

2017/18

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



A Member of the Hong Leong Group

(Stock Code: 53)

CONTENTS

Corporate Information	2
Financial Results	3
Interim Dividend	3
Review of Operations	3
Human Resources and Training	8
Group Outlook	8
Purchase, Sale or Redemption of Company's Listed Securities	8
Corporate Governance	8
Other Information	9
<hr/>	
Consolidated Income Statement (Unaudited)	20
Consolidated Statement of Comprehensive Income (Unaudited)	21
Consolidated Statement of Financial Position (Unaudited)	22
Consolidated Statement of Changes in Equity (Unaudited)	24
Condensed Consolidated Statement of Cash Flows (Unaudited)	26
Notes to the Unaudited Interim Financial Report	27

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 Interim Report.



The FSC™ logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council®.

CORPORATE INFORMATION

(As at 28 February 2018)

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

GROUP FINANCIAL CONTROLLER

Richard Mak Chi Ming

COMPANY SECRETARY

Stella Lo Sze Man

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

Interim results announcement	28 February 2018
Latest time to register transfers for interim dividend	4:30 p.m. on 15 March 2018
Closure of Register of Members for interim dividend	16 March 2018
Payment date of interim dividend of HK\$1.00 per share	26 March 2018

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 2017.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2017, after taxation and non-controlling interests of HK\$3,697 million, up 21% as compared to HK\$3,052 million for the previous corresponding period. Basic earnings per share amounted to HK\$11.38.

For the six months ended 31 December 2017, profit before taxation was generated from the following sources:

- property development and investment of HK\$4,039 million;
- principal investment of HK\$1,001 million;
- hospitality and leisure of HK\$600 million;
- financial services of HK\$450 million;
- oil and gas royalty of HK\$91 million;

and was set off by HK\$459 million of finance costs.

Revenue increased by HK\$16.4 billion to HK\$22.8 billion during the period of which HK\$15.8 billion was attributable to the property development and investment sector.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$1.00 per share amounting to approximately HK\$329 million (2016/2017 interim dividend: HK\$1.00 per share amounting to approximately HK\$329 million) for the financial year ending 30 June 2018 which will be payable on Monday, 26 March 2018 to the shareholders whose names appear on the Register of Members on Friday, 16 March 2018.

REVIEW OF OPERATIONS

PRINCIPAL INVESTMENT

In the last six months of 2017, global equity markets continued their relentless climb to overwhelm the customary mid-summer lull and nuclear threats from North Korea. The synchronized macro-economic growth among the 45 OECD countries and the decision by the United States to cut corporate tax rates along with the announcement of massive infrastructure spending fuelled confidence to drive stock markets higher despite signals that the accommodative monetary policies of the major central banks may be coming to an end soon. Stock prices continued to exceed corporate earnings growth, thereby taking equity valuations to lofty levels.

We continue to stay cautious and invest in fallen angels and undervalued stocks with capital appreciation potential. We also selectively invest in companies that pay a healthy cash dividend to supplement shareholder returns.

Our treasury team performed well in optimizing the returns in foreign exchange and interest rate management for the Group. Foreign currency exposures of the investment portfolio were minimized with relevant hedges giving positive carry. With the successful deployment of yield enhancement strategies, the overall net interest expense was well contained despite a larger loan liability in the six months ended 31 December 2017 as compared to the corresponding period of 2016.

REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited (“GuocoLand”)

GuocoLand ended its half year with a profit attributable to equity holders of S\$208.5 million, as compared to S\$82.8 million for the previous corresponding period. The increase in profit was primarily due to revenue recognition from Singapore’s residential projects and increase in share of profit of associates and joint ventures.

Revenue for the half year ended 31 December 2017 increased by 69% to S\$732.5 million, largely contributed by the stronger performance of Singapore’s residential projects. In line with the higher revenue, gross profit increased by 68% to S\$151.8 million.

Contribution from Changfeng Residence, a joint venture residential project in Shanghai which has been substantially sold and completed, was the main reason for GuocoLand’s share of profit of associates and joint ventures to increase by S\$134.9 million to S\$179.5 million in the current period.

As a result of higher sales activities and the commencement of GuocoLand’s new hotels during the period, administrative expenses increased 65% to S\$46.6 million. Finance costs increased by S\$28.6 million to S\$55.1 million due to higher average borrowings and lower capitalisation of finance cost as compared to the previous corresponding period.

According to flash estimates released by the Urban Redevelopment Authority in Singapore, private residential property prices posted a second consecutive increase of 0.7% for the 4th quarter of 2017, same as the previous quarter. For 2017, private residential property prices increased by 1.0% as compared to the 3.1% decline for 2016. Preliminary estimates showed that developers sold 14,707 units in 2017, which was 23% higher than the number of units sold in 2016.

According to the National Bureau of Statistics of China, new home prices in Shanghai and Chongqing rose in December 2017. In Shanghai, new home prices increased by 0.2% both on a year-on-year and month-on-month basis while in Chongqing, the year-on-year and month-on-month increase was 10.0% and 0.4% respectively.

HOSPITALITY AND LEISURE BUSINESS

GL Limited (“GL”)

GL recorded a profit after tax for the six months ended 31 December 2017 at US\$29.0 million, an increase of 18% as compared to US\$24.5 million in the previous corresponding period.

Revenue increased by 1% to US\$186.7 million year-on-year. Hotel revenue was lower in GBP terms as a result of fewer rooms available for sale due to the refurbishment of the Cumberland Hotel during the period. Gaming and oil & gas segments continue to generate lower revenue compared to previous corresponding period. This was primarily due to lower gaming drop and reduced oil & gas production during the period. However, these negative impacts were offset by the strengthening of GBP and AUD against USD.

Cost of sales increased by 5% as a result of the appreciation of GBP against USD during the period.

Administrative expenses also increased by 5% for the period which were largely attributable to higher business operating cost in the hotel segment as well as the strengthening of GBP against USD.

The decrease in other operating expenses was mainly due to the assets written off and the settlement of a legal claim against a subsidiary in the UK which provided a guarantee in relation to a hotel property previously leased and operated by another subsidiary in the previous corresponding period.

HOSPITALITY AND LEISURE BUSINESS (Cont'd)

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

Higher financing costs for the period were due to higher interest cost from an interest rate hedging contract. Higher income tax was associated with higher earnings from the hotel segment.

The London hotel market remains soft, and city-wide RevPARs were flat or have fallen on a year-on-year basis. Factors such as uncertainties over Brexit and an increase in London room supply continue to affect the UK hotel industry. GL's London hotels continue to operate in a challenging environment due to increasing operating costs and stagnant demand. The market is not expected to grow significantly and GL maintains a cautious outlook.

The Rank Group Plc ("Rank")

Rank recorded a profit after tax (before exceptional items) for the six months ended 31 December 2017 of GBP31.3 million, an increase of 15% as compared to the previous year.

Statutory revenue fell marginally to GBP354.2 million, with 12% growth in digital revenue offset by a 3% fall in Mecca Bingo revenue due to lower admissions and closure of several under-performing venues and a 2% fall in Grosvenor Casinos' revenues due to lower UK admissions and the end of the concession for a Belgium casino. However, both retail businesses managed to maintain market shares despite challenging trading conditions.

Operating profit before exceptional items of GBP41.7 million was up by GBP5.1 million with the marginal decline in revenue being offset by lower costs, particularly employment costs and gaming duties. Digital profit improved by 56% with strong revenue growth combining with better cost control, particularly around marketing effectiveness. Mecca Bingo venues saw profits decline by 5% with lower revenue partially offset by lower employment costs (despite further increases in the National Living Wage) and tight cost control. Grosvenor Casinos delivered a 15% increase in profit, despite revenue falling due to lower customer visitations, following delivery of planned reductions in employment levels along with lower gaming duties.

The net charge for exceptional items of GBP6.2 million comprised GBP4.9 million in impairment charges for two underperforming provincial casinos, GBP1.6 million in restructuring costs and a GBP1.0 million onerous lease provision for a former provincial casino offset by GBP1.3 million tax credit.

Rank remains in a strong financial position, possesses market leading brands and has a clear strategy for long-term growth.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG Group achieved a profit before tax of RM1,765.2 million for the period ended 31 December 2017, an increase of RM207.2 million or 13.3% as compared to the previous corresponding period. The increase was mainly due to a better performance from its commercial banking division.

The commercial banking division recorded a profit before tax of RM1,613.5 million for the period, an increase of RM242.3 million or 17.7% versus the previous corresponding period. The increase was due to higher revenue of RM132.2 million, higher share of profit from Bank of Chengdu Co., Limited and Sichuan Jincheng Consumer Finance joint venture of RM141.8 million. This was however offset by higher operating expenses of RM31.6 million.

REVIEW OF OPERATIONS

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

The insurance division registered a profit before tax of RM152.4 million for the period ended 31 December 2017, a decrease of RM36.8 million or 19.4% compared to the previous corresponding period. The decrease in profits was primarily due to lower life fund surplus of RM31.9 million and lower share of profit from an associated company of RM11.6 million. This was however mitigated by higher revenue of RM3.8 million, lower allowance for impairment losses on securities of RM0.4 million and lower operating expenses of RM2.5 million.

The investment banking division recorded a profit before tax of RM37.4 million for the period ended 31 December 2017, a decrease of RM2.5 million or 6.4% compared to the previous corresponding period. The lower profits versus last period were mainly due to lower contributions from investment banking and stockbroking divisions.

GROUP FINANCIAL COMMENTARY**Capital Management**

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2017 amounted to HK\$66.0 billion, an increase of 7% or HK\$4.1 billion as compared to 30 June 2017.

The equity-debt ratio as at 31 December 2017 is arrived at as follows:

	HK\$'M
Total borrowings	34,973
Less: Cash and short term funds	(21,162)
Trading financial assets	(14,268)
Net cash	(457)
Total equity attributable to equity shareholders of the Company	66,018
Equity-debt ratio	100:0

The Group's total cash balance and trading financial assets were mainly in RMB (22%), USD (18%), HKD (16%), GBP (13%), CHF (9%), and SGD (9%).

Total Borrowings

The decrease in total borrowings from HK\$37.2 billion as at 30 June 2017 to HK\$35.0 billion as at 31 December 2017 was primarily due to the redemption of the US\$461 million (approximately HK\$3.9 billion) fixed rate bonds under the Group's medium term note programme in August 2017. The Group's total borrowings are mostly denominated in SGD (63%), USD (21%), GBP (9%) and MYR (8%).

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

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

	Bank loan HK\$'M	Mortgage debenture stock HK\$'M	Other borrowings HK\$'M	Total HK\$'M
Within 1 year or on demand	15,478	–	1,631	17,109
After 1 year but within 2 years	4,598	–	746	5,344
After 2 years but within 5 years	7,063	603	3,845	11,511
After 5 years	–	–	1,009	1,009
	11,661	603	5,600	17,864
	27,139	603	7,231	34,973

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\$33.1 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2017 amounted to approximately HK\$17.6 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 2017, approximately 75% of the Group's borrowings were at floating rates and the remaining 25% were at fixed rates. The Group had outstanding interest rate swaps with a notional amount of HK\$1.5 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 2017, there were outstanding foreign exchange contracts with a total notional amount of HK\$25.3 billion for hedging of foreign currency equity investments.

Equity Price Exposure

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

HUMAN RESOURCES AND TRAINING

As at 31 December 2017, the Group had over 13,300 staff. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

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

GROUP OUTLOOK

The major global economies look poised to continue its growth trajectory amid a backdrop that their accommodative monetary policies will be curtailed as interest rates may likely be increased to keep inflation at bay. With equity markets at lofty levels, we remain cautious and selective in our principal investment posture.

Despite the challenges in their respective operating markets, our core businesses will continue to execute their strategic plans to achieve the business goals and to build on sound fundamentals to create sustainable growth and shareholders' value.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2017.

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 2017, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of the Company (“Model Code”) were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

(A) The Company

Director	Number of *shares/underlying shares (Long Position)			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/underlying 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	865,000	–	865,000	0.07% Note
Tan Lim Heng	1,337,777	–	1,337,777	0.11%
Volker Stoeckel	1,461,333	–	1,461,333	0.12%

* Ordinary shares unless otherwise specified in the Note

Note:

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

(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 195,000 ordinary shares of GLM and an option in respect of 105,000 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	430,000	–	500,000	0.03%	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 430,000 shares/underlying shares comprised 300,000 ordinary shares of GL and an option in respect of 130,000 underlying shares of GL pursuant to an executive option scheme of a Hong Leong Group company.

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)			Approx. % of the issued share capital of Rank
	Personal interests	Corporate interests	Total 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 total interests of 200,000 shares/underlying shares comprised 70,000 ordinary shares of Rank and an option in respect of 130,000 underlying shares of Rank pursuant to an executive option scheme of a Hong Leong Group company.

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

Director	Number of *shares (Long Position)			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 issued share capital 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	1,405,600	16,200	–	1,421,800	0.30%	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 1,405,600 shares/underlying shares comprised 1,275,600 ordinary shares of HIB and an option in respect of 130,000 underlying shares of HIB pursuant to an executive option scheme of a Hong Leong Group company.

(l) Southern Steel Berhad ("SSB")

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

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 131,000 shares/underlying shares comprised 1,000 ordinary shares of SSB and an option in respect of 130,000 underlying shares of SSB pursuant to an executive option scheme of a Hong Leong Group company.

Save as disclosed above, as at 31 December 2017, 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 2017.

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 employees and executive directors of GLL and its subsidiaries (“GLL Group”) who are not GLL’s controlling shareholders or their associates.

Details of the options during the six months ended 31 December 2017 are as follows:

Grantees	Date of grant	No. of GLL shares comprised in options				As at 31 Dec 2017	Notes	Exercise price per GLL share
		As at 1 Jul 2017	Granted during the six months	Exercised during the six months	Lapsed during the six months			
Group President & CEO	8 December 2017	–	20,000,000	–	–	20,000,000	1&2	S\$1.984
Eligible employees	8 December 2017	–	19,700,000	–	–	19,700,000	2	S\$1.984
		–	39,700,000	–	–	39,700,000		

Notes:

- The board of directors of GLL has resolved that the exercise of the option in respect of 20,000,000 GLL shares granted to the Group President & CEO of GLL would be satisfied by the transfer of existing GLL shares. Such option is not subject to Chapter 17 of the Listing Rules.
- The closing market price per GLL share immediately before the date of grant was S\$2.18. The vesting of the options granted is subject to the achievement of certain performance criteria by the grantees over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The exercise period of the vested options will be up to the 30th month from the respective vesting dates to be determined.
- Based on the Black-Scholes option pricing model, the fair values of the options granted as at the date of grant ranged from S\$0.241 to S\$0.285 per option. The assumptions in the Black-Scholes model used to estimate the value of the options are as follows:
 - risk-free interest rate ranged from 1.51% to 1.79%, based on the historical yield of Singapore Government Securities bonds in issue for the expected option life period on the date of grant;
 - expected volatility ranged from 12.96% to 16.35%, based on the historical volatility for the expected option life period prior to the date of grant;
 - expected dividend yield of 2.95%, based on the past one year’s historical dividend payout over the market share price of GLL on the ex-dividend date; and
 - expected option life of 1.94 years to 5.94 years.

The Black-Scholes option pricing model requires the input of subjective assumptions which can affect the fair value estimates. As such, the model does not necessarily provide a single definitive measure of the fair value of the share options granted.

OTHER INFORMATION

SHARE OPTIONS (Cont'd)**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. 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. Non-executive directors of GL, directors and employees of associated companies of GL, and directors and employees of and GL's controlling shareholders or their subsidiaries (other than GL and its subsidiaries) and associates are not eligible to participate in the GL ESOS 2008.

Details of the options during the six months ended 31 December 2017 are as follows:

Grantees	Date of grant	No. of GL shares comprised in options				As at 31 Dec 2017	Notes	Exercise price per GL share
		As at 1 Jul 2017	Granted during the six months	Exercised during the six months	Lapsed during the six months			
Eligible employees	13 May 2013	10,000,000	-	-	2,000,000	8,000,000	1&2	\$S0.86
Eligible employees	21 September 2015	9,500,000	-	-	-	9,500,000	1&2	\$S0.80
		19,500,000	-	-	2,000,000	17,500,000		

Notes:

1. The options granted on 13 May 2013 and 21 September 2015 under GL ESOS 2008 will vest in two tranches:
 - i. The first tranche of up to 20% to 35% were to have vested (but did not vest) at the end of the financial year ended 30 June 2016 upon the achievement of applicable performance targets; and
 - ii. The second tranche of up to 65% to 80% will vest within three months of the end of the financial year ended 30 June 2019 upon the achievement of applicable performance targets.
2. Each tranche, once vested, is exercisable as follows:
 - i. 40% of that tranche is exercisable within 6 months from the vesting date;
 - ii. 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from the 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 the vesting date.

SHARE OPTIONS (Cont'd)**GuocoLand (Malaysia) Berhad ("GLM")****Executive Share Scheme (the "GLM ESS")**

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

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

Details of the options during the six months ended 31 December 2017 are as follows:

Grantees	Date of grant	No. of GLM shares comprised in options				As at 31 Dec 2017	Notes	Exercise price per GLM share
		As at 1 Jul 2017	Granted during the six months	Exercised during the six months	Lapsed during the six months			
Eligible Participants	11 December 2017	-	20,000,000	-	-	20,000,000	1&2	RM1.16
		-	20,000,000	-	-	20,000,000		

Notes:

1. The board of directors of GLM has resolved that the exercise of the options in respect of all the 20,000,000 GLM shares would be satisfied by the transfer of existing GLM shares. Such options are not subject to Chapter 17 of the Listing Rules and the disclosure of the fair value of such options is not required.
2. The closing market price of GLM share immediately before the date of grant was RM1.15 per share. The vesting of the options granted is subject to the achievement of certain performance criteria by the grantees over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The exercise period of the vested options will be up to the 30th month from the respective vesting dates to be determined.

The Rank Group Plc ("Rank")**The Long Term Incentive Plan ("LTIP")**

The rules of LTIP were approved by Rank's shareholders on 22 April 2010 with amendments thereto approved on 22 April 2015. It was further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 24 November 2015. 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 2017.

OTHER INFORMATION

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2017, 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 were 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	20,148,395 (Long Position)	10	6.12%
		20,141,000 (Short Position)		6.12%

OTHER INFORMATION

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

Notes:

- The interest of controlled corporation 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 as set out in Notes 1 and 2 above.
- HLIInv was deemed to be interested in these interests through its controlling interests of 34.69% in HLCM.
- Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
- KLK was deemed to be interested in these interests through his controlling interests 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 Hambledon Inc. which in turn was 100% controlled by ECA. LLP was 100% controlled by Liverpool Associates, Ltd. which in turn was 100% controlled by Elliott Associates, L.P. which was 100% controlled by ECA.
- 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 2017, FEIM was deemed to be interested in 23,193,846 shares of the Company (held by various management accounts and funds controlled by it).
- The Company was subsequently notified by CS that, as at 29 December 2017, CS was deemed to be interested in 20,143,313 shares (long position) and 20,135,918 (short position). Among these interests 7,000 shares (long position) and 7,395 shares (long position) were directly held by Credit Suisse (Hong Kong) Limited and Credit Suisse International respectively and 20,128,918 shares (long position) and 20,135,918 shares (short position) were directly held by Credit Suisse Securities (Europe) Limited, all those companies are indirect wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests.

Save as disclosed above, as at 31 December 2017, 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.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2017 – Unaudited

	Note	2017 US\$'000	2016 US\$'000	2017 HK\$'000 (Note 19)	2016 HK\$'000 (Note 19)
Turnover	2 & 3	3,112,166	1,147,811	24,317,376	8,900,700
Revenue	2 & 3	2,918,958	827,454	22,807,716	6,416,492
Cost of sales		(1,898,287)	(405,903)	(14,832,550)	(3,147,575)
Other attributable costs		(48,210)	(22,862)	(376,696)	(177,283)
		972,461	398,689	7,598,470	3,091,634
Other revenue	4(a)	17,127	16,659	133,824	129,182
Other net income	4(b)	55,190	309,856	431,235	2,402,778
Administrative and other operating expenses		(307,677)	(277,329)	(2,404,080)	(2,150,548)
Profit from operations before finance costs		737,101	447,875	5,759,449	3,473,046
Finance costs	2(b) & 5(a)	(58,718)	(46,042)	(458,802)	(357,032)
Profit from operations	2	678,383	401,833	5,300,647	3,116,014
Share of profits of associates and joint ventures		53,959	82,479	421,617	639,583
Profit for the period before taxation	2 & 5	732,342	484,312	5,722,264	3,755,597
Tax expenses	6	(162,568)	(45,880)	(1,270,249)	(355,776)
Profit for the period		569,774	438,432	4,452,015	3,399,821
Attributable to:					
Equity shareholders of the Company		473,173	393,602	3,697,209	3,052,187
Non-controlling interests		96,601	44,830	754,806	347,634
Profit for the period		569,774	438,432	4,452,015	3,399,821
		US\$	US\$	HK\$	HK\$
Earnings per share					
Basic	8	1.46	1.21	11.38	9.39
Diluted	8	1.46	1.21	11.38	9.39

The notes on pages 27 to 44 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 2017 – Unaudited

	2017 US\$'000	2016 US\$'000	2017 HK\$'000 (Note 19)	2016 HK\$'000 (Note 19)
Profit for the period	569,774	438,432	4,452,015	3,399,821
Other comprehensive income for the period (after tax and reclassification adjustments)				
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	232,596	(429,794)	1,817,424	(3,332,837)
Changes in fair value of cash flow hedge	1,419	1,306	11,087	10,127
Changes in fair value of available-for-sale financial assets	12,143	2,274	94,881	17,634
Transfer to profit or loss on disposal of available-for-sale financial assets	238	–	1,859	–
Share of other comprehensive income of associates	(6,792)	2,904	(53,070)	22,519
Other comprehensive income for the period, net of tax	239,604	(423,310)	1,872,181	(3,282,557)
Total comprehensive income for the period	809,378	15,122	6,324,196	117,264
Total comprehensive income for the period attributable to:				
Equity shareholders of the Company	640,562	105,389	5,005,127	817,239
Non-controlling interests	168,816	(90,267)	1,319,069	(699,975)
	809,378	15,122	6,324,196	117,264

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000	At 31 December 2017 (Unaudited) HK\$'000 (Note 19)	At 30 June 2017 (Audited) HK\$'000 (Note 19)
NON-CURRENT ASSETS					
Investment properties		2,419,482	2,349,272	18,904,986	18,336,773
Other property, plant and equipment	9	1,742,179	1,688,361	13,612,777	13,178,164
Interest in associates and joint ventures		1,327,028	1,217,205	10,368,932	9,500,650
Available-for-sale financial assets		1,897,232	1,852,794	14,824,307	14,461,613
Deferred tax assets		18,554	89,937	144,974	701,985
Intangible assets		1,029,685	991,260	8,045,598	7,737,082
Goodwill		143,668	138,196	1,122,571	1,078,661
Pensions surplus		503	586	3,930	4,574
		8,578,331	8,327,611	67,028,075	64,999,502
CURRENT ASSETS					
Development properties	10	1,503,061	2,298,724	11,744,393	17,942,230
Properties held for sale		856,668	481,428	6,693,704	3,757,690
Deposits for land		364,836	339,115	2,850,701	2,646,894
Trade and other receivables	11	597,987	316,776	4,672,461	2,472,532
Trading financial assets		1,826,073	1,482,319	14,268,295	11,569,944
Cash and short term funds		2,708,296	3,228,627	21,161,677	25,200,402
Assets held for sale		8,833	8,781	69,018	68,538
		7,865,754	8,155,770	61,460,249	63,658,230
CURRENT LIABILITIES					
Trade and other payables	12	836,217	1,370,784	6,533,907	10,699,380
Bank loans and other borrowings	13	2,189,691	2,349,189	17,109,479	18,336,125
Taxation		128,955	83,251	1,007,609	649,799
Provisions and other liabilities		10,296	13,297	80,449	103,787
		3,165,159	3,816,521	24,731,444	29,789,091
NET CURRENT ASSETS					
		4,700,595	4,339,249	36,728,805	33,869,139
TOTAL ASSETS LESS CURRENT LIABILITIES					
		13,278,926	12,666,860	103,756,880	98,868,641

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Note	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000	At 31 December 2017 (Unaudited) HK\$'000 (Note 19)	At 30 June 2017 (Audited) HK\$'000 (Note 19)
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	13	2,286,182	2,411,453	17,863,426	18,822,113
Amount due to non-controlling interests		288,892	229,842	2,257,301	1,793,986
Provisions and other liabilities		40,130	39,075	313,562	304,992
Deferred tax liabilities		103,123	80,596	805,767	629,076
		2,718,327	2,760,966	21,240,056	21,550,167
NET ASSETS					
		10,560,599	9,905,894	82,516,824	77,318,474
CAPITAL AND RESERVES					
Share capital	14	164,526	164,526	1,285,549	1,284,175
Reserves		8,284,568	7,769,531	64,732,714	60,643,520
Total equity attributable to equity shareholders of the Company		8,449,094	7,934,057	66,018,263	61,927,695
Non-controlling interests		2,111,505	1,971,837	16,498,561	15,390,779
TOTAL EQUITY		10,560,599	9,905,894	82,516,824	77,318,474

The notes on pages 27 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

The notes on pages 27 to 44 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017 – Unaudited

	2017 US\$'000	2016 US\$'000
Net cash generated from/(used in) operating activities	30,079	(120,193)
Net cash generated from/(used in) investing activities	648,508	(95,413)
Net cash (used in)/generated from financing activities	(570,391)	446,009
Net increase in cash and cash equivalents	108,196	230,403
Cash and cash equivalents at 1 July	2,179,991	2,445,659
Effect of foreign exchange rate changes	52,687	(82,963)
Cash and cash equivalents at 31 December	2,340,874	2,593,099
Analysis of the balances of cash and cash equivalents		
Cash and short term funds in the consolidated statement of financial position	2,708,296	2,601,744
Cash collaterals	(8,570)	(8,645)
Fixed deposits with maturity over three months	(358,852)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,340,874	2,593,099

The notes on pages 27 to 44 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 2016/17 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017/18 annual financial statements.

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

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position except for HKFRS 9, Financial Instruments, HKFRS 15, Revenue from Contracts with Customers, and HKFRS 16, Leases.

As HKFRS 9, HKFRS 15 and HKFRS 16, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, revenue and leases respectively, these standards are expected to be relevant to the Group. The Group is currently assessing the potential impact of adopting these new standards on its financial statements and does not plan to adopt these standards early.

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 2016/17 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 2017 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 2017 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 29 August 2017.

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 2016/17.

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 2017						
Turnover	282,207	2,171,616	658,343	–	–	3,112,166
Revenue from external customers	88,999	2,171,616	658,343	–	–	2,918,958
Inter-segment revenue	–	105	–	–	–	105
Reportable segment revenue	88,999	2,171,721	658,343	–	–	2,919,063
Operating profit	128,162	(Note) 520,515	76,838	–	11,586	737,101
Finance costs	(10,022)	(36,232)	(12,464)	–	–	(58,718)
Share of (loss)/profits of associates and joint ventures	–	(3,578)	–	57,537	–	53,959
Profit before taxation	118,140	480,705	64,374	57,537	11,586	732,342
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	(Note) 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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (cont'd)**(a) Reportable segment revenue and profit or loss (unaudited) (cont'd)**

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\$1.9 million (2016: US\$24.7 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has recognised operating profits of GuocoLand of US\$77.4 million for the period (2016: Nil) which have been deferred in previous years. Up to 31 December 2017, accumulated operating profits of GuocoLand totalling US\$2.9 million (2016: US\$44.6 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.

(b) Reconciliations of reportable segment revenue and finance costs (unaudited)**Revenue**

	Six months ended 31 December	
	2017	2016
	US\$'000	US\$'000
Reportable segment revenue	2,919,063	828,260
Elimination of inter-segment revenue	(105)	(806)
Consolidated revenue (note 3)	2,918,958	827,454

Finance costs

	Six months ended 31 December	
	2017	2016
	US\$'000	US\$'000
Reportable finance costs	58,718	46,771
Elimination of inter-segment finance costs	–	(729)
Consolidated finance costs (note 5(a))	58,718	46,042

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	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Revenue from sale of properties	2,114,732	120,802
Revenue from hospitality and leisure	657,781	632,186
Interest income	19,220	12,641
Dividend income	80,773	39,867
Rental income from properties	40,699	18,187
Others	5,753	3,771
Revenue	2,918,958	827,454
Proceeds from sale of investments in securities	193,208	320,357
Turnover	3,112,166	1,147,811

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

	Six months ended 31 December	
	2017 (Unaudited) US\$'000	2016 (Unaudited) US\$'000
Sublease income	2,350	2,627
Bass Strait oil and gas royalty	13,468	13,466
Hotel management fee	92	32
Income from forfeiture of deposit from sale of properties	109	131
Others	1,108	403
	17,127	16,659

(b) Other net income

	Six months ended 31 December	
	2017 (Unaudited) US\$'000	2016 (Unaudited) US\$'000
Net realised and unrealised gains on trading financial assets	45,031	281,160
Net realised and unrealised losses on derivative financial instruments	(937)	(1,533)
Net realised losses on disposal of available-for-sale financial assets	(236)	–
Net gains on foreign exchange contracts	5,113	16,531
Other exchange gains	3,834	16,557
Net losses on disposal of property, plant and equipment	(165)	(3,386)
Net gain on disposal of a subsidiary	350	–
Other income	2,200	527
	55,190	309,856

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	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest on bank loans and other borrowings	65,297	70,424
Other borrowing costs	3,985	2,376
Total borrowing costs	69,282	72,800
Less: borrowing costs capitalised into:		
– development properties	(10,564)	(15,239)
– investment properties	–	(8,018)
– other property, plant and equipment	–	(3,501)
Total borrowing costs capitalised (Note)	(10,564)	(26,758)
	58,718	46,042

Note:

These borrowing costs have been capitalised at rates of 1.81% to 4.37% per annum (2016: 1.11% to 8.00%).

(b) Staff cost

	Six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Salaries, wages and other benefits	204,188	196,415
Contributions to defined contribution retirement plans	5,884	4,869
Expenses recognised in respect of defined benefit retirement plans	107	108
Equity-settled share-based payment expenses/(forfeiture)	570	(1,862)
	210,749	199,530

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

5. PROFIT FOR THE PERIOD BEFORE TAXATION (cont'd)**(c) Other items**

	Six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Depreciation	36,987	36,446
Amortisation		
– casino licences and brand names	810	745
– Bass Strait oil and gas royalty	1,677	1,611
– other intangible assets	5,543	5,606
Gross rental income from investment properties	(40,699)	(18,187)
Less: direct outgoings	11,935	7,631
Net rental income	(28,764)	(10,556)

6. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Current tax – Hong Kong Profits Tax	1,216	216
Current tax – Overseas	69,253	60,969
Deferred tax	92,099	(15,305)
	162,568	45,880

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2016: 16.5%) to the profits for the six months ended 31 December 2017. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. DIVIDENDS

	Six months ended 31 December	
	2017 (Unaudited) US\$'000	2016 (Unaudited) US\$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend declared of HK\$1.00 (2016: HK\$1.00) per ordinary share	42,112	42,434
Dividends paid in respect of the prior year:		
– Final dividend of HK\$3.00 (2016: HK\$3.00) per ordinary share	124,793	125,730

The interim dividend declared for the year ending 30 June 2018 of US\$42,112,000 (2017: US\$42,434,000) is calculated based on 329,051,373 ordinary shares (2016: 329,051,373 ordinary shares) in issue at 31 December 2017.

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.

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\$473,173,000 (2016: US\$393,602,000) and the weighted average number of 325,024,511 ordinary shares (2016: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2017 and 2016, 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 2017, the Group acquired items of property, plant and equipment with a cost of US\$32,572,000 (2016: US\$48,548,000). The Group disposed of items of property, plant and equipment with a net book value of US\$206,000 during the six months ended 31 December 2017 (2016: US\$3,423,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. DEVELOPMENT PROPERTIES

	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Cost	2,288,939	3,253,581
Less: Impairment loss	(5,089)	(4,855)
Progress instalments received and receivable	(691,089)	(940,756)
Transfer to properties held for sale	(89,700)	(9,246)
	1,503,061	2,298,724

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Trade debtors	239,900	115,246
Accrued receivables for sales consideration not yet billed on completed development properties	216,714	30,710
Other receivables, deposits and prepayments	128,503	149,447
Derivative financial instruments, at fair value	8,111	12,133
Interest receivables	4,759	9,240
	597,987	316,776

Included in the Group's trade and other receivables is US\$12.8 million (30 June 2017: US\$13.1 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 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Within 1 month	184,246	85,191
1 to 3 months	49,201	24,724
More than 3 months	6,453	5,331
	239,900	115,246

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12. TRADE AND OTHER PAYABLES

	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Trade creditors	87,519	80,077
Other payables and accrued operating expenses	688,436	1,235,080
Derivative financial instruments, at fair value	41,265	34,262
Amounts due to fellow subsidiaries	18,963	21,333
Amounts due to associates	34	32
	836,217	1,370,784

Included in trade and other payables is US\$64.9 million (30 June 2017: US\$87.3 million) which is expected to be payable after one year.

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

	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Within 1 month	78,591	70,579
1 to 3 months	6,508	5,989
More than 3 months	2,420	3,509
	87,519	80,077

The amounts due to fellow subsidiaries and associates 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 2017 (Unaudited)			At 30 June 2017 (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	1,260,329	574,774	1,835,103	1,154,966	858,568	2,013,534
– Unsecured	720,510	917,607	1,638,117	477,642	726,711	1,204,353
	1,980,839	1,492,381	3,473,220	1,632,608	1,585,279	3,217,887
Other loans						
– Secured	137,255	–	137,255	40,000	–	40,000
– Unsecured	1,934	8,467	10,401	1,819	9,088	10,907
	139,189	8,467	147,656	41,819	9,088	50,907
Unsecured medium term notes and bonds	69,663	708,151	777,814	674,762	742,674	1,417,436
Secured mortgage debenture stock	–	77,183	77,183	–	74,412	74,412
	2,189,691	2,286,182	4,475,873	2,349,189	2,411,453	4,760,642

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

14. SHARE CAPITAL

	At 31 December 2017 (Unaudited)		At 30 June 2017 (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 2017, 4,026,862 (30 June 2017: 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**

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)**

	At 31 December 2017 (Unaudited)				At 30 June 2017 (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	1,844,499	–	–	1,844,499	1,798,334	–	–	1,798,334
– Unlisted	–	28,000	24,733	52,733	–	29,700	24,760	54,460
Trading financial assets:								
– Listed	1,826,073	–	–	1,826,073	1,459,089	23,230	–	1,482,319
Derivative financial instruments:								
– Interest rate swaps	–	15	–	15	–	28	–	28
– Forward exchange contracts	–	7,583	–	7,583	–	11,458	–	11,458
– Equity options	–	–	–	–	–	637	–	637
– Currency options	–	513	–	513	–	10	–	10
	3,670,572	36,111	24,733	3,731,416	3,257,423	65,063	24,760	3,347,246
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	6,401	–	6,401	–	8,128	–	8,128
– Forward exchange contracts	–	26,765	–	26,765	–	13,961	–	13,961
– Equity options	–	8,099	–	8,099	–	12,173	–	12,173
	–	41,265	–	41,265	–	34,262	–	34,262

During the six months ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: 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.

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)****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 2017 (Unaudited) US\$'000	At 31 December 2016 (Unaudited) US\$'000
Unlisted available-for-sale financial assets:		
At 1 July	24,760	34,464
Net unrealised gains recognised in other comprehensive income during the period	–	831
Redemption of cost	–	(249)
Exchange adjustments	(27)	19
At 31 December	24,733	35,065
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 2017 and 30 June 2017.

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 2017 is estimated to be US\$92.0 million (30 June 2017: US\$89.0 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 2017: 2.25%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

	At 31 December 2017 (Unaudited) US\$'000	At 30 June 2017 (Audited) US\$'000
Authorised and contracted for	21,843	30,488
Authorised but not contracted for	14,913	278,794
	36,756	309,282

At 31 December 2017, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US\$143.5 million (30 June 2017: US\$129.6 million); in respect of purchase of land was US\$974.6 million (30 June 2017: US\$214.7 million).

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\$285 million) sale and leaseback in 2006, Rank transferred the rights and obligations but not the legal titles of 44 property leases to a third party. Rank remains potentially liable in the event of default by the third party. Should default occur then Rank would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 8 of these have not expired or been surrendered. These 8 leases have durations of between 15 months and 95 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.8 million (approximately US\$1.1 million).

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

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

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

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

(i) Income

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest income	643	467

(ii) Balance

	At 31 December 2017	At 30 June 2017
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Cash and short term funds	20,795	31,201

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

18. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(b) Management fee

On 7 July 2017, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the six months ended 31 December 2017 amounted to US\$2,158,000 (2016: US\$2,341,000) and US\$10,498,000 (2016: US\$9,899,000) respectively.

On 7 July 2017, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to HLMC for the six months ended 31 December 2017 amounted to US\$584,000 (2016: US\$44,000).

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 2017 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.