2019

ANNUAL REPORT

國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

CONTENTS

*Please visit our website at **www.guoco.com** to view the online version of this Annual Report.*

CORPORATE INFORMATION

(As at 12 September 2019)

BOARD OF DIRECTORS

Executive Chairman
Kwek Leng Hai

President & CEO
Tang Hong Cheong

Non-executive Director
Kwek Leng San

Independent Non-executive Directors
Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE
Roderic N. A. Sage – *Chairman*
Volker Stoeckel
David Michael Norman

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

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

GROUP FINANCIAL CONTROLLER
Richard Mak Chi Ming

COMPANY SECRETARY
Stella Lo Sze Man

PLACE OF INCORPORATION
Bermuda

REGISTERED OFFICE
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

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

Telephone: (852) 2283 8833
Fax: (852) 2285 3233
Website: 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	Tuesday, 26 February 2019
Payment date of interim dividend of HK$1.00 per share	Monday, 25 March 2019
Preliminary announcement of annual results	Wednesday, 28 August 2019
Closure of Register of Members for Annual General Meeting	Wednesday, 13 November 2019 to Monday, 18 November 2019
Annual General Meeting	Monday, 18 November 2019
Closure of Register of Members for final dividend [Note]	Monday, 25 November 2019
Payment date of final dividend of HK$3.00 per share [Note]	Thursday, 5 December 2019

Note: The declaration of the final dividend is subject to shareholders' approval at the Annual General Meeting.

GROUP ORGANISATION CHART

(As at 12 September 2019)

GuocoGroup Limited(1)

PRINCIPAL INVESTMENT

100%
GuocoEquity Assets Limited

PROPERTY DEVELOPMENT & INVESTMENT

65.2%
GuocoLand Limited(2)

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

HOSPITALITY & LEISURE BUSINESS

69%
GL Limited(2)

- 100% GLH Hotels Limited
- 100% Molokai Properties Limited
- 55.1% Bass Strait Oil & Gas Royalty

52.0%
The Rank Group Plc(4)

FINANCIAL SERVICES

25.4%
Hong Leong Financial Group Berhad(3)

- 64.4% Hong Leong Bank Berhad(3)
  - 100% Hong Leong Islamic Bank Berhad
  - 100% Hong Leong Bank Vietnam Limited
  - 100% Hong Leong Bank (Cambodia) Plc.
- 100% HLA Holdings Sdn Bhd
  - 70% Hong Leong Assurance Berhad
  - 65% Hong Leong MSIG Takaful Berhad
  - 30% MSIG Insurance (Malaysia) Bhd
  - 100% Hong Leong Insurance (Asia) Limited
  - 100% HL Assurance Pte. Ltd.
- 81.3% Hong Leong Capital Berhad(3)
  - 100% Hong Leong Investment Bank Berhad
  - 100% Hong Leong Asset Management Bhd

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

Websites:
– Guoco Group Limited (www.guoco.com)
– GuocoLand Limited (www.guocoland.com.sg)
– GuocoLand (Malaysia) Berhad (www.guocoland.com.my)
– GL Limited (www.gl-grp.com)
– GLH Hotels Limited (www.glhhotels.com)
– The Rank Group Plc (www.rank.com)
– Hong Leong Financial Group Berhad (www.hlfg.com.my)
– Hong Leong Bank Berhad (www.hlb.com.my)
– Hong Leong Islamic Bank Berhad (www.hlisb.com.my)
– Hong Leong Bank Vietnam Limited (www.hlb.com.my/vn)
– Hong Leong Bank (Cambodia) Plc. (www.hlb.com.kh/)
– Hong Leong Assurance Berhad (www.hla.com.my)
– Hong Leong MSIG Takaful Berhad (www.hlmtakaful.com.my)
– MSIG Insurance (Malaysia) Bhd (www.msig.com.my)
– Hong Leong Insurance (Asia) Limited (www.hl-insurance.com)
– HL Assurance Pte Ltd. (www.hlas.com.sg)
– Hong Leong Capital Berhad (www.hlgcap.com.my)

GROUP PROFILE

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

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

PRINCIPAL INVESTMENT

The Group has long been recognised as an astute investor apart from being known for its success in building long term businesses and continuous drive for management, operational and financial excellence in all of its businesses. Leveraging on this strength, the Group is active in Principal Investment activities which has been built up into a core business. Committed to its mission to create attractive risk weighted returns and capital value to the Group, the investment team comprises well-trained and experienced investment professionals covering equity and direct investments as well as treasury operations. It is supported by up-to-date information systems and technological infrastructure as well as solid risk management processes and control mechanisms.

Our investment team focuses on long-term cycle trends and related investment opportunities and actively looks for under-valued counters that offer attractive recovery potential.

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

Guoco's Board Investment Committee, chaired by Mr. Kwek Leng Hai (Guoco's Executive Chairman), has the overall responsibility to oversee the principal investment activities of the Group and guide the process governing the Group's core investment and treasury operations.

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand"), a public company listed on the Main Board of the Singapore Exchange (the "SGX") since 1978, is a premier property company with operations in the geographical markets of Singapore, China, Malaysia and Vietnam. In 2017, GuocoLand marked its expansion beyond Asia into the new markets of the United Kingdom and Australia through a strategic partnership with Eco World Development Group Berhad in Eco World International Berhad.

Headquartered in Singapore, the principal business activities of GuocoLand and its subsidiaries are property development, property investment, hotel operations and property management. It is focused on achieving scalability, sustainability and growth in its core markets. GuocoLand's portfolio comprises residential, hospitality, commercial, retail and integrated developments spanning across the region.

In Singapore, GuocoLand has successfully developed 36 residential projects yielding approximately 11,000 apartments and homes, and Guoco Tower, its flagship integrated mixed-use development with premium Grade A offices, a dynamic lifestyle and F&B retail space, luxurious apartments at Wallich Residence, the five-star luxury business hotel Sofitel Singapore City Centre and a landscaped urban park.

In China, GuocoLand has developed a sizeable portfolio of properties spanning across the major cities of Beijing, Shanghai, Nanjing, Tianjin and Chongqing. Its 65% owned subsidiary, GuocoLand (Malaysia) Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), is an established property developer of community-centric residential townships and innovative commercial and integrated development projects in Malaysia.

HOSPITALITY AND LEISURE BUSINESS

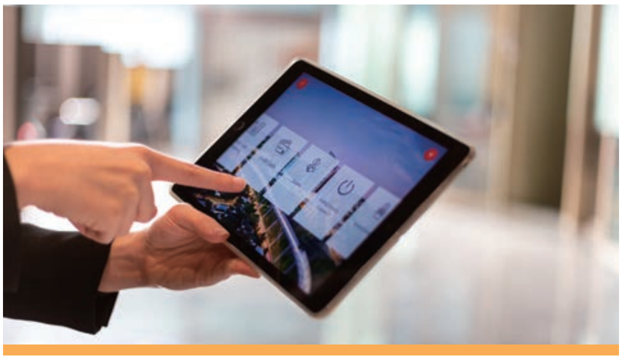
GL Limited ("GL"), a public company listed on the Main Board of the SGX. Headquartered in Singapore, GL's core hospitality business is operated out of GLH Hotels Limited ("GLH") in the United Kingdom.

GLH is the largest owner-operator hotel company in London with 17 hotels, 13 hotels of which are in top London locations including the iconic hotels – The Grosvenor Hotel, The Royal Horseguards and The Tower Hotel. It operates its hotel under four owned brands – Amba Hotels, Guoman Hotels, Thistle Hotels and Thistle Express Hotels. It also operates Hard Rock Hotel London under a third party brand.

In addition to its core hospitality business, GL owns real estate in Hawaii and rights to royalties from the production of oil and natural gas in Australia's Bass Strait.

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

Rank's business comprises established gaming based entertainment operations in Great Britain, Spain and Belgium. These include: Mecca, a leading bingo operator in Great Britain with 82 clubs; Grosvenor Casinos, the leading casino operator with 52 casinos in Great Britain along with 1 casino in Belgium; Enracha, an operator of 9 premium bingo clubs in Spain; branded UK-facing websites and mobile offerings including meccabingo.com and grosvenorcasinos.com and branded Spanish-facing websites and mobile offerings enracha.es and YoBingo.es.



FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG"), an associated company of the Group, is an integrated financial services group listed on the Main Market of Bursa Malaysia with over 10,000 employees.

HLFG's commercial banking subsidiary is Hong Leong Bank Berhad ("HLB"), which is also listed on the Main Market of Bursa Malaysia. HLB currently has a distribution network over 260 branches in Malaysia, Singapore and Hong Kong and wholly-owned subsidiaries in Vietnam and Cambodia, providing comprehensive services in personal financial services, treasury, corporate and commercial banking. HLB also has a presence in China via an interest of 17.99% in Bank of Chengdu Co., Ltd., which is listed on the Shanghai Stock Exchange.

HLB's Islamic banking subsidiary, namely Hong Leong Islamic Bank Berhad ("HLISB"), offers its customers a comprehensive suite of Shariah compliant products and services in areas such as personal financial services, business and corporate banking and Islamic global markets.

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

HLFG's other financial services interests are held through Hong Leong Capital Berhad ("HLCB") which is listed on the Main Market of Bursa Malaysia. HLCB has two main subsidiaries namely, Hong Leong Investment Bank Berhad ("HLIB") and Hong Leong Asset Management Bhd ("HLAM"). HLIB provides investment banking, stockbroking business, futures broking and related financial services, while HLAM is involved in unit trust management, fund management and sale of unit trusts.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwek Leng Hai, aged 66, the Executive Chairman of the Board of Directors (the "Board") of Guoco Group Limited ("Guoco"), the Chairman of the Board Nomination Committee ("BNC") and a member of the Board Remuneration Committee ("BRC") of Guoco since 1 September 2016. He was appointed to the Board in 1990 and assumed the position of the President, CEO of Guoco from 1995 up to 1 September 2016. He is also a director of Guoco's key listed subsidiaries and associated companies including as the Non-executive Chairman of GL Limited ("GL") and a Director of GuocoLand Limited ("GuocoLand"), Hong Leong Bank Berhad and Bank of Chengdu Co., Ltd. He is a Director and shareholder of Hong Leong Company (Malaysia) Berhad ("HLCM", and together with its subsidiaries, the "Hong Leong Group"), the ultimate holding company of Guoco. He also serves as the Chairman of Lam Soon (Hong Kong) Limited ("LSHK"). He qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate. He is a brother of Mr. Kwek Leng San.

Mr. Tang Hong Cheong, aged 64, a Director and the President & CEO of Guoco since 1 September 2016. He is also a Group Managing Director of GL and a Director of GuocoLand, The Rank Group Plc and LSHK. He held various senior management positions in different companies within the Hong Leong Group. Prior to joining the Guoco Group, he was the President/Finance Director of HL Management Co Sdn Bhd. Mr. Tang is a member of the Malaysian Institute of Accountants and has over 40 years of in-depth experience in investment, manufacturing, financial services, property development, gaming and hospitality industry. He possesses broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning.

Mr. Kwek Leng San, aged 64, a Non-executive Director of Guoco since 1990. He is the Chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad, Hume Industries Berhad and Southern Steel Berhad. He is a Director and shareholder of HLCM. He graduated from University of London with a Bachelor of Science (Engineering) degree and also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing. He is a brother of Mr. Kwek Leng Hai.

Mr. Volker Stoeckel, aged 74, an Independent Non-executive Director of Guoco since 2004 and is the Chairman of the BRC and a member of both the Board Audit and Risk Management Committee ("BARMC") and the BNC of Guoco. He was the Chairman and CEO of Metal Cast Zhong Shan Limited during the period from 2007 to 2009. He was also the Chairman and CEO of the German Centre for Industry and Trade in Shanghai until 2006. Before that he held various senior banking positions in Asia for over 26 years. Until 2004, he was the Senior Executive Vice President and Chief Executive of Asia Pacific of Bayerische Landesbank, Regional Head Office, in Hong Kong. Mr. Stoeckel has wide ranging experience in capital markets, corporate finance, project finance, treasury and securities business, as well as property development of commercial and industrial projects in China. He is also a consultant for major companies in Asia for projects in Europe. He graduated from the University of Munich in economics and holds a diploma in banking.

Mr. Roderic N. A. Sage, aged 66, an Independent Non-executive Director of Guoco since October 2009 and the Chairman of the BARMC as well as a member of both the BRC and the BNC of Guoco. He was the Chief Executive Officer of a specialist tax, corporate services and trust consultancy firm in Hong Kong. Prior to that, Mr. Sage had worked with KPMG Hong Kong for over 20 years until 2003, as a senior partner and member of the management board. He has been granted fellow status with the Institute of Chartered Accountants in England and Wales and with the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Taxation in England. He has over 30 years' experience in accounting, international tax planning and investment structuring enhanced by considerable knowledge of cross-border and onshore and offshore transactions and structures.

Mr. Sage was a Convenor of the Financial Reporting Review Panel of the Financial Reporting Council during the period from July 2007 to July 2010. He is also an independent non-executive director of Tai Ping Carpets International Limited listed in Hong Kong. Until May 2018, he was a director of the Alpha Tiger Fund (now known as "Alpha Real Trust") listed on London's Alternative Investment Market.

Mr. David Michael Norman, aged 63, an Independent Non-executive Director and a member of the BARMC of Guoco since July 2013. He was appointed as the Chairman of the Share Registrars' Disciplinary Committee of the Securities and Futures Commission of Hong Kong ("SFC") for a term from 1 April 2019 to 31 March 2021. He was also appointed as a member of the Takeovers Appeal Committee of the SFC and reappointed as a member of the Takeovers and Mergers Panel of the SFC, both for a term from 1 April 2018 to 31 March 2020. Mr. Norman studied philosophy and psychology at Oxford University in the United Kingdom and was admitted as a solicitor in the United Kingdom and Hong Kong in 1981 and 1984 respectively. He was a partner of an international law firm until he resigned in 2010. Mr. Norman is also a non-executive director of South China Holdings Company Limited, listed in Hong Kong. Mr. Norman has extensive experience in mergers and acquisitions and corporate finance.

FINANCIAL HIGHLIGHTS

	2019 HK$'M	2018 HK$'M	(Decrease)
Turnover	19,726	35,589	(45%)
Revenue	17,475	30,640	(43%)
Profit from operations	2,368	5,809	(59%)
Profit attributable to equity shareholders of the Company	3,369	4,899	(31%)
	HK$	HK$	
Earnings per share	10.36	15.07	(31%)
Dividend per share:			
Interim	1.00	1.00	
Proposed final	3.00	3.00	
Total	4.00	4.00	–
Equity per share attributable to equity shareholders of the Company	188.81	198.99	(5%)

TEN-YEAR SUMMARY

US$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share US$
2010	9,743,006	3,215,707	5,569,187	363,626	0.36
2011	15,014,970	7,275,121	6,297,179	534,459	0.41
2012	13,838,778	6,777,309	5,698,683	(166,810)	0.28
2013	15,992,118	7,936,590	6,517,923	811,725	0.84 [1]
2014	16,610,521	7,442,421	7,256,604	742,151	0.52
2015	16,511,383	7,053,466	7,538,536	596,590	0.52
2016	14,709,370	5,628,729	7,239,547	397,967	0.52
2017	16,483,381	6,577,487	7,934,057	784,639	0.51
2018	16,809,305	6,022,532	8,344,386	624,297	0.51
2019	**16,000,870**	**5,615,500**	**7,958,249**	**431,501**	**0.51**

HK$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share HK$
2010	75,843,455	25,032,349	43,352,779	2,830,611	2.80
2011	116,853,254	56,618,266	49,007,481	4,159,400	3.20
2012	107,331,487	52,563,792	44,198,131	(1,293,754)	2.20
2013	124,047,661	61,562,542	50,558,225	6,296,389	6.51 [1]
2014	128,743,997	57,684,345	56,244,124	5,752,227	4.00
2015	127,997,067	54,678,822	58,439,108	4,624,794	4.00
2016	114,132,208	43,674,152	56,172,731	3,087,886	4.00
2017	128,657,732	51,339,258	61,927,695	6,124,343	4.00
2018	131,902,616	47,258,808	65,478,397	4,898,859	4.00
2019	**124,917,992**	**43,839,928**	**62,129,652**	**3,368,708**	**4.00**

Note:

1. Including a special interim dividend in specie declared on 3 July 2013 (approximately HK$5.01 per ordinary share).

CHAIRMAN'S STATEMENT

"The Group's strong fundamentals and prudent financial discipline continue to provide us advantage in responding to challenges and opportunities in turbulent times. Our operating businesses would continue to remain vigilant, progressive and competitive to pursue sustainable growth and business value."

On behalf of the Board of Directors I hereby present our Annual Report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2019.

OVERVIEW

The Group recorded a lower turnover of US$2.5 billion compared to US$4.5 billion achieved in the preceding year. Profit attributable to shareholders of the Company for the year was down 31% to US$431.5 million, primarily due to lower contributions from our Property Development.

Our Property Development and Investment Division which is largely undertaken by GuocoLand Limited recorded lower turnover and profits as its project completion pipeline tapered off in the financial year ended 30 June 2019 following successful completion of key projects in the preceding year.

The financial year under review encountered a backdrop of a strong U.S. economy in its 10th year of growth since the global financial crisis in 2008 tempered by the concerns of Brexit as political gridlock in the United Kingdom (the "UK") saw a change in parliamentary leadership in its closing month. Rising U.S. trade tensions with China and other regional blocs were seen as U.S. sought to renegotiate established trade agreements. The Group's core businesses therefore faced mixed, uncertain and volatile trading conditions in the year under review and its results reflected this as highlighted below.

DIVIDEND

The Company has declared an interim dividend of HK$1.00 per share which was paid in March 2019. The Board recommends a final dividend of HK$3.00 per share (2018: HK$3.00 per share) for shareholders' approval at the forthcoming Annual General Meeting. This gives a total dividend of HK$4.00 per share (2018: HK$4.00 per share) for the year ended 30 June 2019.

CORE BUSINESSES

Principal Investment

Amid this year of uncertainty and volatility, the cautious investment approach adopted by the investment team to focus on stocks with sound fundamentals and consistent dividend payout records enabled our Principal Investment Division to turnaround from its interim loss position to a profit for the year. We will continue with our strategy of investing in fallen angels, undervalued companies and dividend paying stocks which can better withstand current and potential market stresses. Capital preservation remains our emphasis while we judiciously deploy our funds in a low interest rate environment. Nonetheless, we would like to caution our shareholders that our Principal Investment results are subject to fair valuation, dependent on market conditions and therefore would remain capricious.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

In the face of a challenging operating environment, GuocoLand delivered a resilient set of results. The strong contribution to the Group from this segment in the previous fiscal year was boosted by the profit recognised from the sale of Shanghai Changfeng Residence which was completed in that year.

In 2018/19, GuocoLand completed the en-bloc acquisitions of the Pacific Mansion and Casa Meyfort freehold residential sites to further lay the pipeline of development projects that will contribute to future earnings. Revenue from investment properties, particularly its flagship integrated development, Guoco Tower which is fully occupied, remained stable. Having recognized as a best-in-class development by various awards, Guoco Tower was again honoured with the prestigious 2019 Urban Land Institute (ULI) Asia Pacific Award for Excellence and was the only project from Singapore amongst the 10 winners. Currently, GuocoLand has a healthy and balanced portfolio of mixed-use, commercial and residential developments in Singapore, China, Vietnam and Malaysia that are in varying stages of development.

In view of the subdued sentiment in GuocoLand's core markets and weaker global growth outlook, operational challenges are expected to remain. Nonetheless, GuocoLand will continue to manage its capital structure prudently to maintain a healthy financial position while pursuing its property development and investment projects. It will remain selective and disciplined in the lookout for suitable investment opportunities to add to its pipeline of projects.

Hospitality and Leisure

GL Limited ("GL")

Despite the uncertainty posted by Brexit, GL continued with its hotel transformation plans while responding to the fast-changing operating environment. Stringent cost-control measures were implemented to build resilience and efficiency while striving towards service and operational excellence across its hospitality business.

The satisfactory international leisure travel to London during the financial year, helped in part by a weaker GBP, boosted GLH room occupancy and RevPAR which provided the opportunity to yield higher rates during peak seasons. Hard Rock Hotel London opened on 30 April 2019 after a period of refurbishment which disrupted overall financial performance for GL. Since its opening, the hotel's occupancy has gradually ramped up with average room rate increased by 30% as compared to Cumberland on a year-on-year basis. The Grosvenor Hotel is currently undergoing refurbishment and expected to relaunch as an Amba Hotel in the financial year 2019/20.

During the year, GL disposed of its interest in The Clermont Club, a London Mayfair based high-end casino.

The operating environment remains challenging underpinned by weak global economic conditions. Coupled with additional supply of hotel rooms entering the London market in the year, the overall room rate is likely to come under pressure. Management will continue to focus on its agenda to improve service and operational excellence and to enhance its revenues in food and beverage as well as meetings and events. Cognizant that London remains a key hub and a popular leisure destination given its established infrastructure and connectivity to the world, GL remains positive on the long-term prospects of the London hospitality market.

The Rank Group Plc ("Rank")

After a difficult first half of 2018/19 impacted by a challenging consumer backdrop and unfavourable weather, Rank's second half saw a pick-up with the full year out-turn. Its transformation programme, launched in January 2019, started to drive Rank's performance in both its UK and international venues businesses. As at 30 June 2019, there were numerous workstreams and initiatives within the transformation programme which is now embedded in the business and driving new improved ways of working. A new casino operating model was introduced across Grosvenor's venues with simplified management structures and reduced labour hours which resulted in significant cost savings for the year. Several initiatives were successfully delivered focusing on improving the amusement machine offer and delivering better value to attract Mecca bingo customers.

In May 2018, Rank completed the acquisition of YoBingo, the leading digital bingo operator in Spain. Combining YoBingo, Rank's digital business recorded increases in its net gaming revenue and operating profit amidst the impact of enhanced due diligence and incremental remote gaming duty.

The recommended cash offer to acquire Stride Gaming plc ("Stride", listed on AIM market of the London Stock Exchange) is expected to complete in the second quarter of FY2019/20. Being the third largest online bingo operator in the UK with a diverse portfolio of more than 150 brands, the acquisition of Stride aims to step change Rank's digital business, deliver strong synergies, bring proprietary technology in-house and create one of the UK's leading online gaming businesses.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG operated under a challenging business environment during the year amidst continuing global economic uncertainties and a subdued domestic economy in Malaysia. Nevertheless, HLFG was able to maintain its net profit performance level at par to last year. The results were supported by a continued steady performance across its core businesses in commercial banking, insurance and asset management. This was coupled with cost-saving initiatives, a careful monitoring of risks and continued reinvestment into digital initiatives across the financial group. Going forward, HLFG will continue to exercise vigilance in the implementation of business plans to achieve long-term sustainable growth.

PRIVATISATION PROPOSAL

On 29 June 2018, GuoLine Overseas Limited, being the majority shareholder of the Company, requested the Board to put forward to its shareholders a privatisation proposal for the Company by way of a scheme of arrangement under the Companies Act of Bermuda. The privatisation proposal was not approved at the court meeting held on 1 November 2018. The proposal lapsed forthwith. While the proposal lapsed, the Company remains committed to achieving long term sustainable value for its shareholders.

OTHERS

The Group has in January 2019 completed the acquisition of Manuka Health New Zealand Group ("Manuka Health"), the number two player globally in the production and distribution of New Zealand Manuka honey and other Manuka honey related products. Leveraging on the Group's management expertise and financial support, Manuka Health is poised to further its business growth and contribute positively to the Group.

GROUP OUTLOOK

The uncertainties posed by the escalating US-China trade tensions, a disorderly Brexit and slowing economic growth continue to impart negative sentiment to global markets. The Group's strong fundamentals and prudent financial discipline continue to provide us advantage in responding to challenges and opportunities in turbulent times. Our operating businesses would continue to remain vigilant, progressive and competitive to pursue sustainable growth and business value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

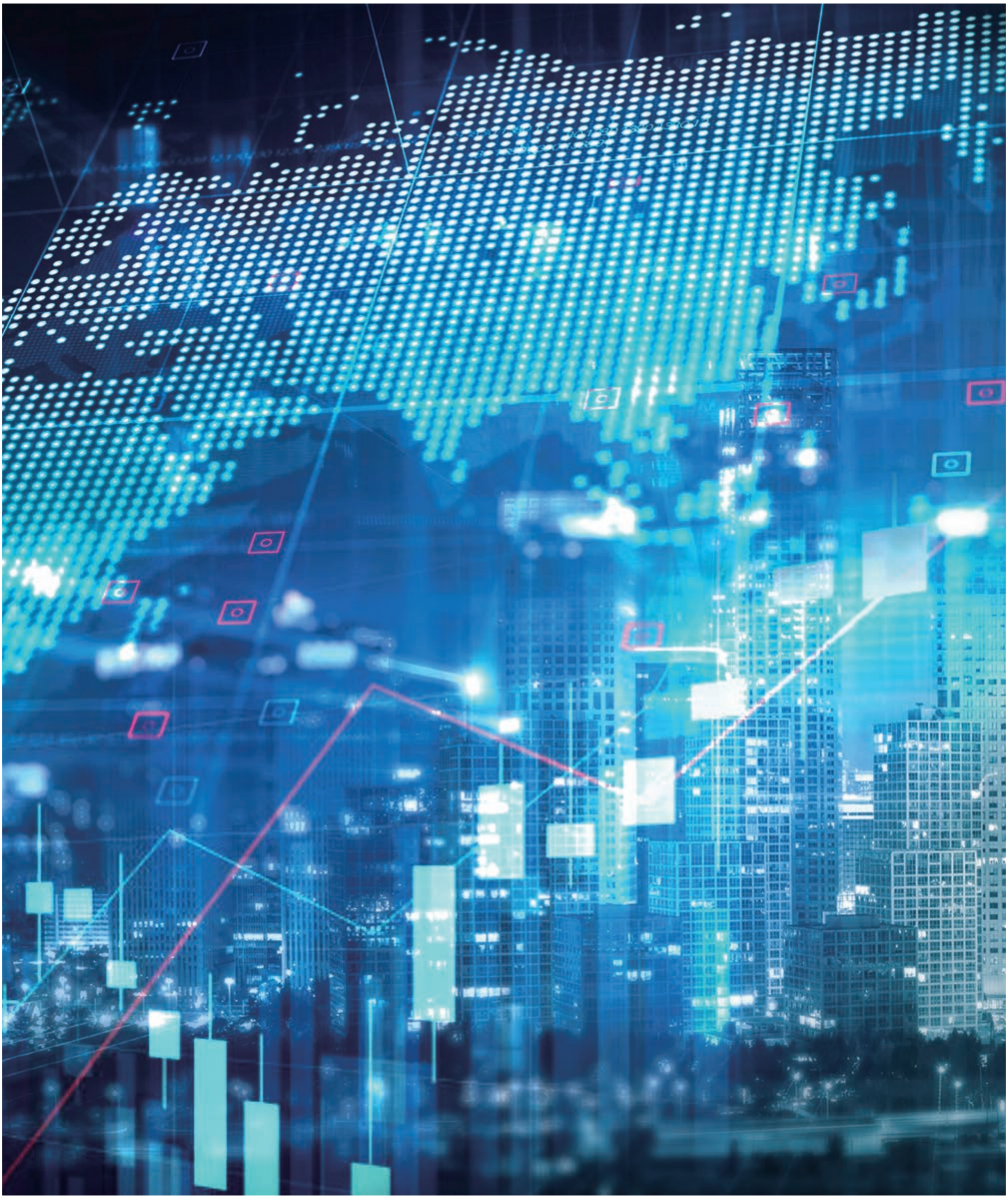
Sustainability is a key business consideration. We take responsibility in overseeing the management of the sustainability agenda across critical environmental, social and governance issues. The Company prides on the many endeavours undertaken by our subsidiary groups to embrace sustainable business practices to create positive impacts to their stakeholders.

APPRECIATION

I would like to thank my fellow Board members for their wise counsels and advice. My sincere gratitude goes to our dedicated management and staff for their diligence, professionalism and contributions to the Group.

Kwek Leng Hai
Executive Chairman
12 September 2019

PRINCIPAL INVESTMENT



PRINCIPAL INVESTMENT

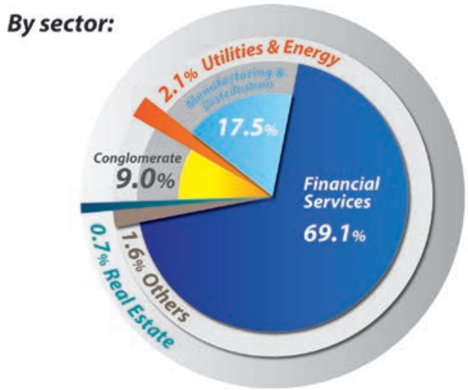
During the year, the Group recorded an operating profit from Principal Investment of HK$913 million compared to HK$327 million of last year.

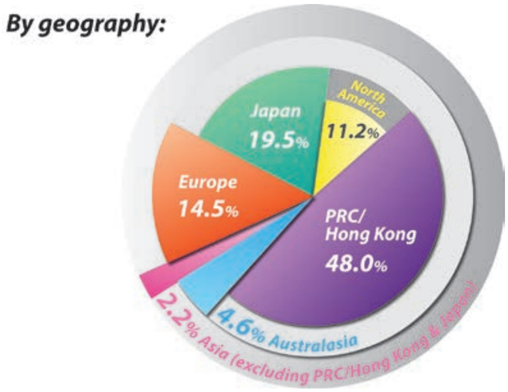
Trade negotiations and interest rate policies had outsized impacts on asset prices in the year under review as progress and reversals in direction and tone created volatility with consequent swings in the equity prices. This provided fertile ground for the Principal Investment team to take advantage of rising asset prices to lock in gains and opportunities to pick up undervalued assets in times of unwarranted pessimism. As a result of the position taken to retain a large weightage of our investment funds into higher dividend paying stocks with good fundamentals, dividend income constituted a significant part of the operating profit for the year. This asset allocation strategy has provided a strong and sustainable income base for the Group.

Despite volatile market conditions in FY2018/19, we recorded higher profits in the risk management of the foreign exchange and interest rate exposures for Principal Investment.

Investment Portfolio

As of 30 June 2019, the Group's total investments under the Principal Investment amounted to US$3,004 million. The investment portfolio consists of a total of over 40 securities. The breakdown of our investment portfolio (excluding The Bank of East Asia, Limited ("BEA")) as at 30 June 2019 by sector and geography are as follows:





Major Investment

As at 30 June 2019, the Group held approximately 14.95% (14.15% pursuant to last substantial shareholding notification) in the total issued share capital of BEA. It is a major investment which accounted for more than 5% of the total asset value of the Group as at 30 June 2019 with a fair value of US$1,210 million, compared to US$1,652 million as at 30 June 2018. Dividend income received from the investment in BEA for the year amounted to approximately US$63 million.

For the first six months of 2019, BEA earned a profit attributable to owners of the parent of HK$1,000 million, representing a decrease of HK$2,992 million or 74.9%, compared with the HK$3,992 million earned in the same period in 2018. In June 2019, BEA issued a profit warning by guiding for such significant decrease in profit for the six months ended 30 June 2019. The decrease was mainly due to a downgrade of four legacy loan assets in Mainland China with a nominal value of approximately HK$6.2 billion resulting from worsening market conditions, which have impacted the commercial property market in non-tier-1 cities in Mainland China.

It was set out in the outlook of BEA's announcement of 2019 interim results that BEA will seek to raise core revenues through various means going forward, including expanding its customer base, enhancing the customer experience and pursuing its retail transformation strategy on the Mainland. At the same time, BEA will keep careful control over asset quality and risk, and pursue strategies to reduce funding costs.

PROPERTY DEVELOPMENT AND INVESTMENT

Night view of Guoco Tower and Wallich Residence

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

GuocoLand ended the financial year with revenue of S$927.0 million and profit attributable to equity holders of S$255.7 million, a decrease of 19% and 38% respectively as compared to the previous financial year.

The lower revenue in the current financial year was mainly due to lower sales of completed residential units in Singapore as GuocoLand has brought down its inventory of completed unsold units substantially in the previous year. In the previous financial year, GuocoLand's revenue included contributions from well-performing projects such as Leedon Residence and Sims Urban Oasis, which received its Temporary Occupation Permit in October 2017. Correspondingly, gross profit was reduced by 16% to S$295.9 million for the year. However, gross profit margin was maintained at approximately 32%.

Other income increased by 46% to S$238.8 million as a result of higher fair value gain from Singapore's investment properties as compared to the previous financial year. Other expenses increased by 47% to S$37.4 million mainly due to higher fair value loss on derivative financial instruments in the current financial year. The increase in other expenses was partially offset by the loss on disposal of a subsidiary recorded in the previous financial year. Finance costs fell by 12% to S$107.7 million mainly because of lower loans during the year. Meanwhile, share of profit of associates and joint ventures fell by 94% to S$12.8 million as substantial recognition of profit from its joint venture residential project in Shanghai was recorded in the previous financial year. Consequently, tax expense reduced by 65% to S$21.4 million as withholding tax was provided for the substantial profit recognised from the joint venture in the previous financial year.

Artist impression of Guoco Midtown

Exterior view of Sofitel Kuala Lumpur Damansara

After two consecutive quarters of decline, private residential property prices rose by 1.5% in the second quarter of 2019 according to statistics released by the Urban Redevelopment Authority in Singapore. Prices for non-landed residential properties in the Core Central Region, Rest of Central Region and Outside Central Region had increased by 2.3%, 3.5% and 0.4% respectively. For the same period, rentals of office space increased by 1.3% and the island-wide vacancy rate of office space declined to 11.5%.

According to official data from the National Bureau of Statistics of China, new home prices in Chongqing increased by 0.7% month-on-month and 12.1% year-on-year in June 2019.

The overall momentum and prospects of the Malaysia property market in the short term is expected to remain soft and challenging.

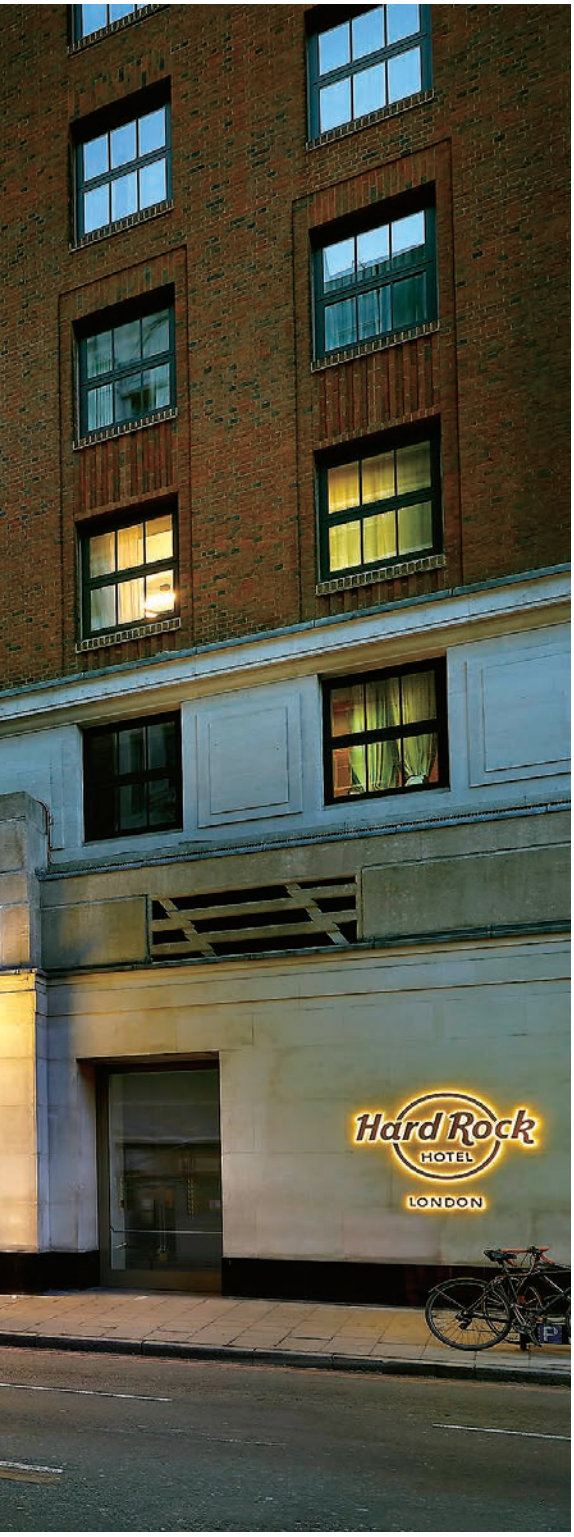
Moving forward, GuocoLand will launch its projects according to prevailing market sentiments.

Emerald Hills clubhouse and infinity swimming pool

Meyer Mansion showflat

HOSPITALITY AND LEISURE

Exterior view of Hard Rock Hotel London



HOSPITALITY AND LEISURE

GL Limited ("GL")

GL recorded a profit after tax for the year ended 30 June 2019 at US$50.3 million, a decrease of 15% compared to US$58.9 million in the previous financial year.

Revenue increased by 1% year-on-year to US$349.3 million due mainly to higher revenue generated from oil and gas business. Oil and gas segment continued to generate higher royalty income compared to previous financial year. This was due to higher average crude oil and gas prices during the year. Hotel revenue was higher in GBP terms compared to previous financial year as a result of improved hotel occupancy rate and RevPAR during the year. However, the increase was fully offset by the weakening of GBP against USD by 4.2% compared to prior year.

Lower cost of sales in previous financial year was mainly due to reversal of over accrued rental expense of Euston Hotel as a result of the compulsory acquisition in last year. In addition, increased business and utilities rates, and web marketing cost for promoting GL's direct web strategy have lifted up the cost of sales during the year.

The decrease in other operating income for the financial year was mainly due to one-off compensation from the compulsory acquisition of one hotel property and recovery of legacy loan which was written off in the previous financial year.

Lower administrative expenses were mainly due to the weakening of GBP against USD. The increase in other operating expenses was relating to the impairment loss of hotel properties, loss on disposal of property and write off of obsolete hotel furniture and equipment as well as the provision for legal claims as a result of final judgment on arbitration award in Hawaii during the year. Lower income tax expense was mainly due to a set off against tax benefit in the hotel segment.

MANAGEMENT DISCUSSION AND ANALYSIS

The gaming segment including the casino license was disposed on 16 April 2019 for a cash consideration of US$30.9 million with a loss on disposal of US$0.3 million (net of transaction-related cost). In addition, there is a realization of a gain of US$17.5 million on foreign currency translation reserve from this disposal.

The Cumberland Hotel was re-launched as the Hard Rock Hotel London on 30 April 2019 after completion of refurbishment. Hotel occupancy levels in London remained healthy in spite of continued macro and geopolitical uncertainties in the UK. The UK tourism industry has received a boost from the weakening pound which helped to uplift GL's hotel occupancy and average room rate. Barring unforeseen circumstances, this boost to the tourism sector is expected to continue in the coming months. However, increases in room inventory supply will continue to exert downward pressures on average room rates. Increase in the UK's National Living Wage and imported inflation will affect profit margins. GL maintains a cautious outlook and will leverage on the healthy city-wide occupancies to yield its average room rates.

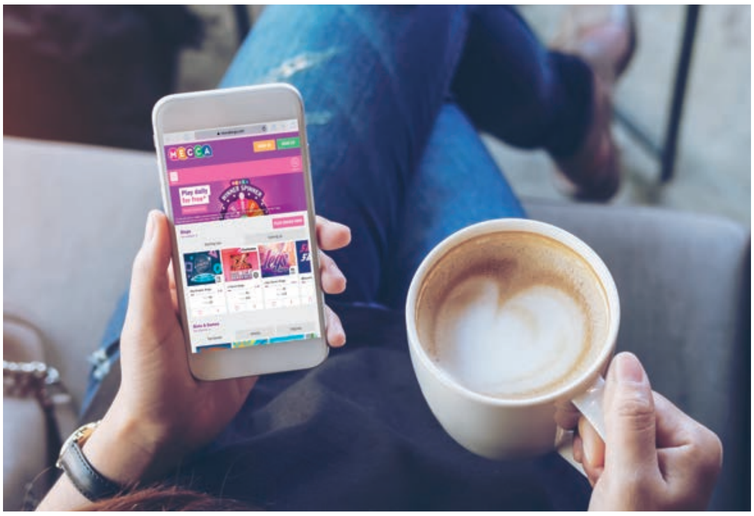
Cocktail bar at the Hard Rock Hotel London

The Soak—restaurant and bar at The Grosvenor Hotel

Vicinity—restaurant and bar at The Tower Hotel

Grosvenor Casino

The Rank Group Plc ("Rank")



Rank recorded a profit after tax (before exceptional items) for the year ended 30 June 2019 of GBP57.7 million, a decrease of 1% as compared to previous year. Revenue increased by 1% to GBP746.5 million, reflecting the acquisition of YoBingo and the growth in the digital business offset by revenue decline in the venue businesses.

Operating profit was down by 6% to GBP72.5 million, driven by a GBP8.6 million increase in the overall cost base, with employment savings of GBP7.9 million principally offset by increased tax costs of GBP7.0 million and other inflationary cost increases.

The net financing charge before exceptional items was flat in the year as surplus cash was used to fund the contingent consideration payment relating to the prior year acquisition of YoBingo and transformation programme costs.

On 31 May 2019, Rank announced that it had reached an agreement with the directors of Stride Gaming plc ("Stride", listed on AIM market of the London Stock Exchange) on the terms of a recommended cash offer for the entire issued share capital of Stride. On 24 July 2019, Stride's shareholders voted in support of Rank's offer. Rank expects the acquisition of Stride to be completed in the second quarter of FY2019/20 once all the necessary conditions outlined in relation to the cash offer are met or, if applicable, waived. Rank believes that the acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses.

FINANCIAL SERVICES

Exterior of Hong Leong Assurance Berhad Head Office

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG achieved a profit before tax of RM3,505.6 million for the year ended 30 June 2019, a decrease of RM73.0 million or 2.0% as compared to last year. Excluding one-off exceptional items, HLFG's current year profit before tax was lower than last year by RM38.8 million or 1.1%. The decrease was due to lower profits from all divisions.

The commercial banking division recorded a profit before tax of RM3,186.0 million for the year ended 30 June 2019 as compared to RM3,246.3 million in the previous financial year, a decrease of RM60.3 million or 1.9%. The decrease was mainly due to a drop in revenue of RM113.7 million, increase in operating expenses of RM31.1 million and decrease in writeback of impairment losses on financial investments of RM6.2 million. This was however mitigated by decrease in allowance for impairment losses on loans, advances and financing of RM64.3 million and increase in share of profit from associated companies of RM26.4 million.

Contributions from Bank of Chengdu and the Sichuan Jincheng Consumer Finance joint venture of RM563.1 million represent 17.7% of the commercial banking division's profit before tax as compared to 16.5% last year.

The insurance division recorded a profit before tax of RM329.2 million for the year ended 30 June 2019 as compared to RM348.0 million in the previous financial year, a decrease of RM18.8 million or 5.4%. The decrease was mainly due to the decrease in revenue of RM7.3 million, increase in operating expenses of RM44.4 million and decrease in share of profit from associated company of RM6.5 million. This was however mitigated by decrease in allowance for impairment losses on financial investments of RM6.8 million and increase in life fund surplus of RM32.6 million.

The investment banking division recorded a profit before tax of RM76.7 million for the year ended 30 June 2019 as compared to RM78.6 million in the previous financial year, a decrease of RM1.9 million or 2.4%. This was mainly due to lower contribution from the investment banking and stockbroking divisions.

Islamic financial services showed the Islamic banking and takaful businesses combined share of HLFG's profit before tax (excluding one-off) improved to 13.3% from 11.5% last year.

GROUP FINANCIAL COMMENTARY

Financial Results

The consolidated profit attributable to equity shareholders for the year ended 30 June 2019, after taxation and non-controlling interests, amounted to HK$3,369 million, compared to HK$4,899 million for the previous year. Basic earnings per share amounted to HK$10.36.

For the year ended 30 June 2019, profit before taxation was generated from the following sources:

- property development and investment of HK$2,002 million;
- financial services of HK$1,119 million;
- principal investment of HK$710 million;
- hospitality and leisure of HK$580 million; and
- other segments of HK$136 million.

Revenue decreased by HK$13.1 billion to HK$17.5 billion for the year. The decrease was primarily due to lower contribution from property development and investment sector of HK$13.5 billion.

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 30 June 2019 amounted to HK$62.1 billion, a decrease of 5% or HK$3.4 billion as compared to the previous year.

The equity-debt ratio as at 30 June 2019 is arrived at as follows:

	HK$'M
Total borrowings	35,370
Less: Cash and short term funds	(13,973)
Trading financial assets	(12,780)
Net debt	8,617
Total equity attributable to equity shareholders of the Company	62,130
Equity-debt ratio	88:12

The Group's total cash balance and trading financial assets were mainly in USD (32%), HKD (22%), JPY (12%), GBP (11%), SGD (9%) and RMB (6%).

Total Borrowings

There was a decrease in total borrowings from HK$37.7 billion as at 30 June 2018 to HK$35.4 billion as at 30 June 2019. The Group's total borrowings are mostly denominated in SGD (64%), USD (12%), MYR (7%) and GBP (6%).

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

	Bank loans HK$'M	Mortgage debenture stock HK$'M	Other borrowings HK$'M	Total HK$'M
Within 1 year or on demand	4,552	–	1,027	5,579
After 1 year but within 2 years	7,504	–	736	8,240
After 2 years but within 5 years	17,927	561	3,041	21,529
After 5 years	–	–	22	22
	25,431	561	3,799	29,791
	29,983	561	4,826	35,370

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets, trading financial assets and bank deposits with an aggregate book value of HK$42.4 billion. In addition, a subsidiary has granted security over certain assets in favour of a bank as security trustee on behalf of a secured bank loan of HK$0.5 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 30 June 2019 amounted to approximately HK$15.8 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 contracts to manage its interest rate exposure as appropriate.

As at 30 June 2019, approximately 83% of the Group's borrowings were at floating rates and the remaining 17% were at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK$12.4 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 30 June 2019, there were outstanding foreign exchange contracts with a total notional amount of HK$30.5 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

The Group employed around 12,000 employees as at 30 June 2019. 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.

CORPORATE GOVERNANCE REPORT

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

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

The Board is pleased to report compliance with the applicable HKEx Code throughout the financial year ended 30 June 2019 and up to the date of this report, except where otherwise stated.

A. DIRECTORS

1. The Board

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

The main role and responsibilities of the Board broadly cover, among others, reviewing and approving corporate mission and broad strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; reviewing and approving key matters such as financial results, investments and divestments and other material transactions; and reviewing the Company's policies and practices on corporate governance as well as legal and regulatory compliance.

The Board recognises its corporate governance duties as an ongoing commitment and has monitored and reviewed the relevant corporate governance standard and practices of the Company during the year and delegated relevant aspects of the function to the board committees and management where appropriate.

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

A. DIRECTORS (cont'd)

1. The Board (cont'd)

The Board during the year and up to the date of this report comprised the following members:

Executive Chairman
Kwek Leng Hai

President & CEO
Tang Hong Cheong

Non-executive Directors
Kwek Leng San
Tan Lim Heng *(retired on 12 December 2018 [Note])*

Independent Non-executive Directors
Volker Stoeckel
Roderic N. A. Sage
David Michael Norman

Note:
Mr. Tan Lim Heng retired as a non-executive director by rotation at the annual general meeting of the Company held on 12 December 2018.

Pursuant to the Bye-Laws of the Company and the CGP Code, not less than one-third of the directors shall retire from office by rotation at each annual general meeting. The directors to retire every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day shall (unless they otherwise agree between themselves) be determined by lot.

Despite non-executive directors are not appointed for a specific term as stipulated by the HKEx Code, they are subject to retirement by rotation and re-election at the annual general meetings of the Company 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.

The Company received confirmation of independence from each of the independent non-executive directors (the "INED") pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that Messrs. Volker Stoeckel, Roderic N. A. Sage and David Michael Norman remain independent.

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

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

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

The Executive Chairman leads the Board and ensures its smooth and effective functioning. The President & CEO is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

A. DIRECTORS (cont'd)

3. Board Process

The Board meets regularly, at least four times a year. Additional board meetings are held whenever warranted.

The directors are at liberty to propose matters as appropriate to be included in the meeting agendas. Board papers are circulated prior to board meetings on a timely manner, which include, among others, financial and corporate information, significant operational and corporate issues and business performance of the Group as well as material or notable transactions which require the approval of the Board.

Where appropriate, decisions are also taken by way of circulated resolutions with supporting explanations and materials, supplemented by additional verbal or written information from the Company Secretary or other executives as and when needed. The Board also receives information between meetings about developments in the Company's business.

The Executive Chairman will arrange to meet with INEDs without the presence of other directors at least annually as appropriate.

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

Details of directors' attendance at the board meetings and general meetings held during the year are as follows:

	Board Meetings attended/ Eligible to attend	General Meetings attended/ Eligible to attend
Executive Chairman		
Kwek Leng Hai	5/5	3/3
President & CEO		
Tang Hong Cheong	5/5	3/3
Non-executive Directors		
Kwek Leng San	5/5	0/3
Tan Lim Heng *(retired on 12 December 2018 Note)*	3/3	3/3
Independent Non-executive Directors		
Volker Stoeckel	5/5	0/3
Roderic N. A. Sage	4/5	3/3
David Michael Norman	5/5	3/3

Note:
Mr. Tan Lim Heng retired as a non-executive director by rotation at the annual general meeting of the Company held on 12 December 2018

A. DIRECTORS (cont'd)

4. Directors' Securities Transactions

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

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

5. Dividend Policy

Pursuant to the HKEx Code, the Board resolved on 26 February 2019 to adopt a dividend policy (the "Dividend Policy"). The guiding principles of the Dividend Policy are as follows:

- The Company intends to create long term value for its shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements, and capturing future growth opportunities.

- Pursuant to this, the Board may propose/declare the payment of dividend(s) after taking into account the current financial performance of the Company, the future financial requirements of the Company and any other factors the Board may deem relevant.

- The Board may also decide on the frequency of dividend payment and further declare/recommend any special distributions. Dividend(s) may be in the form of cash, shares, distribution in-specie or any other form as the Board may determine.

The Board may review the Dividend Policy from time to time and update, amend, modify and/or cancel the Dividend Policy at any time in the interest of the Company and its shareholders.

6. Directors' Continuous Training and Development Programme

Pursuant to the HKEx Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company has put in place training and development programmes for directors which includes (1) induction/familiarisation progamme for newly appointed directors; and (2) on-going training and professional development programme for directors.

During the year ended 30 June 2019, all directors received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations, environmental, social and governance matters applicable to the Group were provided to the directors. They also attended regulatory update sessions and seminars on relevant topics. All directors are requested to provide the Company with their respective training record pursuant to the CGP Code.

B. DIRECTORS' REMUNERATION

1. Board Remuneration Committee ("BRC")

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

Membership and attendance

For the year ended 30 June 2019, the members of the BRC and their attendance at the meetings are set out below:

	BRC Meetings attended/ Eligible to attend
Volker Stoeckel – *Chairman*	3/3
Kwek Leng Hai	3/3
Roderic N. A. Sage	2/3

Work done during the year

- reviewed and recommended directors' fees for the non-executive directors for the financial year 2017/18;
- approved the discretionary bonuses for the executive directors and senior management for the financial year 2017/18;
- reviewed and approved the remuneration packages of the executive directors and senior management for the calendar year 2019;
- reviewed the terms of reference of the BRC and the remuneration policy for directors and senior management; and
- deliberated the statement relating to the BRC for inclusion in the Corporate Governance Report.

B. DIRECTORS' REMUNERATION (cont'd)

2. Level and Make-up of Remuneration

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

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

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

Details of the remuneration of the directors for the year ended 30 June 2019 are provided in note 9 to the Financial Statements in this annual report.

C. DIRECTORS' NOMINATION

1. Board Nomination Committee ("BNC")

The principal role of the BNC is to make recommendations to the Board on the structure, size and composition of the Board, to review the independence of INEDs, the suitability of directors who will stand for re-election and directors' continuous training and development programme, to formulate, review and implement a policy for the nomination of directors (including nomination procedures) and to formulate a policy concerning board diversity, monitor the implementation of such policy and to review the same, as appropriate. Detailed terms of reference of the BNC is accessible on the Company's website at www.guoco.com and HKEx's website at www.hkexnews.hk.

Membership and attendance

For the year ended 30 June 2019, the members of the BNC and their attendance at the meetings are set out below:

	BNC Meetings attended/ Eligible to attend
Kwek Leng Hai – *Chairman*	1/1
Volker Stoeckel	1/1
Roderic N. A. Sage	1/1

C. DIRECTORS' NOMINATION (cont'd)

1. Board Nomination Committee ("BNC") (cont'd)

Work done during the year

- reviewed the structure, size, composition and diversity of the Board (including the mix of skills, knowledge, experience, competences of directors, and the balance between executive director, non-executive director and INEDs) annually;
- reviewed and assessed the independence of INEDs of the Company;
- reviewed the profile of and participation in the Company's affairs of the directors who stood for re-election at the annual general meeting;
- reviewed the continuous training and development programmes undertaken by directors to ensure that an appropriate programme is in place;
- reviewed the board diversity policy (the "Board Diversity Policy") and reviewed and updated the terms of reference of the BNC;
- formulated, reviewed and implemented a nomination policy (the "Nomination Policy"); and
- deliberated the statement relating to the BNC for inclusion in the Corporate Governance Report.

2. Board Diversity Policy

The Company has adopted a policy on board diversity (the "Board Diversity Policy") pursuant to which the Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company maintains that selection of candidates for Board appointments will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The BNC reviews annually the Board Diversity Policy to ensure its effectiveness and application.

3. Nomination Policy

During the year, the Board resolved to adopt the Nomination Policy which serves as a guiding mechanism and framework for the BNC on the process for new appointments and re-appointments of directors, CEO and board committee members and their annual assessment.

The BNC will review annually the Nomination Policy to ensure its effectiveness and application and will update, amend and modify as appropriate to ensure it continues to be relevant to needs of the Company and is consistent with regulatory and corporate governance requirements.

The Nomination Policy is accessible on the Company's website at www.guoco.com.

D. ACCOUNTABILITY AND AUDIT

1. Board Audit and Risk Management Committee ("BARMC")

The BARMC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's financial as well as risk management and internal control systems. The BARMC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programme, and the results of their examinations as well as their evaluations of the risk management and internal control systems. The BARMC reviews the Group's and the Company's financial statements and the auditor's report thereon and submits its views to the Board. Detailed terms of reference of the BARMC are accessible on the Company's website at www.guoco.com and HKEx's website at www.hkexnews.hk.

Membership and attendance

For the year ended 30 June 2019, the members of the BARMC and their attendance at the meetings are set out below:

	BARMC Meetings attended/ Eligible to attend
Roderic N. A. Sage – *Chairman*	3/4
Volker Stoeckel	4/4
David Michael Norman	4/4

The President & CEO, Group Financial Controller and Head of Internal Audit are normal attendees of the BARMC meetings. Representatives of the external auditor are invited to attend the BARMC meetings to present significant audit and accounting matters which they noted in the course of their audit.

Work done during the year

- reviewed the nature and scope of external audit, the independence of external auditor and effectiveness of the audit process and approved the external audit fee and the engagement terms;
- reviewed the interim financial report, the interim results announcement, the annual accounts and the final results announcement;
- reviewed and discussed with the management the effectiveness of the risk management and internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function;
- reviewed the Group's accounting policies and practices;
- reviewed and approved the annual internal audit plan;

D. ACCOUNTABILITY AND AUDIT (cont'd)

1. Board Audit and Risk Management Committee ("BARMC") (cont'd)

Work done during the year (cont'd)

- reviewed major findings of internal audit assignments and the progress of implementation of remedial measures on control issues identified;
- reviewed the effectiveness of the processes for financial reporting and Listing Rule compliance of the Company;
- reviewed connected transactions entered into by the Group or subsisting during the year;
- reviewed the terms of reference of the BARMC; and
- deliberated the statement relating to the BARMC for inclusion in the Corporate Governance Report.

2. Financial Reporting

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

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

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

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

A statement of the auditor about their reporting responsibilities is included in the Independent Auditor's Report on pages 67 to 72 of this annual report.

D. ACCOUNTABILITY AND AUDIT (cont'd)

3. Risk Management and Internal Control

For business strategy formulation and for improving business performance, a set of Enterprise Risk Management framework ("ERM framework"), as set forth in the company policy, has been established and implemented by all strategic business units ("SBUs") within the Group. This ERM framework consists of iterative processes for each SBU to constantly identify and assess risks in terms of their potential impact and probability of occurrence, as well as to establish and implement relevant procedures and internal controls for risk mitigation. Risk profile reports are submitted to the Company's senior management and the BARMC for review on a quarterly basis, to ensure that residual risks after taking into account risk mitigating measures fall within the risk appetite and tolerance set by the Board.

The BARMC oversees the effectiveness of the processes for financial reporting and Listing Rule compliance. It also reviews the adequacy of resources, qualifications and experience of staff of the accounting, internal audit and financial reporting functions and their training programs.

To assist the BARMC in its oversight and monitoring activities, the Company established an internal audit function which, on a risk-based approach, conducts periodic audits of major controls including financial, operational, compliance and the risk management function of the Company and its subsidiaries. Any material control issues identified, together with remedial action plans, are reported to the BARMC at the meetings. The internal audit team shall follow up and ensure that any material control issues are promptly and properly rectified.

The effectiveness of the Company's and its subsidiaries' risk management and internal control systems is reviewed by the BARMC on a quarterly basis, based on the risk profile reports submitted and reported audit findings. The BARMC will submit the report to the Board for deliberation. The extent and frequency of communication of the monitoring results to the BARMC and the Board have been reviewed and are considered sufficient.

The Board acknowledges responsibility for the risk management and internal control systems and reviewing their effectiveness, but would like to explain that such internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Handling and Dissemination of Inside Information

The Company has established and implemented relevant procedures and internal controls for the handling and dissemination of inside information, including restricting employee access to inside information on a need-to-know basis and ensuring that those who need to know understand the obligation of keeping the information confidential. All inside information is disclosed to the public pursuant to the requirements under the Securities and Futures Ordinance and the Listing Rules and kept strictly confidential before disclosure.

4. Auditor's Remuneration

The fees charged by the Group's external auditor for the year in respect of annual audit services amounted to HK$19,424,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK$1,007,000.

E. INVESTOR RELATIONS

1. Communication with Investors

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

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

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

Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to the business of the Group are welcome and are dealt with in an informative and timely manner. Shareholders can make any query in respect of the Group or to make a request for the Group's information to the extent such information is publicly available. The designated contact details are as follows:

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

Shareholders' questions about their shareholdings are dealt with by Computershare Hong Kong Investor Services Limited, the Company's branch share registrars, at Shops 1712-16, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong.

2. General Meetings

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

E. INVESTOR RELATIONS (cont'd)

3. Rights and Procedures for Shareholders to Convene General Meetings

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

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

28 August 2019

FINANCIAL SECTION CONTENTS

REPORT OF THE DIRECTORS

The directors of the Company present their report together with the audited financial statements of the Group for the year ended 30 June 2019 (the "Financial Statements").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and management. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure business. The principal activities of the associates which materially affected the results of the Group during the year include commercial banking business, Islamic banking services, insurance and takaful business, investment banking, futures and stockbroking and asset management business.

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in note 16 to the Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 June 2019 are provided in the Chairman's Statement and Management Discussion and Analysis sections of this annual report.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 16 to the Financial Statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2019 and the state of the Company's and the Group's affairs as at that date are set out in the Financial Statements on pages 73 to 185.

DIVIDENDS

An interim dividend of HK$1.00 (2018: HK$1.00) per share totalling HK$329,051,000 (2018: HK$329,051,000) was paid on 25 March 2019. The directors are recommending payment of a final dividend of HK$3.00 per share (2018: HK$3.00 per share) in respect of the year ended 30 June 2019 totalling HK$987,158,000 (2018: HK$987,152,000).

MAJOR CUSTOMERS AND SUPPLIERS

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

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US$1,672,000 (2018: US$1,141,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES, OPTIONS AND WARRANTS

Neither the Company nor any of its subsidiaries issued or granted any convertible securities, options and warrants during the year ended 30 June 2019.

The Company did not issue any new shares during the year. Details of the share capital of the Company are shown in note 34 to the Financial Statements.

EQUITY-LINKED AGREEMENTS

Other than the Executive Share Option Scheme of the Company as disclosed in this Report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares was entered into by the Company at any time during the year or subsisted at the end of the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2019.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 186 to 188.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Kwek Leng Hai – *Executive Chairman*
Tang Hong Cheong – *President & CEO*
Kwek Leng San*
Tan Lim Heng* *(retired on 12 December 2018 Note)*
Volker Stoeckel**
Roderic N. A. Sage**
David Michael Norman**

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

Note:
Mr. Tan Lim Heng retired as a non-executive Director of the Company by rotation at the Annual General Meeting held on 12 December 2018 and did not stand for re-election.

In accordance with Bye-Law 99 and Code A.4.2 of the Code of Corporate Governance Practices of the Company, Messrs Kwek Leng Hai and Volker Stoeckel will retire from office by rotation at the forthcoming Annual General Meeting of the Company to be held on 18 November 2019 (the "AGM"). In view of his health, Mr. Volker Stoeckel has indicated his intention of not offering himself for re-election at AGM. Mr. Kwek Leng Hai being eligible, will offer himself for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the continuing connected transactions and material related party transactions are set out in this Report and note 41 to the Financial Statements respectively. Save as disclosed, no transaction, arrangement or contract of significance to which the Company or any of its parent companies, subsidiary undertakings or subsidiary undertakings of its parent companies was a party and in which a director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year ended 30 June 2019.

MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year ended 30 June 2019.

INDEMNITY OF DIRECTORS

Pursuant to the Bye-Laws of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

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

As at 30 June 2019, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Certain information herein is based on additional information of the relevant events on or before 30 June 2019 with the disclosure deadlines under the SFO falling after 30 June 2019.

(A) The Company

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

* Ordinary shares unless otherwise specified in the Note

Note:
The total interests of 130,000 shares/underlying shares comprised 94,000 ordinary shares of the Company and an option in respect of 36,000 underlying shares of the Company pursuant to an executive option scheme of a Hong Leong Group company.

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

(B) Associated Corporations

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

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

* Ordinary shares

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

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

* Ordinary shares unless otherwise specified in the Note

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

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

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

* Ordinary shares

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

* Ordinary shares

(e) GL Limited ("GL")

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of GL
Kwek Leng Hai	300,000	–	300,000	0.02%
Tang Hong Cheong	2,500,000	–	2,500,000	0.18%

* Ordinary shares

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

Director	Number of *shares (Long Position) Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of Rank
Kwek Leng Hai	1,026,209	–	1,026,209	0.26%
Tang Hong Cheong	70,000	–	70,000	0.02%
Kwek Leng San	56,461	–	56,461	0.01%

* Ordinary shares

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

(B) Associated Corporations (cont'd)

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

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

* Ordinary shares

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

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

* Ordinary shares

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

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

* Ordinary shares

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

(B) Associated Corporations (cont'd)

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

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

* Ordinary shares

(k) Southern Steel Berhad ("SSB")

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

* Ordinary shares unless otherwise specified in the Note

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

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

(B) Associated Corporations (cont'd)

(I) Hume Industries Berhad ("HIB")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HIB	Note
	Personal interests	Family interests	Total interests		
Kwek Leng Hai	310,771	–	310,771	0.06%	2
Tang Hong Cheong	3,776,670	26,199	3,802,869	0.77%	3
Kwek Leng San	5,938,742	–	5,938,742	1.21%	4

* Ordinary shares unless otherwise specified in the Notes

Director	Amount of debentures			Notes
	Personal interests	Family interests	Total interests	
	MYR	MYR	MYR	
Kwek Leng Hai	73,900	–	73,900	1
Tang Hong Cheong	930,000	7,000	937,000	1
Kwek Leng San	1,412,000	–	1,412,000	1

Notes:

1. Interests in 5-year 5% redeemable convertible unsecured loan stocks ("RCULS") issued by HIB. The RCULS are convertible into ordinary shares of HIB at the conversion price of MYR0.7 RCULS for 1 share.

2. The total interest of 310,771 shares/underlying shares comprised 205,200 ordinary shares of HIB and a derivative interest of 105,571 underlying shares of HIB through the conversion right under the RCULS.

3. The personal interest of 3,776,670 shares/underlying shares comprised 2,448,100 ordinary shares of HIB and a derivative interest of 1,328,570 underlying shares of HIB through the conversion right under the RCULS. The family interest of 26,199 shares/underlying shares comprised 16,200 ordinary shares of HIB and a derivative interest of 9,999 underlying shares of HIB through the conversion right under the RCULS.

4. The total interest of 5,938,742 shares/underlying shares comprises 3,921,600 ordinary shares of HIB and a derivative interest of 2,017,142 underlying shares of HIB through the conversion right under the RCULS.

Save as disclosed above, as at 30 June 2019, 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 (the "Approval Date") and took effect on 16 November 2012 (the "Effective Date") for grant of options over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries (the "Eligible Executives") from time to time. The ESOS 2012 provides an opportunity for the Eligible Executives to participate in the equity of the Company and aligning the Company's long term interests with those of the shareholders.

A trust (the "ESOS Trust") is in place for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the ESOS 2012. A wholly owned subsidiary of the Company as the trustee is responsible for administering the ESOS Trust.

The number of new shares of the Company that may be issued upon exercise of all share options to be granted under the ESOS 2012 shall not in aggregate exceed 10% of the issued share capital of the Company as at the Approval Date, i.e. 32,905,137 which represents 10% of the shares in issue of the Company as at the date of this Report. The maximum entitlement for an Eligible Executive in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

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

A nominal consideration of HK$1 is payable on acceptance of the share option within 30 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer.

The life of the ESOS 2012 is 10 years from the Effective Date. The ESOS 2012 shall remain valid and effective till 15 November 2022.

No option has ever been granted to any Eligible Executives pursuant to the ESOS 2012 up to 30 June 2019.

SHARE OPTIONS (cont'd)

GuocoLand Limited ("GuocoLand")

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

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

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

The administration of the GuocoLand ESOS 2008 has been delegated to the remuneration committee of GuocoLand. The remuneration committee shall select confirmed employees (including executive directors) of the GuocoLand Group to become participants of the GuocoLand ESOS 2008.

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

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

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

SHARE OPTIONS (cont'd)

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

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

The exercise price per GuocoLand share shall be fixed as follows:

(a) where the option is granted without any discount, the exercise price shall be a price equal to the 5-day weighted average market price ("Market Price") of the GuocoLand shares immediately prior to the date of grant of the option for which there was trading in the GuocoLand shares; and

(b) where the option is granted at a discount, the exercise price shall be the Market Price discounted by not more than:

i. 20%; or

ii. such other maximum discount as may be permitted under the Listing Manual of the Singapore Exchange Securities Trading Limited.

An option shall be exercisable on any date after the following date:

(a) where the option is granted without any discount:

i. the second anniversary of the date of grant (for participants who have been employed for less than one year); or

ii. the first anniversary of the date of grant (for all other participants);

(b) where the option is granted at a discount, the second anniversary of the date of grant,

and ending on a date not later than 10 years after the date of grant.

Pursuant to the provisions of the GuocoLand ESOS 2008, the GuocoLand ESOS 2008 expired on 20 November 2018. The termination of the GuocoLand ESOS 2008 would not affect the options which were granted thereunder and remain unexercised on termination and option holders would still be able to exercise such options under the GuocoLand ESOS 2008 pursuant to the terms of grant thereof.

SHARE OPTIONS (cont'd)

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

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

Details of the options outstanding for the financial year ended 30 June 2019 are as follows:

		No. of GuocoLand shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the year	Exercised during the year	Lapsed during the year	As at 30 Jun 2019	Notes	Exercise price per GuocoLand share
Executive director								
Choong Yee How	8 December 2017	20,000,000	–	–	–	20,000,000	1&2	S$1.984
Other employees	8 December 2017	19,700,000	–	–	1,800,000	17,900,000	2	S$1.984
	Total	39,700,000	–	–	1,800,000	37,900,000		

Notes:

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

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

(2) GuocoLand Limited Executive Share Scheme 2018 ("GuocoLand ESS 2018")

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

SHARE OPTIONS (cont'd)

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

(2) GuocoLand Limited Executive Share Scheme 2018 ("GuocoLand ESS 2018") (cont'd)

The purposes of the GuocoLand ESS 2018 are as follows:

(a) to align the long-term interests of selected eligible participants with those of the shareholders and to encourage such eligible participants to assume greater responsibility for the performance of the businesses that they manage;

(b) to motivate eligible participants towards strategic business objectives;

(c) to reward eligible participants with an equity stake in the success of the GuocoLand Group; and

(d) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

The aggregate number of GuocoLand shares comprised in (a) exercised GuocoLand Options; (b) unexercised GuocoLand Options; (c) unexpired GuocoLand Option offers pending acceptances and unexpired GuocoLand Grant offers pending acceptances by the eligible participants; (d) outstanding GuocoLand Grants; (e) completed GuocoLand Grants; and (f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by GuocoLand which are still subsisting, shall not exceed 15% of the issued share capital of GuocoLand (excluding treasury shares) at the relevant time, provided that for so long as GuocoLand has a holding company listed on the Stock Exchange, the aggregate shall not exceed 10% of the issued share capital of GuocoLand (excluding treasury shares) at the relevant time and the total number of new GuocoLand shares which may be issued upon exercise of GuocoLand Options or vesting of GuocoLand Grants must not in aggregate exceed 10% of the issued share capital of GuocoLand as at the GuocoLand ESS Effective Date. As at the date of this Report, the total number of new GuocoLand shares available for issue under the GuocoLand ESS 2018 is 118,337,327 which represents approximately 10% of the issued share capital of GuocoLand.

The maximum entitlement for each eligible participant in respect of the total number of new GuocoLand shares to be issued upon the exercise of GuocoLand Options granted in any 12-month period shall not exceed 1% of the total number of issued GuocoLand shares immediately before such GuocoLand Option offer. The number of new GuocoLand shares to be issued upon vesting of GuocoLand Grant to each eligible participant is not subject to the aforesaid limit.

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

The remuneration committee of GuocoLand may at its discretion determine the exercise price of the GuocoLand Option, provided that the exercise price so fixed shall be the Market Price of GuocoLand shares immediately preceding the date of offer or, if discounted, shall not be at a discount of more than 20% to the Market Price.

The minimum period for (i) GuocoLand Options granted at a discount to the Market Price shall be at least 2 years from the date of offer; and (ii) other GuocoLand Options shall be at least 1 year from the date of offer. The exercise period of the GuocoLand Option shall not be more than 10 years from the date of offer of the GuocoLand Option.

Pursuant to the provisions of the GuocoLand ESS 2018, the GuocoLand ESS 2018 shall continue to be in force until 11 December 2028.

Since the GuocoLand ESS Effective Date up to 30 June 2019, no option had been granted pursuant to the GuocoLand ESS 2018.

SHARE OPTIONS (cont'd)

GL Limited ("GL")

(1) *GL Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008")*

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008, and by the shareholders of the Company on 21 November 2008 (the "GL ESOS Effective Date") for the purpose of compliance with Chapter 17 of the Listing Rules. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to confirmed employees (including executive directors) of GL and its subsidiaries (collectively the "GL Group"). Non-executive directors of GL, directors and employees of associated companies of GL, and directors and employees of GL's controlling shareholders or their associates are not eligible to participate in the GL ESOS 2008.

The primary aim of the GL ESOS 2008 is to align the long-term interests of the employees with those of the shareholders of GL and to encourage such employees to assume greater responsibility for the performance of the businesses which they manage.

The remuneration committee of GL, comprising directors of GL who are not participants of GL ESOS 2008, administers the GL ESOS 2008.

The aggregate of (a) the number of GL shares over which the remuneration committee may grant options under the GL ESOS 2008 on any date; and (b) the number of GL shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted pursuant to all options granted under the GL ESOS 2008, shall not exceed 15% of the issued share capital of GL on the day preceding the date of grant of such options, provided that the aggregate of: (i) the number of new GL shares to be issued and allotted and over which the RC may grant options under the GL ESOS 2008; and (ii) the number of new GL shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the GL ESOS 2008, shall not exceed 10% of the issued share capital of GL as at the GL ESOS Effective Date. As at the date of this Report, the total number of new GL Shares available for issue under GL ESOS 2008 is 136,806,363 which represents 10% of the issued share capital of GL.

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

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

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

Pursuant to the provisions of the GL ESOS 2008, the GL ESOS 2008 expired on 20 November 2018. The termination of the GL ESOS 2008 would not affect the options which were granted thereunder and remain unexercised on termination and option holders would still be able to exercise such options under the GL ESOS 2008 pursuant to the terms of grant thereof.

SHARE OPTIONS (cont'd)

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

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

Details of the options outstanding for the financial year ended 30 June 2019 are as follows:

		No. of GL shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the year	Exercised during the year	Lapsed during the year	As at 30 Jun 2019	Notes	Exercise price per GL share
Eligible employees	3 April 2018	37,250,000	–	–	11,000,000	26,250,000	1&2	S$0.741
	Total	37,250,000	–	–	11,000,000	26,250,000		

Notes:

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

    a. 40% of the Vested Option Shares are exercisable from the date of notification of entitlement for the Vested Option Shares ("Vesting Date") up to 2 months from such date;

    b. another 40% of the Vested Option Shares are exercisable within 2 months from the 1st anniversary of the Vesting Date; and

    c. the remaining 20% of the Vested Option Shares are exercisable within 2 months from the 2nd anniversary of the Vesting Date.

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

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

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

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

SHARE OPTIONS (cont'd)

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

(2) *GL Limited Executives' Share Scheme 2018 ("GL ESS 2018") (cont'd)*

The purposes of the GL ESS 2018 are as follows:

(a) to align the long-term interests of selected eligible participants with those of the shareholders and to encourage such eligible participants to assume greater responsibility for the performance of the businesses that they manage;

(b) to motivate eligible participants towards strategic business objectives;

(c) to reward eligible participants with an equity stake in the success of the GL Group; and

(d) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

The aggregate number of GL shares comprised in (a) exercised GL Options; (b) unexercised GL Options; (c) unexpired GL Option offers pending acceptances and unexpired GL Grant offers pending acceptances by the eligible participants; (d) outstanding GL Grants; (e) completed GL Grants; and (f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by GL which are still subsisting, shall not exceed 15% of the issued share capital of GL (excluding treasury shares) at the relevant time, provided that for so long as GL has a holding company listed on the Stock Exchange, the aggregate shall not exceed 10% of the issued share capital of GL (excluding treasury shares) at the relevant time and the total number of new GL shares which may be issued upon exercise of GL Options or vesting of GL Grants must not in aggregate exceed 10% of the issued share capital of GL as at the GL ESS Effective Date. As at the date of this Report, the total number of new GL shares available for issue under the GL ESS 2018 was 136,806,363, which represents 10% of the issued share capital of GL.

The maximum entitlement for each eligible participant in respect of the total number of new GL shares to be issued upon the exercise of GL Options granted in any 12-month period shall not exceed 1% of the total number of issued GL shares immediately before such GL Option offer. The number of new GL shares to be issued upon vesting of GL Grant to each eligible participant is not subject to the aforesaid limit.

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

The remuneration committee may at its discretion determine the exercise price of the GL Option, provided that the exercise price so fixed shall be the Market Price of GL shares immediately preceding the date of offer or, if discounted, shall not be at a discount of more than 20% to the Market Price. The exercise price shall in no event be less than the nominal value of a GL share and where the exercise price determined according to the Market Price or discounted Market Price is less than the nominal value of a GL share, such exercise price shall be the nominal value.

The minimum period for (i) GL Options granted at a discount to the Market Price shall be at least 2 years from the date of offer; and (ii) other GL Options shall be at least 1 year from the date of offer. The exercise period of the GL Option shall not be more than 10 years from the date of offer of the GL Option.

Pursuant to the provisions of the GL ESS 2018, the GL ESS 2018 shall continue to be in force until 11 December 2028.

Since the GL ESS Effective Date up to 30 June 2019, no option had been granted pursuant to the GL ESS 2018.

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 Approval Date"). The GLM ESOS which took effect on 21 March 2012 (the "GLM Effective Date") allows the grant of options over newly issued and/or existing shares of GLM to eligible participants including executives and/or directors of GLM and its subsidiaries. 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.

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

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

The grant of an option to an eligible participant shall be accepted within 30 days from such date of offer (or such longer period of time as may be permitted by the GLM Board at its discretion) accompanied by a payment of RM1.00 as nonrefundable consideration.

The GLM Board may at its discretion determine the exercise price for each GLM share provided that such exercise price so fixed shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of GLM shares preceding the date of offer. An option shall be exercisable during the option period which shall be determined by the GLM Board provided that such period shall not be more than 10 years from the GLM Effective Date.

The GLM ESS shall continue to be in force until 20 March 2022.

SHARE OPTIONS (cont'd)

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

Executive Share Scheme (the "GLM ESS") (cont'd)

Details of the options during the year ended 30 June 2019 are as follows:

		No. of GLM shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2018	Granted during the year	Exercised during the year	Lapsed during the year	As at 30 Jun 2019	Notes	Exercise price per GLM share
Eligible participants	11 December 2017	18,000,000	–	–	–	18,000,000	1&2	RM1.16
	Total	18,000,000	–	–	–	18,000,000		

Notes:

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

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

The Rank Group Plc ("Rank")

The Long Term Incentive Plan ("LTIP")

The rules of the 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 Approval Date"). Further minor amendments to the rules were approved by Rank's shareholders on 25 April 2018. The LTIP is an equity-based incentive scheme pursuant to which eligible participants including executive directors and other senior executives of Rank and its subsidiaries may be granted awards (the "Awards"), including, among others, ordinary shares of Rank ("Rank Shares"), options ("Rank Options") and Company Share Option Plan ("CSOP") options or cash. It provides an opportunity for the eligible participants to participate in the equity of Rank with the 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 Rank 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 Rank 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.

SHARE OPTIONS (cont'd)

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

The Long Term Incentive Plan ("LTIP") (cont'd)

The total number of unissued Rank Shares in respect of which Awards may be granted under the LTIP shall not, when aggregated with (a) the number of Rank Shares issued, or capable of issue, pursuant to the Rank Options or CSOP options; and (b) other awards or rights granted under any other employees' share scheme adopted by Rank, exceed 10% of Rank's ordinary share capital as at the LTIP Approval Date. As at the date of this Report, the total number of new Rank Shares which can be issued pursuant to the Awards granted under LTIP or any other employees' share scheme adopted by Rank is 39,068,352 which represents 10% of the issued share capital of Rank.

Subject to the approval by the shareholders of the Company in accordance with the Listing Rules, no eligible participant may be granted a Rank Option or a CSOP Option or other Awards if such grant would entitle that eligible participant to acquire a number of Rank Shares in any 12-month period representing more than 1% of the ordinary share capital of Rank from time to time.

Subject to the directors of Rank having determined the extent to which any performance target has been satisfied, an Award shall vest on or as soon as practicable following the date or dates set out in the award certificate (or in the absence of any such date or dates being expressed in the award certificate, the third anniversary of the date of grant). Following its vesting, a Rank Option or a CSOP option shall remain exercisable so long as the Rank Option holder or CSOP option holder is an eligible participant at any time until the day before the tenth anniversary of the date of grant unless otherwise determined by the directors of Rank on or before the date of grant. A Rank Option or a CSOP option shall lapse automatically if it remains unexercised on its expiry.

In respect of a Rank Option, the exercise price per Rank Share to be paid by the Rank Option holder on the exercise of the Rank Option (subject to any subsequent adjustment pursuant to any variation of capital of Rank) shall be: (a) nil; (b) the nominal value of a Rank Share; or (c) such other price at the discretion of the directors of Rank, save that if and to the extent that the Rank Option is to be satisfied by the issue of new Rank Shares directly to the Rank Option holder, the exercise price of the Rank Options shall be not less than the nominal value of a Rank Share. In respect of a CSOP option, the exercise price per Rank Share under CSOP option to be paid by the CSOP option holder shall be not less than the market value of a Rank Share on the date of grant. If and to the extent that the exercise of the CSOP option is to be satisfied by the issue of new Rank Shares, such exercise price shall be not less than the nominal value of a Rank Share.

The LTIP shall continue to be in force for a period of 10 years commencing from the date on which the LTIP was approved by Rank's shareholders up to 21 April 2020.

Since the establishment of the LTIP up to 30 June 2019, no Rank Option or CSOP option had ever been granted pursuant to the LTIP.

Others

During the year, Mr. Tang Hong Cheong had acquired and held shares of certain subsidiaries of HLCM in pursuance of an executive option scheme maintained by a Hong Leong Group company.

Apart from disclosed in this Report, at no time during the year was the Company, any of its parent companies, its subsidiary undertakings or subsidiary undertakings of its parent companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2019, 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. Certain information herein is based on additional information of the relevant events on or before 30 June 2019 with disclosure made after 30 June 2019.

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of the issued share capital of the Company
Quek Leng Chan ("QLC")	Personal interests	1,056,325 (Long Position)	1	
	Interest of controlled corporations	249,355,792 (Long Position)		
	Total interests	250,412,117		76.10%
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	248,755,792 (Long Position)	2 & 3	75.60%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	248,755,792 (Long Position)	3 & 4	75.60%
Hong Leong Investment Holdings Pte Ltd ("HLInvt")	Interest of controlled corporations	248,755,792 (Long Position)	3 & 5	75.60%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,755,792 (Long Position)	3 & 6	75.60%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	248,755,792 (Long Position)	3 & 7	75.60%
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	23,024,846 (Long Position)	9	6.99%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,232,724 (Long Position)	10	6.15%
		20,226,724 (Short Position)		6.15%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (cont'd)

Notes:

1. The interest of controlled corporation of QLC comprised 242,138,117 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 (Singapore) Pte Ltd ("GSL")	8,274,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	3,826,862
HL Management Co. Sdn Bhd ("HLMC")	130,000
Chaghese Limited ("CL")	600,000

   AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL and GSL were wholly owned by GuoLine Capital Assets Limited ("GCAL"). GCAL and HLMC were wholly owned by HLCM. HLCM was 49.11% owned by QLC as to 2.43% under his personal name and 46.68% via HLH which was wholly owned by him.

2. The interests of HLCM comprised 240,481,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GSL, AFCW and HLMC as set out in Note 1 above.

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

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

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

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

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

8. ECA was deemed to be interested in these interests comprising 19,263,215 shares held by Elliott International L.P. ("EILP") and 10,372,501 shares held by The Liverpool Limited Partnership ("LLP"). EILP was 100% controlled by Hambledon Inc. which in turn was 100% controlled by ECA. LLP was 100% controlled by Liverpool Associates, Ltd. which in turn was 100% controlled by Elliott Associates, L.P. which was 100% controlled by ECA.

9. FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it.

10. Among these interests 9,000 shares (long position) and 6,000 shares (long position) are directly held by Credit Suisse (Hong Kong) Limited and Credit Suisse AG respectively. 20,147,624 shares (long position) and 20,147,624 shares (short position) are directly held by Credit Suisse Securities (USA) LLC. 70,100 shares (long position) and 79,100 shares (short position) are directly held by Credit Suisse Securities (Europe) Limited. All the above companies are direct/indirect wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests.

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Master Services Agreements

The following master services agreements dated 7 July 2017 were entered into by the Company (together with its subsidiaries, the "Group") with certain Hong Leong group companies for the provision by the latter of management services include, among other things, overview and/or oversight of businesses and operations, investment management and financial management disciplines, treasury and risk management, key managerial recruitment and retention as well as other operating practices and procedures, accounting, corporate advisory, legal, company secretarial and other services (the "Services"):

1. the master service agreement entered into by the Company with GuoLine Group Management Co. Limited ("GGMC") for the provision of the Services by GGMC to the subsidiaries of the Company excluding the subsidiaries incorporated, resident or having principal place of business in Hong Kong and Malaysia (the "GGMC Agreement");

2. the master service agreement entered into by the Company with GOMC Limited ("GOMC") for the provision of the Services by GOMC to the Company and its subsidiaries incorporated, resident or having principle place of business in Hong Kong (the "GOMC Agreement"); and

3. the master service agreement entered into by the Company with HL Management Co. Sdn Bhd ("HLMC") for the provision of the Services by HLMC to the subsidiaries of the Company incorporated, resident or having principal place of business in Malaysia (the "HLMC Agreement"),

(collectively, the "Master Services Agreements").

The Master Services Agreements are for a term of three financial years from 1 July 2017 to 30 June 2020.

The fees payable under the respective Master Services Agreements comprise a monthly fee (the "Monthly Fee") as agreed from time to time between the Company or such service recipient and the relevant service provider and an annual fee (the "Annual Fee") equal to 3% of the annual profit before tax of the Company or such service recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (for example, to avoid double counting of profit), if any.

The total fees, being the sum of the Monthly Fee, the Annual Fee and the total amount of any fees paid or payable by the Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK$503 million (the "Annual Cap") for each of the three financial years ending 30 June 2020.

GGMC, GOMC and HLMC are direct or indirect wholly-owned subsidiaries of HLCM, being the ultimate holding company and a substantial shareholder of the Company, and thus they are associates of connected persons of the Company under the Listing Rules. The Master Services Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Services Agreements (cont'd)

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

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

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

   – on normal commercial terms; and

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

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

	Services fees paid and payable by the Group HK$'000
GGMC Agreement	54,802
GOMC Agreement	22,362
HLMC Agreement	756
Total:	77,920
	(<HK$503 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK$77.9 million which did not exceed the Annual Cap of HK$503 million as disclosed in the Company's announcement dated 7 July 2017.

Banking Transactions

The Group has from time to time entered into, and may in future enter into, among others, the following transactions with the authorised financial institutions within Hong Leong Group from time to time during the year including Hong Leong Asset Management Berhad, Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Vietnam Limited, Hong Leong Bank (Cambodia) PLC and Hong Leong Investment Bank Berhad (each and collectively, "Hong Leong Financial Institution(s)"):

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

2. purchase of and/or subscription by the Group for debt securities and investment products issued by Hong Leong Financial Institutions,

(collectively, the "Banking Transactions").

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions (cont'd)

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

Hong Leong Financial Institutions are associates of connected person (as defined under the Listing Rules) of the Company by virtue of the fact that they are indirect subsidiaries of HLCM. The Banking Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From time to time during the year, the Group entered into deposit transactions which involved placing of deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). The Deposit Transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. During the year, the interest rate for the savings and time deposits for various currencies placed by the Group with Hong Leong Financial Institutions ranged from 0% to 5.5% per annum, and the tenor of the time deposits ranged from overnight to 6 months. As at 30 June 2019, the balance of deposits placed by the Group with Hong Leong Financial Institutions and investment products issued by Hong Leong Financial Institutions purchased was approximately US$41.4 million.

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

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

b. during the year, the maximum relevant aggregate amount of (i) the outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions; and (ii) debt securities and investment products issued by Hong Leong Financial Institutions purchased and/or subscribed by the Group, was approximately US$70.8 million which did not exceed the cap amount of US$194 million or its equivalent as disclosed in the announcement of the Company dated 12 July 2018; and

c. the Deposit Transactions were entered into:

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

   – on normal commercial terms or better; and

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

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Auditor's Review

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 63 to 65 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Kwek Leng Hai is a director of HLCM, the ultimate holding company of the Company, which is a conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investment as well as hospitality and leisure. Mr. Tang Hong Cheong is a director of HL Holdings Sdn Bhd, a deemed substantial shareholder of the Company by virtue of its controlling interest in HLCM.

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

By Order of the Board

Tang Hong Cheong
President & CEO

Hong Kong, 12 September 2019

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GUOCO GROUP LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Guoco Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 73 to 185, which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSESSING POTENTIAL IMPAIRMENT OF HOTEL PROPERTIES AND INTANGIBLE ASSETS

Refer to notes 14 and 15 to the consolidated financial statements and the accounting policies in notes 2(e), 2(f) and 2(k)(ii).

The Key Audit Matter	How the matter was addressed in our audit
The Group holds a number of hotel properties located in the United Kingdom which are measured at cost less accumulated depreciation and impairment losses. The Group also holds casino, other gaming licences and concessions in the United Kingdom, as well as a small number in Spain and Belgium, the majority of which are classified as intangible assets with indefinite useful lives. As at 30 June 2019, the carrying values of hotel properties and capitalised casino, other gaming licences and concessions totalled US$1,913 million in aggregate, representing 12% of the Group's total assets as at that date. The estimation of the recoverable amount of each cash generating unit ("CGU") to which these assets have been allocated is sensitive to the key assumptions applied, which include occupancy rates and revenue per available room in deriving the projected cash flows for hotel properties; customer visits, win margins and spend per head in deriving the projected cash flows for casino, other gaming licences and concessions, growth rates and the discount rates applied. The current economic environment in the United Kingdom may put pressure on hotel room rates and occupancy levels and customer visits and spend per head for casinos. We identified assessing potential impairment provision of hotel properties and intangible assets as a key audit matter because of the significant level of management judgement required to be exercised in determining the assumptions adopted in the impairment assessments which can be inherently uncertain and could be subject to management bias.	Our audit procedures to assess potential impairment of hotel properties and intangible assets included the following: • evaluating the Group's identification of CGUs and the amounts of hotel properties, casino, other gaming licences and concessions allocated to each CGU; • evaluating the Group's process for identification of indicators of potential impairment of hotel properties; • assessing whether the Group's impairment assessment models were prepared in accordance with the requirements of the prevailing accounting standards; • with the assistance of our internal valuation specialists, assessing the valuation methodology adopted by the Group and comparing the key assumptions applied in the computation of recoverable amounts with available industry data, which included occupancy rates and revenue per available room for hotel properties and customer visits, win margins and spend per head for casino, other gaming licences and concessions; • assessing the growth rates and discount rates adopted in the impairment assessments by comparing them with historical rates and available industry data, taking into consideration comparability and market factors; • evaluating the historical accuracy of management's calculations of the recoverable amounts of each CGU by comparing the forecasts at the end of the previous financial year for key assumptions and estimates with the actual outcomes in the current year; and • determining the extent of change in those estimates that, either individually or collectively, would be required for each CGU to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any evidence of management bias.

VALUATION OF INVESTMENT PROPERTIES

Refer to note 14 to the consolidated financial statements and the accounting policies in note 2(g).

The Key Audit Matter	How the matter was addressed in our audit
The Group owns a portfolio of investment properties, comprising commercial properties in Hong Kong, Singapore, Malaysia and China. As at 30 June 2019, the carrying value of investment properties was US$3,799 million, representing 24% of the Group's total assets as at that date. The fair values of the Group's investment properties were assessed by management based on independent valuations conducted by external property valuers. The net changes in fair value of investment properties in the consolidated income statement represented 27% of the Group's profit before taxation for the year ended 30 June 2019. We identified valuation of investment properties as a key audit matter because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and in determining the underlying assumptions, which increase the risk of error or potential management bias, and because the valuations are sensitive to the key assumptions applied, including those relating to capitalisation rate, comparable sales prices, the discount rates applied and terminal yield rates.	Our audit procedures to assess the valuation of investment properties included the following: • evaluating the qualifications, experience and competence of the external property valuers engaged by management and holding discussions with the external property valuers, without the presence of management, to understand their valuation methods and the assumptions applied; • evaluating the valuation methodology used by the external property valuers by comparison with the valuation methodologies applied by other valuers for similar property types; • assessing the projected cash flows used in the valuations by comparing specific details with underlying leases and externally available industry and economic data; and • assessing the key assumptions adopted in the valuations, including those relating to capitalisation rate, comparable sales prices, the discount rates applied and terminal yield rates, by comparing them with historical rates and available industry data, taking into consideration comparability and market factors, and considering the possibility of error or management bias in the selection of assumptions adopted.

VALUATION OF DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE

Refer to notes 22 and 23 to the consolidated financial statements and the accounting policies in notes 2(i).

The Key Audit Matter	How the matter was addressed in our audit
The Group's development properties and properties held for sale mainly comprise residential properties in the course of development and completed properties in Singapore, Malaysia and China. As at 30 June 2019 the carrying values of development properties and properties held for sale totalled US$2,420 million in aggregate, representing 15% of the Group's total assets as at that date. Development properties and properties held for sale are stated at the lower of their cost and net realisable value ("NRV"). The assessment of NRV of development properties and properties held for sale involves the exercise of significant management judgement, particularly in estimating forecast selling prices and estimated costs to complete the development of the properties. Future trends in selling prices may depart from known trends based on past experience given the current economic slowdown and prevailing government policies in the jurisdictions in which the development properties are located. Total development costs may also vary with market conditions and unforeseen circumstances may arise during construction leading to cost overruns. We identified valuation of development properties and properties held for sale as a key audit matter because the assessment of NRV is inherently subjective and requires significant management judgement and estimation in relation to forecasting selling prices, development costs and selling expenses, which increases the risk of error or potential management bias.	Our audit procedures to assess the valuation of development properties and properties held for sale included the following: • evaluating the Group's estimated total development costs for projects with slower-than-expected sales or estimated low margins, by comparing the costs with contracts and related agreements, taking into consideration the costs incurred to date, construction progress and any significant deviation in design plans or cost overruns; • assessing the Group's forecast selling prices for projects with slower-than-expected sales or estimated low margins, by comparison with recent transacted sales prices for the same project and/or comparable properties in the vicinity of the development and considering the possibility of error or management bias; and • conducting site visits to development properties on a sample basis to observe the development progress.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Board Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Board Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Benjamin Lewellin Rhys.

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

12 September 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 US$'000	2018 US$'000	2019 HK$'000 (Note 1(c))	2018 HK$'000 (Note 1(c))
Turnover	5	2,526,682	4,535,373	19,725,680	35,589,072
Revenue	5	2,238,337	3,904,736	17,474,585	30,640,463
Cost of sales		(1,179,209)	(2,328,808)	(9,206,026)	(18,274,156)
Other attributable costs		(74,529)	(88,080)	(581,844)	(691,164)
		984,599	1,487,848	7,686,715	11,675,143
Other revenue	6(a)	37,120	30,851	289,794	242,088
Other net losses	6(b)	(15,181)	(55,770)	(118,517)	(437,627)
Administrative and other operating expenses		(582,179)	(616,328)	(4,545,042)	(4,836,326)
Profit from operations before finance costs		424,359	846,601	3,312,950	6,643,278
Finance costs	7(a)	(121,005)	(106,315)	(944,680)	(834,254)
Profit from operations	13	303,354	740,286	2,368,270	5,809,024
Valuation surplus on investment properties	14	157,562	151,891	1,230,079	1,191,889
Share of profits of associates and joint ventures	7(c)	121,535	114,712	948,818	900,145
Profit for the year before taxation	7	582,451	1,006,889	4,547,167	7,901,058
Taxation	8(a)	(32,934)	(212,095)	(257,114)	(1,664,309)
Profit for the year		549,517	794,794	4,290,053	6,236,749
Attributable to:					
Equity shareholders of the Company		431,501	624,297	3,368,708	4,898,859
Non-controlling interests		118,016	170,497	921,345	1,337,890
Profit for the year		549,517	794,794	4,290,053	6,236,749
Earnings per share		US$	US$	HK$	HK$
Basic	12	1.33	1.92	10.36	15.07
Diluted	12	1.33	1.92	10.36	15.07

The notes on pages 81 to 185 form part of these financial statements. Details of dividends paid to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	2019 US$'000	2018 US$'000	2019 HK$'000 (Note 1(c))	2018 HK$'000 (Note 1(c))
Profit for the year	549,517	794,794	4,290,053	6,236,749
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)	(510,674)	–	(3,986,806)	–
Actuarial (losses)/gains on defined benefit obligation	(6,304)	5,857	(49,215)	45,960
	(516,978)	5,857	(4,036,021)	45,960
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	(157,388)	133,128	(1,228,720)	1,044,655
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	5,861	(9,108)	45,757	(71,470)
Changes in fair value of cash flow hedge	2,754	1,933	21,500	15,168
Changes in fair value of available-for-sale financial assets	–	(112,766)	–	(884,875)
Changes in fair value on net investment hedge	5,001	(10,919)	39,043	(85,681)
Transfer to profit or loss on disposal of available-for-sale financial assets	–	(995)	–	(7,808)
Transfer upon disposal of ESOS shares	2,591	–	20,228	–
Share of other comprehensive income of associates	5,386	(11,324)	42,048	(88,859)
	(135,795)	(10,051)	(1,060,144)	(78,870)
Other comprehensive income for the year, net of tax	(652,773)	(4,194)	(5,096,165)	(32,910)
Total comprehensive income for the year	(103,256)	790,600	(806,112)	6,203,839
Total comprehensive income for the year attributable to:				
Equity shareholders of the Company	(168,543)	587,653	(1,315,804)	4,611,314
Non-controlling interests	65,287	202,947	509,692	1,592,525
	(103,256)	790,600	(806,112)	6,203,839

The notes on pages 81 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	2019 US$'000	2018 US$'000	2019 HK$'000 (Note 1(c))	2018 HK$'000 (Note 1(c))
NON-CURRENT ASSETS					
Investment properties	14	3,798,843	3,568,977	29,657,377	28,005,763
Other property, plant and equipment	14	1,792,341	1,694,781	13,992,717	13,298,946
Interest in associates and joint ventures	17	1,536,863	1,358,479	11,998,213	10,659,985
Available-for-sale financial assets	19	–	1,795,393	–	14,088,449
Equity investments at FVOCI	20	1,367,021	–	10,672,265	–
Deferred tax assets	33	26,131	20,095	204,003	157,685
Intangible assets	15	975,916	981,821	7,618,927	7,704,349
Goodwill	21	314,111	182,607	2,452,249	1,432,917
Pensions surplus	32	7,100	11,382	55,429	89,315
		9,818,326	9,613,535	76,651,180	75,437,409
CURRENT ASSETS					
Development properties	22	1,971,687	1,691,000	15,392,862	13,269,277
Properties held for sale	23	448,533	746,537	3,501,675	5,858,076
Inventories	24	58,066	–	453,318	–
Contract assets	25	25,963	–	202,692	–
Trade and other receivables	26	251,498	536,911	1,963,432	4,213,141
Trading financial assets	27	1,637,001	1,658,769	12,779,985	13,016,360
Cash and short term funds	28	1,789,796	2,530,900	13,972,848	19,859,972
Assets held for sale	29	–	31,653	–	248,381
		6,182,544	7,195,770	48,266,812	56,465,207
CURRENT LIABILITIES					
Contract liabilities	25	15,654	–	122,210	–
Trade and other payables	30	564,398	697,666	4,406,227	5,474,585
Bank loans and other borrowings	31	714,656	1,481,116	5,579,284	11,622,317
Taxation	8(d)	43,866	47,945	342,460	376,224
Provisions and other liabilities	32	24,084	10,851	188,023	85,148
		1,362,658	2,237,578	10,638,204	17,558,274
NET CURRENT ASSETS		4,819,886	4,958,192	37,628,608	38,906,933
TOTAL ASSETS LESS CURRENT LIABILITIES		14,638,212	14,571,727	114,279,788	114,344,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	2019 US$'000	2018 US$'000	2019 HK$'000 (Note 1(c))	2018 HK$'000 (Note 1(c))
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	31	3,815,959	3,317,855	29,791,001	26,035,208
Amount due to non-controlling interests		304,796	291,904	2,379,527	2,290,571
Provisions and other liabilities	32	47,955	52,018	374,382	408,185
Deferred tax liabilities	33	84,132	123,177	656,814	966,570
		4,252,842	3,784,954	33,201,724	29,700,534
NET ASSETS		10,385,370	10,786,773	81,078,064	84,643,808
CAPITAL AND RESERVES					
Share capital	34(c)	164,526	164,526	1,284,446	1,291,036
Reserves		7,793,723	8,179,860	60,845,206	64,187,361
Total equity attributable to equity shareholders of the Company		7,958,249	8,344,386	62,129,652	65,478,397
Non-controlling interests		2,427,121	2,442,387	18,948,412	19,165,411
TOTAL EQUITY		10,385,370	10,786,773	81,078,064	84,643,808

Approved and authorised for issue by the Board of Directors on 12 September 2019

Kwek Leng Hai
Tang Hong Cheong
Directors

The notes on pages 81 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to equity shareholders of the Company													
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOS reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 July 2018	164,526	10,493	(71,309)	2,806	(41,056)	304	(342,575)	340,887	(10,217)	51,342	8,239,185	8,344,386	2,442,387	10,786,773
Effect of changes of accounting policies														
– adopting HKFRS 9 (Note 4)	–	–	402	–	–	–	–	(19,591)	–	–	4,430	(14,759)	–	(14,759)
– adopting HKFRS 15 (Note 4)	–	–	–	–	–	–	9,981	–	–	–	(39,682)	(29,701)	(26,434)	(56,135)
Adjusted balance at 1 July 2018	164,526	10,493	(70,907)	2,806	(41,056)	304	(332,594)	321,296	(10,217)	51,342	8,203,933	8,299,926	2,415,953	10,715,879
Profit for the year	–	–	–	–	–	–	–	–	–	–	431,501	431,501	118,016	549,517
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	(109,383)	–	–	–	–	(109,383)	(48,005)	(157,388)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	–	–	–	–	–	–	11,283	–	–	–	–	11,283	(5,422)	5,861
Changes in fair value of equity investments at FVOCI	–	–	–	–	–	–	–	(510,666)	–	–	–	(510,666)	(8)	(510,674)
Transfer upon disposal of equity investments at FVOCI	–	–	–	–	–	–	–	(12,637)	–	–	12,637	–	–	–
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	1,820	–	–	1,820	934	2,754
Changes in fair value on net investment hedge	–	–	–	–	–	–	–	–	3,262	–	–	3,262	1,739	5,001
Actuarial losses on defined benefit obligation	–	–	–	–	–	–	–	–	–	–	(4,337)	(4,337)	(1,967)	(6,304)
Transfer upon disposal of ESOS shares	–	–	–	–	2,039	–	–	–	–	–	552	2,591	–	2,591
Share of other comprehensive income of associates	–	–	(6,342)	–	–	–	(635)	12,123	(143)	–	383	5,386	–	5,386
Total comprehensive income for the year	–	–	(6,342)	–	2,039	–	(98,735)	(511,180)	4,939	–	440,736	(168,543)	65,287	(103,256)
Transfer between reserves	–	–	6,660	–	–	–	3,643	–	–	–	(10,303)	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	1,848	–	–	–	–	–	1,848	1,084	2,932
Share capital reduction in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(191)	(191)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	5,250	5,250	(15,508)	(10,258)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	2,231	2,231
Distribution payment for perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(13,530)	(13,530)
Accrued distribution for perpetual securities	–	–	–	–	–	–	–	–	–	–	(14,250)	(14,250)	14,250	–
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(42,455)	(42,455)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,591)	(124,591)	–	(124,591)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	–	(41,391)	(41,391)	–	(41,391)
At 30 June 2019	164,526	10,493	(70,589)	2,806	(39,017)	2,152	(427,686)	(189,884)	(5,278)	51,342	8,459,384	7,958,249	2,427,121	10,385,370

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to equity shareholders of the Company													
	Share capital US$'000	Share premium US$'000	Capital and other reserves US$'000	Contributed surplus US$'000	ESOS reserve US$'000	Share option reserve US$'000	Exchange translation reserve US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Revaluation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 July 2017	164,526	10,493	(82,963)	2,806	(41,056)	1,118	(422,987)	463,752	(4,505)	51,342	7,791,531	7,934,057	1,971,837	9,905,894
Profit for the year	–	–	–	–	–	–	–	–	–	–	624,297	624,297	170,497	794,794
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	96,071	–	–	–	–	96,071	37,057	133,128
Exchange translation reserve reclassified to profit or loss upon disposal of a subsidiary	–	–	–	–	–	–	(6,118)	–	–	–	–	(6,118)	(2,990)	(9,108)
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	(112,719)	–	–	–	(112,719)	(47)	(112,766)
Transfer to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	(699)	–	–	–	(699)	(296)	(995)
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	–	3,935	3,935	1,922	5,857
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	1,334	–	–	1,334	599	1,933
Changes in fair value on net investment hedge	–	–	–	–	–	–	–	–	(7,124)	–	–	(7,124)	(3,795)	(10,919)
Share of other comprehensive income of associates and joint ventures	–	–	7,084	–	–	–	(9,541)	(9,447)	78	–	502	(11,324)	–	(11,324)
Total comprehensive income for the year	–	–	7,084	–	–	–	80,412	(122,865)	(5,712)	–	628,734	587,653	202,947	790,600
Transfer between reserves	–	–	4,570	–	–	–	–	–	–	–	(4,570)	–	–	–
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	291,461	291,461
Accrued distribution for perpetual securities	–	–	–	–	–	–	–	–	–	–	(5,912)	(5,912)	5,912	–
Equity-settled share-based transactions	–	–	–	–	–	(814)	–	–	–	–	–	(814)	(903)	(1,717)
Capitalisation of shareholder's loans from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	9,979	9,979
Share capital reduction in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(503)	(503)
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(42,731)	(42,731)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(4,388)	(4,388)	4,388	–
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,793)	(124,793)	–	(124,793)
Interim dividend paid in respect of the current year	–	–	–	–	–	–	–	–	–	–	(41,417)	(41,417)	–	(41,417)
At 30 June 2018	164,526	10,493	(71,309)	2,806	(41,056)	304	(342,575)	340,887	(10,217)	51,342	8,239,185	8,344,386	2,442,387	10,786,773

The notes on pages 81 to 185 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 US$'000	2018 US$'000
Operating activities			
Profit for the year before taxation		582,451	1,006,889
Adjustments for:			
– Finance costs	7(a)	121,005	106,315
– Interest income	5	(54,885)	(44,301)
– Dividend income	5	(166,012)	(134,362)
– Depreciation	7(c)	78,446	78,407
– Amortisation of intangible assets		23,937	16,199
– Equity-settled share-based payment expenses/(forfeiture)	7(b)	3,839	(1,817)
– Impairment loss recognised on other property, plant and equipment	7(c)	11,818	15,419
– Impairment loss recognised on intangible assets	7(c)	11,761	7,822
– Write back of provision for impairment loss on interest in an associate	6(b)	(25,370)	–
– Valuation surplus on investment properties	14	(157,562)	(151,891)
– Share of profits of associates and joint ventures	7(c)	(121,535)	(114,712)
– Net losses on disposal of property, plant and equipment	6(b)	142	423
– Gain on disposal of assets held for sale	6(b)	–	(28,088)
– Net losses on liquidation of subsidiaries	6(b)	23,327	1,162
– Net gain on disposal of subsidiaries	6(b)	(17,208)	(353)
Operating profit before changes in working capital		314,154	757,112
Decrease/(increase) in trade and other receivables		163,490	(213,032)
Decrease/(increase) in trading financial assets		20,226	(184,327)
Decrease/(increase) in equity investments at FVOCI/ available-for-sale financial assets		632	(628)
(Increase)/decrease in development properties		(290,207)	92,279
Decrease in properties held for sale		233,835	338,955
Decrease in contract assets		118,820	–
Increase in inventories		(394)	–
Decrease in deposits for land		–	342,586
Increase in provisions and other liabilities		8,381	5,369
Decrease in contract liabilities		(9,010)	–
Decrease in trade and other payables		(111,775)	(690,434)
Cash generated from operations		448,152	447,880
Interest received		61,298	42,844
Dividend received from equity investments		94,587	68,205
Taxation			
– Hong Kong Profits Tax paid		(789)	(1,105)
– Overseas tax paid		(76,784)	(142,501)
Net cash generated from operating activities		526,464	415,323

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 US$'000	2018 US$'000
Investing activities			
Net advance to associates and joint ventures		(104,225)	(516)
Capital contribution to a joint venture		–	(1,174)
Purchase of property, plant and equipment		(82,595)	(77,843)
Additions in investment properties under development		(21,502)	(1,023,949)
Purchase of intangible assets		(14,825)	(15,306)
Acquisition of subsidiaries	35(a)	(330,778)	(21,776)
Acquisition of additional interests in subsidiaries		(10,258)	–
Proceeds from disposal of subsidiaries	35(b)	30,040	–
Proceeds from disposal of assets held for sale		–	35,194
Proceeds from disposal of property, plant and equipment		5,122	418
Proceeds from disposal of ESOS shares		2,591	–
Dividends received from associates and joint ventures		30,002	29,543
Decrease in fixed deposits with maturity over three months		417,636	454,512
Net cash used in investing activities		(78,792)	(620,897)
Financing activities			
Net repayment of bank loans and other borrowings		(346,690)	(11,968)
Increase in cash collateral		(403)	(1,453)
Net (repayment of)/proceeds from issuance of perpetual securities by a subsidiary	35(c)	(13,530)	291,461
Share capital reduction in a subsidiary		(191)	(503)
Loans from non-controlling interests of subsidiaries		–	54,722
Interest paid		(160,801)	(160,532)
Dividends paid to non-controlling interests by subsidiaries		(42,455)	(42,731)
Dividends paid to equity shareholders of the Company		(165,982)	(166,210)
Net cash used in financing activities		(730,052)	(37,214)
Net decrease in cash and cash equivalents		(282,380)	(242,788)
Cash and cash equivalents at 1 July		1,935,323	2,179,991
Effect of foreign exchange rate changes		(41,491)	(1,880)
Cash and cash equivalents at 30 June	28(a)	1,611,452	1,935,323

The notes on pages 81 to 185 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2019 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

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

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

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

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

(c) Hong Kong dollar amounts

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the group's revenue and other income recognition policies are as follows:

(i) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 2(j)).

When residential properties are marketed by the group while the property is still under construction, the group may offer a discount compared to the listed sales price, provided the customer agrees to pay the balance of the consideration early. In such cases, if the advance payments are regarded as providing a significant financing benefit to the group, interest expense arising from the adjustment of time value of money will be accrued by the group during the period between the payment date and the completion date of legal assignment. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, Borrowing costs, in accordance with the policies set out in note 2(t).

(ii) Rental income from operating leases

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Revenue recognition (cont'd)

(iii) Sales of goods and services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(iv) Dividends

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

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

(v) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

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

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

(viii) Revenue from hotel operations is recognised in profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes room rental, income earned from sales of food and beverages, rendering of laundry services and other miscellaneous income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments

(i) Investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the group determines fair value of financial instruments, see note 37(f). These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

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

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(a)(v)).

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

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

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(a)(iv).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) Subsidiaries and non-controlling interests

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

Non-controlling interests

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note below).

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

(ii) Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the borrowings is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Goodwill

Goodwill represents the excess of:

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

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

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)).

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

(e) Intangible assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Other property, plant and equipment and depreciation

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

– Freehold land is not depreciated.

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

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

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

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

(iv) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Investment property

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Property development

Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for resale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Other inventories

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories (cont'd)

Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(i)), property, plant and equipment (see note 2(f)) or intangible assets (see note 2(e)). Incremental costs of obtaining a contract are those costs that the group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(a).

(j) Contract assets and contract liabilities

A contract asset is recognised when the group recognises revenue (see note 2(a)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the group recognises the related revenue (see note 2(a)). A contract liability would also be recognised if the group has an unconditional right to receive non-refundable consideration before the group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(a)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates); and

– contract assets as defined in HKFRS 15 (see note 4(c)(iii)).

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

In measuring ECLs, the group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments, contract assets and lease receivables (cont'd)

Measurement of ECLs (cont'd)

For all other financial instruments (including loan commitments issued), the group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments, contract assets and lease receivables (cont'd)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(a)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Credit losses and impairment of assets (cont'd)

(ii) Impairment of other assets

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

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

– intangible assets;

– goodwill; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the group's accounting policy for borrowing costs (see note 2(t)).

(m) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 4(c)(iii)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(k)(i)).

(n) Trade and other payables

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

(o) Perpetual securities

The perpetual securities do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, i.e. having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(k)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax

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

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

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax (cont'd)

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

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

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

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

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

  - the same taxable entity; or

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

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income (see note 2(c)(ii)).

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

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

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

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

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

(ii) Defined benefit retirement plan obligations

A defined benefit retirement plan is a post-employment benefit retirement plan other than a defined contribution retirement plan. The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit retirement plans in staff cost in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss earlier of when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits (cont'd)

(iii) Share-based payments

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

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

(t) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Financial guarantees issued are initially recognised within trade and other payables at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iv) Onerous contracts

The Group is a party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. Provision has also been made against leases where impairment testing has indicated that, after recognising an impairment charge, the estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous.

(v) Related parties

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

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

(b) has significant influence over the group; or

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

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

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

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

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

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

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

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

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

(h) The entity, or any member of a group which it is a part, provides key management personnel services to the group or to the group's parent.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Segment reporting

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

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Investment properties (note 14)

At the end of reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuers, management has reviewed the valuation including the assumptions and estimates adopted.

(b) Impairment of assets

The Group tests at least annually whether goodwill and casino licences that have indefinite useful lives have suffered any impairment. Hotel properties, casino licences and brand names with definite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations or fair value less cost to sell. There are a number of assumptions and estimates involved in the calculations.

(c) Development properties and properties held for sale (notes 22 and 23)

The Group's development properties comprise residential properties in the course of development and properties held for sale comprise completed properties in Singapore, Malaysia, China and Vietnam. Development properties and properties held for sale are stated at the lower of their cost and their net realisable value ("NRV"). The determination of the NRV of a development property in the course of development is dependent on the Group's forecast selling price for the property and estimated costs to complete the development of the property. The costs to complete the development of the property is in turn derived from the Group's estimate of the total development costs of the property less the actual expenditure incurred. The determination of the NRV of a completed property is dependent on the Group's forecast selling price for the property.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(d) Income taxes (notes 8 and 33)

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

(e) Defined benefit retirement plan obligations (note 36)

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The calculation is performed annually using the projected unit credit method. The amount of the excess of the present value of each plan's liabilities over the fair value of that plan's assets is recognised in profit or loss upon notification to the Group.

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

4. CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

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

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 4(b) for HKFRS 9 and note 4(c) for HKFRS 15.

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) Overview (cont'd)

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

	At 30 June 2018 US$'000	Impact on initial application of HKFRS 9 US$'000 (Note 4(b))	Impact on initial application of HKFRS 15 US$'000 (Note 4(c))	At 1 July 2018 US$'000
Intangible assets	981,821	308	–	982,129
Interest in associates and joint ventures	1,358,479	(14,759)	2,912	1,346,632
Deferred tax assets	20,095	–	10,654	30,749
Available-for-sale financial assets	1,795,393	(1,795,393)	–	–
Equity investments at FVOCI	–	1,795,085	–	1,795,085
Total non-current assets	**9,613,535**	**(14,759)**	**13,566**	**9,612,342**
Development properties	1,691,000	–	(6,929)	1,684,071
Properties held for sale	746,537	–	(60,515)	686,022
Contract assets	–	–	144,783	144,783
Trade and other receivables	536,911	–	(143,900)	393,011
Total current assets	**7,195,770**	**–**	**(66,561)**	**7,129,209**
Trade and other payables	697,666	–	(19,400)	678,266
Contract liabilities	–	–	24,664	24,664
Taxation	47,945	–	(1,700)	46,245
Total current liabilities	**2,237,578**	**–**	**3,564**	**2,241,142**
Deferred tax liabilities	123,177	–	(424)	122,753
Total non-current liabilities	**3,784,954**	**–**	**(424)**	**3,784,530**
Net assets	**10,786,773**	**(14,759)**	**(56,135)**	**10,715,879**
Retained profits	8,239,185	4,430	(39,682)	8,203,933
Fair value reserve	340,887	(19,591)	–	321,296
Capital and other reserves	(71,309)	402	–	(70,907)
Exchange reserve	(342,575)	–	9,981	(332,594)
Total equity attributable to equity shareholders of the company	**8,344,386**	**(14,759)**	**(29,701)**	**8,299,926**
Non-controlling interests	2,442,387	–	(26,434)	2,415,953
Total equity	**10,786,773**	**(14,759)**	**(56,135)**	**10,715,879**

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

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

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

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

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

(i) Classification of financial assets and financial liabilities

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

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

(ii) Credit losses

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

The adoption of HKFRS 9 has not had a significant impact on the Group's financial statements in this regard.

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

(iii) Transition

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

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

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

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

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

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

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

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

(i) Timing of revenue recognition

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

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

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

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

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

(ii) Sales commissions payable related to property sales contracts

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

(iii) Presentation of contract assets and liabilities

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

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "trade and other receivables" or "trade and other payables" respectively, above.

To reflect these changes in presentation, the group has made the following adjustments at 1 July 2018, as a result of the adoption of HKFRS 15:

(i) "Accrued receivables for sales consideration not yet billed on completed development properties" which were previously included in trade and other receivables are now included under contract assets.

(ii) "Progress billings on properties" which were previously included in trade and other payables are now included under contract liabilities.

4. CHANGES IN ACCOUNTING POLICIES (cont'd)

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

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

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

5. TURNOVER AND REVENUE

The Company is an investment holding and investment management company. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure businesses.

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

	2019 US$'000	2018 US$'000
Revenue from sale of properties	619,071	2,338,189
Revenue from hospitality and leisure	1,265,187	1,292,197
Interest income	54,885	44,301
Dividend income	166,012	134,362
Rental income from properties	89,332	87,188
Revenue from sales of goods	35,981	–
Others	7,869	8,499
Revenue	2,238,337	3,904,736
Proceeds from sale of investments in securities	288,345	630,637
Turnover	2,526,682	4,535,373

6. OTHER REVENUE AND NET LOSSES

(a) Other revenue

	2019 US$'000	2018 US$'000
Sublease income	**4,572**	4,519
Bass Strait oil and gas royalty	**29,226**	24,224
Hotel management fee	**718**	463
Income from forfeiture of deposit from sale of properties	**1,829**	308
Others	**775**	1,337
	37,120	30,851

(b) Other net losses

	2019 US$'000	2018 US$'000
Net realised and unrealised losses on trading financial assets	**(47,466)**	(125,960)
Net realised and unrealised (losses)/gains on derivative financial instruments	**(2,462)**	6,817
Net realised gains on disposal of available-for-sale financial assets	**–**	999
Net (losses)/gains on foreign exchange contracts	**(1,041)**	31,213
Other exchange gains/(losses)	**14,775**	(1,578)
Net losses on disposal of property, plant and equipment	**(142)**	(423)
Net losses on liquidation of subsidiaries	**(23,327)**	(1,162)
Net gain on disposal of subsidiaries (note 35(b))	**17,208**	353
Write back of provision for impairment loss on interest in an associate (Note (i))	**25,370**	–
Gain on disposal of assets held for sale (Note (ii))	**–**	28,088
Other income	**1,904**	5,883
	(15,181)	(55,770)

Notes:

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

(ii) GL was informed that the UK Secretary of State for Transport's ("SST") valuation is GBP27.5 million (approximately US$39.0 million). As GL's valuation indicated in its preliminary claim exceeds the SST's valuation significantly, GL intends to challenge SST's valuation. GL received an interim payment of GBP24.8 million (approximately US $35.2 million) (i.e. 90% of the SST's valuation) on 29 January 2018. The SST's valuation of GBP27.5 million (approximately US$39.0 million) for the Thistle Euston Hotel has resulted in an estimated gain, on disposal of assets held for sale, of GBP20.9 million (approximately US$28.1 million) to the Group for the year ended 30 June 2018.

7. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

	2019 US$'000	2018 US$'000
Interest on bank loans and other borrowings	**167,513**	152,007
Other borrowing costs	**13,594**	8,860
Total borrowing costs	**181,107**	160,867
Less: borrowing costs capitalised into:		
– development properties	**(29,526)**	(37,478)
– investment properties	**(30,576)**	(17,074)
Total borrowing costs capitalised (note)	**(60,102)**	(54,552)
	121,005	106,315

Note: These borrowing costs have been capitalised at rates of 2.70% to 7.25% per annum (2018: 1.82% to 7.25%).

(b) Staff cost

	2019 US$'000	2018 US$'000
Salaries, wages and other benefits	**401,892**	432,312
Contributions to defined contribution retirement plans	**12,768**	12,033
Expenses recognised in respect of defined benefit retirement plans	**328**	496
Equity-settled share-based payment expenses/(forfeiture)	**3,839**	(1,817)
	418,827	443,024

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

(c) Other items

	2019 US$'000	2018 US$'000
Depreciation	**78,446**	78,407
Impairment losses recognised		
– other property, plant and equipment	**11,818**	15,419
– intangible assets	**11,761**	7,822
Amortisation		
– customer relationship, licences and brand names	**3,189**	–
– casino licences and brand names	**1,555**	1,629
– Bass Strait oil and gas royalty	**3,073**	3,326
– other intangible assets	**16,120**	11,244
Cost of inventories recognised in cost of sales	**24,203**	–
Operating lease charges		
– properties	**65,369**	67,875
– others	**1,547**	1,293
Auditors' remuneration		
– audit services	**2,488**	2,234
– tax services	**25**	58
– other services	**104**	116
Donations	**1,672**	1,141
Gross rental income from investment properties (note 5)	**(89,332)**	(87,188)
Less: direct outgoings	**20,778**	22,876
Net rental income	**(68,554)**	(64,312)
Share of (profits)/losses of associates and joint ventures:		
– associates	**(118,699)**	(121,336)
– joint ventures	**(2,836)**	6,624
	(121,535)	(114,712)

8. TAX EXPENSES

(a) Taxation in the consolidated income statement represents:

	2019 US$'000	2018 US$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**523**	499
(Over)/under-provision in respect of prior years	**(8)**	973
	515	1,472
Current tax – Overseas		
Provision for the year	**91,186**	106,860
Over-provision in respect of prior years	**(14,232)**	(60)
	76,954	106,800
Deferred tax		
Origination and reversal of temporary differences	**(44,975)**	103,949
Effect of changes in tax rate on deferred tax balances	**440**	(126)
	(44,535)	103,823
	32,934	212,095

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year ended 30 June 2019. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

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

	2019 US$'000	2018 US$'000
Profit for the year before tax	**582,451**	1,006,889
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**97,001**	184,992
Tax effect of non-deductible expenses	**29,502**	91,230
Tax effect of non-taxable income	**(89,791)**	(72,758)
Tax effect of unused tax losses not recognised	**9,498**	7,385
Tax effect of utilisation of tax losses not previously recognised	**(2,039)**	(2,932)
Tax effect of unrecognised deductible temporary differences	**2,710**	2,956
Tax effect of utilisation of other deductible temporary differences not previously recognised	**(565)**	–
Tax effect of changes in tax rate on deferred tax balances	**440**	(126)
(Over)/under-provision in respect of prior years	**(14,240)**	913
Others	**418**	435
Taxation	**32,934**	212,095

8. TAX EXPENSES (cont'd)

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

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purposes for the years ended 30 June 2019 and 2018.

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

	2019 US$'000	2018 US$'000
Hong Kong Profits Tax	**697**	671
Overseas taxation	**43,169**	47,274
Taxation payable	**43,866**	47,945
Amount of taxation payable expected to be settled after more than 1 year	**–**	–

9. DIRECTORS' EMOLUMENTS

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid and payable to each Director of the Company are as below:

Name	Fees US$'000	Salaries, allowances and benefits in kind[1] US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	Total emoluments US$'000
2019					
Kwek Leng Hai	– [2]	1,593	6,623	–	8,216
Tang Hong Cheong	– [2]	1,269	2,297	90	3,656
Kwek Leng San *	– [2]	–	–	–	–
Tan Lim Heng *	19	–	–	–	19
Volker Stoeckel **	64	–	–	–	64
Roderic N. A. Sage **	66	–	–	–	66
David Michael Norman **	55	–	–	–	55
	204	**2,862**	**8,920**	**90**	**12,076**

Name	Fees US$'000	Salaries, allowances and benefits in kind[1] US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	Total emoluments US$'000
2018					
Kwek Leng Hai	– [2]	1,581	4,343	122	6,046
Tang Hong Cheong	– [2]	1,266	2,069	90	3,425
Kwek Leng San *	– [2]	–	–	–	–
Tan Lim Heng *	41	–	–	–	41
Volker Stoeckel **	59	–	–	–	59
Roderic N. A. Sage **	61	–	–	–	61
David Michael Norman **	52	–	–	–	52
	213	2,847	6,412	212	9,684

Notes:

* Non-executive director

** Independent non-executive director

(1) Benefits in kind include insurance premium and motor vehicle expenses

(2) No directors' fees have been paid to any salaried directors employed by the Company or its related corporations

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, two (2018: two) are directors of the Company whose emoluments are disclosed in note 9. The emoluments of the other three (2018: three) individuals are as follows:

	2019 US$'000	2018 US$'000
Salaries, allowances and benefits in kind	**2,637**	2,157
Discretionary bonuses	**2,034**	3,762
Share-based payment expenses	**334**	744
Pension contributions	**83**	56
	5,088	6,719

The number of individuals whose emolument falls within the following bands are:

US$	**2019 Number of individuals**	2018 Number of individuals
1,050,001 – 1,100,000	**1**	–
1,200,001 – 1,250,000	**1**	1
1,800,001 – 1,850,000	**–**	1
2,800,001 – 2,850,000	**1**	–
3,650,001 – 3,700,000	**–**	1
	3	3

11. DIVIDENDS

	2019 **US$'000**	2018 US$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend of HK$1.00 (2018: HK$1.00) per ordinary share	**41,391**	41,417
– Proposed final dividend of HK$3.00 (2018: HK$3.00) per ordinary share	**126,446**	126,057
	167,837	167,474
Dividends paid in respect of the prior year:		
– Final dividend of HK$3.00 (2018: HK$3.00) per ordinary share	**124,591**	124,793

The final dividend for the year ended 30 June 2019 of US$126,446,000 (2018: US$126,057,000) is calculated based on 329,051,373 ordinary shares (2018: 329,051,373 ordinary shares) in issue as at 30 June 2019.

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

12. 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$431,501,000 (2018: US$624,297,000) and the weighted average number of 325,142,319 ordinary shares (2018: 325,024,511 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2019 and 2018.

13. 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 four 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

Other segments include royalty entitlement of Bass Strait's oil and gas production and manufacture, marketing and distribution of health products. None of these seqments meets any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

The accounting policies of the operating segments are the same as those described in the significant accounting policies in note 2. Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2017/18.

13. SEGMENT REPORTING (cont'd)

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

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

Segment revenue and profit or loss

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Others US$'000	Total US$'000
For the year ended 30 June 2019						
Turnover	482,234	741,582	1,266,884	–	35,982	2,526,682
Revenue from external customers	193,889	741,582	1,266,884	–	35,982	2,238,337
Inter-segment revenue	1,210	6,676	–	–	–	7,886
Reportable segment revenue	195,099	748,258	1,266,884	–	35,982	2,246,223
Operating profit	116,994	166,468	100,257	–	20,752	404,471
Finance costs	(26,050)	(71,179)	(25,965)	–	(3,293)	(126,487)
Valuation surplus on investment properties	–	157,562	–	–	–	157,562
Write back of provision for impairment loss on interest in an associate	–	–	–	25,370	–	25,370
Share of profits of associates and joint ventures	–	3,561	–	117,974	–	121,535
Profit before taxation	90,944	256,412	74,292	143,344	17,459	582,451
For the year ended 30 June 2018						
Turnover	783,049	2,458,861	1,293,463	–	–	4,535,373
Revenue from external customers	152,412	2,458,861	1,293,463	–	–	3,904,736
Inter-segment revenue	192	261	–	–	–	453
Reportable segment revenue	152,604	2,459,122	1,293,463	–	–	3,905,189
Operating profit	41,703	648,538 (note)	136,692	–	19,668	846,601
Finance costs	(19,751)	(61,653)	(24,911)	–	–	(106,315)
Valuation surplus on investment properties	–	151,891	–	–	–	151,891
Share of (losses)/profits of associates and joint ventures	–	(4,331)	–	119,043	–	114,712
Profit before taxation	21,952	734,445	111,781	119,043	19,668	1,006,889

13. SEGMENT REPORTING (cont'd)

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

Segment revenue and profit or loss (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 for the year ended 30 June 2018.

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

Accordingly, operating profits of GuocoLand for the year ended 30 June 2018 amounting to US$5.8 million in Singapore had been deferred for recognition in the Group's consolidated financial statements. The Group had recognised operating profits of GuocoLand of US$78.9 million which had been deferred in previous years. Up to 30 June 2018, accumulated operating profits of GuocoLand totalling US$5.8 million in Singapore had been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

13. SEGMENT REPORTING (cont'd)

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

Segment assets and liabilities

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Others US$'000	Total US$'000
At 30 June 2019						
Reportable segment assets	**3,951,663**	**7,196,634**	**2,969,750**	**–**	**345,960**	**14,464,007**
Interest in associates and joint ventures	**–**	**364,954**	**–**	**1,171,909**	**–**	**1,536,863**
Total assets	**3,951,663**	**7,561,588**	**2,969,750**	**1,171,909**	**345,960**	**16,000,870**
Reportable segment liabilities	**899,418**	**3,679,274**	**935,685**	**–**	**101,123**	**5,615,500**
At 30 June 2018						
Reportable segment assets	4,475,311	7,779,500	3,126,119	–	69,896	15,450,826
Interest in associates and joint ventures	–	265,122	–	1,093,357	–	1,358,479
Total assets	4,475,311	8,044,622	3,126,119	1,093,357	69,896	16,809,305
Reportable segment liabilities	950,801	4,044,645	1,027,086	–	–	6,022,532

Other information

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Others US$'000	Total US$'000
2019						
Interest income	**33,254**	**25,415**	**1,697**	**–**	**1**	**60,367**
Depreciation and amortisation	**4,187**	**3,654**	**86,757**	**–**	**7,785**	**102,383**
Additions to non-current segment assets	**137**	**56,901**	**77,228**	**–**	**407**	**134,673**
2018						
Interest income	17,934	25,101	1,266	–	–	44,301
Depreciation and amortisation	181	1,837	89,262	–	3,326	94,606
Additions to non-current segment assets	280	1,041,810	76,776	–	–	1,118,866

Major customers

During the years ended 30 June 2019 and 2018, there is no major customer accounting for more than 10% of the total revenue of the Group.

13. SEGMENT REPORTING (cont'd)

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

Revenue

	2019 US$'000	2018 US$'000
Reportable segment revenue	**2,246,223**	3,905,189
Elimination of inter-segment revenue	**(7,886)**	(453)
Consolidated revenue (note 5)	**2,238,337**	3,904,736

Finance costs

	2019 US$'000	2018 US$'000
Reportable finance costs	**126,487**	106,315
Elimination of inter-segment finance costs	**(5,482)**	–
Consolidated finance costs (note 7(a))	**121,005**	106,315

Interest income

	2019 US$'000	2018 US$'000
Reportable interest income	**60,367**	44,301
Elimination of inter-segment interest income	**(5,482)**	–
Consolidated interest income (note 5)	**54,885**	44,301

(c) Geographical information

The following table illustrates the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and pensions surplus ("specified non-current assets"). The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers		Specified non-current assets	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
The People's Republic of China				
– Hong Kong	**198,435**	156,167	**329,113**	176,795
– Mainland China	**97,148**	1,182,863	**152,423**	150,565
United Kingdom and Continental Europe	**1,225,792**	1,248,833	**2,232,060**	2,355,365
Singapore	**586,939**	1,237,969	**3,919,862**	3,585,275
Australasia and others	**130,023**	78,904	**1,784,616**	1,518,665
	2,238,337	3,904,736	**8,418,074**	7,786,665

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Cost or valuation						
At 1 July 2017	2,349,272	1,139,404	493,686	956,019	2,589,109	4,938,381
Acquisition of subsidiaries (note 35(a))	–	–	–	45	45	45
Additions	1,041,023	1,955	33,347	42,541	77,843	1,118,866
Reversal	–	(7,442)	–	–	(7,442)	(7,442)
Disposals and written off	–	(553)	–	(13,863)	(14,416)	(14,416)
Disposal of a subsidiary (note 35(b))	–	–	–	(88)	(88)	(88)
Fair value adjustments	151,891	–	–	–	–	151,891
Exchange adjustments	26,791	16,959	11,110	14,218	42,287	69,078
At 30 June 2018	3,568,977	1,150,323	538,143	998,872	2,687,338	6,256,315
Representing:						
Cost	–	1,150,323	538,143	998,872	2,687,338	2,687,338
Valuation – 2018	3,568,977	–	–	–	–	3,568,977
	3,568,977	1,150,323	538,143	998,872	2,687,338	6,256,315
At 1 July 2018	**3,568,977**	**1,150,323**	**538,143**	**998,872**	**2,687,338**	**6,256,315**
Acquisition of subsidiaries (note 35(a))	**–**	**138,224**	**8,826**	**21,529**	**168,579**	**168,579**
Additions	**52,078**	**6,696**	**29,885**	**46,014**	**82,595**	**134,673**
Reversal	**–**	**(2,929)**	**(1,850)**	**–**	**(4,779)**	**(4,779)**
Disposals and written off	**–**	**(4,898)**	**(2,036)**	**(13,330)**	**(20,264)**	**(20,264)**
Disposal of subsidiaries (note 35(b))	**–**	**–**	**–**	**(539)**	**(539)**	**(539)**
Fair value adjustments	**157,562**	**–**	**–**	**–**	**–**	**157,562**
Exchange adjustments	**20,226**	**(31,006)**	**(18,148)**	**(34,980)**	**(84,134)**	**(63,908)**
At 30 June 2019	**3,798,843**	**1,256,410**	**554,820**	**1,017,566**	**2,828,796**	**6,627,639**
Representing:						
Cost	**–**	**1,256,410**	**554,820**	**1,017,566**	**2,828,796**	**2,828,796**
Valuation – 2019	**3,798,843**	**–**	**–**	**–**	**–**	**3,798,843**
	3,798,843	**1,256,410**	**554,820**	**1,017,566**	**2,828,796**	**6,627,639**

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Investment properties US$'000	Interests in leasehold land and buildings US$'000	Freehold land and buildings US$'000	Furniture, fixtures and equipment US$'000	Other property, plant and equipment US$'000	Total US$'000
Accumulated depreciation and impairment loss						
At 1 July 2017	–	176,191	48,776	675,781	900,748	900,748
Charge for the year	–	18,048	4,855	55,504	78,407	78,407
Written back on disposals and written off	–	(133)	–	(13,442)	(13,575)	(13,575)
Written back through disposal of a subsidiary (note 35(b))	–	–	–	(87)	(87)	(87)
Impairment loss recognised	–	4,062	–	11,357	15,419	15,419
Exchange adjustments	–	2,356	772	8,517	11,645	11,645
At 30 June 2018	–	200,524	54,403	737,630	992,557	992,557
At 1 July 2018	**–**	**200,524**	**54,403**	**737,630**	**992,557**	**992,557**
Acquisition of subsidiaries (note 35(a))	**–**	**–**	**440**	**7,069**	**7,509**	**7,509**
Charge for the year	**–**	**20,220**	**5,431**	**52,795**	**78,446**	**78,446**
Written back on disposals and written off	**–**	**(1,866)**	**(938)**	**(12,196)**	**(15,000)**	**(15,000)**
Written back through disposal of subsidiaries (note 35(b))	**–**	**–**	**–**	**(280)**	**(280)**	**(280)**
Impairment loss recognised	**–**	**759**	**6,536**	**4,523**	**11,818**	**11,818**
Exchange adjustments	**–**	**(9,747)**	**(2,114)**	**(26,734)**	**(38,595)**	**(38,595)**
At 30 June 2019	**–**	**209,890**	**63,758**	**762,807**	**1,036,455**	**1,036,455**
Carrying amount						
At 30 June 2019	**3,798,843**	**1,046,520**	**491,062**	**254,759**	**1,792,341**	**5,591,184**
At 30 June 2018	3,568,977	949,799	483,740	261,242	1,694,781	5,263,758

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The analysis of the carrying amount of properties is as follows:

	2019 US$'000	2018 US$'000
In Hong Kong:		
– Leasehold with between 10 to 50 years unexpired	**328,534**	176,501
– Leasehold with less than 10 years unexpired	**55**	3
Outside Hong Kong:		
– Freehold	**1,001,911**	982,590
– Leasehold with over 50 years unexpired	**3,821,224**	3,657,036
– Leasehold with between 10 to 50 years unexpired	**157,868**	159,286
– Leasehold with less than 10 years unexpired	**26,833**	27,100
	5,336,425	5,002,516

(b) Certain of the Group's properties with an aggregate carrying amount of US$3,609.6 million (2018: US$3,438.4 million) were pledged for bank loans and mortgage debenture stock.

(c) Investment properties comprise:

	2019 US$'000	2018 US$'000
Completed investment properties	**2,637,269**	2,514,423
Investment properties under development	**1,161,574**	1,054,554
	3,798,843	3,568,977

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years. The gross carrying amount of investment properties of the Group held for use in operating leases was US$2,637.3 million (2018: US$2,514.4 million).

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

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties 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.

	2019				2018			
	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 measurement								
Investment properties	**–**	**192,559**	**3,606,284**	**3,798,843**	–	176,501	3,392,476	3,568,977

During the year ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: 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.

All of the Group's investment properties were revalued as at 30 June 2019. The valuations were carried out by external independent property valuers, CHFT Advisory and Appraisal Limited, CBRE, First Pacific Valuers and Savills, which have appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued. The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. Management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

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

The fair values of investment properties in Level 2 are determined using market comparison approach by reference to the recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) Fair value measurement of properties (cont'd)

(iii) Information about Level 3 fair value measurements

Type of investment properties	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	– Direct comparison method	– Sales prices of US$447 to US$2,550 (2018: US$299 to US$2,605) per square feet ("psf")	The estimated fair value increases when the sales price increases
	– Income capitalisation method	– Capitalisation rate of 3.2% to 4.5% (2018: 3.5% to 6.3%)	The estimated fair value increases when the capitalisation rate decreases
Reversionary interest in freehold land and commercial properties	– Direct comparison method	– Sales prices of US$124 to US$507 (2018: US$104 to US$459) psf	The estimated fair value increases when the sales price and gross development value increase
	– Residual land method	– Gross development value of US$2,218 (2018: US$2,018) psf	
Commercial properties under development	– Residual land method	– Gross development value of US$2,218 to US$2,958 (2018: US$1,219 to US$1,863) psf	The estimated fair value increases when the gross development value increases

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

	2019 US$'000	2018 US$'000
Investment properties:		
At 1 July	**3,392,476**	2,217,669
Additions	**49,736**	1,040,947
Fair value adjustments	**144,801**	106,244
Exchange adjustments	**19,271**	27,616
At 30 June	**3,606,284**	3,392,476

Fair value adjustment of investment properties is recognised in the line item "Valuation surplus on investment properties" on the face of the consolidated income statement.

Exchange adjustment of investment properties is recognised in other comprehensive income in "Exchange translation reserve".

15. INTANGIBLE ASSETS

	Casino licences and brand names US$'000	Bass Strait oil and gas royalty US$'000	Customer relationship, licences and brand names US$'000	Others US$'000	Total US$'000
Cost					
At 1 July 2017	919,381	145,348	–	68,637	1,133,366
Additions through acquisition of subsidiaries (note 35(a))	–	–	–	19,652	19,652
Additions	–	–	–	15,306	15,306
Transfer to assets held for sale (note 29)	(39,714)	–	–	–	(39,714)
Disposals	–	–	–	(4,162)	(4,162)
Exchange adjustments	13,876	(5,451)	–	325	8,750
At 30 June 2018	893,543	139,897	–	99,758	1,133,198
Originally stated at 30 June 2018	**893,543**	**139,897**	**–**	**99,758**	**1,133,198**
Changes in accounting policies (note 4)	**–**	**–**	**–**	**308**	**308**
As stated at 1 July 2018	**893,543**	**139,897**	**–**	**100,066**	**1,133,506**
Additions through acquisition of subsidiaries (note 35(a))	**–**	**–**	**49,823**	**912**	**50,735**
Additions	**24**	**–**	**64**	**14,737**	**14,825**
Disposals	**–**	**–**	**–**	**(2,214)**	**(2,214)**
Exchange adjustments	**(32,229)**	**(7,192)**	**351**	**(3,353)**	**(42,423)**
At 30 June 2019	**861,338**	**132,705**	**50,238**	**110,148**	**1,154,429**

15. INTANGIBLE ASSETS (cont'd)

	Casino licences and brand names US$'000	Bass Strait oil and gas royalty US$'000	Customer relationship, licences and brand names US$'000	Others US$'000	Total US$'000
Accumulated amortisation and impairment loss					
At 1 July 2017	46,365	69,427	–	26,314	142,106
Charge for the year	1,629	3,326	–	11,244	16,199
Transfer to assets held for sale (note 29)	(8,061)	–	–	–	(8,061)
Impairment loss recognised	7,574	–	–	248	7,822
Disposals	–	–	–	(4,162)	(4,162)
Exchange adjustments	712	(2,753)	–	(486)	(2,527)
At 30 June 2018	48,219	70,000	–	33,158	151,377
At 1 July 2018	**48,219**	**70,000**	**–**	**33,158**	**151,377**
Charge for the year	**1,555**	**3,073**	**3,189**	**16,120**	**23,937**
Impairment loss recognised	**11,755**	**–**	**–**	**6**	**11,761**
Disposals	**–**	**–**	**–**	**(2,062)**	**(2,062)**
Exchange adjustments	**(1,413)**	**(3,658)**	**(13)**	**(1,416)**	**(6,500)**
At 30 June 2019	**60,116**	**69,415**	**3,176**	**45,806**	**178,513**
Net book value					
At 30 June 2019	**801,222**	**63,290**	**47,062**	**64,342**	**975,916**
At 30 June 2018	845,324	69,897	–	66,600	981,821

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia held by GL Limited ("GL"). It is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so that the amortisation charge for the year is included in administrative and other operating expenses in the consolidated income statement so as to write off the cost over its estimated useful life of 30 years to 2040.

The Group capitalises acquired casino and other gaming licences and concessions. Management believes that licences, with the exception of the casino concession in Belgium, have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment. In respect of the casino concession in Belgium, its carrying value is amortised over the expected useful life of the concessions (9 years).

The customer relationship, licenses and brand name represents the Group's interest in the manufacture, marketing and distribution of health products. The customer relationship and licences are amortised on a straight-line basis over the estimated useful lives (4 to 20 years). Acquired brand names are recorded at fair value on acquistion. Where the brand names have a substantial and long term sustainable value and continued investment is made in the brand, the brand is deemded to have an indefinite life and is therefore not amortised. Brand names are reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying value of the brand names may be impaired.

15. INTANGIBLE ASSETS (cont'd)

Included in other intangible assets are acquired computer software licences, costs that are directly associated with the production and development of identifiable and unique software products controlled by the Group, and computer software development costs which are amortised over their estimated useful lives (3 to 5 years).

The recoverable amounts of the other intangible assets are estimated based on value-in-use models. These calculations use cash flow projections based on financial budgets approved by management covering a 3-year period. Subsequent to the cash flow projections period, the growth rates used to extrapolate the cash flow projections are stated below. The growth rate does not exceed the long term average growth rate for the relevant businesses.

The key assumptions used for value-in-use calculations are as follows:

	Casino licences and brand names of Rank		Bass Strait oil and gas royalty of GL		Customer relationship, licences and brand name	
	2019	2018	**2019**	2018	**2019**	2018
Long term growth rate	**0%-2%**	2%	**2%**	2%	**3%**	N/A
Discount rate	**10%-13%**	11%-14%	**10%**	10%	**10%**	N/A

For casino licences and brand names of Rank, the key assumptions in the calculation of value in use are customer visits, win margins, spend per visit, casino duty, machine games duty, bingo duty and the discount rate. For Bass Strait oil and gas royalty, the key assumptions in the calculation of value in use are oil and gas production, oil and gas price, exchange rate and general inflation. For customer relationship, licences and brand name, the key assumptions in the calculation of value in use are honey production, honey price, exchange rate and general inflation. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

During the year ended 30 June 2019, the Group recognised impairment losses of US$11,755,000 in relation to the performance at certain venues (most notably admissions) of Rank not been in line with expectations and not expected to significantly improve in the future.

During the year ended 30 June 2018, the Group recognised impairment losses of US$7,574,000 in relation to the hospitality and leisure segment on the casino brand name of GL following the cessation of its casino operations.

16. INTEREST IN SUBSIDIARIES

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Asia Fountain Investment Company Limited	2 shares (HK$20)	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares (HK$1,941,730,353)	–	69	Investment holding
GLL EWI (HK) Limited	10 shares (HK$10)	–	65	Investment holding
GuocoEquity Assets Limited	23,000,000 shares (HK$23,000,000)	100	100	Investment holding
GuoSon Assets China Limited	1 share (HK$1)	–	65	Investment holding
GuoSon Changfeng China Limited	1 share (HK$1)	–	65	Investment holding
Guoco Management Company Limited	2,000,000,000 shares (HK$2,000,000,000)	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares (HK$10,000,000)	100	100	Investment holding

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
GL Management Pte Ltd	2 shares (S$2)	–	69	Management company
GLL IHT Pte Ltd	10,000,000 shares (S$10,083,000)	–	65	Provision of financial and treasury services
GLL Land Pte Ltd	70,000,000 shares (S$70,000,000)	–	65	Holding properties for rental
GLL (Malaysia) Pte Ltd	58,000,000 shares (S$58,000,000)	–	65	Investment holding
Goodwood Residence Development Pte Ltd	10,000 shares (S$10,000)	–	65	Property development
GuocoLand Limited	1,183,373,276 shares (S$1,926,053,000)	–	65	Investment holding
GuocoLand Assets Pte Ltd	20,000,000 shares (S$20,000,000)	100	100	Investment holding

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
GuocoLand Hotels Pte Ltd	92,000,000 shares (S$92,000,000)	–	65	Investment holding
GuocoLand Property Management Pte Ltd	60,000,000 shares (S$60,000,000)	–	65	Property management, marketing and maintenance services
GuocoLand Property Management Services Pty Ltd.	2,500,000 shares (S$2,500,000)	–	65	Property management, marketing and maintenance services
GuocoLand (Singapore) Pte Ltd	195,000,000 shares (S$195,000,000)	–	65	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share (S$1)	–	65	Investment holding
Leedon Residence Development Pte Ltd	158,000,000 shares (S$158,000,000)	–	65	Property development
Martin Modern Pte Ltd	162,000,000 shares (S$162,000,000)	–	65	Property development
Sims Urban Oasis Pte Ltd	64,560,000 shares (S$64,560,000)	–	65	Property development
TPC Commercial Pte Ltd	237,000,000 shares (S$237,000,000)	–	52	Investment holding
TPC Hotel Pte Ltd	78,000,000 shares (S$78,000,000)	–	52	Investment holding
Wallich Residence Pte Ltd	30,000,000 shares (S$30,000,000)	–	52	Property development

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Damansara City Sdn. Bhd.	20,100,000 shares of (RM20,100,000)	–	44	Property development and property investment
DC Hotel Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Hotel operations
DC Offices Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Property investment
DC Parking Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Car park operations and property investment
DC Town Square Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Property investment
GLM Emerald Hills (Cheras) Sdn. Bhd. (formerly known as GLM Alam Damai Sdn. Bhd.)	2,500,000 shares of (RM2,500,000)	–	44	Property investment and property development
GLM Emerald Industrial Park (Jasin) Sdn. Bhd.	50,600,000 shares of (RM50,600,000)	–	30	Property development and operation of an oil palm estate
GLM Emerald Square (Cheras) Sdn. Bhd. (formerly known as Tujuan Optima Sdn. Bhd.)	2 shares of (RM2)	–	44	Property development
GLM Oval Sdn. Bhd.	3,000,000 shares of (RM3,000,000)	–	44	Property investment and trading
GuocoLand (Malaysia) Berhad	700,458,518 shares of (RM350,229,259)	–	44	Investment holding and provision of management services
JB Parade Sdn Bhd	40,000,000 shares of (RM40,000,000)	–	45	Investment holding and hotel operations
PD Resort Sdn. Bhd.	100,016,800 shares of (RM100,016,800)	–	65	Property investment and development and hotel operations
Titan Debut Sdn. Bhd.	3,000,000 shares of (RM3,000,000)	–	44	Acquire, enhance and resale of properties

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Grosvenor Casinos Limited	39,000,000 shares of GBP1 each	–	52	Casinos
Grosvenor Casinos (GC) Limited	10,000 shares of GBP0.01 each	–	52	Casinos
GLH Hotels Holdings Limited	2 shares of GBP1 each	–	69	Investment holding
GLH Hotels Limited	310,545,212 shares of GBP0.26 each	–	69	Ownership and operation of hotels in UK
Mecca Bingo Limited	950,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	52	Social and bingo clubs
Rank Casino Holdings Limited (formerly known as Rank Gaming Group Limited)	100 shares of GBP1 each	–	52	Intermediary holding company
Rank Digital Limited	100,000 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	52	Support services to interactive gaming
Rank Group Finance Plc	200,000,000 shares of GBP1 each	–	52	Funding operations
Rank Group Gaming Division Limited	944,469 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	52	Intermediary holding and provision of shared services
Rank Leisure Limited	1 share of GBP1 each	–	52	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	52	Intermediary holding and corporate activities
Rank Nemo (Twenty-Five) Limited	1 share of GBP1 each	–	52	Intermediary holding company
Rank Overseas Holdings Limited	1,000,000 shares of GBP1 each	–	52	Intermediary holding company
The Gaming Group Limited	1 share of GBP1 each	–	52	Casinos
The Rank Group Plc	390,683,521 shares of GBp13 8/9 each	–	52	Investment holding of gaming business
Upperline Marketing Limited	100 shares of GBP1 each	–	52	Support services to interactive gaming

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Asian Financial Common Wealth (PTC) Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Jiang Sheng Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB250,000,000 (Note (ii))	–	65	Property development
BIL Australia Pty Limited	Australia	1 share of A$1 each	–	69	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZ$1,000 each	–	69	Investment holding
BingoSoft Plc	Malta	17,500 shares of EUR0.01 each	–	52	Interactive gaming
Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB3,786,000,000 (Note (ii))	–	49	Property development
Clermont Leisure International Limited	Jersey	2 shares of GBP1 each	–	69	Investment holding
Dynamic Talent Limited	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Fresco Resources Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Financing activities
GGL Assets (NZ) Limited	New Zealand	163,000,100 shares (NZ$163,000,100)	100	100	Investment holding
GL Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	69	Hotel and property management
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 (Note (ii))	–	65	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	65	Investment holding
GuocoLeisure Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
GLH Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	69	Investment holding
GuoSon Investment Company Limited (Note (i) & (vi))	The People's Republic of China	US$392,000,000 (Note (ii))	–	65	Investment holding
Hillcrest Hives Limited	New Zealand	1,000 shares (NZ$1,000)	–	70	Apiculture
Ma Sing Investments Limited (Note (iv))	British Virgin Islands	1 share of US$1 each	–	69	Investment holding
Manuka Health Australia Pty Limited	Australia	1 share of A$1 each	–	100	Limited risk distributor
Manuka Health New Zealand Limited ("Manuka Health")	New Zealand	28,721,250 shares (NZ$28,721,250)	–	100	Apiculture, manufacture, sale and distribution of New Zealand natural healthcare products

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Mindful Media Limited	Channel Islands	1 share of GBP1 each	–	52	Support services to interactive gaming
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	69	Investment holding
Neuseelanhaus GmbH	Germany	25,000 shares of EUR1 each	–	100	Sale and distribution of New Zealand natural healthcare products
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading
QSB Gaming Limited	Channel Islands	4,234 share of GBP1 each	–	100	Intermediary holding company
Rank Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Rank Digital España SA	Spain	1,500 shares of EUR1 each	–	52	Interactive gaming
Rank Digital Gaming (Alderney) Limited	Alderney	1 share of GBP1 each	–	52	Interactive gaming
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	–	52	Support services to interactive gaming
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	–	52	Intermediary holding company
Rank Stadium Andalucia, S.L.	Spain	3,000 shares of EUR1 each	–	52	Social and bingo club
Shanghai Xinhaolong Property Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	US$126,000,000 (Note (ii))	–	65	Property development
Shanghai Xinhaojia Property Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	RMB3,150,000,000 (Note (ii))	–	83	Property development
Supreme Goal Investments Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Property investment
Supreme View Investment Limited (Note (iii))	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Tabua Investments Limited	Fiji	2 shares of FJ$1 each	–	69	Investment holding
The Center (50) Limited (Note (iii) & (viii))	British Virgin Islands	1 share of US$1 each	–	100	Property investment

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Notes:

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

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

(iii) These companies are operating in Hong Kong.

(iv) These companies are operating in Australia.

(v) These companies are operating in the United Kingdom.

(vi) These companies are foreign capital enterprise.

(vii) These companies are sino-foreign equity joint venture enterprises.

(viii) This company has commenced members' voluntary liquidation on 9 July 2019.

16. INTEREST IN SUBSIDIARIES (cont'd)

(f) Material non-controlling interests

The following table lists out the information relating to each subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	GuocoLand		GL		Rank		Immaterial		Total	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
NCI percentage at the end of the reporting period	35%	35%	31%	32%	48%	48%				
Non-current assets	4,469,125	4,516,239	1,061,856	1,096,653	1,240,641	1,316,771				
Current assets	2,948,140	3,174,807	342,669	380,458	126,893	117,810				
Non-current liabilities	(3,577,212)	(2,865,329)	(229,398)	(280,731)	(80,343)	(88,946)				
Current liabilities	(407,384)	(1,424,756)	(79,696)	(74,840)	(314,452)	(337,517)				
Net assets	3,432,669	3,400,961	1,095,431	1,121,540	972,739	1,008,118				
Carrying amount of NCI	1,633,154	1,611,446	337,767	360,740	453,665	470,136	2,535	65	2,427,121	2,442,387
Revenue	703,176	1,347,625	316,392	318,592	898,780	932,915				
Profit for the year	210,964	344,999	50,326	59,049	37,647	48,444				
Total comprehensive income	118,069	291,433	(5,772)	74,130	39,031	49,675				
Profit allocated to NCI	83,707	128,327	16,025	19,057	18,059	23,236	225	(123)	118,016	170,497
Dividend paid to NCI	18,774	18,487	5,978	5,860	17,703	18,384	-	–	42,455	42,731
Net cash (used in)/generated from:										
– operating activities	235,794	172,289	76,385	67,732	129,594	115,339				
– investing activities	218,585	(1,068,662)	(14,106)	1,640	(75,402)	(72,299)				
– financing activities	(485,409)	715,926	(69,858)	(34,551)	(40,003)	(81,830)				
Net (decrease)/increase in cash and cash equivalents	(31,030)	(180,447)	(7,579)	34,821	14,189	(38,790)				

17. INTEREST IN ASSOCIATES AND JOINT VENTURES

	2019 US$'000	2018 US$'000
Share of net assets of associates	1,226,038	1,174,301
Goodwill	14,500	14,558
Amounts due from associates	547	95
	1,241,085	1,188,954
Less: Impairment loss	(12,092)	(37,462)
Interest in associates	1,228,993	1,151,492
Share of net assets of joint ventures	203,675	206,565
Amounts due from joint ventures	104,195	422
Interest in joint ventures	307,870	206,987
	1,536,863	1,358,479

The market values of the listed investments in associates and joint venture at 30 June 2019 were US$1,318.5 million (2018: US$1,312.6 million) and US$105 million (2018: US$148 million) respectively.

The details of significant associates and joint venture are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Associates				
Hong Leong Financial Group Berhad ("HLFG")	Malaysia	1,147,516,890 shares (RM2,267,008,045)	25	Financial services (Note 1)
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	280,500,000 units (RM285,344,766)	10	Investment in real estate and real-estate related assets (Note 2)
GLM Emerald (Sepang) Sdn. Bhd. ("GLM Emerald")	Malaysia	140,000,000 shares (RM140,000,000)	21	Property development and operation of an oil palm estate
Joint venture				
EcoWorld International Berhad ("EWI")	Malaysia	2,400,000,000 shares (RM2,592,451,000)	18	Property development (Note 3)
Carmel Development Pte Ltd ("Carmel")	Singapore	4,000,000 shares (S$4,000,000)	26	Property development

Note 1: HLFG is an integrated financial services group and is listed on the Malaysia Stock Exchange. Its businesses cover commercial banking, Islamic banking services, insurance and takaful business, investment banking, futures and stockbroking and asset management business.

Note 2: Tower REIT is listed on the Malaysia Stock Exchange. Its investment portfolio comprises 2 prime commercial buildings in Kuala Lumpur.

Note 3: EWI is listed on the Malaysia Stock Exchange and is principally engaged in property development in international market outside of Malaysia, mainly in the United Kingdom and Australia.

All of the associates and joint ventures are accounted for using the equity method in the consolidated financial statements.

Included in amounts due from joint ventures of US$101.1 million is interest bearing at 4.0% per annum (2018: nil) and is repayable at the discretion of the board of the joint venture.

17. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	HLFG		Tower REIT		GLM Emerald		Total	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Non-current assets	N/A	N/A	135,872	139,257	51,550	59,547		
Current assets	N/A	N/A	2,057	1,453	13,052	3,740		
Total assets	57,542,963	56,990,983	137,929	140,710	64,602	63,287		
Non-current liabilities	N/A	N/A	(6,777)	(4,699)	(2,978)	(3,245)		
Current liabilities	N/A	N/A	(718)	(1,229)	(4,111)	(1,421)		
Total liabilities	(50,624,474)	(50,383,002)	(7,495)	(5,928)	(7,089)	(4,666)		
Non-controlling interests	(2,299,092)	(2,198,211)	–	–	–	–		
Net assets	4,619,397	4,409,770	130,434	134,782	57,513	58,621		
Group's share of net assets	1,171,909	1,118,727	28,251	29,193	25,881	26,381		
Goodwill	12,092	12,092	–	–	2,405	2,466		
Amounts due from associates	–	–	–	–	547	95		
Impairment loss	(12,092)	(37,462)	–	–	–	–		
Group's carrying amount	1,171,909	1,093,357	28,251	29,193	28,833	28,942		
Revenue	1,608,294	1,603,791	8,235	7,106	904	–		
Profit for the year	465,034	469,250	1,785	3,864	753	3,237		
Other comprehensive income	21,230	(62,644)	(4,372)	5,552	(2,467)	2,584		
Total comprehensive income	486,264	406,606	(2,587)	9,416	(1,714)	5,821		
Carrying amount of interest in associates at the beginning of the year	1,093,357	955,842	29,193	27,765	28,942	26,018		
Changes in accounting policies (note 4)	(14,759)	–	–	–	(13)	–		
Total comprehensive income attributable to the Group	123,360	103,150	(560)	2,040	(772)	2,619		
Dividends received during the year	(29,398)	(28,647)	(604)	(896)	–	–		
Advance to an associate	–	–	–	–	452	95		
Reversal of impairment loss	25,370	–	–	–	–	–		
Exchange adjustments	(26,021)	63,012	222	284	224	210		
Carrying amount of interest in associates at the end of the year	1,171,909	1,093,357	28,251	29,193	28,833	28,942	1,228,993	1,151,492

17. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EWI		Carmel		Other immaterial joint ventures		Total	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Non-current assets	500,799	412,698	196	–				
Current assets	344,927	177,372	762,703	64,706				
Total assets	845,726	590,070	762,899	64,706				
Non-current liabilities	(269,211)	(63,467)	(765,724)	–				
Current liabilities	(68,598)	(7,822)	(2,622)	(61,771)				
Total liabilities	(337,809)	(71,289)	(768,346)	(61,771)				
Non-controlling interests	(1,809)	(3,986)	–	–				
Net assets	506,108	514,795	(5,447)	2,935				
Group's share of net assets	136,649	138,995	–	1,174				
Goodwill	39,503	39,202	–	–				
Shareholder's loan	–	–	103,398	–				
Group's carrying amount	176,152	178,197	103,398	1,174	27,521	27,616	307,071	206,987
Profit/(loss) for the year	11,041	(24,825)	(2,934)	–				
Group's share of total comprehensive income	(6,411)	(5,493)	(1,174)	–	135	1,072	(7,450)	(4,421)
Carrying amount of interest in investee at the beginning of the year	178,197	181,722	1,174	–	27,616	25,858	206,987	207,580
Changes in accounting policies (note 4)	2,948	–	–	–	(23)	–	2,925	–
Addition	–	–	–	1,174	–	–	–	1,174
Total comprehensive income attributable to the Group	(6,411)	(5,493)	(1,174)	–	135	1,072	(7,450)	(4,421)
Advance to joint ventures	–	–	103,398	–	375	422	103,773	422
Exchange adjustments	1,420	1,968	–	–	215	264	1,635	2,232
Carrying amount of interest in investee at the end of the year	176,154	178,197	103,398	1,174	28,318	27,616	307,870	206,987

18. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the financial year ended 30 June 2019, the Group acquired an additional 1.4% (2018: nil) interest in GL for US$10.3 million in cash, increasing its ownership from 67.6% to 69.0%. The Group recognised a decrease in non-controlling interests of US$15.5 million and an increase in total equity attributable to equity shareholders of the Company of US$5.3 million.

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

	US$'000
Group's ownership interest at 1 July 2018	760,800
Effect of increase in Group's ownership interest	15,508
Share of total comprehensive income	(18,644)
Group's ownership interest at 30 June 2019	757,664

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 US$'000
Equity securities	
Listed (at market value)	
– In Hong Kong	1,738,523
Unlisted	24,162
	1,762,685
Club and other debentures	308
Investment in a partnership	32,400
	1,795,393

As at 30 June 2018, an unlisted available-for-sale financial asset was measured at cost as the directors of the Company are of the opinion that its fair value cannot be measured reliably.

20. EQUITY INVESTMENTS AT FVOCI

	2019 US$'000
Equity securities	
Listed (at market value)	
– In Hong Kong	1,283,779
Unlisted	83,242
	1,367,021

21. GOODWILL

	2019 US$'000	2018 US$'000
Cost:		
At 1 July	182,607	138,196
Additions through acquisition of subsidiaries (note 35(a))	136,425	42,040
Exchange adjustments	(4,921)	2,371
At 30 June	314,111	182,607

In accordance with the Group's accounting policy, the carrying value of goodwill is tested for impairment annually, based on value-in-use models. For impairment testing purposes, each subsidiary group acquired is treated as a single cash generating unit ("CGU"). The recoverable amount of goodwill is determined by discounting the future cash flows to be generated from the CGU based on the financial budgets approved by management covering a 3-year period. Cash flows beyond the 3-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Manuka Health		GuocoLand		Rank	
	2019	2018	2019	2018	2019	2018
Long term growth rate	3%	N/A	4%	4%	2%	2%
Discount rate	10%	N/A	7%	9%	11%	10%

The long term growth rates used are consistent with the forecasts included in industry reports and do not exceed the long-term average growth rates for the business in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

The results of the tests undertaken as at 30 June 2019 and 30 June 2018 indicated no impairment loss was necessary.

22. DEVELOPMENT PROPERTIES

	2019 US$'000	2018 US$'000
Cost	2,247,493	3,023,172
Less: Impairment loss	–	(5,115)
Progress instalments received and receivable	(275,806)	(733,023)
Transfer to properties held for sale	–	(594,034)
	1,971,687	1,691,000

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

Certain of the Group's development properties with an aggregate book value of US$1,345.2 million (2018: US$1,231.6 million) were pledged for bank loans and mortgage debenture stock.

23. PROPERTIES HELD FOR SALE

	2019 US$'000	2018 US$'000
Originally stated at 30 June	746,537	481,428
Changes in accounting policies (note 4)	(60,515)	–
As stated at 1 July	686,022	481,428
Additions	120,129	66,682
Transfer from development properties	–	594,034
Disposal of a subsidiary (note 35(b))	–	(1,265)
Disposals	(351,749)	(405,637)
Impairment loss recognised	(2,215)	–
	452,187	735,242
Exchange adjustments	(3,654)	11,295
At 30 June	448,533	746,537

24. INVENTORIES

	2019 US$'000	2018 US$'000
Raw materials and consumables	31,934	–
Work in progress	555	–
Finished goods	25,577	–
	58,066	–

25. CONTRACT ASSETS/LIABILITIES

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

(ii) Contract liabilities

Contract liabilities relate primarily to advance consideration received from customers; and progress billings issued in excess of the Group's rights to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

The changes in contract assets and contract liabilities are due to the differences between the agreed payment schedule and progress of the construction work.

26. TRADE AND OTHER RECEIVABLES

	2019 US$'000	2018 US$'000
Trade debtors	85,263	198,569
Accrued receivables for sales consideration not yet billed on completed development properties	–	143,901
Other receivables, deposits and prepayments	140,028	161,547
Derivative financial instruments, at fair value	22,324	22,197
Interest receivables	3,883	10,697
	251,498	536,911

Included in the Group's trade and other receivables is US$7.1 million (2018: US$6.5 million) which is expected to be recovered after one year.

26. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Ageing analysis

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:

	2019 US$'000	2018 US$'000
Within 1 month	67,497	186,220
1 to 3 months	10,591	10,367
More than 3 months	7,175	1,982
	85,263	198,569

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is therefore insignificant.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2019 and 2018 are not significant.

(c) Trade debtors that are not impaired

Prior to 1 July 2018, an impairment loss was recognised only when there was objective evidence of impairment. The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	2018 US$'000
Neither past due nor impaired	179,929
Less than 1 month past due	7,865
1 to 3 months past due	9,309
More than 3 months past due	1,466
	18,640
	198,569

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

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

27. TRADING FINANCIAL ASSETS

	2019 US$'000	2018 US$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	786,785	817,339
– Outside Hong Kong	850,216	831,430
	1,637,001	1,648,769
Unlisted convertible promissory note		
– Outside Hong Kong	–	10,000
	1,637,001	1,658,769

28. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalent comprise:

	2019 US$'000	2018 US$'000
Deposits with banks	1,368,869	2,253,048
Cash at bank and in hand	420,927	277,852
Cash and short term funds in the consolidated statement of financial position	1,789,796	2,530,900
Fixed deposits with maturity over three months	(167,368)	(585,004)
Cash collaterals (note)	(10,976)	(10,573)
Cash and cash equivalents in the consolidated statement of cash flows	1,611,452	1,935,323

Note: Cash collaterals comprised deposits of US$11.0 million as at 30 June 2019 (2018: US$10.6 million) pledged with financial institutions in Singapore for bank loans.

28. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION (cont'd)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings and interest payable US$'000	Amount due to non-controlling interests US$'000	Total US$'000
At 1 July 2017	4,786,645	229,842	5,016,487
Changes from financing cash flows:			
Net repayment of bank loans and other borrowings	(11,968)	–	(11,968)
Loans from non-controlling interests of subsidiaries	–	54,722	54,722
Interest paid	(160,532)	–	(160,532)
Total changes from financing cash flows	(172,500)	54,722	(117,778)
Exchange adjustments	46,136	3,337	49,473
Other changes:			
Capitalisation of shareholder's loans from non-controlling interests	–	(9,979)	(9,979)
Total borrowing costs (note 7(a))	106,315	–	106,315
Capitalised borrowing costs (note 7(a))	40,570	13,982	54,552
Amortisation of upfront fee	4,110	–	4,110
Total other changes	150,995	4,003	154,998
At 30 June 2018	4,811,276	291,904	5,103,180
At 1 July 2018	4,811,276	291,904	5,103,180
Changes from financing cash flows:			
Net repayment of bank loans and other borrowings	(346,690)	–	(346,690)
Interest paid	(160,801)	–	(160,801)
Total changes from financing cash flows	(507,491)	–	(507,491)
Exchange adjustments	7,114	(2,930)	4,184
Other changes:			
Acquisition of subsidiaries (note 35(a))	63,197	–	63,197
Total borrowing costs (note 7(a))	117,212	3,793	121,005
Capitalised borrowing costs (note 7(a))	48,073	12,029	60,102
Amortisation of upfront fee	6,737	–	6,737
Total other changes	235,219	15,822	251,041
At 30 June 2019	4,546,118	304,796	4,850,914

29. ASSETS HELD FOR SALE

	2019 US$'000	2018 US$'000
Intangible assets	–	31,653
	–	31,653

During the year ended 30 June 2018, GL discontinued its gaming operations. Accordingly, the casino licence of its gaming segment is presented as assets held for sale as at 30 June 2018.

30. TRADE AND OTHER PAYABLES

	2019 US$'000	2018 US$'000
Trade creditors	69,905	101,043
Other payables and accrued operating expenses	444,038	554,101
Derivative financial instruments, at fair value	42,580	23,188
Amounts due to fellow subsidiaries	7,818	19,300
Amounts due to associates and joint ventures	57	34
	564,398	697,666

Included in trade and other payables is US$86.5 million (2018: US$99.3 million) which is expected to be payable after one year.

(a) Ageing analysis

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:

	2019 US$'000	2018 US$'000
Within 1 month	62,657	97,086
1 to 3 months	4,116	2,128
More than 3 months	3,132	1,829
	69,905	101,043

30. TRADE AND OTHER PAYABLES (cont'd)

(b) Other payables and accrued operating expenses

	2019 US$'000	2018 US$'000
Accrued operating expenses	183,939	225,970
Real estate tax payable	1,606	2,656
Social security and gaming and other taxation	49,237	49,506
Interest payables	15,503	12,305
Deposits received	58,760	70,381
Accruals for above market property rentals on the acquired subsidiary	36,612	44,155
Progress billings on properties	–	11,449
Pre-sales deposits received in advance	1,244	17,349
Contingent cash consideration for acquisition of subsidiary	3,149	31,583
Others	93,988	88,747
	444,038	554,101

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

31. BANK LOANS AND OTHER BORROWINGS

	2019			2018		
	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	107,774	2,451,037	2,558,811	980,927	1,635,480	2,616,407
– Unsecured	475,338	806,410	1,281,748	294,610	996,663	1,291,273
	583,112	3,257,447	3,840,559	1,275,537	2,632,143	3,907,680
Other loans						
– Secured	–	–	–	56,997	–	56,997
– Unsecured	2,327	7,434	9,761	1,941	7,266	9,207
	2,327	7,434	9,761	58,938	7,266	66,204
Unsecured medium term notes and bonds	129,217	479,220	608,437	146,641	603,413	750,054
Secured mortgage debenture stock	–	71,858	71,858	–	75,033	75,033
	714,656	3,815,959	4,530,615	1,481,116	3,317,855	4,798,971

31. BANK LOANS AND OTHER BORROWINGS (cont'd)

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

	2019				2018			
	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000
Within 1 year or on demand	583,112	–	131,544	714,656	1,275,537	–	205,579	1,481,116
After 1 year but within 2 years	961,135	–	94,254	1,055,389	328,906	–	130,096	459,002
After 2 years but within 5 years	2,296,312	71,858	389,565	2,757,735	2,300,347	75,033	478,849	2,854,229
After 5 years	–	–	2,835	2,835	2,890	–	1,734	4,624
	3,257,447	71,858	486,654	3,815,959	2,632,143	75,033	610,679	3,317,855
	3,840,559	71,858	618,198	4,530,615	3,907,680	75,033	816,258	4,798,971

Note:

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

- legal mortgages on investment properties with an aggregate book value of US$3,138.4 million (2018: US$2,950.1 million) (note 14);
- legal mortgages on development properties with an aggregate book value of US$1,345.2 million (2018: US$1,231.6 million) (note 22);
- legal mortgages on other property, plant and equipment with an aggregate book value of US$471.2 million (2018: US$488.3 million) (note 14);
- certain trading financial assets with an aggregate book value of US$469.4 million (2018: US$529.7 million) (note 27); and
- a subsidiary has granted security over certain assets in favour of a bank as security trustee on behalf of a secured bank loan of US$65.4 million (2018: nil).

32. PROVISIONS AND OTHER LIABILITIES

	Pensions US$'000	Property lease US$'000	Others US$'000	Total US$'000
At 1 July 2017	7,741	31,842	12,203	51,786
Provision (written back)/made during the year	(6,558)	18,632	(33)	12,041
Amounts settled or utilised during the year	(4,869)	(3,112)	(4,640)	(12,621)
Exchange adjustments	130	(7)	158	281
At 30 June 2018	(3,556)	47,355	7,688	51,487
Provisions and other liabilities as at 30 June 2018 are disclosed as:				
Current liabilities	–	8,171	2,680	10,851
Non-current liabilities	7,826	39,184	5,008	52,018
Non-current assets	(11,382)	–	–	(11,382)
	(3,556)	47,355	7,688	51,487
At 1 July 2018	(3,556)	47,355	7,688	51,487
Provision made during the year	8,000	2,394	15,204	25,598
Amounts settled or utilised during the year	(4,193)	(5,610)	(427)	(10,230)
Exchange adjustments	127	(1,754)	(289)	(1,916)
At 30 June 2019	378	42,385	22,176	64,939
Provisions and other liabilities as at 30 June 2019 are disclosed as:				
Current liabilities	–	6,645	17,439	24,084
Non-current liabilities	7,478	35,740	4,737	47,955
Non-current assets	(7,100)	–	–	(7,100)
	378	42,385	22,176	64,939

33. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised

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

Deferred tax arising from:	Depreciation allowance in excess of related depreciation US$'000	Revaluation of properties US$'000	Timing difference on development properties US$'000	Revaluation of financial liabilities US$'000	Revaluation of securities US$'000	Tax losses US$'000	Others US$'000	Total US$'000
At 1 July 2017	(15,684)	22,313	(75,054)	(1,895)	20,322	(11,358)	52,015	(9,341)
Acquisition of subsidiaries (note 35(a))	–	–	–	–	–	–	6,862	6,862
(Credited)/charged to consolidated income statement	(56)	(3,493)	82,105	518	(1,823)	5,364	21,208	103,823
Charged to other comprehensive income	–	–	–	687	–	–	1,107	1,794
	(15,740)	18,820	7,051	(690)	18,499	(5,994)	81,192	103,138
Exchange adjustments	(102)	350	(510)	(36)	(114)	(24)	380	(56)
At 30 June 2018	(15,842)	19,170	6,541	(726)	18,385	(6,018)	81,572	103,082
Originally stated at 30 June 2018	(15,842)	19,170	6,541	(726)	18,385	(6,018)	81,572	103,082
Changes in accounting policies (note 4)	–	–	(9,458)	–	–	(1,620)	–	(11,078)
As stated at 1 July 2018	(15,842)	19,170	(2,917)	(726)	18,385	(7,638)	81,572	92,004
Reclassification	–	–	–	–	4,112	(4,112)	–	–
Acquisition of subsidiaries (note 35(a))	(732)	1,269	–	–	–	–	13,942	14,479
(Credited)/charged to consolidated income statement	(194)	2,379	(15,842)	–	(2,913)	(3,774)	(24,191)	(44,535)
Charged/(credited) to other comprehensive income	–	–	–	177	–	–	(618)	(441)
Written back through disposal of subsidiaries	–	–	–	–	–	–	(1,640)	(1,640)
	(16,768)	22,818	(18,759)	(549)	19,584	(15,524)	69,065	59,867
Exchange adjustments	679	(570)	361	24	99	6	(2,465)	(1,866)
At 30 June 2019	(16,089)	22,248	(18,398)	(525)	19,683	(15,518)	66,600	58,001

33. DEFERRED TAXATION (cont'd)

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

	2019 US$'000	2018 US$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(26,131)	(20,095)
Net deferred tax liabilities recognised in the consolidated statement of financial position	84,132	123,177
	58,001	103,082

(b) Deferred tax assets not recognised

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

	2019 US$'000	2018 US$'000
Deductible temporary differences	31,137	43,725
Tax losses	1,239,679	1,766,839
	1,270,816	1,810,564

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

(c) Deferred tax liabilities not recognised

At 30 June 2019, the temporary differences relating to the undistributed profits of subsidiaries amounted to US$97.2 million (2018: US$114.0 million). Deferred tax liabilities of US$9.8 million (2018: US$11.4 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

34. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

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

	Share capital US$'000	Share premium US$'000	Retained profits US$'000	Total equity US$'000
The Company				
At 1 July 2017	164,526	10,493	3,583,589	3,758,608
Final dividend paid in respect of prior year	–	–	(126,340)	(126,340)
Interim dividend paid in respect of current year	–	–	(41,928)	(41,928)
Total comprehensive income for the year				
– Profit for the year	–	–	172,797	172,797
At 30 June 2018	164,526	10,493	3,588,118	3,763,137
At 1 July 2018	164,526	10,493	3,588,118	3,763,137
Final dividend paid in respect of prior year	–	–	(126,000)	(126,000)
Interim dividend paid in respect of current year	–	–	(41,935)	(41,935)
Total comprehensive income for the year				
– Profit for the year	–	–	254,805	254,805
At 30 June 2019	164,526	10,493	3,674,988	3,850,007

(b) Nature and purpose of reserves of the Group

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

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The purchase consideration for issued shares of the subsidiaries acquired for the purpose of satisfying outstanding share options granted by the subsidiaries is included in the capital reserve. It also comprises statutory and regulatory reserves maintained by HLFG's banking subsidiary companies in Malaysia and Vietnam.

34. SHARE CAPITAL AND RESERVES (cont'd)

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

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

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

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

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

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

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

(vi) The exchange translation reserve comprises:

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

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

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

(viii) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ix) Revaluation reserve comprises increase in fair value of other property, plant and equipment and development properties from acquired subsidiaries.

(x) Distributable reserves of the Company at 30 June 2019 amounted to US$3,670,033,000 (2018: US$3,558,637,000).

34. SHARE CAPITAL AND RESERVES (cont'd)

(c) Share capital

	2019 No. of shares '000	2019 US$'000	2018 No. of shares '000	2018 US$'000
Authorised:				
Ordinary shares of US$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2019, 3,826,862 (2018: 4,026,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

(i) Business combination

On 8 January 2019, the Group acquired 100 per cent of the issued share capital of Pacific Health Group TopCo1 Limited and its subsidiaries ("Manuka Health") for an aggregrate consideration of NZD248.4 million (approximately US$165.5 million).

Manuka Health is engaged in manufacture and distribution of a range of products derived from manuka honey, including but not limited to, honey in a jar, honey blends, royal jelly and propolis to 5 core markets of China, New Zealand, Australia, USA and Germany.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(i) Business combination (cont'd)

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. The accounting will be completed within the 12-month measurement period permitted by HKFRS 3 Business Combinations.

	2019 US$'000
Net assets acquired:	
Property, plant and equipment	22,846
Intangible assets	50,735
Inventories	53,811
Trade and other receivables	16,062
Cash and short term funds	1,741
Taxation recoverable	1,311
Trade and other payables	(39,557)
Bank borrowings	(63,197)
Deferred tax liabilities	(13,210)
Net assets acquired	30,542
Less: non-controlling interests	(2,231)
Goodwill arising from acquisition	137,148
Total consideration paid, satisfied by cash	165,459

A reconciliation of cash consideration paid to the net cash outflow in respect of acquisition of subsidiaries included in investing activities in the consolidated statement of cash flows is as follows:

	2019 US$'000
Cash consideration paid	(165,459)
Cash and short term funds acquired	1,741
Net cash outflow in respect of acquisition of subsidiaries	(163,718)

In the year ended 30 June 2019, Manuka Health contributed revenue of US$36.0 million and profit of US$0.8 million. If the acquisition had occurred at the beginning of the year, the continuing revenues of the combined entity in the 12 months to 30 June 2019 would have been US$75.4 million and loss would have been US$2.2 million.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(i) Business combination (cont'd)

On 21 May 2018, the Group acquired 100 per cent of the issued share capital of QSB Gaming Limited and its subsidiaries ("YoBingo") for an initial consideration of EUR23.1 million (approximately US$26.5 million). Of the initial consideration, EUR21.1 million (approximately US$24.3 million) was paid in cash on completion and EUR2.0 million (approximately US$2.2 million) is deferred for 24 months. Further contingent consideration will also be paid in cash, subject to 2018 calendar year performance, up to a total consideration cap of EUR52.0 million (approximately US$60.6 million).

YoBingo.es is a leading digital bingo business in the high growth regulated Spanish gaming market. The acquisition provides the Group with a nationally recognised brand, an established customer base and a proprietary platform including bingo, roulette and video bingo content for the Spanish market. The acquisition also provides the potential to accelerate the multi-channel strategy of Rank's established Enracha brand and operate in other regulated markets.

During the course of the 2018/19 financial year contingent consideration totalling EUR28.1 million (approximately US$30.7 million) was paid based upon the 2018 calendar year performance.

In the year to 30 June 2019 completion accounts were finalised with a net adjustment to goodwill of US$0.7 million.

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. The amounts disclosed are provisional due to the proximity of the acquisition to the Group's year-end and the completion account process, outlined by the sale and purchase agreement, extending beyond the finalisation of these financial statements. The accounting will be completed within the 12-month measurement period permitted by HKFRS 3 Business Combinations.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(i) Business combination (cont'd)

	2018 US$'000
Net assets acquired:	
Property, plant and equipment	45
Intangible assets	19,652
Trade and other receivables	1,853
Cash and short term funds	2,506
Trade and other payables	(1,226)
Taxation	(561)
Deferred tax liabilities	(6,862)
Net assets acquired	15,407
Goodwill arising from acquisition	42,040
Total consideration paid	57,447
Satisfied by:	
Cash consideration paid	24,282
Deferred cash consideration	2,224
Contingent cash consideration	30,829
Estimated completion account adjustment	112
	57,447

In the year ended 30 June 2018, YoBingo contributed statutory revenue of US$1.9 million and profit before tax of US$0.4 million. If the acquisition had occurred at the beginning of the year, the continuing statutory revenues of the combined entity in the 12 months to 30 June 2018 would have been US$947.5 million and profit before tax would have been US$64.4 million.

The contingent consideration is determined based on a multiple of adjusted earning before interest, tax, depreciation and amortisation ("EBITDA") for the year ended 31 December 2018, less an amount of EUR21.0 million (approximately US$24.5 million). The range of outcomes, on an undiscounted basis, is between nil and EUR28.9 million (approximately US$33.7 million) such that the maximum total consideration payable cannot exceed EUR52.0 million (approximately US$60.6 million). The contingent consideration is expected to be paid in the first half of calendar year 2019 following completion of the process to prepare, review and agree adjusted EBITDA.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(i) Business combination (cont'd)

A reconciliation of cash consideration paid to the net cash outflow in respect of acquisition of sbusidiaries included in investing activities in the consolidated statement of cash flows is as follows:

	2018 US$'000
Cash consideration paid	(24,282)
Cash and short term funds acquired	2,506
Net cash outflow in respect of acquisition of subsidiaries	(21,776)

(ii) Acquisition of assets

On 4 September 2019, the Group acquired 100 per cent of the issued share capital of The Center (50) Limited for an aggregrate consideration of HK$1,063.1 million (approximately US$136.3 million).

The Center (50) Limited is engaged in properties investment. Given that the underlying set of assets acquired were not integrated in forming businesses to generate revenues, the acquisition of the entity was purchase of net assets which did not constitute business combinations for accounting purposes.

	2019 US$'000
Net assets acquired:	
Property, plant and equipment	138,224
Other receivables	270
Other payables	(755)
Tax payable	(146)
Deferred tax liabilities	(1,269)
Net assets acquired, satisfied by cash	136,324

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of subsidiaries

During the year ended 30 June 2019, the Group disposed its investment in subsidiaries, Clermont Leisure (UK) Limited, Clearflight Limited and The Clermont Club Limited, for a consideration of US$30.9 million.

The cash flows and net assets relating to the subsidiaries disposed are summarised as follows:

	2019 US$'000
Net assets disposed of:	
Assets held for sale	31,512
Property, plant and equipment	259
Trade and other receivables	548
Cash and short term funds	836
Trade and other payables	(381)
Deferred tax liabilities	(1,640)
Net assets disposed of	31,134
Reclassification of exchange translation reserve on disposal of subsidiaries	(17,466)
Net gain on disposal of subsidiaries	17,208
Total consideration	30,876
Less: Cash balances of subsidiary disposed	(836)
Net cash inflow in respect of disposal of a subsidiary	30,040

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of subsidiaries (cont'd)

During the year ended 30 June 2018, the Group disposed its investment in a subsidiary, Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd ("TJZX"), for a consideration of RMB581.4 million (approximately US$86.9 million). The consideration was set off against an equivalent amount of debts owing by a subsidiary of the Group to TJZX, by way of novation of the debts to the buyer.

The cash flows and net assets relating to the subsidiary disposed are summarised as follows:

	2018 US$'000
Net assets disposed of:	
Property, plant and equipment	1
Properties held for sale	1,265
Other net current receivables	7,489
Amount owing by a wholly-owned subsidiary of the Group	79,956
Cash and short term funds	6,927
Net assets disposed of	95,638
Realisation of translation reserve	(9,108)
Net gain on disposal of a subsidiary	353
Total consideration	86,883
Less: Cash balances of subsidiary disposed	(6,927)
Less: Novation of amount owing by a wholly-owned subsidiary of the Group	(79,956)
Net cash inflow in respect of disposal of a subsidiary	–

(c) Issuance of perpetual securities by a subsidiary

During the year ended 30 June 2018, a wholly-owned subsidiary of GuocoLand issued subordinated perpetual securities (the "Perpetual Securities") with an aggregate principal amount of S$400 million (approximately US$293.5 million). Transaction costs incurred amounting to S$2.8 million (approximately US$2.1 million) were recognised in equity as a deduction from the proceeds.

The Perpetual Securities bear distributions at a rate of 4.6% per annum for the period from 23 January 2018 to 22 January 2025. Distributions are cumulative and payable semi-annually at the option of GuocoLand.

The Perpetual Securities have no fixed maturity and are redeemable at the option of GuocoLand on or after 23 January 2023 at their principal amount together with any unpaid distributions.

36. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the schemes.

These defined benefit pension schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plans are funded by contributions from the Group's subsidiaries in accordance with the schedule of contributions between the trustees and the Group's subsidiaries following each triennial actuarial valuation carried out by independent actuaries, using the projected unit credit method. The latest independent actuarial valuations of the plans in United Kingdom were at 1 May 2017 and were prepared by qualified staff of Aon Hewitt Limited, who are members of the Institute and Faculty of Actuaries. The latest independent actuarial valuations of the plans in New Zealand were at 31 March 2018 and were prepared by qualified staff of MCA NZ Limited, who are fellow members of the New Zealand Society of Actuaries. The actuarial valuations indicate that the Group's combined obligations under these defined benefit retirement plans are 103.8% (2018: 107.4%) covered by the plan assets held by the trustees.

The amounts recognised in the consolidated statement of financial position are as follows:

	2019 US$'000	2018 US$'000
Present value of funded obligations	123,063	120,560
Less: Fair value of plan assets	(127,774)	(129,451)
Present value of net surplus of funded plans	(4,711)	(8,891)
Present value of unfunded obligations	5,089	5,335
Net liabilities/(assets) in the consolidated statement of financial position	378	(3,556)

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

(i) Changes in the present value of the defined benefit obligation are as follows:

	2019 US$'000	2018 US$'000
At 1 July	120,560	130,796
Current service cost	438	278
Interest cost	3,290	3,540
Actuarial losses/(gains)	7,219	(9,026)
Benefits paid	(3,922)	(6,806)
Exchange differences	(4,522)	1,778
At 30 June	123,063	120,560

36. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(ii) Changes in the fair value of plan assets are as follows:

	2019 US$'000	2018 US$'000
At 1 July	(129,451)	(128,547)
Contributions from the Group	(4,095)	(4,776)
Benefits paid	3,922	6,806
Actuarial gains	(2,995)	(1,206)
Exchange differences	4,845	(1,728)
At 30 June	(127,774)	(129,451)

(iii) Movements in the net assets for defined benefit pension scheme recognised in the consolidated statement of financial position are as follows:

	2019 US$'000	2018 US$'000
At 1 July	(8,891)	2,249
Contributions paid	(4,095)	(4,776)
Expense recognised in profit or loss	328	496
Expenses/(income) recognised in other comprehensive income	7,624	(6,910)
Exchange differences	323	50
At 30 June	(4,711)	(8,891)

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

	2019 US$'000	2018 US$'000
Current service costs	61	213
Net interest expense on obligation	70	104
Net actuarial losses/(gains) recognised	7,821	(6,731)
	7,952	(6,414)

36. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(v) *Plan assets comprise of:*

	2019 US$'000	2018 US$'000
Equity/Diversified growth fund	65,800	68,640
Bond	61,164	60,589
Cash	810	222
	127,774	129,451

(vi) *Principal actuarial assumptions as at the reporting date (expressed as weighted averages) are as follows:*

	2019	2018
Discount rate	2.30% to 3.00%	2.85% to 3.00%
Rates of increase to pensions in payment		
– Retail Price Index maximum 5% per annum	3.00%	3.00%
– Consumer Price Index maximum 3% per annum	1.80%	1.80%
– Consumer Price Index maximum 2.5% per annum	1.65%	1.65%
Rate of increase in salaries	3.70%	3.60%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US$'000	Decrease US$'000
2019		
Discount rate (1% movement)	(19,930)	19,948
Rate of increase to pensions in payment (1% movement)	5,733	(5,733)
Rate of increase in salaries (1% movement)	127	(127)
Future mortality (1% movement)	4,205	(4,086)
2018		
Discount rate (1% movement)	(20,313)	20,333
Rate of increase to pensions in payment (1% movement)	5,164	(5,164)
Rate of increase in salaries (1% movement)	132	(132)
Future mortality (1% movement)	4,096	(3,973)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

36. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

Other pension commitment

Rank has an unfunded pension commitment relating to three former executives of Rank. At 30 June 2019, Rank's commitment was US$5.1 million (2018: US$5.3 million). Rank paid US$0.3 million (2018: US$0.1 million) in pension payments during the year. The actuarial gain arising on the commitment, resulting from the changes in assumptions outlined below in the year, was nil (2018: US$0.2 million) after taxation.

Assumptions used to determine the obligations at:

	2019	2018
Discount rate per annum	2.3%	2.7%
Pension increases per annum	3.2%	3.2%

The obligation has been calculated using the S2 mortality tables with a 1.5% per annum improvement in life expectancy.

(b) Defined contribution retirement plans

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

Subsidiaries in Singapore operate a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 7.5 percent to 17 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$13,096,000 (2018: US$12,529,000) and forfeited contributions in the amount of US$2,000 (2018: US$75,000) were used to reduce current year's contributions.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparties and countries to manage concentration risk.

The Group's credit exposure in the property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group does not hold any collateral over the receivables balances.

The Group measures loss allowance for trade debtors in accordance with accounting policy in note 2(k)(i). The allowance for expected credit losses is insignificant.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(b) Liquidity risk (cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	2019 Contractual undiscounted cash flow						2018 Contractual undiscounted cash flow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2019 US$'000	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2018 US$'000
Non-derivative financial liabilities												
Bank loans and other loans	(442,927)	(1,156,595)	(2,585,539)	(2,835)	(4,187,896)	(3,850,320)	(1,409,292)	(576,671)	(2,222,667)	(4,666)	(4,213,296)	(3,973,884)
Unsecured medium term notes and bonds	(152,372)	(110,277)	(401,976)	–	(664,625)	(608,437)	(173,674)	(151,218)	(508,531)	–	(833,423)	(750,054)
Secured mortgage debenture stock	(5,529)	(5,529)	(77,551)	–	(88,609)	(71,858)	(5,741)	(5,741)	(84,404)	–	(95,886)	(75,033)
Trade and other payables	(357,780)	(48,992)	(9,200)	(19,144)	(435,116)	(433,119)	(461,505)	(46,841)	(31,749)	(20,717)	(560,812)	(560,812)
	(958,608)	(1,321,393)	(3,074,266)	(21,979)	(5,376,246)	(4,963,734)	(2,050,212)	(780,471)	(2,847,351)	(25,383)	(5,703,417)	(5,359,783)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(8,446)	(3,809)	(8,033)	–	(20,288)		(11,112)	(9,534)	(13,481)	–	(34,127)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(3,261,312)	–	–	–	(3,261,312)		(1,079,602)	–	–	–	(1,079,602)	
– inflows	3,252,001	–	–	–	3,252,001		1,077,799	–	–	–	1,077,799	
	(17,757)	(3,809)	(8,033)	–	(29,599)		(12,915)	(9,534)	(13,481)	–	(35,930)	

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps to manage its interest rate exposure as appropriate. As at 30 June 2019, the Group had interest rate swaps with outstanding notional amount of US$1,598.4 million (2018: US$181.7 million).

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities at the end of the reporting period.

	2019		2018	
	Effective interest rate	US$'000	Effective interest rate	US$'000
Floating rate financial liabilities				
Bank loans and other borrowings	0.547% to 6%	(3,781,903)	0.504% to 7.45%	(3,946,605)
		(3,781,903)		(3,946,605)
Fixed rate financial assets/(liabilities)				
Deposits with banks	0.15% to 5.50%	1,368,869	0.15% to 5.10%	2,253,048
Bank loans and other borrowings	3.62% to 7.88%	(748,712)	2.65% to 7.88%	(852,366)
		620,157		1,400,682
Total		(3,161,746)		(2,545,923)

(ii) Sensitivity analysis

At 30 June 2019, it is estimated that a general increase/decrease of 1 to 50 basis points (2018: 50 to 75 basis points) in interest rates for the Group's various currencies, mainly United States dollars, Pound sterling, Hong Kong dollars and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$2.9 million (2018: decreased/increased of US$11.7 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2019.

The sensitivity analysis above indicates the instantaneous change in the Group's profit and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as for 2018.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

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

(i) Exposure to foreign currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2019					2018				
	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000
Trade and other receivables	40,651	143,644	81	59	–	571	106,670	2	1,280	7
Trading financial assets	37,615,835	–	189,380	135,469	9,850	34,911,757	–	204,276	136,096	13,690
Cash and short term funds	5,370,175	786,162	9,069	33,062	450	313,830	4,974,419	7,754	1,157	1,248
Trade and other payables	(1,216)	(68,865)	(136)	(42)	(260)	(111,993)	(236,563)	–	(2)	(46)
Bank loans and other borrowings	(20,000,000)	(409,563)	(110,000)	–	–	(20,000,000)	(409,563)	–	–	–
Gross exposure arising from recognised assets and liabilities	23,025,445	451,378	88,394	168,548	10,040	15,114,165	4,434,963	212,032	138,531	14,899
Notional amounts of forward exchange contracts at fair value through profit or loss	(22,962,113)	1,887,641	(185,260)	(92,500)	(80,123)	(17,353,756)	395,170	(187,149)	(137,000)	(85,489)
Overall net exposure	63,332	2,339,019	(96,866)	76,048	(70,083)	(2,239,591)	4,830,133	24,883	1,531	(70,590)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2019			2018		
	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000
Japanese yen	1%	(11)	–	3%	794	–
Renminbi	0.2%	411	–	3%	19,869	–
Pound sterling	5%	(6,008)	–	6%	1,820	–
Malaysian ringgit	1%	115	–	4%	(29)	–
Singapore dollars	1%	525	–	3%	(1,621)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis as for 2018.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading financial assets (see note 27) and equity investments at FVOCI (see note 20) (2018: available-for-sale investments (see note 19)).

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

At 30 June 2019, it is estimated that an increase/decrease of 0% to 9% (2018: 4% to 22%) in the market value of the Group's global listed trading securities and equity investments at FVOCI/available-for-sale investments, with all other variables held constant, would have increased/decreased the Group's profit and total equity by US$65.4 million (2018: US$241.4 million) and US$116.7 million (2018: US$266.9 million) respectively. It is assumed that none of the equity investments at FVOCI/available-for-sale investments would be considered impaired as a result of relevant risk variables. The analysis is performed on the same basis as for 2018.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement

(i) 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.

	2019				2018			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements								
Assets								
Equity investments at FVOCI/ available-for-sale financial assets:								
– Listed	1,283,779	–	–	1,283,779	1,738,523	–	–	1,738,523
– Unlisted	–	31,717	51,525	83,242	–	32,400	24,470	56,870
Trading financial assets:								
– Listed	1,637,001	–	–	1,637,001	1,648,769	–	–	1,648,769
– Unlisted	–	–	–	–	–	10,000	–	10,000
Derivative financial instruments:								
– Forward exchange contracts	–	16,967	–	16,967	–	17,918	–	17,918
– Equity options	–	–	–	–	–	4,279	–	4,279
– Equity swaps	–	5,357	–	5,357	–	–	–	–
	2,920,780	54,041	51,525	3,026,346	3,387,292	64,597	24,470	3,476,359
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	25,730	–	25,730	–	4,270	–	4,270
– Forward exchange contracts	–	15,398	–	15,398	–	14,938	–	14,938
– Equity options	–	–	–	–	–	3,980	–	3,980
– Equity swaps	–	1,452	–	1,452	–	–	–	–
	–	42,580	–	42,580	–	23,188	–	23,188

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

(i) Financial assets and liabilities measured at fair value (cont'd)

During the years ended 30 June 2019 and 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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 equity investments at FVOCI/available-for-sale financial asset in Level 2 is determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the unlisted equity investments at FVOCI/available-for-sale financial asset. The assets held by the unlisted equity investments at FVOCI/available-for-sale financial asset consist of a publicly traded investment in an active market which is reported at the market closing price.

Information about Level 3 fair value measurements

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

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

	2019 US$'000	2018 US$'000
Unlisted equity investments at FVOCI/available-for-sale financial assets:		
Originally stated at 30 June	24,470	24,760
Changes in accounting policies (note 4)	(308)	–
As stated at 1 July	24,162	24,760
Additions	32,098	–
Net unrealised losses recognised in other comprehensive income during the year	(4,836)	(164)
Exchange adjustments	101	(126)
At 30 June	51,525	24,470
Total gains or losses for the year reclassified from consolidated other comprehensive income on disposal	–	–

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

(ii) 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 30 June 2019 and 30 June 2018.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 30 June 2019 is estimated to be US$82.2 million (2018: US$88.2 million) and is classified within Level 2 of the fair value hierarchy. The interest rate used to discount estimated cash flows at the reporting date was 1.95% (2018: 1.59%).

(g) Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master agreements providing offsetting mechanism under certain circumstances. At the end of the reporting period, the Group and the counterparties have not exercised their rights to offset the financial instruments and the derivatives are settled at gross amount.

38. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the total equity attributable to equity shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds and trading financial assets.

38. CAPITAL MANAGEMENT (cont'd)

The equity-debt ratio at the end of the reporting period is as follows:

	2019 US$'000	2018 US$'000
Bank loans	3,840,559	3,907,680
Mortgage debenture stock	71,858	75,033
Other borrowings	618,198	816,258
Total borrowings	4,530,615	4,798,971
Less: Cash and short term funds	(1,789,796)	(2,530,900)
Trading financial assets	(1,637,001)	(1,658,769)
Net debt	1,103,818	609,302
Total equity attributable to equity shareholders of the Company	7,958,249	8,344,386
Equity-debt ratio	88:12	93:7

39. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2019 US$'000	2018 US$'000
Within 1 year	102,905	127,343
After 1 year but within 5 years	344,565	466,742
After 5 years	844,952	1,181,335
	1,292,422	1,775,420

The Group leases a number of properties, plant and machinery under operating leases. The leases typically run for periods from 1 year to 21 years (2018: 1 year to 22 years), with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

39. COMMITMENTS (cont'd)

(a) Operating lease arrangements (cont'd)

(ii) As lessor

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2019 US$'000	2018 US$'000
Within 1 year	77,410	94,291
After 1 year but within 5 years	116,792	214,829
After 5 years	2,110	13,634
	196,312	322,754

(b) Capital commitments outstanding at year end not provided for in the financial statements

	2019 US$'000	2018 US$'000
Authorised and contracted for	17,547	13,378
Authorised but not contracted for	15,870	86,017
	33,417	99,395

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$387.5 million (2018: US$177.5 million); in respect of purchase of land was nil (2018: US$508.0 million).

(c) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2019 and 30 June 2018.

40. 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.

40. CONTINGENT LIABILITIES (cont'd)

(b) Rank

Property leases

Concurrent to the GBP211 million (approximately US$278 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, 7 of these have not expired or been surrendered. These 7 leases have durations of between 3 and 94 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.4 million (approximately US$0.5 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.

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

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

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

(i) Income for the year ended 30 June

	2019 US$'000	2018 US$'000
Interest income	1,409	1,119

(ii) Balance as at 30 June

	2019 US$'000	2018 US$'000
Deposits and short term funds	41,402	32,204

41. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(b) Management fees

On 7 July 2017, the Company entered into two master services agreements 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 year ended 30 June 2019 amounted to US$2,853,000 (2018: US$618,000) and US$6,992,000 (2018: US$19,168,000) respectively.

On 7 July 2017, the Company entered into a 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 year ended 30 June 2019 amounted to US$96,000 (2018: US$1,048,000).

(c) Key management personnel information

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2019 US$'000	2018 US$'000
Short-term employee benefits	12,076	9,684

Total emoluments are included in "staff costs" (see note 7(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (a) banking transactions and (b) management fees above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS" of the Report of the Directors.

42. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2019 US$'000	2018 US$'000
NON-CURRENT ASSETS		
Interest in subsidiaries	2,945,080	3,276,753
Interest in associated company	242,832	–
Intangible assets	203	–
Available-for-sale financial assets	–	203
	3,188,115	3,276,956
CURRENT ASSETS		
Trade and other receivables	5,150	4,751
Cash and short term funds	837,881	679,080
	843,031	683,831
CURRENT LIABILITIES		
Amounts due to subsidiaries	177,006	197,051
Trade and other payables	4,133	599
	181,139	197,650
NET CURRENT ASSETS	661,892	486,181
NET ASSETS	3,850,007	3,763,137
CAPITAL AND RESERVES		
Share capital (note 34)	164,526	164,526
Reserves (note 34)	3,685,481	3,598,611
TOTAL EQUITY	3,850,007	3,763,137

Approved and authorised for issue by the Board of Directors on 12 September 2019

Kwek Leng Hai
Tang Hong Cheong
Directors

43. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2019 to be GuoLine Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia. These entities do not produce financial statements available for public use.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, Leases	1 January 2019
HK(IFRIC) 23 – Uncertainty over income tax treatments	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
Amendments to HKAS 28, Long-term interest in associates and joint ventures	1 January 2019
Amendments to HKFRS 3, Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8, Definition of material	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 31 December 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report. The Group does not intend to early adopt any of these amendments or new standards.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2019 (cont'd)

HKFRS 16, Leases

As disclosed in note 2(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019 and will not restate the comparative information. As disclosed in note 39(a)(i), at 30 June 2019 the Group's future minimum lease payments under non-cancellable operating leases amount to US$1,292,422,000 for properties and other assets respectively, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to US$1,031,700,000 and US$942,900,000 respectively, after taking account the effects of discounting, as at 1 July 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Singapore						
Leedon Residence situated at Leedon Heights	Residential	Completed	TOP obtained in Jun 15	48,525	85,270	65
Guoco Tower situated at 1/3/5/7/9 Willich Street	Residential	Completed	TOP obtained in Oct 17	15,023	157,738	52
	Commercial#/ Office#	Completed				
	Hotel^	Completed				
Sims Urban Oasis situated at Sims Drive	Residential	Completed	TOP obtained in Oct 17	23,900	78,870	65
Martin Modern situated at Martin Place	Residential	Structural and architectural in progress	2nd Quarter 2020	15,936	49,084	65
Meyer Mansion Situated at Meyer Road	Residential	Tendering Stage	3rd Quarter 2022	7,920	24,393	65
Guoco Midtown Situated at Beach Road	Residential/ Commercial#/ Office#	Piling works in progress	4th Quarter 2022	22,202	90,029	76
Malaysia						
Damansara City situated at Damansara Town Centre, Kuala Lumpur	Residential	Completed	TOP obtained in Nov 15	32,450	228,420	44
	Commercial#/ Office#	Completed	TOP obtained in Dec 15			
	Hotel^	Completed	TOP obtained in May 17			
Emerald Hills Lot 7585-7589, 7597-7600 and PT15231, Alam Damai, Kuala Lumpur	Residential	Works in progress	3rd Quarter 2022	191,658	191,658	44
PJ City Corporate Hub Site situated at Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling	Residential	Planning	*	12,974	38,053	44

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Malaysia (cont'd)						
The OVAL situated at Seksyen 63, Jalan Binjai, Kuala Lumpur	Residential	Completed	TOP obtained in Sep 09	7,080	54,474	44
Site situated at Mukim of Jasin, Melaka Darul Amin	Residential	Planning	*	15,467,341	15,467,341	44
Emerald 9 Cheras Situated at Lot 809, 810, Cheras Batu 8 1/4 and Batu 1/2, Jalan Cheras,43200 Cheras	Residential/ Commercial/ Office/Hotel	Planning	*	47,930	47,930	44
The People's Republic of China						
Guoco Changfeng City situated in Putuo District, Shanghai	Commercial#	Phase 1: completed	TOP obtained in Jul 10	67,335	120,902	65
	Hotel^	Completed	TOP obtained in Jun 10			
	Commercial/ Office	Phase 2: Planning	*	76,510	147,992	65
Chongqing 18 steps situated in Yuzhong District, Chongqing	Residential/ Commercial	Plot 1 & 2: Works in progress	Dec 2022	33,097	227,705	65
		Plot 3: Planning	Jul 2023	6,572	36,225	65
		Plot 4: Planning	Nov 2023	9,292	77,150	65
Vietnam						
The Canary situated in Thuan An District, Binh Duong Province	Residential/ Commercial	Phase 2: completed	TOP obtained in Sep 13	87,122	163,000	65
		Phases 3 & 4: Planning	*			

* Not available as these developments have not commenced construction or have not been launched yet.
\# The carrying value is included in Investment Properties.
^ The carrying value is included in Other Property, Plant and Equipment.

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR INVESTMENT

Location	Existing Use	Tenure of Land
Singapore		
20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	(Note)
Guoco Tower 1 Wallich Street Singapore 078881	Office building and retail mall	99 years lease with effect from 21 February 2011
Guoco Midtown at Beach Road Lot no. TS12-01037P Singapore	Office building and retail mall	99 years lease with effect from 2 January 2018

Note: The Group disposed of its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

Location	Existing Use	Tenure of Land
Malaysia		
Damansara City Lot 58303 Damansara Heights Jalan Damanlela 50490 Kuala Lumpur	Office building and retail mall	Freehold
The People's Republic of China		
Guoco Changfeng City No. 452 Daduhe Road Shanghai	Commercial building	50 years land use rights with effect from 11 December 2005
Hong Kong		
The Center 12th & 15th Floors 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047