2012

ANNUAL REPORT

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

Contents

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

This report is printed on environmentally friendly paper.

Corporate Information

(As at 30 August 2012)

BOARD OF DIRECTORS

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

Non-executive Director
Kwek Leng San

Independent Non-executive Directors
Sat Pal Khattar
Volker Stoeckel
Roderic N. A. Sage

BOARD AUDIT COMMITTEE

Sat Pal Khattar — *Chairman*
Volker Stoeckel
Roderic N. A. Sage

BOARD REMUNERATION COMMITTEE

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

BOARD NOMINATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

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	30 August 2012
Closure of Register of Members for Annual General Meeting	12 November 2012 to 14 November 2012
Annual General Meeting	14 November 2012
Closure of Register of Members for final dividend	21 November 2012
Final dividend of HK$1.70 per share payable on	3 December 2012
Interim results announcement	29 February 2012
Closure of Register of Members for interim dividend	16 March 2012
Interim dividend of HK$0.50 per share paid on	26 March 2012

Corporate Organisation Chart

(As at 30 August 2012)

Guoco Group Limited (1)

Principal Investment

- 100% **GuocoEquity Assets Limited**

Property Development & Investment

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

Hospitality & Leisure Business

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

Financial Services

- 25.4% **Hong Leong Financial Group Berhad**(3)
  - 64.4% Hong Leong Bank Berhad(3)
    - 100% Hong Leong Islamic Bank Berhad
  - 100% HLA Holdings Sdn Bhd
    - 70% Hong Leong Assurance Berhad
    - 65% Hong Leong MSIG Takaful Berhad
    - 30% MSIG Insurance (Malaysia) Berhad
    - 100% Hong Leong Insurance (Asia) Limited
  - 79.1% Hong Leong Capital Berhad(3)
    - 100% MIMB Investment Bank Berhad
    - 100% Hong Leong Asset Management Berhad
- 100% **GuocoCapital Limited**
- 100% **GuocoCommodities Limited**

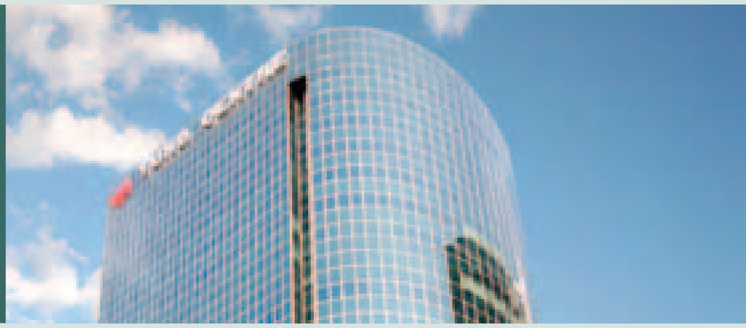
(1) Listed in Hong Kong
(2) Listed in Singapore
(3) Listed in Malaysia
(4) Listed in London

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

Corporate Profile

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

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



PRINCIPAL INVESTMENT

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

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

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

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

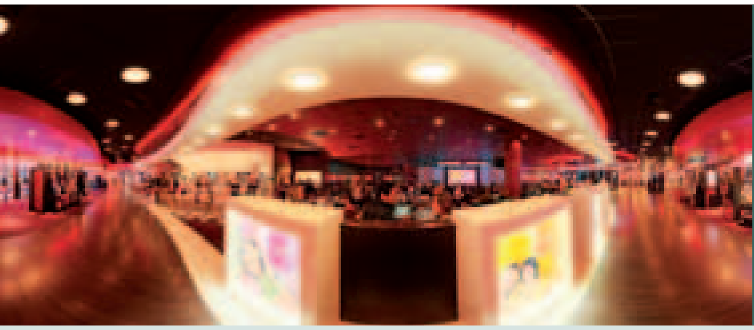
PROPERTY DEVELOPMENT AND INVESTMENT

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

In Singapore, it has developed and sold 30 residential projects, yielding more than 8,400 apartments and homes. In China, GuocoLand has established a strong presence and has a sizeable property portfolio in the major cities of Beijing, Shanghai, Nanjing and Tianjin.

In Malaysia, GuocoLand has established an embedded property operation via its Malaysia listed subsidiary, GuocoLand (Malaysia) Berhad, with property development, property investment as well as hotel and resort holdings business. In Vietnam, GuocoLand is developing its first integrated project on a 17.5 hectare site located next to the Vietnam Singapore Industrial Park in Binh Duong Province, north of Ho Chi Minh City.

Corporate Profile



HOSPITALITY AND LEISURE BUSINESS

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

GHL owns, leases or manages 39 hotels (more than 9,000 rooms) under two brands, the deluxe "Guoman" brand, which now consists of five major central London hotels with over 2,600 rooms, and the premium "Thistle" brand with more than 5,700 rooms in London and the counties and provinces of the United Kingdom as well as two Thistle hotels in Malaysia with more than 600 rooms.

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

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

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

Rank's businesses comprise a number of established gaming based entertainment operations in Great Britain, Spain and Belgium, including Mecca Bingo, a leading operator of bingo clubs in Great Britain; Grosvenor Casinos, an operator of casinos in Great Britain and two other casinos in Belgium; Top Rank España which operates 11 premium bingo clubs in Spain; and Rank Interactive which distributes Rank's Mecca Bingo, Grosvenor Casinos and Blue Square sports gaming brands, via online and mobile media.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG"), an associated company of the Group, is an integrated financial services group and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in Malaysia. HLFG's commercial banking subsidiary is Hong Leong Bank Berhad ("HLB") which is also listed on the Main Market of Bursa Securities. HLB has currently over 330 branches in Malaysia with overseas branches in Singapore and Hong Kong and a wholly owned subsidiary in Vietnam, providing comprehensive services in personal financial services, treasury, corporate and commercial banking. HLB also has a presence in China via an interest of 19.99% in the Bank of Chengdu Co., Limited ("BOCD") and 49% in Sichuan Jincheng Consumer Finance Limited Liability Company, a joint venture company between BOCD and HLB.

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

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

HLFG's other financial services interests are held through Hong Leong Capital Berhad ("HLCB") which is listed on the Main Market of Bursa Securities. MIMB Investment Bank Berhad, one of HLCB's subsidiaries after consolidation with the operation of Hong Leong Investment Bank Berhad, undertakes investment banking, stockbroking and futures broking businesses. Another wholly owned subsidiary, Hong Leong Asset Management Bhd, is involved in unit trust management, fund management and sale of unit trust.

As at 30 June 2012, the HLFG Group employs over 11,000 employees to deliver quality and competitive financial products and services to customers in Malaysia, Singapore, Hong Kong, Vietnam and China.

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

Biographical Details of Directors and Senior Management

Quek Leng Chan

Mr Quek, aged 69, has been the Executive Chairman of Guoco Group Limited ("Guoco") since 1990 and is the Chairman of the Board Nomination Committee ("BNC") and a member of the Board Remuneration Committee ("BRC") of Guoco. He is the Chairman & CEO and a shareholder of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company of Guoco. Mr Quek is the Chairman of HL Holdings Sdn Bhd (a deemed substantial shareholder of Guoco), which is wholly owned by him. He is a director and shareholder of Davos Investment Holdings Private Limited and a director of Hong Leong Investment Holdings Pte Ltd, both of which are deemed substantial shareholders of Guoco. He holds directorships in Guoco's key listed subsidiaries and associated companies, including as a director of GuocoLand Limited ("GuocoLand"); as the Executive Chairman of GuocoLeisure Limited ("GuocoLeisure") and GuocoLand (Malaysia) Berhad; and as the Chairman of Hong Leong Financial Group Berhad, Hong Leong Bank Berhad ("HLB") and Hong Leong Capital Berhad. He qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate. He is a brother of Messrs Kwek Leng Hai and Kwek Leng San and a cousin of Mr Kwek Leng Kee, a deemed substantial shareholder of Guoco.

Kwek Leng Hai

Mr Kwek, aged 59, is the President, CEO of Guoco and has been an Executive Director of Guoco since 1990. He holds directorships in the Guoco's key subsidiaries and associated companies including GuocoLand, GuocoLeisure, HLB and Bank of Chengdu Co., Ltd. He also serves as the Chairman of Lam Soon (Hong Kong) Limited ("LSHK"), a Hong Kong listed subsidiary of HLCM. He is also a director and shareholder of HLCM. Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales. He is a brother of Messrs Quek Leng Chan and Kwek Leng San and a cousin of Mr Kwek Leng Kee.

Sat Pal Khattar

Mr Khattar, aged 69, has been an Independent Non-executive Director of Guoco since 1991 and is the Chairman of Board Audit Committee ("BAC") of Guoco. He is the Chairman and independent non-executive director of GuocoLand and GuocoLeisure respectively, subsidiaries of Guoco listed in Singapore. He is also a director of Haw Par Corporation Limited listed in Singapore and Gateway Distriparks Ltd listed in India. Mr Khattar 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

Mr Kwek, aged 57, a Non-executive Director of Guoco since 1990. He is the Executive Chairman of Malaysian Pacific Industries Berhad, Chairman of Hong Leong Industries Berhad, Narra Industries Berhad and Southern Steel Berhad as well as a director of HLB, all Malaysian listed subsidiaries of HLCM. He is a director and shareholder of HLCM and Chairman of Hume Industries (Malaysia) Sdn Bhd, another Malaysian subsidiary of HLCM which was delisted from the official list of Bursa Malaysia Securities Berhad in April 2010. He graduated from University of London with a Bachelor of Science (Engineering) degree and also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing. He is a brother of Messrs Quek Leng Chan and Kwek Leng Hai and a cousin of Mr Kwek Leng Kee.

Biographical Details of Directors and Senior Management

Tan Lim Heng

Mr Tan, aged 64, joined GuocoCapital Limited and GuocoCommodities Limited, wholly owned subsidiaries of Guoco, as the Managing Director in 1990, and has been an Executive Director of Guoco since 1996. He also serves as a non-executive director of LSHK. Mr Tan holds a Bachelor of Science first class honours degree in engineering from University of Surrey and a Master of Science degree in management from Massachusetts Institute of Technology. He had also previously worked in Geneva in 1974 with the United Nations Conference on Trade and Development. Prior to joining Guoco, he had served in the Singapore Civil Service as a Colombo Plan Scholar 1975-1978 before coming to work in Hong Kong with a financial services company and a major U.S. bank. Mr Tan has extensive experience in property investment, financial and investment management services.

Volker Stoeckel

Mr Stoeckel, aged 67, has been an Independent Non-executive Director of Guoco since 2004 and is the Chairman of the BRC and a member of both the BAC and the BNC of Guoco. He was Chairman and CEO of Metal Cast Zhong Shan Limited during the period from 2007 to 2009. He was also the Chairman and CEO of the German Centre for Industry and Trade in Shanghai until 2006. Before that he held various senior banking positions in Asia for over 26 years. Until 2004 he was the Senior Executive Vice President and Chief Executive of Asia Pacific of Bayerische Landesbank, Regional Head Office, in Hong Kong. Mr Stoeckel has wide ranging experience in capital markets, corporate finance, project finance, treasury and securities business, and property development of commercial and industrial projects in China. He is also a consultant for major companies in Asia for projects in Europe. He graduated from the University of Munich in economics and holds a diploma in banking.

Roderic N. A. Sage

Mr Sage, aged 59, was appointed as an Independent Non-executive Director of Guoco since October 2009 and is a member of the BAC, BRC and BNC of Guoco. He is the Chief Executive Officer of a specialist tax, corporate services and trust consultancy firm in Hong Kong. Prior to that, Mr Sage had worked with KPMG Hong Kong over 20 years until 2003, as a senior partner and member of the management board of KPMG. He has been granted fellow status with the Institute of Chartered Accountants in England and Wales and with the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Taxation in England. He has over 30 years' experience in accounting, international tax planning and investment structuring enhanced by considerable knowledge of cross-boarder and onshore and offshore transactions and structures.

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

Financial Highlights

Financial highlights of Guoco Group for the year ended 30 June 2012:

	Year ended 30 June 2012 HK$'M	Year ended 30 June 2011 HK$'M	Increase/ (Decrease)
Turnover	**21,493**	37,528	(43%)
Revenue	**12,757**	7,662	66%
(Loss)/profit from operations before finance cost	**(1,077)**	2,968	N/A
(Loss)/profit attributable to shareholders of the Company	**(1,294)**	4,159	N/A
	HK$	HK$	
(Loss)/earnings per share	**(3.98)**	12.80	N/A
Dividend per share:			
Interim	**0.50**	1.00	
Proposed final	**1.70**	2.20	
Total	**2.20**	3.20	(31%)
Equity per share attributable to shareholders of the Company	**134.32**	148.94	(10%)

	As at 30 June 2012 HK$'M	As at 30 June 2011 HK$'M	(Decrease)
Equity attributable to shareholders of the Company	**44,198**	49,007	(10%)
Total assets	**107,331**	116,853	(8%)
Total liabilities	**52,564**	56,618	(7%)

Ten Year Summary

US$'000

Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit/(loss) for the year attributable to shareholders of the Company	Dividend per share US$
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
2009	9,530,768	3,367,014	5,121,487	61,364	0.26
2010	9,743,006	3,215,707	5,569,187	363,626	0.36
2011	15,014,970	7,275,121	6,297,179	534,459	0.41
2012	**13,838,778**	**6,777,309**	**5,698,683**	**(166,810)**	**0.28**

HK$'000

Years	Total assets	Total liabilities	Equity attributable to shareholders of the Company	Profit/(loss) for the year attributable to shareholders of the Company	Dividend per share HK$
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
2009	73,864,407	26,094,697	39,692,037	475,577	2.00
2010	75,843,455	25,032,349	43,352,779	2,830,611	2.80
2011	116,853,254	56,618,266	49,007,481	4,159,400	3.20
2012	**107,331,487**	**52,563,792**	**44,198,131**	**(1,293,754)**	**2.20**

Note: The figures for 2003 and 2005 were restated due to change in accounting policies.

Chairman's Statement

"WHILE SHORT-TERM VOLATILITY IS LIKELY TO PREVAIL AFFECTING THE VALUE OF OUR INVESTMENTS ON REPORTING DATES, WE BELIEVE CAREFULLY SELECTED INVESTMENTS WITH SOUND FUNDAMENTALS WILL PRESENT ATTRACTIVE RECOVERY OPPORTUNITIES."

We all live in challenging times. All major countries in the world are economically affected by the moribund global economy. As a holding company with operating subsidiaries and associates in a number of countries and with one of its principal activities being market investments, the Group cannot escape the market malaise that is prevalent.

Nevertheless, most of our operating subsidiaries and associates were profitable during the year. In the investment area we suffered from the extremely bad state of the global markets in the third quarter of 2011 when the Eurozone countries faced near panic situation. While we were able to recover half of the HK$2.6 billion loss incurred at mid year, we still sustained a loss for the full year, primarily on the unrealised losses on the investments.

Whilst central banks and other global authorities remained active during the year to support their economies by stimuli and purposeful actions to address the problems they faced, a number of structural issues remain unresolved and the future remains unclear.

FINANCIAL RESULTS

The Group registered a consolidated loss attributable to shareholders, after taxation and minority interests for the year, of HK$1,294 million.

Notwithstanding the loss, directors are recommending a final dividend of HK$1.70 per share at the forthcoming Annual General Meeting on 14 November 2012. Together with the interim dividend of HK$0.50 per share paid earlier, the total dividend for the year will be HK$2.20 per share (2011: HK$3.20 per share). Your Board's commitment to maintaining a balanced distribution to shareholders is important even though it is less than last year's distribution.

Chairman's Statement

CORE BUSINESSES

Principal Investment

Our investment portfolio showed a loss for the year. This was partially mitigated by dividend income of US$104 million received during the year. As our reported losses are mainly unrealised, we believe the value of our holdings will recover over time.

In terms of our trading investments, the future is hard to predict. Weak global growth, unresolved Eurozone debt crisis and the prospect of weaker earnings worldwide are sure to contribute to volatility. However, continued active policy supported by various governments, generally strong corporate balance sheets and undemanding valuation point to opportunities going forward.

During the year, the balanced approach by our Treasury team in managing our currency exposures continued to be effective despite the choppy market conditions, and made a positive contribution to the Group's results.

Property Development and Investment

GuocoLand Limited

Despite various measures to cool the property market in Singapore and China, which prompted a slowdown in sales, GuocoLand managed to achieve sales revenues of S$678 million for the year.

In Singapore, the proposed integrated development at Tanjong Pagar is being built on a prime 161,703-square-feet site within the Central Business District. Located above the Tanjong Pagar MRT station, this iconic development will be 290 metres high, making it the tallest building in Singapore. This ideally located development will comprise exclusive residential apartments, an international hotel and premier Grade A office and retail space. This ambitious development will be a landmark in Singapore.

Chairman's Statement

In April 2012, Damansara City, the flagship project for GuocoLand Malaysia, received a 5-star award in the Residential High-Rise Development category. The Damansara City Mall received a Highly Commended Award in the Retail Development category, both from the prestigious Asia-Pacific Property Awards.

GuocoLand attempts to create unique selling points for its projects, including innovative design and environmentally friendly concepts. With four integrated mixed-development projects in its embedded markets, GuocoLand also aims to grow its investment property portfolio to provide recurring income stream as a significant profit contributor in future.

Hospitality and Leisure Businesses

GuocoLeisure Limited

GuocoLeisure made significant progress in upgrading its portfolio of hotels ahead of the London 2012 Olympic Games. The Grosvenor Hotel in Victoria, Thistle Euston, Thistle Kensington Gardens, The Royal Trafalgar and Thistle Piccadilly have benefitted from the substantial refurbishment of its rooms and public areas. The Thistle brand received the prestigious "UK Hotel Group of the year Award 2011/12", which recognises achievements in the hospitality sector such as enhanced hospitality, assured accreditation, improved standards and significant refurbishment of its portfolios. GuocoLeisure continually looks to reduce costs and streamline processes.

GuocoLeisure's Bass Strait investment in Australia had a good year as royalty income from oil and gas production increased due to the higher average crude oil and gas prices. The strong value of the Australian dollar contributed to the bottom line.

The Rank Group Plc

Rank made further progress and achieved solid revenue growth despite a challenging environment in the UK. Investment in new areas will broaden the appeal of its brands. The proposed acquisition of Gala Casinos (which remains subject to regulatory approval) will enhance Rank's position by broadening both its customer base and its distribution footprint. Further to the Fair Trade Office's decision in August 2012 to refer the proposed transaction to the Competition Commission, management is considering the implications of the decision to decide on appropriate action on the acquisition.

Financial Services Group

Hong Leong Financial Group Berhad

The significant corporate exercises undertaken by HLFG last year, including the merger with EON Bank, the formation of life and general insurance joint ventures with Mitsui Sumitomo Insurance Group and the group restructure of its investment banking division, will put it in good stead for future business growth and profitability.

The merger with EON Bank is proceeding well. For the year ended 30 June 2012, Hong Leong Bank successfully executed various initiatives to deliver meaningful cost savings from new and recurring synergies. We expect that full integration will result in greater economies of scale and efficiency. This brings opportunities for the combined banking group.

Chairman's Statement

HLFG has begun to benefit from these initiatives. The consolidated strength is reflected in the strong growth of net recurring profit for the year. HLFG is well placed to take advantage of opportunities to enhance its competitive position as a leading integrated financial services group.

GROUP HUMAN RESOURCES

A primary factor for the continued success of our Group is the quality human resources of our people who are capable of taking leadership positions. The Group places great emphasis on quality managers and staff, and on training and nurturing our people in order to expand our talent pool. I take pride in noting that our people power has consistently improved to foster a culture for high performance with high moral standards.

OUTLOOK

Given that the US Fed has committed to keeping interest rates low for a long period, and given that the Chinese authorities have recently accelerated their stimulus measures, we believe that the global macro backdrop will not see significant deterioration. How long the present economic woes affecting global markets will drag on, however, is open. While short-term volatility is likely to prevail affecting the value of our investments on reporting dates, we believe carefully selected investments with sound fundamentals will present attractive recovery opportunities.

APPRECIATION

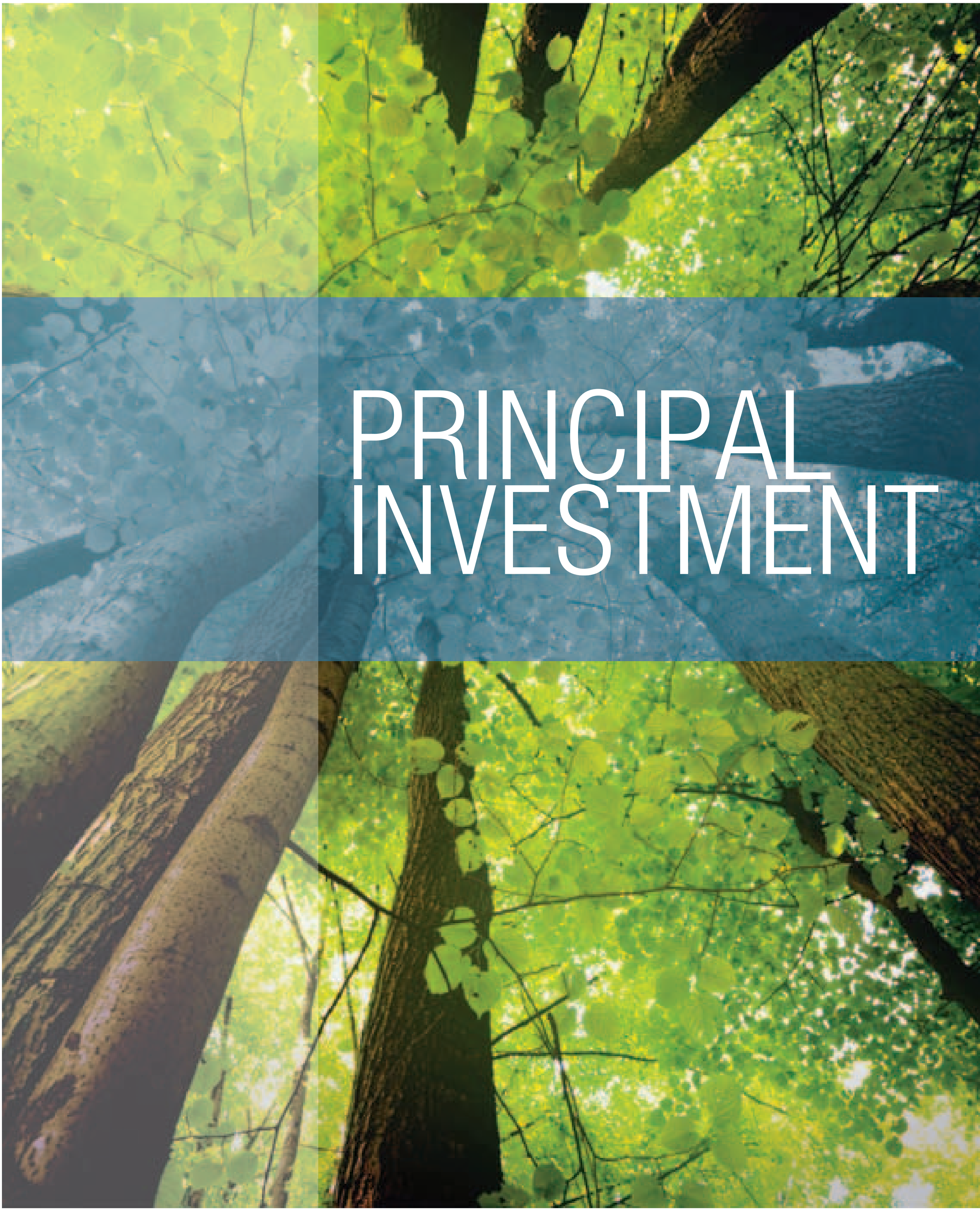
Mr Sat Pal Khattar, who has served as an independent non-executive director of the Company since January 1991, has informed the Board that he would like to retire and will not be offering himself for re-election at the coming Annual General Meeting. The Board and I would like to thank him for his wise counsel and invaluable contributions he has made to the Group over the years.

Once again, I would like to express my gratitude to my fellow directors for their work and advice during the year. To our management and staff, I thank them for their dedication and commitment working as a team for the advancement of the Group. I am grateful to our shareholders, bankers, customers and business associates for their continued support.

I am proud of our staff's enthusiastic participation in charity activities and caring for the community. For the fifth successive year, one of our board members achieved the Top Individual Fund-raiser Award in the Community Chest Walks for Millions. Overall, the Company was recognised for the seventh year with the Platinum Award and the prestigious President's Award for our continuous efforts and commitment towards improving local community well-being.

Quek Leng Chan
Executive Chairman
30 August 2012

Review of Operations



Review of Operations

PRINCIPAL INVESTMENT

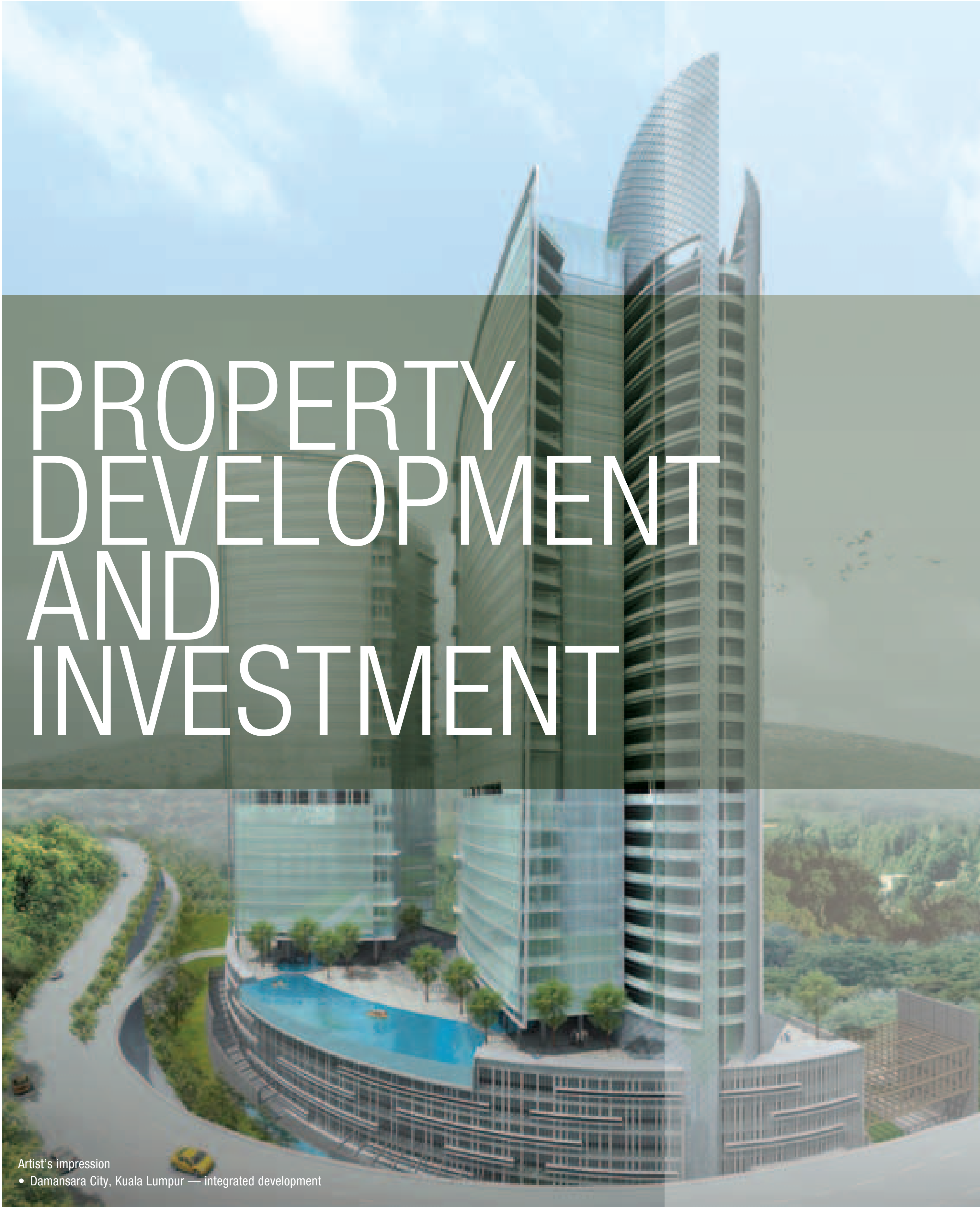
Global equities had a disappointing year with all major global equity markets recording negative returns. Despite on-going monetary and other support measures, market sentiment was plagued by worries of the contagion impact from the Eurozone debt crisis, a faltering US recovery and intensified slowdown in the Chinese economy.

We continue to focus on long-term strategic investments. Valuations were inevitably affected by market volatility. We believe valuations will recover over time.

The Treasury team has also strengthened its research, analytics and risk management to deal with volatile market conditions and to enhance its performance.

Review of Operations

PROPERTY DEVELOPMENT AND INVESTMENT



Artist's impression
• Damansara City, Kuala Lumpur — integrated development

Review of Operations

From Left to Right

Artist's impressions
- Sophia Residence, Singapore
- Goodwood Residence, Singapore

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

GuocoLand's profit attributable to shareholders was S$63.2 million for the year ended 30 June 2012. The decrease in profit was mainly attributable to lower fair value gain from investment properties which was included in other income. The gain was S$58.8 million for the previous year as against S$3.9 million in the current year.

Revenue for the current year decreased marginally by 1% to S$678.5 million. This was mainly due to lower revenue from China, offset by higher revenue derived from the progressive recognition from Singapore residential projects. During the previous year, revenue was recognised from sales of completed projects in China, such as Ascot Park in Nanjing and SOHO units in Shanghai GuoSon Centre. With the adoption of Interpretation of Financial Reporting Standard 115, sales of units in Tianjin Seasons Park, as well as Goodwood Residence units under the deferred payment scheme were not recognised as revenue.

Other expenses decreased by 16% to S$13.1 million. Finance costs increased by 61% to S$56.5 million mainly due to higher borrowings in the current year.

Shareholders' equity remained at S$2.4 billion as at 30 June 2012. Profits for the year and foreign currency translation gain on GuocoLand's China operations were offset by the dividend payout of S$88.8 million.

Review of Operations

Singapore

Revenue and profit before tax for GuocoLand (Singapore) Pte. Ltd. increased by 44% and 6% respectively as compared to the previous year, due to higher progressive revenue recognition from residential projects.

Sentiment for luxury residential properties in Singapore continued to be cautious following the latest cooling measures were imposed by the government in December 2011. Prices, however, have remained relatively stable, particularly for suburban residential properties. Demand from foreign buyers is likely to be dependent on the health of the global economy.

From Left to Right

Artist's impressions
- Tanjong Pagar integrated development, Singapore 1.7 million sq. ft., located above the Tanjong Pagar MRT Station. It will stand at a height of 290 metres and be amongst the tallest buildings in Singapore.
- Seasons Park • Tianjin
- Guoson Centre • Changfeng • Shanghai

Review of Operations

China

Revenue from GuocoLand (China) Limited ("GuocoLand China") decreased by 46% mainly due to fewer projects completed in the current year as compared to the previous year. This resulted in a loss from GuocoLand China.

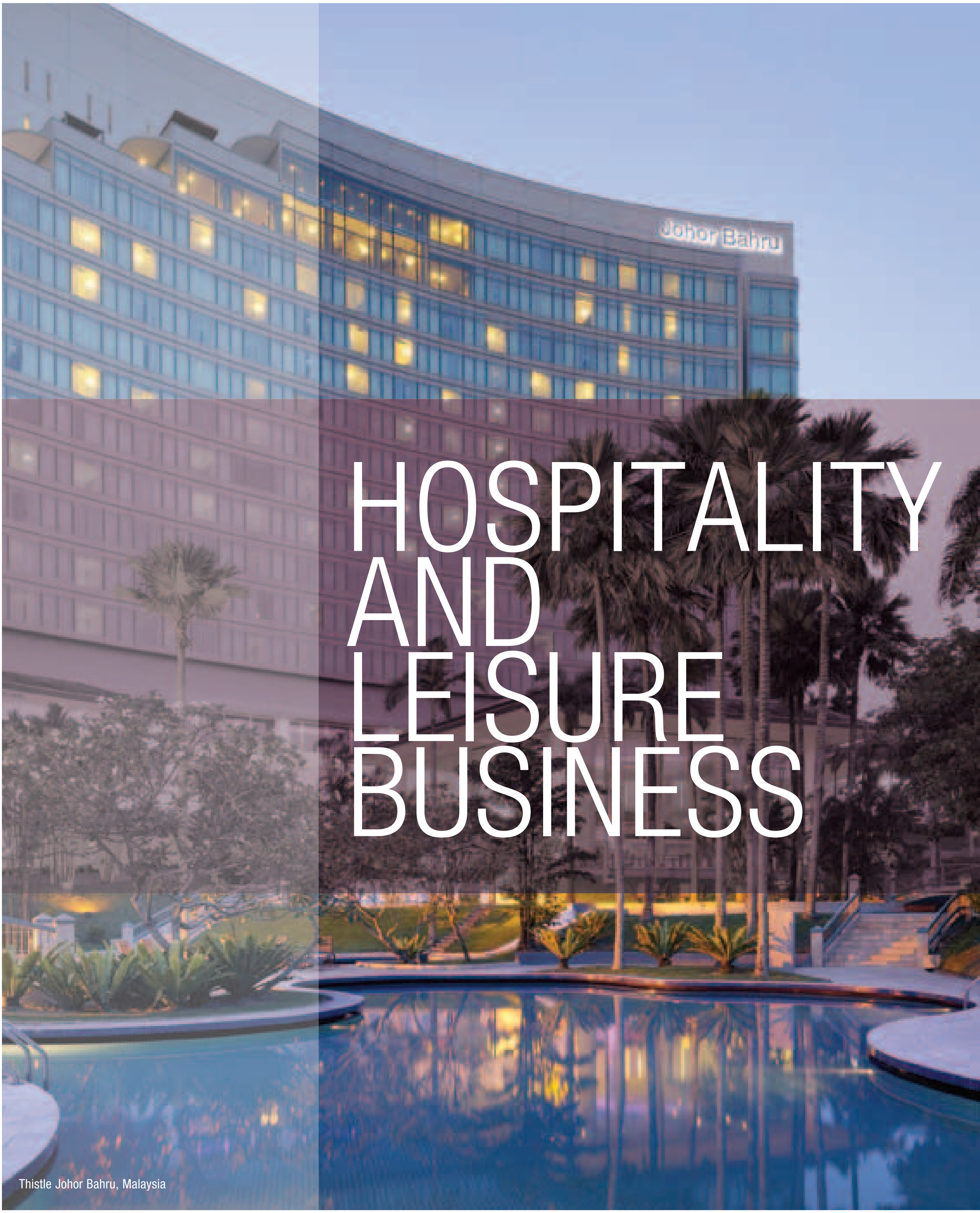
In China, the government's measures to curb speculation in real estate have continued to slow the growth of this sector; weakening demands as well as moderating prices. The government's measures to ensure stable and sustainable growth in the property sector should be conducive to long-term prospects.

Looking ahead

With an uncertain global economic outlook and slower pace of growth in Asia, GuocoLand expects a challenging year ahead. The subsidiary is positive about its key property markets as the underlying fundamentals in these markets remain sound.

Review of Operations

HOSPITALITY AND LEISURE BUSINESS



Thistle Johor Bahru, Malaysia

Review of Operations

The Tower Hotel • Guoman, London
One of the five major central London hotels under Guoman Hotels Group.

HOSPITALITY AND LEISURE BUSINESS

GuocoLeisure Limited ("GuocoLeisure")

GuocoLeisure recorded a profit after tax for the year ended 30 June 2012 at US$77.0 million, a decrease of 3.5% as compared to US$79.8 million in the previous year.

Revenue was at US$369.8 million, which was 5.4% below that of the previous year. This was mainly due to lower revenues generated from gaming.

Income from the Bass Strait oil and gas royalty in Australia increased by 20.9% to US$53.7 million, principally due to higher average crude oil and gas prices. In addition, a one-off distribution of US$5.4 million arising from the resolution of a royalty entitlement dispute was received during the year.

Other operating income decreased by 17.9% to US$18.3 million for the year ended 30 June 2012 mainly due to a one-off cash distribution from investments in the previous year.

Direct costs decreased by 3.2% as compared to the previous year. This was mainly due to lower gaming duties which fell in tandem with the decrease in revenue from gaming operations.

Personnel expenses increased by 2.6% in the current year. This was mainly due to the expansion of sales and marketing teams for the UK hotel operations.

Review of Operations

The decrease in other operating expenses for the current year reflected overall cost savings.

GuocoLeisure's net assets as at 30 June 2012 increased by 1.8% to US$1.12 billion from US$1.10 billion as at 30 June 2011, principally due to the net effect of earnings generated during the year offset by net foreign exchange translation losses arising from translation of GBP- and AUD-denominated net assets into USD.

Looking ahead

The continuing Eurozone crisis and economic slowdown in UK had an adverse impact on GuocoLeisure's hospitality and leisure business. However, the company remains financially robust with steady cash flows. Action to reduce costs and streamline operations and property upgrades will help to ensure continuing profitability in the future.

From Left to Right

Thistle Port Dickson, Malaysia
Grosvenor Casino • Rank, UK
Mecca Bingo • Rank, UK

The Rank Group Plc ("Rank")

Profit after taxation but before exceptional items of Rank increased by 15.7% to GBP44.1 million following continued strong turnover in the UK, lower interest costs and the receipt of value added tax refunds in early 2011 and a reduction in the effective tax rate.

Exceptional items totalling GBP16.0 million comprised impairment charges mainly in relation to six bingo clubs in Spain, fees in relation to the provisional agreement to acquire 23 casinos in Great Britain, restructuring costs following the decision to close a number of underperforming clubs in the UK and an increase in the onerous lease provisions following a reduction in the discount rate applied to future liabilities.

During the 12 months to 30 June 2012, Rank's revenue grew by 3.4% to GBP600.5 million, while operating profit before exceptional items of GBP65.5 million was up 4.1%. For the UK businesses, Grosvenor Casinos and Rank Interactive both delivered strong increases in operating profit but Mecca Bingo profits were adversely impacted by increased gaming duty and property costs. Top Rank España and the two Belgium casinos experienced difficult trading conditions following the implementation of smoking bans and the continuing difficult economic conditions in the Eurozone.

Rank announced on 12 May 2012 that it had conditionally agreed to acquire Gala Casinos Limited from Gala Coral Group Limited for a total cash consideration of GBP205 million. The proposed acquisition remains subject to regulatory approval. Rank intends to finance the acquisition, along with its related costs and expenses with bank facilities.

Review of Operations

FINANCIAL SERVICES

Review of Operations

Immediately following the acquisition of EON Capital Group, number of branches in Malaysia of Hong Leong Bank Berhad has grown to 329, providing comprehensive services in personal financial services, treasury, corporate and commercial banking.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG achieved a profit before tax of RM2,222.5 million for the year ended 30 June 2012 as compared to RM2,422.7 million in the previous year. Stripping away a RM619.0 million one-off gain and a RM175.0 million one-off surplus transfer from HLFG's insurance deal last year, HLFG recorded an increase in profit before tax by 36.5% or RM593.8 million. This was mainly due to a much higher contribution from the enlarged Hong Leong Bank entity arising from the acquisition of assets and liabilities of EON Capital Group ("EON") on 6 May 2011.

The commercial banking division recorded a profit before tax of RM2,108.9 million for the current year as compared to RM1,415.2 million in the previous year, an increase of RM693.7 million or 49.0%. The higher contribution was mainly due to the acquisition of the entire assets and liabilities of EON, coupled with a higher share of profits from the investment in Bank of Chengdu Co., Ltd.

The investment banking division comprising investment banking, brokerage and asset management activities, recorded a profit before tax of RM49.5 million for the current year as compared to RM50.5 million in the previous year. The slight drop in profit was mainly due to lower net contributions and management fee income from the asset management business as well as higher overhead expenses incurred. Hong Leong Capital Berhad completed the acquisition of 100% equity interest in MIMB Investment Bank Berhad ("MIMB", previously held by EON) in June 2012 and expects to complete the integration of Hong Leong Investment Bank Berhad and MIMB shortly to produce a more dynamic, integrated investment banking division, operating under the name of MIMB.

Review of Operations

The insurance division registered a profit before tax of RM144.3 million for the current year as compared to RM174.5 million 'normalised profit' in the previous year.

Gross premiums of its life insurance segment, Hong Leong Assurance Berhad ("HLA"), grew by 26.6% year-on-year to RM1,653 million, another record for HLA. The driving force behind its record premiums has been a steady expansion in its agency force over the last five years. HLA is now a top 3 insurer among all domestic and foreign life insurers in terms of new business premiums. HLFG's 30%-owned associate general insurance company, MSIG Insurance (Malaysia) Berhad ("MSIG") also achieved record gross premiums, topping the RM1 billion mark at RM1.24 billion (up 29% year-on-year). MSIG has cemented its top 2 spot in terms of gross premiums.

Hong Leong Assurance Berhad has become the top three life insurer in Malaysia in terms of new business premiums as a result of the formation of a strategic partnership with Mitsui Sumitomo Insurance Company, Limited, the largest general insurer in Japan.

Review of Operations

GROUP FINANCIAL COMMENTARY

Financial Results

The Group reported a consolidated profit attributable to shareholders of HK$1.3 billion for the second half of the financial year thereby reducing the consolidated loss attributable to shareholders of HK$2.6 billion for the first six months period. The consolidated loss of HK$1.3 billion for the whole financial year was mainly from its principal investment business. Basic loss per share amounted to HK$3.98.

For the year ended 30 June 2012, the principal investment division posted a net loss of HK$2.2 billion of which HK$2.4 billion represented unrealised losses on trading financial assets. Operating loss of HK$314 million recorded by us from property development and investment was as a result of the reversal of HK$1.1 billion profits earned by our principal subsidiary, GuocoLand Limited, due to us adopting the completion of construction method for revenue recognition.

We generated profit (before taxation) from the following sources:

- hospitality and leisure business of HK$1.0 billion;
- contributions from associates and jointly controlled entities of HK$798 million;
- oil and gas royalty of HK$381 million;

and set off by finance cost of HK$801 million.

Revenue increased by HK$5.1 billion to HK$12.8 billion. The increase was mainly attributable to the increase in hospitality and leisure sector of HK$6.2 billion, net off by decrease in property development and investments of HK$1.3 billion. Administrative and other operating expenses increased by HK$2.3 billion to HK$4.6 billion. The higher revenue and administrative and other operating expenses were primarily due to the consolidation of the results of The Rank Group Plc which became a subsidiary in June 2011.

Capital Management

— The Group's consolidated total equity (including non-controlling interests) as at 30 June 2012 amounted to HK$54.8 billion, a decrease of 9% compared to the total equity as at 30 June 2011.

— The Group's consolidated total equity attributable to shareholders of the Company as at 30 June 2012 amounted to HK$44.2 billion, a decrease of HK$4.8 billion compared to the previous year.

Review of Operations

Capital Management (cont'd)

— The equity-debt ratio as at 30 June 2012 is as follows:

	HK$'M
Total borrowings	43,849
Less: Cash and short term funds	(8,800)
Marketable securities	(9,512)
Net debt	25,537
Equity attributable to shareholders of the Company	44,198
Equity-debt ratio	63:37

— The Group's total cash balance and marketable securities were mainly in USD (46%), AUD (10%), JPY (9%), SGD (9%) and HKD (8%).

Total Borrowings

The decrease in total borrowings from HK$47.4 billion as at 30 June 2011 to HK$43.8 billion as at 30 June 2012 was primarily due to repayment of loans. The Group's total borrowings are mainly denominated in SGD (58%), USD (17%), GBP (7%) and RMB (7%).

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

	Bank loans HK$'M	**Mortgage debenture stock** HK$'M	**Other borrowings** HK$'M	**Total** HK$'M
Within 1 year or on demand	11,088	–	3,880	14,968
After 1 year but within 2 years	2,825	–	1,287	4,112
After 2 years but within 5 years	14,368	1,792	6,885	23,045
After 5 years	828	713	183	1,724
	18,021	2,505	8,355	28,881
	29,109	2,505	12,235	43,849

Bank loans, mortgage debenture stock and other borrowings are secured by certain development properties, fixed assets and trading financial assets with an aggregate book value of HK$40.0 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2012 amounted to approximately HK$12.0 billion.

Total Borrowings (cont'd)

To tap the low interest rate markets and to diversify its funding, Dynamic Talent Limited (a wholly owned subsidiary of the Company) in July 2012 established a US$3 billion (approximately HK$23.3 billion) medium term note programme (the "MTN Programme"), which is unconditionally and irrevocably guaranteed by the Company. Notes for an aggregate nominal amount of US$500 million (approximately HK$3.9 billion) with a tenor of 5 years were issued under the MTN Programme. The funds raised via the MTN Programme will be used for working capital and general corporate purposes.

Interest Rate Exposure

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

As at 30 June 2012, approximately 73% of the Group's borrowings were at floating rates and the remaining 27% were at fixed rates.

Foreign Currency Exposure

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

As at 30 June 2012, there were outstanding foreign exchange contracts with a total notional amount of HK$20.3 billion for hedging of foreign currency equity and bond investments.

Equity Price Exposure

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

Contingent Liabilities

Details are encapsulated in note 42 "Contingent Liabilities" to the Financial Statement in this annual report.

HUMAN RESOURCES AND TRAINING

The Group employed approximately 13,100 employees as at 30 June 2012. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share options are granted to eligible employees to reward their contribution and foster loyalty towards the Group.

Corporate Governance Report

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

The board of directors of the Company (the "Board") has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the principles set out in Appendix 14 (the "HKEx Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The CGP Code was recently updated to take effect from April 2012 to reflect the new requirements under the revised HKEx Code (the "Revised HKEx Code"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the letter of the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the HKEx Code for the period from 1 July 2011 up to 31 March 2012 and the Revised HKEx Code for the period from 1 April 2012 to 30 June 2012, except where otherwise stated.

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; reviewing and approving important matters such as financial results, investments and divestments and other material transactions; and reviewing the Company's policies and practices on corporate governance.

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

The Board currently comprises the following members:

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

Non-executive Director
Kwek Leng San

Independent Non-executive Directors
Sat Pal Khattar
Volker Stoeckel
Roderic N. A. Sage

A. DIRECTORS (cont'd)

1. The Board (cont'd)

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

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

The Company received confirmation of independence from each of the INEDs for the year pursuant to Rule 3.13 of the Listing Rules. The Company considers that Messrs Sat Pal Khattar, Volker Stoeckel and Roderic N. A. Sage continue to be independent up to and as at the date of this report.

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

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

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

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

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

Corporate Governance Report

A. DIRECTORS (cont'd)

3. Board Meetings and Access of Information

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

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

	Meetings attended/held
Executive Directors	
Quek Leng Chan	4/4
Kwek Leng Hai	4/4
Tan Lim Heng	4/4
Ding Wai Chuen (resigned on 1 June 2012)	4/4
Non-executive Director	
Kwek Leng San	4/4
Independent Non-executive Directors	
Sat Pal Khattar	4/4
Volker Stoeckel	4/4
Roderic N. A. Sage	4/4

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

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

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

4. Directors' Securities Transactions

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

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

A. DIRECTORS (cont'd)

5. Directors' Continuous Training and Development Programme

Pursuant to the Revised HKEx Code which took effect on 1 April 2012, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant.

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

During the period from 1 April 2012 to 30 June 2012, all directors of the Company namely, Messrs Quek Leng Chan, Kwek Leng Hai, Sat Pal Khattar, Kwek Leng San, Tan Lim Heng, Volker Stoeckel and Roderic N. A. Sage, received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations applicable to the Group was provided to the directors. They also attended regulatory update sessions and seminars on relevant topics. All directors are requested to provide the Company with their respective training record pursuant to the CGP Code.

B. DIRECTORS' REMUNERATION

1. Board Remuneration Committee ("BRC")

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

Membership and attendance

For the year ended 30 June 2012, the following members and their attendance at the meetings are set out below:

Composition as at 30 June 2012	Meetings attended/held
Chairman	
Volker Stoeckel [Note 1]	2/2
Members	
Quek Leng Chan [Note 2]	2/2
Roderic N. A. Sage	2/2

Notes:

1. Mr Volker Stoeckel was a member of the BRC for the period from 1 July 2011 upto 31 March 2012 and was re-designated as the Chairman of the BRC with effect from 1 April 2012.

2. Mr Quek Leng Chan held the Chairman position of the BRC for the period from 1 July 2011 upto 31 March 2012 and was re-designated as a member of the BRC with effect from 1 April 2012.

B. DIRECTORS' REMUNERATION (cont'd)

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

Work done during the year

- reviewed its terms of reference and the remuneration policy for directors and senior management;
- recommended to the Board the executive directors' fees for the year ended 30 June 2012 for proposing to shareholders for approval;
- approved the discretionary bonuses for executive directors and senior management for the year ended 30 June 2012; and
- reviewed the remuneration packages of executive directors and senior management for the year 2012.

2. Level and Make-up of Remuneration

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

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

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

Details of the remuneration of the directors for the year ended 30 June 2012 are provided in note 9 to the Financial Statements in this annual report.

C. DIRECTORS' NOMINATION

1. Board Nomination Committee ("BNC")

The BNC was established on 1 April 2012. Its principal role is to make recommendations to the Board on the structure, size and composition of the Board, and to review the independence of independent non-executive directors, the suitability of directors who will stand for re-election and directors' continuous training and development programme. Detailed terms of reference of the BNC is accessible on the Company's website.

Membership and attendance

The BNC had met after the financial year end to discuss/review the Company's matters for the year ended 30 June 2012. List of the BNC members and their attendance at the meeting are set out below:

Composition as at 30 June 2012	Meetings attended/held
Chairman	
Quek Leng Chan	1/1
Members	
Volker Stoeckel	1/1
Roderic N. A. Sage	1/1

Work done during the year

- reviewed the structure, size and composition of the Board (including the mix of skills, knowledge, experience and competences of directors, and the balance between executive, non-executive and independent non-executive directors) and is of the view that there is an appropriate and diverse mix of skills and experience;
- reviewed the independence of independent non-executive directors of the Company and confirmed that all independent non-executive directors are considered independent;
- reviewed the profile and performance of directors who will stand for re-election at 2012 Annual General Meeting and confirmed that all those directors are suitable to stand for re-election; and
- reviewed the continuous training and development programme undertaken by directors and confirmed that an appropriate programme is in place.

Corporate Governance Report

D. ACCOUNTABILITY AND AUDIT

1. Board Audit Committee ("BAC")

The BAC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's 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. Detailed terms of reference of the BAC is accessible on the Company's website.

Membership and attendance

For the year ended 30 June 2012, the following members and their attendance at the meetings are set out below:

Composition as at 30 June 2012	Meetings attended/held
Chairman	
Sat Pal Khattar	4/4
Members	
Volker Stoeckel	4/4
Roderic N. A. Sage	4/4

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

Work done during the year

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

D. ACCOUNTABILITY AND AUDIT (cont'd)

2. Financial Reporting

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

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

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

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

A statement of the auditors about their reporting responsibilities is included in the Report of the Auditors on page 67 of this annual report.

3. Internal Controls

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

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

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

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

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

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

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

Corporate Governance Report

D. ACCOUNTABILITY AND AUDIT (cont'd)

4. Auditors' Remuneration

The fees charged by the Group's external auditors for the year in respect of annual audit services amounted to HK$14,077,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK$9,718,000.

E. INVESTOR RELATIONS

1. Communication with Investors

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

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

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

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

E. INVESTOR RELATIONS (cont'd)

1. Communication with Investors (cont'd)

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

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

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

2. Annual General Meeting

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

During the year, 2 general meetings (including the annual general meeting and a special general meeting) were held and directors' attendance at the meetings are as follows:

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

Corporate Governance Report

E. INVESTOR RELATIONS (cont'd)

3. Rights and Procedures for Shareholders to Convene General Meetings

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

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

30 August 2012

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 2012 (the "Financial Statements").

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

FINANCIAL STATEMENTS

The consolidated net loss of the Group for the year ended 30 June 2012 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 68 to 163.

DIVIDENDS

An interim dividend of HK$0.50 (2011: HK$1.00) per share totalling HK$164,526,000 (2011: HK$329,051,000) was paid on 26 March 2012. The directors are recommending payment of a final dividend of HK$1.70 per share (2011: HK$2.20) in respect of the year ended 30 June 2012 totalling HK$559,387,000 (2011: HK$723,913,000).

CLOSURE OF REGISTER OF MEMBERS

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

Closure dates of Register of Members (both days inclusive)	12 November 2012 (Monday) to 14 November 2012 (Wednesday)
Latest time to lodge transfers	4:30 p.m. on 9 November 2012 (Friday)
Record date	14 November 2012 (Wednesday)
Annual General Meeting	14 November 2012 (Wednesday)

For ascertaining shareholders' entitlement to the proposed final dividend:

Closure date of Register of Members	21 November 2012 (Wednesday)
Latest time to lodge transfers	4:30 p.m. on 20 November 2012 (Tuesday)
Record date	21 November 2012 (Wednesday)
Final dividend payment date	3 December 2012 (Monday)

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

MAJOR CUSTOMERS AND SUPPLIERS

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

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US$719,000 (2011: US$317,000).

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 to the Financial Statements.

GuocoLand Limited ("GuocoLand", 65.2% controlled by the Company)

GuocoLand issued S$690 million in principal amount of convertible bonds (the "Bonds") in May 2007, which were due on 7 May 2012. During the financial year, GuocoLand had at the maturity of the Bonds, fully redeemed all the outstanding S$7.2 million in principal amount of the Tranche 1 Bonds and S$345 million in principal amount of the Tranche 2 Bonds at their principal amount plus interests. The Bonds redeemed by GuocoLand have been cancelled. Following the redemption, no Bonds remain outstanding. Details of the Bonds are shown in note 32 to the Financial Statements.

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

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

TRANSFER TO RESERVES

Loss for the year, before dividend, of US$157.6 million (2011: profit of US$591.2 million) has been transferred to reserves. Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 35 to the Financial Statements respectively.

INTEREST CAPITALISED

Interest capitalised during the year by the Group in respect of development properties, investment properties and property, plant and equipment amounted to approximately US$93.9 million (2011: approximately US$56.6 million).

FIXED ASSETS

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

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 164 to 168.

Report of the Directors

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
Volker Stoeckel**
Roderic N. A. Sage**
Ding Wai Chuen (resigned on 1 June 2012)

* 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 Governance Practices of the Company, Messrs Quek Leng Chan, Sat Pal Khattar and Volker Stoeckel will retire from office by rotation at the forthcoming annual general meeting. Messrs Quek Leng Chan and Volker Stoeckel, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Mr Sat Pal Khattar has indicated his intention not to offer himself for re-election as he has reached retirement age.

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 2012, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Certain information herein is based on additional information of the relevant events on or before 30 June 2012 with disclosure deadlines under the SFO falling after 30 June 2012.

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

(A) The Company

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of the Company	Note
Quek Leng Chan	1,056,325	245,175,391	246,231,716	74,83%	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%	

* *Ordinary shares unless otherwise specified in the Notes*

Notes:

1. The total interests of 246,231,716 shares/underlying shares comprised 241,031,716 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

   The corporate interests of 245,175,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
GuoLine Overseas Limited ("GOL")	235,348,529
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

   AFCW was wholly owned by the Company which was in turn 71.52% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HLCM was 49.27% owned by Mr Quek Leng Chan as to 2.424% under his personal name, 46.534% via HL Holdings Sdn Bhd which was wholly owned by him and 0.311% via Newton (L) Limited ("NLL"). NLL was wholly owned by Newton Capital Group Limited which was 2.424% owned by Mr. Quek Leng Chan and 46.534% owned by HLH.

   CL was wholly owned by Mr Quek Leng Chan.

2. The corporate interests of 691,125 shares were directly held by Khattar Holdings Pte Ltd which was 51% owned by Mr Sat Pal Khattar.

Report of the Directors

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

(B) Associated Corporations

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

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

* *Ordinary shares*

Note:

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

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

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

(b) *GuocoLand Limited ("GLL")*

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLL	Notes
Quek Leng Chan	13,333,333	864,170,024	877,503,357	74.15%	1
Kwek Leng Hai	35,290,914	—	35,290,914	2.98%	
Sat Pal Khattar	—	18,475,308	18,475,308	1.56%	2
Tan Lim Heng	1,337,777	—	1,337,777	0.11%	
Volker Stoeckel	1,461,333	—	1,461,333	0.12%	

* *Ordinary shares unless otherwise specified in the Notes*

Notes:

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

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

(B) Associated Corporations (cont'd)

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

Notes: (cont'd)

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

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

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

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

2. The corporate interests of 18,475,308 shares comprised the respective direct interests held by:

	Number of shares
Khattar Holdings Pte Ltd ("KHP")	15,919,754
Espeekay Holdings Pte Ltd ("EHP")	1,333,333
Khattar Capital International Pte Ltd ("KCIP")	1,222,221

KHP and EHP were 51% and 50% owned by Mr. Sat Pal Khattar respectively. KCIP was wholly owned by Sassoon Holdings Pte Ltd which was in turn wholly owned by KHP.

(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	856,608,000	861,597,600	81.84%	Note
Kwek Leng Hai	2,316,800	—	2,316,800	0.22%	
Kwek Leng San	600,000	—	600,000	0.06%	
Tan Lim Heng	245,700	—	245,700	0.02%	

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 861,597,600 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 36,694,100 underlying shares of other unlisted derivatives.

Report of the Directors

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

(B) Associated Corporations (cont'd)

(c) Hong Leong Financial Group Berhad ("HLFG") (cont'd)

Note: (cont'd)

The corporate interests of 856,608,000 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/ underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,773,354
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	3,600
GuoLine Capital Limited ("GCL")	36,694,100
Guoco Assets Sdn Bhd ("GASB")	267,079,946
Soft Portfolio Sdn Bhd ("SPSB")	6,057,000

GASB was 45.45% and 54.55% owned by the Company and GA Investment Limited ("GAIL") respectively. GAIL was wholly owned by the Company. HLSRS was wholly owned by HLCM Capital Sdn Bhd which was in turn 91.58% owned by HLCM.

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

SPSB was 99% owned by Mr Quek Leng Chan.

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

	Number of *shares/underlying shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GLM	
Quek Leng Chan	19,506,780	476,928,096	496,434,876	70.87%	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 total interests of 496,434,876 shares/underlying shares comprised 474,705,376 ordinary shares of GLM and 21,729,500 underlying shares of other unlisted derivatives.

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

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

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

(B) Associated Corporations (cont'd)

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

Note: (cont'd)

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

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

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

(e) GuocoLeisure Limited ("GL")

	Number of *shares (Long Position)			Approx. % of	
Director	**Personal interests**	**Corporate interests**	**Total interests**	**the issued share capital of GL**	
Quek Leng Chan	735,000	910,261,434	910,996,434	66.59%	Note
Tan Lim Heng	950,000	—	950,000	0.07%	

* *Ordinary shares*

Note:

The corporate interests of 910,261,434 were directly held by GuocoLeisure Assets Limited which was in turn wholly owned by the Company. The controlling shareholder of the Company and its percentage control are shown in the Note under Part (A) above.

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

	Number of *shares (Long Position)			Approx. % of	
Director	**Personal interests**	**Corporate interests**	**Total interests**	**the issued share capital of HLI**	
Kwek Leng Hai	190,000	—	190,000	0.06%	
Sat Pal Khattar	198,580	348,500	547,080	0.17%	Note
Kwek Leng San	2,520,000	—	2,520,000	0.79%	

* *Ordinary shares*

Note:

The corporate interests of 348,500 shares were held by Khattar Capital International Pte Ltd ("KCIP"). The controlling shareholder of KCIP and its percentage control are shown in the Note 2 under Part (B)(b).

Report of the Directors

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

(B) Associated Corporations (cont'd)

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLB
Kwek Leng Hai	4,750,000	—	4,750,000	0.26%
Sat Pal Khattar	352,800	—	352,800	0.02%
Kwek Leng San	462,000	—	462,000	0.03%

* *Ordinary shares*

(h) *Hong Leong Capital Berhad ("HLCB")*

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of HLCB
Kwek Leng Hai	1,000,000	—	1,000,000	0.41%
Kwek Leng San	119,000	—	119,000	0.05%

* *Ordinary shares*

(i) *Malaysian Pacific Industries Berhad ("MPI")*

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of MPI	
Kwek Leng Hai	71,250	—	71,250	0.04%	
Sat Pal Khattar	284,468	130,688	415,156	0.21%	Note
Kwek Leng San	1,260,000	—	1,260,000	0.63%	

* *Ordinary shares*

Note:

The corporate interests of 130,688 shares were held by Khattar Capital International Pte Ltd ("KCIP"). The controlling shareholder of KCIP and its percentage control are shown in the Note 2 under Part (B)(b).

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

(B) Associated Corporations (cont'd)

(j) Narra Industries Berhad ("NIB")

Director	Number of *shares (Long Position) 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 Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). HLMG was wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The controlling shareholders of HLCM and its percentage control are shown in the Note under Part (A) above.

(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%

* *Ordinary shares*

(C) Others

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

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

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

Report of the Directors

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

(C) Others (cont'd)

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

Save as disclosed above, as at 30 June 2012, 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 (the "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 through the grant of options over newly issued shares of the Company.

The life of the Share Option Scheme is 10 years from the Adoption Date and the Share Option Scheme expired on 28 November 2011. No option had ever been granted to any Eligible Employee pursuant to the Share Option Scheme since its establishment.

The number of new shares of the Company that might be issued upon exercise of all share options to be granted under the Share Option Scheme should not in aggregate exceed 10% of the issued share capital of the Company as at the Adoption Date, i.e. 32,408,137 which represented approximately 9.85% of the shares in issue of the Company as at 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 should 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 was to be determined by the directors upon the grant of the share option. It would 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 was 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.

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. 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 2012.

GuocoLand Limited ("GLL")

GuocoLand Limited Executives' Share Option Scheme (the "GLL ESOS" and amended to be known as "Modified GLL ESOS")

The GLL ESOS was approved by the shareholders of GLL on 31 December 1998 and further approved by the shareholders of the Company on 1 February 1999. In October 2004, the approval of shareholders of both GLL and the Company were sought to effect various amendments to the rules of the GLL ESOS (the "Rules") to, among others, allow the 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").

Report of the Directors

SHARE OPTIONS (cont'd)

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

GuocoLand Limited Executives' Share Option Scheme (the "GLL ESOS" and amended to be known as "Modified GLL ESOS") (cont'd)

As the Modified GLL ESOS was due to expire on 30 December 2008, a new GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008") was adopted in place of the Modified GLL ESOS on 21 November 2008, to provide for continuation of an executives' share option scheme on terms substantially similar to the Modified GLL ESOS. With the GLL ESOS 2008 in place, the Modified GLL ESOS is no longer in force. The termination of the Modified GLL ESOS however does not affect the outstanding options which were granted and accepted thereunder.

As at 1 July 2011, outstanding options granted under the Modified GLL ESOS comprised 25,862,893 GLL shares, all of which lapsed during the year. As the scheme had been terminated, no options were granted and no options were exercised. As at 30 June 2012, there were accordingly no outstanding options.

Details of the said options are as follows:

		No. of GLL shares comprised in options				
Date of grant	**Grantees**	**As at 1 Jul 2011**	**Lapsed during the year**	**As at 30 Jun 2012**		**Exercise price per GLL share**
19 January 2007	Quek Chee Hoon	12,170,773	12,170,773	–	Note	S$2.177
	Other employees	13,692,120	13,692,120	–		S$2.177
	Total:	25,862,893	25,862,893	–		

Note:

Mr Quek Chee Hoon, the Group President and Chief Executive Officer of GLL, was an option holder under Rule 17.07(ii) of the Listing Rules.

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

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

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

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

SHARE OPTIONS (cont'd)

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

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

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

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

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

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

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

As at 1 July 2011, outstanding options granted under the GLL ESOS 2008 comprised 7,752,425 GLL shares, of which options comprising 1,603,950 GLL shares lapsed arising from the resignation of two grantees. During the year, no options were granted and no options were exercised. As at 30 June 2012, the number of GLL shares comprised in the outstanding options was 6,148,475.

Details of the said options are as follows:

		No. of GLL shares comprised in options				
Date of grant	**Grantees**	**As at 1 Jul 2011**	**Lapsed during the year**	**As at 30 Jun 2012**		**Exercise price per GLL share**
28 September 2009	Employees	7,752,425	1,603,950	6,148,475	Note	S$2.142
	Total:	7,752,425		6,148,475		

Note:

Subject to certain financial and performance targets being met by the grantees during the performance period for the financial years 2009/10 to 2011/12, the grantees may at the end of the performance period be notified by the GLL ESOS Committee of the vesting of the options. Thereafter, grantees shall have a phased period of up to 30 months to exercise the vested options in accordance with the terms of the grant.

Report of the Directors

SHARE OPTIONS (cont'd)

GuocoLeisure Limited ("GL")

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

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "GL ESOS Effective Date") for the purpose of compliance with Chapter 17 of the Listing Rules. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to eligible participants including employees and executive directors of GL and its subsidiaries (the "GL Group") who are not controlling shareholders of GL.

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

A committee (the "GL ESOS Committee") comprising directors of GL who are presently not participants of the GL ESOS 2008 shall select confirmed employees (including executive directors) of the GL Group to become participants in the GL ESOS 2008.

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

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

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

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

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

As at 1 July 2011, outstanding options granted under GL ESOS 2008 comprised 5,300,000 GL shares. During the year, no options were granted and no options were exercised. Options encompassing 5,090,000 GL shares lapsed during the year. As at 30 June 2012, the number of GL shares comprised in the outstanding options granted under the GL ESOS 2008 was 210,000.

SHARE OPTIONS (cont'd)

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

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

Details of the said options are as follows:

		No. of GL shares comprised in options				
Date of grant	**Grantees**	**As at 1 Jul 2011**	**Lapsed during the year**	**As at 30 Jun 2012**		**Exercise price per GL share**
16 December 2010	Employees	5,300,000	5,090,000	210,000	Note	S$0.713
			Total:	210,000		

Note:

The options granted on 16 December 2010 under the GL ESOS 2008 will be valid from 16 December 2010 to 16 March 2014 and are exercisable in accordance with the following schedule:

- 30% of the options vested on 17 December 2011 and were exercisable up to and including 16 June 2012;
- 35% of the options vested on 17 December 2012 and are exercisable up to and including 16 March 2013; and
- the balance 35% of the options granted will vest on 17 December 2013 and will be exercisable up to and including 16 March 2014.

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Option Scheme (the "GLM ESOS")

The GLM ESOS approved by the shareholders of GLM, was established on 23 January 2006. 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, 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 termination of the Modified GLM ESOS was approved by the shareholders of GLM and took effect on 21 March 2012, the effective date of the New GLM ESOS (as defined below). No options had been granted under the Modified GLM ESOS since its establishment.

New Executive Share Option Scheme (the "New GLM ESOS")

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

Report of the Directors

SHARE OPTIONS (cont'd)

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

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

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

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

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

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

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

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

Since the establishment up to 30 June 2012, no options had been granted pursuant to the New 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 2012, 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	244,425,391	1 & 2	74.28%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	244,425,391	2 & 3	74.28%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	244,425,391	2 & 4	74.28%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	244,425,391	2 & 5	74.28%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	244,425,391	2 & 6	74.28%
First Eagle Investment Management, LLC	Investment Manager	23,042,704		7.00%

Notes:

1. These interests comprised 239,225,391 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted cash settled derivatives.

   These interests comprised the respective direct interests held by:

	Number of shares/ underlying shares
GuoLine Overseas Limited ("GOL")	235,198,529
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

   AFCW was wholly owned by the Company which was in turn 71.52% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

Report of the Directors

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

Notes: (cont'd)

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

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

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

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

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

Save as disclosed above, as at 30 June 2012, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Master Services Agreements

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

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

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

(collectively, the "Master Services Agreements").

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

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

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Services Agreements (cont'd)

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

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

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

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

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

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

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

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

		Services fees paid and payable by the Group HK$'000
GGMC/GOMC Agreement		53,702
HLMC Agreement		2,553
	Total:	56,255
		(<HK$417 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK$56.3 million which did not exceed the Annual Cap of HK$417 million as disclosed in the Company's announcement dated 5 July 2011.

Report of the Directors

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Share Option Schemes

1. *Provision of Finances to the Trust for the Executives' Share Option Schemes 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 existing GLL shares for the purpose of the GLL ESOS.

   The GLL ESOS was terminated on 21 November 2008 and was replaced by a new GuocoLand Limited Executives' Share Option Scheme 2008 adopted on even date (the "GLL ESOS 2008"). The trust deed for the GLL ESOS was then amended such that the Trustee may also hold GLL shares for the purpose of the GLL ESOS 2008.

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

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

   The independent non-executive directors of the Company had reviewed such continuing connected transactions during the year and confirmed that during the year, the maximum subsisting amount of the finances provided by the GLL Group for the purchases of existing GLL shares was approximately S$140 million which did not exceed the cap amount of S$150 million or its equivalent as disclosed in the announcement of the Company dated 27 August 2010. The provision of such finances were made:

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

   — on normal commercial terms; and

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

2. *Provision of Finances to the Trust for the Executive Share Option Scheme of GuocoLand (Malaysia) Berhad ("GLM ESOS")*

   GuocoLand (Malaysia) Berhad ("GLM") approved in January 2006 the establishment of the GLM ESOS, which was subsequently modified in June 2007, to provide for the satisfaction of the exercise of options through issue of new GLM shares and/or transfer of existing GLM shares. A trust for the GLM ESOS (the "GLM Trust") was established pursuant to a trust deed between GLM and a trustee of the GLM ESOS Trust (the "Trustee", an indirect subsidiary of HLCM which is the ultimate 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.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Share Option Schemes (cont'd)

2. *Provision of Finances to the Trust for the Executive Share Option Scheme of GuocoLand (Malaysia) Berhad ("GLM ESOS") (cont'd)*

   The GLM ESOS together with the GLM Trust were terminated on 21 March 2012, the effective date of a new Executive Share Option Scheme of GLM (the "New GLM ESOS"). Referring to the Company's circular dated 3 November 2011, a new trust (the "New GLM Trust") has been established by GLM for the purposes of satisfying the exercise of options granted or to be granted under the New GLM ESOS and another option scheme, the GLM Value Creation Incentive Plan ("VCIP"). All existing GLM shares under the GLM Trust have been transferred to the New GLM trust for the New GLM ESOS and the GLM VCIP. The provisions of finances by the GLM Group to the New GLM Trust would continue to be subject to the same cap at any time during the three financial years ended 30 June 2012. No finances were provided to the New Trust by GLM.

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

   The provision of finances to the GLM Trust, New GLM ESOS and GLM VCIP from time to time constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

   The independent non-executive directors of the Company had reviewed such continuing connected transactions during the year and confirmed that 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 RM83 million as disclosed in the announcement of the Company dated 30 June 2009. The provision of such finances were made:

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

   — on normal commercial terms; and

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

Banking Transactions

The Group has from time to time entered into, and may in future enter into, among others, the following transactions with the authorised financial institutions within Hong Leong Group including Hong Leong Bank Berhad ("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

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

(collectively, the "Banking Transactions").

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

Report of the Directors

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Banking Transactions (cont'd)

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

From time to time during the year, the Group 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 2012, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US$20 million.

The Deposit Transactions and debt securities transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. The interest rate for the savings and time deposits for various currencies placed by the Group with the Hong Leong Financial Institutions ranged from 0.06% to 14% per annum. The tenor of the time deposits ranged from overnight to 1 month.

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$59 million which did not exceed the cap amount of US$70 million or its equivalence as disclosed in the announcement of the Company dated 24 June 2009; and

c. the Deposit Transactions were entered into:

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

   — on normal commercial terms; and

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

An announcement was published on 29 June 2012 by the Company for complying with the disclosure requirements under the Listing Rules on continuing connected transactions to allow the Group to continue to enter into the Banking Transactions with Hong Leong Financial Institutions (which have been extended to cover Hong Leong Bank Vietnam Berhad, MIMB Investment Bank Berhad and other authorised financial institutions of Hong Leong Group from time to time) during the three financial years ending 30 June 2015.

Auditor's Review

Pursuant to Rule 14A.38 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 60 to 64 of this Annual Report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Connected Transaction

Conditional Share Sale Agreements with GuoLine Asset Sdn Bhd ("GASB") and MPI Holdings Sdn Bhd ("MPIH")

On 8 November 2011, GuocoLand (Malaysia) Berhad ("GLM"), an indirect non-wholly owned subsidiary of the Company, as purchaser, entered into a conditional share sale agreement ("PJ City SSA") with GASB in connection with the proposed acquisition of 5,000,002 ordinary shares of RM1.00 each in PJ City Development Sdn Bhd ("PJ City"), being the total issued and paid up capital of PJ City (the "PJ City Sale Shares"). GLM, also as purchaser, entered into a conditional share sale agreement ("PJ Corp SSA") with MPIH in connection with the proposed acquisition of 20,000,000 ordinary shares of RM1.00 each in PJ Corporate Park Sdn Bhd ("PJ Corp"), being the total issued and paid up capital of PJ Corp (the "PJ Corp Sale Shares"), on the same date. The PJ City SSA and PJ Corp SSA were inter-dependent and shall be completed concurrently. The proposed acquisitions of PJ City and PJ Corp are collectively referred to as the "Proposed Acquisitions" herein.

The purchase consideration for the PJ City Sale Shares was RM29,785,000, which was arrived at on a willing buyer-willing seller basis. It was financed wholly from borrowings. RM2,978,500 and RM26,806,500 were paid by GLM to GASB upon the execution of the PJ City SSA and at the date of completion of the sale and purchase of the PJ City Sale Shares respectively.

The purchase consideration for the PJ Corp Sale Shares was RM258,000, which was arrived at on a willing buyer-willing seller basis. It was financed wholly from borrowings. RM25,800 and RM232,200 were paid by GLM to MPIH upon the execution of the PJ Corp SSA and at the date of completion of the sale and purchase of the PJ Corp Sale Shares respectively.

PJ City was the beneficial owner whilst PJ Corp was the registered proprietor of a parcel of commerce land held under PN91908 Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling for a total of 7.920 acres (vacant: approximately 3.0 acres) and a parcel of an industrial land under PN91909 Lot 13508, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling for a total of 7.757 acres (vacant: 7.757 acres) (the "Lands"). The tenure of the Lands is 99-year leasehold interests expiring on 12 December 2107. The Lands held under the titles can be transferred, leased or charged upon obtaining the approval from the State Authority of Selangor, Malaysia and they are free from encumbrances.

Being a property developer, GLM and its subsidiaries (the "GLM Group") from time to time acquires lands for future developments. The Proposed Acquisitions would enable the GLM Group to increase its land banks for future development. The strategic location of the Lands gives the development site good exposure with convenient access, well-planned amenities within the nearby vicinities and large catchment of skilled worker within the neighbouring townships, thereby positioning it as an ideal hub for smart and vibrant businesses and industries. The Proposed Acquisitions are expected to contribute to the profitability of the GLM Group with the launch of the proposed development on the Lands in the near future.

Each of GASB and MPIH is an associate of connected persons (as defined under the Listing Rules) of the Company by virtue of the fact that they are subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company of the Company. Mr. Quek Leng Chan, the Executive Chairman of the Company, is a deemed controlling shareholder of the Company and HLCM. The Proposed Acquisitions constituted connected transactions for the Company under Chapter 14A of the Listing Rules. The applicable percentage ratios under the Listing Rules in respect of the Proposed Acquisitions exceeded 0.1% but were less than 5%. An announcement was issued by the Company on 8 November 2011 in compliance with Chapter 14A of the Listing Rules.

The Proposed Acquisitions were completed on 23 April 2012.

Report of the Directors

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Others

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company maintained sufficient public float 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, 30 August 2012

Independent Auditor's Report

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

We have audited the consolidated financial statements of Guoco Group Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 68 to 163, which comprise the consolidated and company statements of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012 and of the Group's loss 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 requirement of the Hong Kong Companies Ordinance.

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

30 August 2012

Consolidated Income Statement

For the year ended 30 June 2012

	Note	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
Turnover	5	**2,771,166**	4,822,133	**21,492,748**	37,528,009
Revenue	5	**1,644,773**	984,537	**12,756,613**	7,662,110
Cost of sales		**(872,977)**	(467,604)	**(6,770,679)**	(3,639,105)
Other attributable costs		**(28,905)**	(23,082)	**(224,183)**	(179,635)
		742,891	493,851	**5,761,751**	3,843,370
Other revenue	6(a)	**79,141**	72,691	**613,806**	565,714
Other net (losses)/income	6(b)	**(371,442)**	107,731	**(2,880,848)**	838,411
Administrative and other operating expenses		**(589,461)**	(292,918)	**(4,571,771)**	(2,279,620)
(Loss)/profit from operations before finance cost		**(138,871)**	381,355	**(1,077,062)**	2,967,875
Finance cost	7(a)	**(103,221)**	(69,599)	**(800,567)**	(541,651)
(Loss)/profit from operations	14	**(242,092)**	311,756	**(1,877,629)**	2,426,224
Valuation surplus on investment properties		**3,198**	57,427	**24,803**	446,923
Profit on disposal of an associate		**—**	41,727	**—**	324,738
Share of profits of associates	7(c)	**98,021**	216,695	**760,236**	1,686,418
Share of profits less losses of jointly controlled entities	7(c)	**4,824**	7,485	**37,414**	58,252
(Loss)/profit for the year before taxation	7	**(136,049)**	635,090	**(1,055,176)**	4,942,555
Tax expenses	8(a)	**(21,553)**	(43,881)	**(167,162)**	(341,502)
(Loss)/profit for the year		**(157,602)**	591,209	**(1,222,338)**	4,601,053
Attributable to:					
Shareholders of the Company	11	**(166,810)**	534,459	**(1,293,754)**	4,159,400
Non-controlling interests		**9,208**	56,750	**71,416**	441,653
(Loss)/profit for the year		**(157,602)**	591,209	**(1,222,338)**	4,601,053
Appropriations:					
Final dividend paid in respect of prior year		**(91,870)**	(83,861)	**(712,530)**	(652,644)
Interim dividend paid in respect of current year		**(20,920)**	(41,659)	**(162,252)**	(324,209)
	12	**(112,790)**	(125,520)	**(874,782)**	(976,853)
(Loss)/earnings per share		**US$**	US$	**HK$**	HK$
Basic	13	**(0.51)**	1.64	**(3.98)**	12.80
Diluted	13	**(0.51)**	1.64	**(3.98)**	12.80
		US$'000	US$'000	**HK$'000**	HK$'000
Proposed final dividend	12	**72,125**	93,019	**559,387**	723,913

The notes on pages 77 to 163 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
(Loss)/profit for the year	**(157,602)**	591,209	**(1,222,338)**	4,601,053
Other comprehensive income for the year (after tax and reclassification adjustments)				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	**(87,204)**	201,327	**(676,341)**	1,566,817
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	**11,385**	(22,210)	**88,300**	(172,848)
Changes in fair value of available-for-sale financial assets	**(187,038)**	171,139	**(1,450,639)**	1,331,881
Transfer to profit or loss:				
— disposal of an available-for-sale financial asset	**(93,450)**	129	**(724,784)**	1,004
— impairment loss of an available-for-sale financial asset	**10,162**	—	**78,815**	—
Release of valuation reserve upon disposal of properties	**(36)**	—	**(279)**	—
Actuarial losses on defined benefit obligation	**(11,920)**	(8,899)	**(92,450)**	(69,256)
Share of other comprehensive income of associates	**(557)**	69,178	**(4,320)**	538,374
Other comprehensive income for the year, net of tax	**(358,658)**	410,664	**(2,781,698)**	3,195,972
Total comprehensive income for the year	**(516,260)**	1,001,873	**(4,004,036)**	7,797,025
Total comprehensive income for the year attributable to:				
Shareholders of the Company	**(474,856)**	884,235	**(3,682,913)**	6,881,513
Non-controlling interests	**(41,404)**	117,638	**(321,123)**	915,512
	(516,260)	1,001,873	**(4,004,036)**	7,797,025

The notes on pages 77 to 163 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Fixed assets					
— Investment properties	15	**1,518,898**	1,386,440	**11,780,345**	10,789,900
— Other property, plant and equipment	15	**1,848,341**	1,833,806	**14,335,456**	14,271,504
Interest in associates	18	**687,929**	627,864	**5,335,474**	4,886,320
Interest in jointly controlled entities	19	**112,518**	120,584	**872,673**	938,439
Available-for-sale financial assets	22	**1,489,702**	1,436,338	**11,553,905**	11,178,229
Deferred tax assets	34	**23,518**	14,469	**182,402**	112,604
Intangible assets	16	**960,052**	1,030,765	**7,446,019**	8,021,877
Goodwill	23	**68,218**	68,713	**529,089**	534,755
		6,709,176	6,518,979	**52,035,363**	50,733,628
CURRENT ASSETS					
Development properties	24	**4,167,580**	3,529,862	**32,323,125**	27,470,975
Properties held for sale	25	**205,842**	239,615	**1,596,480**	1,864,792
Trade and other receivables	26	**395,069**	548,658	**3,064,096**	4,269,903
Trading financial assets	27	**1,226,472**	2,174,448	**9,512,333**	16,922,533
Cash and short term funds	28	**1,134,639**	2,003,408	**8,800,090**	15,591,423
		7,129,602	8,495,991	**55,296,124**	66,119,626
CURRENT LIABILITIES					
Trade and other payables	29	**763,309**	728,599	**5,920,110**	5,670,285
Current portion of bank loans and other borrowings	30	**1,929,996**	3,902,353	**14,968,759**	30,369,867
Taxation	8(d)	**132,218**	185,101	**1,025,463**	1,440,539
Provisions and other liabilities	33	**11,032**	16,544	**85,563**	128,753
		2,836,555	4,832,597	**21,999,895**	37,609,444
NET CURRENT ASSETS		**4,293,047**	3,663,394	**33,296,229**	28,510,182
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,002,223**	10,182,373	**85,331,592**	79,243,810

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	31	**3,723,733**	2,190,160	**28,880,715**	17,044,811
Amount due to non-controlling interests		**93,267**	77,454	**723,365**	602,782
Provisions and other liabilities	33	**93,822**	85,509	**727,669**	665,470
Deferred tax liabilities	34	**29,932**	89,401	**232,148**	695,759
		3,940,754	2,442,524	**30,563,897**	19,008,822
NET ASSETS		**7,061,469**	7,739,849	**54,767,695**	60,234,988
CAPITAL AND RESERVES					
Share capital	35(c)	**164,526**	164,526	**1,276,039**	1,280,415
Reserves		**5,534,157**	6,132,653	**42,922,092**	47,727,066
Equity attributable to shareholders of the Company		**5,698,683**	6,297,179	**44,198,131**	49,007,481
Non-controlling interests		**1,362,786**	1,442,670	**10,569,564**	11,227,507
TOTAL EQUITY		**7,061,469**	7,739,849	**54,767,695**	60,234,988

Approved and authorised for issue by the Board of Directors on 30 August 2012

Kwek Leng Hai
Tan Lim Heng
Directors

The notes on pages 77 to 163 form part of these financial statements.

Statement of Financial Position

As at 30 June 2012

	Note	2012 US$'000	2011 US$'000	2012 HK$'000 (Note 1(c))	2011 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Interest in subsidiaries	17	**3,820,371**	3,134,426	**29,630,224**	24,393,514
Held-to-maturity financial assets	21	**—**	185,446	**—**	1,443,224
Available-for-sale financial assets	22	**203**	203	**1,575**	1,580
		3,820,574	3,320,075	**29,631,799**	25,838,318
CURRENT ASSETS					
Trade and other receivables	26	**170**	1,484	**1,318**	11,549
Cash and short term funds	28	**215,821**	744,731	**1,673,875**	5,795,832
		215,991	746,215	**1,675,193**	5,807,381
CURRENT LIABILITIES					
Amounts due to subsidiaries	17	**141,017**	170,979	**1,093,707**	1,330,636
Trade and other payables	29	**567**	3,212	**4,398**	24,997
		141,584	174,191	**1,098,105**	1,355,633
NET CURRENT ASSETS		**74,407**	572,024	**577,088**	4,451,748
NET ASSETS		**3,894,981**	3,892,099	**30,208,887**	30,290,066
CAPITAL AND RESERVES					
Share capital	35	**164,526**	164,526	**1,276,039**	1,280,415
Reserves	35	**3,730,455**	3,727,573	**28,932,848**	29,009,651
TOTAL EQUITY		**3,894,981**	3,892,099	**30,208,887**	30,290,066

Approved and authorised for issue by the Board of Directors on 30 August 2012

Kwek Leng Hai
Tan Lim Heng
Directors

The notes on pages 77 to 163 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Attributable to the Shareholders of the Company												
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOP reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 July 2010	164,526	10,493	(30,612)	2,544	(40,923)	6,326	110,244	184,057	8,653	5,153,879	5,569,187	958,112	6,527,299
Profit for the year	–	–	–	–	–	–	–	–	–	534,459	534,459	56,750	591,209
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	–	–	(9,856)	–	(10)	843	105,259	3	526	–	96,765	104,562	201,327
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	–	–	–	–	–	–	18,565	–	–	–	18,565	(40,775)	(22,210)
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	171,082	–	–	171,082	57	171,139
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	85	–	–	85	44	129
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	(5,899)	(5,899)	(3,000)	(8,899)
Share of other comprehensive income of associates	–	–	1,234	–	–	–	(2,788)	5,967	–	64,765	69,178	–	69,178
Total comprehensive income for the year	–	–	(8,622)	–	(10)	843	121,036	177,137	526	593,325	884,235	117,638	1,001,873
Transfer between reserves	–	–	4,159	–	–	–	–	–	–	(4,159)	–	–	–
Equity settled share-based transactions	–	–	–	–	–	1,521	–	–	–	–	1,521	790	2,311
Purchase of own shares for share option schemes by a subsidiary	–	–	(478)	–	–	–	–	–	–	–	(478)	(163)	(641)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	397,284	397,284
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	(6,009)	(6,009)	(173,329)	(179,338)
Subscription of shares under rights issue by the trust for ESOP by a subsidiary	–	–	(26,957)	–	–	–	–	–	–	–	(26,957)	150,649	123,692
Partial disposal of interest in subsidiaries	–	–	–	–	–	–	–	–	–	1,472	1,472	15,470	16,942
Rights issue expenses of a subsidiary	–	–	(272)	–	–	–	–	–	–	–	(272)	(145)	(417)
Preference shares buy back by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(1,154)	(1,154)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(22,482)	(22,482)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	(83,861)	(83,861)	–	(83,861)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	(41,659)	(41,659)	–	(41,659)
At 30 June 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849

The notes on pages 77 to 163 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012 US$'000	2011 US$'000
Operating activities			
(Loss)/profit for the year before taxation		**(136,049)**	635,090
Adjustments for:			
— Finance cost		**103,221**	69,599
— Interest income		**(23,490)**	(28,169)
— Dividend income		**(105,449)**	(77,266)
— Depreciation		**85,523**	33,326
— Write-back of impairment loss on property, plant and equipment		**(366)**	—
— Amortisation of Bass Strait oil and gas royalty		**4,452**	4,292
— Amortisation of casino licences and brand name		**9,561**	751
— Equity settled share-based payment (forfeited)/expensed		**(6,735)**	2,182
— Valuation surplus on investment properties		**(3,198)**	(57,427)
— Impairment loss on intangible assets		**18,177**	—
— Impairment loss on an available-for-sale financial asset		**59,024**	—
— Write-back of allowance for forseeable losses on development properties		**(7,594)**	(1,403)
— Share of profits of associates		**(98,021)**	(216,695)
— Share of profits less losses of jointly controlled entities		**(4,824)**	(7,485)
— Net losses/(gains) on disposal of fixed assets		**455**	(170)
— Profit on disposal of an associate		**—**	(41,727)
— Gain on derecognition of an associate		**—**	(2,126)
Operating (loss)/profit before changes in working capital		**(105,313)**	312,772
Decrease/(increase) in trade and other receivables		**158,257**	(182,115)
Decrease in trading financial assets		**954,505**	155,836
Increase in available-for-sale financial assets		**(377,850)**	(498,424)
Increase in development properties		**(729,125)**	(558,166)
Decrease/(increase) in properties held for sale		**30,499**	(30,680)
Decrease in provisions and other liabilities		**(6,310)**	(7,455)
Increase/(decrease) in trade and other payables		**26,303**	(421,831)
Cash used in operations		**(49,034)**	(1,230,063)
Interest received		**20,705**	28,730
Dividend received from equity investments		**89,786**	74,345
Tax paid			
— Hong Kong Profits Tax paid		**(3,041)**	(2,173)
— Overseas tax paid		**(140,200)**	(56,865)
— Overseas tax refund		**3,761**	1,656
Net cash used in operating activities		**(78,023)**	(1,184,370)

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012 US$'000	2011 US$'000
Investing activities			
Acquisition of subsidiaries	36(b)	**—**	107,919
Acquisition of subsidiaries under common control		**(8,947)**	—
Net repayment from associates		**61**	711
Net (advance to)/repayment from jointly controlled entities		**(319)**	2,157
Purchase of fixed assets		**(125,324)**	(188,416)
Additions in investment properties under development		**(30,767)**	(885,453)
Purchase of additional interests in associates		**—**	(114,085)
Purchase of intangible assets		**(11,146)**	(1,105)
Proceeds from disposal of an associate		**—**	88,969
Proceeds from disposal of fixed assets		**804**	1,330
Dividends received from associates		**23,771**	36,878
Dividends received from jointly controlled entities		**5,926**	—
Net cash used in investing activities		**(145,941)**	(951,095)
Financing activities			
Net proceeds from rights issue of a subsidiary		**—**	150,232
Subscription of shares under rights issue by the trust for ESOP by a subsidiary		**—**	(27,598)
Purchase of ordinary shares for share option schemes by a subsidiary		**(1,498)**	—
Proceeds from partial disposal of subsidiaries		**—**	94,449
Purchase of additional interests in subsidiaries		**(1,670)**	(9,207)
Net (repayment of)/proceeds from bank loans and other borrowings		**(115,596)**	3,002,445
Buy-back of mortgage debenture by a subsidiary		**(40,167)**	(6,408)
Buy-back of preference shares by subsidiaries		**—**	(1,154)
Redemption of convertible bonds by a subsidiary		**(304,531)**	—
Loans from non-controlling interests of subsidiaries		**14,948**	—
Interest paid		**(189,707)**	(113,576)
Dividends paid to non-controlling interests		**(32,736)**	(22,482)
Dividends paid to equity shareholders		**(112,790)**	(125,520)
Net cash (used in)/generated from financing activities		**(783,747)**	2,941,181
Net (decrease)/increase in cash and cash equivalents		**(1,007,711)**	805,716
Cash and cash equivalents at 1 July	28	**1,710,788**	823,720
Effect of foreign exchange rate changes		**(12,983)**	81,352
Cash and cash equivalents at 30 June	28	**690,094**	1,710,788

The notes on pages 77 to 163 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 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

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

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

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

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

(c) Hong Kong dollar amounts

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

(i) *Interest income*

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

(ii) *Dividends*

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

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

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

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

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

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

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

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

(b) Investments

(i) *Investments in debt and equity securities*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) *Subsidiaries and non-controlling interests*

Subsidiaries

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

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

Non-controlling interests

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and jointly controlled entities

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

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

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

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

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Derivative financial instruments and hedging activities

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

The Group used a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. The gains or losses on the hedging instrument relating to the effective portion of the hedge were recognised as other comprehensive income while any gains or losses relating to the ineffective portion were recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity would be transferred to the income statement.

(d) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(e) Intangible assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Fixed assets and depreciation

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

— Freehold land is not depreciated.

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

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

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

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

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

(g) Investment property

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Properties held for sale

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

(j) Development properties

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

(k) Impairment of assets

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

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

— significant financial difficulty of the debtor;

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

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

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

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

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(ii) Impairment of other assets

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

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

— intangible assets; and

— goodwill.

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Interest-bearing borrowings

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

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

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Convertible bonds (cont'd)

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 bond 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, i.e. having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income tax (cont'd)

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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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.

(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 end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

(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.

(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 end of the reporting 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.

In the last financial year, the Group has revised its accounting policy to remove the "corridor option" as permitted under HKAS 19 Employee Benefits and recognised all actuarial gains or losses in the period in which those changes occur in the other comprehensive income. Previously, actuarial gains and losses were accumulated in the statement of financial position. Any gains or losses greater than 10% of a scheme's assets or liabilities were written off to profit or loss over the average remaining service lives of the scheme's employees.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee benefits (cont'd)

(iii) Share-based payments

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

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

(u) Borrowing costs

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Financial guarantees issued (cont'd)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(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 assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

(w) Related parties

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

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

(b) has significant influence over the group; or

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Related parties (cont'd)

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

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

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

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

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

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

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

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

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

(x) Segment reporting

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

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Investment properties (Note 15)

At 30 June 2012 and 2011, 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.

(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.

Notes to the Financial Statements

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(e) Defined benefit retirement plan obligations (Note 37) (cont'd)

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

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

The valuation of the casino licences and brand name from the Group's acquisition of The Rank Group Plc ("Rank") was based on a value-in-use model from future income expected to be received from Rank's operations. There are a number of assumptions and estimates involved in the calculations.

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain revised HKFRSs and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. The adoption of the revised standards and amendments would have no material impact on the Group's results and financial positions.

The Group has not applied any new/revised standard or interpretation that is not yet effective for the current accounting period (see note 46).

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	
	2012	2011
	US$'000	US$'000
Revenue from sale of properties	**189,608**	353,338
Revenue from hotel and gaming operations	**1,299,350**	496,325
Interest income		
— from listed securities	**225**	2,001
— others	**23,265**	26,168
Dividend income from listed securities	**105,449**	77,266
Rental income from properties	**16,084**	19,330
Securities commission and brokerage	**4,927**	6,489
Others	**5,865**	3,620
Revenue	**1,644,773**	984,537
Proceeds from sale of investments in securities	**1,126,393**	3,837,596
Turnover	**2,771,166**	4,822,133

Revenue is used in presenting segmental information in note 14.

6. OTHER REVENUE AND NET (LOSSES)/INCOME

(a) Other revenue

	The Group	
	2012	2011
	US$'000	US$'000
Sublease income	**8,607**	8,181
Bass Strait oil and gas royalty	**53,668**	44,399
Hotel management fee	**6,055**	4,254
Others	**10,811**	15,857
	79,141	72,691

(b) Other net (losses)/income

	The Group	
	2012	2011
	US$'000	US$'000
Net realised and unrealised (losses)/gains on trading financial assets	**(384,662)**	60,236
Net realised and unrealised losses on derivative financial instruments	**(6,784)**	(3,330)
Net realised gains on disposal of available-for-sale financial assets	**63,047**	1,552
Impairment loss on an available-for-sale financial asset	**(59,024)**	—
Gain on derecognition of an associate (note 20(b))	**—**	2,126
Net gains/(losses) on foreign exchange contracts	**13,567**	(126)
Other exchange gains	**1,140**	46,363
Net (losses)/gains on disposal of fixed assets	**(455)**	170
Other income	**1,729**	740
	(371,442)	107,731

Notes to the Financial Statements

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

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

(a) Finance cost

	The Group	
	2012	2011
	US$'000	US$'000
Interest on bank advances and other borrowings wholly repayable within five years	**157,592**	87,546
Other borrowing costs	**39,571**	38,611
Total borrowing costs	**197,163**	126,157
Less: borrowing costs capitalised into:		
— development properties	**(67,381)**	(56,558)
— investment properties	**(23,170)**	—
— property, plant and equipment	**(3,391)**	—
Total borrowing costs capitalised (Note)	**(93,942)**	(56,558)
	103,221	69,599

Note: The borrowing costs have been capitalised at rates of 0.85% to 7.36% per annum (2011: 0.66% to 6.36%).

(b) Staff cost

	The Group	
	2012	2011
	US$'000	US$'000
Contributions to defined contribution retirement plan	**6,753**	3,314
Expenses recognised in respect of defined benefit retirement plans	**474**	—
Total retirement costs	**7,227**	3,314
Equity settled share-based payment (forfeited)/expensed	**(6,735)**	2,182
Salaries, wages and other benefits	**429,998**	164,710
	430,490	170,206

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

(c) Other items

	The Group 2012 US$'000	2011 US$'000
Depreciation	**85,523**	33,326
Write-back of allowance for foreseeable losses on development properties	**(7,594)**	(1,403)
Impairment loss on intangible assets	**18,177**	—
Amortisation		
— Bass Strait oil and gas royalty	**4,452**	4,292
— casino licences and brand name	**9,561**	751
Operating lease charges		
— properties	**61,751**	8,874
— others	**11,821**	3,736
Auditors' remuneration		
— audit services	**1,815**	1,711
— tax services	**483**	19
— other services	**770**	1,071
Donations	**719**	317
Gross rental income from investment properties	**(16,084)**	(19,330)
Less: direct outgoings	**6,810**	4,151
Net rental income	**(9,274)**	(15,179)
Share of (profits)/losses of associates:		
— listed	**(98,134)**	(212,087)
— unlisted	**113**	(4,608)
	(98,021)	(216,695)
Share of profits less losses of jointly controlled entities:		
— unlisted	**(4,824)**	(7,485)

Notes to the Financial Statements

8. TAX EXPENSES

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

	The Group 2012 US$'000	2011 US$'000
Current tax — Hong Kong Profits Tax		
Tax for the year	**(9)**	(2,908)
(Under)/over-provision in respect of prior years	**(865)**	171
	(874)	(2,737)
Current tax — Overseas		
Tax for the year	**(67,666)**	(39,261)
(Under)/over-provision in respect of prior years	**(5,326)**	4,091
	(72,992)	(35,170)
Deferred tax		
Origination and reversal of temporary differences	**57,597**	(2,904)
Utilisation of deferred tax asset in relation to tax losses	**(4,622)**	(2,988)
Effect of changes in tax rate on deferred tax balances	**(662)**	(82)
	52,313	(5,974)
	(21,553)	(43,881)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year ended 30 June 2012. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

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

	The Group 2012 US$'000	2011 US$'000
(Loss)/profit before tax	**(136,049)**	635,090
Notional tax on (loss)/profit before tax, calculated at the rates applicable to profits in the countries concerned	**4,425**	(102,047)
Tax effect of non-deductible expenses	**(87,768)**	(78,863)
Tax effect of non-taxable revenue	**53,632**	121,144
Tax effect of unused tax losses not recognised	**(8,710)**	(9,081)
Tax effect of utilisation of tax losses not previously recognised	**27,205**	21,773
Tax effect of changes in tax rate on deferred tax balances	**(662)**	(82)
(Under)/over-provision in respect of prior years	**(6,191)**	4,262
Others	**(3,484)**	(987)
Actual tax expenses	**(21,553)**	(43,881)

8. TAX EXPENSES (cont'd)

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

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purposes for the years 2012 and 2011.

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

	The Group	
	2012	2011
	US$'000	US$'000
Hong Kong Profits Tax	**1,314**	3,468
Overseas taxation	**130,904**	181,633
Taxation payable	**132,218**	185,101
Amount of taxation payable expected to be settled after more than 1 year	**62,057**	85,173

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 2012 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**	**2012 Total emoluments US$'000**
Quek Leng Chan	**123[1]**	**—**	**—**	**—**	**123**
Kwek Leng Hai	**122[1]**	**950**	**3,086**	**77**	**4,235**
Sat Pal Khattar **	**155**	**—**	**—**	**—**	**155**
Kwek Leng San *	**31[1]**	**—**	**—**	**—**	**31**
Tan Lim Heng	**—**	**417**	**26**	**1**	**444**
Volker Stoeckel **	**43**	**—**	**—**	**—**	**43**
Ding Wai Chuen [2]	**—**	**383**	**103**	**15**	**501**
Roderic N. A. Sage **	**43**	**—**	**—**	**—**	**43**
	517	**1,750**	**3,215**	**93**	**5,575**

Notes:

* Non-executive director

** Independent non-executive director

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

(2) Resigned with effective from 1 June 2012

Notes to the Financial Statements

9. DIRECTORS' REMUNERATION (cont'd)

	The Group				
Name	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	2011 Total emoluments US$'000
Quek Leng Chan	110[(1)]	—	—	—	110
Kwek Leng Hai	108[(1)]	950	2,386	78	3,522
Sat Pal Khattar **	145	—	—	—	145
Kwek Leng San *	31[(1)]	—	—	—	31
Tan Lim Heng	—	409	—	1	410
Volker Stoeckel **	42	—	—	—	42
Ding Wai Chuen	—	404	—	16	420
Roderic N. A. Sage **	42	—	—	—	42
	478	1,763	2,386	95	4,722

Notes:

* Non-executive director

** Independent non-executive director

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

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, one (2011: one) is a director whose remuneration is disclosed in note 9. The remunerations of the other four (2011: four) individuals are as follows:

	The Group	
	2012 US$'000	2011 US$'000
Salaries, allowances and benefits in kind	**2,605**	2,395
Discretionary bonuses	**1,017**	448
Share-based payments	**438**	1,138
Pension contributions	**314**	103
	4,374	4,084

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS (cont'd)

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

	The Group	
	2012 Number of individuals	2011 Number of individuals
US$		
700,001–750,000	**–**	1
850,001–900,000	**1**	–
900,001–950,000	**–**	1
950,001–1,000,000	**1**	1
1,150,001–1,200,000	**1**	–
1,300,001–1,350,000	**1**	–
1,500,001–1,550,000	**–**	1
	4	4

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

The consolidated (loss)/profit attributable to shareholders of the Company includes a profit of US$117,071,000 (2011: US$165,733,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	The Group		The Company	
	2012 US$'000	2011 US$'000	**2012 US$'000**	2011 US$'000
Year 2010/2011:				
Final dividend paid of HK$2.20 per ordinary share (Year 2009/2010: HK$2.00 per ordinary share)	**91,870**	83,861	**93,008**	84,899
Year 2011/2012:				
Interim dividend paid of HK$0.50 per ordinary share (Year 2010/2011: HK$1.00 per ordinary share)	**20,920**	41,659	**21,181**	42,175
	112,790	125,520	**114,189**	127,074
Year 2011/2012:				
Proposed final dividend of HK$1.70 per ordinary share (Year 2010/2011: HK$2.20 per ordinary share)	**72,125**	93,019	**72,125**	93,019

The final dividend proposed for the year ended 30 June 2012 of US$72,125,000 (2011: US$93,019,000) is calculated based on 329,051,373 ordinary shares (2011: 329,051,373 ordinary shares) in issue as at 30 June 2012.

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

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13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of the Company of US$166,810,000 (2011: profit of US$534,459,000) and the weighted average number of 325,024,511 ordinary shares (2011: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted (loss)/earnings per share

For the year ended 30 June 2012, the diluted loss per share equals the basic loss per share as there is no dilutive potential ordinary share outstanding during the year.

For the year ended 30 June 2011, the calculation of diluted earnings per share was based on the profit attributable to shareholders of the Company of US$534,380,000 and the weighted average number of 325,024,511 ordinary shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

14. SEGMENT REPORTING

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

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

Notes to the Financial Statements

14. SEGMENT REPORTING (cont'd)

The accounting policies of the operating segments are the same as those described in the significant accounting policies in note 2. Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from Year 2010/11.

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

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

Segment revenue and profit or loss

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
For the year ended 30 June 2012							
Turnover	**1,234,859**	**216,426**	**1,312,823**	**7,058**	**–**	**–**	**2,771,166**
Revenue from external customers	**108,466**	**216,426**	**1,312,823**	**7,058**	**–**	**–**	**1,644,773**
Inter-segment revenue	**1,308**	**971**	**–**	**915**	**–**	**–**	**3,194**
Reportable segment revenue	**109,774**	**217,397**	**1,312,823**	**7,973**	**–**	**–**	**1,647,967**
Operating (loss)/profit	**(277,833)**	**(40,484)**	**130,654**	**679**	**49,164**	**–**	**(137,820)**
Finance cost	**(15,939)**	**(44,123)**	**(44,157)**	**(53)**	**–**	**–**	**(104,272)**
Valuation surplus on investment properties	**–**	**3,198**	**–**	**–**	**–**	**–**	**3,198**
Share of profits of associates	**–**	**2,874**	**–**	**–**	**–**	**95,147**	**98,021**
Share of profits less losses of jointly controlled entities	**–**	**4,824**	**–**	**–**	**–**	**–**	**4,824**
(Loss)/profit before taxation	**(293,772)**	**(73,711)**	**86,497**	**626**	**49,164**	**95,147**	**(136,049)**
For the year ended 30 June 2011							
Turnover	3,928,531	379,441	505,544	8,617	–	–	4,822,133
Revenue from external customers	90,935	379,441	505,544	8,617	–	–	984,537
Inter-segment revenue	3,070	1,019	–	698	–	–	4,787
Reportable segment revenue	94,005	380,460	505,544	9,315	–	–	989,324
Operating profit	171,929	79,785	90,992	1,977	39,485	–	384,168
Finance cost	(5,055)	(26,764)	(40,057)	(144)	(392)	–	(72,412)
Valuation surplus on investment properties	–	57,427	–	–	–	–	57,427
Profit on disposal of an associate	41,727	–	–	–	–	–	41,727
Share of profits of associates	748	6,865	63,963	–	–	145,119	216,695
Share of profits less losses of jointly controlled entities	–	7,485	–	–	–	–	7,485
Profit before taxation	209,349	124,798	114,898	1,833	39,093	145,119	635,090

Notes to the Financial Statements

14. SEGMENT REPORTING (cont'd)

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

Segment assets and liabilities

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
As at 30 June 2012							
Reportable segment assets	**3,154,991**	**6,699,670**	**3,010,187**	**39,759**	**133,724**	**–**	**13,038,331**
Interest in associates	**–**	**39,886**	**–**	**–**	**–**	**648,043**	**687,929**
Interest in jointly controlled entities	**–**	**112,518**	**–**	**–**	**–**	**–**	**112,518**
Total assets	**3,154,991**	**6,852,074**	**3,010,187**	**39,759**	**133,724**	**648,043**	**13,838,778**
Reportable segment liabilities	**1,092,566**	**4,632,794**	**1,045,969**	**5,765**	**215**	**–**	**6,777,309**
As at 30 June 2011							
Reportable segment assets	4,493,459	6,400,760	3,173,962	52,772	145,569	–	14,266,522
Interest in associates	–	40,871	–	–	–	586,993	627,864
Interest in jointly controlled entities	–	120,584	–	–	–	–	120,584
Total assets	4,493,459	6,562,215	3,173,962	52,772	145,569	586,993	15,014,970
Reportable segment liabilities	1,341,923	4,482,185	1,435,632	15,274	107	–	7,275,121

Other information

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure business US$'000	Securities, commodities and brokerage US$'000	Oil and gas US$'000	Financial services US$'000	Total US$'000
2012							
Interest income	**5,124**	**3,873**	**13,473**	**2,071**	**–**	**–**	**24,541**
Depreciation and amortisation	**448**	**2,242**	**92,222**	**172**	**4,452**	**–**	**99,536**
Additions to non-current segment assets	**245**	**56,612**	**125,436**	**359**	**–**	**–**	**182,652**
2011							
Interest income	16,303	3,508	9,219	1,952	–	–	30,982
Depreciation and amortisation	432	1,389	32,124	132	4,292	–	38,369
Additions to non-current segment assets	71	2,114	186,170	61	–	–	188,416

Major customers

During the financial years 2012 and 2011, there is no major customer accounting for more than 10% of the total revenue of the Group.

14. SEGMENT REPORTING (cont'd)

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

Revenue

	The Group	
	2012	2011
	US$'000	US$'000
Reportable segment revenue	**1,647,967**	989,324
Elimination of inter-segment revenue	**(3,194)**	(4,787)
Consolidated revenue (note 5)	**1,644,773**	984,537

Finance cost

	The Group	
	2012	2011
	US$'000	US$'000
Reportable finance cost	**(104,272)**	(72,412)
Elimination of inter-segment finance cost	**1,051**	2,813
Consolidated finance cost (note 7(a))	**(103,221)**	(69,599)

Interest income

	The Group	
	2012	2011
	US$'000	US$'000
Reportable interest income	**24,541**	30,982
Elimination of inter-segment interest income	**(1,051)**	(2,813)
Consolidated interest income (note 5)	**23,490**	28,169

(c) Geographical information

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

Notes to the Financial Statements

14. SEGMENT REPORTING (cont'd)

(c) Geographical information (cont'd)

	Revenue from external customers		(Loss)/profit from operations	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
The People's Republic of China				
Hong Kong	**116,835**	100,439	**(284,644)**	168,073
Mainland China	**35,719**	316,899	**(Note) (43,933)**	63,762
United Kingdom and Continental Europe	**1,275,980**	473,470	**87,197**	50,141
Singapore	**182,527**	39,085	**(Note) (44,062)**	(2,659)
Australasia and others	**33,712**	54,644	**(Note) 43,350**	32,439
	1,644,773	984,537	**(242,092)**	311,756

	Segment assets		Specified non-current assets	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
The People's Republic of China				
Hong Kong	**3,188,150**	4,525,476	**51,239**	51,031
Mainland China	**3,145,337**	2,708,484	**144,007**	148,057
United Kingdom and Continental Europe	**2,701,548**	2,851,939	**2,427,819**	2,457,139
Singapore	**3,113,228**	3,312,162	**1,453,011**	1,332,741
Australasia and others	**1,690,515**	1,616,909	**1,119,880**	1,079,204
	13,838,778	15,014,970	**5,195,956**	5,068,172

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

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

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

In the previous year ended 30 June 2011, operating profits of GuocoLand for the year amounting to US$74.0 million and US$9.2 million in Singapore and Mainland China & other countries respectively had been deferred for recognition in the Group accounts. The Group had recognised operating profits of GuocoLand which had been deferred in previous years amounting to US$nil and US$55.0 million in Singapore and Mainland China & other countries respectively for those development projects completed during the year. Up to 30 June 2011, accumulated operating profits of GuocoLand totalling US$104.9 million in Singapore and US$11.5 million in Mainland China & other countries had been deferred.

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 2010	336,135	815,359	405,129	392,476	1,612,964	1,949,099
Additions through acquisition of subsidiaries	—	163,668	73,909	670,985	908,562	908,562
Additions	885,453	151,093	8,466	28,857	188,416	1,073,869
Transfer from/(to) development properties	66,374	(15,656)	—	—	(15,656)	50,718
Transfer	3,131	—	(3,131)	—	(3,131)	—
Disposals and written off	—	(790)	(2,837)	(1,141)	(4,768)	(4,768)
Surplus on revaluation	57,427	—	—	—	—	57,427
Exchange adjustments	37,920	47,941	26,050	8,812	82,803	120,723
At 30 June 2011	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
Representing:						
Cost	—	1,161,615	507,586	1,099,989	2,769,190	2,769,190
Valuation — 2011	1,386,440	—	—	—	—	1,386,440
	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
At 1 July 2011	1,386,440	1,161,615	507,586	1,099,989	2,769,190	4,155,630
Additions	53,937	34,331	11,597	82,787	128,715	182,652
Transfer from/(to):						
— properties held for sale	—	—	(6,017)	—	(6,017)	(6,017)
— development properties	122,235	17,851	—	—	17,851	140,086
— investment properties	(5,071)	—	5,071	—	5,071	—
Disposals and written off	—	(13,687)	(77)	(14,261)	(28,025)	(28,025)
Surplus on revaluation	3,198	—	—	—	—	3,198
Exchange adjustments	(41,841)	(27,765)	(15,633)	(35,427)	(78,825)	(120,666)
At 30 June 2012	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858
Representing:						
Cost	—	1,172,345	502,527	1,133,088	2,807,960	2,807,960
Valuation — 2012	1,518,898	—	—	—	—	1,518,898
	1,518,898	1,172,345	502,527	1,133,088	2,807,960	4,326,858

Notes to the Financial Statements

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 2010	—	31,648	9,827	293,544	335,019	335,019
Additions through acquisition of subsidiaries	—	99,731	35,378	428,265	563,374	563,374
Charge for the year	—	6,866	1,740	24,720	33,326	33,326
Written back on disposals and written off	—	(790)	(2,035)	(783)	(3,608)	(3,608)
Exchange adjustments	—	(1,264)	(319)	8,856	7,273	7,273
At 30 June 2011	—	136,191	44,591	754,602	935,384	935,384
At 1 July 2011	—	136,191	44,591	754,602	935,384	935,384
Charge for the year	—	11,964	2,801	70,758	85,523	85,523
Written back on disposals and written off	—	(13,666)	(30)	(13,070)	(26,766)	(26,766)
Transfer to properties held for sale	—	—	(3,100)	—	(3,100)	(3,100)
Impairment charge/(write-back)	—	(1,906)	(63)	1,603	(366)	(366)
Exchange adjustments	—	(3,335)	(1,529)	(26,192)	(31,056)	(31,056)
At 30 June 2012	—	129,248	42,670	787,701	959,619	959,619
Net book value						
At 30 June 2012	1,518,898	1,043,097	459,857	345,387	1,848,341	3,367,239
At 30 June 2011	1,386,440	1,025,424	462,995	345,387	1,833,806	3,220,246

15. FIXED ASSETS (cont'd)

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

	The Group 2012 US$'000	2011 US$'000
In Hong Kong:		
— Leasehold with between 10 to 50 years unexpired	**50,580**	50,562
Outside Hong Kong:		
— Leasehold with over 50 years unexpired	**1,947,022**	1,865,338
— Leasehold with between 10 to 50 years unexpired	**168,119**	111,306
— Leasehold with less than 10 years unexpired	**28,898**	8,246
— Freehold	**827,233**	839,407
	3,021,852	2,874,859

(b) In accordance with the Group's accounting policy, the Group's investment properties in Hong Kong, China, Singapore and Malaysia were valued on an open market basis by independent firms of professional valuers, namely, CB Richard Ellis, Savills, Burgess Rawson as at 30 June 2012.

(c) Certain of the Group's properties with a book value of US$1,909.7 million (2011: US$1,899.1 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 five years. The gross carrying amounts of investment properties of the Group held for use in operating leases were US$445.2 million (2011: US$454.0 million).

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

Notes to the Financial Statements

16. INTANGIBLE ASSETS

	The Group		
	Casino licences and brand name US$'000	**Bass Strait oil and gas royalty US$'000**	**Total US$'000**
Cost			
At 1 July 2010	52,773	161,388	214,161
Additions through acquisition of subsidiaries	936,363	—	936,363
Additions	1,105	—	1,105
Exchange adjustments	(4,669)	41,715	37,046
At 30 June 2011	985,572	203,103	1,188,675
At 1 July 2011	985,572	203,103	1,188,675
Additions	11,146	—	11,146
Exchange adjustments	(50,709)	(10,590)	(61,299)
At 30 June 2012	946,009	192,513	1,138,522
Accumulated amortisation			
At 1 July 2010	—	51,433	51,433
Additions through acquisition of subsidiaries	89,126	—	89,126
Charge for the year	751	4,292	5,043
Exchange adjustments	(1,307)	13,615	12,308
At 30 June 2011	88,570	69,340	157,910
At 1 July 2011	88,570	69,340	157,910
Charge for the year	9,561	4,452	14,013
Impairment	18,177	—	18,177
Exchange adjustments	(7,934)	(3,696)	(11,630)
At 30 June 2012	108,374	70,096	178,470
Net book value			
At 30 June 2012	837,635	122,417	960,052
At 30 June 2011	897,002	133,763	1,030,765

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 original useful lives of 25 years. Effective from 1 July 2010, based on the latest professional valuation report, the estimated useful life has been extended for 13 years to 2040.

The casino licences and brand name are with infinite useful lives (except for two Belgium casino concessions with an estimated remaining useful life of 8 years) and are stated at cost less impairment losses.

17. INTEREST IN SUBSIDIARIES

	The Company	
	2012	2011
	US$'000	US$'000
Unlisted shares	**467,678**	24,824
Amounts due from subsidiaries	**3,352,693**	3,109,602
	3,820,371	3,134,426
Amounts due to subsidiaries	**141,017**	170,979

As at 30 June 2012, amounts due from subsidiaries of US$255,028,000 (2011: US$172,651,000) bear interest at 1.57% (2011: 1.14%) per annum and are unsecured and have no fixed repayment terms. The remaining outstanding balances are unsecured, interest free and have no fixed repayment terms.

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

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

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

Notes to the Financial Statements

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Belmeth Pte Ltd	50,000,000 shares (S$50,000,000)*	–	52	Property investment
Elliot Development Pte Ltd	16,000,000 shares (S$16,000,000)*	–	65	Property development
GLL IHT Pte Ltd	10,000,000 shares (S$10,083,000)*	–	65	Provision of financial and treasury services
GLL Land Pte Ltd	70,000,000 shares (S$70,000,000)*	–	65	Property investment
GLL (Malaysia) Pte Ltd	58,000,000 shares (S$58,000,000)*	–	65	Investment holding
Goodwood Residence Development Pte Ltd	90,300,000 shares (S$90,300,000)*	–	65	Property development
Guoco Assets Pte Ltd	2 shares (S$2)*	100	100	Investment holding
Guoco Investment Services Pte Ltd	50,000 shares (S$50,000)*	–	100	Provision of investment advisory services
GuocoLand Limited	1,183,373,276 shares (S$1,926,053,441)*	–	65	Investment holding
GuocoLand Assets Pte Ltd	20,000,000 shares (S$20,000,000)*	100	100	Investment holding
GuocoLand Property Management Pte Ltd	2 shares (S$2)*	–	65	Property management, marketing and maintenance services
GuocoLand (Singapore) Pte Ltd	195,000,000 shares (S$195,000,000)*	–	65	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share (S$1)*	–	65	Investment holding
GuocoLeisure Management Pte Ltd	2 shares (S$2)*	–	66	Management company
Guston Pte Ltd	10,000,000 shares (S$10,000,000)*	–	52	Investment holding
Leedon Residence Development Pte Ltd	158,000,000 shares (S$158,000,000)*	–	65	Property development
Sophia Residence Development Pte Ltd	91,600,000 shares (S$91,600,000)*	–	65	Property development
Waterline Development Pte Ltd	13,000,000 shares (S$13,000,000)*	–	65	Property development

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

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

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Ace Acres Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Property development
Damansara City Sdn. Bhd.	20,000,000 shares of RM1 each	–	44	Property development
Famous Moments Sdn. Bhd.	2 shares of RM1 each	–	44	Hotel operations
Guoco Assets Sdn. Bhd.	250,000 shares of RM1 each, 300,000 Class B shares of RM1 each and 5,815 preference shares of RM1 each	45	100	Investment holding
GuocoLand (Malaysia) Berhad	700,458,518 shares of RM0.5 each	–	44	Investment holding and provision of management services
Hikmat Gembira Sdn. Bhd.	2 shares of RM1 each	–	44	Property investment
Impressive Genesis Sdn. Bhd.	2 shares of RM1 each	–	44	Property investment
Intelligent Circle Sdn. Bhd.	2 shares of RM1 each	–	44	Car park operations and property investment
JB Parade Sdn. Bhd.	40,000,000 shares of RM1 each	–	35	Investment holding and hotel operations
PD Resort Sdn. Bhd.	100,000,000 shares of RM1 each	–	51	Property investment and development and hotel operations
Titan Debut Sdn. Bhd.	3,000,000 shares of RM1 each	–	44	Acquire, enhance and resale of properties
Wonderful Space Sdn. Bhd.	250,000 shares of RM1 each	–	44	Property investment and property development

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asian Financial Common Wealth (PTC) Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Cheng Jian Dong Hua Real Estate Development Co., Ltd (Note (i) & (viii))	The People's Republic of China	RMB50,000,000 (Note (ii))	–	59	Property development
Beijing Jiang Sheng Property Development Co., Ltd (Note (i) & (viii))	The People's Republic of China	RMB250,000,000 (Note (ii))	–	65	Property development
BIL Asia Group Treasury Limited (Note (v))	British Virgin Islands	100 shares of NZD1 each	–	67	Financing company

Notes to the Financial Statements

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
BIL Australia Pty Limited	Australia	1 share of AUD 1 each	–	67	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZD1,000 each	–	67	Investment holding
Blue Square Gaming (Alderney) Limited (Note (ix))	Alderney	1 share of GBP1 each	–	75	Interactive gaming and sports betting
Blue Square Limited (Note (ix))	England and Wales	14,884,600 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	75	Support services to interactive gaming
Capital Intelligence Limited (Note (iii))	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Clermont Leisure (UK) Limited	United Kingdom	55,000,000 shares of GBP1 each	–	67	Gaming
Dynamic Talent Limited	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Fresco Resources Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Financing activities
GA Investment Limited	Labuan	200,000 shares of US$1 each	100	100	Investment holding
Great Insight Limited (Note (iii))	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Grosvenor Casinos Limited (Note (ix))	England and Wales	39,000,000 shares of GBP1 each	–	75	London and provincial casinos
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	–	100	Investment holding
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 (Note (ii))	–	65	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	65	Investment holding
GuocoLeisure Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	67	Hotel and property management
GuocoLeisure Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Guoman Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	67	Investment holding
Guoman Hotel Holdings Limited	United Kingdom	2 shares of GBP1 each	–	67	Investment holding
Guoman Hotels Limited	United Kingdom	310,545,212 shares of GBP0.26 each	–	67	Ownership and operation of hotels in UK
GuoSon Investment Company Limited (Note (i) & (vii))	The People's Republic of China	US$370,000,000 (Note (ii))	–	65	Investment holding
Hong Way Holdings, Inc.	The Philippines	100,000 shares of P1 each	–	100	Investment holding

Notes to the Financial Statements

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
Ma Sing Investments Limited (Note (iv))	British Virgin Islands	407,174,860 shares of AUD1 each	–	67	Investment holding
Mecca Bingo Limited (Note (ix))	England and Wales	170,000,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	75	Social and bingo clubs
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	67	Investment holding
Nanjing Mahui Property Development Co., Ltd. (Note (i) & (viii))	The People's Republic of China	RMB286,000,000 (Note (ii))	–	62	Property development
Nanjing Xinhaoning Property Development Co., Ltd (Note (i) & (viii))	The People's Republic of China	US$11,920,000 (Note (ii))	–	65	Property development
Nanjing Xinhaoxuan Property Development Co., Ltd (Note (i) & (viii))	The People's Republic of China	US$11,920,000 (Note (ii))	–	65	Property development
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading
Rank Assets Limited (formerly known as All Global Investments Limited)	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Rank Group Finance Plc (Note (ix))	England and Wales	200,000,000 shares of GBP1 each	–	75	Funding operations
Rank Group Gaming Limited (Note (ix))	England and Wales	100 shares of GBP1 each	–	75	Investment holding
Rank Group Gaming Division Limited (Note (ix))	England and Wales	76,133,001 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	75	Investment holding and provision of shared services
Rank Holding España SA (Note (ix))	Spain	150,000 shares of EUR26.02 each	–	75	Investment holding of Top Rank España
Rank Holdings (Netherlands) BV (Note (ix))	Holland	65 shares of EUR453 each	–	75	Investment holding
Rank Interactive Development Limited (Note (ix))	England and Wales	20,000,100 shares of GBp1 each	–	75	Support services to interactive gaming
Rank Leisure Limited (Note (ix))	England and Wales	1 share of GBP1 each	–	75	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited (Note (ix))	England and Wales	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	75	Investment holding and corporate activities
Rank Nemo (Twenty-Five) Limited (Note (ix))	England and Wales	1 share of GBP1 each	–	75	Investment holding

Notes to the Financial Statements

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Rank Overseas Holdings Limited (Note (ix))	England and Wales	1,000,000 shares of GBP1 each	–	75	Investment holding
Shanghai Xinhaolong Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	US$126,000,000 (Note (ii))	–	65	Property development
Shanghai Xinhaojia Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB3,100,176,000 (Note (ii))	–	83	Property development
Supreme Goal Investments Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Property investment
Tabua Investments Limited	Fiji	2 shares of FJD1 each	–	67	Investment holding
Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB510,000,000 (Note (ii))	–	65	Property development
The Rank Group Plc (Note (ix))	England and Wales	390,613,426 shares of GBp13 $^{8}/_{9}$ each	–	75	Investment holding of gaming business
Wayforward Services Limited (Note (v))	British Virgin Islands	1 share of US$1 each	–	67	Investment holding

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) These companies are foreign capital enterprise.

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

(ix) At 30 June 2011, the Group held a 78.4% interest in these companies. Subsequent to 30 June 2011, the Group's interest decreased to 74.5%.

The GuocoLand group had carried out internal restructuring to streamline equity holdings. GuocoLand has enquired with the local authority to clarify the tax basis and at the date of the financial statements, no sufficiently reliable estimate of tax can be made. As such, no provision for tax has been made in respect of the restructuring.

18. INTEREST IN ASSOCIATES

	The Group 2012 US$'000	2011 US$'000
Share of net assets		
Listed shares, overseas	**705,775**	645,428
Unlisted	**294**	273
Goodwill	**12,092**	12,092
	718,161	657,793
Amounts due from associates	**7,230**	7,533
	725,391	665,326
Less: Impairment loss	**(37,462)**	(37,462)
	687,929	627,864

The market value of the listed investments at 30 June 2012 was US$1,055.9 million (2011: US$1,190.9 million).

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

Details of the principal associates are as follows:

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

Notes:

(a) Rank was derecognised as an associate upon the closing date of the mandatory cash offer for the Rank shares on 7 June 2011. Please refer to note 20(b) for details.

(b) On 16 September 2010, the Group disposed of its entire interest of 30% in Pepsi-Cola Products Philippines, Inc., to a third party, recognising a profit of approximately US$41.7 million in the income statement.

Notes to the Financial Statements

18. INTEREST IN ASSOCIATES (cont'd)

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

	The Group	
	2012	2011
	US$'000	US$'000
Total assets	**53,849,561**	51,974,128
Total liabilities	**(49,736,234)**	(48,396,176)
	4,113,327	3,577,952
Non-controlling interests	**(1,307,206)**	(924,145)
Net assets	**2,806,121**	2,653,807
Group's share of associates' net assets	**706,069**	645,701
Revenue	**2,326,705**	2,726,826
Profits for the year	**384,840**	785,579
Group's share of associates' profits for the year	**98,021**	216,695

19. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2012	2011
	US$'000	US$'000
Share of net assets — unlisted	**108,834**	117,058
Amounts due from jointly controlled entities	**3,684**	3,526
	112,518	120,584

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

Details of principal jointly controlled entities are as follows:

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

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

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

	The Group	
	2012	2011
	US$'000	US$'000
Non-current assets	**119,499**	129,850
Current assets	**33,813**	34,707
Non-current liabilities	**(20,460)**	(27,256)
Current liabilities	**(24,018)**	(20,243)
Net assets	**108,834**	117,058
Income	**8,218**	22,536
Expenses	**(3,394)**	(15,051)
Profits for the year	**4,824**	7,485

20. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Proposed acquisition in the financial year 2011/12

Rank announced on 12 May 2012 that it had conditionally agreed, subject to regulatory approval, to acquire Gala Casinos from Gala Coral Group Limited for a total cash consideration of GBP205 million (approximately US$320 million). Rank intends to finance the acquisition, along with its related costs and expenses with new three-year bank facilities totalling GBP175 million (approximately US$273 million) together with its existing bank facilities.

(b) Acquisition of subsidiaries in the financial year 2010/11

(i) On 6 May 2011, the Group acquired 11.6% of the issued share capital of Rank from a third party, resulting in an aggregate interest of 40.8% in Rank. Rank is a European gaming company with a primary focus on casinos and bingo clubs in the UK. It also operates in Spain and Belgium.

(ii) On 6 May 2011, the Group announced in the UK a mandatory cash offer ("Offer") to acquire the shares in Rank for a cash consideration of GBP1.50 per offer share. As at 7 June 2011, being the first closing date of the Offer, the Group received valid acceptances in respect of 60,738,410 shares for a total cash consideration of approximately US$149.8 million. After the close of the first offer period, Rank became a 56.4% owned and controlled subsidiary of the Group.

(iii) For the financial year ended 30 June 2011, Rank, as a subsidiary, contributed US$85.3 million turnover and US$4.8 million to the profit for the year attributable to shareholders of the Company.

(iv) As a result of remeasuring to fair value the equity interest in Rank before the acquisition, US$2.1 million gain on derecognition of the associate was recognised in other net income in the financial year 2010/11 in note 6(b).

Notes to the Financial Statements

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

(b) Acquisition of subsidiaries in the financial year 2010/11 (cont'd)

The net assets acquired in the above acquisition and goodwill arising are as follows:

	Acquirees' carrying value before combination US$'000	Fair value adjustment US$'000	Acquirees' fair value before combination US$'000
Net assets acquired:			
Property, plant and equipment	345,188	—	345,188
Intangible assets	272,511	574,726	847,237
Deferred tax assets	27,152	—	27,152
Trade and other receivables	53,938	—	53,938
Cash and short term funds	257,745	—	257,745
Bank loans and borrowings	(202,828)	—	(202,828)
Trade and other payables	(157,022)	—	(157,022)
Taxation	(159,343)	—	(159,343)
Provision	(92,940)	—	(92,940)
Deferred tax liabilities	(8,343)	—	(8,343)
Net identifiable assets and liabilities	336,058	574,726	910,784
Fair value of the equity interest held in the acquiree			(397,762)
Share of non-controlling interests			(397,284)
Net identifiable assets and liabilities acquired			115,738
Goodwill arising from acquisition			34,088
Total consideration			149,826
Total consideration satisfied by:			
Cash			149,826

If the above acquisitions had occurred on 1 July 2010, total Group revenue would have been US$1,786.2 million and profit for the year attributable to shareholders of the Company would have been US$657.4 million for the year ended 30 June 2011.

Subsequent to 7 June 2011, the Offer remained open and the Group had received further valid acceptances from Rank Shareholders for 86,188,549 shares as at 30 June 2011 and subsequently reduced to 70,776,619 shares (net of withdrawals). The Group finally increased its ownership from 56.4% to 74.5%. The Group recognised a decrease in non-controlling interests of US$165.0 million and a decrease in retained earnings of US$8.7 million.

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

(b) Acquisition of subsidiaries in the financial year 2010/11 (cont'd)

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

	US$'000
Group's ownership interest at the acquisition	547,588
Effect of increase in Group's ownership interest	165,022
Share of comprehensive income	(1,298)
Group's ownership interest at 30 June 2011	711,312

(c) Acquisition of non-controlling interests

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

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

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

During the financial year ended 30 June 2011, the Group acquired an additional 0.8% interest in GuocoLeisure for US$5.7 million in cash, increasing its ownership from 65.5% to 66.3%. The Group recognised a decrease in non-controlling interests of US$8.3 million and an increase in retained earnings of US$2.6 million.

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

	US$'000
Group's ownership interest at 1 July 2010	685,542
Effect of increase in Group's ownership interest	8,307
Share of comprehensive income	87,437
Group's ownership interest at 30 June 2011	781,286

Notes to the Financial Statements

21. HELD-TO-MATURITY FINANCIAL ASSETS

	The Company	
	2012	2011
	US$'000	US$'000
Unlisted debt securities	**—**	185,446

The unlisted debt securities represented fixed rate notes issued by a wholly-owned subsidiary of the Company, which bore interest at 8.2% per annum and were unsecured. They were fully redeemed on 18 May 2012 by the subsidiary.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Equity securities				
Listed (at market value)				
— In Hong Kong	**1,433,789**	1,394,290	**—**	—
— Outside Hong Kong	**20,446**	2,517	**—**	—
Unlisted	**3,780**	4,546	**—**	—
	1,458,015	1,401,353	**—**	—
Club and other debentures	**451**	451	**203**	203
Investment in partnership	**31,236**	34,534	**—**	—
	1,489,702	1,436,338	**203**	203

23. GOODWILL

	The Group
	US$'000
Cost:	
At 1 July 2010	34,045
Additions during the year (note 20(b))	34,088
Exchange adjustments	580
At 30 June 2011	68,713
At 1 July 2011	68,713
Exchange adjustments	(495)
At 30 June 2012	68,218

In accordance with the Group's accounting policy, the carrying value of goodwill was tested for impairment as at 30 June 2012 and 30 June 2011. The results of the tests indicated no impairment charge was necessary.

24. DEVELOPMENT PROPERTIES

	The Group	
	2012	2011
	US$'000	US$'000
Cost as at 30 June	**4,587,604**	3,980,260
Less: Impairment loss	**(10,699)**	(18,112)
Progress instalments received and receivable	**(409,325)**	(432,286)
	4,167,580	3,529,862

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

Certain of the Group's development properties with book value of US$2,144.7 million (2011: US$2,243.5 million) were pledged for bank loans and mortgage debenture stock.

25. PROPERTIES HELD FOR SALE

	The Group	
	2012	2011
	US$'000	US$'000
As at 1 July	**239,615**	183,613
Additions	**157**	265,205
Transfer from fixed assets	**2,917**	—
Disposals	**(30,499)**	(221,030)
	212,190	227,788
Exchange adjustments	**(6,348)**	11,827
As at 30 June	**205,842**	239,615

26. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Trade debtors	**218,208**	310,023	**—**	—
Deposits and prepayments	**170,798**	231,376	**157**	129
Derivative financial instruments, at fair value	**1,893**	5,874	**—**	—
Interest receivables	**4,170**	1,385	**13**	1,355
	395,069	548,658	**170**	1,484

Included in the Group's trade and other receivables is US$8.3 million (2011: US$7.1 million) which is expected to be recovered after one year.

Notes to the Financial Statements

26. TRADE AND OTHER RECEIVABLES (cont'd)

(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 end of the reporting period:

	The Group	
	2012	2011
	US$'000	US$'000
Current	**214,889**	296,613
1 to 3 months	**1,733**	4,819
More than 3 months	**1,586**	8,591
	218,208	310,023

(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 2012 and 2011 are not significant.

(c) Trade debtors that are not impaired

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

	The Group	
	2012	2011
	US$'000	US$'000
Neither past due nor impaired	**186,197**	257,534
Less than 1 month past due	**7,758**	12,880
1 to 3 months past due	**1,220**	4,735
More than 3 months past due	**1,584**	8,521
	10,562	26,136
	196,759	283,670

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	
	2012	2011
	US$'000	US$'000
Debt securities		
Listed (at market value)		
— In Hong Kong	**—**	1,863
— Outside Hong Kong	**—**	25,165
Unlisted	**509**	27,532
	509	54,560
Equity securities		
Listed (at market value)		
— In Hong Kong	**97,606**	173,234
— Outside Hong Kong	**1,128,357**	1,939,836
	1,225,963	2,113,070
Unit trusts		
Unlisted	**—**	6,818
	1,226,472	2,174,448

28. CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Deposits with banks	**954,537**	1,638,802	**214,710**	739,492
Cash at bank and in hand	**180,102**	364,606	**1,111**	5,239
Cash and short term funds in the statement of financial position	**1,134,639**	2,003,408	**215,821**	744,731
Cash collateral (Note)	**(444,545)**	(292,620)	**—**	—
Cash and cash equivalents in the consolidated statement of cash flows	**690,094**	1,710,788	**215,821**	744,731

Note: Cash collateral is deposited with financial institutions for loan facilities. Included in this amount is a deposit of US$444.5 million (2011: US$292.6 million) pledged with a financial institution in China for a bank loan.

Notes to the Financial Statements

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Trade creditors	**115,099**	104,588	**–**	–
Other payables and accrued operating expenses	**621,598**	588,295	**567**	557
Derivative financial instruments, at fair value	**19,891**	23,241	**–**	–
Amounts due to fellow subsidiaries	**6,377**	12,117	**–**	2,655
Amounts due to associates	**39**	38	**–**	–
Amounts due to jointly controlled entities	**305**	320	**–**	–
	763,309	728,599	**567**	3,212

Included in trade and other payables of the Group and the Company are amounts of US$54.3 million (2011: US$60.2 million) and US$0.3 million (2011: US$0.3 million) respectively which are expected to be payable after one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	The Group	
	2012	2011
	US$'000	US$'000
Due within 1 month or on demand	**101,068**	85,420
Due after 1 month but within 3 months	**4,469**	3,432
Due after 3 months	**9,562**	15,736
	115,099	104,588

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	
	2012	2011
	US$'000	US$'000
Bank loans		
— Secured	**595,224**	1,601,603
— Unsecured	**834,464**	1,168,429
	1,429,688	2,770,032
Other loans		
— Secured	**440,511**	782,601
— Unsecured	**4,692**	4,495
	445,203	787,096
Unsecured medium term notes repayable within 1 year	**55,105**	40,671
Convertible bonds (note 32)	**—**	304,554
	1,929,996	3,902,353

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

	The Group	
	2012	2011
	US$'000	US$'000
Bank loans		
— Secured	**1,795,352**	830,727
— Unsecured	**528,209**	324,979
	2,323,561	1,155,706
Other loans		
— Unsecured	**24,477**	28,962
Unsecured medium term notes and bonds	**1,052,669**	621,874
Secured mortgage debenture stock	**323,026**	383,618
	3,723,733	2,190,160

Notes to the Financial Statements

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

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

	The Group								
	2012				2011				
	Bank loans	**Mortgage debenture stock**	**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
Within 1 year or on demand	**1,429,688**	**–**	**500,308**	**1,929,996**	2,770,032	–	304,554	827,767	3,902,353
After 1 year but within 2 years	**364,202**	**–**	**165,880**	**530,082**	471,177	–	–	61,434	532,611
After 2 years but within 5 years	**1,852,604**	**231,050**	**887,693**	**2,971,347**	608,077	289,026	–	563,883	1,460,986
After 5 years	**106,755**	**91,976**	**23,573**	**222,304**	76,452	94,592	–	25,519	196,563
	2,323,561	**323,026**	**1,077,146**	**3,723,733**	1,155,706	383,618	–	650,836	2,190,160
	3,753,249	**323,026**	**1,577,454**	**5,653,729**	3,925,738	383,618	304,554	1,478,603	6,092,513

Note:

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

— legal mortgages on investment properties with an aggregate book value of US$1,085.4 million (2011: US$1,009.9 million) (note 15);

— legal mortgages on development properties with an aggregate book value of US$2,144.7 million (2011: US$2,243.5 million) (note 24);

— legal mortgages on property, plant and equipment with an aggregate book value of US$824.3 million (2011: US$889.2 million) (note 15); and

— certain trading financial assets with an aggregate book value of US$1,098.3 million (2011: US$1,428.5 million) (note 27).

32. CONVERTIBLE BONDS

	The Group	
	2012	2011
	US$'000	US$'000
Current	**–**	304,554

On 7 May 2007, GuocoLand 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").

32. CONVERTIBLE BONDS (cont'd)

The Bonds are convertible by the holders thereof (the "Bondholders") into new ordinary shares in the capital of GuocoLand ("Shares") at any time on or after 6 July 2007 and up to the close of business (at the place where the certificate evidencing such Bonds is deposited for conversion) on 27 April 2012 or if such Bonds shall have been called for redemption by GuocoLand before 27 April 2012, then up to the close of business (at the place aforesaid) on a date no later than seven business days prior to the date fixed for redemption thereof. The adjusted conversion price of the Bonds is S$5.284 per Share with effect from 6 December 2010 following the issue of 295,843,319 new Shares during the year pursuant to a renounceable rights issue undertaken by GuocoLand.

At any time on or after 7 May 2009 and prior to the date falling 7 business days prior to 7 May 2012 (the "Maturity Date" of the Bonds), the Bonds may be redeemed in whole at the option of GuocoLand 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.

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.

During the financial year, GuocoLand had at the maturity of the Bonds, fully redeemed all the outstanding S$7.2 million (US$5.1 million) in principal amount of the Tranche 1 Bonds and S$345 million (US$225 million) in principal amount of the Tranche 2 Bonds at their principal amount plus interests. The Bonds redeemed by GuocoLand have been cancelled. Following the redemption, no Bonds remain outstanding.

33. PROVISIONS AND OTHER LIABILITIES

	The Group			
	Pensions US$'000	Onerous leases US$'000	Others US$'000	Total US$'000
As at 1 July 2011	16,229	68,900	16,924	102,053
Provision made during the year	11,707	13,343	1,221	26,271
Amounts settled or utilised during the year	(5,411)	(8,491)	(6,759)	(20,661)
Exchange adjustments	(648)	(1,874)	(287)	(2,809)
As at 30 June 2012	21,877	71,878	11,099	104,854
Provisions and other liabilities as at 30 June 2012 are disclosed as:				
Current liabilities	—	6,513	4,519	11,032
Non-current liabilities	21,877	65,365	6,580	93,822
	21,877	71,878	11,099	104,854

Notes to the Financial Statements

34. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

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

	The Group						
Deferred tax arising from:	Depreciation allowance in excess of related depreciation US$'000	Revaluation of properties US$'000	Timing difference on development properties US$'000	Revaluation of financial liabilities US$'000	Tax losses US$'000	Others US$'000	Total US$'000
As at 1 July 2010	590	71,920	17,383	(10,847)	(7,816)	10,161	81,391
Additions through acquisition of subsidiaries	(45,850)	—	—	—	(13,900)	40,941	(18,809)
Charged/(credited) to consolidated income statement	691	(14,760)	10,142	2,281	7,842	(222)	5,974
Charged to other comprehensive income	—	—	—	—	—	19	19
Reclassification	—	—	11,831	—	—	(11,831)	—
	(44,569)	57,160	39,356	(8,566)	(13,874)	39,068	68,575
Exchange adjustments	1,527	4,827	792	(718)	(284)	213	6,357
As at 30 June 2011	(43,042)	61,987	40,148	(9,284)	(14,158)	39,281	74,932
As at 1 July 2011	(43,042)	61,987	40,148	(9,284)	(14,158)	39,281	74,932
Charged/(credited) to consolidated income statement	13,965	(23,924)	(41,308)	3,964	2,989	(7,999)	(52,313)
Charged to other comprehensive income	—	—	1,431	—	—	674	2,105
Transfer to provision for taxation in the consolidated statement of financial position	—	—	(16,224)	—	—	—	(16,224)
	(29,077)	38,063	(15,953)	(5,320)	(11,169)	31,956	8,500
Exchange adjustments	994	(1,164)	(871)	173	280	(1,498)	(2,086)
As at 30 June 2012	(28,083)	36,899	(16,824)	(5,147)	(10,889)	30,458	6,414

	2012 US$'000	2011 US$'000
Net deferred tax assets recognised on the consolidated statement of financial position	**(23,518)**	(14,469)
Net deferred tax liabilities recognised on the consolidated statement of financial position	**29,932**	89,401
	6,414	74,932

34. DEFERRED TAXATION (cont'd)

(b) Deferred tax assets not recognised:

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

	The Group	
	2012	2011
	US$'000	US$'000
Deductible temporary differences	**63,464**	4,597
Tax losses	**2,102,392**	2,082,509
	2,165,856	2,087,106

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

(c) Deferred tax liabilities not recognised

As at 30 June 2012, temporary differences relating to the undistributed profits of subsidiaries amounted to US$194.1 million (2011: US$214.0 million). Deferred tax liabilities of US$13.8 million (2011: US$21.4 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

Notes to the Financial Statements

35. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

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

	Share capital US$'000	Share premium US$'000	Retained profits US$'000	Total equity US$'000
The Company				
At 1 July 2010	164,526	10,493	3,678,421	3,853,440
Final dividend paid in respect of prior year	—	—	(84,899)	(84,899)
Interim dividend paid in respect of current year	—	—	(42,175)	(42,175)
Total comprehensive income for the year				
— Profit for the year	—	—	165,733	165,733
At 30 June 2011	164,526	10,493	3,717,080	3,892,099
At 1 July 2011	164,526	10,493	3,717,080	3,892,099
Final dividend paid in respect of prior year	—	—	(93,008)	(93,008)
Interim dividend paid in respect of current year	—	—	(21,181)	(21,181)
Total comprehensive income for the year				
— Profit for the year	—	—	117,071	117,071
At 30 June 2012	164,526	10,493	3,719,962	3,894,981

(b) Nature and purpose of reserves

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

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The 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.

35. SHARE CAPITAL AND RESERVES (cont'd)

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

(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 2012 amounted to US$3,690,661,000 (2011: US$3,680,889,000).

(c) Share capital

	The Group and The Company			
	2012		2011	
	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 2012, 4,026,862 ordinary shares (2011: 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.

Notes to the Financial Statements

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

	The Group	
	2012	2011
	US$'000	US$'000
Net assets acquired:		
Property, plant and equipment	–	345,188
Intangible assets	–	847,237
Deferred tax assets	–	27,152
Trade and other receivables	–	53,938
Cash and short term funds	–	257,745
Bank loans and borrowings	–	(202,828)
Trade and other payables	–	(157,022)
Taxation	–	(159,343)
Provision	–	(92,940)
Deferred tax liabilities	–	(8,343)
	–	910,784
Fair value of the equity interest held in the acquiree	–	(397,762)
Share of non-controlling interests	–	(397,284)
Goodwill arising from acquisition	–	34,088
Total consideration	–	149,826
Satisfied by:		
Cash consideration	–	149,826

(b) Analysis of net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries

	The Group	
	2012	2011
	US$'000	US$'000
Cash consideration	–	149,826
Cash at bank and in hand acquired	–	(257,745)
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	–	(107,919)

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 consolidated statement of financial position are as follows:

	The Group	
	2012	2011
	US$'000	US$'000
Present value of wholly or partly funded obligations	**(127,451)**	(116,603)
Fair value of plan assets	**110,928**	105,089
	(16,523)	(11,514)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Changes in the present value of the defined benefit obligation:

	The Group	
	2012	2011
	US$'000	US$'000
At 1 July	**116,603**	106,339
Service cost	**430**	457
Interest cost	**6,031**	6,009
Actuarial loss/(gain)	**11,204**	(227)
Benefits paid	**(3,807)**	(3,980)
Exchange differences	**(3,010)**	8,005
At 30 June	**127,451**	116,603

Notes to the Financial Statements

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(iii) Changes in the fair value of plan assets:

	The Group	
	2012	2011
	US$'000	US$'000
At 1 July	**105,089**	87,370
Expected return on plan assets	**6,927**	6,174
Contributions from the Group	**5,208**	5,444
Benefits paid	**(3,807)**	(3,980)
Actuarial gain	**151**	4,110
Exchange differences	**(2,640)**	5,971
At 30 June	**110,928**	105,089

(iv) Movements in the other liabilities recognised in the consolidated statement of financial position are as follows:

	The Group	
	2012	2011
	US$'000	US$'000
At 1 July	**(11,514)**	(6,858)
Contributions paid to plans	**5,166**	5,402
Expense recognised in statement of comprehensive income	**(10,704)**	(7,945)
Exchange differences	**529**	(2,113)
At 30 June	**(16,523)**	(11,514)

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

	The Group	
	2012	2011
	US$'000	US$'000
Current service cost	**(436)**	(454)
Interest cost	**(6,122)**	(5,951)
Actuarial expected return on plan assets	**7,032**	6,139
Net actuarial loss recognised	**(11,178)**	(7,679)
	(10,704)	(7,945)

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(vi) The principal actuarial assumptions used as at 30 June 2012 (expressed as weighted averages) are as follows:

	The Group	
	2012	2011
Discount rate	**4.16%**	4.55%
Expected returns on plan assets — equities	**8.00%**	8.00%
Expected returns on plan assets — bonds	**4.00%**	5.20%
Expected rates of salary increase	**3.40%**	4.70%

Other pension commitment

The Group's UK subsidiary has an unfunded pension commitment relating to three former executives of the subsidiary. At 30 June 2012, the Group's commitment was US$5.3 million. The Group paid US$0.3 million in pension payments during the year. The net cost arising on the commitment of US$0.2 million has been recognised in other financial losses in the consolidated income statement. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in 2012, was US$0.9 million.

Assumptions used to determine the obligations at:

	The Group	
	2012	2011
Discount rate	**4.2%**	4.7%
Pension increases	**2.9%**	3.2%

(b) Defined contribution retirement plans

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

Subsidiaries in Singapore operates a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 6.5 percent to 16 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$7,227,000 (2011: US$3,314,000) and forfeited contributions in the amount of US$93,000 (2011: US$34,000) were used to reduce current year's contributions.

Notes to the Financial Statements

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. The Share Option Scheme expired on 28 November 2011. No option had ever been granted pursuant to the Share Option Scheme since its establishment.

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 Share Option Plan during the year.

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

(b) GuocoLand

The GuocoLand Limited Executives' Share Option Scheme (the "Scheme") was approved by the shareholders of GuocoLand 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 GuocoLand 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 GuocoLand (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.

As this GuocoLand's Scheme was due to expire on 30 December 2008, a new GuocoLand Limited Executives' Share Option Scheme 2008 (the "GuocoLand ESOS 2008") was adopted in place of the GuocoLand Scheme on 21 November 2008. The termination of the GuocoLand Scheme however does not affect outstanding options which had been granted thereunder.

The GuocoLand ESOS 2008 was approved by the shareholders of GuocoLand on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date"). The GuocoLand ESOS 2008 was adopted by GuocoLand in place of the GuocoLand Scheme to provide for continuation of an executives' share option scheme on terms substantially similar to the GuocoLand Scheme. Under the GuocoLand ESOS 2008, options may be granted over newly issued and/or existing shares of GuocoLand to eligible participants including employees and executive directors of GuocoLand and its subsidiaries who are not controlling shareholders of GuocoLand. The GuocoLand ESOS 2008 shall continue to be in force at the discretion of the GuocoLand ESOS Committee subject to a maximum period of 10 years commencing on the Effective Date till 20 November 2018.

(i) *The terms and conditions of the grants that existed during the year (including the number of adjusted option pursuant to GuocoLand's rights issue in July 2007 and December 2010), whereby all options are settled by physical delivery of shares:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees of GuocoLand:			
— on 28 September 2009	6,148,475	Certain financial and performance targets to be met during the performance periods for FY2010 to FY2012	3 to 5 years
Total share options	6,148,475		

Notes to the Financial Statements

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

(b) GuocoLand (cont'd)

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

	2012 Weighted average exercise price	**2012** Number of options	2011 Weighted average exercise price	2011 Number of options
Outstanding at the beginning of the year	**S$2.17**	**33,615,318**	S$2.32	34,436,750
Lapsed during the year	**S$2.18**	**(27,466,843)**	S$2.24	(3,069,300)
Additional options granted arising from the GuocoLand's rights issue 2010	**–**	**–**	S$2.17	2,247,868
Outstanding at the end of the year	**S$2.14**	**6,148,475**	S$2.17	33,615,318
Exercisable at the end of the year	**N/A**	**–**	N/A	–

	2012	2011
The weighted average share price at the date of exercise for share options exercised during the year	**N/A**	N/A
The weighted average exercise price per share of the outstanding options	**S$2.14**	S$2.17
The weighted average remaining contractual life of the options	**1.0 year**	1.0 year

(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 is based on 1-year historical volatility.

Date of grant of options	**28 September 2009**
Fair value at measurement date	S$0.69 to S$0.72
Share price at grant date	S$2.28
Exercise price	S$2.29
Adjusted exercise price	S$2.14
Expected volatility	42.2% to 49.8%
Expected option life	3.2 years to 5.2 years
Expected dividend yield	2.2%
Risk-free interest rate	0.6% to 1.3%

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

(c) GuocoLand (Malaysia) Berhad ("GLM")

The GLM Executive Share Option Scheme was approved by shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company on 25 November 2011 ("New ESOS") to replace GLM's former Executive Share Option Scheme expiring in year 2016. The New ESOS was established on 21 March 2012 and shall be in force for a period of 10 years. The New ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of GLM. Under the New ESOS, options may be granted over newly issued and/or existing shares of GLM to eligible participants including any executive or director of GLM and its subsidiaries. None of the option under the New ESOS has been granted as at the end of the financial year.

During the financial year, GLM has established a Value Creation Incentive Plan ("VCIP") for selected key executives of GLM and its subsidiaries to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESOS Trust. Pursuant to the VCIP, GLM has granted conditional incentive share options ("VCIP Options") over 27,500,000 ordinary shares of GLM, at an exercise price of RM0.87 per share to eligible key executives of the GLM Group.

(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 GLM:			
— on 24 August 2011	10,000,000	Achievement of certain financial and performance targets/criteria during the performance periods for FY2012 to FY2015.	2 to 7 years
Options granted to employees of GLM:			
— on 24 August 2011	17,500,000		2 to 7 years
Total share options	27,500,000		

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

	2012 Weighted average exercise price	2012 Number of options
Outstanding at the beginning of the year	—	—
Granted during the year	**RM0.87**	**27,500,000**
Outstanding at the end of the year	**RM0.87**	**27,500,000**

	2012
The weighted average exercise price per share of the outstanding options	**RM0.87**
The weighted average remaining contractual life of the options	**4.4 years**

Notes to the Financial Statements

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

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

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Date of grant of options	**24 August 2011**
Fair value at measurement date	RM0.17 to RM0.42
Share price at grant date	RM0.83
Exercise price	RM0.87
Expected volatility	42.8%
Expected option life	1.5 years to 6.5 years
Expected dividend yield	2.30% to 3.09%
Risk-free interest rate	3.04% to 3.25%

(d) GuocoLeisure

The GuocoLeisure 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 GuocoLeisure are issued to eligible participants. The Scheme was terminated on 21 November 2008.

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GuocoLeisure ESOS 2008") was approved by the shareholders of GuocoLeisure on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date") in place of the previous GuocoLeisure Share Option Plan and the GuocoLeisure Value Creation Incentive Share Scheme, which were both terminated on 21 November 2008. The GuocoLeisure ESOS 2008 allows the grant of options over newly issued and/or existing shares of GuocoLeisure to eligible participants including employees and executive directors of the GuocoLeisure Group who are not controlling shareholders of GuocoLeisure. The GuocoLeisure ESOS 2008 shall continue to be in force at the discretion of the GuocoLeisure ESOS Committee, subject to a maximum period of 10 years commencing from the GuocoLeisure ESOS Effective Date till 20 November 2018. 5,300,000 options were granted pursuant to the GuocoLeisure ESOS 2008 on 16 December 2010.

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

(d) GuocoLeisure (cont'd)

(i) *The terms and conditions of the grants that existed during the year, whereby all options are settled by physical delivery of shares:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees of GuocoLeisure:			
— on 16 December 2010	210,000	1 to 3 years from the date of grant	1.5 to 3.3 years
Total share options	210,000		

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

	2012 Weighted average exercise price	**2012** Number of options	2011 Weighted average exercise price	2011 Number of options
Outstanding at the beginning of the year	**S$0.713**	**5,300,000**	S$1.43	11,800,000
Granted during the year	**—**	**—**	S$0.713	5,300,000
Lapsed during the year	**S$0.713**	**(5,090,000)**	S$1.43	(11,800,000)
Outstanding at the end of the year	**S$0.713**	**210,000**	S$0.713	5,300,000
Exercisable at the end of the year	**N/A**	**—**	N/A	—

	2012	2011
The weighted average exercise price per share of the outstanding options	**S$0.713**	S$0.713
The weighted average remaining contractual life of the options	**2.3 years**	3.3 years

Notes to the Financial Statements

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

(d) GuocoLeisure (cont'd)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends for the date of grants of 16 December 2010.

Date of grant of options	16 December 2010
Fair value at measurement date	S$0.189 to S$0.263
Share price at grant date	S$0.715
Exercise price	S$0.713
Expected volatility	56.7%
Expected option life	1.5 years to 3.3 years
Expected dividend yield	1.99%
Risk-free interest rate	2.04%

(e) Rank

Rank operates the Save-As-You-Earn ("SAYE") share option scheme, the Executive Share Option Scheme ("ESOS") and the Long Term Incentive Plans ("LTIP"), a share award scheme. All of these schemes are equity settled. At the Rank's 2010 annual general meeting, shareholders approved a new 'umbrella' long-term incentive plan ("the 2010 LTIP") to replace both the 2005 Long-Term Incentive Plan that expired in April 2010 ("the 2005 LTIP") and the 2002 Executive Share Option Scheme (pursuant to which no awards had been made since 2006 and which in any event was due to expire in 2012).

124,819 share awards were granted during the year.

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

(e) Rank (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 Rank:				
— SAYE	—	SAYE	Not subject to any performance conditions	maximum 5.5 years
— ESOS	—			
— LTIP	766,172			
Options granted to directors of subsidiaries of Rank:		ESOS	All vested	maximum 10 years
— SAYE	—			
— ESOS	—			
— LTIP	2,167,171	LTIP	Certain financial and performance targets to be met and will be vested 3 years from the date of grant	maximum 3 years
Options granted to employees of Rank:				
— SAYE	158,559			
— ESOS	11,666			
— LTIP	194,940			
Total share options	3,298,508			

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

	2012 Weighted average exercise price	2012 Number of options	2011 Weighted average exercise price	2011 Number of options
Outstanding at the beginning of the year	**GBp28.40**	**3,902,006**	GBp42.67	4,434,862
Exercised during the year	**—**	**—**	GBp139.00	(6,076)
Granted during the year	**GBp0.00**	**124,819**	—	—
Expired during the year	**GBp117.60**	**(728,317)**	GBp146.91	(526,780)
Outstanding at the end of the year	**GBp7.60**	**3,298,508**	GBp28.40	3,902,006
Exercisable at the end of the year	**GBp270.00**	**11,666**	GBp256.40	315,926

	2012	2011
The weighted average share price at the date of exercise for share options exercised during the period	**—**	GBp151.71
The weighted average exercise price per share of the outstanding options	**GBp7.60**	GBp28.40
The weighted average remaining contractual life of the options	**1.3 years**	1.9 years

Notes to the Financial Statements

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

(e) Rank (cont'd)

(iii) Fair value of share options and assumptions

The fair values for each of the ESOS and SAYE awards granted were calculated using a Black-Scholes pricing model. The fair value of LTIP awards is calculated using a Monte Carlo simulation which allows for the incorporation of market performance conditions. For grants made subject to an EPS performance condition, the expense recognised is based on expectations of these conditions being met, which are reassessed at the end of each reporting period.

	2011 LTIP	2010 LTIP
Fair value at measurement date	GBp79.10	GBp83.56 to GBp89.20
Share price at grant date	GBp129.30 to GBp138.20	GBp115.20 to GBp119.00
Exercise price	Nil	Nil
Expected volatility	42.0%	49.0%
Expected option life	3.0 years	3.0 years
Expected dividend yield	2.7%	2.5% to 2.9%
Risk-free interest rate	1.7%	1.1% to 1.8%

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The Group's credit exposure in property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group only obtain liquid securities as collaterals from margin clients of securities, commodities and brokerage business.

Notes to the Financial Statements

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

(a) Credit risk (cont'd)

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	2012						2011					
	Contractual undiscounted cash flow						Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 30 June 2012	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 30 June 2011
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group												
Non-derivative financial liabilities												
Bank loans and other loans	(1,878,070)	(423,370)	(1,992,828)	(144,189)	(4,438,457)	(4,222,929)	(3,552,528)	(552,261)	(675,885)	(121,927)	(4,902,601)	(4,741,796)
Unsecured medium term notes	(102,713)	(208,284)	(943,636)	(15,283)	(1,269,916)	(1,107,774)	(67,774)	(82,760)	(605,869)	(16,338)	(772,741)	(662,545)
Secured mortgage debenture stock	(30,002)	(30,002)	(247,746)	(120,554)	(428,304)	(323,026)	(35,373)	(35,373)	(313,412)	(130,628)	(514,786)	(383,618)
Convertible bonds	–	–	–	–	–	–	(314,668)	–	–	–	(314,668)	(304,554)
Trade and other payables	(687,479)	(54,902)	(888)	(149)	(743,418)	(743,418)	(645,142)	(58,093)	(2,005)	(118)	(705,358)	(705,358)
	(2,698,264)	(716,558)	(3,185,098)	(280,175)	(6,880,095)	(6,397,147)	(4,615,485)	(728,487)	(1,597,171)	(269,011)	(7,210,154)	(6,797,871)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(3,492)	(2,941)	(2,624)	–	(9,057)		(4,397)	(4,163)	(6,640)	–	(15,200)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(3,664,728)	–	–	–	(3,664,728)		(3,568,926)	(5,089)	–	–	(3,574,015)	
– inflows	3,650,001	–	–	–	3,650,001		3,556,653	5,000	–	–	3,561,653	
Currency option contracts												
– outflows	(131,570)	–	–	–	(131,570)		(158,190)	–	–	–	(158,190)	
– inflows	132,075	–	–	–	132,075		158,617	–	–	–	158,617	
	(17,714)	(2,941)	(2,624)	–	(23,279)		(16,243)	(4,252)	(6,640)	–	(27,135)	
The Company												
Non-derivative financial liabilities												
Trade and other payables	(296)	(271)	–	–	(567)	(567)	(2,942)	(270)	–	–	(3,212)	(3,212)
Financial guarantees issued to banks on behalf of subsidiaries (maximum amount guaranteed)	(50,285)	(250,000)	(150,000)	–	(450,285)		(520,000)	–	–	–	(520,000)	

Notes to the Financial Statements

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

(c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps and swap spread to manage its interest rate exposure as appropriate. As at 30 June 2012, the Group had interest rate swaps with outstanding notional amount of US$320.2 million (2011: US$327.3 million).

(i) Interest rate profile

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

	2012 Effective interest rate	**2012 US$'000**	2011 Effective interest rate	2011 US$'000
The Group				
Floating rate financial assets/(liabilities)				
Debt securities	**–**	**–**	5.49% to 7.12%	29,474
Bank loans and other borrowings	**0.55% to 7.65%**	**(4,115,142)**	0.44% to 7.35%	(4,662,626)
		(4,115,142)		(4,633,152)
Fixed rate financial assets/(liabilities)				
Debt securities	**6.00%**	**509**	4.00% to 6.75%	25,086
Deposits with banks	**0.02% to 9.00%**	**954,537**	0.01% to 4.39%	1,638,802
Bank loans and other borrowings	**2.33% to 10.75%**	**(1,538,587)**	2.00% to 10.75%	(1,429,887)
		(583,541)		234,001
Total		**(4,698,683)**		(4,399,151)
The Company				
Fixed rate financial assets				
Deposits with banks	**0.08% to 1.17%**	**214,710**	0.01% to 3.05%	739,492
Amounts due from subsidiaries	**1.57%**	**255,028**	1.14%	172,651
Held-to-maturity financial assets	**–**	**–**	8.20%	185,446
		469,738		1,097,589

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

(c) Interest rate risk (cont'd)

(ii) Sensitivity analysis

As at 30 June 2012, it is estimated that a general increase/decrease of 10 to 63 basis points (2011: 10 to 54 basis points) in interest rates for the Group's various currencies, mainly United States dollars, British pounds, Malaysian Ringgit and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$4.6 million (2011: decreased/ increased of US$8.9 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2012.

The sensitivity analysis above indicates the instantaneous change in the Group's profit and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2011.

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

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

Notes to the Financial Statements

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

(d) Foreign currency risk (cont'd)

(i) Exposure to foreign currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2012					2011				
	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Malaysian Ringgit '000	Singapore Dollars '000	Australian Dollars '000	British Pounds '000	Japanese Yen '000	Malaysian Ringgit '000	Singapore Dollars '000
The Group										
Available-for-sale financial assets	5,798	–	–	5,490	–	–	–	–	–	–
Trade and other receivables	162	215	135	53	712	412	321	4,535	90	6,903
Trading financial assets	219,110	–	16,435,740	212,061	12,324	303,474	31,427	29,414,279	195,378	17,431
Cash and short term funds	174	607	5,864	18,378	13,256	416	2,151	13,492	112,513	6,479
Trade and other payables	–	(106)	–	(133)	(3,683)	–	–	–	(373)	(1,536)
Bank loans and other borrowings	–	(31,800)	–	–	–	–	(5,000)	–	–	–
Gross exposure arising from recognised assets and liabilities	225,244	(31,084)	16,441,739	235,849	22,609	304,302	28,899	29,432,306	307,608	29,277
Notional amounts of forward exchange contracts at fair value through profit or loss	(284,814)	31,800	(37,995,529)	(111,153)	183,392	(322,646)	5,987	(57,918,010)	271,204	252,552
Notional amounts of currency option contracts at fair value through profit or loss	30,000	–	794,300	63,885	–	25,000	20,000	(1,868,400)	305	–
Overall net exposure	(29,570)	716	(20,759,490)	188,581	206,001	6,656	54,886	(30,354,104)	579,117	281,829
The Company										
Trade and other receivables	–	–	–	–	–	–	–	–	4,040	–
Cash and short term funds	90	24	3,535	119	257	416	313	13,492	112,091	4,559
Gross exposure arising from recognised assets and liabilities	90	24	3,535	119	257	416	313	13,492	116,131	4,559

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

(d) Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2012			2011		
	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	**6%**	**(3,810)**	**–**	5%	(976)	–
British Pounds	**2%**	**27**	**–**	1%	78	–
Japanese Yen	**5%**	**(15,989)**	**–**	5%	(18,216)	–
Malaysian Ringgit	**6%**	**2,093**	**–**	3%	5,828	–
Singapore Dollars	**5%**	**7,045**	**–**	2%	6,443	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2011.

(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 an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

As at 30 June 2012, it is estimated that an increase/decrease of 10% to 24% (2011: 13% to 18%) in the market value of the Group's global listed trading securities and available-for-sale equity securities, with all other variables held constant, would have increased/decreased the Group's profit and total equity by US$156.9 million (2011: US$313.6 million) and US$243.6 million (2011: US$237.4 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 2011.

Notes to the Financial Statements

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

(f) Fair values

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	2012				2011			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Group								
Assets								
Available-for-sale equity securities:								
— Listed	**1,454,235**	**—**	**—**	**1,454,235**	1,396,807	—	—	1,396,807
— Unlisted	**—**	**—**	**35,467**	**35,467**	—	—	39,531	39,531
Trading debt securities:								
— Listed	**—**	**—**	**—**	**—**	—	27,028	—	27,028
— Unlisted	**—**	**509**	**—**	**509**	—	27,532	—	27,532
Trading equity securities:								
— Listed	**1,225,963**	**—**	**—**	**1,225,963**	2,113,070	—	—	2,113,070
Trading unit trusts:								
— Unlisted	**—**	**—**	**—**	**—**	—	6,818	—	6,818
Derivative financial instruments:								
— Interest rate swaps	**—**	**—**	**—**	**—**	—	7	—	7
— Forward exchange contracts	**—**	**1,564**	**—**	**1,564**	—	2,389	—	2,389
— Futures	**—**	**246**	**—**	**246**	—	—	—	—
— Equity options	**—**	**—**	**—**	**—**	—	3,477	—	3,477
— Currency options	**—**	**83**	**—**	**83**	—	1	—	1
	2,680,198	**2,402**	**35,467**	**2,718,067**	3,509,877	67,252	39,531	3,616,660
Liabilities								
Derivative financial instruments:								
— Interest rate swaps	**—**	**8,553**	**—**	**8,553**	—	7,663	—	7,663
— Forward exchange contracts	**—**	**10,751**	**—**	**10,751**	—	15,129	—	15,129
— Equity options	**—**	**527**	**—**	**527**	—	229	—	229
— Currency options	**—**	**60**	**—**	**60**	—	220	—	220
	—	**19,891**	**—**	**19,891**	—	23,241	—	23,241

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

(f) Fair values (cont'd)

Financial instruments carried at fair value (cont'd)

	2012				2011			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	US$'000	US$'000	US$'000	US$'000
The Company								
Assets								
Available-for-sale equity securities:								
— Unlisted	**—**	**—**	**203**	**203**	—	—	203	203

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	The Group	
	2012	2011
	US$'000	US$'000
Unlisted available-for-sale equity securities:		
At 1 July	**39,531**	43,522
Net unrealised losses recognised in other comprehensive income during the period	**(4,185)**	(2,829)
Distribution	**—**	(1,172)
Exchange adjustments	**121**	10
At 30 June	**35,467**	39,531

(g) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2012 and 2011.

Listed investments are stated at quoted market bid prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair value of forward exchange contracts is determined using forward exchange rates at the end of the reporting period. The fair value of derivatives financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties.

The fair value of non-derivative financial liabilities is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the end of the reporting period.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

Notes to the Financial Statements

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 Company to net debt. Net debt comprises total borrowings less cash and short term funds and marketable securities.

The equity-debt ratio as at 30 June 2012 is as follows:

	The Group	
	2012	2011
	US$'000	US$'000
Bank loans	**3,753,249**	3,925,738
Mortgage debenture stock	**323,026**	383,618
Convertible bonds	**—**	304,554
Other borrowings	**1,577,454**	1,478,603
Total borrowings	**5,653,729**	6,092,513
Less: Cash and short term funds	**(1,134,639)**	(2,003,408)
Marketable securities	**(1,226,472)**	(2,174,448)
Net debt	**3,292,618**	1,914,657
Equity attributable to shareholders of the Company	**5,698,683**	6,297,179
Equity-debt ratio	**63 : 37**	77 : 23

41. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

As at 30 June 2012, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	The Group	
	2012	2011
	US$'000	US$'000
Within 1 year	**129,854**	137,733
After 1 year but within 5 years	**486,621**	493,445
After 5 years	**1,599,828**	1,575,309
	2,216,303	2,206,487

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 2012, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	The Group	
	2012	2011
	US$'000	US$'000
Within 1 year	**16,627**	16,484
After 1 year but within 5 years	**27,615**	28,229
After 5 years	**24,865**	28,725
	69,107	73,438

There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2012.

Notes to the Financial Statements

41. COMMITMENTS (cont'd)

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

	The Group	
	2012	2011
	US$'000	US$'000
Authorised and contracted for	**6,987**	40,210
Authorised but not contracted for	**64,240**	28,228
	71,227	68,438

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$1,507.3 million (2011: US$792.4 million); in respect of purchase of land was US$nil (2011: US$376.3 million).

42. CONTINGENT LIABILITIES

(a) GuocoLeisure

GuocoLeisure has given a guarantee to the buyer of various hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the businesses will not be less than US$43.3 million (2011: US$44.4 million) per calendar year thereafter until 4 April 2012. The maximum liability for any one year under the guarantee is US$43.3 million (2011: US$44.4 million). Since the guarantee expired in April 2012, GuocoLeisure has been released from liabilities to the owner of the hotels.

(b) GuocoLand

In November 2007, GuocoLand (China) Limited ("GLC"), a wholly owned subsidiary of GuocoLand, completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("DZM Project Co"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). An aggregate of RMB3.22 billion (approximately US$0.50 billion) of the purchase consideration of RMB5.8 billion (approximately US$0.90 billion) had been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "DZM Vendors"). The balance RMB2.58 billion (approximately US$0.40 billion) had been withheld, pending resolution of disputes described below and, in respect of a loan of RMB2 billion (approximately US$0.31 billion) made by Agricultural Bank of China ("ABC") to Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB, and guaranteed by BBJB, DZM Project Co and Hainan Co. The loan of RMB2 billion (approximately US$0.31 billion) with interest ("ABC Loan") had, in April 2011, been acquired from ABC by GuoSon Investment Company Limited ("GICL"), a wholly owned subsidiary of GuocoLand, together with all rights attaching thereto including enforcement rights against the borrower and guarantors, for a sum of RMB3.048 billion (approximately US$0.47 billion). GICL's acquisition of the ABC Loan had been sanctioned by The Beijing Second Intermediate People's Court. PRC lawyers have advised that GLC has a good case to treat the sum paid by GICL to ABC as a set-off against any outstanding balance of the purchase consideration for the DZM Project.

42. CONTINGENT LIABILITIES (cont'd)

(b) GuocoLand (cont'd)

Construction work on the DZM Project is in progress. Structural works have been completed for the residential, hotel, retail components, and two office blocks. The south retail mall is linked to the Dongzhimen subway station and the direct express rail link to Beijing Capital International Airport. The transportation hub component of the DZM Project was completed by GLC and handed over to the Beijing government in July 2008, before the Beijing 2008 Olympic Games.

(i) Alleged claims by Shenzhen Development Bank ("SDB")

SDB had claimed that a loan of RMB1.5 billion (approximately US$0.23 billion) was granted by SDB to certain borrowers (the "Alleged Loans"). Amongst the security allegedly obtained by SDB is a guarantee by Zhiye. SDB filed an earlier suit against Zhiye and DZM Project Co in The People's High Court of Beijing ("Beijing Court") but this was dismissed in December 2007. An appeal has been filed by SDB against Zhiye and DZM Project Co in respect of this dismissal ("SDB appeal").

SDB has also initiated another suit directly against DZM Project Co in connection with the recovery of its loan and interest under the Zhiye guarantee ("second SDB suit"). It made an interim application to the Beijing Court to restrict dealing in DZM Project Co's assets in the aggregate sum of its claims. GLC's PRC lawyers have advised that the interim application by SDB granted by the Beijing Court only restricts dealing in the assets of DZM Project Co pending final resolution of the SDB actions. The interim application will be expunged in the event the PRC courts dismiss the SDB actions.

Based on the information available to GLC, DZM Project Co is neither a guarantor nor borrower of the Alleged Loans granted by SDB to the third party borrowers which were unrelated to DZM Project Co. GLC has also been advised by its PRC lawyers that both the SDB appeal and second SDB suit have no merits.

Before the hearing of the SDB appeal and the second SDB suit, SDB and BBJB purportedly entered into a settlement agreement in May 2008 for DZM Project Co to pay, inter alia, RMB1 billion (approximately US$0.15 billion) of the Alleged Loans to SDB. In November 2008, this settlement agreement was purportedly mediated through the Supreme People's Court of The People's Republic of China ("Supreme Court") and was stated to have effect as a judgement upon signing by the relevant parties ("Alleged Civil Mediation Agreement"). GLC did not have conduct of the aforesaid proceedings and is not aware of whether the Alleged Civil Mediation Agreement has been signed by the parties, and has been advised by its PRC lawyers that the Alleged Civil Mediation Agreement is void and unenforceable. GLC has submitted an application for the rehearing of the Alleged Civil Mediation Agreement, which is pending before the Supreme Court.

Notes to the Financial Statements

42. CONTINGENT LIABILITIES (cont'd)

(b) GuocoLand (cont'd)

(ii) Hainan Co and DZM Project Co

In early 2008, GLC had received a notice issued by the Industrial and Commercial Administrative Bureau of Hainan Province purporting to revert registration of the shares in Hainan Co to its original shareholders, who are two of the DZM Vendors, allegedly on the ground, inter alia, that GLC had not paid the requisite consideration for Hainan Co.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the DZM Vendors. GLC has taken legal advice on these matters and would strongly defend and protect its 90% interest in the DZM Project.

In March 2008, GLC filed a suit against the Industrial and Commercial Administration Bureau of Hainan Province on its reversion of the registration in Hainan Co to the original shareholders. In October 2008, GLC was notified that an administrative judgement by the Hainan Haikou Intermediate People's Court has ruled against GLC. GLC has since appealed to the Hainan High Court against such judgement. The case has been heard by the Hainan High Court and is pending judgement.

GLC group has also sought to protect its 90% interest in the DZM Project and is pursuing separate legal actions in Beijing which are now before the Beijing Intermediate Court, seeking, inter alia, for an order as rightful owner that the 90% interest in DZM Project Co be transferred to GLC or its nominee as, amongst other arguments, the development costs of the DZM Project have been funded by the GuocoLand group. Pending judgement of the aforesaid legal actions, the Beijing Intermediate Court has granted GLC group's application for an asset preservation order in respect of the 90% shareholding in DZM Project Co held by Hainan Co.

(c) Rank

(i) Rank liabilities relating to Fiscal Neutrality Case

On 10 November 2011, the European Court of Justice ("ECJ") ruled on Rank's amusement machines claim in relation to the application of VAT to certain types of amusement machines contravening the European Unions principle of fiscal neutrality. In May 2010, Rank received GBP30.8 million (VAT of GBP26.4 million plus interest of GBP4.4 million) relating to a claim for repayment of overpaid VAT on amusement machines. The ECJ's decision on Rank's amusement machines claim was not conclusive and was therefore referred back to the UK courts. The hearing was held in June 2012, with a decision expected in the second half of 2012.

42. CONTINGENT LIABILITIES (cont'd)

(c) Rank (cont'd)

(ii) Grosvenor liability relating to irrecoverable VAT

Rank has been in negotiations with HM Revenue & Customs ("HMRC") for several years on the means by which it calculates the amount of irrecoverable VAT in Grosvenor Casinos. The difference in Rank's position as against HMRC's position for the period under negotiation (July 2007 to June 2012) amounts to an estimated GBP8.8 million.

The point of dispute between Rank and HMRC was the subject of litigation by another, similar, taxpayer. In that case, the Court of Appeal ruled that HMRC's position was incorrect. This was the latest in a string of appeals on this point. Precedent case law indicates that Rank's position is correct and on that basis the irrecoverable VAT charge has been adjusted accordingly. In the event this was not the case, Rank would have to pay the VAT in dispute (see above) plus interest.

(iii) Other VAT and duty

In addition, Rank is in discussions with HMRC about a limited number of other VAT and duty issues. Rank does not anticipate that VAT and duty is due on these issues but in the event that this is not the case a liability of up to GBP15 million could be due.

The directors consider that, in respect of all contingent liabilities disclosed above, it is more likely than not that no outflow will arise.

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 end of the reporting period is set out below:

(i) Income for the year ended 30 June

	The Group	
	2012	2011
	US$'000	US$'000
Interest income	**299**	178

Notes to the Financial Statements

43. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(a) Banking transactions (cont'd)

(ii) Balance as at 30 June

	The Group	
	2012	2011
	US$'000	US$'000
Cash and short term funds	**19,520**	18,998

(b) Management fee

On 4 July 2011, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the year ended 30 June 2012 amounted to US$260,000 (2011: US$3,288,000) and US$6,650,000 (2011: US$9,246,000) respectively.

On 4 July 2011, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to HLMC for the year ended 30 June 2012 amounted to US$328,000 (2011: US$403,000).

The previous two master service agreements entered into between the Group and the subsidiaries of HLCM expired on 30 June 2011.

(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	
	2012	2011
	US$'000	US$'000
Short-term employee benefits	**5,575**	4,722

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Sale of property units

In the financial year ended 30 June 2011, GuocoLand via its wholly owned subsidiary sold a unit in a property project in Singapore to a director of the Company's subsidiary for a sale consideration of S$3,398,000 (approximately US$2,643,000) in the ordinary course of its business.

44. SUBSEQUENT EVENT

On 1 August 2012, Dynamic Talent Limited, a wholly-owned subsidiary of the Company, issued US$500 million fixed rate bonds under the US$3,000 million Medium Term Note Programme established on 17 July 2012. These fixed rate bonds are listed on The Stock Exchange of Hong Kong Limited, carry a coupon rate of 4.75% per annum and have a maturity term of 5 years.

45. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2012 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.

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2012

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 2012 and which have not been adopted in these financial statements:

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial Instruments, which may have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

	Effective for accounting periods beginning on or after
Amendments to HKAS 12, Income Taxes — Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to HKAS 1, Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HKAS 27 (2011), Separate Financial Statements	1 January 2013
HKAS 28 (2011), Investments in Associates and Joint Ventures	1 January 2013
Revised HKAS 19 (2011), Employee Benefits	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
HKFRS 9, Financial Instruments	1 January 2015

Major Development Properties and Properties Held for Sale of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Singapore						
Goodwood Residence situated at Bukit Timah Road	Residential	Substructure, superstructure and architectural works in progress	11/2012	24,845	39,752	65
Sophia Residence situated at 32 Adis Road	Residential	Substructure and superstructure works in progress	9/2013	15,435	32,413	65
Elliot at the East Coast situated at Elliot Walk	Residential	TOP obtained in 2/2012	N/A	11,882	16,634	65
The Waterline situated at Yio Chu Kang Road	Residential	Substructure and architectural works in progress	1/2013	8,072	11,300	65
Leedon Residence situated at Leedon Heights	Residential	Piling and substructure works in progress	11/2014	48,525	77,640	65
Site situated at Peck Seah Street/ Choon Guan Street	Residential/ Commercial#/ Office#/Hotel^	Piling works in progress	*	15,023	157,738	52
Malaysia						
Emerald 1B situated at Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan	Residential	Planning	*	35,587	N/A	44
Changkat Kia Peng, situated at Lot 241 Seksyen 63, Bandar, Kuala Lumpur	Residential	Planning	*	3,030	3,030	44

Major Development Properties and Properties Held for Sale of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Malaysia (cont'd)						
Commerce One, Bedford Business Park situated at Old Klang Road, Mukim of Petaling Jaya, Kuala Lumpur	Commercial	Phase 1: TOP obtained in 4/2010	N/A	4,634	39,636	44
		Phase 2: Building works in progress	12/2013			
Bukit Rahman Putra situated at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	Phase 6B: Main building works in completed	12/2012	26,993	23,411	44
		Phases 5B, 6C, 6D, 8D, CL5 & CL11: Planning	*	93,195	65,341	44
Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	30,351	30,351	44
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Residential/ Commercial#/ Office#/ Hotel^	Basement works in progress	12/2014	32,450	214,794	44
Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang	Residential	Planning	*	18,538	18,538	44
Amandarii situated at Seksyen 9, Tempat Sungai Kantan, Daerah Hulu Langat, Selangor Darul Ehsan	Residential	Building works in progress	9/2013	35,450	16,591	44
The Cirrus situated within Taman Mutiara Barat, Off Jalan Cheras, Kuala Lumpur	Residential	Phase 1: TOP obtained in 8/2010	N/A	53,179	N/A	44
		Phase 2: Planning	*			
The OVAL situated at Seksyen 63, Jalan Binjai, Kuala Lumpur	Residential	TOP obtained in 9/2009	N/A	8,642	54,474	44

Major Development Properties and Properties Held for Sale of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Malaysia (cont'd)						
Site situated at Geran No. 18795–18799, 18803–18805, 18831, Lot 7585–7589, 7597–7599, 7600 Mukim Petaling and District of Kuala Lumpur	Residential	Planning	*	184,687	184,687	44
PJ City Corporate Hub situated at Lot 13508 Seksyen 32 Bandar Petaling Jaya Daerah Petaling	Commercial	Earthworks and piling works completed	3/2014	31,404	18,486	44
Site situated at 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling	Commercial	Planning	*	12,974	12,974	44
The People's Republic of China						
Gujiaying situated in Xuanwu District, Nanjing	Residential/ Commercial	Planning	*	296,002	504,420	65
Ascot Park situated in Qixia District, Nanjing	Residential	Phase 1A: TOP obtained in 12/2009	N/A	89,709	232,505	62
		Phase 1B: TOP obtained in 12/2010	N/A			
	Commercial	Planning	*			

Major Development Properties and Properties Held for Sale of the Subsidiaries

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area	Gross floor area	Group's interest
				sq.m	sq.m	%
The People's Republic of China (cont'd)						
Guoson Centre Changfeng situated in Putuo District, Shanghai	SOHO	Phase 1: TOP obtained in 11/2009	N/A	143,845	492,272	65
	Commercial#	TOP obtained in 7/2010	N/A			
	Office	TOP obtained in 9/2010	N/A			
	Hotel^	TOP obtained in 6/2010	N/A			
	Serviced Apartment/ Commercial/ Office	Phase 2: Construction works in progress	4/2013 to 3/2015			
Camden Park (Changfeng Plot 9), Shanghai	Residential	Planning	*	47,675	122,400	83
Seasons Park situated in Nankai District, Tianjin	Residential	Construction works in progress	12/2012 to 3/2013	25,866	209,661	65
Guoson Centre Dongzhimen situated in Dong Cheng District, Beijing	Residential/ Commercial/ Office/Hotel	Construction works in progress	5/2013 to 11/2013	106,000	595,812	59
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential/ Commercial	Phase 1: TOP obtained in 12/2009	N/A	175,533	229,325	65
		Phase 2: Construction works in progress	4/2013			
		Phases 3 & 4: Planning	*			

* Not applicable as these developments have not commenced construction or have not been launched yet.

The carrying value is included in Investment Properties.

^ The carrying value is included in Property, Plant and Equipment.

N/A: Not applicable.

Major Properties of the Subsidiaries Held for Investment

Location	Existing Use	Tenure of Land
Singapore		
Tung Centre 20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	(Note)
Site situated at Peck Seah Street/ Choon Guan Street, Singapore	Land under development	99 years lease with effect from 21 February 2011

Note: The Group disposed its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land in July 2006 to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

Location	Existing Use	Tenure of Land
Malaysia		
Wisma Megah (formerly known as 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 tower building	99 years lease with effect from 25 March 2002
Damansara City Lot PT 5787 Jalan Damanlela Bukit Damansara Kuala Lumpur	Land under development	Freehold
The People's Republic of China		
Guoson Centre Changfeng No. 452 Daduhe Road Shanghai	Commercial building	50 years lease with effect from 11 December 2005
Hong Kong		
The Center 15th Floor 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047