2019/20

INTERIM REPORT

國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

CONTENTS

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CORPORATE INFORMATION

(As at 24 February 2020)

BOARD OF DIRECTORS

Executive Chairman

KWEK Leng Hai

President & CEO

TANG Hong Cheong

Non-executive Director

KWEK Leng San

Independent Non-executive Directors

Roderic N. A. SAGE
David Michael NORMAN
Lester G. HUANG, *SBS, JP*

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Roderic N. A. SAGE – *Chairman*
David Michael NORMAN
Lester G. HUANG, *SBS, JP*

BOARD REMUNERATION COMMITTEE

Roderic N.A. SAGE – *Chairman*
KWEK Leng Hai
Lester G. HUANG, *SBS, JP*

BOARD NOMINATION COMMITTEE

KWEK Leng Hai – *Chairman*
Roderic N. A. SAGE
David Michael NORMAN

GROUP FINANCIAL CONTROLLER

MAK Chi Ming, Richard

COMPANY SECRETARY

LO Sze Man, Stella

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

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Hamilton HM 11, Bermuda

PRINCIPAL OFFICE

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99 Queen's Road Central
Hong Kong

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BRANCH SHARE REGISTRARS

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17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

FINANCIAL CALENDAR

Preliminary announcement of Interim results	24 February 2020
Latest time to register transfers for interim dividend	4:30 p.m. on 9 March 2020
Closure of Register of Members for interim dividend	10 March 2020
Payment date of interim dividend of HK$1.00 per share	19 March 2020

The board of directors (the "Board") of Guoco Group Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 December 2019 as follows:

FINANCIAL RESULTS

The unaudited consolidated profit attributable to equity shareholders for the six months ended 31 December 2019, after taxation and non-controlling interests, amounted to HK$1,076 million, representing an increase of more than 9 times as compared to the previous corresponding period. This was mainly contributed by the principal investment segment following the increase in fair value of trading financial assets over the period and improved results from the property development and investment as well as hospitality and leisure segments. Basic earnings per share amounted to HK$3.31.

For the half year ended 31 December 2019, profits before taxation were generated from the following sources:

- property development and investment of HK$595 million;
- hospitality and leisure of HK$662 million;
- financial services of HK$471 million;
- other segments of HK$99 million;

and set off by the loss before taxation of HK$33 million from principal investment.

Revenue increased by HK$1.1 billion during the period to HK$9.1 billion, primarily driven by the increase in property development and investment segment of HK$0.9 billion.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$1.00 per share amounting to approximately HK$329 million (2018/2019 interim dividend: HK$1.00 per share amounting to approximately HK$329 million) for the financial year ending 30 June 2020 which will be payable on Thursday, 19 March 2020 to the shareholders whose names appear on the Register of Members on Tuesday, 10 March 2020.

REVIEW OF OPERATIONS

PRINCIPAL INVESTMENT

The investment climate for the first six months of our current fiscal year could be succinctly characterized as a tale of two quarters. In the September 2019 quarter, global assets values were trapped within a tight range following volatile trade negotiations between the U.S. and China, disappointing macro-economic data from the Eurozone, and Brexit negotiations which were counter-balanced by accommodative monetary policies led by the U.S. Federal Reserve. This period was followed by the December 2019 quarter which saw a surge in assets values, underpinned by long awaited positive news from the same trade negotiations which had suppressed them for almost two years.

The Principal Investment segment recorded improved results against the previous corresponding period with its loss before tax for the six months ended 31 December 2019 narrowed down to HK$33 million as the investment team crystallized profits and redeployed fund to other value investment opportunities while the treasury team focused on managing the foreign currency and interest rate exposures and optimizing returns for the Group.

Significant Investment

As at 31 December 2019, the Group held approximately 436 million shares, representing approximately 14.99% of the issued share capital of The Bank of East Asia, Limited ("BEA", listed on the Stock Exchange with stock code 23). It is regarded as a significant investment of the Group and accounted for approximately 5.6% of the total asset value of the Group as at 31 December 2019 with a fair value of US$973 million, compared to US$1,210 million as at 30 June 2019 with an investment cost of approximately US$1.4 billion. Dividend income received from the investment in BEA for the six months ended 31 December 2019 amounted to approximately US$6 million. The principal business of BEA and its subsidiaries include the provision of banking and related financial services.

For the year 2019, BEA earned a profit attributable to owners of the parent of HK$3,260 million, representing a decrease of HK$3,249 million or 49.9%, compared with the HK$6,509 million earned in 2018. Pre-provision operating profit of BEA was strong, growing by 15.1% year-on-year. The drop in attributable profit was mainly due to a significant increase in impairment losses in Mainland China. It was set out in the outlook of BEA's 2019 final results announcement that BEA will continue to maintain all services for their clients, and encourage customers to use their on-line channels wherever possible during the outbreak of the coronavirus. In the longer term, with a major branch presence within the Greater Bay Area, BEA expects that it will benefit from policies that aim to transform the region into a global technology and innovation hub.

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited ("GuocoLand")

For the half year ended 31 December 2019, revenue and gross profit for GuocoLand increased by more than 80% to S$572.1 million and S$178.6 million respectively as compared to the previous corresponding period. This was mainly due to higher progressive recognition of sales from Martin Modern. Consequently, profit attributable to equity holders of GuocoLand doubled to S$74.5 million for the half year ended 31 December 2019.

Administrative expenses increased by S$9.5 million to S$47.4 million for the half year, in line with the higher sales activities. Other expenses increased by S$6.3 million to S$15.5 million due to higher fair value losses on derivative financial instruments for the period. Share of profit of associates and joint ventures decreased by S$15.4 million to S$7.0 million due to lower share of profit from the Shanghai joint venture as well as share of losses from a joint venture in Singapore. Tax expense recorded for the half year was S$18.0 million as compared to a tax credit of S$2.4 million in the previous corresponding period.

Latest flash estimates released by the Urban Redevelopment Authority in Singapore showed that overall private residential property prices have increased marginally by 0.3% in the fourth quarter of 2019. This was the third consecutive quarter of increase, much slower pace than the 1.3% and 1.5% increases recorded in the third and second quarters of 2019 respectively. However, prices of non-landed residential properties in the Core Central Region and Rest of Central Region have decreased by 3.7% and 1.4% respectively, while prices of non-landed residential properties in the Outside Central Region have increased by 2.9%.

According to official data from the National Bureau of Statistics of China, new home prices in Chongqing continue to be on the rise, increasing by 0.5% month-on-month and 8.4% year-on-year in November 2019.

HOSPITALITY AND LEISURE BUSINESS

GL Limited ("GL")

GL recorded a profit after tax for the half year ended 31 December 2019 at US$26.9 million, a decrease of 17% compared to US$32.4 million in the previous corresponding period.

Revenue was 1% higher than previous corresponding period due mainly to higher revenue generated from hotel segment. The hotel revenue was higher primarily driven by improved RevPAR generally across the hotel estate and from the newly launched Hard Rock Hotel London, which opened in April 2019. However, the increase was partially offset by the weakening of GBP against USD compared to last year, and was offset by lower revenue from oil and gas segment due to lower average crude oil price, lower production as well as the weakening of AUD against USD.

The increase of cost of sales was in line with the increase in hotel revenue during the period. The increase in other operating expenses was relating to the provision of value added tax arising from discretionary service charge billed to customers in the United Kingdom and impairment loss on hotel property. Reversal of impairment loss on trade receivables was mainly due to lower provision required on an improved aged trade debt balances.

Lower administrative expenses was mainly due to the adoption of IFRS 16 which replaces the straight-line operating lease expense with depreciation charge of right-of-use assets and interest expense on lease liabilities. The interest expense is included in net financing cost. Accordingly, higher financing costs were mainly due to interest expense on lease liabilities upon the adoption of IFRS 16.

Higher income tax expense was mainly due to lower tax credit available to offset the tax expenses in the hotel segment during the period.

Despite post-Brexit uncertainty dampening travel into the United Kingdom, London's hotel occupancy rate over the medium term is likely to remain resilient, as major international events such as the ICC Cricket World Cup, Netball World Cup and the UEFA Euro 2020 football championships will bolster international tourism in 2020. However, an anticipated increase in room supply will moderate occupancy and room rate growth in the London hotel market.

Near term, the current coronavirus outbreak may lead to a retrenchment in travel and reduced hotel room demand in London. Early signs of a softening in demand have been noted in some of GL's hotels favoured by Asian travellers.

Upon opening in April 2019, the Hard Rock Hotel London faced competition and, following resolution of post-renovation challenges, enhanced promotional efforts are being undertaken across booking channels to boost occupancy. The room refurbishment of The Grosvenor Hotel has been completed and the hotel was re-launched as Amba Hotel Grosvenor on 10 December 2019.

The profit contribution from GL's interest in the Bass Strait oil and gas royalty will likely be affected by the recent decline in oil and gas prices.

GL maintains a cautious outlook and will continue to focus on a rate-led strategy to improve its hotel occupancy and room rate.

HOSPITALITY AND LEISURE BUSINESS (Cont'd)

The Rank Group Plc ("Rank")

Rank recorded a profit after tax for the six months ended 31 December 2019 of GBP39.8 million, an increase of 113% as compared to GBP18.7 million in the previous corresponding period. Net gaming revenue increased by 14% to GBP397.4 million, reflecting the pleasing digital and venue businesses.

Operating profit was up by 117% to GBP56.1 million, driven by the growth in net gaming revenue and cost savings delivered through the transformation programme.

The net financing charge increased by 127% to GBP6.8 million mainly due to the interest expense on lease liabilities upon the adoption of IFRS 16 and the interest expense on the pre-arranged five-year term loan of GBP128.1 million fully drawn following the completion of the acquisition of Stride Gaming plc ("Stride").

Rank completed the acquisition of Stride on 4 October 2019 and the implementation of a comprehensive integration plan is underway. The successful integration of Stride is a key priority for Rank with the project now falling within the transformation programme's framework to ensure the benefits from combining Stride's and Rank's digital businesses are maximised.

Whilst there is now greater clarity following the outcome of the General Election in December, Rank remains cautious as attention turns to the United Kingdom's post-transition relationship with the European Union. Mitigations have been prepared to reduce the potential impact on Rank.

FINANCIAL SERVICES

Hong Leong Financial Group Berhad ("HLFG")

HLFG achieved a profit before tax of RM1,837.9 million for the period ended 31 December 2019, an increase of RM31.3 million or 1.7% as compared to the previous corresponding period. The increase was mainly due to higher contribution from the commercial banking, asset management, investment banking and stockbroking divisions.

The commercial banking division recorded a profit before tax of RM1,703.5 million for the period, an increase of RM29.2 million or 1.7% versus the previous corresponding period. The increase was mainly due to increase in revenue by RM61.4 million and increase in share of profit from associated companies by RM31.8 million. This was however offset by increase in operating expenses by RM13.2 million, increase in allowance for impairment losses on loans, advances and financing by RM49.9 million and increase in allowance for impairment losses on other assets by RM0.9 million.

The insurance division registered a profit before tax of RM126.2 million for the period ended 31 December 2019, a decrease of RM14.6 million or 10.4% compared to previous corresponding period. The decrease was mainly due to decrease in life fund surplus by RM36.9 million. This was however mitigated by increase in revenue by RM10.1 million, decrease in operating expenses by RM0.9 million and increase in share of profit from associated company by RM11.3 million.

The investment banking division recorded a profit before tax of RM47.5 million for the period ended 31 December 2019, an increase of RM10.0 million or 26.7% compared to the previous corresponding period. The increase was mainly due to higher contribution from the asset management, investment banking and stockbroking divisions.

GROUP FINANCIAL COMMENTARY

Capital Management

The Group's consolidated total equity attributable to equity shareholders of the Company as at 31 December 2019 amounted to HK$59.8 billion, a decrease of 4% or HK$2.3 billion as compared to 30 June 2019.

The equity-debt ratio as at 31 December 2019 is arrived at as follows:

	HK$'M
Total borrowings	39,967
Less: Cash and short term funds	(12,871)
Trading financial assets	(12,215)
Net debt	14,881
Total equity attributable to equity shareholders of the Company	59,801
Equity-debt ratio	80:20

The Group's total cash balance and trading financial assets were mainly in USD (29%), HKD (25%), GBP (13%), SGD (10%), JPY (10%) and RMB (5%).

Total Borrowings

There was an increase in total borrowings from HK$35.4 billion as at 30 June 2019 to HK$40.0 billion as at 31 December 2019. The Group's total borrowings are mostly denominated in SGD (68%), GBP (8%), HKD (7%), MYR (6%) and USD (5%).

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	7,458	–	1,012	8,470
After 1 year but within 2 years	4,310	–	723	5,033
After 2 years but within 5 years	22,856	578	3,030	26,464
	27,166	578	3,753	31,497
	34,624	578	4,765	39,967

GROUP FINANCIAL COMMENTARY (Cont'd)

Total Borrowings (Cont'd)

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK$47.6 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$1.0 billion.

Committed borrowing facilities available to group companies and not yet drawn as at 31 December 2019 amounted to approximately HK$13.4 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 31 December 2019, approximately 85% of the Group's borrowings were at floating rates and the remaining 15% were at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK$10.8 billion.

Foreign Currency Exposure

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

As at 31 December 2019, there were outstanding foreign exchange contracts with a total notional amount of HK$21.5 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

As at 31 December 2019, the Group had over 11,900 staff. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

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

GROUP OUTLOOK

Looking ahead, the tense relationship between the U.S. and China and the lack of growth acceleration in China will continue to induce market volatility. While the European stock markets should see a more positive prospect with the Brexit uncertainty removed, turbulence may resurface during the course of the U.K. and the European Union trade talk. The surge in asset values in 2019 is not expected to be repeated in 2020. The current coronavirus outbreak will probably further dampen the global economy, albeit temporary. Amid such an uncertain outlook, the Group will continue to maintain a value oriented investment approach in its Principal Investment activities and exercise caution in implementing business plans of other core businesses.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2019.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the principles set out in Appendix 14 (the "HKEx Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

OTHER INFORMATION

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

As at 31 December 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 pursuant to the Model Code were disclosed as follows in accordance with the Listing Rules.

(A) The Company

Director	Number of *shares/ underlying shares (Long Position)		Approx. % of the issued share capital of the Company	
	Personal interests	Total interests		
Kwek Leng Hai	3,800,775	3,800,775	1.16%	
Tang Hong Cheong	130,000	130,000	0.04%	Note
Kwek Leng San	209,120	209,120	0.06%	
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 of 36,000 underlying shares of the Company pursuant to an executive option scheme of a Hong Leong Group company.

(B) Associated Corporations

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

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

* Ordinary shares

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

(B) Associated Corporations (Cont'd)

(b) GuocoLand Limited ("GuocoLand")

Director	Number of *shares/ underlying shares (Long Position) Personal 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

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 865,000 shares/underlying shares comprised 345,000 ordinary shares of GuocoLand and an option of 520,000 underlying shares of GuocoLand pursuant to an executive option scheme of a Hong Leong Group company.

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

Director	Number of *shares (Long Position) Personal 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

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

Director	Number of *shares (Long Position) Personal 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

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

(B) Associated Corporations (Cont'd)

(e) GL Limited ("GL")

Director	Number of *shares (Long Position) Personal 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	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

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

Director	Number of *shares (Long Position) Personal interests	Family 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

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

(B) Associated Corporations (Cont'd)

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

Director	Number of *shares (Long Position) Personal 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")

Director	Number of *shares (Long Position) Personal interests	Total interests	Approx. % of the issued 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

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

Director	Number of *shares (Long Position) Personal interests	Family interests	Total interests	Approx. % of the total number of shares of LSHK in issue
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tang Hong Cheong	700,000	–	700,000	0.29%
Lester G. Huang	–	150,000	150,000	0.06%

* Ordinary shares

OTHER INFORMATION

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

(B) Associated Corporations (Cont'd)

(k) Hume Industries Berhad ("HIB")

Director	Number of *shares/underlying shares (Long Position)			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	1.20%	4

* Ordinary shares unless otherwise specified in the Note

Director	Amount of debentures			Note
	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.

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

(B) Associated Corporations (Cont'd)

(l) Southern Steel Berhad ("SSB")

Director	Number of *shares (Long Position) Personal interests	Total interests	Approx. % of the issued share capital of SSB
Tang Hong Cheong	71,000	71,000	0.02%

* Ordinary shares

Save as disclosed above, as at 31 December 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.

UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Company's directors up to 24 February 2020 is set out below:

Mr. Roderic N. A. Sage has been re-designated as the Chairman of the Board Remuneration Committee and Mr. David Michael Norman has been appointed as a member of the Board Nomination Committee with effect from 18 November 2019 after the conclusion of the annual general meeting of the Company.

SHARE OPTIONS

The Company

Executive Share Option Scheme 2012 (the "ESOS 2012")

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

No option had been granted pursuant to the ESOS 2012 during the six months ended 31 December 2019.

SHARE OPTIONS (Cont'd)

GuocoLand Limited ("GuocoLand")

(a) GuocoLand Limited Executives' Share Option Scheme 2008 ("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. 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 ("GuocoLand Group") who are not GuocoLand's controlling shareholders or their associates.

Details of the outstanding options granted under the GuocoLand ESOS 2008 as at 31 December 2019 are as follows:

		No. of GuocoLand shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2019	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 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 Executives	8 December 2017	17,900,000	–	–	–	17,900,000	2	S$1.984
	Total	37,900,000	–	–	–	37,900,000		

Notes:

1. The board of directors of GuocoLand has 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.

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 does not affect the options which were granted thereunder and remain unexercised on termination and the option holders will 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)

(b) **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. Under the GuocoLand ESS 2018, options over newly issued and/or existing GuocoLand shares or free GuocoLand shares may be granted or awarded to eligible participants including directors and executives of the GuocoLand Group. GuocoLand's non-executive directors, GuocoLand's 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.

No option had been granted pursuant to the GuocoLand ESS 2018 during the six months ended 31 December 2019.

GL Limited ("GL")

(a) **The GL Executives' Share Option Scheme 2008 ("GL ESOS 2008")**

GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008 and by the shareholders of the Company on 21 November 2008. GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to confirmed employees (including executive directors) of GL and its subsidiaries (collectively "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 GL ESOS 2008.

Details of the options outstanding during the six months ended 31 December 2019 are as follows:

		No. of GL shares comprised in options					
Grantees	Date of grant	As at 1 Jul 2019	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 2019	Exercise price per GL share
Eligible employees	3 April 2018	26,250,000	–	–	16,000,000	10,250,000	S$0.741
	Total	26,250,000	–	–	16,000,000	10,250,000	

SHARE OPTIONS (Cont'd)

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

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

Notes:

1. Upon the GL Remuneration Committee's ("RC") 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 Shares shall be exercisable within such periods (each an "Exercise Period") as follows:

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

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

    c. the remaining 20% of the Vested Option Shares is 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 RC considers that GL is not able to sustain its achievement in respect of the applicable performance targets post the relevant Vesting Date, the RC 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.

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

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

GL ESS 2018 was approved by the shareholders of GL on 25 October 2018, and by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 12 December 2018. Under GL ESS 2018, options for newly issued and/or existing GL shares may be granted or grants of GL shares may be awarded to eligible participants including directors and executives of the GL Group. GL Group's non-executive directors, GL's 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 GL ESS 2018.

No option had been granted pursuant to GL ESS 2018 during the six months ended 31 December 2019.

SHARE OPTIONS (Cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme (the "GLM ESS")

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

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

Details of the options outstanding during the six months ended 31 December 2019 are as follows:

		No. of GLM shares comprised in options						
Grantees	Date of grant	As at 1 Jul 2019	Granted during the six months	Exercised during the six months	Lapsed during the six months	As at 31 Dec 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 board of directors of GLM 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 in the financial years ended/ending 30 June 2019 and 30 June 2021 respectively. The exercise period of the vested options will be up to the 30th month from the respective vesting dates to be determined.

The Rank Group Plc ("Rank")

The Long Term Incentive Plan ("LTIP")

The rules of LTIP were approved by Rank's shareholders on 22 April 2010 with amendments thereto approved on 22 April 2015. It was further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 24 November 2015. 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 executive directors and other senior executives of Rank and its subsidiaries (collectively the "Eligible Participants") may be granted awards, including, among others, awards of ordinary shares of Rank ("Rank Shares"), options ("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 an aim of aligning their interests with those of Rank's shareholders through the creation of shareholder value over the long term. Pursuant to the LTIP, the exercise of the 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.

No Rank Option or CSOP option had been granted pursuant to the LTIP during the six months ended 31 December 2019.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 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 the addition information of the relevant events on or before 31 December 2019 with disclosure made after 31 December 2019.

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of the issued share capital of the Company
Quek Leng Chan	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	20,181,608 (Long Position)	10	6.13%
		20,159,608 (Short Position)		6.13%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (Cont'd)

Notes:

1. The interest of controlled corporation of Mr. Quek Leng Chan ("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. CL was wholly owned by QLC.

2. The interests of HLCM comprised 240,481,792ordinary 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 for these purposes. 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. The Company was subsequently notified by FEIM that, as at 31 December 2019, FEIM was deemed to be interested in 23,012,846 shares of the Company (held by various management accounts and funds controlled by it), representing approximately 6.99% of the total issued share capital of the Company.

10. Among these interests, 15,000 shares (long position) and 7,000 shares (long position) are directly held by Credit Suisse (Hong Kong) Limited and Credit Suisse AG respectively. 20,148,608 shares (long position) and 20,148,608 shares (short position) are directly held by Credit Suisse Securities (USA) LLC. 11,000 shares (long position) and 11,000 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 is therefore deemed to be interested in these interests.

Save as disclosed above, as at 31 December 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.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2019 – Unaudited

	Notes	**2019 US$'000**	2018 US$'000	**2019 HK$'000 (Note 21)**	2018 HK$'000 (Note 21)
Turnover	3 & 4	**1,262,104**	1,150,998	**9,828,256**	9,013,465
Revenue	3 & 4	**1,173,305**	1,025,959	**9,136,761**	8,034,285
Cost of sales		**(608,285)**	(507,078)	**(4,736,837)**	(3,970,928)
Other attributable costs		**(43,593)**	(36,623)	**(339,467)**	(286,795)
		521,427	482,258	**4,060,457**	3,776,562
Other revenue	5(a)	**18,630**	21,384	**145,076**	167,458
Other net losses	5(b)	**(18,670)**	(178,467)	**(145,387)**	(1,397,575)
Administrative and other operating expenses		**(274,639)**	(279,334)	**(2,138,669)**	(2,187,465)
Profit from operations before finance costs		**246,748**	45,841	**1,921,477**	358,980
Finance costs	3(b) & 6(a)	**(81,278)**	(59,368)	**(632,928)**	(464,911)
Profit/(loss) from operations		**165,470**	(13,527)	**1,288,549**	(105,931)
Share of profits of associates and joint ventures		**64,845**	70,256	**504,961**	550,175
Profit for the period before taxation	3 & 6	**230,315**	56,729	**1,793,510**	444,244
Tax expenses	7	**(44,446)**	(11,504)	**(346,110)**	(90,088)
Profit for the period		**185,869**	45,225	**1,447,400**	354,156
Attributable to:					
Equity shareholders of the Company		**138,133**	13,086	**1,075,670**	102,475
Non-controlling interests		**47,736**	32,139	**371,730**	251,681
Profit for the period		**185,869**	45,225	**1,447,400**	354,156
		US$	US$	**HK$**	HK$
Earnings per share					
Basic	9	**0.42**	0.04	**3.31**	0.32
Diluted	9	**0.42**	0.04	**3.31**	0.32

The notes on pages 29 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019 – Unaudited

	2019 US$'000	2018 US$'000	**2019 HK$'000 (Note 21)**	2018 HK$'000 (Note 21)
Profit for the period	**185,869**	45,225	**1,447,400**	354,156
Other comprehensive income for the period (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)	**(244,460)**	(355,105)	**(1,903,659)**	(2,780,827)
Actuarial gains on defined benefit obligation	**–**	70	**–**	548
	(244,460)	(355,035)	**(1,903,659)**	(2,780,279)
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**73,456**	(164,554)	**572,017**	(1,288,622)
Changes in fair value of cash flow hedge	**3,464**	3,364	**26,975**	26,343
Changes in fair value on net investment hedge	**3,073**	3,446	**23,930**	26,986
Transfer upon disposal of ESOS shares	**–**	2,585	**–**	20,243
Share of other comprehensive income of associates	**(9,028)**	2,806	**(70,303)**	21,974
	70,965	(152,353)	**552,619**	(1,193,076)
Other comprehensive income for the period, net of tax	**(173,495)**	(507,388)	**(1,351,040)**	(3,973,355)
Total comprehensive income for the period	**12,374**	(462,163)	**96,360**	(3,619,199)
Total comprehensive income for the period attributable to:				
Equity shareholders of the Company	**(60,745)**	(448,846)	**(473,032)**	(3,514,914)
Non-controlling interests	**73,119**	(13,317)	**569,392**	(104,285)
	12,374	(462,163)	**96,360**	(3,619,199)

The notes on pages 29 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000	At 31 December 2019 (Unaudited) HK$'000 (Note 21)	At 30 June 2019 (Audited) HK$'000 (Note 21)
NON-CURRENT ASSETS					
Investment properties		**3,849,243**	3,798,843	**29,974,825**	29,657,377
Other property, plant and equipment	10	**1,823,823**	1,792,341	**14,202,474**	13,992,717
Right-of-use assets		**802,164**	–	**6,246,612**	–
Interests in associates and joint ventures		**1,608,049**	1,536,863	**12,522,199**	11,998,213
Equity investments at FVOCI		**1,134,644**	1,367,021	**8,835,700**	10,672,265
Deferred tax assets		**14,805**	26,131	**115,290**	204,003
Intangible assets		**1,046,380**	975,916	**8,148,370**	7,618,927
Goodwill		**387,210**	314,111	**3,015,282**	2,452,249
Pensions surplus		**7,364**	7,100	**57,345**	55,429
		10,673,682	9,818,326	**83,118,097**	76,651,180
CURRENT ASSETS					
Development properties	11	**2,736,327**	1,971,687	**21,308,326**	15,392,862
Properties held for sale		**390,121**	448,533	**3,037,950**	3,501,675
Inventories		**55,108**	58,066	**429,137**	453,318
Contract assets		**3,174**	25,963	**24,717**	202,692
Trade and other receivables	12	**328,211**	251,498	**2,555,845**	1,963,432
Trading financial assets		**1,568,554**	1,637,001	**12,214,644**	12,779,985
Cash and short term funds		**1,652,834**	1,789,796	**12,870,949**	13,972,848
		6,734,329	6,182,544	**52,441,568**	48,266,812
CURRENT LIABILITIES					
Contract liabilities		**14,335**	15,654	**111,629**	122,210
Trade and other payables	13	**584,264**	564,398	**4,549,781**	4,406,227
Bank loans and other borrowings	14	**1,087,722**	714,656	**8,470,309**	5,579,284
Taxation		**31,736**	43,866	**247,134**	342,460
Provisions and other liabilities		**20,890**	24,084	**162,675**	188,023
Lease liabilities		**54,534**	–	**424,667**	–
		1,793,481	1,362,658	**13,966,195**	10,638,204
NET CURRENT ASSETS		**4,940,848**	4,819,886	**38,475,373**	37,628,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,614,530**	14,638,212	**121,593,470**	114,279,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	**At 31 December 2019 (Unaudited) US$'000**	At 30 June 2019 (Audited) US$'000	**At 31 December 2019 (Unaudited) HK$'000 (Note 21)**	At 30 June 2019 (Audited) HK$'000 (Note 21)
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	14	**4,044,714**	3,815,959	**31,496,997**	29,791,001
Amount due to non-controlling interests		**366,309**	304,796	**2,852,521**	2,379,527
Provisions and other liabilities		**15,068**	47,955	**117,338**	374,382
Deferred tax liabilities		**95,731**	84,132	**745,476**	656,814
Lease liabilities		**1,003,390**	–	**7,813,599**	–
		5,525,212	4,252,842	**43,025,931**	33,201,724
NET ASSETS		**10,089,318**	10,385,370	**78,567,539**	81,078,064
CAPITAL AND RESERVES					
Share capital	15	**164,526**	164,526	**1,281,197**	1,284,446
Reserves		**7,514,884**	7,793,723	**58,519,906**	60,845,206
Total equity attributable to equity shareholders of the Company		**7,679,410**	7,958,249	**59,801,103**	62,129,652
Non-controlling interests		**2,409,908**	2,427,121	**18,766,436**	18,948,412
TOTAL EQUITY		**10,089,318**	10,385,370	**78,567,539**	81,078,064

The notes on pages 29 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019 – Unaudited

	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 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
Effect of changes of accounting policies – adopting Hong Kong Financial Reporting Standard ("HKFRS") 16 (Note 2)	–	–	–	–	–	–	2,044	–	–	–	(110,439)	(108,395)	(51,122)	(159,517)
Adjusted balance at 1 July 2019	164,526	10,493	(70,589)	2,806	(39,017)	2,152	(425,642)	(189,884)	(5,278)	51,342	8,348,945	7,849,854	2,375,999	10,225,853
Profit for the period	–	–	–	–	–	–	–	–	–	–	138,133	138,133	47,736	185,869
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	50,321	–	–	–	–	50,321	23,135	73,456
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	2,297	–	–	2,297	1,167	3,464
Changes in fair value of equity investments at FVOCI	–	–	–	–	–	–	–	(244,460)	–	–	–	(244,460)	–	(244,460)
Changes in fair value on net investment hedge	–	–	–	–	–	–	–	–	1,992	–	–	1,992	1,081	3,073
Share of other comprehensive income of associates	–	–	(3,370)	–	–	–	(5,220)	(194)	–	–	(244)	(9,028)	–	(9,028)
Total comprehensive income for the period	–	–	(3,370)	–	–	–	45,101	(244,654)	4,289	–	137,889	(60,745)	73,119	12,374
Transfer between reserves	–	–	5,265	–	–	–	–	–	–	–	(5,265)	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	1,067	–	–	–	–	–	1,067	899	1,966
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	14,527	14,527
Capitalisation of shareholders' loan from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	37,150	37,150
Acquisition of additional interests in subsidiaries	–	–	(57)	–	–	57	(1,132)	–	19	98	21,962	20,947	(55,424)	(34,477)
Acquistion of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	269	269
Distribution payment for perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(6,780)	(6,780)
Accrued distribution for perpetual securities	–	–	–	–	–	–	–	–	–	–	(7,093)	(7,093)	7,093	–
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(36,944)	(36,944)
Final dividend paid in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,620)	(124,620)	–	(124,620)
At 31 December 2019	164,526	10,493	(68,751)	2,806	(39,017)	3,276	(381,673)	(434,538)	(970)	51,440	8,371,818	7,679,410	2,409,908	10,089,318

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2019 – Unaudited

	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	(70,907)	2,806	(41,056)	304	(332,594)	321,285	(10,217)	51,342	8,211,020	8,307,002	2,418,861	10,725,863
Profit for the period	–	–	–	–	–	–	–	–	–	–	13,086	13,086	32,139	45,225
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	–	–	–	–	–	–	(116,735)	–	–	–	–	(116,735)	(47,819)	(164,554)
Changes in fair value of cash flow hedge	–	–	–	–	–	–	–	–	2,091	–	–	2,091	1,273	3,364
Changes in fair value of equity investments at FVOCI	–	–	–	–	–	–	–	(355,104)	–	–	–	(355,104)	(1)	(355,105)
Changes in fair value on net investment hedge	–	–	–	–	–	–	–	–	2,389	–	–	2,389	1,057	3,446
Transfer upon disposal of equity investment at FVOCI	–	–	–	–	–	–	–	(12,637)	–	–	12,637	–	–	–
Actuarial gains on defined benefit obligation	–	–	–	–	–	–	–	–	–	–	36	36	34	70
Transfer upon disposal of ESOS shares	–	–	–	–	2,039	–	–	–	–	–	546	2,585	–	2,585
Share of other comprehensive income of associates	–	–	1,129	–	–	–	(1,297)	3,390	(36)	–	(380)	2,806	–	2,806
Total comprehensive income for the period	–	–	1,129	–	2,039	–	(118,032)	(364,351)	4,444	–	25,925	(448,846)	(13,317)	(462,163)
Transfer between reserves	–	–	5,318	–	–	–	3,643	–	–	–	(8,961)	–	–	–
Equity-settled share-based transactions	–	–	–	–	–	726	–	–	–	–	–	726	372	1,098
Capital reduction of a subsidiary with non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(189)	(189)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	1,169	1,169	(3,108)	(1,939)
Distribution payment for perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(6,622)	(6,622)
Accrued distribution for perpetual securities	–	–	–	–	–	–	–	–	–	–	(6,939)	(6,939)	6,939	–
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(37,261)	(37,261)
Final dividend payable in respect of the prior year	–	–	–	–	–	–	–	–	–	–	(124,591)	(124,591)	–	(124,591)
At 31 December 2018	164,526	10,493	(64,460)	2,806	(39,017)	1,030	(446,983)	(43,066)	(5,773)	51,342	8,097,623	7,728,521	2,365,675	10,094,196

The notes on pages 29 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019 – Unaudited

	2019 **US$'000**	2018 US$'000
Net cash (used in)/generated from operating activities	**(343,773)**	403,416
Net cash (used in)/generated from investing activities	**(227,479)**	153,095
Net cash generated from/(used in) financing activities	**405,686**	(263,698)
Net (decrease)/increase in cash and cash equivalents	**(165,566)**	292,813
Cash and cash equivalents at 1 July	**1,611,452**	1,935,323
Effect of foreign exchange rate changes	**(6,825)**	(39,196)
Cash and cash equivalents at 31 December	**1,439,061**	2,188,940
Analysis of the balances of cash and cash equivalents		
Cash and short term funds in the consolidated statement of financial position	**1,652,834**	2,469,049
Cash collaterals	**(7,773)**	(10,488)
Fixed deposits with maturity over three months	**(206,000)**	(269,621)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**1,439,061**	2,188,940

The notes on pages 29 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018/19 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019/20 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018/19 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2019 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2019 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website http://www.guoco.com. The auditors expressed an unqualified opinion on those financial statements in their report dated 12 September 2019.

2. CHANGES IN ACCOUNTING POLICIES

Overview

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Overview (Cont'd)

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(a) Changes in the accounting policies (Cont'd)

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of- use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value; and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(a) Changes in the accounting policies (Cont'd)

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("Investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 30 June 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Classification of interest in leasehold land and buildings held for own use

In accordance with HKAS 16, *Property, plant and equipment*, the Group chooses to apply either the cost model or the revaluation model as its accounting policy for items of property, plant and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that its registered ownership interests in leasehold properties and the right to use other properties leased under tenancy agreements are two separate groupings of assets which differ significantly in their nature and use. Accordingly, they are regarded by the Group as separate classes of asset for subsequent measurement policies in accordance with the above accounting policies. Specifically, rights to use properties under tenancy agreements are carried at depreciated cost.

In making this judgement, the Group has taken into account that, as the registered owner of a leasehold property, the Group is able to benefit fully from any changes in the valuation of these properties whether as holding gains or by selling the property interest to others, as well as being able to use the properties in its operation free of paying market rents. In contrast, the shorter term tenancy agreements are typically for periods of no more than 10 years and are subject to other restrictions, in particular on transferability of the Group's tenancy rights to others. These shorter term tenancy agreements are executed in order to retain operational flexibility and to reduce the Group's exposure to the property market fluctuation.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies (Cont'd)

(ii) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 30 June 2019 as an alternative to performing an impairment review.

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) Transitional impact (Cont'd)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 30 June 2019 US$'000	Capitalisation of operating lease contracts US$'000	Carrying amount at 1 July 2019 US$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Other property, plant and equipment	1,792,341	(4,390)	1,787,951
Intangible assets	975,916	(2,400)	973,516
Right-of-use assets	–	795,908	795,908
Total non-current assets	**9,818,326**	**789,118**	**10,607,444**
Trade and other receivables	251,498	(6,153)	245,345
Total current assets	**6,182,544**	**(6,153)**	**6,176,391**
Trade and other payables	564,398	(51,971)	512,427
Provision and other liabilities	24,084	(5,128)	18,956
Loans and borrowings	714,656	(2,288)	712,368
Lease liabilities (current)	–	53,550	53,550
Current liabilities	**1,362,658**	**(5,837)**	**1,356,821**
Net current assets	**4,819,886**	**(316)**	**4,819,570**
Total assets less current liabilities	**14,638,212**	**788,802**	**15,427,014**
Provision and other liabilities	47,955	(33,108)	14,847
Loans and borrowings	3,815,959	(7,473)	3,808,486
Deferred tax liabilities	84,132	(1,806)	82,326
Lease liabilities (non-current)	–	990,706	990,706
Total non-current liabilities	**4,252,842**	**948,319**	**5,201,161**
Net assets	**10,385,370**	**(159,517)**	**10,225,853**
Retained profits	8,459,384	(110,439)	8,348,945
Exchange reserve	(427,686)	2,044	(425,642)
Total equity attributable to equity shareholders of the company	**7,958,249**	**(108,395)**	**7,849,854**
Non-controlling interests	2,427,121	(51,122)	2,375,999
Total equity	**10,385,370**	**(159,517)**	**10,225,853**

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) Transitional impact (Cont'd)

When measuring liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019.

	US$'000
Operating lease commitments at 30 June 2019	3,069,181
Less: total future interest expenses	(2,024,925)
Total lease liabilities recognised at 1 July 2019	1,044,256

(d) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. The impact on the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the period is shown below.

	US$'000
Increase in depreciation expenses	25,022
Decrease in rental expenses	(45,264)
Increase in finance costs	24,967
Decrease in profit for the period	4,725

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

	US$'000
Increase in cash flow from operating activities	45,264
Decrease in cash flow from financing activities	(45,264)

3. 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 segments meets any of the quantitative thresholds for determining reportable segments in the six months ended 31 December 2019 or 2018.

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 2018/19.

3. SEGMENT REPORTING (Cont'd)

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

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

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Others US$'000	Total US$'000
For the six months ended 31 December 2019						
Turnover	**120,948**	**403,048**	**704,830**	**–**	**33,278**	**1,262,104**
Disaggregated by timing of revenue						
– Point in time	**32,149**	**61,418**	**704,830**	**–**	**33,278**	**831,675**
– Over time	**–**	**341,630**	**–**	**–**	**–**	**341,630**
Revenue from external customers	**32,149**	**403,048**	**704,830**	**–**	**33,278**	**1,173,305**
Inter-segment revenue	**3,107**	**1,317**	**–**	**–**	**–**	**4,424**
Reportable segment revenue	**35,256**	**404,365**	**704,830**	**–**	**33,278**	**1,177,729**
Operating profit	**5,200**	**105,510**	**122,978**	**–**	**16,167**	**249,855**
Finance costs	**(9,513)**	**(33,494)**	**(37,943)**	**–**	**(3,435)**	**(84,385)**
Share of profits of associates and joint ventures	**–**	**4,332**	**–**	**60,513**	**–**	**64,845**
(Loss)/profit before taxation	**(4,313)**	**76,348**	**85,035**	**60,513**	**12,732**	**230,315**
For the six months ended 31 December 2018						
Turnover	214,434	291,089	645,475	–	–	1,150,998
Disaggregated by timing of revenue						
– Point in time	89,395	135,469	645,475	–	–	870,339
– Over time	–	155,620	–	–	–	155,620
Revenue from external customers	89,395	291,089	645,475	–	–	1,025,959
Inter-segment revenue	–	1,081	–	–	–	1,081
Reportable segment revenue	89,395	292,170	645,475	–	–	1,027,040
Operating (loss)/profit	(130,569)	66,544	68,772	–	15,724	20,471
Finance costs	(11,970)	(33,232)	(14,166)	–	–	(59,368)
Write back of provision for impairment loss on interest in an associate	–	–	–	25,370	–	25,370
Share of profits of associates and joint ventures	–	9,711	–	60,545	–	70,256
(Loss)/profit before taxation	(142,539)	43,023	54,606	85,915	15,724	56,729

3. SEGMENT REPORTING (Cont'd)

(b) Reconciliations of reportable segment revenue (unaudited)

Revenue

	Six months ended 31 December 2019 US$'000	2018 US$'000
Reportable segment revenue	**1,177,729**	1,027,040
Elimination of inter-segment revenue	**(4,424)**	(1,081)
Consolidated revenue (Note 4)	**1,173,305**	1,025,959

Finance costs

	Six months ended 31 December 2019 US$'000	2018 US$'000
Reportable finance costs	**84,385**	59,368
Elimination of inter-segment finance costs	**(3,107)**	–
Consolidated finance costs (Note 6(a))	**81,278**	59,368

4. TURNOVER AND REVENUE

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

	Six months ended 31 December 2019 (Unaudited) US$'000	2018 (Unaudited) US$'000
Revenue from sale of properties	**345,770**	230,686
Revenue from hospitality and leisure	**703,721**	644,750
Interest income	**20,946**	27,100
Dividend income	**20,697**	76,424
Rental income from properties	**45,519**	43,652
Revenues from sales of goods	**33,277**	–
Others	**3,375**	3,347
Revenue	**1,173,305**	1,025,959
Proceeds from sale of investments in securities	**88,799**	125,039
Turnover	**1,262,104**	1,150,998

5. OTHER REVENUE AND NET LOSSES

(a) Other revenue

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Sublease income	**2,393**	2,433
Bass Strait oil and gas royalty	**15,276**	18,152
Hotel management fee	**301**	51
Income from forfeiture of deposit from sale of properties	**400**	409
Others	**260**	339
	18,630	21,384

(b) Other net losses

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Net realised and unrealised losses on trading financial assets	**(12,913)**	(214,995)
Net realised and unrealised losses on derivative financial instruments	**(501)**	(1,310)
Net (losses)/gains on foreign exchange contracts	**(14,578)**	2,177
Other exchange gains	**7,720**	9,136
Net gains/(losses) on disposal of property, plant and equipment	**33**	(70)
Write back of provision for impairment loss on interest in an associate (Note)	**–**	25,370
Other income	**1,569**	1,225
	(18,670)	(178,467)

Note:

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

6. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance costs

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Interest on bank loans and other borrowings	**83,477**	81,976
Interest on lease liabilities	**24,967**	–
Other borrowing costs	**4,784**	5,155
Total borrowing costs	**113,228**	87,131
Less: borrowing costs capitalised into:		
– development properties	**(14,313)**	(13,638)
– investment properties	**(17,637)**	(14,125)
Total borrowing costs capitalised (Note)	**(31,950)**	(27,763)
	81,278	59,368

Note:

These borrowing costs have been capitalised at rates of 1.81% to 4.37% per annum (2018: 2.90% to 4.79%).

(b) Staff cost

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Salaries, wages and other benefits	**202,792**	206,529
Contributions to defined contribution retirement plans	**6,671**	6,533
Expenses recognised in respect of defined benefit retirement plans	**79**	79
Equity-settled share-based payment expenses	**2,254**	1,762
	211,796	214,903

6. PROFIT FOR THE PERIOD BEFORE TAXATION (Cont'd)

(c) Other items

	Six months ended 31 December 2019 (Unaudited) US$'000	2018 (Unaudited) US$'000
Depreciation		
– other property, plant and equipment	**39,136**	36,507
– right-of-use assets	**25,022**	–
Amortisation		
– customer relationship, licences and brand names	**4,648**	–
– casino licences and brand names	**757**	785
– Bass Strait oil and gas royalty	**1,469**	1,553
– other intangible assets	**6,737**	6,986
Gross rental income from investment properties	**(45,519)**	(43,652)
Less: direct outgoings	**11,667**	10,283
Net rental income	**(33,852)**	(33,369)

7. TAX EXPENSES

Taxation in the consolidated income statement represents:

	Six months ended 31 December 2019 (Unaudited) US$'000	2018 (Unaudited) US$'000
Current tax – Hong Kong Profits Tax	**331**	375
Current tax – Overseas	**21,081**	34,336
Deferred tax	**23,034**	(23,207)
	44,446	11,504

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) to the profits for the six months ended 31 December 2019. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8. DIVIDENDS

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend declared of HK$1.00 (2018: HK$1.00) per ordinary share	**42,255**	42,019
Dividends payable/paid in respect of the prior year:		
– Final dividend of HK$3.00 (2018: HK$3.00) per ordinary share	**124,620**	124,591

The interim dividend declared for the year ending 30 June 2020 of US$42,255,000 (2019: US$42,019,000) is calculated based on 329,051,373 ordinary shares (2018: 329,051,373 ordinary shares) in issue at 31 December 2019.

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

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profits attributable to equity shareholders of the Company of US$138,133,000 (2018: US$13,086,000) and the weighted average number of 325,224,511 ordinary shares (2018: 325,061,468 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 31 December 2019 and 2018, the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group acquired items of property, plant and equipment with a cost of US$33,513,000 (2018: US$169,076,000). The Group disposed of items of property, plant and equipment with a net book value of US$446,000 (2018: US$615,000) during the six months ended 31 December 2019.

11. DEVELOPMENT PROPERTIES

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Cost	**3,084,303**	2,247,493
Less: Progress instalments received and receivable	**(347,976)**	(275,806)
	2,736,327	1,971,687

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Trade debtors	**155,362**	85,263
Other receivables, deposits and prepayments	**151,865**	140,028
Derivative financial instruments, at fair value	**15,452**	22,324
Interest receivables	**5,532**	3,883
	328,211	251,498

Included in the Group's trade and other receivables is US$13.7 million (30 June 2019: US$7.1 million) which is expected to be recovered after one year.

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

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Within 1 month	**141,497**	67,497
1 to 3 months	**9,223**	10,591
More than 3 months	**4,642**	7,175
	155,362	85,263

13. TRADE AND OTHER PAYABLES

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Trade creditors	**43,404**	69,905
Other payables and accrued operating expenses	**472,538**	444,038
Derivative financial instruments, at fair value	**63,684**	42,580
Amounts due to fellow subsidiaries	**4,598**	7,818
Amounts due to associates and joint ventures	**40**	57
	584,264	564,398

Included in trade and other payables is US$20.8 million (30 June 2019: US$86.5 million) which is expected to be payable after one year.

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

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Within 1 month	**34,885**	62,657
1 to 3 months	**6,978**	4,116
More than 3 months	**1,541**	3,132
	43,404	69,905

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

14. BANK LOANS AND OTHER BORROWINGS

	At 31 December 2019 (Unaudited) Current portion US$'000	Non-current portion US$'000	Total US$'000	At 30 June 2019 (Audited) Current portion US$'000	Non-current portion US$'000	Total US$'000
Bank loans						
– Secured	**246,287**	**2,803,534**	**3,049,821**	107,774	2,451,037	2,558,811
– Unsecured	**711,473**	**685,014**	**1,396,487**	475,338	806,410	1,281,748
	957,760	**3,488,548**	**4,446,308**	583,112	3,257,447	3,840,559
Other unsecured loans	**–**	**–**	**–**	2,327	7,434	9,761
Unsecured medium term notes and bonds	**129,962**	**481,953**	**611,915**	129,217	479,220	608,437
Secured mortgage debenture stock	**–**	**74,213**	**74,213**	–	71,858	71,858
	1,087,722	**4,044,714**	**5,132,436**	714,656	3,815,959	4,530,615

15. SHARE CAPITAL

	At 31 December 2019 (Unaudited) No. of shares '000	US$'000	At 30 June 2019 (Audited) No. of shares '000	US$'000
Authorised:				
Ordinary shares of US$0.50 each	**1,000,000**	**500,000**	1,000,000	500,000
Issued and fully paid	**329,051**	**164,526**	329,051	164,526

Note:

As at 31 December 2019, 3,826,862 (30 June 2019: 3,826,862) 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.

16. ACQUISITION OF A SUBSIDIARY

On 4 October 2019, the Group acquired 100% of the issued share capital of Stride Gaming plc ("Stride") for a total cash consideration of GBP116.0 million (approximately US$143.2 million) which included GBP1.5 million (approximately US$1.9 million) in respect of employee benefit schemes. There was no deferred or contingent consideration.

Stride is an established scale player in the highly regulated UK soft gaming market and provides B2C services through a portfolio of 150 online brands, 14 of which are operated on Stride's proprietary platform and also B2B services licensing its proprietary platform. The acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses.

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. The amounts disclosed are provisional and the accounting will be completed within the 12-month measurement period permitted by HKFRS 3 Business Combinations.

	US$'000
Net assets acquired:	
Intangible assets	50,794
Property, plant and equipment	4,604
Trade and other receivables	6,602
Cash and short term funds	37,632
Trade and other payables	(17,599)
Loans and borrowings	(3,051)
Deferred tax liabilities	(125)
Net assets acquired	78,857
Less: Non-controlling interest	(269)
Goodwill arising from acquisition	64,627
Total consideration paid, satisfied by cash	143,215
The fair value of each component of consideration is analysed as:	
Total consideration paid	143,215
The identified intangible assets recognised separately from goodwill are as follows:	
Customer relationships and brand names	12,290
Technology, software and licenses	38,504
	50,794

The fair value of trade and other receivables and trade and other payables correspond to the book value at which all receivables are expected to be received. The goodwill consists of future revenue opportunities and the assembled workforce including marketing and technological expertise. No amount of the goodwill recognised is expected to be deductible for tax purposes. The goodwill of GBP52.3 million (approximately US$64.6 million) arises from expected entity specific synergies.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

	At 31 December 2019 (Unaudited)				At 30 June 2019 (Audited)			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements								
Assets								
Equity investment at FVOCI financial assets:								
– Listed	1,048,780	–	–	1,048,780	1,283,779	–	–	1,283,779
– Unlisted	–	31,798	54,066	85,864	–	31,717	51,525	83,242
Trading financial assets:								
– Listed	1,568,554	–	–	1,568,554	1,637,001	–	–	1,637,001
Derivative financial instruments:								
– Forward exchange contracts	–	11,103	–	11,103	–	16,967	–	16,967
– Equity swaps	–	4,349	–	4,349	–	5,357	–	5,357
	2,617,334	47,250	54,066	2,718,650	2,920,780	54,041	51,525	3,026,346
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	33,591	–	33,591	–	25,730	–	25,730
– Forward exchange contracts	–	28,641	–	28,641	–	15,398	–	15,398
– Equity swaps	–	1,452	–	1,452	–	1,452	–	1,452
	–	63,684	–	63,684	–	42,580	–	42,580

During the six months ended 31 December 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.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial assets and liabilities measured at fair value (Cont'd)

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 investment at FVOCI 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 investment at FVOCI. The assets held by the unlisted equity investment at FVOCI 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 investment at FVOCI carried at fair value are categorised within Level 3 of the fair value hierarchy. The fair values are determined using a valuation technique or based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the investee fund.

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

	2019 (Unaudited) US$'000	2018 (Unaudited) US$'000
Unlisted equity investment at FVOCI:		
At 1 July	**51,525**	24,470
Net unrealised losses recognised in other comprehensive income during the period	**(3)**	–
Addition	**2,668**	28,866
Cash distribution	**(173)**	–
Exchange adjustments	**49**	41
At 31 December	**54,066**	53,377

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

Other than for the mortgage debenture stock, the carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 30 June 2019.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 31 December 2019 is estimated to be US$82.2 million (30 June 2019: US$82.2 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 2.07% (30 June 2019: 1.95%).

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

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Authorised and contracted for	**38,843**	17,547
Authorised but not contracted for	**43,216**	15,870
	82,059	33,417

At 31 December 2019, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$481.4 million (30 June 2019: US$387.5 million).

19. CONTINGENT LIABILITIES

(a) GuocoLand

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

(b) Rank

Property leases

Concurrent to the GBP211 million (approximately US$277 million) sale and leaseback in 2006, Rank transferred the rights and obligations but not the legal titles of 44 property leases to a third party. Rank remains potentially liable in the event of default by the third party. Should default occur then Rank would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 8 of these have not expired or been surrendered. These 8 leases have durations of between 2 months and 93 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.3 million (approximately US$0.4 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.

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

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

20. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(a) Banking transactions (Cont'd)

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

(i) **Income**

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Interest income	**703**	669

(ii) **Balance**

	At 31 December 2019 (Unaudited) US$'000	At 30 June 2019 (Audited) US$'000
Deposits and short term funds	**46,364**	41,402

(b) Management fee

On 7 July 2017, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the six months ended 31 December 2019 amounted to US$132,000 (2018: US$159,000) and US$4,886,000 (2018: US$3,127,000) respectively.

On 7 July 2017, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to HLMC for the six months ended 31 December 2019 amounted to US$80,000 (2018: US$49,000).

21. HONG KONG DOLLAR AMOUNTS

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

22. REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2019 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.