restrict dealing in the assets of CJDH pending final resolution of the SDB and ABC actions. The interim applications will be expunged once the PRC courts dismiss the SDB and ABC actions.

A hearing in respect of ABC's claims was held by the Beijing Court in May 2008 and judgment is pending.

(2) Hainan Co

In April 2008, GLL had disclosed that GLC had received a notice issued by the Hainan Trade Bureau purporting to revert registration in Hainan Co to its original shareholders being two of the vendors of the DZM Project, allegedly on the grounds that GLC has not paid the requisite consideration for the transfer of Hainan Co to GLC.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the vendors. GLL has taken legal advice on these matters and will strongly defend and protect its 90% interest in the DZM Project. GLC has taken various legal actions which are pending hearing and adjudication before the PRC courts.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 2,900 employees as at 30 June 2008. 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 by management on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share options may also be granted in accordance with the approved share option schemes or plans adopted by the Company and its subsidiaries to eligible employees to reward their contribution and foster loyalty towards the Group.

Corporate Governance Report

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

The Board has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the principles set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the letter of the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Company has complied throughout the financial year ended 30 June 2008 with the CGP Code, save that non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting pursuant to the Company's Bye-Laws and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the CGP Code.

A. Directors

1. The Board

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

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

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

A. Directors (cont'd)

1. The Board (cont'd)

The Board comprises the following members:

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

Non-executive Directors
Kwek Leng San
Sat Pal Khattar*
Volker Stoeckel*
Ding Wai Chuen*

(* independent)

The Board of Directors meets regularly and members of the Board receive information between meetings about developments in the Company's business. During the year, four board meetings were held. Messrs Quek Leng Chan, Kwek Leng Hai, Sat Pal Khattar, Kwek Leng San, Tan Lim Heng, and James Eng, Jr. attended all the four meetings while Messrs Volker Stoeckel and Ding Wai Chuen attended three meetings.

The Company received confirmation of independence from each of the independent non-executive directors for the year pursuant to Rule 3.13 of the Listing Rules. Up to and as at the date of this report, the Company considers that these directors continue to be independent.

The family relationships among the board members, if any, are disclosed under "Biographical Details of Directors and Senior Management" on page 5 of this annual report.

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

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

The primary responsibility of the Executive Chairman is to ensure effective functioning of the Board and, together with the President and CEO, to oversee Board policies.

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

3. Non-executive Directors

The non-executive directors are not appointed for a specific term but their terms of office are subject to retirement by rotation and re-election at the annual general meetings in accordance with the Company's Bye-Laws.

4. Nomination of Directors

The Board is responsible for the selection and recommendation of candidates for directorship of the Company. All new nominations received are assessed and approved by the Board in line with its policy of ensuring that the nominees are of high calibre and ample experience.

No new director was appointed during the year.

5. Directors' Securities Transactions

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

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

B. Directors' Remuneration

1. Board Remuneration Committee ("BRC")

The BRC currently comprises Messrs Quek Leng Chan (Chairman), Volker Stoeckel and Ding Wai Chuen as members. The latter two members are independent non-executive directors of the Company.

The principal role of the BRC is to make recommendations to the Board on the policy and structure for the remuneration of directors and senior management, as well as to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment.

The BRC held two meetings during the year. Messrs Quek Leng Chan and Ding Wai Chuen attended all the two meetings while Mr Volker Stoeckel attended one meeting.

During the year, the BRC reviewed and recommended to the Board for approval of its updated terms of reference and the remuneration policy for directors and senior management, recommended to the Board the last year's executive directors' fees for proposing to shareholders for approval, approved the last year's bonuses for executive directors and senior management, as well as reviewed the current year's remuneration packages of the Company's executive directors and senior management.

The terms of reference of the BRC is accessible on the Company's website.

2. Level and Make-up of Remuneration

The Group's remuneration scheme for executive directors and senior management is linked to performance, service seniority, experience and scope of responsibility and is periodically adjusted based on market/industry surveys conducted by human resource consultants. Performance is measured against profit targets set out in the Group's annual plans and budgets. The remuneration packages are laid down in the Group's Human Resources Manual, which is reviewed from time to time to align with market/industry practices.

For non-executive directors, the level of remuneration reflects the level of their responsibilities.

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

C. Accountability and Audit

1. Board Audit Committee ("BAC")

The BAC currently comprises Messrs Sat Pal Khattar (Chairman), Volker Stoeckel and Ding Wai Chuen. All of them are independent non-executive directors of the Company.

The BAC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's system of internal control. The BAC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programmes, the results of their examinations as well as their evaluations of the system of internal control. It also reviews directors' interests in contracts and connected transactions. The BAC reviews the Group's and the Company's financial statements and the auditors' report thereon and submits its views to the Board.

C. Accountability and Audit (cont'd)

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

The BAC held four meetings during the year. Messrs Sat Pal Khattar and Ding Wai Chuen attended all the four meetings while Mr Volker Stoeckel attended three meetings.

The following is a summary of the work performed by the BAC during the year:

- reviewed and approved the Group's internal audit charter;
- reviewed the audit plans and internal audit programmes;
- reviewed the interim financial report and the interim results announcement for the six months ended 31 December 2007;
- reviewed connected transactions entered into by the Group subsisting during the year;
- reviewed the audited accounts and the final results announcement for the year;
- approved the external audit fee;
- reviewed the internal control and risk management framework; and
- reviewed the Group's accounting policies and practices.

The terms of reference of the BAC is accessible on the Company's website.

2. Financial Reporting

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

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

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

2. Financial Reporting (cont'd)

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

A statement of the auditors about their reporting responsibilities is included in the Report of the Auditors on page 62 of this annual report.

3. Internal Controls

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

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

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

- periodically evaluates identified risks for their continuing relevance in the operating environment and inclusion in the risk management framework;
- assesses the adequacy of action plans and control systems developed to manage these risks; and
- monitors the implementation of the action plans and the effectiveness of the control systems.

C. Accountability and Audit (cont'd)

3. Internal Controls (cont'd)

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

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

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

4. Auditors' Remuneration

The fees charged by the Group's external auditors for the year in respect of annual audit services amounted to HK$10,981,000 and those in respect of non-audit services amount to HK$3,556,000 (including HK$827,000 for taxation services).

D. Investor Relations

1. Communication with Investors

The Company encourages two-way communication with both its institutional and private investors. Extensive information about the Company's activities is provided in the interim and annual reports which are distributed to shareholders. Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcome and are dealt with in an informative and timely manner.

In order to promote effective communication, the Company maintains a website to provide latest news, financials including interim and annual reports and other information relating to the Group and its businesses to the public.

2. Annual General Meeting ("AGM")

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

Financial Section Contents

Report of the Directors

The directors of the Company present their report together with the audited financial statements of the Group for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

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

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in Note 17 on the financial statements.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in Note 17 on the financial statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2008 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 63 to 159.

DIVIDENDS

An interim dividend of HK$1.00 (2007: HK$1.00) per share totalling HK$329,051,000 (2007: HK$329,051,000) was paid on 17 March 2008. The directors are recommending payment of a final dividend of HK$3.00 per share (2007: HK$3.30 per share) in respect of the year ended 30 June 2008 totalling HK$987,154,000 (2007: HK$1,085,870,000).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 November 2008 to 21 November 2008, both days inclusive, during which period no share transfers will be registered.

To qualify for the final dividend and for attending and voting at the forthcoming annual general meeting of the Company to be held on 21 November 2008, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong not later than 4:30 p.m. on 17 November 2008.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the total turnover of the Group. The information in respect of the Group's purchases attributable to the major suppliers during the year is as follows:

	Percentage of the Group's total purchases
The largest supplier	10.6%
Five largest suppliers in aggregate	41.5%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major suppliers.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US$467,000 (2007: US$310,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES AND WARRANTS

The Company

The Company did not issue any new shares during the year. Details of the share capital of the Company are shown in Note 35 on the financial statements.

GuocoLand Limited ("GLL", 64.3% controlled by the Company)

GLL issued S$690 million in principal amount of convertible bonds (the "Bonds") in May 2007, which are due on 7 May 2012. Details of the Bonds are shown in Note 32 on the financial statements.

Camerlin Group Behard ("CGB", 61.3% controlled by the Company)

The irredeemable convertible unsecured loan stocks ("ICULS") were issued by CGB in July 2002 with a maturity date of 15 July 2007 and a coupon rate of 5.5% per annum payable semi-annually in arrears each year. The ICULS were convertible into new ordinary shares of RM1.00 each in CGB at any time from the date of issuance. The conversion price of the ICULS was RM1.16 per ordinary share to be satisfied by surrendering for cancellation the equivalent nominal value of ICULS or a combination of ICULS and cash, provided that at least RM1.00 nominal value of ICULS must be surrendered for every one share.

During the year, RM10,368,773 nominal value of ICULS were converted into 10,368,497 new ordinary shares of RM1.00 each. As at the maturity date of ICULS on 16 July 2007, RM13,955,275 nominal value of ICULS were automatically converted into 12,030,319 new ordinary shares on the basis of RM1.16 nominal value of ICULS for every one new ordinary share.

CGB had, on 25 July 1997, issued 59,162,371 detachable warrants pertaining to the US$105 million Five-year Secured Floating Rate Notes 1997/2002. Each warrant entitles its registered holder to subscribe for one new ordinary share of RM1.00 each in CGB at the subscription price per share of RM2.00 which was adjusted to RM1.90 effective on 4 June 2002 in accordance with the provisions of the deed polls. The warrants were exercised at any time commencing from 25 July 1997 but not later than 25 January 2002 (both dates inclusive). The subscription period for the outstanding warrants was subsequently extended for a further period of 5.5 years from the previous expiry date of 25 January 2002 to 25 July 2007.

During the year, 30,260,895 new ordinary shares of RM1.00 each were issued arising from the exercise of 30,260,895 warrants by the warrant holders. As at the expiry date of warrants on 25 July 2007, 1,671,933 warrants were not exercised. The unexercised warrants had lapsed and become null and void and ceased to be exercisable.

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

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

TRANSFER TO RESERVES

Profit for the year, before dividend, of US$258.9 million (2007: US$606.3 million) has been transferred to reserves. Movements in the reserves of the Company and the Group during the year are set out in Note 35 on the financial statements.

INTEREST CAPITALISED

Interest capitalised during the year by the Group in respect of development properties amounted to approximately US$35.7 million (2007: approximately US$18.7 million).

FIXED ASSETS

Movements in fixed assets during the year are set out in Note 15 on the financial statements.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 160 to 164.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Quek Leng Chan – *Executive Chairman*
Kwek Leng Hai – *President, CEO*
Sat Pal Khattar**
Kwek Leng San*
Tan Lim Heng
James Eng, Jr.
Volker Stoeckel**
Ding Wai Chuen**

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

In accordance with the Company's Bye-Law 99 and Code A.4.2 of the Code of Corporate Goverance Practices of the Company, Messrs Kwek Leng Hai, Kwek Leng San and Tan Lim Heng will retire from office by rotation at the forthcoming annual general meeting. All of them, being eligible, offer themselves for re-election.

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

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

As at 30 June 2008, 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

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of the Company**	*Notes*
Quek Leng Chan	1,656,325	234,425,391	236,081,716	71.75%	*1*
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%	
Sat Pal Khattar	–	691,125	691,125	0.21%	*2*
Kwek Leng San	209,120	–	209,120	0.06%	
Tan Lim Heng	566,230	–	566,230	0.17%	
James Eng, Jr.	565,443	–	565,443	0.17%	

* *Ordinary shares unless otherwise specified in the Note*

Notes:

1. The total interests of 236,081,716 shares/underlying shares comprised 225,522,716 ordinary shares of the Company and 10,559,000 underlying shares of other unlisted derivatives.

   The corporate interests of 234,425,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	219,839,529
GuoLine Capital Limited ("GCL")	10,559,000
Asian Financial Common Wealth Limited ("AFCW")	4,026,862

   AFCW was wholly owned by the Company which was in turn 66.81% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HLCM was 49.11% owned by Mr Quek Leng Chan (2.43%) and HL Holdings Sdn Bhd (46.68%) which was in turn wholly owned by Mr Quek Leng Chan.

2. The corporate interests of 691,125 shares were directly held by Khattar Holdings Pte Ltd which was 0.61% owned by Mr Sat Pal Khattar and was accustomed to act according to his directions.

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

(B) Associated Corporations

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

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HLCM**	
Quek Leng Chan	390,000	7,487,100	7,877,100	49.11%	*Note*
Kwek Leng Hai	420,500	–	420,500	2.62%	
Kwek Leng San	117,500	–	117,500	0.73%	

* *Ordinary shares*

Note:

The corporate interests of 7,487,100 shares were held by HL Holdings Sdn Bhd which was in turn wholly owned by Mr Quek Leng Chan.

b) *GuocoLand Limited ("GLL")*

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of GLL**	*Notes*
Quek Leng Chan	20,062,965	630,412,653	650,475,618	73.29%	*1*
Kwek Leng Hai	26,468,186	–	26,468,186	2.98%	
Sat Pal Khattar	–	13,856,482	13,856,482	1.56%	*2*
Tan Lim Heng	1,333,333	–	1,333,333	0.15%	
Volker Stoeckel	1,096,000	–	1,096,000	0.12%	
James Eng, Jr.	268,000	–	268,000	0.03%	

* *Ordinary shares unless otherwise specified in the Note*

Notes:

1. Certain information herein is based on additional information of the relevant event(s) before 30 June 2008 with the disclosure deadline(s) under the SFO falling after 30 June 2008.

   The total interests of 650,475,618 shares/underlying shares comprised 591,021,285 ordinary shares of GLL, 58,727,985 underlying shares of other unlisted derivatives and 726,348 underlying shares of other listed derivatives.

   The corporate interests of 630,412,653 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuocoLand Assets Pte Ltd ("GAPL")	570,958,320
GuoLine Capital Limited ("GCL")	58,727,985
Hong Leong Bank Berhad ("HLB")	726,348

   HLB was 64.15% owned by Hong Leong Financial Group Berhad which was in turn 77.31% owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

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

2. The corporate interests of 13,856,482 shares were directly held by Khattar Holdings Pte Ltd which was 0.61% owned by Mr Sat Pal Khattar and was accustomed to act according to his directions.

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

(B) Associated Corporations (cont'd)

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

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HLFG**	
Quek Leng Chan	4,989,600	846,298,600	851,288,200	80.86%	*Note*
Kwek Leng Hai	2,316,800	–	2,316,800	0.22%	
Kwek Leng San	600,000	–	600,000	0.06%	
Tan Lim Heng	245,700	–	245,700	N/A	

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 851,288,200 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 26,384,700 underlying shares of other unlisted derivatives.

The corporate interests of 846,298,600 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,476,568
HLCM Capital Sdn Bhd ("HLCM Capital")	296,786
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	3,600
GuoLine Capital Limited ("GCL")	26,384,700
Guoco Assets Sdn Bhd ("GASB")	267,079,946
Soft Portfolio Sdn Bhd ("SPSB")	6,057,000

GASB was wholly owned by the Company. HLSRS was wholly owned by HLCM Capital which was in turn wholly owned by HLCM.

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

SPSB was 99% owned by Mr Quek Leng Chan.

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

(B) Associated Corporations (cont'd)

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

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLM	
	Number of *shares (Long Position)				
Quek Leng Chan	4,476,280	455,198,596	459,674,876	65.62%	*Note*
Kwek Leng Hai	226,800	–	226,800	0.03%	
Sat Pal Khattar	152,700	–	152,700	0.02%	
Tan Lim Heng	326,010	–	326,010	0.05%	

* *Ordinary shares*

Note:

The corporate interests of 455,198,596 shares comprised the respective direct interests held by:

	Number of shares
GLL (Malaysia) Pte Ltd ("GLLM")	455,130,580
HLCM Capital Sdn Bhd ("HLCM Capital")	68,016

GLLM was wholly owned by GuocoLand Limited which was in turn 64.22% owned by GuocoLand Assets Pte Ltd ("GAPL").

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

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

e) *Hong Leong Industries Berhad ("HLI")*

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLI	
	Number of *shares (Long Position)				
Kwek Leng Hai	189,812	–	189,812	0.07%	
Sat Pal Khattar	198,580	348,500	547,080	0.20%	*Note*
Kwek Leng San	2,220,000	–	2,220,000	0.81%	

* *Ordinary shares*

Note:

The corporate interests of 348,500 shares were held by J.M. Sassoon & Co. (Pte) Ltd which was in turn wholly owned by Khattar Holdings Pte Ltd ("KHP"). KHP was 0.61% owned by Mr Sat Pal Khattar and was accustomed to act according to his directions.

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

(B) Associated Corporations (cont'd)

f) Hong Leong Bank Berhad ("HLB")

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLB
	Number of *shares (Long Position)			
Kwek Leng Hai	3,955,700	–	3,955,700	0.26%
Sat Pal Khattar	294,000	–	294,000	0.02%
Kwek Leng San	385,000	–	385,000	0.03%

* *Ordinary shares*

g) HLG Capital Berhad ("HLGC")

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLGC
	Number of *shares (Long Position)			
Kwek Leng Hai	500,000	–	500,000	0.41%
Kwek Leng San	119,000	–	119,000	0.10%

* *Ordinary shares*

h) Malaysian Pacific Industries Berhad ("MPI")

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of MPI
	Number of *shares (Long Position)			
Sat Pal Khattar	210,000	–	210,000	0.11%
Kwek Leng San	315,000	–	315,000	0.16%

* *Ordinary shares*

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

(B) Associated Corporations (cont'd)

i) Hume Industries (Malaysia) Berhad ("HIMB")

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HIMB**	
Quek Leng Chan	2,000,000	120,208,928	122,208,928	66.80%	*Note*
Sat Pal Khattar	200,000	–	200,000	0.11%	

* *Ordinary shares*

Note:

The corporate interests of 120,208,928 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	117,001,127
HLCM Capital Sdn Bhd ("HLCM Capital")	19,401
Hong Leong Assurance Berhad ("HLA")	1,154,400
Soft Portfolio Sdn Bhd ("SPSB")	2,034,000

HLA was wholly owned by Hong Leong Financial Group Berhad which was in turn 77.31% owned by HLCM.

The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

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

j) Narra Industries Berhad ("NIB")

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

* *Ordinary shares*

Note:

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad which was in turn 64.60% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

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

(B) Associated Corporations (cont'd)

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of LSHK
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tan Lim Heng	274,000	–	274,000	0.11%
James Eng, Jr.	619,000	–	619,000	0.25%
Ding Wai Chuen	10,000	–	10,000	0.00%

* *Ordinary shares*

l) GuocoLeisure Limited ("GL", formerly known as BIL International Limited)

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GL	
Quek Leng Chan	150,000	839,709,108	839,859,108	61.39%	*Note*
Tan Lim Heng	100,000	–	100,000	0.01%	

* *Ordinary shares*

Note:

The corporate interests of 839,709,108 shares comprised the respective direct interests held by:

	Number of shares
Camerlin Group Berhad ("CGB")	300,806,272
GuocoLeisure Assets Limited ("GLA") (formerly known as High Glory Investments Limited)	535,269,836
Sharington Management Limited ("SML")	3,633,000

CGB was 61.31% owned by Brightspring Holdings Limited which was in turn wholly owned by the Company. GLA was wholly owned by the Company. The controlling shareholder of the Company and its percentage control are shown in the Note under Part (A) above.

SML was 42% owned by Mr Quek Leng Chan.

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

(c) Others

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

Guoman Hotel & Resort Holdings Sdn Bhd	RZA Logistics Sdn Bhd
Luck Hock Venture Holdings, Inc.	Lam Soon (Hong Kong) Limited
Hong Leong Industries Berhad	Kwok Wah Hong Flour Company Limited
Hong Leong Bank Berhad	M.C. Packaging Offshore Limited
Malaysian Pacific Industries Berhad	Camerlin Group Berhad
Carsem (M) Sdn Bhd	HLG Capital Berhad
Carter Realty Sdn Bhd	Hong Leong Tokio Marine Takaful Berhad
Guocera Tile Industries (Meru) Sdn Bhd	Guangzhou Lam Soon Food Products Limited
Guocera Tile Industries (Labuan) Sdn Bhd	Shekou Lam Soon Silo Company Limited
Hong Leong Fund Management Sdn Bhd	Hong Leong Yamaha Motor Sdn Bhd

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

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

Save as disclosed above, as at 30 June 2008, none of the directors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the directors of the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SHARE OPTIONS

The Company

Share Option Scheme

A share option scheme (the "Share Option Scheme") was adopted by the Company on 29 November 2001 ("Adoption Date") for the purpose of providing the employees or directors of the Company or any of its subsidiaries or associated companies (the "Eligible Employees") the opportunity of participating in the growth and success of the Group.

The number of new shares of the Company that may be issued upon exercise of all share options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the Adoption Date, i.e. 32,408,137 which represents approximately 9.85% of the shares in issue of the Company on the date of this report. The maximum entitlement for any Eligible Employee in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

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

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer.

The life of the Share Option Scheme is 10 years from the Adoption Date. The Share Option Scheme shall remain valid and effective till 28 November 2010.

No option has ever been granted to any Eligible Employee pursuant to the Share Option Scheme up to 30 June 2008.

SHARE OPTIONS (cont'd)

The Company (cont'd)

Share Option Plan

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

Unlike a traditional employee share option scheme, the Share Option Plan does not involve options over newly issued shares of the Company and thereby avoids the uncertainty for the shareholders of potential dilutionary effect on the Company's issued share capital from time to time. A trust (the "Trust") has been set up for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the Share Option Plan while a wholly-owned subsidiary of the Company as the trustee is responsible for administering the Trust.

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

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

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

The life of the Share Option Plan is 10 years from the SOP Adoption Date. The Share Option Plan shall remain valid and effective till 15 December 2012.

No option has ever been granted to any Participant pursuant to the Share Option Plan up to 30 June 2008.

SHARE OPTIONS (cont'd)

GuocoLand Limited ("GLL")

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

The GLL ESOS was approved by the shareholders of GLL on 31 December 1998 ("GLL Adoption Date") and further approved by the shareholders of the Company on 1 February 1999.

In October 2004, the approvals of shareholders of GLL and the Company were sought to effect various amendments to the rules of the GLL ESOS (the "Rules") to, among others, allow grant of options over newly issued and/or existing shares of GLL and to align the Rules with Chapter 17 of the Listing Rules (the "Modified GLL ESOS").

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

A committee (the "ESOS Committee") comprising directors of GLL who are presently not participants of the Modified GLL ESOS shall select confirmed employees of the GLL Group and the executive directors of GLL ("GLL Employees") to become participants in the Modified GLL ESOS.

The number of GLL shares over which the ESOS Committee may grant options under the Modified GLL ESOS on any date shall not in aggregate exceed 5% of the issued share capital of GLL on the day preceding that date, provided that the maximum aggregate number of GLL shares over which the ESOS Committee may grant shall not exceed 10% of the issued share capital of GLL as at 29 October 2004 (the later date of obtaining the aforesaid approvals of shareholders of GLL and the Company). As at the date of this report, the total number of GLL shares available for issue and transfer over which options under the Modified GLL ESOS may be granted is 19,308,965 which represents approximately 2.18% of the issued share capital of GLL.

The maximum entitlement of any GLL Employee in respect of the total number of GLL shares issued or to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GLL in issue. The grant of option to a GLL Employee shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of S$1 as consideration.

The exercise price per GLL share shall be the average of the closing prices of GLL shares on Singapore Exchange Securities Trading Limited for each of the last five market days immediately prior to the date of grant of the option. An option shall be exercisable within such period commencing on the date after (a) the second anniversary of the date of grant (for GLL Employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other GLL Employees) and to end on a date not later than 10 years after the date of grant.

The Modified GLL ESOS shall continue to be in force at the discretion of the ESOS Committee, subject to a maximum period of 10 years commencing on the GLL Adoption Date. The Modified GLL ESOS shall remain valid and effective till 30 December 2008.

SHARE OPTIONS (cont'd)

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

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

As at 1 July 2007, there were 40,250,000 GLL shares comprised in the outstanding options pursuant to the Modified GLL ESOS. Following the close of the rights issue of GLL in July 2007, there was an increase of 5,562,550 GLL shares comprised in the options and adjustments were made to the exercise price of the options. Options comprising 5,406,450 GLL shares were exercised in August 2007 and options comprising 569,100 GLL shares were cancelled arising from the resignation of a grantee in May 2008. Details of the said options are as follows:

	*No. of GLL shares comprised in options								
Date of grant	*As at 1 July 2007	Notes	Exercise price per GLL share	*Increase due to adjustment arising from rights issue of GLL during the year	*Outstanding as at 30 June 2008	Notes	*Exercised/ cancelled during the year	Note	Adjusted exercise price per GLL share
1 November 2004	12,500,000	1a	S$1.19	1,727,500	8,821,050	1a	5,406,450	1b	S$1.045
30 May 2005	4,000,000	2	S$1.32	552,800	4,552,800	2	–		S$1.159
19 January 2007	23,750,000	3	S$2.65	3,282,250	26,463,150	3	569,100		S$2.328
Total:	40,250,000			5,562,550	39,837,000				

Notes:

1a. Pursuant to certain financial and performance targets met by the grantees during the performance period for the financial years 2004/05 to 2006/07, the grantees were notified by the Executives' Share Option Scheme Committee (the "Committee") in August 2007 of the vesting of a total of 14,227,500 GLL shares comprised in the vested options. The grantees were given an exercise period of up to two years from the date of vesting to exercise the vested options in accordance with the terms of their grant.

1b. The options were exercised on 27 August 2007 and the closing market price per GLL share immediately before that day was S$4.50.

2. Pursuant to certain financial and performance targets met by the grantee during the performance period for the financial years 2005/06 to 2006/07, the grantee was notified by the Committee in August 2007 and November 2007 of the vesting of the remaining 4,552,800 GLL shares comprised in the vested option. The grantee was given an exercise period of up to two years from the date of vesting to exercise the vested option in accordance with the terms of the grant.

3. Subject to certain financial and performance targets being met by the grantees during the performance periods for the financial years 2005/06 to 2007/08 and 2008/09 to 2010/11, the grantees may at the end of each performance period be notified by the Committee of the vesting of the options and the number of GLL shares comprised in the vested options. Thereafter, the grantees shall have a phased period of between six to thirty months to exercise the vested options in accordance with the terms of the grant.

During the year, no options had lapsed and no new options were granted. Accordingly, the number of GLL shares comprised in the outstanding options was 39,837,000 as at 30 June 2008.

SHARE OPTIONS (cont'd)

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

The GuocoLeisure Share Option Plan (the "GL Plan", formerly known as The BIL International Share Option Plan)

The GL Plan was approved by the shareholders of GL in 2001 to allow the grant of options over newly issued shares of GL to eligible participants including employees and executive and non-executive directors of GL and its subsidiaries (the "GL Group") who are not controlling shareholders of GL.

There were no outstanding options pursuant to the GL Plan as at 1 July 2007 and 30 June 2008, and no option has been granted to any eligible participants pursuant to the GL Plan during the year.

The GuocoLeisure Value Creation Incentive Share Scheme (the "GL Scheme", formerly known as The BIL Value Creation Incentive Share Scheme)

The GL Scheme is a share incentive scheme and was approved by the board of directors of GL in 2003 to allow the grant of options over existing shares of GL to eligible participants including employees and executive directors of the GL Group. The GL Scheme is not governed by Chapter 17 of the Listing Rules.

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Option Scheme (the "GLM ESOS")

The GLM ESOS as approved by the shareholders of GLM, was established on 23 January 2006 ("GLM Adoption Date"). Under the GLM ESOS, the exercise of options could be satisfied through issuance of new shares and/or transfer of existing shares of GLM. On 1 June 2007 ("Approval Date"), the approval of shareholders of the Company was sought to effect various amendments to the Bye-Laws of the GLM ESOS for the purpose of compliance with Chapter 17 of the Listing Rules (the "Modified GLM ESOS").

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

The number of GLM shares over which the GLM Board may grant options under the Modified GLM ESOS on any date shall not in aggregate exceed 15% of the issued share capital of GLM at any one time provided that the total number of new GLM shares which may be issued upon exercise of options to be granted under the Modified GLM ESOS shall not exceed 10% of the issued share capital of GLM as at the Approval Date. Accordingly, the maximum number of GLM shares over which options under the Modified GLM ESOS may be granted is 70,045,851 which represents approximately 10% of the issued share capital of GLM as at the date of this report.

The maximum entitlement of any Eligible Participant in respect of the total number of GLM shares issued or to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GLM in issue. The grant of option to an Eligible Participant shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of RM1 as consideration.

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

SHARE OPTIONS (cont'd)

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

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

The Modified GLM ESOS shall continue to be in force for a period of 10 years commencing from the GLM Adoption Date. The Modified GLM ESOS shall remain valid and effective till 22 January 2016.

Since the establishment up to 30 June 2008, no options had been granted pursuant to the Modified GLM ESOS.

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

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

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2008, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	**Capacity**	**Number of shares/ underlying shares (Long Position)**	*Notes*	**Approx. % of the issued share capital**
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	234,425,391	*1*	71.24%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	234,425,391	*2 & 3*	71.24%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	234,425,391	*2 & 4*	71.24%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	234,425,391	*2 & 5*	71.24%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	234,425,391	*2 & 6*	71.24%
Third Avenue Management LLC	Investment Manager	16,440,300		5.00%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	16,466,710		5.00%

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

Notes:

1. These interests comprised 223,866,391 ordinary shares of the Company and 10,559,000 underlying shares of unlisted cash settled derivatives.

   These interests comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	219,839,529
GuoLine Capital Limited ("GCL")	10,559,000
Asian Financial Common Wealth Limited ("AFCW")	4,026,862

   AFCW was wholly owned by the Company which was in turn 66.81% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

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

3. HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 49.11% owned by HLH (46.68%) and Mr Quek Leng Chan (2.43%).

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

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

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

Save as disclosed above, as at 30 June 2008, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Management Services Agreements

The following management services agreements were entered into by the Company and its subsidiaries (the "Group") with Hong Leong group companies for the provision by the latter of certain management services including formulation of strategy and planning, overseeing investment and financial management, treasury and risk management services, technical assistance with respect to operating practices and procedures, accounting and other services ("Services"):

1. *Services Agreement dated 21 August 2001 between the Company and Hong Leong Overseas (H.K.) Limited (renamed as GOMC Limited, "GOMC") as amended by a supplemental services agreement dated 31 August 2005 and a letter agreement dated 23 February 2007 for the provision of Services by GOMC to the Company, its subsidiaries and associated companies from time to time ("GOMC Services Agreement")*

   The consideration for the Services provided under the GOMC Services Agreement comprises a monthly charge of HK$100,000 (or such other amount as may be agreed from time to time between GOMC and the Company) and an annual fee equal to (i) 3% of the annual consolidated profits before tax of the Group for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of the Company (whose profits are equity accounted for or consolidated into the group accounts of the Company) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of the Company's shareholding in such subsidiary and associated company.

   The term of the GOMC Services Agreement as amended is for a period of three years ended 30 June 2008.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Management Services Agreements (cont'd)

2. *Services Agreement dated 3 January 2005 between GuocoLand (Malaysia) Berhad ("GLM") and HL Management Co Sdn Bhd ("HLMC") as amended by a supplemental services agreement dated 14 February 2007 for the provision of Services by HLMC to GLM group companies from time to time ("GLM Services Agreement")*

   The consideration for the Services provided under the GLM Services Agreement comprises a monthly charge as may be agreed from time to time between GLM and HL Mgt (currently approximately RM31,000) and an annual fee equal to (i) 3% of the annual consolidated profits before tax of the GLM group for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of GLM (whose profits are equity accounted for or consolidated into the group accounts of GLM) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of GLM's shareholding in such subsidiary and associated company.

   The GLM Services Agreement is for an initial term commencing from 1 January 2005 to 30 June 2006 and an additional term commencing from 1 July 2006 to 30 June 2008.

3. *Services Agreement dated 27 February 2006 between Camerlin Group Berhad ("CGB") and HLMC as amended by a supplemental services agreement dated 14 February 2007 for the provision of Services by HLMC to CGB group companies from time to time ("CGB Services Agreement")*

   The consideration for the Services provided under the CGB Services Agreement comprises a monthly charge as may be agreed from time to time between CGB and HLMC (currently RM10,000) and an annual fee equal to (i) 3% of the annual consolidated profits before tax of the CGB group for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of CGB (whose profits are equity accounted for or consolidated into the group accounts of CGB) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of CGB's shareholding in such subsidiary and associated company.

   The CGB Services Agreement is for two years commencing from 1 July 2006 to 30 June 2008.

4. *Services Agreement dated 14 February 2007 between BIL International Limited (renamed as GuocoLeisure Limited, "GL") and GIMC Limited ("GIMC") for the provision of Services by GIMC to GL group companies from time to time ("GL Services Agreement")*

   The consideration for the Services provided under the GL Services Agreement comprises a monthly charge of S$20,000 (or such amount as may be agreed from time to time between GL and GIMC) and an annual fee equal to (i) 3% of the audited annual consolidated profits before tax of GL for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of GL (whose profits are equity accounted for or consolidated into the group accounts of GL) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of GL's shareholding in such subsidiary and associated company.

   The term of the GL Services Agreement is for a period of two financial years from 1 July 2006 to 30 June 2008.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Management Services Agreements (cont'd)

5. *Services Agreement dated 14 February 2007 between Thistle Hotels Limited (renamed as Guoman Hotels Limited, "Guoman") and GIMC for the provision of Services by GIMC to Guoman group companies from time to time ("Guoman Services Agreement")*

   The consideration for the Services provided under the Guoman Services Agreement comprises a monthly charge of US$20,000 (or such amount as may be agreed from time to time between Guoman and GIMC) and an annual fee equal to (i) 3% of the audited annual consolidated profits before tax of Guoman for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of Guoman (whose profits are equity accounted for or consolidated into the group accounts of Guoman) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of Guoman's shareholding in such subsidiary and associated company.

   The term of the Guoman Services Agreement is for a period of two financial years from 1 July 2006 to 30 June 2008.

6. *Services Agreement dated 14 February 2007 between BIL Gaming Operations UK Limited (renamed as Clermont Leisure (UK) Limited, "Clermont Leisure") and GIMC for the provision of Services by GIMC to Clermont Leisure group of companies from time to time ("Clermont Leisure Services Agreement")*

   The consideration for the Services provided under the Clermont Leisure Services Agreement comprises a monthly charge of US$5,000 (or such amount as may be agreed from time to time between Clermont Leisure and GIMC) and an annual fee equal to (i) 3% of the audited annual consolidated profits before tax of Clermont Leisure for each financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of Clermont Leisure (whose profits are equity accounted for or consolidated into the group accounts of Clermont Leisure) to any Hong Leong group company for services of a similar nature as the Services, if any, representing the effective proportion of Clermont Leisure's shareholding in such subsidiary and associated company.

   The term of the Clermont Leisure Services Agreement is for a period from 1 January 2007 to 30 June 2008.

(collectively, the "Management Services Agreements")

Pursuant to the respective management services agreements, the total fees paid or payable by each of GLM, CGB, GL, Guoman and Clermont Leisure together with other fees paid or payable by other subsidiaries of the Company to Hong Leong Group for similar services as the Services are subject to an annual cap of HK$224 million (the "Annual Cap"). In the event that the Annual Cap is exceeded, the excess of the fees will be payable after the Company has complied with the relevant Listing Rules requirements (including to obtain independent shareholders' approval, if necessary).

GOMC, GIMC and HLMC are indirect wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company of the Company and thus they are associates of connected person of the Company under the Listing Rules.

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

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Management Services Agreements (cont'd)

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

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

   i) in the ordinary and usual course of business of the Company;

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

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

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

	Services Fees Paid and Payable by the Group HK$'000
GOMC Services Agreement	44,164
GLM Services Agreement	3,627
CGB Services Agreement	283
GL Services Agreement	6,180
Guoman Services Agreement	11,467
Clermont Leisure Services Agreement	467
Total:	66,188

The aggregate of the services fees paid and payable by the Company and its subsidiaries under the Management Services Agreements for the year amounted to approximately HK$66 million which did not exceed the Annual Cap of HK$224 million as disclosed in the Company's announcements dated 31 August 2005 and 14 February 2007.

Share Option Schemes

1. *Executives' Share Option Scheme of GuocoLand Limited*

GuocoLand Limited ("GLL") obtained shareholders' approval in October 2004 to modify its Executives' Share Option Scheme (the "GLL ESOS") to provide for the satisfaction of the exercise of options through issue of new GLL shares and/or transfer of existing GLL shares. Approval of the shareholders of the Company on such modification to the GLL ESOS was also obtained in October 2004.

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

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Share Option Schemes (cont'd)

1. *Executives' Share Option Scheme of GuocoLand Limited (cont'd)*

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

The grant of options to connected persons of the Company pursuant to the GLL ESOS and the provision of finances to the GLL Trust from time to time (the "GLL ESOS Transactions") constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company had reviewed the GLL ESOS Transactions during the year and confirmed that:

a. there was no grant of options under the GLL ESOS during the year; and

b. during the year, the maximum subsisting amount of the finances provided by the GLL Group for the purchases of existing GLL shares was approximately S$145 million which did not exceed the cap amount of S$150 million or its equivalence as disclosed in the announcement of the Company dated 17 July 2007. The provision of such finances were made:

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

   – on normal commercial terms; and

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

2. *The GuocoLeisure Value Creation Incentive Share Scheme ("GL Scheme", formerly known as The BIL Value Creation Incentive Share Scheme) of GuocoLeisure Limited*

The GL Scheme is a share incentive scheme and was approved by the board of directors of BIL International Limited (renamed as GuocoLeisure Limited ("GL")) in 2003.

Under the GL Scheme, options over existing shares of GL may be issued to eligible participants including employees and executive directors of the GL Group. The purpose of the GL Scheme is to enable the participants to have an opportunity to have a personal equity interest in GL and help to align their interests with that of the shareholders of GL.

A trust for the GL Scheme (the "GL Trust") was established pursuant to a trust deed (the "GL Trust Deed") between GL and a trustee of the GL Trust (which is a trust company unrelated to GL) to acquire existing GL shares for the purpose of the GL Scheme. The GL Group will provide finances to the GL Trust from time to time to enable it to acquire existing GL shares for the purpose of the GL Scheme.

The GL Trust, whose beneficiaries include eligible participants of the GL Scheme who may be directors and chief executives of the GL Group, is deemed to be connected person of the Company under the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Share Option Schemes (cont'd)

2. *The GuocoLeisure Value Creation Incentive Share Scheme ("GL Scheme", formerly known as The BIL Value Creation Incentive Share Scheme) of GuocoLeisure Limited (cont'd)*

The grant of options to connected persons of the Company pursuant to the GL Scheme and the provision of finances to the GL Trust from time to time (the "GL Scheme Transactions") constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company had reviewed the GL Scheme Transactions during the year and confirmed that:

a. a total of 9,500,000 options was granted under the GL Scheme during the year to executive directors of the GL Group, being connected persons of the Company under the Listing Rules;

b. during the year, the maximum subsisting amount of the finances provided by the GL Group for the purchases of existing GL shares was approximately S$45 million which did not exceed the cap amount of S$60 million as disclosed in the announcement of the Company dated 16 December 2005; and

c. during the year, the GL Scheme Transactions were entered into:

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

– on normal commercial terms; and

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

3. *The Executive Share Option Scheme ("GLM ESOS") of GuocoLand (Malaysia) Berhad*

The GLM ESOS was approved and adopted by the shareholders of GuocoLand (Malaysia) Berhad ("GLM") in January 2006 to provide for the satisfaction of the exercise of options through issue of new GLM shares and/or transfer of existing GLM shares. The GLM ESOS with modifications in compliance with the Hong Kong Listing Rules was approved by the shareholders of the Company in June 2007.

A trust for the GLM ESOS (the "GLM Trust") was established pursuant to a trust deed (the "Trust Deed") between GLM and a trustee of the GLM Trust (the "Trustee" which is an indirect subsidiary of Hong Leong Company (Malaysia) Berhad, the holding company of the Company) to acquire existing GLM shares for the purpose of the GLM ESOS. GLM or its subsidiaries ("GLM Group") will provide finances to the GLM Trust from time to time to enable it to acquire the existing GLM shares for the purpose of the GLM ESOS.

The GLM Trust, whose beneficiaries include eligible participants of the GLM ESOS who may be chief executives and directors of the GLM Group, is deemed to be connected person of the Company under the Listing Rules.

The grant of options to connected persons of the Company pursuant to the GLM ESOS and the provision of finances to the GLM Trust (the "GLM ESOS Transactions") from time to time constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Share Option Schemes (cont'd)

3. *The Executive Share Option Scheme ("GLM ESOS") of GuocoLand (Malaysia) Berhad (cont'd)*

The independent non-executive directors of the Company had reviewed the GLM ESOS Transactions during the year and confirmed that:

a. there was no grant of options under the GLM ESOS during the year; and

b. during the year, the maximum subsisting amount of the finances provided by the GLM Group for the purchases of existing GLM shares was approximately RM24 million which did not exceed the cap amount of RM150 million as disclosed in the announcement of the Company dated 1 June 2007. The provision of such finances were made:

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

   – on normal commercial terms; and

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

Banking Transactions

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

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

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

(collectively, the "Banking Transactions").

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

HLB is an indirect subsidiary of HLCM and a subsidiary of an associated company of the Company while HLIB is a wholly owned subsidiary of HLB. HLCM is a substantial shareholder of the Company and the Banking Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Banking Transactions (cont'd)

From time to time during the year, the Group had placed deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). As at 30 June 2008, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$54 million.

The Deposit Transactions are based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. The interest rate for the savings and time deposits for various currencies placed by the Group with the Hong Leong Financial Institutions ranged from 0.0625% to 5.5% per annum. The tenor of the time deposits ranged from overnight to 2 months.

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

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

b. during the year, the maximum aggregate outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$61 million which did not exceed the cap amount of US$95 million or its equivalence as disclosed in the announcement of the Company dated 11 October 2006; and

c. the Deposit Transactions were entered into:

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

   – on normal commercial terms; and

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

Others

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company maintained sufficient public float at all times during the year.

AUDITORS

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

By Order of the Board

Kwek Leng Hai
President, CEO

Hong Kong, 8 September 2008

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GUOCO GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Guoco Group Limited (the "Company") set out on pages 63 to 159, which comprise the consolidated and company balance sheets as at 30 June 2008, and the consolidated income statement, the consolidated statement of changes of equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
8 September 2008

Consolidated Income Statement

For the year ended 30 June 2008

	Note	2008 US$'000	2007 (Restated (note 5)) US$'000	2008 HK$'000 (Note 1(c))	2007 (Restated (note 5)) HK$'000 (Note 1(c))
Turnover	5	**2,719,754**	2,678,095	**21,211,225**	20,933,999
Revenue	5	**1,099,330**	867,224	**8,573,620**	6,778,873
Cost of sales		**(512,294)**	(342,544)	**(3,995,356)**	(2,677,580)
Other attributable costs		**(25,274)**	(21,657)	**(197,111)**	(169,287)
		561,762	503,023	**4,381,153**	3,932,006
Other revenue	6 (a)	**72,582**	41,117	**566,063**	321,401
Other net (losses)/income	6 (b)	**(90,157)**	297,891	**(703,130)**	2,328,539
Administrative and other operating expenses		**(274,143)**	(279,530)	**(2,138,028)**	(2,185,016)
Profit from operations before finance cost		**270,044**	562,501	**2,106,058**	4,396,930
Finance cost	7 (a)	**(117,315)**	(105,008)	**(914,934)**	(820,821)
Profit from operations	14	**152,729**	457,493	**1,191,124**	3,576,109
Valuation gains on investment properties		**70,359**	76,828	**548,726**	600,545
Profit on disposal of subsidiaries		**–**	10,939	**–**	85,507
Profit on partial disposal of an associate		**12,128**	–	**94,586**	–
Profit on disposal of investment properties		**4,296**	–	**33,504**	–
Share of profits of associates	7 (c)	**55,958**	52,038	**436,414**	406,768
Share of profits less losses of jointly controlled entities	7 (c)	**4,605**	1,849	**35,914**	14,453
Profit for the year before taxation	7	**300,075**	599,147	**2,340,268**	4,683,382
Tax (expenses)/income	8 (a)	**(41,128)**	7,202	**(320,755)**	56,296
Profit for the year		**258,947**	606,349	**2,019,513**	4,739,678
Attributable to :					
Shareholders of the Company	11	**188,191**	546,371	**1,467,690**	4,270,845
Minority interests		**70,756**	59,978	**551,823**	468,833
Profit for the year		**258,947**	606,349	**2,019,513**	4,739,678
Appropriations:					
Final dividend paid in respect of prior year		**(137,741)**	(125,281)	**(1,074,235)**	(979,290)
Special dividend paid in respect of prior year		**–**	(41,760)	**–**	(326,427)
Interim dividend paid in respect of current year		**(41,824)**	(41,602)	**(326,183)**	(325,193)
	12	**(179,565)**	(208,643)	**(1,400,418)**	(1,630,910)
Earnings per share		**US$**	US$	**HK$**	HK$
Basic	13	**0.58**	1.68	**4.52**	13.14
Diluted	13	**0.57**	1.67	**4.46**	13.03
		US$'000	US$'000	**HK$'000**	HK$'000
Proposed final dividend	12	**126,575**	138,916	**987,154**	1,085,870

The notes on pages 70 to 159 form part of these financial statements.

Consolidated Balance Sheet

As at 30 June 2008

	Note	**2008 US$'000**	2007 US$'000	**2008 HK$'000 (Note 1(c))**	2007 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Fixed assets					
– Investment properties	15	**360,848**	278,027	**2,814,237**	2,173,268
– Other property, plant and equipment	15	**1,578,944**	1,550,245	**12,314,105**	12,117,878
Interest in associates	18	**369,359**	484,729	**2,880,612**	3,789,005
Interest in jointly controlled entities	19	**107,026**	98,228	**834,690**	767,824
Available-for-sale financial assets	22	**141,086**	41,634	**1,100,323**	325,443
Deferred tax assets	34	**160**	1,190	**1,248**	9,302
Intangible assets	16	**199,227**	188,053	**1,553,761**	1,469,963
Goodwill	23	**34,168**	29,192	**266,475**	228,187
		2,790,818	2,671,298	**21,765,451**	20,880,870
CURRENT ASSETS					
Development properties	24	**3,439,876**	1,243,647	**26,827,421**	9,721,278
Properties held for sale	25	**26,903**	34,279	**209,815**	267,950
Trade and other receivables	26	**216,055**	574,709	**1,685,002**	4,492,357
Trading financial assets	27	**533,505**	1,175,440	**4,160,779**	9,188,121
Cash and short term funds	28	**3,253,910**	3,164,066	**25,377,081**	24,732,712
		7,470,249	6,192,141	**58,260,098**	48,402,418
CURRENT LIABILITIES					
Trade and other payables	29	**699,510**	432,878	**5,455,444**	3,383,699
Current portion of bank loans and other borrowings	30	**760,913**	245,833	**5,934,322**	1,921,615
Taxation	8 (c)	**39,117**	32,634	**305,072**	255,092
Provisions and other liabilities	33	**7,746**	5,939	**60,411**	46,424
		1,507,286	717,284	**11,755,249**	5,606,830
NET CURRENT ASSETS		**5,962,963**	5,474,857	**46,504,849**	42,795,588
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,753,781**	8,146,155	**68,270,300**	63,676,458
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	31	**2,087,429**	1,795,001	**16,279,754**	14,031,074
Provisions and other liabilities	33	**18,583**	24,185	**144,928**	189,048
Deferred tax liabilities	34	**153,648**	141,359	**1,198,293**	1,104,968
		2,259,660	1,960,545	**17,622,975**	15,325,090
NET ASSETS		**6,494,121**	6,185,610	**50,647,325**	48,351,368

Consolidated Balance Sheet

As at 30 June 2008

	Note	**2008 US$'000**	2007 US$'000	**2008 HK$'000 (Note 1(c))**	2007 HK$'000 (Note 1(c))
CAPITAL AND RESERVES					
Share capital	35	**164,526**	164,526	**1,283,130**	1,286,059
Reserves	35	**5,116,409**	5,021,536	**39,902,618**	39,252,092
Equity attributable to shareholders of the Company		**5,280,935**	5,186,062	**41,185,748**	40,538,151
Minority interests	35	**1,213,186**	999,548	**9,461,577**	7,813,217
TOTAL EQUITY		**6,494,121**	6,185,610	**50,647,325**	48,351,368

Approved and authorised for issue by the Board of Directors on 8 September 2008

Kwek Leng Hai
James Eng, Jr.
Directors

The notes on pages 70 to 159 form part of these financial statements.

Balance Sheet

As at 30 June 2008

	Note	2008 US$'000	2007 US$'000	2008 HK$'000 (Note 1(c))	2007 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Interest in subsidiaries	17	**1,544,077**	1,961,468	**12,042,179**	15,332,305
Held-to-maturity financial assets	21	**171,463**	162,131	**1,337,231**	1,267,337
Available-for-sale financial assets	22	**203**	203	**1,583**	1,587
		1,715,743	2,123,802	**13,380,993**	16,601,229
CURRENT ASSETS					
Trade and other receivables	26	**4,025**	11,309	**31,391**	88,400
Cash and short term funds	28	**2,669,879**	2,308,583	**20,822,253**	18,045,616
		2,673,904	2,319,892	**20,853,644**	18,134,016
CURRENT LIABILITIES					
Amounts due to subsidiaries	17	**560,623**	807,792	**4,372,271**	6,314,308
Trade and other payables	29	**6,125**	17,435	**47,768**	136,285
		566,748	825,227	**4,420,039**	6,450,593
NET CURRENT ASSETS		**2,107,156**	1,494,665	**16,433,605**	11,683,423
NET ASSETS		**3,822,899**	3,618,467	**29,814,598**	28,284,652
CAPITAL AND RESERVES					
Share capital	35	**164,526**	164,526	**1,283,130**	1,286,059
Reserves	35	**3,658,373**	3,453,941	**28,531,468**	26,998,593
TOTAL EQUITY		**3,822,899**	3,618,467	**29,814,598**	28,284,652

Approved and authorised for issue by the Board of Directors on 8 September 2008

Kwek Leng Hai
James Eng, Jr.
Directors

The notes on pages 70 to 159 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

	2008 US$'000	2007 US$'000	2008 HK$'000 (Note 1(c))	2007 HK$'000 (Note 1(c))
Total equity at 1 July	**6,185,610**	5,720,391	**48,351,368**	44,419,980
Exchange adjustments	**–**	–	**(110,105)**	294,888
	6,185,610	5,720,391	**48,241,263**	44,714,868
Net income for the year recognised directly in equity:				
Exchange differences on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	**178,386**	128,676	**1,391,223**	1,005,828
Changes in fair value and disposal of available-for-sale financial assets	**(15,081)**	19,517	**(117,615)**	152,560
Net income for the year recognised directly in equity	**163,305**	148,193	**1,273,608**	1,158,388
Net profit for the year	**258,947**	606,349	**2,019,513**	4,739,678
Total recognised income and expenses for the year	**422,252**	754,542	**3,293,121**	5,898,066
Attributable to:				
Shareholders of the Company	**307,999**	630,210	**2,402,068**	4,926,194
Minority interests	**114,253**	124,332	**891,053**	971,872
	422,252	754,542	**3,293,121**	5,898,066
Share of subsidiaries' and associates' capital and other reserves movement	**(12,367)**	26,257	**(96,450)**	205,244
Transfer of shares to employees upon exercise of share options by a subsidiary	**4,159**	–	**32,436**	–
Equity settled share-based transactions	**3,853**	1,636	**30,049**	12,788
Issue of shares under rights issue by a subsidiary	**147,303**	–	**1,148,809**	–
Subscription of shares under rights issue by the trust for Executives' Share Option Scheme ("ESOS") by a subsidiary	**(34,039)**	–	**(265,468)**	–
Minority interests on acquisition of subsidiaries	**(36,837)**	(93,325)	**(287,290)**	(729,498)
Disposal of interest in subsidiaries	**–**	(182)	**–**	(1,423)
Dividends paid to minority interests	**(17,581)**	(23,532)	**(137,113)**	(183,944)
Valuation released upon disposal of properties	**(347)**	–	**(2,706)**	–
Capital contribution from minority interests	**–**	1,202	**–**	9,396
Cash distribution to minority interests	**(10,705)**	–	**(83,488)**	–
Exercise of warrants and conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") issued by a subsidiary	**22,385**	7,264	**174,580**	56,781
Dividends paid	**(179,565)**	(208,643)	**(1,400,418)**	(1,630,910)
Total equity at 30 June	**6,494,121**	6,185,610	**50,647,325**	48,351,368

The notes on pages 70 to 159 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 US$'000	2007 US$'000
Operating activities			
Profit for the year before taxation		**300,075**	599,147
Adjustments for:			
– Finance cost		**117,315**	105,008
– Interest income		**(172,451)**	(200,950)
– Dividend income		**(22,719)**	(18,064)
– Depreciation		**28,631**	35,466
– Impairment loss on fixed assets		**–**	6,103
– Amortisation of Bass Strait oil and gas royalty		**6,863**	6,008
– Equity settled share-based payment expenses		**3,362**	1,740
– Recognition of negative goodwill		**(6,931)**	(1,096)
– Dilution gain on interest in an associate		**(5,910)**	(1,212)
– Profit on disposal of subsidiaries		**–**	(10,939)
– Profit on partial disposal of an associate		**(12,128)**	–
– Valuation gains on investment properties		**(70,359)**	(76,828)
– Cash distribution from investments		**–**	(236)
– Write-back of impairment loss on properties		**(5,874)**	(40,057)
– Share of profits of associates		**(55,958)**	(52,038)
– Share of profits less losses of jointly controlled entities		**(4,605)**	(1,849)
– Net (gains)/losses on disposal of fixed assets		**(372)**	1,621
– Profit on disposal of investment properties		**(4,296)**	–
– Write-back of rental yield guarantee provision		**(716)**	(1,424)
Operating profit before changes in working capital		**93,927**	350,400
Decrease/(increase) in trade and other receivables		**386,430**	(290,336)
Decrease/(increase) in trading financial assets		**654,141**	(665,260)
Increase in available-for-sale financial assets		**(115,591)**	(11,678)
Increase in development properties		**(1,319,799)**	(228,781)
Decrease in properties held for sale		**10,536**	75,764
Decrease in provisions and other liabilities		**(3,710)**	(7,572)
(Decrease)/increase in trade and other payables		**(235,268)**	140,737
Cash used in operations		**(529,334)**	(636,726)
Interest received		**180,681**	202,727
Dividend received on equity investment		**24,190**	17,263
Tax paid			
– Hong Kong Profits Tax paid		**(5,893)**	(5,424)
– Overseas tax paid		**(32,281)**	(1,912)
– Overseas tax refund		**–**	2,472
Net cash used in operating activities		**(362,637)**	(421,600)

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 US$'000	2007 US$'000
Investing activities			
Purchase of interest in associates		**–**	(90,561)
Acquisition of subsidiaries	36 (b)	**(33,222)**	(120,138)
Net repayment from/(advance to) associates		**21,176**	(24,254)
Net repayment from jointly controlled entities		**1,922**	1,205
Purchase of fixed assets		**(64,333)**	(29,109)
Proceeds from disposal of subsidiaries	36 (d)	**–**	13,642
Proceeds from partial disposal of an associate		**15,981**	–
Proceeds from disposal of investment properties		**23,166**	–
Proceeds from disposal of fixed assets		**5,696**	532
Proceeds from disposal of assets held for sale		**–**	85,188
Cash distribution from investments		**–**	236
Dividends received from associates		**20,140**	24,394
Settlement of equity swap		**–**	15,876
Purchase of additional shareholdings in subsidiaries		**(34,724)**	(114,916)
Net cash used in investing activities		**(44,198)**	(237,905)
Financing activities			
Proceeds from right issues by a subsidiary		**146,949**	–
Purchase of ordinary shares for ESOS by subsidiaries		**(40,162)**	(12,463)
Proceeds from conversion of ICULS and exercise of warrants in a subsidiary		**14,908**	6,746
Consideration received from employees upon exercise of share options		**4,159**	1,723
(Distribution to)/contribution from minority shareholders		**(6,168)**	1,202
Proceeds from bank loans and other borrowings		**603,585**	283,121
Proceeds from medium term notes		**–**	23,773
Proceeds from convertible bonds		**–**	447,154
Interest paid		**(152,514)**	(122,089)
Dividends paid to minority shareholders		**(17,581)**	(23,532)
Dividends paid		**(179,565)**	(208,643)
Net cash from financing activities		**373,611**	396,992
Net decrease in cash and cash equivalents		**(33,224)**	(262,513)
Cash and cash equivalents at 1 July	28	**3,164,066**	3,421,735
Effect of foreign exchanges rates		**123,068**	4,844
Cash and cash equivalents at 30 June	28	**3,253,910**	3,164,066

The notes on pages 70 to 159 form part of these financial statements.

Notes to the Financial Statements

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

(c) Hong Kong dollar amounts

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Interest income*

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

(ii) *Dividends*

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

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

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

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

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

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

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

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

(b) Investments

(i) *Investments in debt and equity securities*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) Subsidiaries and minority interests

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

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

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(l), (m), (o), (p) depending on the nature of the liability.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and jointly controlled entities

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

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

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year (see notes 2(d) and 2(k)(ii)).

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

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

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

(c) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(k)(ii)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

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

(e) Intangible assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Fixed assets and depreciation

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

- Freehold land is not depreciated.
- Building situated on freehold land are depreciated over their remaining useful economic lives (up to 100 years).
- Land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be reliably measured separately at the inception of the lease are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

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

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

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

(g) Investment property

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

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(a)(v).

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Properties held for sale

Properties held for sale are included in the balance sheet at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(j) Development properties

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

(k) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(ii) Impairment of other assets

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

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

– intangible assets;

– investments in subsidiaries, associates and joint ventures; and

– goodwill.

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(ii) Impairment of other assets (cont'd)

– Reversals of impairment losses

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

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

(l) Interest-bearing borrowings

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

(m) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(l) and accordingly dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs.

(n) Trade and other receivables

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

(o) Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

(q) Cash and cash equivalents

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

(r) Income tax

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income tax (cont'd)

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

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

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

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

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

    – the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Translation of foreign currencies

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

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

The results of foreign operations are translated into United States dollars at the average exchange rates for the year. Balance sheet items are translated into United States dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(t) Employee benefits

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee benefits (cont'd)

(ii) Defined benefit retirement plan obligations

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

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are accumulated in the balance sheet. Any gains or losses greater than 10% of a scheme's assets or liabilities are written off to profit or loss over the average remaining service lives of the scheme's employees.

(iii) Share-based payments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Borrowing costs

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

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

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(v)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 2(v)(iii).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iii) Other provisions and contingent liabilities

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

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

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

(i) *Business segments*

The Group comprises the following main business segments:

Principal investment	:	Conduct treasury and investment management activities
Property development	:	Development of residential and commercial properties
Property investment	:	Holding properties for rental income
Securities, commodities and brokerage	:	Stock and commodity broking
Hotel and gaming operations	:	Hotel and casino operations
Oil and gas	:	Interest in the Bass Strait oil and gas royalty stream

(ii) *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Investment properties (Note 15)

At 30 June 2008 and 2007, investment properties are stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuers, management has reviewed the valuation including the assumptions and estimates adopted. Management has exercised its judgement and is satisfied with the method of valuation.

(b) Impairment of assets

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

(c) Income taxes (Notes 8 & 34)

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

(d) Equity settled share-based transactions (Note 38)

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(e) Defined benefit retirement plan obligations (Note 37)

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

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

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 39.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 40.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 45).

5. TURNOVER AND REVENUE

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

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

	The Group	
	2008	2007
	US$'000	US$'000
Revenue from sale of properties	**400,478**	208,719
Revenue from hotel and gaming operations	**473,068**	416,775
Interest income		
– from listed securities	**–**	164
– others	**172,451**	200,786
Dividend income from listed securities	**22,719**	18,064
Rental income from properties	**17,740**	12,852
Securities commission and brokerage	**10,497**	7,528
Others	**2,377**	2,336
Revenue	**1,099,330**	867,224
Proceeds from sale of investments in securities	**1,620,424**	1,810,871
Turnover	**2,719,754**	2,678,095

Revenue, which excludes the proceeds from sale of investments in securities, is separately presented. The 2007 comparative figures were restated in order to conform with the current year presentation, which is considered to be the preferred presentation under the relevant accounting standards. The proceeds from sale of investments in securities of US$1,810,871,000 are netted against the cost of investments in securities sold of US$1,711,875,000, which was included in cost of sales in the previous year, and the resultant difference is included in net realised and unrealised (losses)/gains on trading financial assets in note 6(b).

In addition to turnover, revenue is used in presenting segmental information in note 14.

6. OTHER REVENUE AND NET (LOSSES)/INCOME

(a) Other revenue

	The Group	
	2008	2007
	US$'000	US$'000
Sublease income	**10,482**	9,306
Bass Strait oil and gas royalty	**44,421**	21,383
Hotel management fee	**13,512**	8,655
Others	**4,167**	1,773
	72,582	41,117

(b) Other net (losses)/income

	The Group	
	2008	2007 (Restated (note 5))
	US$'000	US$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(188,210)**	270,011
Net realised and unrealised gains on derivative financial instruments	**14**	6,639
Net realised gains on disposal of available-for-sale financial assets	**3,612**	–
Net exchange (losses)/gains on foreign exchange contracts	**(3,937)**	5,671
Other exchange gains	**88,414**	12,446
Net gains/(losses) on disposal of fixed assets	**372**	(1,621)
Dilution gain on interest in an associate	**5,910**	1,212
Cash distributions from investments	**–**	236
Write-back of rental yield guarantee provision	**716**	1,424
Other income	**2,952**	1,873
	(90,157)	297,891

7. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance cost

	The Group	
	2008	2007
	US$'000	US$'000
Interest on bank advances and other borrowings wholly repayable within five years	105,382	77,246
Other borrowing costs	47,590	46,436
Total borrowing costs	152,972	123,682
Less: borrowing costs capitalised into development properties (Note)	(35,657)	(18,674)
	117,315	105,008

Note: The borrowing costs have been capitalised at rates of 1.43% to 8.51% per annum (2007: 3.23% to 6.00%).

(b) Staff cost

	The Group	
	2008	2007
	US$'000	US$'000
Contributions to defined contribution retirement plan	2,341	1,972
Expenses recognised in respect of defined benefit retirement plans (note 37(a)(iii))	432	1,102
Total retirement costs	2,773	3,074
Equity settled share-based payment expenses	3,362	1,740
Salaries, wages and other benefits	164,284	152,900
	170,419	157,714

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

(c) Other items

	The Group	
	2008	2007
	US$'000	US$'000
Depreciation	**28,631**	35,466
Write-back of impairment loss on properties	**(5,874)**	(40,057)
Impairment loss on fixed assets	**–**	6,103
Amortisation of Bass Strait oil and gas royalty	**6,863**	6,008
Operating lease charges		
– properties	**3,910**	2,387
– others	**2,582**	2,024
Auditors' remuneration		
– audit services	**1,408**	989
– tax services	**106**	342
– other services	**350**	12
Donations	**467**	310
Recognition of negative goodwill	**(6,931)**	(1,096)
Gross rental income from investment properties	**(17,740)**	(12,852)
Less: direct outgoings	**6,964**	7,210
Net rental income	**(10,776)**	(5,642)
Share of profits of associates:		
– listed	**(55,488)**	(35,289)
– unlisted	**(470)**	(16,749)
	(55,958)	(52,038)
Share of profits less losses of jointly controlled entities:		
– unlisted	**(4,605)**	(1,849)

8. TAXATION

(a) Tax (expenses)/income in the consolidated income statement represents:

	The Group	
	2008	2007
	US$'000	US$'000
Current tax – Hong Kong Profits Tax		
Tax for the year	**(936)**	(5,509)
Over/(under)-provision in respect of prior years	**510**	(187)
	(426)	(5,696)
Current tax – Overseas		
Tax for the year	**(38,854)**	2,738
Over-provision in respect of prior years	**1,876**	3,507
	(36,978)	6,245
Deferred tax		
Origination and reversal of temporary differences	**(3,657)**	(1,861)
Effect of previously unprovided deferred tax recognised during the year	**–**	(2,666)
Effect of changes in tax rate on deferred tax balances	**(67)**	11,180
	(3,724)	6,653
	(41,128)	7,202

The provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year ended 30 June 2008. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. TAXATION (cont'd)

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

	The Group			
	2008		2007	
	US$'000	%	US$'000	%
Profit before tax	**300,075**		599,147	
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**(75,396)**	**(25.1)**	(119,492)	(19.9)
Tax effect of non-deductible expenses	**(73,456)**	**(24.5)**	(19,795)	(3.3)
Tax effect of non-taxable revenue	**89,405**	**29.8**	120,296	20.1
Tax effect of unused tax losses not recognised	**(15,427)**	**(5.2)**	(7,524)	(1.3)
Tax effect of utilisation of tax losses not previously recognised	**31,845**	**10.6**	14,886	2.5
Reversal of temporary differences not accounted for in previous years	**–**	**–**	141	–
Tax effect of changes in tax rate on deferred tax balances	**(67)**	**–**	11,180	1.9
Over-provision in respect of prior years	**2,386**	**0.8**	3,320	0.5
Others	**(418)**	**(0.1)**	4,190	0.7
Actual tax (expenses)/income	**(41,128)**	**(13.7)**	7,202	1.2

(c) Taxation in the balance sheet represents:

	The Group	
	2008	2007
	US$'000	US$'000
Hong Kong Profits Tax	**10,302**	15,776
Overseas taxation	**28,815**	16,858
Taxation payable	**39,117**	32,634
Amount of taxation payable expected to be settled after more than 1 year	**1,184**	79

9. DIRECTORS' REMUNERATION

Directors' emoluments comprises payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid and payable to each Director of the Company for the year ended 30 June 2008 are as below:

	The Group				
Name	**Fees US$'000**	**Salaries, allowances and benefits in kind US$'000**	**Discretionary bonuses US$'000**	**Pension contributions US$'000**	**2008 Total emoluments US$'000**
Quek Leng Chan	**170**	**182**	**–**	**–**	**352**
Kwek Leng Hai	**119**	**745**	**1,004**	**58**	**1,926**
Sat Pal Khattar **	**88**	**–**	**–**	**–**	**88**
Kwek Leng San *	**28**	**–**	**–**	**–**	**28**
Tan Lim Heng	**28**	**399**	**297**	**24**	**748**
James Eng, Jr.	**28**	**463**	**80**	**–**	**571**
Volker Stoeckel **	**39**	**–**	**–**	**–**	**39**
Ding Wai Chuen **	**39**	**–**	**–**	**–**	**39**
	539	**1,789**	**1,381**	**82**	**3,791**

	The Group				
Name	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	2007 Total emoluments US$'000
Quek Leng Chan	116	170	–	–	286
Kwek Leng Hai	101	692	237	52	1,082
Sat Pal Khattar **	74	–	–	–	74
Kwek Leng San *	26	–	–	–	26
Tan Lim Heng	26	384	212	23	645
James Eng, Jr.	26	468	77	2	573
Harry Richard Wilkinson ** (1)	11	–	–	–	11
Volker Stoeckel **	36	–	–	–	36
Ding Wai Chuen ** (2)	25	–	–	–	25
	441	1,714	526	77	2,758

Notes:

(1) Resigned with effect on 16 October 2006

(2) Appointed with effect on 16 October 2006

* Non-executive director

** Independent non-executive director

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, one (2007: one) is a director whose remuneration is disclosed in note 9. The remuneration of the other four (2007: four) individuals is as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Salaries, allowances and benefits in kind	**2,010**	2,337
Discretionary bonuses	**1,286**	2,047
Share-based payments	**1,894**	715
Pension contributions	**94**	61
	5,284	5,160

The number of individuals whose remuneration falls within the following bands is :

	The Group	
	2008	2007
US$	**Number of individuals**	Number of individuals
800,001 – 850,000	**1**	–
900,001 – 950,000	**–**	1
1,000,001 – 1,050,000	**1**	–
1,050,001 – 1,100,000	**–**	1
1,200,001 – 1,250,000	**1**	–
1,500,001 – 1,550,000	**–**	1
1,600,001 – 1,650,000	**–**	1
2,200,001 – 2,250,000	**1**	–
	4	4

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of the Company includes a profit of US$386,220,000 (2007: US$245,304,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	The Group		The Company	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Year 2006/2007: Final dividend paid of HK$3.30 per ordinary share (Year 2005/2006: HK$3.00 per ordinary share)	**137,741**	125,281	**139,448**	126,834
Year 2006/2007: Nil special dividend paid (Year 2005/2006: HK$1.00 per ordinary share)	**–**	41,760	**–**	42,278
Year 2007/2008: Interim dividend paid of HK$1.00 per ordinary share (Year 2006/2007: HK$1.00 per ordinary share)	**41,824**	41,602	**42,340**	42,114
	179,565	208,643	**181,788**	211,226
Year 2007/2008: Proposed final dividend of HK$3.00 per ordinary share (Year 2006/2007: HK$3.30 per ordinary share)	**126,575**	138,916	**126,575**	138,916

The proposed final dividend for the year ended 30 June 2008 of US$126,575,000 (2007: US$138,916,000) is calculated based on 329,051,373 ordinary shares (2007: 329,051,373 ordinary shares) in issue as at 30 June 2008.

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of US$188,191,000 (2007: US$546,371,000) and the weighted average number of 325,024,511 ordinary shares (2007: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of US$186,058,000 (2007: US$541,618,000) and the weighted average number of 325,024,511 ordinary shares (2007: 325,024,511 ordinary shares) in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

14. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because that is more relevant to the Group's internal financial reporting.

Business Segments

For the year ended 30 June 2008

	Principal investment US$'000	Property development US$'000	Property investment US$'000	Securities, commodities and brokerage US$'000	Hotel and gaming operations US$'000	Oil and gas US$'000	Inter-segment elimination US$'000	Total US$'000
Turnover	1,812,796	400,478	17,825	15,587	473,068	–	–	2,719,754
Revenue	192,372	400,478	17,825	15,587	473,068	–	–	1,099,330
Inter-segment revenue	180,080	–	970	97	–	–	(181,147)	–
	372,452	400,478	18,795	15,684	473,068	–	(181,147)	1,099,330
Contribution from operations	59,103	85,643	10,794	7,210	74,883	37,387	–	275,020
Unallocated income								7,314
Unallocated expenses								(12,290)
Profit from operations before finance cost								270,044
Finance cost								(117,315)
Profit from operations								152,729
Valuation gains on investment properties	–	–	70,359	–	–	–	–	70,359
Profit on partial disposal of an associate	12,128	–	–	–	–	–	–	12,128
Profit on disposal of investment properties	–	–	4,296	–	–	–	–	4,296
Share of profits of associates	55,486	472	–	–	–	–	–	55,958
Share of profits less losses of jointly controlled entities	3,962	341	302	–	–	–	–	4,605
Profit for the year before taxation								300,075
Tax expenses								(41,128)
Profit for the year								258,947

14. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

For the year ended 30 June 2007

	Principal investment US$'000	Property development US$'000	Property investment US$'000	Securities, commodities and brokerage US$'000	Hotel and gaming operations US$'000	Oil and gas US$'000	Inter-segment elimination US$'000	Total US$'000
Turnover	2,028,046	208,719	13,085	11,470	416,775	–	–	2,678,095
Revenue (Restated (note 5))	217,175	208,719	13,085	11,470	416,775	–	–	867,224
Inter-segment revenue	58,453	–	880	275	–	–	(59,608)	–
	275,628	208,719	13,965	11,745	416,775	–	(59,608)	867,224
Contribution from operations	447,453	58,273	7,079	5,270	47,313	15,239	–	580,627
Unallocated income								622
Unallocated expenses								(18,748)
Profit from operations before finance cost								562,501
Finance cost								(105,008)
Profit from operations								457,493
Valuation gains on investment properties	–	–	76,828	–	–	–	–	76,828
Profit on disposal of subsidiaries	–	–	–	–	10,939	–	–	10,939
Share of profits of associates	43,554	8,484	–	–	–	–	–	52,038
Share of profits less losses of jointly controlled entities	–	1,849	–	–	–	–	–	1,849
Profit for the year before taxation								599,147
Tax income								7,202
Profit for the year								606,349

14. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

Assets and liabilities

	Principal investment US$'000	Property development US$'000	Property investment US$'000	Securities, commodities and brokerage US$'000	Hotel and gaming operations US$'000	Oil and gas US$'000	Other operations US$'000	Total US$'000
As at 30 June 2008								
Segment assets	**3,449,031**	**3,808,901**	**374,032**	**47,210**	**1,696,247**	**150,283**	**–**	**9,525,704**
Interest in associates	**361,082**	**8,058**	**–**	**–**	**219**	**–**	**–**	**369,359**
Interest in jointly controlled entities	**–**	**37,913**	**3,726**	**–**	**–**	**–**	**65,387**	**107,026**
Unallocated assets								**258,978**
Total assets								**10,261,067**
Segment liabilities	**164,297**	**2,047,597**	**5,716**	**19,552**	**768,528**	**296**	**–**	**3,005,986**
Unallocated liabilities								**760,960**
Total liabilities								**3,766,946**
As at 30 June 2007								
Segment assets	3,741,174	1,781,436	292,291	158,086	1,680,150	140,685	–	7,793,822
Interest in associates	293,944	190,575	–	–	210	–	–	484,729
Interest in jointly controlled entities	–	38,464	3,367	–	–	–	56,397	98,228
Unallocated assets								486,660
Total assets								8,863,439
Segment liabilities	201,515	917,643	4,095	37,722	776,131	473	–	1,937,579
Unallocated liabilities								740,250
Total liabilities								2,677,829

14. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

Other information

	Principal investment US$'000	Property development US$'000	Property investment US$'000	Securities, commodities and brokerage US$'000	Hotel and gaming operations US$'000	Oil and gas US$'000	Other operations US$'000	Total US$'000
2008								
Capital expenditure incurred during the year	**1,413**	**15,677**	**977**	**111**	**46,155**	**–**	**–**	**64,333**
Depreciation and amortisation for the year	**1,081**	**435**	**36**	**212**	**26,867**	**6,863**	**–**	**35,494**
2007								
Capital expenditure incurred during the year	1,391	4,595	2	294	22,827	–	–	29,109
Depreciation and amortisation for the year	967	250	5	193	34,051	6,008	–	41,474

Geographical Segments

	Revenue		Profit from operations	
	2008	2007 (Restated (note 5))	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong	**143,762**	206,502	**1,475**	437,324
United Kingdom	**459,324**	401,308	**24,784**	2,197
Singapore	**80,098**	58,101	**Note 29,970**	9,145
The People's Republic of China ("PRC") & others	**416,146**	201,313	**Note 96,500**	8,827
	1,099,330	867,224	**152,729**	457,493

14. SEGMENT INFORMATION (cont'd)

Geographical Segments (cont'd)

	Segment assets		Capital expenditure	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong	**3,463,462**	3,848,256	**332**	349
United Kingdom	**1,641,414**	1,628,200	**46,155**	21,864
Singapore	**2,186,361**	1,434,634	**814**	1,133
The People's Republic of China ("PRC") & others	**2,969,830**	1,952,349	**17,032**	5,763
	10,261,067	8,863,439	**64,333**	29,109

Note :

In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the pre-sale of properties upon completion of development projects instead of using the percentage of completion method adopted by GuocoLand Limited ("GLL") as permitted under the relevant Singapore Accounting Standards. Accordingly, operating profits of GLL for the year amounting to US$29.9 million (2007: US$8.9 million) and US$2.3 million (2007: US$47.1 million) in Singapore and PRC & other regions respectively have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GLL which have been deferred in previous years amounting to US$nil million (2007: US$3.5 million) and US$48.9 million (2007: US$1.6 million) in Singapore and PRC & other regions respectively for those development projects completed during the year. Up to 30 June 2008, accumulated operating profits of GLL totalling US$40.1 million (2007: US$9.1 million) in Singapore and US$3.9 million (2007: US$46.1 million) in PRC & other regions have been deferred for recognition, which will be recognised by the Group upon completion of the relevant development projects in subsequent years.

15. FIXED ASSETS

	The Group					
	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Cost or valuation						
At 1 July 2006	194,326	858,704	488,555	405,425	1,752,684	1,947,010
Additions through acquisition of subsidiaries	–	891	–	835	1,726	1,726
Additions	–	3,494	4,763	20,852	29,109	29,109
Disposals through disposal of subsidiaries	–	(4,362)	–	(784)	(5,146)	(5,146)
Disposals and written off	–	(1,460)	(603)	(13,831)	(15,894)	(15,894)
Impairment (Note)	–	–	–	(6,103)	(6,103)	(6,103)
Surplus on revaluation	76,828	–	–	–	–	76,828
Exchange adjustments	6,873	76,128	43,969	36,647	156,744	163,617
At 30 June 2007	278,027	933,395	536,684	443,041	1,913,120	2,191,147
Representing:						
Cost	–	933,395	536,684	443,041	1,913,120	1,913,120
Valuation – 2007	278,027	–	–	–	–	278,027
	278,027	933,395	536,684	443,041	1,913,120	2,191,147
At 1 July 2007	278,027	933,395	536,684	443,041	1,913,120	2,191,147
Additions through acquisition of subsidiaries	–	–	–	339	339	339
Additions	–	9,281	19,035	36,017	64,333	64,333
Disposals and written off	(18,870)	(19,075)	–	(9,249)	(28,324)	(47,194)
Surplus on revaluation	70,359	–	–	–	–	70,359
Exchange adjustments	31,332	(2,185)	439	4,956	3,210	34,542
At 30 June 2008	360,848	921,416	556,158	475,104	1,952,678	2,313,526
Representing:						
Cost	–	921,416	556,158	475,104	1,952,678	1,952,678
Valuation – 2008	360,848	–	–	–	–	360,848
	360,848	921,416	556,158	475,104	1,952,678	2,313,526

Note:

The impairment loss on property, plant and equipment is included in administrative and other operating expenses in the consolidated income statement.

15. FIXED ASSETS (cont'd)

	The Group					
	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Accumulated amortisation and depreciation						
At 1 July 2006	–	31,465	3,030	278,228	312,723	312,723
Charge for the year	–	3,636	738	31,092	35,466	35,466
Written back through disposal of subsidiaries	–	(213)	–	(236)	(449)	(449)
Written back on disposals and written off	–	(1,364)	(128)	(12,249)	(13,741)	(13,741)
Exchange adjustments	–	2,162	299	26,415	28,876	28,876
At 30 June 2007	–	35,686	3,939	323,250	362,875	362,875
At 1 July 2007	–	35,686	3,939	323,250	362,875	362,875
Additions through acquisition of subsidiaries	–	–	–	189	189	189
Charge for the year	–	5,047	514	23,070	28,631	28,631
Written back on disposals and written off	–	(14,728)	–	(8,272)	(23,000)	(23,000)
Exchange adjustments	–	(89)	2	5,126	5,039	5,039
At 30 June 2008	–	25,916	4,455	343,363	373,734	373,734
Net book value						
At 30 June 2008	360,848	895,500	551,703	131,741	1,578,944	1,939,792
At 30 June 2007	278,027	897,709	532,745	119,791	1,550,245	1,828,272

15. FIXED ASSETS (cont'd)

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

	The Group	
	2008	2007
	US$'000	US$'000
In Hong Kong:		
– Leasehold with over 50 years unexpired	–	18,808
– Leasehold with between 10 to 50 years unexpired	45,274	36,845
– Leasehold with less than 10 years unexpired	4	8
Outside Hong Kong:		
– Leasehold with over 50 years unexpired	1,195,987	1,106,902
– Freehold	566,786	545,918
	1,808,051	1,708,481

(b) The Group's investment properties are located in Hong Kong, Singapore and Malaysia. The properties which are located in Singapore were valued on an open market basis as at 30 June 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, who are members of the Singapore Institute of Surveyors and Valuers. The properties in Malaysia were revalued on an open market basis as at 30 June 2008 by Raine & Horne International Zaki & Partners Sdn Bhd, a firm which is registered with the Board of Valuers, Appraisers and Estate Agents, Malaysia. The properties in Hong Kong were revalued on an open market basis as at 30 June 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, who are members of the Hong Kong Institute of Surveyors.

(c) Certain of the Group's properties with a book value of US$1,170.4 million (2007: US$1,082.6 million) were pledged for bank loans and mortgage debenture stock.

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals. The gross carrying amounts of investment properties of the Group held for use in operating leases were US$360.8 million (2007: US$278.0 million).

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

16. INTANGIBLE ASSETS

	The Group Casino licenses and brand name US$'000	Bass Strait oil and gas royalty US$'000	Total US$'000
Cost			
At 1 July 2006	–	140,569	140,569
Additions through acquisition of a subsidiary	59,142	–	59,142
Exchange adjustments	–	20,261	20,261
At 30 June 2007	59,142	160,830	219,972
At 1 July 2007	59,142	160,830	219,972
Exchange adjustments	988	21,841	22,829
At 30 June 2008	60,130	182,671	242,801
Accumulated amortisation			
At 1 July 2006	–	22,264	22,264
Charge for the year	–	6,008	6,008
Exchange adjustments	–	3,647	3,647
At 30 June 2007	–	31,919	31,919
At 1 July 2007	–	31,919	31,919
Charge for the year	–	6,863	6,863
Exchange adjustments	–	4,792	4,792
At 30 June 2008	–	43,574	43,574
Net book value			
At 30 June 2008	60,130	139,097	199,227
At 30 June 2007	59,142	128,911	188,053

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust. It is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so that the amortisation charge for the year is included in administrative and other operating expenses in the consolidated income statement so as to write off the cost over its estimated useful lives of 25 years.

The casino licenses and brand name are with infinite useful lives and are stated at cost less provision for impairment losses.

17. INTEREST IN SUBSIDIARIES

	The Company	
	2008	2007
	US$'000	US$'000
Unlisted shares	**24,624**	24,663
Amounts due from subsidiaries	**1,519,453**	1,936,805
	1,544,077	1,961,468
Amounts due to subsidiaries	**560,623**	807,792

As at 30 June 2008, amount due from a subsidiary of US$3,804,000 (2007: US$101,272,000) bears interest at 1.37% (2007: 3.375% to 4.85%) per annum and is unsecured and has with no fixed repayment term. The remaining outstanding balances are unsecured, interest free and have no fixed repayment term.

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

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asia Fountain Investment Company Limited	2 shares of HK$10 each	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares of HK$1 each	–	53	Investment holding
Dao Heng Commodities Limited	100,000 shares of HK$100 each	–	100	Commodities broking
Dao Heng Securities Limited	120,000 shares of HK$100 each	–	100	Stockbroking and securities trading
Guoco Management Company Limited	2 shares of HK$1 each	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares of HK$1 each	100	100	Investment holding
GuocoEquity Assets Limited	23,000,000 shares of HK$1 each	100	100	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Branmil Holdings Pte Ltd	2 shares of S$1 each	–	64	Investment holding
Chelford Pte Ltd	2 shares of S$1 each	–	64	Investment holding
Cheltenham Investments Pte Ltd	500,000 shares of S$1 each	–	64	Investment holding
Da Zhong Investment Pte Ltd	4,000,000 shares of S$1 each	–	64	Investment holding
Elias Development Pte Ltd	7,500,000 shares of S$1 each	–	64	Property development
Everian Holdings Pte Ltd	32,000,000 shares of S$1 each	–	64	Property development
First Bedok Land Pte Ltd	78,400,000 shares of S$1 each	–	64	Property development
First Capital Realty Pte Ltd	30,000,000 shares of S$1 each	–	64	Property development
First Coventry Development Pte Ltd	17,830,000 shares of S$1 each	–	64	Property development
First Garden Development Pte Ltd	80,000,000 shares of S$1 each	–	58	Property development
First Meyer Development Pte Ltd	118,930,000 shares of S$1 each	–	64	Property development
GLL IHT Pte Ltd	10,000,000 shares of S$1.0083 each	–	64	Investment trading
GLL Land Pte. Ltd.	70,000,000 shares of S$1 each	–	64	Property investment
GLL (Malaysia) Pte. Ltd.	58,000,000 shares of S$1 each	–	64	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
GLL Ventures Pte. Ltd	13,000,000 shares of S$1 each	–	64	Property development
Goodwood Residence Development Pte Ltd	90,300,000 shares of S$1 each	–	64	Property development
Guoco Assets Pte Ltd	2 shares of S$1 each	100	100	Investment holding
Guoco Investment Services Pte Ltd	50,000 shares of S$1 each	–	100	Provision of investment advisory services
Guoco Property Management Pte Ltd	2 shares of S$1 each	–	64	Property management
GuocoLand Limited	887,529,957 shares of S$1.375 each	–	64	Investment holding
GuocoLand Assets Pte. Ltd.	20,000,000 shares of S$1 each	100	100	Investment holding
GuocoLand Management Pte. Ltd.	500,000 shares of S$1 each	–	64	Provision of management services
GuocoLand Property Management Pte. Ltd.	2 shares of S$1 each	–	64	Property management, marketing and maintenance services
GuocoLand Retail Management Pte. Ltd.	1,000,000 shares of S$1 each	–	64	Provision of management services
GuocoLand (Singapore) Pte. Ltd.	195,000,000 shares of S$1 each	–	64	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share of S$1 each	–	64	Investment holding
GuocoLeisure Management Pte Ltd (formerly known as BIL Management Pte Ltd)	2 shares of S$1 each	–	53	Management company

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Hedover Holdings Pte Ltd	16,000,000 shares of S$1 each	–	64	Property development
Leonie Land Pte Ltd	19,310,000 shares of S$1 each	–	64	Property development
My Home Online Pte Ltd	10 shares of S$ 1 each	–	64	Provider of internet commerce services
Rivaldo Investments Pte Ltd	158,000,000 shares of S$ 1 each	–	64	Property development
Sanctuary Land Pte Ltd	60,000,000 shares of S$1 each	–	58	Property development
Sophia Residence Development Pte Ltd	91,600,000 shares of S$1 each	–	64	Property development
Winterhall Pte Ltd	14,400,000 shares of S$1 each	–	64	Property development

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Ace Acres Sdn. Bhd.	2,000,000 shares of RM1 each	–	44	Property development
Astute Modernization Sdn. Bhd.	2,000,000 shares of RM1 each	–	44	Investment holding
Bedford Development Sdn. Bhd.	88,499,000 shares of RM1 each	–	44	Investment holding and property development
Bedford Industrial Development Sdn. Bhd.	8,870,000 shares of RM1 each	–	44	Property development

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Bedford Land Sdn. Bhd.	90,000,000 shares of RM1 each	–	44	Investment holding
BLV Fashions Sdn. Bhd.	37,300,000 shares of RM1 each	–	44	Property investment
Camerlin Group Berhad	462,778,880 shares of RM1 each	–	61	Investment holding
Damansara City Sdn. Bhd.	20,000,000 shares of RM1 each	–	44	Property development
Guobena Development Sdn. Bhd.	46,000,000 shares of RM0.8 each	–	44	Property investment
Guoco Assets Sdn. Bhd.	2 shares of RM1 each	100	100	Investment holding
GuocoLand (Malaysia) Berhad	700,458,518 shares of RM0.5 each	–	44	Investment holding and provision of management services
Guoman Hotel & Resort Holdings Sdn. Bhd.	277,000,000 shares of RM1 each	–	50	Investment holding
Guoman International Sdn. Bhd.	4,600,000 shares of RM1 each	–	50	Provision of technical and management services
GLM REIT Management Sdn. Bhd.	1,000,000 shares of RM1 each	–	44	Provision of management services
HL Bandar Sdn. Bhd.	30,000,000 shares of RM1 each	–	44	Property investment
HLP Equities Sdn. Bhd.	370,000 shares of RM1 each	–	44	Investment holding
Hong Leong Housing Sdn. Bhd.	20,000,000 shares of RM1 each	–	44	Provision of construction management services

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Hong Leong Property Management Co Sdn. Bhd.	50,000 shares of RM1 each	–	44	Provision of property management services
Hong Leong Property Services Sdn. Bhd.	200,000 shares of RM1 each	–	44	Provision of property management services
Hong Leong Real Estate Holdings Sdn. Bhd.	160,000,000 shares of RM1 each	–	44	Investment holding
JB Parade Condominium Sdn. Bhd.	500,000 shares of RM1 each	–	30	Property development
JB Parade Sdn. Bhd.	30,000,000 shares of RM1 each	–	30	Investment holding and hotel operations
Kiapeng Development Sdn. Bhd.	160,000,000 shares of RM1 each	–	50	Property development and property investment
Pembinaan Sri Jati Sdn. Bhd.	20,000,000 shares of RM1 each	–	44	Investment holding and property development
PD Resort Sdn. Bhd.	100,000,000 shares of RM1 each	–	50	Property investment and development and hotel operations
Sabna Development Sdn. Bhd.	50,000,000 shares of RM1 each	–	44	Property development
Titan Debut Sdn. Bhd.	250,000 shares of RM1 each	–	44	Property investment and property trading

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asian Financial Common Wealth Limited	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Cheng Jian Donghua Real Estate Development Co., Ltd (Note (i) & (x))	The People's Republic of China	RMB50,000,000 (Note (ii))	–	58	Property development
Beijing Jiang Sheng Property Development Co., Ltd (Note (i) & (x))	The People's Republic of China	RMB250,000,000 (Note (ii))	–	64	Property development
Beijing Minghua Property Development Co., Ltd (Note (i) & (x))	The People's Republic of China	RMB200,000,000 (Note (ii))	–	48	Property development
BIL Asia Group Treasury Limited (Note (v))	British Virgin Islands	100 shares of NZD1 each	–	53	Financing company
BIL Australia Pty Limited	Australia	1 share of AUD1 each	–	53	Investment holding
BIL Finance Limited	New Zealand	100 shares of NZD1 each	–	53	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZD1,000 each	–	53	Investment holding
Brightspring Holdings Limited	British Virgin Islands	1 share of US$1 each	100	100	Investment holding
Brightwealth Investments Limited	British Virgin Islands	1 share of US$1 each	100	100	Investment holding
Capital Intelligence Limited (Note (iii))	Cayman Islands	1 share of US$1 each	–	100	Investment trading

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Clermont Leisure (UK) Limited	United Kingdom	50,000,000 shares of GBP1 each	–	53	Gaming
Fresco Resources Limited	British Virgin Islands	1 share of US$1 each	100	100	Investment holding
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	–	100	Investment holding
Guoco Securities (Bermuda) Limited (Note (iii))	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND162,742,023,781 (Note (ii))	–	64	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	64	Investment holding
GuocoLeisure Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	53	Hotel and property management
GuocoLeisure Assets Limited (formerly known as High Glory Investments Limited)	Cayman Islands	1 share of US$1 each	100	100	Investment holding
GuocoLeisure (UK) Limited (formerly known as BIL (UK) Limited)	United Kingdom	2 shares of GBP1 each	–	53	Investment holding
Guoman Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	53	Investment holding
Guoman Hotels Limited (Note (vi))	Bermuda	12,000 shares of US$1 each	–	50	Investment holding
Guoman Hotels Limited	United Kingdom	310,545,212 shares of GBP0.26 each	–	53	Ownership and operation of hotels in UK

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Guoman International Limited (Note (vi))	Jersey Channel Islands	90,000 shares of GBP1 each	–	50	Investment holding, provision of technical and management services
GL Holdings Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Investment holding
Hainan Jing Hao Asset Ltd (Note (i) & (ix))	The People's Republic of China	RMB10,000,000 (Note (ii))	–	64	Investment holding
Hong Way Holdings, Inc.	The Philippines	100,000 shares of P1 each	–	100	Investment holding
Ma Sing Investments Limited (Note (iv))	British Virgin Islands	407,174,860 shares of AUD1 each	–	53	Investment holding
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	53	Investment holding
Nanjing Mahui Property Development Co., Ltd. (Note (i) & (x))	The People's Republic of China	RMB286,000,000 (Note (ii))	–	61	Property development
Nanjing Xinhaoning Property Development Co., Ltd (Note (i) & (x))	The People's Republic of China	US$11,920,000 (Note (ii))	–	64	Property development
Nanjing Xinhaoxuan Property Development Co., Ltd (Note (i) & (x))	The People's Republic of China	US$11,920,000 (Note (ii))	–	64	Property development
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Reservoir Resources Limited	British Virgin Islands	1 share of US$1 each	100	100	Investment holding
Reunification Properties Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Investment holding
Scorewell Corporation (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Investment holding
Shanghai Xinhaolong Property Development Co., Ltd (Note (i) & (ix))	The People's Republic of China	US$126,000,000 (Note (ii))	–	64	Property development
Shanghai Xinhaozhong Property Development Co., Ltd (Note (i) & (viii))	The People's Republic of China	US$20,000,000 (Note (ii))	–	63	Property development
Supreme Goal Investments Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Property investment
Tabua Investments Limited	Fiji	2 shares of FJD1 each	–	53	Investment holding
Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd (Note (i) & (ix))	The People's Republic of China	RMB510,000,000 (Note (ii))	–	64	Property development
Wanchai Property Investment Limited (Note (iii) & (vii))	British Virgin Islands	500,000 shares of HK$1 each	–	100	Property investment
Wayforward Services Limited (Note (v))	British Virgin Islands	1 share of US$1 each	–	53	Investment holding

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Notes:

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

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

(iii) These companies are operating in Hong Kong.

(iv) These companies are operating in Australia.

(v) These companies are operating in United Kingdom.

(vi) These companies are operating in Malaysia.

(vii) This company has issued and paid up preference share capital of 4,500,000 shares of HK$1 each.

(viii) These companies are joint venture enterprise.

(ix) These companies are foreign capital enterprise.

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

18. INTEREST IN ASSOCIATES

	The Group	
	2008	2007
	US$'000	US$'000
Share of net assets		
Listed shares, overseas	**386,452**	281,815
Unlisted	**78**	196,226
Goodwill	**12,092**	12,092
	398,622	490,133
Amounts due from associates	**8,199**	32,058
	406,821	522,191
Less : Impairment loss	**(37,462)**	(37,462)
	369,359	484,729

The market value of the listed investments at 30 June 2008 was US$465.0 million (2007: US$498.7 million).

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

18. INTEREST IN ASSOCIATES (cont'd)

Details of the principal associates are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Group	Principal activities
Crawforn Pte Ltd	Singapore	1,000,000 shares of S$1 each	26	Property development
First Capital Property Ventures Pte Ltd	Singapore	100 shares of S$1 each	23	Investment holding
Hong Leong Financial Group Berhad	Malaysia	1,052,767,789 shares of RM1 each	25	Financial services
Pepsi-Cola Products Philippines, Inc. (Note)	The Philippines	3,693,772,279 shares of P0.15 each	30	Manufacturing, sales and distribution of beverages
Razgrad Pte Ltd	Singapore	1,000,000 shares of S$1 each	26	Property development
Stockton Investments Pte Ltd	Singapore	10,000 shares of S$1 each	25	Investment holding
Tiara Investment Holdings Limited	Mauritius	6,500,000 shares of US$1 each	26	Investment holding
Tower Real Estate Investment Trust	Malaysia	56,018,800 shares of RM1.0635 each	9	Real estate investment trust

Note:

This company has launched an IPO exercise to list its shares on the Philippine Stock Exchange on 1 February 2008.

18. INTEREST IN ASSOCIATES (cont'd)

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

	The Group	
	2008	2007
	US$'000	US$'000
Total assets	**25,992,077**	23,180,390
Total liabilities	**(23,850,642)**	(21,303,438)
	2,141,435	1,876,952
Minority interests	**(624,477)**	(542,874)
Net assets	**1,516,958**	1,334,078
Group's share of associates' net assets	**386,530**	478,041
Turnover	**1,545,853**	1,410,931
Profit for the year	**186,676**	182,693
Group's share of associates' profits for the year	**55,958**	52,038

19. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2008	2007
	US$'000	US$'000
Share of net assets - unlisted	**104,573**	94,537
Amounts due from jointly controlled entities	**2,453**	3,691
	107,026	98,228

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

19. INTEREST IN JOINTLY CONTROLLED ENTITIES (cont'd)

Details of principal jointly controlled entities are as follows :

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Group	Principal activities
Bedford Damansara Heights Development Sdn. Bhd.	Malaysia	84,000,000 shares of RM1 each	22	Investment holding
Continental Estates Sdn. Bhd.	Malaysia	50,600,000 shares of RM1 each	22	Property development and operation of an oil palm estate
Kota Selatan Indah Sdn. Bhd.	Malaysia	30,000,000 shares of RM1 each	22	Property development
Positive Properties Sdn. Bhd.	Malaysia	23,120,000 shares of RM1 each	22	Property investment
Promakmur Development Sdn. Bhd.	Malaysia	90,000,000 shares of RM1 each	22	Property development
Vintage Heights Sdn. Bhd.	Malaysia	140,000,000 shares of RM1 each	21	Property development and operation of an oil palm estate

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

	The Group	
	2008 US$'000	2007 US$'000
Non-current assets	**5,018**	1,732
Current assets	**148,607**	138,857
Non-current liabilities	**(30,756)**	(27,384)
Current liabilities	**(18,296)**	(18,668)
Net assets	**104,573**	94,537
Income	**20,379**	9,937
Expenses	**(15,774)**	(8,088)
Profit for the year	**4,605**	1,849

20. ACQUISITION OF SUBSIDIARIES

(a) On 29 October 2007, GuocoLand (Malaysia) Berhad, an indirect subsidiary of GuocoLand Group, acquired a 100% interest in Titan Debut Sdn Bhd ("Titan") for a cash consideration of RM71 million. The principal activity of Titan is property investment and property trading.

(b) GuocoLand (China) Limited ("GLC"), a wholly owned subsidiary of GuocoLand Group, completed its acquisition of a 90% interest in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH") in November 2007. An aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors, of which RMB1.2 billion had been paid in the financial year ended 30 June 2007. The balance of RMB2.58 billion (US$376.4 million) has been withheld pending resolution of disputes described in note 42. CJDH owns the land use and development rights to a prime land parcel in the Dong Cheng District of Beijing.

The aggregate net assets acquired in the above acquisitions are as follows:

	Acquiree's carrying value US$'000
Net assets acquired:	
Property, plant and equipment	150
Development properties	709,224
Trade and other receivables	188
Cash and short term funds	11,993
Trade and other payables	(469,562)
Bank loans and other borrowings	(34,626)
Minority interests	(727)
Net identifiable assets	216,640
Previously accounted for as interest in an associate	(163,145)
Total consideration	53,495
Total consideration satisfied by:	
Cash consideration	45,215
Other payables	8,280
	53,495

From the dates of acquisition to 30 June 2008, the above-mentioned acquisitions contributed a net loss of US$2.9 million to the Group's results for the financial year ended 30 June 2008. If the acquisitions had occurred on 1 July 2007, the Group's net profit for the financial year ended 30 June 2008 would have decreased by US$0.6 million. The above-mentioned acquisitions had no impact on the Group's turnover for the financial year ended 30 June 2008.

21. HELD-TO-MATURITY FINANCIAL ASSETS

	The Company	
	2008	2007
	US$'000	US$'000
Unlisted debt securities	**171,463**	162,131

The unlisted debt securities represent fixed rate notes issued by a wholly-owned subsidiary of the Company, which bear interest at 8.2% per annum and are unsecured and are with repayment term of 5 years.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Equity securities				
Listed-outside Hong Kong	**106,088**	20,736	**–**	–
Unlisted	**12,129**	515	**–**	–
	118,217	21,251	**–**	–
Unit Trust				
Unlisted	**2,449**	–	**–**	–
Club and other debentures	**451**	460	**203**	203
Investment in partnership	**19,969**	19,923	**–**	–
	141,086	41,634	**203**	203
Market value of listed equity securities	**106,088**	20,736	**–**	–

23. GOODWILL

	The Group
	US$'000
Cost :	
At 1 July 2006	1,380
Additions during the year	27,768
Exchange adjustments	44
At 30 June 2007	29,192
At 1 July 2007	29,192
Additions during the year	4,915
Exchange adjustments	61
At 30 June 2008	34,168

In accordance with the Group's accounting policy, the carrying value of goodwill was tested for impairment as at 30 June 2008 and 30 June 2007. The results of the tests indicated no impairment charge was necessary.

24. DEVELOPMENT PROPERTIES

	The Group	
	2008	2007
	US$'000	US$'000
Cost as at 30 June	**3,897,551**	1,367,850
Less: Impairment loss	**(31,569)**	(36,413)
Progress instalments received and receivable	**(426,106)**	(87,790)
	3,439,876	1,243,647

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

Certain of the Group's development properties with an original book value of US$2,047.4 million (2007: US$831.8 million) were pledged for bank loans and mortgage debenture stock.

25. PROPERTIES HELD FOR SALE

	The Group	
	2008	2007
	US$'000	US$'000
As at 1 July	**34,279**	75,832
Additions through acquisition of a subsidiary	**–**	1,037
Transfer (to)/from development properties	**(834)**	26,735
Disposals	**(14,384)**	(90,710)
	19,061	12,894
Add: Realised loss written off against allowance	**–**	1,007
Write-back for foreseeable loss	**3,846**	17,634
Exchange adjustments	**3,996**	2,744
As at 30 June	**26,903**	34,279

26. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Trade debtors	**109,516**	356,708	**–**	–
Deposits and prepayments	**103,102**	204,769	**51**	33
Derivative financial instruments, at fair value	**572**	2,137	**–**	–
Interest receivables	**2,865**	11,095	**3,974**	11,276
	216,055	574,709	**4,025**	11,309

Included in the Group's trade and other receivables are amounts of US$9.2 million (2007: US$20.3 million) which are expected to be recovered after more than one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	2008	2007
	US$'000	US$'000
Current	**82,001**	333,629
1 to 3 months	**17,693**	10,038
More than 3 months	**9,822**	13,041
	109,516	356,708

(b) Impairment of trade debtors

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

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2008 and 2007 are not significant.

26. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Trade debtors that are not impaired

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

	The Group 2008 US$'000	The Group 2007 US$'000
Neither past due nor impaired	**62,916**	266,142
Less than 1 month past due	**5,887**	17,064
1 to 3 months past due	**12,391**	23,091
More than 3 months past due	**8,912**	23,376
	27,190	63,531
	90,106	329,673

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

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

27. TRADING FINANCIAL ASSETS

	The Group	
	2008	2007
	US$'000	US$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	**7,206**	12,772
– Outside Hong Kong	**511,772**	1,138,502
	518,978	1,151,274
Unit trusts		
Unlisted	**14,527**	24,166
	533,505	1,175,440

28. CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Deposits with banks	**3,117,072**	3,033,947	**2,667,838**	2,305,319
Cash at bank and in hand	**136,838**	130,119	**2,041**	3,264
Cash and cash equivalents in the balance sheet and consolidated cash flow statement	**3,253,910**	3,164,066	**2,669,879**	2,308,583

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Trade creditors	**98,300**	85,929	**–**	–
Other payables and accrued operating expenses	**591,251**	327,715	**610**	574
Derivative financial instruments, at fair value	**3,319**	988	**–**	–
Amounts due to fellow subsidiaries	**5,515**	17,209	**5,515**	16,861
Amounts due to associates	**35**	33	**–**	–
Amounts due to jointly controlled entities	**1,090**	1,004	**–**	–
	699,510	432,878	**6,125**	17,435

Included in trade and other payables of the Group and the Company are amounts of US$8.9 million (2007: US$12.1 million) and US$0.3 million (2007: US$0.3 million) respectively which are expected to be settled after more than one year.

29. TRADE AND OTHER PAYABLES (cont'd)

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	The Group	
	2008	2007
	US$'000	US$'000
Due within 1 month or on demand	**79,811**	72,445
Due after 1 month but within 3 months	**10,003**	5,365
Due after 3 months	**8,486**	8,119
	98,300	85,929

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

30. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2008	2007
	US$'000	US$'000
Bank loans		
– Secured	**186,529**	203,419
– Unsecured	**382,989**	39,742
	569,518	243,161
Unsecured medium term notes repayable within 1 year	**191,395**	2,672
	760,913	245,833

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

	The Group	
	2008	2007
	US$'000	US$'000
Bank loans		
– Secured	**932,024**	305,721
– Unsecured	**73,062**	302,895
	1,005,086	608,616
Unsecured medium term notes	**84,655**	244,794
Secured mortgage debenture stock	**521,428**	533,908
Convertible bonds (note 32)	**476,260**	407,683
	2,087,429	1,795,001

Note :

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

– legal mortgages on investment properties with an aggregate book value of US$11.3 million (2007: US$10.7 million) (note 15);

– legal mortgages on development properties with an aggregate book value of US$2,047.4 million (2007: US$831.8 million) (note 24); and

– legal mortgages on property, plant and equipment with an aggregate book value of US$1,159.1 million (2007: US$1,071.9 million) (note 15).

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

	The Group									
	2008					2007				
	Bank loans	**Mortgage debenture stock**	**Convertible bonds**	**Other borrowings**	**Total**	Bank loans	Mortgage debenture stock	Convertible bonds	Other borrowings	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	US$'000	US$'000	US$'000	US$'000	US$'000
Within 1 year or on demand	**569,518**	**–**	**–**	**191,395**	**760,913**	243,161	–	–	2,672	245,833
After 1 year but within 2 years	**131,499**	**–**	**–**	**58,891**	**190,390**	371,556	–	–	169,724	541,280
After 2 years but within 5 years	**872,515**	**–**	**476,260**	**25,764**	**1,374,539**	235,468	–	407,683	75,070	718,221
After 5 years	**1,072**	**521,428**	**–**	**–**	**522,500**	1,592	533,908	–	–	535,500
	1,005,086	**521,428**	**476,260**	**84,655**	**2,087,429**	608,616	533,908	407,683	244,794	1,795,001
	1,574,604	**521,428**	**476,260**	**276,050**	**2,848,342**	851,777	533,908	407,683	247,466	2,040,834

32. CONVERTIBLE BONDS

	The Group	
	2008	2007
	US$'000	US$'000
Proceeds from issue of convertible bonds	**450,421**	450,421
Transaction costs	**(3,267)**	(3,267)
Net proceeds	**447,154**	447,154
Equity portion of convertible bonds	**(41,664)**	(41,664)
Amortisation of transaction costs capitalised, bond discount and others	**18,996**	2,193
Exchange adjustments	**51,774**	–
	476,260	407,683

On 7 May 2007, GuocoLand Limited ("GLL"), issued S$690 million (US$450 million) in principal amount of convertible bonds (the "Bonds") comprising S$345 million (US$225 million) in principal amount of unsecured Tranche 1 Convertible Bonds ("Tranche 1 Bonds") and S$345 million (US$225 million) in principal amount of unsecured Tranche 2 Convertible Bonds ("Tranche 2 Bonds"). The Bonds are due on 7 May 2012 (the "Maturity Date").

The Bonds are convertible by the holders thereof (the "Bondholders") into new ordinary shares in the capital of GLL ("Shares") at any time on or after 6 July 2007 and up to 27 April 2012 or if such Bonds shall have been called for redemption by GLL before 27 April 2012, then up to a date no later than seven business days prior to the date fixed for redemption thereof. The conversion price of the Bonds was adjusted from the initial conversion price of S$6.216 per Share to S$5.507 per Share with effect from 30 July 2007 following the issue of 221,882,489 new Shares on that day pursuant to a renounceable rights issue undertaken by GLL.

At any time on or after 7 May 2009 and prior to the date falling 7 business days prior to the Maturity Date of the Bonds, the Bonds may be redeemed in whole at the option of GLL if the volume weighted average price of the Shares for each of 10 consecutive trading days was at least 120% of the principal amount of the Bonds plus interest equal to the applicable early redemption interest amount divided by the conversion ratio.

On 7 May 2010, in respect of the Tranche 1 Bonds only, GLL may at the option of any Bondholder, redeem all or some of that Bondholder's Tranche 1 Bonds, at their principal amount plus interest equal to the applicable early redemption interest amount.

Unless previously redeemed, converted, or purchased and cancelled, the Tranche 1 Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 0.6% p.a. on a semi-annual basis of its principal amount and the Tranche 2 Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 1.9% p.a. on a semi-annual basis of its principal amount.

33. PROVISIONS AND OTHER LIABILITIES

	The Group			
	Restructuring costs US$'000	Pensions US$'000	Others US$'000	Total US$'000
As at 1 July 2007	1,895	24,185	4,044	30,124
Charge/(write-back) to income statement during the year	7,291	458	(1,310)	6,439
Amounts settled or utilised during the year	(2,065)	(5,910)	(2,174)	(10,149)
Exchange adjustments	(62)	(150)	127	(85)
As at 30 June 2008	7,059	18,583	687	26,329
Provisions and other liabilities as at 30 June 2008 are disclosed as:				
Current liabilities	7,059	–	687	7,746
Non-current liabilities	–	18,583	–	18,583
	7,059	18,583	687	26,329

34. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The Group

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

Deferred tax arising from:	Depreciation allowance in excess of related depreciation	Revaluation of properties	Timing difference on development properties	Revaluation of financial liabilities	Provisions	Tax losses	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 July 2007	171	166,936	2,327	(23,228)	(4,649)	(1,406)	18	140,169
Charged/(credited) to consolidated income statement	335	(2,467)	1,159	3,031	1,468	198	–	3,724
Charged to reserves	–	–	–	–	–	–	9,675	9,675
	506	164,469	3,486	(20,197)	(3,181)	(1,208)	9,693	153,568
Exchange adjustments	39	(445)	254	79	9	(22)	6	(80)
As at 30 June 2008	545	164,024	3,740	(20,118)	(3,172)	(1,230)	9,699	153,488
As at 1 July 2006	492	166,066	663	(25,444)	(5,794)	(1,298)	29	134,714
Charged/(credited) to consolidated income statement	(343)	(14,102)	1,538	4,437	1,802	15	–	(6,653)
Others	(14)	164	112	–	(159)	(116)	–	(13)
	135	152,128	2,313	(21,007)	(4,151)	(1,399)	29	128,048
Exchange adjustments	36	14,808	14	(2,221)	(498)	(7)	(11)	12,121
As at 30 June 2007	171	166,936	2,327	(23,228)	(4,649)	(1,406)	18	140,169

34. DEFERRED TAXATION (cont'd)

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

The Group (cont'd)

	2008 US$'000	2007 US$'000
Net deferred tax assets recognised on the balance sheet	**(160)**	(1,190)
Net deferred tax liabilities recognised on the balance sheet	**153,648**	141,359
	153,488	140,169

(b) Deferred tax assets unrecognised:

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

	The Group	
	2008 US$'000	2007 US$'000
Deductible temporary differences	**12,247**	39,505
Tax losses	**769,739**	1,004,209
	781,986	1,043,714

The Group has not recognised deferred tax assets in respect of tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The deductible temporary differences and tax losses do not expire under current tax legislation.

35. SHARE CAPITAL AND RESERVES

	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contri-buted surplus US$'000	ESOP reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
The Group													
At 1 July 2007	164,526	10,493	318	2,704	(40,753)	1,944	113,952	3,129	9,810	4,919,939	5,186,062	999,548	6,185,610
Transfer between reserves	–	–	2,492	–	–	–	–	–	–	(2,492)	–	–	–
Share of subsidiaries' and associates' capital and other reserves movement	–	–	(6,126)	–	–	–	–	–	–	–	(6,126)	(6,241)	(12,367)
Equity settled share-based transactions	–	–	–	–	–	2,302	–	–	–	–	2,302	1,551	3,853
Transfer of shares to employees upon exercise of share options by a subsidiary	–	–	4,649	–	–	–	–	–	–	–	4,649	(490)	4,159
Issue of shares under rights issue by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	147,303	147,303
Subscription of shares under rights issue by the trust for ESOS by a subsidiary	–	–	(34,039)	–	–	–	–	–	–	–	(34,039)	–	(34,039)
Changes in fair value and disposal of available-for-sale financial assets	–	–	–	–	–	–	–	(12,616)	–	–	(12,616)	(2,465)	(15,081)
Exchange differences on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(4,736)	–	(93)	195	136,397	216	445	–	132,424	45,962	178,386
Minority interests on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(36,837)	(36,837)
Dividends paid to minority interests	–	–	–	–	–	–	–	–	–	–	–	(17,581)	(17,581)
Valuation released upon disposal of properties	–	–	–	–	–	–	–	–	(347)	–	(347)	–	(347)
Cash distribution to minority interests	–	–	–	–	–	–	–	–	–	–	–	(10,705)	(10,705)
Exercise of warrants and conversion of ICULS issued by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	22,385	22,385
Final dividend paid	–	–	–	–	–	–	–	–	–	(137,741)	(137,741)	–	(137,741)
Interim dividend paid	–	–	–	–	–	–	–	–	–	(41,824)	(41,824)	–	(41,824)
Retained profits for the year	–	–	–	–	–	–	–	–	–	188,191	188,191	70,756	258,947
At 30 June 2008	164,526	10,493	(37,442)	2,704	(40,846)	4,441	250,349	(9,271)	9,908	4,926,073	5,280,935	1,213,186	6,494,121
Retained in													
– Company and subsidiaries													6,140,333
– Associates and jointly controlled entities													353,788
													6,494,121

35. SHARE CAPITAL AND RESERVES (cont'd)

	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contri-buted surplus US$'000	ESOP reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
The Group													
At 1 July 2006	164,526	10,493	(17,647)	2,895	(41,024)	782	39,485	(7,721)	9,760	4,592,798	4,754,347	966,044	5,720,391
Transfer between reserves	–	–	7,717	–	–	–	–	–	–	(7,717)	–	–	–
Share of subsidiaries' and associates' capital and other reserves movement	–	–	12,137	–	–	–	–	–	–	–	12,137	14,120	26,257
Equity settled share-based transactions	–	–	–	–	–	1,122	–	–	–	–	1,122	514	1,636
Changes in fair value and disposal of available-for-sale financial assets	–	–	–	–	–	–	–	10,621	–	–	10,621	8,896	19,517
Exchange differences on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(1,889)	–	271	14	74,467	229	126	–	73,218	55,458	128,676
Minority interests on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	(2,870)	(2,870)	(90,455)	(93,325)
Dividends paid to minority interests	–	–	–	–	–	–	–	–	–	–	–	(23,532)	(23,532)
Disposal of interest in subsidiaries	–	–	–	(191)	–	26	–	–	(76)	–	(241)	59	(182)
Capital contribution from minority interests	–	–	–	–	–	–	–	–	–	–	–	1,202	1,202
Exercise of warrants and conversion of ICULS issued by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	7,264	7,264
Final and special dividend paid	–	–	–	–	–	–	–	–	–	(167,041)	(167,041)	–	(167,041)
Interim dividend paid	–	–	–	–	–	–	–	–	–	(41,602)	(41,602)	–	(41,602)
Retained profits for the year	–	–	–	–	–	–	–	–	–	546,371	546,371	59,978	606,349
At 30 June 2007	164,526	10,493	318	2,704	(40,753)	1,944	113,952	3,129	9,810	4,919,939	5,186,062	999,548	6,185,610
Retained in													
– Company and subsidiaries													5,899,797
– Associates and jointly controlled entities													285,813
													6,185,610

35. SHARE CAPITAL AND RESERVES (cont'd)

	Share capital US$'000	Share premium US$'000	Retained profits US$'000	Total US$'000
The Company				
At 1 July 2007	164,526	10,493	3,443,448	3,618,467
Final dividend paid	–	–	(139,448)	(139,448)
Interim dividend paid	–	–	(42,340)	(42,340)
Retained profits for the year	–	–	386,220	386,220
At 30 June 2008	164,526	10,493	3,647,880	3,822,899
At 1 July 2006	164,526	10,493	3,409,370	3,584,389
Final and special dividend paid	–	–	(169,112)	(169,112)
Interim dividend paid	–	–	(42,114)	(42,114)
Retained profits for the year	–	–	245,304	245,304
At 30 June 2007	164,526	10,493	3,443,448	3,618,467

Notes:

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

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The equity component of the issued convertible bonds, which represents the implied fair value of the conversion rights, is included in the capital reserve.

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

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

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

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

(iv) The ESOP reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees (Note 38).

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

(vi) The exchange translation reserve comprises:

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

(b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries and associates.

(vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of available-for-sale financial assets.

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

(ix) Distributable reserves of the Company as at 30 June 2008 amounted to US$3,647,880,000 (2007: US$3,443,448,000).

35. SHARE CAPITAL AND RESERVES (cont'd)

Share capital

	The Group and The Company			
	2008		2007	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Authorised:				
Ordinary shares of US$0.50 each	**1,000,000**	**500,000**	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	**329,051**	**164,526**	329,051	164,526

Note:

As at 30 June 2008, 4,026,862 ordinary shares (2007: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	The Group	
	2008 US$'000	2007 US$'000
Net assets acquired:		
Property, plant and equipment	**150**	1,726
Intangible assets	**–**	59,142
Development properties	**709,224**	–
Interest in an associate	**–**	65,462
Deferred tax assets	**–**	116
Trade and other receivables	**188**	6,584
Cash and short term funds	**11,993**	18,007
Trade and other payables	**(469,562)**	(1,723)
Bank loans and borrowings	**(34,626)**	–
Deferred tax liabilities	**–**	(112)
Minority interests	**(727)**	–
	216,640	149,202
Previously accounted for as interest in an associate/jointly controlled entities	**(163,145)**	(11,057)
Total consideration	**53,495**	138,145
Satisfied by:		
Cash consideration	**45,215**	138,145
Other payables	**8,280**	–
	53,495	138,145

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (cont'd)

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

	The Group	
	2008	2007
	US$'000	US$'000
Cash consideration	**45,215**	138,145
Cash at bank and in hand acquired	**(11,993)**	(18,007)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	**33,222**	120,138

(c) Disposal of subsidiaries

	The Group	
	2008	2007
	US$'000	US$'000
Net assets disposed:		
Property, plant and equipment	–	4,697
Trade and other receivables	–	778
Cash and short term funds	–	40
Trade and other payables	–	(1,482)
Deferred taxation	–	(14)
	–	4,019
Profit on disposal of subsidiaries	–	10,939
Realisation of reserves	–	(1,276)
	–	13,682
Satisfied by:		
Cash received	–	13,682

(d) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries

	The Group	
	2008	2007
	US$'000	US$'000
Cash consideration received	–	13,682
Cash at bank and in hand disposed	–	(40)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	13,642

37. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

(i) The amounts recognised in the balance sheet are as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Present value of wholly or partly funded obligations	**(118,141)**	(122,847)
Fair value of plan assets	**97,182**	99,309
Net unrecognised actuarial losses/(gains)	**2,376**	(647)
	(18,583)	(24,185)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Movements in the other liabilities recognised in the balance sheet are as follows:

	The Group	
	2008	2007
	US$'000	US$'000
At 1 July	**(24,185)**	(25,853)
Contributions paid to plans	**5,910**	6,274
Expense recognised in profit or loss	**(432)**	(1,102)
Exchange difference	**124**	(3,504)
At 30 June	**(18,583)**	(24,185)

(iii) Expense recognised in consolidated income statement is as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Current service cost	**(540)**	(782)
Interest cost	**(6,604)**	(5,966)
Actuarial expected return on plan assets	**6,684**	5,841
Net actuarial gain/(losses) recognised	**28**	(195)
	(432)	(1,102)

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(iv) The principal actuarial assumptions used as at 30 June 2008 (expressed as weighted averages) are as follows:

	The Group	
	2008	2007
Discount rate	**5.40%**	5.03%
Expected returns on plan assets - equities	**8.50%**	7.80%
Expected returns on plan assets - bonds	**6.30%**	5.50%
Expected rates of salary increase	**4.40%**	3.70%

(b) Defined contribution retirement plans

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

Subsidiaries in Singapore operates a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 3.5 percent to 14.5 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$2,773,000 (2007: US$3,074,000) and forfeited contributions in the amount of US$48,000 (2007: US$38,000) were used to reduce current year's contributions.

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) The Company

The Company adopted a share option scheme (the "Share Option Scheme") on 29 November 2001 for the purpose of providing any employees or directors of the Company or any of its subsidiaries or associated companies (the "Eligible Employee") the opportunity of participating in the growth and success of the Group.

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

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer. No share option may be granted more than ten years after 29 November 2001, the date on which the Share Option Scheme was adopted by the Company.

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

(a) The Company (cont'd)

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

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

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. No share option may be granted more than ten years after 16 December 2002, the date on which the Share Option Plan was adopted by the Company.

No share options were outstanding during the year and no option has been granted to any eligible participants pursuant to the Share Option Scheme and Share Option Plan during the year.

(b) GuocoLand Limited ("GLL")

The GuocoLand Limited Executives' Share Option Scheme (the "Scheme") was approved by shareholders of GLL at an extraordinary general meeting held on 31 December 1998. The Scheme was further approved by the Company at an extraordinary general meeting held on 1 February 1999.

In October 2004, shareholders of GLL and the Company approved the proposed amendments to the rules of the Scheme (the "Rules") to inter alia alter the structure of the Scheme to allow the grant of options to be satisfied over newly issued ordinary shares of GLL (the "Shares") or the transfer of existing Shares, or a combination of both new Shares and existing Shares, as well as to align the Rules with the requirements under Chapter 17 of The Stock Exchange of Hong Kong Limited Listing Rules.

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

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

(i) The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors of GLL:			
– on 1 November 2004	3,250,000		3.75 years
– on 1 November 2004	3,250,000	Certain financial and performance targets to be met during the performance period for FY2005 to 2007.	4.75 years
Options granted to employees of GLL:			
– on 1 November 2004	3,000,000		3.75 years
– on 1 November 2004	3,000,000		4.75 years
– on 30 May 2005	2,000,000	Exercised	2 years
– on 30 May 2005	2,000,000	Certain financial and performance targets to be met during the performance period for FY2006 to 2007.	3.17 years
– on 30 May 2005	2,000,000		4.17 years
Options granted to directors:			
– on 19 January 2007	10,000,000	Certain financial and performance targets to be met during the performance periods for FY2006 to 2008 and FY2009 to 2011	2 to 7 years
Options granted to employees:			
– on 19 January 2007	13,750,000		
Total share options	42,250,000		

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

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

(ii) *In connection with a variation in the issued share capital of GLL arising from the GLL's rights issue in July 2007, the number of Shares comprised in the options and the exercise price per Share were adjusted as follows:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors of GLL:			
– on 1 November 2004	3,699,150		3.75 years
– on 1 November 2004	3,699,150	Certain financial and performance targets to be met during the performance period for FY2005 to 2007.	4.75 years
Options granted to employees of GLL:			
– on 1 November 2004	3,414,600		3.75 years
– on 1 November 2004	3,414,600		4.75 years
– on 30 May 2005	2,000,000	Exercised	2 years
– on 30 May 2005	2,276,400	Certain financial and performance targets to be	3.17 years
– on 30 May 2005	2,276,400	met during the performance period for FY2006 to 2007.	4.17 years
Options granted to directors:			
– on 19 January 2007	11,382,000	Certain financial and performance targets to be met during the performance periods for FY2006 to 2008 and FY2009 to 2011	2 to 7 years
Options granted to employees:			
– on 19 January 2007	15,650,250		
Total share options	47,812,550		

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

	2008 Weighted average exercise price	**2008** Number of options	2007 Weighted average exercise price	2007 Number of options
Outstanding at the beginning of the year	**S$2.06**	**40,250,000**	S$1.23	18,500,000
Adjustment for the Share rights in July 2007	**N/A**	**5,562,550**	N/A	–
Lapsed during the year	**S$2.33**	**(569,100)**	N/A	–
Exercised during the year	**S$1.05**	**(5,406,450)**	S$1.32	(2,000,000)
Granted during the year	**N/A**	**–**	S$2.65	23,750,000
Outstanding at the end of the year	**S$1.91**	**39,837,000**	S$2.06	40,250,000
Exercisable at the end of the year	**S$1.08**	**13,373,850**	N/A	–

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

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

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

	2008	2007
The weighted average share price at the date of exercise for share options exercised during the year	**S$4.78**	S$1.32
The weighted average exercise price per share of the outstanding options	**S$1.91**	S$2.06
The weighted average remaining contractual life of the options	**1.9 years**	2.9 years

(iv) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on 1-year historical volatility.

	2008			2007		
Date of grant of options	**1 Nov 2004**	**30 May 2005**	**19 Jan 2007**	1 Nov 2004	30 May 2005	19 Jan 2007
Fair value at measurement date	**S$0.10 to S$0.11**	**S$0.09 to S$0.10**	**S$0.47 to S$0.73**	S$0.10 to S$0.11	S$0.09 to S$0.10	S$0.47 to S$0.73
Share price at grant date	**S$1.22**	**S$1.34**	**S$2.78**	S$1.22	S$1.34	S$2.78
Exercise price	**S$1.19**	**S$1.32**	**S$2.65**	S$1.19	S$1.32	S$2.65
Adjusted exercise price	**S$1.05**	**S$1.16**	**S$2.33**	N/A	N/A	N/A
Expected volatility	**21.4%**	**18.8%**	**29.5%**	21.4%	18.8%	29.5%
Expected option life	**3.2 years to 4.2 years**	**1.5 years to 3.6 years**	**1.8 years to 6.8 years**	3.2 years to 4.2 years	1.5 years to 3.6 years	1.8 years to 6.8 years
Expected dividend yield	**6.6%**	**6.0%**	**2.9%**	6.6%	6.0%	2.9%
Risk-free interest rate	**1.8% to 2.2%**	**2.1% to 2.3%**	**3.0% to 3.1%**	1.8% to 2.2%	2.1% to 2.3%	3.0% to 3.1%

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

(c) GuocoLeisure Limited ("GL", formerly known as BIL International Limited)

The GuocoLeisure Share Option Plan (the "GL Plan") was approved by the shareholders of GL in 2001 to allow the grant of options to eligible participants including employees and executive and non-executive directors of GL and its subsidiaries (the "GL Group") who are not controlling shareholders of GL.

There were no outstanding options pursuant to the GL Plan as at 30 June 2008, and no option has been granted to any eligible participants pursuant to the GL Plan during the year.

The GL Value Creation Incentive Share Scheme (the "Scheme") is a share incentive scheme which was approved by the board in 2003 and is administered by its remuneration committee. Under the Scheme, options over existing shares of GL are issued to eligible participants.

(i) *The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees of GL:			
– on 5 October 2007	15,100,000	1 to 4 years from the date of grant	2.7 to 4.7 years
Total share options	15,100,000		

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

	2008		2007	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Granted during the year	**S$1.43**	**15,100,000**	N/A	–
Lapsed during the year	**S$1.43**	**(1,000,000)**	N/A	–
Outstanding at the end of the year	**S$1.43**	**14,100,000**	N/A	–
Exercisable at the end of the year	**N/A**	**–**	N/A	–

	2008	2007
The weighted average exercise price per share of the outstanding options	**S$1.43**	N/A
The weighted average remaining contractual life of the options	**4.1 years**	N/A

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

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

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 3-year historical trends.

	2008	2007
Date of grant of options	5 October 2007	N/A
Fair value at measurement date	S$0.38 to S$0.48	N/A
Share price at grant date	S$1.33	N/A
Exercise price	S$1.43	N/A
Expected volatility	41.8%	N/A
Expected option life	2.7 years to 4.7 years	N/A
Expected dividend yield	2.6%	N/A
Risk-free interest rate	3.0%	N/A

39. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The Group's credit exposure in property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of upto 14 days for certain of its customers. The Group has no significant concentrations of credit risks. The Group only obtain liquid securities as collaterals from margin clients of securities, commodities and brokerage business.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Liquidity risk (cont'd)

	2008						2007					
	Carrying amount US$'000	Total contractual undiscounted cash flow US$'000	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Carrying amount US$'000	Total contractual undiscounted cash flow US$'000	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000
The Group												
Non-derivative financial liabilities												
Bank loans	(1,574,604)	(1,682,878)	(606,414)	(160,602)	(914,742)	(1,120)	(851,777)	(924,425)	(273,793)	(400,424)	(248,502)	(1,706)
Unsecured medium term notes	(276,050)	(287,116)	(198,779)	(62,091)	(26,246)	-	(247,466)	(266,730)	(12,015)	(176,380)	(78,335)	–
Secured mortgage debenture stock	(521,428)	(812,349)	-	-	-	(812,349)	(533,908)	(861,198)	–	–	–	(861,198)
Convertible bonds	(476,260)	(540,846)	-	-	(540,846)	-	(407,683)	(476,839)	–	–	(476,839)	–
Trade and other payables	(696,191)	(696,191)	(687,243)	(3,837)	(5,026)	(85)	(431,890)	(431,890)	(419,784)	(10,772)	(1,334)	–
	(3,544,533)	(4,019,380)	(1,492,436)	(226,530)	(1,486,860)	(813,554)	(2,472,724)	(2,961,082)	(705,592)	(587,576)	(805,010)	(862,904)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps		(3,032)	(1,410)	(1,622)	-	-		(1,041)	(313)	(364)	(364)	–
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows		(573,418)	(573,418)	-	-	-		(903,032)	(903,032)	–	–	–
– inflows		571,628	571,628	-	-	-		903,710	903,710	–	–	–
		(4,822)	(3,200)	(1,622)	-	-		(363)	365	(364)	(364)	–
The Company												
Non-derivative financial liabilities												
Trade and other payables	(6,125)	(6,125)	(5,855)	(270)	-	-	(17,435)	(17,435)	(17,165)	(270)	–	–

39. FINANCIAL INSTRUMENTS (cont'd)

(c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swaps and other derivatives to manage interest rate risk.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest earning financial assets and interest bearing financial liabilities at the balance sheet date.

	2008		2007	
	Effective interest rate	**US$'000**	Effective interest rate	US$'000
The Group				
Floating rate financial assets/(liabilities)				
Bank loans and other borrowings	**1.43% to 8.51%**	**(1,596,688)**	3.16% to 10.99%	(831,627)
		(1,596,688)		(831,627)
Fixed rate financial assets/(liabilities)				
Deposits with banks	**0.12% to 16.50%**	**3,117,072**	0.60% to 8.00%	3,033,947
Bank loans and other borrowings	**3.75% to 10.75%**	**(1,251,654)**	3.23% to 10.75%	(1,209,207)
		1,865,418		1,824,740
Total		**268,730**		993,113
The Company				
Fixed rate financial assets				
Deposits with banks	**0.12% to 7.22%**	**2,667,838**	1.75% to 5.42%	2,305,319
Amount due from a subsidiary	**1.37%**	**3,804**	3.375% to 4.85%	101,272
Held-to-maturity financial assets	**8.20%**	**171,463**	8.20%	162,131
		2,843,105		2,568,722

39. FINANCIAL INSTRUMENTS (cont'd)

(c) Interest rate risk (cont'd)

(ii) Sensitivity analysis

As at 30 June 2008, it is estimated that a general increase/decrease of 25 to 150 basis points in interest rates for the Group's various currencies, mainly United States dollars, British pounds, Malaysian Ringgit and Singapore dollars, with all other variables held constant, would increase/decrease the Group's profit and total equity by approximately US$19.1 million (2007: US$34.9 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2008.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2007.

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, PRC and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

The Group has entered into foreign exchange rate related contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposures or for diversifying its deposits placement purposes. All foreign currency positions are managed and monitored within approved limits.

(i) Exposure to foreign currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2008						2007					
	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Korean Won '000	Malaysian Ringgit '000	Singapore Dollars '000	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Korean Won '000	Malaysian Ringgit '000	Singapore Dollars '000
The Group												
Available-for-sale financial assets	-	52,016	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	1,079	1	95,916	-	1,194	5,409	-	5,861	4,714,215	-	5,655	3,470
Trading financial assets	16,882	-	576,600	-	191,009	81,596	33,198	21,836	12,430,506	82,307,555	409,274	198,362
Cash and short term funds	515,193	312	51,123	-	1,976,212	168,526	13	60	20	-	361,465	27,768
Trade and other payables	-	(2,505)	(42,468)	-	(1,943)	(540)	-	(2,542)	-	-	(10,446)	(301)
Bank loans and other borrowings	-	-	-	-	-	-	-	(48,500)	-	-	-	(29,000)
Gross exposure arising from recognised assets and liabilities	533,154	49,824	681,171	-	2,166,472	254,991	33,211	(23,285)	17,144,741	82,307,555	765,948	200,299
Notional amounts of forward exchange contracts at fair value through profit or loss	93,658	(97,160)	(684,959)	-	-	(435,233)	(35,402)	(22,562)	(9,409,683)	28,400	-	312,604
Overall net exposure	626,812	(47,336)	(3,788)	-	2,166,472	(180,242)	(2,191)	(45,847)	7,735,058	82,335,955	765,948	512,903

39. FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign currency risk (cont'd)

(i) Exposure to foreign currency risk (cont'd)

	2008						2007					
	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Korean Won '000	Malaysian Ringgit '000	Singapore Dollars '000	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Korean Won '000	Malaysian Ringgit '000	Singapore Dollars '000
The Company												
Trade and other receivables	1,079	-	-	-	5,284	5	–	–	–	–	4,386	2
Cash and short term funds	515,193	-	51,123	-	1,881,503	168,091	13	–	20	–	361,005	27,206
Trade and other payables	-	-	-	-	(5)	-	–	–	–	–	–	–
Gross exposure arising from recognised assets and liabilities	516,272	-	51,123	-	1,886,782	168,096	13	–	20	–	365,391	27,208

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

	2008			2007		
	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000
The Group						
Australian Dollars	3%	11,700	–	3%	–	–
British Pounds	4%	(3,900)	4,000	4%	(3,500)	–
Japanese Yen	2%	–	–	2%	700	–
Korean Won	6%	–	–	6%	5,100	–
Malaysian Ringgit	5%	31,000	–	5%	10,400	–
Singapore Dollars	5%	(6,600)	–	5%	20,300	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to foreign currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the balance sheet date for presentation purpose. The analysis is performed on the same basis for 2007.

39. FINANCIAL INSTRUMENTS (cont'd)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 27) and available-for-sale equity securities (see note 22).

The Group maintains a diversified investment portfolio which comprises global and regional counters, listed and unlisted. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

As at 30 June 2008, it is estimated that an increase/decrease of 5% to 12% in the market value of the Group's global listed trading securities and available-for-sale equity securities, with all other variables held constant, would affect the Group's profit and total equity by US$48.2 million (2007: US$97.8 million) and US$6.4 million (2007: US$1.7 million) respectively. It is assumed that none of the available-for-sale investments would be considered impaired as a result of relevant risk variables. The analysis is performed on the same basis for 2007.

(f) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2008 and 2007.

Listed investments are stated at quoted market bid prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date. The fair value of derivatives financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties.

The fair value of non-derivative financial liabilities is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the balance sheet date.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

40. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the equity attributable to shareholders of the Group to net debt. Net debt comprises total borrowings less cash and short term funds and marketable securities.

The equity-debt ratio as at 30 June 2008 is as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Bank loans	**1,574,604**	851,777
Secured mortgage debenture stock	**521,428**	533,908
Convertible bonds	**476,260**	407,683
Other borrowings	**276,050**	247,466
Total borrowings	**2,848,342**	2,040,834
Less: Cash and short term funds	**(3,253,910)**	(3,164,066)
Marketable securities	**(533,505)**	(1,175,440)
Net liquid funds	**(939,073)**	(2,298,672)
Total equity	**6,494,121**	6,185,610
Equity-debt ratio	**100 : 0**	100 : 0

41. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

As at 30 June 2008, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Within 1 year	**84,453**	83,165
After 1 year but within 5 years	**308,047**	302,523
After 5 years	**1,745,945**	1,753,526
	2,138,445	2,139,214

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

(ii) As lessor

As at 30 June 2008, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Within 1 year	**13,520**	9,662
After 1 year but within 5 years	**12,811**	10,329
	26,331	19,991

There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2008.

(b) Capital commitments outstanding not provided for in the final financial report

	The Group	
	2008	2007
	US$'000	US$'000
Authorised and contracted for	**23,028**	7,280

The commitment in respect of purchase of land by the Group was US$2.8 million (2007: US$675.9 million).

42. CONTINGENT LIABILITIES

(i) GL had contingent liabilities of US$5.1 million as at 30 June 2007 in relation to the guarantees of investment performance which were nil as at 30 June 2008.

GL has given a guarantee to the owner of the 20 (2007: 28) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than US$55.2 million (2007: US$65.5 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was US$55.2 million (2007: US$65.5 million) and the maximum aggregate liability under the guarantee was approximately US$110.4 million (2007: US$131.0 million). Based on past performance, GL's expectation is that the future annual EBITDA will be able to meet the guaranteed amount.

(ii) In November 2007, GLL's wholly-owned subsidiary, GuocoLand (China) Limited ("GLC"), completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). To date, an aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "vendors"). The balance of RMB2.58 billion has been withheld pending resolution of disputes described hereunder, which had been disclosed by GLL previously.

(1) Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC")

(a) SDB

SDB claims that a loan of RMB1.5 billion was granted by SDB to certain borrowers. Amongst the security obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB. An earlier suit filed by SDB against Zhiye and CJDH in The People's High Court of Beijing ("Beijing Court") was dismissed in December 2007. SDB has initiated another suit directly against CJDH for the recovery of its loan under the Zhiye guarantee ("second SDB suit"). In addition, SDB has filed an appeal against Zhiye and CJDH in respect of the dismissal of the earlier SDB suit ("SDB appeal").

An interim application was made by SDB to the Beijing Court to restrict dealing in the assets of CJDH in the aggregate sum of their claims.

Based on the information available to GLC, CJDH is neither a guarantor nor borrower of the alleged loans of RMB1.5 billion granted by SDB to borrowers who are third parties apparently unrelated to CJDH. GLC has been advised by its PRC lawyers that the SDB appeal and second SDB suit both have no merits.

Pending hearing of the SDB appeal and the second SDB suit, SDB and BBJB have purportedly entered into a settlement agreement in May 2008 for CJDH to pay RMB1 billion of the alleged loan to SDB. GLC has been advised by its PRC lawyers that the settlement agreement is void and unenforceable.

42. CONTINGENT LIABILITIES (cont'd)

(1) Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC") (cont'd)

(b) ABC

ABC had claimed that CJDH and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion owing to ABC by Zhiye. ABC has commenced legal proceedings against Zhiye, CJDH and Hainan Co. BBJB is also a defendant in the ABC proceedings.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, CJDH and BBJB in the aggregate sum of their claims.

PRC lawyers of GLC are of the view that if CJDH is liable for the loan or any part thereof, GLC is entitled to set off any payment towards the loan against the balance purchase consideration still not paid by GLC.

GLC's PRC lawyers have also advised that the interim applications by SDB and ABC only restrict dealing in the assets of CJDH pending final resolution of the SDB and ABC actions. The interim applications will be expunged once the PRC courts dismiss the SDB and ABC actions.

A hearing in respect of ABC's claims was held by the Beijing Court in May 2008 and judgment is pending.

(2) Hainan Co

In April 2008, GLL had disclosed that GLC had received a notice issued by the Hainan Trade Bureau purporting to revert registration in Hainan Co to its original shareholders being two of the vendors of the DZM Project, allegedly on the grounds that GLC has not paid the requisite consideration for the transfer of Hainan Co to GLC.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the vendors. GLL has taken legal advice on these matters and will strongly defend and protect its 90% interest in the DZM Project. GLC has taken various legal actions which are pending hearing and adjudication before the PRC courts.

43. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

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

Information relating to interest income from these transactions during the year and balance outstanding at the balance sheet date is set out below:-

(i) Income for the year ended 30 June

	The Group	
	2008	2007
	US$'000	US$'000
Interest income	**1,040**	484

(ii) Balance as at 30 June

	The Group	
	2008	2007
	US$'000	US$'000
Cash and short term funds	**54,120**	30,372

(b) Management fee

(i) On 21 August 2001, the Company entered into a management services agreement with GOMC Limited ("GOMC"), a subsidiary of HLCM, for provision of general management services to the Group by GOMC. Total management fees paid and payable to GOMC for the year ended 30 June 2008 amounted to US$5,669,000 (2007: US$17,015,000).

(ii) On 14 February 2007, GL, a subsidiary of the Group, entered into a management services agreement with GIMC Limited ("GIMC"), a subsidiary of HLCM, for the provision of general management services to GL. Total management fees paid and payable to GIMC for the year ended 30 June 2008 amounted to US$793,000 (2007: US$155,000).

(iii) On 14 February 2007, Guoman Hotels Limited ("Guoman"), a subsidiary of the Group, entered into a management services agreement with GIMC, a subsidiary of HLCM, for the provision of general management services to Guoman. Total management fees paid and payable to GIMC for the year ended 30 June 2008 amounted to US$1,472,000 (2007: US$662,000).

(iv) On 14 February 2007, Clermont Leisure (UK) Ltd ("Clermont"), a subsidiary of the Group, entered into a management services agreement with GIMC, a subsidiary of HLCM, for the provision of general management services to Clermont. Total management fees paid and payable to GIMC for the year ended 30 June 2008 amounted to US$60,000 (2007: US$30,000).

(v) On 3 January 2005, GuocoLand (Malaysia) Berhad ("GLM"), a subsidiary of the Group, entered into a management services agreement with HLCM for the provision of general management services to GLM. Total management fees paid and payable to HLCM for the year ended 30 June 2008 amounted to US$466,000 (2007: US$210,000).

43. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel information

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	The Group	
	2008	2007
	US$'000	US$'000
Short-term employee benefits	**3,791**	2,758

Total remuneration is included in "staff costs" (see Note 7(b)).

44. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2008 to be Guoline Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia. These entities do not produce financial statements available for public use.

45. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2008

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2008 and which have not been adopted in these financial statements:

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position whereas the adoption of HKFRS 8, Operating Segments may result in new or amended disclosures in the financial statements.

	Effective for accounting periods beginning on or after
HK(IFRIC) – INT 12, Service Concession Arrangements	1 January 2008
HK(IFRIC) – INT 14, HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
HK(IFRIC) – INT 13, Customer Loyalty Programmes	1 July 2008
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
Amendments to HKFRS 2, Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
Amendments to HKAS 32 and HKAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKAS 27 (Revised), Consolidated and Separate Financial Statements	1 July 2009
HKFRS 3 (Revised), Business Combinations	1 July 2009

Major Development Properties of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq. m	Gross floor area sq. m	Group's interest %
Singapore						
Paterson Residence situated at Paterson Road	Residential	Architectural & external works in progress	07/2008	7,774	16,327	64
The View @ Meyer situated at Meyer Road	Residential	Superstructure & architechural works in progress	02/2009	3,352	7,039	64
The Stellar situated at West Coast Road	Residential	Architectural & external works in progress	11/2008	13,245	18,543	64
The Quartz situated at Sengkang Central	Residential	Architectural works in progress	03/2009	21,985	65,956	64
Goodwood Residence situated at Bukit Timah Road	Residential	Piling works in progress	12/2012	24,845	39,752	64
Sophia Residence situated at 32 Adis Road	Residential	Planning	*	15,435	32,413	64
Palm Beach Garden situated at Elliot Walk	Residential	Planning	*	11,882	16,635	64
Leedon Heights situated at Leedon Heights	Residential	Planning	*	48,525	77,640	64
Toho Garden situated at Yio Chu Kang Road	Residential	Planning	*	8,072	11,300	64

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq. m	Gross floor area sq. m	Group's interest %
Malaysia						
Site situated at Lot 322 Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	47,307	20,624	44
Emerald 1B situated at Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan	Residential	Site clearance and earthworks in progress	*	189,877	101,002	44
Residence One and Commerce One situated at Old Klang Road, Mukim of Petaling Jaya, Kuala Lumpur	Residential	Piling works in progress	12/2009	4,047	38,624	44
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan – Ph 6, CL7 & CL8	Residential	Various stages of completion	03/2008 to 03/2010	141,919	114,794	44
– Ph 5B, Ph 8D, CL5 & CL11	Residential	Planning	*	17,442	N/A	44
Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	30,351	N/A	44
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Commercial	Planning	*	34,438	203,332	44
Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang	Residential	Planning	*	18,538	N/A	44
The Nest, situated at Seksyen 9, Tempat Sungai Kantan, Kajang, Daerah Hulu Langat, Selangor Darul Ehsan	Residential	Planning	*	35,369	16,330	44

Major Development Properties of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq. m	Gross floor area sq. m	Group's interest %
Malaysia						
Site situated within Taman Mutiara Barat, Off Jalan Cheras, Kuala Lumpur	Residential	Planning	*	65,275	44,594	44
Site situated at Changkat Kia Peng, Lot 241 Seksyen 63 Bandar, Kuala Lumpur	Residential	Planning	*	3,030	26,142	44
The OVAL situated at Jalan Binjai, Kuala Lumpur	Residential	Construction works in progress	05/2009	N/A	54,474	44
The People's Republic of China						
Hillview Regency situated in Xuanwu District, Nanjing	Residential / Commercial	Planning	*	296,002	484,676	64
Ascot Park situated in Qixia District, Nanjing	Residential	Structural works completed	12/2009	89,709	240,712	61
	Commercial	Planning	*			
Changfeng situated in Putuo District, Shanghai	SOHO / Commercial	Phase 1 - Construction works in prgress	08/2009 to 06/2010	143,845	492,412	64
		Phase 2 - Piling in progress	08/2010			
Four Seasons Park situated in Nankai District, Tianjin	Residential / Office	Planning	*	25,866	203,000	64
Dongzhimen project situated in Dong Cheng District, Beijing	Residential/ Commercial	Construction in progress	12/2009 to 04/2010	106,000	590,800	58
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential / Commercial	Phase 1 - Piling works completed	11/2009	175,553	285,000	64
		Phases 2 to 4 - Planning	*			
United States of America						
Denarau Island Resort situated in Western Viti Levu Molokai Island, Hawaii	Residential / Tourism	Planning	*	N/A	N/A	53

* Not applicable as construction for these developments have not commenced.

N/A - not applicable

Major Properties of the Subsidiaries Held for Sale

Property	Intended Use	Site area sq. m	Gross floor area sq. m	Group's interest %
Singapore				
Le Crescendo situated at Paya Lebar Road	Residential	12,323	26,182	64
Malaysia				
3 Kia Peng situated at No. 3 Jalan Kia Peng 50450 Kuala Lumpur	Commercial	13,442	77,299	50
Sri Sentosa situated at Jalan Taman Sri Sentosa 58000 Kuala Lumpur	Residential	14,717	40,000	44
Mutiara Kompleks situated at 3 1/2 Jalan Ipoh 51200 Kuala Lumpur	Office	732	732	44
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	9,339	43,550	44
Notting Hill situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	3,108	10,065	44
The People's Republic of China				
Central Park situated at Luwan District, Shanghai	Residential	14,841	73,050	63
West End Point situated in Xicheng District, Beijing	Residential/ Commercial	36,501	140,326	64

Major Properties of the Subsidiaries Held for Investment

Location	Existing Use	Tenure of Land
Singapore		
Tung Centre 20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	(Note)

Note: The Group disposed its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land in July 2006 to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

Location	Existing Use	Tenure of Land
Malaysia		
Bangunan Hong Leong No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur	Office building	Freehold
Menara Pandan Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	Office building	99 years lease with effect from 25 March 2002
Hong Kong		
The Center 15th Floor 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047