

2016/17

I N T E R I M
R E P O R T



A Member of the Hong Leong Group

(Stock Code: 53)

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CORPORATE INFORMATION

(As at 28 February 2017)

BOARD OF DIRECTORS

Executive Chairman

Kwek Leng Hai

President & CEO

Tang Hong Cheong

Non-executive Directors

Kwek Leng San
Tan Lim Heng

Independent Non-executive Directors

Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

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

BOARD REMUNERATION COMMITTEE

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

BOARD NOMINATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Adam R. Boswick

COMPANY SECRETARY

Stella Lo Sze Man

PLACE OF INCORPORATION

Bermuda

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Hamilton HM 12, Bermuda

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FINANCIAL CALENDAR

Interim results announcement	28 February 2017
Latest time to register transfers for interim dividend	4:30 p.m. on 16 March 2017
Closure of Register of Members for interim dividend	17 March 2017
Payment date of interim dividend of HK\$1.00 per share	27 March 2017

The board of directors (the “Board”) of Guoco Group Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2016.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2016, after taxation and non-controlling interests, amounted to HK\$3,052 million, up 21% as compared to HK\$2,529 million for the previous corresponding period. Basic earnings per share amounted to HK\$9.39.

For the six months ended 31 December 2016, profit before taxation were generated from the following sources:

- a net operating profit of HK\$2,465 million from principal investment;
- hospitality and leisure of HK\$594 million;
- property development and investment of HK\$585 million;
- financial services of HK\$385 million;
- oil and gas royalty of HK\$90 million;

and were offset by HK\$363 million of finance costs.

Revenue decreased by 34% to HK\$6.4 billion. The decrease was mainly resulted from the decline of property development and investment sector of HK\$2.3 billion.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$1.00 per share amounting to approximately HK\$329 million (2015/2016 interim dividend: HK\$1.00 per share, amounting to approximately HK\$329 million) for the financial year ending 30 June 2017 which will be payable on Monday, 27 March 2017 to the shareholders whose names appear on the Register of Members on Friday, 17 March 2017.

REVIEW OF OPERATIONS

PRINCIPAL INVESTMENT

The six months under review was a period of the improbable. The Brexit vote in late June and the U.S. presidential election result in early November led to equity markets sell-offs, albeit temporary, before recovering to higher levels by end of 2016. The Company’s investment portfolio benefited from the price improvement as compared to June 2016 and the results were further enhanced through opportunities presented by the volatility in the market. Our treasury team made a positive contribution in managing the foreign currency exposures of the investment portfolio and through deployment of yield-enhancement strategies, reduced the overall net interest expense of the Group.

We will continue to identify and invest in undervalued stocks with capital appreciation potential and whose dividend will supplement the annual cash returns. Furthermore, we will continue to risk manage and optimize returns through active management of our foreign exchange and interest rate exposures.

REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited (“GuocoLand”)

GuocoLand ended its half year with a profit attributable to equity holders of S\$82.8 million, as compared to S\$555.5 million for the previous corresponding period. The decrease in profit was primarily due to the one-time gain from disposal of the subsidiaries relating to the Dongzhimen project in the same period last year.

Revenue for the half year ended 31 December 2016 decreased by 36% to S\$434.7 million, largely resulted from the absence of contribution from the sale of an office block in Shanghai Guoson Centre in the previous corresponding period.

Administrative and tax expenses declined by 35% and 83% respectively, in tandem with the drop in activity and profit for the current period.

According to flash estimates released by the Singapore Urban Redevelopment Authority, overall private residential properties prices index has fallen by 0.4% for the fourth quarter of 2016 and 3.0% for full year 2016. While the decline for the full year was smaller than the 3.7% decline recorded in 2015, property consultants do not expect a recovery in home prices in the near term given the muted economic growth outlook and job market uncertainties.

In China, average prices of new homes in 70 cities went up 12.4% year-on-year in December 2016, following a 12.6% rise in November and marking the 15th straight month of gains. Since December 2016, local governments in some smaller cities have stepped up buying restrictions and further raised down-payment requirements for first and second homes. Previously in early October, local authorities in more than 20 cities rolled out a raft of cooling measures to tame fast-rising home prices.

In Malaysia, uncertainties in the local and global economy and weak household sentiments prevail. The challenging operating conditions are expected to continue.

GuocoLand will continue its focus on sales and leasing of its current projects.

HOSPITALITY AND LEISURE

GL Limited (“GL”)

GL recorded a profit after tax of US\$24.5 million for the half year ended 31 December 2016, as compared to US\$51.2 million for the previous corresponding period.

Revenue stood at US\$184.5 million which was 20% below that of the previous corresponding period, principally due to lower revenue generated from the hotel segment resulting from the weakening of GBP/USD exchange rate despite improved RevPAR during the half year. Apart from the above, revenue generated from gaming and property development segments decreased as a result of lower gaming drop and win margin and land disposal respectively during the period.

Cost of sales decreased by 22% as compared to the previous corresponding period. This resulted primarily from the weakening of GBP/USD exchange rate and lower gaming duty associated with the lower gaming revenue during the half year.

Administrative expenses also decreased by 23% for the half year ended 31 December 2016. This was generally attributable to the weakening of GBP/USD exchange rate as well as reflecting the overall cost disciplines of GL.

The increase in other operating expenses was primarily due to the settlement of a legal claim against a subsidiary in the United Kingdom, which provided a guarantee in relation to a hotel property previously leased and operated by another subsidiary. Furthermore, certain company assets and equipments were written off during the period as a result of management’s on-going review of hotel business strategies for future growth.

HOSPITALITY AND LEISURE (Cont'd)

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

The recent volatility in the hotel industry is expected to remain in the months ahead. In spite of such volatility, GL's hotel RevPAR for the half year improved by 3% as compared to the previous corresponding period on the back of a 5% improvement in average room rate. The weakness in the British Pound could provide a boost for inbound travel into the United Kingdom, but at the same time adversely impact GL's revenue growth in its hotel division and the carrying value of its hotel properties in USD terms. While maintaining a cautious outlook, GL will continue with its hotel refurbishment programme and expects to launch three refurbished hotels next year.

In the global oil market, oil prices have recovered from the lows of the previous financial year, and are range-bound. The price of oil will continue to impact GL's oil and gas royalty revenues.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2016 of GBP27.3 million, a decrease of 14% as compared to the previous corresponding period.

Statutory revenue grew by 1% to GBP355.3 million, with good growth in digital revenue offset by a 2% fall in Mecca Bingo venues (following the closure of a number of under-performing venues) and a 2% fall in Grosvenor Casinos. Both retail businesses faced challenging trading conditions and, although they grew their respective market shares, combined like-for-like retail revenue was flat.

Operating profit before exceptional items of GBP36.6 million was down by GBP3.8 million with the increase in revenue being offset by increased inflationary and employment costs. Mecca Bingo venues saw profits decline by 7% due to lower revenue and higher employment costs, following the introduction of the National Living Wage. Grosvenor Casinos suffered a 16% fall in profit with revenue falling due to lower customer visitation and with increased costs, particularly in employment. Digital profit fell by 9% with the solid revenue growth being absorbed by increased costs to support the launch of the new digital platform and investment to support continued revenue growth.

The net credit on exceptional items of GBP0.8 million comprised a GBP10.7 million credit following the successful exit of an onerous bingo club lease, a net GBP4.1 million in impairment charges (primarily related to an under-performing provincial casino), GBP3.8 million in restructuring costs and GBP1.0 million in abortive acquisition and club closure costs along with GBP1.0 million in tax.

Despite increased inflationary and employment costs, Rank has detailed plans to improve its operating profit for the second half of the financial year and it remains confident that it will make good strategic progress in 2017.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,558.0 million for the period ended 31 December 2016, an increase of RM373.7 million or 32% as compared to the previous corresponding period. Excluding the one-off Mutual Separation Scheme expense in the previous corresponding period, HLFG's profit before tax increased by RM202.0 million or 15%. The improved financial performance came from higher profit contributions across all operating divisions.

The commercial banking division recorded a profit before tax of RM1,371.2 million for the period, an increase of RM320.6 million or 31% versus the previous corresponding period. The increase was primarily due to higher revenue of RM178.2 million, lower other operating expenses of RM129.5 million, lower charge on allowance for impairment losses on loans, advances and financing of RM32.6 million. This is however mitigated by higher allowance for impairment losses on financial investments of RM6.7 million and lower share of profit from an associated company of RM14.5 million. Contributions from Bank of Chengdu Co., Limited and the Sichuan Jincheng Consumer Finance joint venture of RM140.8 million represented 10% of the division's profit before tax results as compared to 15% of last year.

REVIEW OF OPERATIONS

FINANCIAL SERVICES (Cont'd)**Hong Leong Financial Group Berhad ("HLFG") (Cont'd)**

The insurance division registered a profit before tax of RM189.2 million for the period ended 31 December 2016, an increase of RM58.1 million or 44% versus the previous corresponding period. The increase was mostly due to lower actuarial reserve provisioning of RM24.3 million, higher revenue of RM26.1 million, lower allowance for impairment losses on securities of RM16.7 million and higher share of profit from an associated company of RM1.1 million. This is however offset by higher operating expenses of RM10.1 million.

The investment banking division recorded a profit before tax of RM39.9 million for the period ended 31 December 2016, an increase of RM5.6 million or 16% versus the previous corresponding period, due to higher contribution from the investment banking and stockbroking segments.

GROUP FINANCIAL COMMENTARY**Capital Management**

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2016 amounted to HK\$56.0 billion, a decrease of HK\$192 million as compared to 30 June 2016.

The equity-debt ratio as at 31 December 2016 is arrived at as follows:

	HK\$'M
Total borrowings	37,277
Less: Cash and short term funds	(20,175)
Trading financial assets	(14,444)
Net debt	2,658
Total equity attributable to equity shareholders of the Company	55,981
Equity-debt ratio	95:5

The Group's total cash balance and trading financial assets were mainly in USD (25%), JPY (22%), RMB (17%), HKD (12%), GBP (10%) and SGD (10%).

Total Borrowings

The increase in total borrowings from HK\$34.5 billion as at 30 June 2016 to HK\$37.3 billion as at 31 December 2016 was primarily due to the drawdown of additional bank loans by GuocoLand to support its operating activities. The Group's total borrowings are mostly denominated in SGD (59%), USD (22%), GBP (7%) and MYR (6%).

GROUP FINANCIAL COMMENTARY (Cont'd)**Total Borrowings (Cont'd)**

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

	Bank loans HK\$'M	Mortgage debenture stock HK\$'M	Other borrowings HK\$'M	Total HK\$'M
Within 1 year or on demand	15,982	–	6,790	22,772
After 1 year but within 2 years	5,455	–	516	5,971
After 2 years but within 5 years	5,644	–	1,633	7,277
After 5 years	684	547	26	1,257
	11,783	547	2,175	14,505
	27,765	547	8,965	37,277

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK\$35.7 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2016 amounted to approximately HK\$13.5 billion.

Interest Rate Exposure

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

As at 31 December 2016, approximately 72% of the Group's borrowings were at floating rates and the remaining 28% were at fixed rates. The Group had outstanding interest rate swaps with notional amount of HK\$1.9 billion.

Foreign Currency Exposure

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

As at 31 December 2016, there were outstanding foreign exchange contracts with a total notional amount of HK\$25.0 billion for hedging of foreign currency equity investments.

Equity Price Exposure

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

Contingent Liabilities

Details are encapsulated in note 17 "Contingent Liabilities" to the Unaudited Interim Financial Report.

HUMAN RESOURCES AND TRAINING

As at 31 December 2016, the Group had over 13,500 staff. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial results of the Group and individual achievement as incentives to optimise performance. In addition, share based award schemes are in place for granting share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention.

OUTLOOK

Markets around the world continue to navigate through new political landscapes. Globalisation and protectionism are in search of a new balance. Interest rates are poised to rise further as the U.S. government resorts to deficit spending and the Federal Reserve continues to normalize interest rates. In general, we expect global markets to remain volatile and bond yields to rise.

While our core businesses are expected to face challenging times ahead, they will stay vigilant and continue to enhance their competitiveness to achieve their business targets and sustainable growth.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2016.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

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").

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

OTHER INFORMATION

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

As at 31 December 2016, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of 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 31 December 2016 with the disclosure deadlines under the SFO falling after 31 December 2016.

(A) The Company

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of the Company	
	Personal interests	Corporate interests	Total interests		
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%	
Tang Hong Cheong	130,000	–	130,000	0.04%	Note
Kwek Leng San	209,120	–	209,120	0.06%	
Tan Lim Heng	566,230	–	566,230	0.17%	
David Michael Norman	4,000	–	4,000	0.00%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 130,000 shares/underlying shares comprised 10,000 ordinary shares of the Company and an option in respect of 120,000 underlying shares of the Company pursuant to an executive option scheme of a Hong Leong Group company.

(B) Associated Corporations

(a) Hong Leong Company (Malaysia) Berhad (“HLCM”)

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCM
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	420,500	–	420,500	2.61%
Kwek Leng San	160,895	–	160,895	1.00%

* Ordinary shares

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(B) Associated Corporations (Cont'd)****(b) GuocoLand Limited ("GLL")**

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of GLL
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	35,290,914	–	35,290,914	2.98%
Tang Hong Cheong	65,000	–	65,000	0.01%
Tan Lim Heng	1,337,777	–	1,337,777	0.11%
Volker Stoeckel	1,461,333	–	1,461,333	0.12%

* Ordinary shares

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

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HLFG
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,526,000	–	2,526,000	0.22%
Tang Hong Cheong	249,146	–	249,146	0.02% Note
Kwek Leng San	654,000	–	654,000	0.06%
Tan Lim Heng	267,813	–	267,813	0.02%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 249,146 shares/underlying shares comprised 178,000 ordinary shares of HLFG and an option in respect of 71,146 underlying shares of HLFG pursuant to an executive option scheme of a Hong Leong Group company.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(B) Associated Corporations (Cont'd)****(d) GuocoLand (Malaysia) Berhad ("GLM")**

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLM	
	Personal interests	Corporate interests	Total interests		
Kwek Leng Hai	226,800	–	226,800	0.03%	
Tang Hong Cheong	300,000	–	300,000	0.04%	Note
Tan Lim Heng	326,010	–	326,010	0.05%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 300,000 shares/underlying shares comprised 90,000 ordinary shares of GLM and an option in respect of 210,000 underlying shares of GLM pursuant to an executive option scheme of a Hong Leong Group company.

(e) GL Limited ("GL")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GL	
	Personal interests	Corporate interests	Total interests		
Tang Hong Cheong	500,000	–	500,000	0.04%	Note
Tan Lim Heng	1,100,000	–	1,100,000	0.08%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 500,000 shares/underlying shares comprised 300,000 ordinary shares of GL and an option in respect of 200,000 underlying shares of GL pursuant to an executive option scheme of a Hong Leong Group company.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(B) Associated Corporations (Cont'd)****(f) The Rank Group Plc ("Rank")**

Director	Number of *shares/underlying shares (Long Position)			Total interests	Approx. % of the issued share capital of Rank	
	Personal interests	Corporate interests				
Kwek Leng Hai	1,026,209	–		1,026,209	0.26%	
Tang Hong Cheong	200,000	–		200,000	0.05%	Note
Kwek Leng San	56,461	–		56,461	0.01%	
Tan Lim Heng	152,882	–		152,882	0.04%	

* Ordinary shares unless otherwise specified in the Note

Note:

The interests represented an option in respect of 200,000 underlying shares of Rank pursuant to an executive option scheme of a Hong Leong Group company.

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

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

* Ordinary shares

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(B) Associated Corporations (Cont'd)****(h) Hong Leong Bank Berhad ("HLB")**

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

* Ordinary shares

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

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

* Ordinary shares

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

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

* Ordinary shares

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(B) Associated Corporations (Cont'd)****(k) Hume Industries Berhad ("HIB")**

Director	Number of *shares/underlying shares (Long Position)			Total interests	Approx. % of the issued share capital of HIB	
	Personal interests	Family interests	Corporate interests			
Kwek Leng Hai	205,200	–	–	205,200	0.04%	
Tang Hong Cheong	1,475,600	16,200	–	1,491,800	0.31%	Note
Kwek Leng San	3,921,600	–	–	3,921,600	0.82%	

* Ordinary shares unless otherwise specified in the Note

Note:

The personal interests of 1,475,600 shares/underlying shares comprised 1,275,600 ordinary shares of HIB and an option in respect of 200,000 underlying shares of HIB pursuant to an executive option scheme of a Hong Leong Group company.

(l) Southern Steel Berhad ("SSB")

Director	Number of *shares/underlying shares (Long Position)			Total interests	Approx. % of the issued share capital of SSB	
	Personal interests	Corporate interests				
Tang Hong Cheong	200,000	–		200,000	0.05%	Note

* Ordinary shares unless otherwise specified in the Note

Note:

The interests represented an option in respect of 200,000 underlying shares of SSB pursuant to an executive option scheme of a Hong Leong Group company.

Save as disclosed above, as at 31 December 2016, none of the directors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the directors of the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SHARE OPTIONS

The Company

Executive Share Option Scheme 2012 (the “ESOS 2012”)

The ESOS 2012 was approved by the shareholders of the Company at the special general meeting on 14 November 2012 and took effect on 16 November 2012. Under the ESOS 2012, options may be granted over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries from time to time.

No option had ever been granted pursuant to the ESOS 2012 up to 31 December 2016.

GuocoLand Limited (“GLL”)

GuocoLand Limited Executives’ Share Option Scheme 2008 (the “GLL ESOS 2008”)

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

No option had been granted and there were no outstanding options at any time during the six months ended 31 December 2016.

GL Limited (“GL”)

The GL Executives’ Share Option Scheme 2008 (the “GL ESOS 2008”)

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008, and by the shareholders of the Company on 21 November 2008 for the purpose of compliance with Chapter 17 of the Listing Rules. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to confirmed employees (including executive directors) of GL and its subsidiaries.

Details of the options outstanding during the six months ended 31 December 2016 are as follows:

Grantees	Date of grant	No. of GL shares comprised in options				As at 31 Dec 2016	Notes	Exercise price per GL share
		As at 1 Jul 2016	Granted during the six months	Exercised during the six months	Lapsed during the six months			
Michael DeNoma	13 May 2013	25,000,000	–	–	25,000,000	–	1,2&5	\$\$0.86
Eligible employees	13 May 2013	27,900,000	–	–	11,400,000	16,500,000	2,4&5	\$\$0.86
Eligible employees	21 September 2015	19,500,000	–	–	10,000,000	9,500,000	3,4&5	\$\$0.80
		72,400,000	–	–	46,400,000	26,000,000		

OTHER INFORMATION

SHARE OPTIONS (Cont'd)

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

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

Notes:

1. Mr. Michael DeNoma was the director and CEO of GL and an option holder under Rule 17.07(ii) of the Listing Rules. The options lapsed following his resignation on 1 July 2016.
2. These options were granted on 13 May 2013, to vest in 2 tranches:
 - i. First tranche – up to 35% of the relevant GL shares, to vest on 30 June 2016 upon achievement of applicable performance targets; and
 - ii. Second tranche – up to 65% of the relevant GL shares, to vest within 3 months after 30 June 2019 upon achievement of applicable performance targets.
3. These options were granted on 21 September 2015, to vest in 2 tranches:
 - i. First tranche – up to 20% of the relevant GL shares, to vest on 30 June 2016 upon achievement of applicable performance targets; and
 - ii. Second tranche – up to 80% of the relevant GL shares, to vest within 3 months after 30 June 2019 upon achievement of applicable performance targets.
4. Each tranche, once vested, is exercisable as follows:
 - i. 40% of that tranche is exercisable within 6 months from vesting date;
 - ii. 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and
 - iii. 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.
5. Lapsation of options is due to employee resignations.

SHARE OPTIONS (Cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme (the "GLM ESS")

The Executive Share Option Scheme of GLM (the "GLM ESOS") was approved by the shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 25 November 2011. The GLM ESOS which took effect on 21 March 2012 allows the grant of options over newly issued and/or existing shares of GLM to eligible executives and/or directors of GLM and its subsidiaries ("Eligible Participants"). It provides an opportunity for the Eligible Participants who have contributed to the growth and development of the GLM and its subsidiaries to participate in the equity of GLM.

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

No option had been granted and there were no outstanding options at any time during the six months ended 31 December 2016.

The Rank Group Plc ("Rank")

The Long Term Incentive Plan ("LTIP")

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

No Option or CSOP option had ever been granted pursuant to the LTIP during the six months ended 31 December 2016.

OTHER INFORMATION

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2016, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of the issued share capital
Quek Leng Chan ("QLC")	Personal interests	1,056,325 (Long Position)		
	Interest of controlled corporations	249,425,792 (Long Position)	1	
	Total interests	250,482,117		76.12%
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 3	75.62%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 4	75.62%
Hong Leong Investment Holdings Pte Ltd ("HLInv't")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 5	75.62%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 6	75.62%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 7	75.62%
Elliott Capital Advisors, L.P. ("ECA")	Interest of controlled corporations	29,635,716 (Long Position)	8	9.01%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	23,042,704 (Long Position)	9	7.00%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,408,099 (Long Position)	10	6.20%
		2,084 (Short Position)		0.00%

OTHER INFORMATION

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

Notes:

- The interests of controlled corporations of QLC comprised 242,208,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

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

AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL, GCL and GIL were wholly owned by GuoLine Capital Assets Limited which in turn was wholly owned by HLCM. HLCM was 49.27% owned by QLC 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 ("NLL"). NLL was wholly owned by Newton Capital Group Limited which was 2.424% owned by QLC and 46.534% owned by HLH. CL was wholly owned by QLC.

- The interests of HLCM comprised 240,551,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GCL, GIL and AFCW as set out in Note 1 above.
- The interests of HLCM, HLH, HLIInv, Davos and KLK are duplicated.
- HLH was deemed to be interested in these interests through its controlling interests of 46.534% in HLCM. Its controlling shareholder and the percentage control are shown in Note 1 above.
- HLIInv was deemed to be interested in these interests through its interest of 34.69% in HLCM.
- Davos was deemed to be interested in these interests through its interest of 33.59% in HLIInv.
- KLK was deemed to be interested in these interests through his interest of 41.92% in Davos.
- ECA was deemed to be interested in these interests comprising 19,263,215 shares held by Elliott International, L.P. ("EILP") and 10,372,501 shares held by The Liverpool Limited Partnership ("LLP"). EILP was 100% controlled by Hambleton Inc. which in turn was 100% controlled by ECA. LLP was 100% controlled by Liverpool Associates, Ltd. which in turn was 100% controlled by Elliott Associates, L.P. which was controlled by ECA.
- FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it. The Company was subsequently notified by FEIM that, as at 31 December 2016, FEIM was deemed to be interested in 23,384,846 shares of the Company (held by various management accounts and funds controlled by it), representing approximately 7.11% of the total issued share capital of the Company.
- These interests comprised (i) long position in 20,407,499 shares and 600 underlying shares of physically settled unlisted derivatives; and (ii) short position in 1,000 shares and 1,084 underlying shares of physically settled unlisted derivatives. Among these interests 277,600 shares (long position) and 1,084 underlying shares (short position) were directly held by Credit Suisse Securities (USA) LLC and 20,130,499 shares (long position) and 1,000 shares (short position) were directly held by Credit Suisse Securities (Europe) Limited, both indirect wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests.

Save as disclosed above, as at 31 December 2016, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2016 – Unaudited

	Note	2016 US\$'000	2015 US\$'000	2016 HK\$'000 (Note 19)	2015 HK\$'000 (Note 19)
Turnover	2 & 3	1,147,811	1,405,528	8,900,700	10,892,842
Revenue	2 & 3	827,454	1,260,313	6,416,492	9,767,426
Cost of sales		(405,903)	(666,918)	(3,147,575)	(5,168,615)
Other attributable costs		(22,862)	(20,370)	(177,283)	(157,868)
		398,689	573,025	3,091,634	4,440,943
Other revenue	4(a)	16,659	29,705	129,182	230,214
Other net income	4(b)	309,856	370,537	2,402,778	2,871,662
Administrative and other operating expenses		(277,329)	(325,228)	(2,150,548)	(2,520,517)
Profit from operations before finance costs		447,875	648,039	3,473,046	5,022,302
Finance costs	2(b) & 5(a)	(46,042)	(57,119)	(357,032)	(442,672)
Profit from operations	2	401,833	590,920	3,116,014	4,579,630
Valuation surplus on investment properties		–	3,658	–	28,350
Share of profits of associates and joint ventures		82,479	40,182	639,583	311,411
Profit for the period before taxation	2 & 5	484,312	634,760	3,755,597	4,919,391
Tax expenses	6	(45,880)	(113,830)	(355,776)	(882,183)
Profit for the period		438,432	520,930	3,399,821	4,037,208
Attributable to:					
Equity shareholders of the Company		393,602	326,299	3,052,187	2,528,818
Non-controlling interests		44,830	194,631	347,634	1,508,390
Profit for the period		438,432	520,930	3,399,821	4,037,208
		US\$	US\$	HK\$	HK\$
Earnings per share					
Basic	8	1.21	1.00	9.39	7.78
Diluted	8	1.21	1.00	9.39	7.78

The notes on pages 27 to 46 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2016 – Unaudited

	2016 US\$'000	2015 US\$'000	2016 HK\$'000 (Note 19)	2015 HK\$'000 (Note 19)
Profit for the period	438,432	520,930	3,399,821	4,037,208
Other comprehensive income for the period (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Actuarial losses on defined benefit obligation	–	(126)	–	(977)
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	(429,794)	(365,237)	(3,332,837)	(2,830,587)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	–	(96,248)	–	(745,922)
Changes in fair value of cash flow hedge	1,306	(2,961)	10,127	(22,948)
Changes in fair value of available-for-sale financial assets	2,274	(277,983)	17,634	(2,154,368)
Release of revaluation reserve upon disposal of properties	–	(19)	–	(147)
Share of other comprehensive income of associates	2,904	11,699	22,519	90,667
	(423,310)	(730,749)	(3,282,557)	(5,663,305)
Other comprehensive income for the period, net of tax	(423,310)	(730,875)	(3,282,557)	(5,664,282)
Total comprehensive income for the period	15,122	(209,945)	117,264	(1,627,074)
Total comprehensive income for the period attributable to:				
Equity shareholders of the Company	105,389	(262,083)	817,239	(2,031,144)
Non-controlling interests	(90,267)	52,138	(699,975)	404,070
	15,122	(209,945)	117,264	(1,627,074)

The notes on pages 27 to 46 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000	At 31 December 2016 (Unaudited) HK\$'000 (Note 19)	At 30 June 2016 (Audited) HK\$'000 (Note 19)
NON-CURRENT ASSETS					
Investment properties		2,033,429	2,109,617	15,768,225	16,368,835
Other property, plant and equipment	9	1,549,501	1,687,522	12,015,606	13,093,736
Interest in associates and joint ventures		991,788	1,022,388	7,690,820	7,932,862
Available-for-sale financial assets		1,647,167	1,630,067	12,772,956	12,647,934
Deferred tax assets		69,065	49,362	535,565	383,007
Intangible assets		929,746	1,017,203	7,209,715	7,892,631
Goodwill		130,812	143,342	1,014,382	1,112,212
Pensions surplus		4,138	2,630	32,088	20,407
		7,355,646	7,662,131	57,039,357	59,451,624
CURRENT ASSETS					
Development properties	10	1,988,951	1,586,452	15,423,321	12,309,519
Properties held for sale		618,280	758,000	4,794,452	5,881,436
Trade and other receivables	11	443,190	517,886	3,436,717	4,018,355
Trading financial assets		1,862,668	1,739,242	14,444,059	13,495,039
Cash and short term funds		2,601,744	2,445,659	20,175,224	18,976,235
		7,514,833	7,047,239	58,273,773	54,680,584
CURRENT LIABILITIES					
Trade and other payables	12	713,669	786,098	5,534,146	6,099,452
Bank loans and other borrowings	13	2,936,587	1,888,531	22,771,764	14,653,395
Taxation		94,936	114,398	736,181	887,631
Provisions and other liabilities		13,883	13,300	107,656	103,197
		3,759,075	2,802,327	29,149,747	21,743,675
NET CURRENT ASSETS					
		3,755,758	4,244,912	29,124,026	32,936,909
TOTAL ASSETS LESS CURRENT LIABILITIES					
		11,111,404	11,907,043	86,163,383	92,388,533

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Note	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000	At 31 December 2016 (Unaudited) HK\$'000 (Note 19)	At 30 June 2016 (Audited) HK\$'000 (Note 19)
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	13	1,870,511	2,558,221	14,504,878	19,849,621
Amount due to non-controlling interests		221,377	155,639	1,716,668	1,207,626
Provisions and other liabilities		40,212	63,408	311,824	491,992
Deferred tax liabilities		52,072	49,134	403,792	381,238
		2,184,172	2,826,402	16,937,162	21,930,477
NET ASSETS					
		8,927,232	9,080,641	69,226,221	70,458,056
CAPITAL AND RESERVES					
Share capital	14	164,526	164,526	1,275,817	1,276,582
Reserves		7,054,629	7,075,021	54,705,121	54,896,149
Total equity attributable to equity shareholders of the Company		7,219,155	7,239,547	55,980,938	56,172,731
Non-controlling interests		1,708,077	1,841,094	13,245,283	14,285,325
TOTAL EQUITY		8,927,232	9,080,641	69,226,221	70,458,056

The notes on pages 27 to 46 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016 – Unaudited

	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2016	164,526	10,493	106,778	2,806	(41,056)	1,696	(287,245)	249,373	(5,935)	51,342	6,986,769	7,239,547	1,841,094	9,080,641
Profit for the period	-	-	-	-	-	-	-	-	-	-	393,602	393,602	44,830	438,432
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	8,208	-	(25)	(74)	(301,852)	98	-	(285)	-	(293,930)	(135,864)	(429,794)
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	880	-	-	880	426	1,306
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	1,933	-	-	-	1,933	341	2,274
Share of other comprehensive income of associates	-	-	368	-	-	-	10,691	(8,187)	32	-	-	2,904	-	2,904
Total comprehensive income for the period	-	-	8,576	-	(25)	(74)	(291,161)	(6,156)	912	(285)	393,602	105,389	(90,267)	15,122
Transfer between reserves	-	-	4,650	-	-	-	-	-	-	-	(4,650)	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	(882)	-	-	-	-	-	(882)	(801)	(1,683)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	831	831	(3,107)	(2,276)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(38,842)	(38,842)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(125,730)	(125,730)	-	(125,730)
At 31 December 2016	164,526	10,493	120,004	2,806	(41,081)	740	(578,406)	243,217	(5,023)	51,057	7,250,822	7,219,155	1,708,077	8,927,232

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2016 – Unaudited

	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2015	164,526	10,493	72,373	2,544	(41,093)	938	32,037	480,642	(1,923)	8,726	6,809,273	7,538,536	1,919,381	9,457,917
Profit for the period	-	-	-	-	-	-	-	-	-	-	326,299	326,299	194,631	520,930
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	5,768	-	(12)	22	(263,039)	93	-	(187)	-	(257,355)	(107,882)	(365,237)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	-	(62,792)	-	-	-	-	(62,792)	(33,456)	(96,248)
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	(1,970)	-	-	(1,970)	(991)	(2,961)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(277,880)	-	-	-	(277,880)	(103)	(277,983)
Release of revaluation reserve upon disposal of properties	-	-	-	-	-	-	-	-	-	(19)	-	(19)	-	(19)
Actuarial losses on defined benefit obligation	-	-	-	-	-	-	-	-	-	-	(65)	(65)	(61)	(126)
Share of other comprehensive income of associates	-	-	(703)	-	-	-	13,853	(1,913)	9	-	453	11,699	-	11,699
Total comprehensive income for the period	-	-	5,065	-	(12)	22	(311,978)	(279,700)	(1,961)	(206)	326,687	(262,083)	52,138	(209,945)
Transfer between reserves	-	-	16,979	-	-	-	-	-	-	-	(16,979)	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	1,217	-	-	-	-	-	1,217	1,012	2,229
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	577	577	(1,716)	(1,139)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(779)	(779)
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(2,265)	(2,265)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(30,376)	(30,376)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(125,812)	(125,812)	-	(125,812)
At 31 December 2015	164,526	10,493	94,417	2,544	(41,105)	2,177	(279,941)	200,942	(3,884)	8,520	6,993,746	7,152,435	1,937,395	9,089,830

The notes on pages 27 to 46 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016 - Unaudited

	2016 US\$'000	2015 US\$'000
Net cash (used in)/generated from operating activities	(120,193)	256,743
Net cash (used in)/generated from investing activities	(95,413)	1,318,899
Net cash generated from/(used in) financing activities	446,009	(683,417)
Net increase in cash and cash equivalents	230,403	892,225
Cash and cash equivalents at 1 July	2,445,659	2,378,203
Effect of foreign exchange rate changes	(82,963)	7,332
Cash and cash equivalents at 31 December	2,593,099	3,277,760
Analysis of the balances of cash and cash equivalents		
Cash and short term funds in the consolidated statement of financial position	2,601,744	3,256,622
Cash collaterals	(8,645)	–
Cash and cash equivalents of disposal groups classified as held for sale	–	21,138
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,593,099	3,277,760

Cash flows from investing activities

Included in the cash flows from investing activities for the six months ended 31 December 2015 was a US\$1,516.6 million proceed (net of cash disposed of) from disposal of subsidiaries in respect of the disposal of all the equity, contractual and loan interest of GuocoLand (China) Limited in or relating to an integrated property development located in Dongzhimen, Beijing, China completed during the period, resulting in a gain of US\$412.5 million recognised in other net income in note 4(b) to the financial statements.

The notes on pages 27 to 46 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015/16 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016/17 annual financial statements.

The Group has adopted all new or revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively includes HKASs and Interpretations, issued by the HKICPA that are mandatory for application for the current accounting period of the Group. The adoption of the new standards, amendments to standards and interpretations that are relevant to the Group had no material impact on the results and financial position of the Group.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015/16 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2016 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2016 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen’s Road Central, Hong Kong, or from the Company’s website <http://www.guoco.com>. The auditors expressed an unqualified opinion on those financial statements in their report dated 30 August 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING

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

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

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2015/16.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)

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

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

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Oil and gas US\$'000	Total US\$'000
For the six months ended 31 December 2016						
Turnover	365,225	149,908	632,678	–	–	1,147,811
Revenue from external customers	44,868	149,908	632,678	–	–	827,454
Inter-segment revenue	729	77	–	–	–	806
Reportable segment revenue	45,597	149,985	632,678	–	–	828,260
Operating profit	317,894	42,581	76,548	–	11,581	448,604
Finance costs	(19,179)	(18,926)	(8,666)	–	–	(46,771)
Share of profits of associates and joint ventures	–	32,859	–	49,620	–	82,479
Profit before taxation	298,715	56,514	67,882	49,620	11,581	484,312
For the six months ended 31 December 2015						
Turnover	194,571	450,220	757,012	3,725	–	1,405,528
Revenue from external customers	49,356	450,220	757,012	3,725	–	1,260,313
Inter-segment revenue	2,278	678	–	334	–	3,290
Reportable segment revenue	51,634	450,898	757,012	4,059	–	1,263,603
Operating profit/(loss)	(24,838)	537,148	126,764	(346)	10,507	649,235
Finance costs	(19,829)	(25,460)	(12,409)	(617)	–	(58,315)
Valuation surplus on investment properties	–	3,658	–	–	–	3,658
Share of profits of associates and joint ventures	–	1,119	–	39,063	–	40,182
Profit/(loss) before taxation	(44,667)	516,465	114,355	38,100	10,507	634,760

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)**(b) Reconciliations of reportable segment revenue and finance costs (unaudited)****Revenue**

	Six months ended 31 December	
	2016	2015
	US\$'000	US\$'000
Reportable segment revenue	828,260	1,263,603
Elimination of inter-segment revenue	(806)	(3,290)
Consolidated revenue (note 3)	827,454	1,260,313

Finance costs

	Six months ended 31 December	
	2016	2015
	US\$'000	US\$'000
Reportable finance costs	46,771	58,315
Elimination of inter-segment finance costs	(729)	(1,196)
Consolidated finance costs (note 5(a))	46,042	57,119

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)**(c) Geographical information (unaudited)**

The following table illustrates the geographical location of the Group's revenue from external customers and profit/(loss) from operations. The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers		Profit/(loss) from operations	
	Six months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
The People's Republic of China				
– Hong Kong	46,550	53,341	299,748	(46,640)
– Mainland China	12,022	174,362	766	471,162
United Kingdom and Continental Europe	618,413	743,776	69,872	114,737
Singapore	129,627	233,813	(Note) 23,237	26,908
Australasia and others	20,842	55,021	8,210	24,753
	827,454	1,260,313	401,833	590,920

Note:

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

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

Accordingly, operating profits of GuocoLand for the period amounting to US\$24.7 million (2015: US\$5.7 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has not recognised any operating profits of GuocoLand for the period (2015: Nil) which have been deferred in previous years. Up to 31 December 2016, accumulated operating profits of GuocoLand totalling US\$44.6 million (2015: US\$7.8 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

3. TURNOVER AND REVENUE

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

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Revenue from sale of properties	120,802	435,779
Revenue from hospitality and leisure	632,186	756,317
Interest income	12,641	16,071
Dividend income	39,867	41,047
Rental income from properties	18,187	7,280
Securities commission and brokerage	–	1,979
Others	3,771	1,840
Revenue	827,454	1,260,313
Proceeds from sale of investments in securities	320,357	145,215
Turnover	1,147,811	1,405,528

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

4. OTHER REVENUE AND NET INCOME**(a) Other revenue**

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Sublease income	2,627	3,039
Bass Strait oil and gas royalty	13,466	12,235
Hotel management fee	32	514
Termination fee from hotel management contract	–	13,222
Income from forfeiture of deposit from sale of properties	131	124
Others	403	571
	16,659	29,705

(b) Other net income

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Net realised and unrealised gains/(losses) on trading financial assets	281,160	(66,631)
Net realised and unrealised (losses)/gains on derivative financial instruments	(1,533)	157
Net gains on foreign exchange contracts	16,531	16,604
Other exchange gains/(losses)	16,557	(2,397)
Net (losses)/gains on disposal of property, plant and equipment	(3,386)	9,307
Net gains on disposal of subsidiaries	–	412,538
Other income	527	959
	309,856	370,537

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

5. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance costs

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Interest on bank loans and other borrowings	70,424	86,825
Other borrowing costs	2,376	8,128
Total borrowing costs	72,800	94,953
Less: borrowing costs capitalised into:		
– development properties	(15,239)	(12,559)
– investment properties	(8,018)	(22,616)
– other property, plant and equipment	(3,501)	(2,659)
Total borrowing costs capitalised (Note)	(26,758)	(37,834)
	46,042	57,119

Note:

These borrowing costs have been capitalised at rates of 1.11% to 8.00% per annum (2015: 2.06% to 8.00%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

5. PROFIT FOR THE PERIOD BEFORE TAXATION (Cont'd)**(b) Staff cost**

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Contributions to defined contribution retirement plans	4,869	5,745
Expenses recognised in respect of defined benefit retirement plans	108	113
Share-based payment expenses (reversed)/recognised	(1,862)	2,248
Salaries, wages and other benefits	196,415	234,101
	199,530	242,207

(c) Other items

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Depreciation	36,446	43,595
Amortisation		
– casino licences and brand names	745	730
– Bass Strait oil and gas royalty	1,611	1,542
– other intangible assets	5,606	5,511
Gross rental income from investment properties	(18,187)	(7,280)
Less: direct outgoings	7,631	2,581
Net rental income	(10,556)	(4,699)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

6. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Current tax - Hong Kong Profits Tax	216	465
Current tax - Overseas	60,969	121,382
Deferred taxation	(15,305)	(8,017)
	45,880	113,830

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2015: 16.5%) to the profits for the six months ended 31 December 2016. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

7. DIVIDENDS

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend declared of HK\$1.00 (2015: HK\$1.00) per ordinary share	42,434	42,458
Dividends paid in respect of the prior year:		
– Final dividend of HK\$3.00 (2015: HK\$3.00) per ordinary share	125,730	125,812

The interim dividend declared for the year ending 30 June 2017 of US\$42,434,000 (2016: US\$42,458,000) is calculated based on 329,051,373 ordinary shares (2015: 329,051,373 ordinary shares) in issue at 31 December 2016.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of US\$393,602,000 (2015: US\$326,299,000) and the weighted average number of 325,024,511 ordinary shares (2015: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2016 and 2015, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

9. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired items of property, plant and equipment with a cost of US\$48,548,000 (2015: US\$64,626,000). The Group disposed of items of property, plant and equipment with a net book value of US\$3,423,000 during the six months ended 31 December 2016 (2015: US\$1,165,000).

10. DEVELOPMENT PROPERTIES

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Cost	2,186,097	2,057,149
Less: Impairment loss	(4,594)	(5,044)
Progress instalments received and receivable	(192,552)	(349,888)
Transfer to properties held for sale	–	(115,589)
Transfer to other property, plant and equipment	–	(176)
	1,988,951	1,586,452

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Trade debtors	78,980	64,690
Accrued receivables for sales consideration not yet billed on completed development properties	15,956	134,651
Other receivables, deposits and prepayments	205,395	267,297
Derivative financial instruments, at fair value	137,778	48,437
Interest receivables	5,081	2,811
	443,190	517,886

Included in trade and other receivables is US\$11.4 million (30 June 2016: US\$12.1 million) which is expected to be recovered after one year.

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

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Within 1 month	47,084	52,232
1 to 3 months	24,494	9,277
More than 3 months	7,402	3,181
	78,980	64,690

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12. TRADE AND OTHER PAYABLES

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Trade creditors	120,141	191,804
Other payables and accrued operating expenses	522,679	499,660
Derivative financial instruments, at fair value	57,555	75,755
Amounts due to fellow subsidiaries	13,263	18,825
Amounts due to associates	30	54
Amounts due to joint ventures	1	–
	713,669	786,098

Included in trade and other payables is US\$92.5 million (30 June 2016: US\$109.4 million) which is expected to be payable after one year.

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

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Within 1 month	111,610	184,726
1 to 3 months	3,447	2,477
More than 3 months	5,084	4,601
	120,141	191,804

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. BANK LOANS AND OTHER BORROWINGS

	At 31 December 2016 (Unaudited)			At 30 June 2016 (Audited)		
	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000
Bank loans						
– Secured	1,195,844	736,783	1,932,627	1,214,917	599,368	1,814,285
– Unsecured	865,091	782,669	1,647,760	389,182	916,554	1,305,736
	2,060,935	1,519,452	3,580,387	1,604,099	1,515,922	3,120,021
Other loans						
– Secured	113,106	–	113,106	71,988	–	71,988
– Unsecured	1,248	8,956	10,204	1,433	10,737	12,170
	114,354	8,956	123,310	73,421	10,737	84,158
Unsecured medium term notes and bonds	761,298	271,507	1,032,805	211,011	953,895	1,164,906
Secured mortgage debenture stock	–	70,596	70,596	–	77,667	77,667
	2,936,587	1,870,511	4,807,098	1,888,531	2,558,221	4,446,752

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

14. SHARE CAPITAL

	At 31 December 2016 (Unaudited)		At 30 June 2016 (Audited)	
	No. of shares		No. of shares	
	'000	US\$'000	'000	US\$'000
Authorised: Ordinary shares of US\$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid	329,051	164,526	329,051	164,526

Note:

As at 31 December 2016, 4,026,862 (30 June 2016: 4,026,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**(a) Financial assets and liabilities measured at fair value****(i) Fair value hierarchy**

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)**(a) Financial assets and liabilities measured at fair value (Cont'd)****(i) Fair value hierarchy (Cont'd)**

	At 31 December 2016 (Unaudited)				At 30 June 2016 (Audited)			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Recurring fair value measurements								
Assets								
Available-for-sale financial assets:								
– Listed	1,587,502	–	–	1,587,502	1,570,203	–	–	1,570,203
– Unlisted	–	24,600	35,065	59,665	–	25,400	34,464	59,864
Trading financial assets:								
– Listed	1,839,413	23,255	–	1,862,668	1,715,815	23,427	–	1,739,242
Derivative financial instruments:								
– Interest rate swaps	–	41	–	41	–	62	–	62
– Forward exchange contracts	–	133,507	–	133,507	–	46,670	–	46,670
– Equity options	–	4,230	–	4,230	–	1,705	–	1,705
	3,426,915	185,633	35,065	3,647,613	3,286,018	97,264	34,464	3,417,746
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	9,300	–	9,300	–	10,923	–	10,923
– Forward exchange contracts	–	48,255	–	48,255	–	64,815	–	64,815
– Equity options	–	–	–	–	–	17	–	17
	–	57,555	–	57,555	–	75,755	–	75,755

During the six months ended 31 December 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)**(a) Financial assets and liabilities measured at fair value (Cont'd)****(iii) Information about Level 3 fair value measurements**

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

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

	At 31 December 2016 (Unaudited) US\$'000	At 31 December 2015 (Unaudited) US\$'000
Unlisted available-for-sale financial assets:		
At 1 July	34,464	18,034
Payment for purchases	–	17,009
Net unrealised gains/(losses) recognised in other comprehensive income during the period	831	(13)
Redemption of cost	(249)	(284)
Transfer to assets held for sale	–	(259)
Exchange adjustments	19	9
At 31 December	35,065	34,496
Total gains or losses for the period reclassified from consolidated other comprehensive income on disposal	–	–

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

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

Other than for the mortgage debenture stock, the carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 30 June 2016.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 31 December 2016 is estimated to be US\$87.0 million (30 June 2016: US\$98.0 million) and is classified within Level 2 of the fair value hierarchy. The interest rate used to discount estimated cash flows at the reporting date was 2.25% (30 June 2016: 2.25%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Authorised and contracted for	16,458	6,969
Authorised but not contracted for	30,144	25,883
	46,602	32,852

At 31 December 2016, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US\$267.0 million (30 June 2016: US\$351.2 million); in respect of purchase of land was US\$261.1 million (30 June 2016: US\$nil).

17. CONTINGENT LIABILITIES**(a) GuocoLand**

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

(b) Rank**Property leases**

Concurrent to the GBP211 million (approximately US\$259 million) sale and leaseback in 2006, Rank transferred the rights and obligations but not the legal titles of 44 property leases to a third party. Rank remains potentially liable in the event of default by the third party. Should default occur then Rank would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 9 of these have not expired or been surrendered. These 9 leases have durations of between 3 months and 96 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.8 million (approximately US\$1.0 million).

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. MATERIAL RELATED PARTY TRANSACTIONS**(a) Banking transactions**

Transaction with companies in the Hong Leong Company (Malaysia) Berhad Group (“HLCM”):

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

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

(i) Income

	Six months ended 31 December	
	2016 (Unaudited) US\$'000	2015 (Unaudited) US\$'000
Interest income	467	402

(ii) Balance

	At 31 December 2016 (Unaudited) US\$'000	At 30 June 2016 (Audited) US\$'000
Cash and short term funds	75,390	67,645

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Management fee

On 2 July 2014, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2014 to 30 June 2017. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the six months ended 31 December 2016 amounted to US\$2,341,000 (2015: US\$446,000) and US\$9,899,000 (2015: US\$14,763,000) respectively.

On 2 July 2014, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2014 to 30 June 2017. Total amount paid or provided for in respect of management fees to HLMC for the six months ended 31 December 2016 amounted to US\$44,000 (2015: US\$201,000).

19. HONG KONG DOLLAR AMOUNTS

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

20. REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2016 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.