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A N N U A L
R E P O R T



國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

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

CORPORATE INFORMATION

(AS AT 16 SEPTEMBER 2021)

BOARD OF DIRECTORS

Executive Chairman

KWEK Leng Hai

Executive Director

CHEW Seong Aun

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 CHIEF FINANCIAL OFFICER

CHEW Seong Aun

COMPANY SECRETARY

LO Sze Man, Stella

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House, 2 Church Street,

Hamilton HM 11, Bermuda

PRINCIPAL OFFICE

50th Floor, The Center

99 Queen's Road Central

Hong Kong

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Website: www.guoco.com

BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-16

17th Floor, Hopewell Centre

183 Queen's Road East, Hong Kong

AUDITOR

KPMG,

Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

FINANCIAL CALENDAR

Preliminary announcement of interim results	23 February 2021 (Tuesday)
Payment date of interim dividend of HK\$0.50 per share	23 March 2021 (Tuesday)
Preliminary announcement of annual results	16 September 2021 (Thursday)
Closure of register of members for annual general meeting	3 November 2021 (Wednesday) to 8 November 2021 (Monday)
Annual general meeting	8 November 2021 (Monday)
Closure of register of members and record date for final dividend ^{Note}	15 November 2021 (Monday)
Payment date of final dividend of HK\$1.50 per share ^{Note}	25 November 2021 (Thursday)

Note: The declaration of the final dividend is subject to shareholders' approval at the annual general meeting.

GROUP ORGANISATION CHART

(AS AT 16 SEPTEMBER 2021)



PRINCIPAL INVESTMENT

100%
GuocoEquity
Assets Limited

PROPERTY DEVELOPMENT & INVESTMENT

66.8%
GuocoLand
Limited⁽²⁾

100%
GuocoLand
(Singapore)
Pte. Ltd.

100%
GuocoLand
(China)
Limited

65.0%
GuocoLand
(Malaysia)
Berhad⁽³⁾

100%
Molokai
Properties
Limited

HOSPITALITY & LEISURE BUSINESS

100%
GLH Hotels Group
Limited

52.0%
The Rank Group Plc⁽⁴⁾

FINANCIAL SERVICES

25.4%
Hong Leong Financial
Group Berhad⁽³⁾

64.4%
Hong Leong
Bank Berhad⁽³⁾

100%
Hong Leong Islamic
Bank Berhad

100%
Hong Leong Bank
Vietnam Limited

100%
Hong Leong Bank
(Cambodia) Plc.

18.0%
Bank of Chengdu
Co., Ltd.⁽⁵⁾

100%
HLA Holdings
Sdn Bhd

70%
Hong Leong
Assurance
Berhad

65%
Hong Leong MSIG
Takaful Berhad

30%
MSIG Insurance
(Malaysia) Berhad

100%
Hong Leong
Insurance
(Asia) Limited

100%
HL Assurance
Pte. Ltd.

81.3%
Hong Leong
Capital Berhad⁽³⁾

100%
Hong Leong Investment
Bank Berhad

100%
Hong Leong
Asset Management Bhd

OTHERS

100%
Manuka Health New
Zealand Limited

55.1%
Bass Strait Oil &
Gas Royalty

(1) Listed in Hong Kong (2) Listed in Singapore (3) Listed in Malaysia (4) Listed in London (5) Listed in Shanghai

Websites:

- Guoco Group Limited (www.guoco.com)
- GuocoLand Limited (www.guocoland.com.sg)
- GuocoLand (Malaysia) Berhad (www.guocoland.com.my)
- GLH Hotels Limited (www.glhhotels.com)
- The Rank Group Plc (www.rank.com)
- Hong Leong Financial Group Berhad (www.hlfgr.com.my)
- Hong Leong Bank Berhad (www.hlb.com.my)
- Hong Leong Islamic Bank Berhad (www.hlisb.com.my)

- Hong Leong Bank Vietnam Limited (www.hlbank.com.vn)
- Hong Leong Bank (Cambodia) Plc. (www.hlb.com.kh)
- Bank of Chengdu Co., Ltd (www.bocd.com.cn)
- Hong Leong Assurance Berhad (www.hla.com.my)
- Hong Leong MSIG Takaful Berhad (www.hlmtakaful.com.my)
- MSIG Insurance (Malaysia) Bhd (www.msig.com.my)
- Hong Leong Insurance (Asia) Limited (www.hl-insurance.com)
- HL Assurance Pte Ltd. (www.hlas.com.sg)
- Hong Leong Capital Berhad (www.hlcap.com.my)
- Manuka Health New Zealand Limited (www.manukahealth.co.nz)

GROUP PROFILE

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

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



PRINCIPAL INVESTMENT

The Group’s Principal Investment activities are committed to its mission to generate attractive risk weighted returns and create capital value to the Group. The investment team comprises well-trained and experienced investment professionals covering equity and direct investments as well as treasury operations. It is supported by up-to-date information systems and technological infrastructure as well as solid risk management processes and control mechanisms.

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

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

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



PROPERTY DEVELOPMENT AND INVESTMENT

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

Headquartered in Singapore, the principal business activities of GuocoLand and its subsidiaries (the “GuocoLand Group”) are property development, property investment, hotel operations and property management. It is focused on achieving scalability, sustainability and growth in its core markets. The GuocoLand Group’s portfolio comprises residential, hospitality, commercial, retail, mixed-use and integrated developments spanning across the region. In recognition of its portfolio of quality, innovative developments and commitment to business excellence, the GuocoLand Group has been honoured with numerous awards and accolades both in Singapore and internationally.

In Singapore, GuocoLand has successfully developed 35 residential projects yielding approximately 11,000 apartments and homes. Guoco Tower, its flagship integrated mixed-use development, integrates premium Grade A offices, a dynamic lifestyle and F&B retail space, luxurious apartments at Wallich Residence, the five-star luxury business hotel Sofitel Singapore City Centre and a landscaped urban park.

GROUP PROFILE

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



HOSPITALITY AND LEISURE BUSINESS

GLH Hotels Group Limited ("GLH") is the largest owner-operator hotel company in London. 13 of its hotels are in top London locations including the iconic hotels — The Grosvenor Hotel, The Royal Horseguards Hotel and The Tower Hotel. It operates its hotels under four owned brands — The Clermont Hotels, Guoman Hotels, Thistle Hotels and Thistle Express Hotels. It also operates Hard Rock Hotel London under a third party brand.

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

Rank's business comprises established gaming based entertainment operations in Great Britain and Spain. These include: Mecca, a leading bingo operator in Great Britain with 72 clubs; Grosvenor Casinos, the leading casino operator with 52 casinos in Great Britain; Enracha, an operator of 10 premium bingo clubs in Spain; branded UK-facing websites and mobile offerings including meccabingo.com and grosvenorcasinos.com and branded Spanish-facing websites and mobile offerings enracha.es and YoBingo.es.



FINANCIAL SERVICES

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

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

Hong Leong Islamic Bank Berhad, a wholly-owned subsidiary of HLB, offers its customers a comprehensive suite of Shariah compliant products and services in areas such as personal financial services-i, business and corporate banking-i and global markets-i.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. KWEK Leng Hai, aged 68, the Executive Chairman of the Board of Directors (the “Board”) of Guoco Group Limited (“Guoco”), the Chairman of the Board Nomination Committee (“BNC”) and a member of the Board Remuneration Committee (“BRC”) of Guoco since 1 September 2016. He was appointed to the Board in 1990 and assumed the position of the President, CEO of Guoco from 1995 up to 1 September 2016. He is also a non-executive director of GuocoLand Limited (“GuocoLand”, Guoco’s subsidiary listed on Singapore Exchange Securities Trading Limited (“SGX-ST”). He is the non-executive chairman of GL Limited (“GL”, Guoco’s subsidiary) which was privatised and delisted from the Official List of SGX-ST on 14 June 2021. He is a director and shareholder of GuoLine Capital Assets Limited (“GCAL”), the ultimate holding company of Guoco. He serves as a non-executive director of Hong Leong Bank Berhad (“HLBB”, a listed subsidiary of Hong Leong Financial Group Berhad (“HLFG”, Guoco’s associated company listed in Bursa Malaysia)) and Bank of Chengdu Co., Ltd. (an associated company of HLBB and listed on the Shanghai Stock Exchange) and as the chairman of Lam Soon (Hong Kong) Limited (“LSHK”, a Hong Leong Group subsidiary listed on The Stock Exchange of Hong Kong Limited (“HKEX”). Mr. Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales. He has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate. He is a brother of Mr. KWEK Leng San.

Mr. CHEW Seong Aun, aged 57, was appointed as an Executive Director of Guoco with effect from 19 November 2020. He has been the Group Chief Financial Officer of Guoco since 1 November 2020. He is also a director of Guoco’s key listed subsidiaries including as a non-executive director of The Rank Group Plc (Guoco’s subsidiary, listed on the London Stock Exchange) and GuocoLand. He is also an executive director of GL. He is the chairman of the board of directors of Hong Leong Asset Management Berhad, a subsidiary of HLFG. He also serves as a non-executive director of LSHK. Prior to joining the Company, Mr. Chew had been the chief financial officer of HLFG since 2006 and before that he had held various senior banking positions in the Middle East and Asia for over 10 years. Mr. Chew obtained a Bachelor of Science (Eng) degree in Civil Engineering (Honours) from Imperial College, University of London and is a fellow member of the Institute of Chartered Accountants In England and Wales. He is also a member of Asian Institute of Chartered Bankers in Malaysia. He has over 30 years of experience in finance and banking.

Mr. KWEK Leng San, aged 66, a Non-executive Director of Guoco Group Limited since 1990. He is the chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad, Hume Cement Industries Berhad (formerly known as “Hume Industries Berhad”) and Southern Steel Berhad (all being Hong Leong group subsidiaries listed on Bursa Malaysia). He is also a shareholder of GCAL. He graduated from University of London with a Bachelor of Science (Engineering) and also holds a Master of Science (Finance) from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing. He is a brother of Mr. KWEK Leng Hai.

Mr. Roderic N. A. SAGE, aged 68, an Independent Non-executive Director of Guoco since October 2009 and the Chairman of both the Board Audit and Risk Management Committee (“BARMC”) and BRC as well as a member of the BNC of Guoco. He was the chief executive officer of a specialist tax, corporate services and trust consultancy firm in Hong Kong. Prior to that, Mr. Sage had worked with KPMG Hong Kong for over 20 years until 2003, as a senior partner and member of the management board. He has been granted fellow status with the Institute of Chartered Accountants in England and Wales and with the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Taxation in England. He has over 30 years’ experience in accounting, international tax planning and investment structuring enhanced by considerable knowledge of cross-border and onshore and offshore transactions and structures.

Mr. Sage was a Convenor of the Financial Reporting Review Panel of the Financial Reporting Council during the period from July 2007 to July 2010. He is also an independent non-executive director of Tai Ping Carpets International Limited listed on HKEX.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. David Michael NORMAN, aged 65, an Independent Non-executive Director since July 2013 and a member of both the BARMC and the BNC of Guoco. He was appointed as a member of both the Takeovers Appeal Committee and Takeovers and Mergers Panel of the Securities and Futures Commission of Hong Kong (“SFC”) for a term from 1 April 2020 to 31 March 2022. He was the chairman of the Share Registrars’ Disciplinary Committee of the SFC from 1 April 2019 to 31 March 2021. Mr. Norman studied philosophy and psychology at Oxford University in the United Kingdom and was admitted as a solicitor in the United Kingdom and Hong Kong in 1981 and 1984 respectively. He was a partner of an international law firm until he resigned in 2010. Mr. Norman is also a non-executive director of South China Holdings Company Limited, listed in Hong Kong. Mr. Norman has extensive experience in mergers and acquisitions and corporate finance.

Mr. Lester G. HUANG, SBS, JP, aged 61, an Independent Non-executive Director of Guoco since November 2019. He is a member of both the BARMC and the BRC of Guoco.

Mr. Huang is a practicing solicitor and notary public, and is currently the Managing Partner and Co-Chairman of P. C. Woo & Co., a solicitor firm in Hong Kong. Mr. Huang became a qualified solicitor of Hong Kong in March 1985 and has over 30 years of post-qualification experience. Mr. Huang graduated with a Bachelor of Laws degree from the University of Hong Kong in 1982 and a Master of Education degree from the Chinese University of Hong Kong in 2006.

In 2002, the Government of the Hong Kong Special Administrative Region (“the HKSAR Government”) appointed Mr. Huang as a Justice of the Peace. In July 2018, the HKSAR Government awarded him a Silver Bauhinia Star for his public services.

Mr. Huang is a non-executive director of the SFC. He also chairs the Investor and Financial Education Council (a subsidiary of the SFC). Mr. Huang’s public roles also include serving as the chairman of the Council of City University of Hong Kong and Social Welfare Advisory Committee of the Labour and Welfare Bureau. He is also a director of Lei Foundation Limited (formerly known as “Faithful Servant Charitable Foundation Limited”) since August 2019 and a Steward of The Hong Kong Jockey Club since April 2020. In August 2021, Mr. Huang has also become a director of The Jockey Club CPS Limited.

Mr. Huang was admitted to the Roll of Honour of the Law Society of Hong Kong (“Law Society”) in May 2021. Previously, he was the president of the Law Society from 2007 to 2009. He was also a member of the Hospital Authority, the Hong Kong Monetary Authority’s Exchange Fund Advisory Committee and a non-executive director of the Urban Renewal Authority. He also served as a member of the Standing Committee on Judicial Salaries and Conditions of Service and other public positions.

Mr. Huang is an independent non-executive director of LSHK and Kidsland International Holdings Limited (listed on HKEX).

FINANCIAL HIGHLIGHTS

	2021 HK\$'M	2020 HK\$'M	Increase/ (Decrease)
Turnover	12,522	16,745	(25%)
Revenue	10,253	14,641	(30%)
Profit/(loss) from operations	891	(1,145)	N/A
Profit/(loss) attributable to equity shareholders of the Company	2,501	(873)	N/A
	HK\$	HK\$	
Earnings/(loss) per share	7.69	(2.68)	N/A
Dividend per share:			
Interim	0.50	1.00	
Proposed final	1.50	1.50	
Total	2.00	2.50	(20%)
Equity per share attributable to equity shareholders of the Company	181.68	170.55	7%

TEN-YEAR SUMMARY

US\$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share US\$
2012	13,838,778	6,777,309	5,698,683	(166,810)	0.28
2013	15,992,118	7,936,590	6,517,923	811,725	0.84 ¹
2014	16,610,521	7,442,421	7,256,604	742,151	0.52
2015	16,511,383	7,053,466	7,538,536	596,590	0.52
2016	14,709,370	5,628,729	7,239,547	397,967	0.52
2017	16,483,381	6,577,487	7,934,057	784,639	0.51
2018	16,809,305	6,022,532	8,344,386	624,297	0.51
2019	16,000,870	5,615,500	7,572,112	431,501	0.51
2020	16,423,552	6,873,157	7,241,321	(112,607)	0.32
2021	16,968,465	7,052,475	7,699,465	322,103	0.26

HK\$'000

Years	Total assets	Total liabilities	Total equity attributable to equity shareholders of the Company	Profit/(loss) for the year attributable to equity shareholders of the Company	Dividend per ordinary share HK\$
2012	107,331,487	52,563,792	44,198,131	(1,293,754)	2.20
2013	124,047,661	61,562,542	50,558,225	6,296,389	6.51 ¹
2014	128,743,997	57,684,345	56,244,124	5,752,227	4.00
2015	127,997,067	54,678,822	58,439,108	4,624,794	4.00
2016	114,132,208	43,674,152	56,172,731	3,087,886	4.00
2017	128,657,732	51,339,258	61,927,695	6,124,343	4.00
2018	131,902,616	47,258,808	65,478,397	4,898,859	4.00
2019	124,917,992	43,839,928	59,115,100	3,368,708	4.00
2020	127,284,169	53,267,653	56,120,962	(872,716)	2.50
2021	131,753,344	54,759,648	59,783,266	2,501,001	2.00

Note:

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

CHAIRMAN'S STATEMENT

"We will leverage on our strengths, prudently execute business plans and seek investment opportunities as we remain committed to deliver sustainable growth and capital value to our shareholders."



On behalf of the board of directors (the "Board"), I am pleased to present our Annual Report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2021.

OVERVIEW

The financial year can be summed up by a singular phenomenon; namely the continued worldwide fight against the COVID-19 pandemic and its adverse effects on economies. This has been characterised by countries employing different degrees of containment and lockdown measures battling against the spread of the COVID-19 pandemic. The most significant development came with announcements of high efficacies of several vaccines towards the end of 2020, setting the stage for what has become a straight out fight between virus, and its variants, versus vaccine. Caught in the middle are the world economies.

For most of the financial year, our operating businesses, especially those in the hospitality and leisure sectors were adversely affected. A key focus for the Group during the year has been to ensure our capital and liquidity positions in each business remained strong with effective contingency plans in place. Needless to say, continued attention on cashflow management and cost savings initiatives remain. These include rigorous expense and manpower reviews, capital investment re-prioritisation and funding exercises, where needed.

On a positive note, a number of our core businesses, namely principal investment, property development and investment, as well as the financial services, recorded

improved and profitable performances such that we were able to deliver a better overall Group result. Hence, despite the headwinds, the Group recorded a profit attributable to shareholders of the Company for the year ended 30 June 2021 of HK\$2,501 million, compared to a loss of HK\$873 million for the preceding year. The improved performance is mainly attributed to a turnaround in our principal investment portfolio. As such, we remain vigilant as these profits reflect a high degree of volatility in these uncertain times. We also continue to ensure that the well-being of our staff, customers and business partners are safeguarded in our business operations, besides strict adherence to any standard operating procedures prescribed by the relevant authorities in these times.

DIVIDEND

The Company declared an interim dividend of HK\$0.50 per share which was paid in March 2021. Given the challenging and uncertain economic outlook, the Board considers it appropriate to take a more prudent stance and recommends a final dividend of HK\$1.50 per share (2020: HK\$1.50 per share) for shareholders' approval at the forthcoming annual general meeting.

CHAIRMAN'S STATEMENT



CORPORATE EXERCISE

Privatisation and delisting of GL Limited ("GL")

With a voluntary conditional cash offer (the "Offer") launched on 15 January 2021 and completed on 2 June 2021, the Company successfully privatised GL, and delisted it from the Singapore Exchange Securities Trading Limited on 14 June 2021. GL was a 70.84% owned subsidiary of the Company, with hotel management and operations in the UK as its core business, and minor interests in real estate and royalty rights from oil and gas. The privatisation provides operational and financial flexibility to facilitate future value creation.

CORE BUSINESSES

Principal Investment

In a year where uncertainties abound and markets exhibited a high degree of volatility, the Group remained steadfast in its prudent investment approach and principles. Our long-held preference for companies with solid fundamentals and healthy dividend yields served us well and we were rewarded with positive results for the financial year when asset prices rebounded. The Principal Investment segment recorded improved results against the previous corresponding period with a pre-tax gain for the year of HK\$1,459 million. We will continue to seek out investment opportunities for value stocks with strong fundamentals.

Property Development and Investment

GuocoLand Limited ("GuocoLand")

Property market activities saw some level of normalisation amidst the pandemic with GuocoLand recording a 48% increase in its profit attributable to equity holders to S\$169.1 million for the financial year. This was contributed mainly by progressive recognition of sales of its residential projects in Singapore and Malaysia, as well as net fair value gains on its investment properties. However, revenue from its hotel segment remained subdued due to the impact of the pandemic.

GuocoLand has developed a strong brand as a premium real estate group, with a portfolio of iconic mixed developments and luxury homes in key gateway cities within Asia. I am pleased to share that during the year, GuocoLand was recognised by 11 awards at the 10th Asia Property Awards (Singapore) in October 2020, including Best Developer, Best Condo Development (Singapore) and Real Estate Personality of the Year. Additionally, GuocoLand was awarded the Best Mixed-use Developer in recognition of its outstanding track record in the development of the award-winning Guoco Tower and the upcoming Guoco Midtown.

GuocoLand's commitment to excellence and innovation can be seen by the various world class property and green building awards garnered by its residential and

CHAIRMAN'S STATEMENT

investment assets, including Guoco Tower, Midtown Bay (the first condominium of Guoco Midtown), Wallich Residence (the luxury residential component of Guoco Tower) and Martin Modern in Singapore as well as its Chongqing 18 Steps development in China. Leveraging on its brand, its track record and execution capabilities, it will continue to scale up its property development business, focusing on strategic land acquisition and investment opportunities. GuocoLand's cash position remains strong and this is reflected by its ability to recommend maintaining its first and final dividend at S\$0.06 per share to shareholders at last year's level.

Hospitality and Leisure

GLH Hotels Group Limited ("GLH")

GLH continued to bear the effects of the COVID-19 pandemic during the financial year. Plans to re-open its hotels in phases in July 2020 were disrupted by the winter months' nationwide lockdown in the UK, followed by continued restrictions up to May 2021. As a result, GLH recorded a loss after tax for the year ended 30 June 2021 of GBP55.1 million.

The new policies and procedures put in place by GLH during the financial year enabled the business to respond flexibly to the restrictions and maximise trade while protecting guests and staff. Further cost reduction actions were taken during the year to shape the business appropriately to match the levels of demand, and crucially set the right structure to prepare GLH for the expected market recovery. Capital expenditures which were not critical to the business were temporarily deferred to preserve working capital and liquidity.

Following the lifting of restrictions in May 2021, and the rapid vaccine rollout in the UK, GLH is cautiously optimistic of recovery, albeit slow, in FY2021/22. GLH is poised to benefit when borders re-open and international travel restrictions are lifted, as London remains a key international hub and popular leisure destination.

The Rank Group Plc ("Rank")

The financial year was exceptionally challenging for Rank with its venues closed for most of the year under the UK pandemic lockdown. Rank's venues businesses, which typically account for 78% of its revenue, were closed for 59% of available operating days and otherwise subjected to curfews, capacity constraints and other restrictions. As a result, net gaming revenue decreased by 48% to GBP329.6 million.

Since the lifting of the social distancing restrictions in May 2021, Rank's venues re-opened and had been trading positively. It has been a transition year for its UK facing digital business and with good progress made in the consolidation of its proprietary technology platforms. Rank expects to complete the migration of the Rank brands in the next financial year. During the year, Rank had taken a number of actions to improve cashflow and protect liquidity. Of note are GBP70.0 million of additional capital raised through an equity placing at 90p per share in November 2020 and the completion of the sale of Casino Blankenberge in Belgium for GBP25.2 million.

With the worst hopefully behind us, there is a renewed sense of confidence as Rank continues to forge ahead with the growth initiatives defined in its transformation programme. The careful management of its liquidity and the continued pursuit of its transformation plans over the last 18 months had resulted in Rank being well placed to benefit from the recovery of the hospitality sector and as consumer confidence for indoor leisure entertainment grows.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

Despite the on-going COVID-19 pandemic, HLFG was able to deliver a commendable set of results across all its core operating businesses. HLFG recorded a profit before tax of RM3,971.5 million for the year ended 30 June 2021 as compared to RM3,299.5 million in the previous year, an increase of RM672.0 million or 20.4%.

During the year, HLFG was recognised by The Asian Banker for its sustained financial strength and response to the challenges posed by the pandemic. HLFG topped The Asian Banker's ranking of Strongest Banks by Balance Sheet in Malaysia and ranked 12th in the Asia Pacific in 2020. This award is a reflection of HLFG's commitment to diligently execute its business and digital strategies in building sustainable value for its shareholders.

HLFG will remain resilient and draw on its strength in liquidity, capital and credit disciplines whilst maintaining a strong focus on risk management. It remains cautiously optimistic that the Malaysian economy will progressively recover in 2021 to 2022.

CHAIRMAN'S STATEMENT

OTHERS

The Group's wholly owned Manuka honey product producer and distributor, Manuka Health New Zealand Limited, experienced a challenging year of volatile sales, as extended lockdown due to COVID-19 resulted in reduced shopper traffic in many markets, exacerbated by an extremely mild cold and flu season. Nevertheless, the business continued to develop its brand value proposition and product innovation programme to build a distinctive brand to enhance market recognition and further grow its global consumer base.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We made significant progress in pursuit of our "Guoco Sustainability Value Creation" mission with the launch of an enhanced environmental, social and governance ("ESG") reporting framework in FY2019/20 based on four pillars namely "Towards a Greener Future"; "Empowering Our People"; "Conducting Business with Honour"; and "Caring for our Community". A group-wide climate risk management policy was adopted during the year to provide a systematic process for the Group companies to proactively identify, assess and manage climate change-related issues. We will continue to embed ESG into our strategy and operations, including embarking on a Group-wide decarbonisation exercise, as we align ourselves with international and national climate-related initiatives. We remain committed to achieve a balanced triple bottom line of profit, people and the planet.

STRATEGIC OVERVIEW

The Group's philosophy continues to embody an entrepreneurial vision focused on building long-term sustainable value for all its stakeholders. This vision guides our operating businesses to remain relevant, to be trustworthy, progressive, competitive and sustainable in pursuit of growth and the creation of business value. We will also continue the journey to incorporate digital technology as part of our Group's business strategy. Ultimately, the quality of our people forms the bedrock of our business strategies. Our businesses are best served by having the right talent for the right roles, with the promotion of a high performance culture and shared values that bind us together in the workplace. We believe that the key to ensuring sustainability is the continued co-existence of entrepreneurialism together with professional business management, discipline and governance.

GROUP OUTLOOK

The outlook remains capricious with continued uncertainties around the evolution of the virus, the pace of vaccine deployment and enduring geo-political risks. Nevertheless, economic conditions are expected to improve with the gradual re-opening of economies, although an uneven recovery is envisioned across countries and economic sectors. As economies begin to recover, this will be balanced by the rising spectre of inflation with regulators looking to commence tightening money supply. We will therefore maintain a cautious investment approach in our principal investment activities.

Our other operating business segments will continue to manage risk and judiciously strive to grow as economic prospects remain uncertain. We will leverage on our strengths, prudently execute business plans and seek investment opportunities as we remain committed to deliver sustainable growth and capital value to our shareholders.

APPRECIATION

During the year, Mr. TANG Hong Cheong retired from the Board after more than 4 years' service as the President and CEO of the Company. On behalf of the Board, I would like to thank Hong Cheong for his exemplary commitment and substantial contribution to the Group. In November 2020, Mr. CHEW Seong Aun joined the Company as the Group Chief Financial Officer and was appointed as executive director. He had worked for Hong Leong Financial Group as their Group Chief Financial Officer for 14 years. His experience and insights will be most valuable.

Last but not least, I would like to express my sincere appreciation to our management team and colleagues across all Group companies for their continued efforts, resilience and professionalism shown in response to the many challenges faced during the year. My heartfelt gratitude also goes to all our shareholders, valued customers, business partners and regulators for their continued support and to all of my fellow Directors for their wise counsel.

KWEK Leng Hai
Executive Chairman
16 September 2021

PRINCIPAL INVESTMENT



MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL INVESTMENT

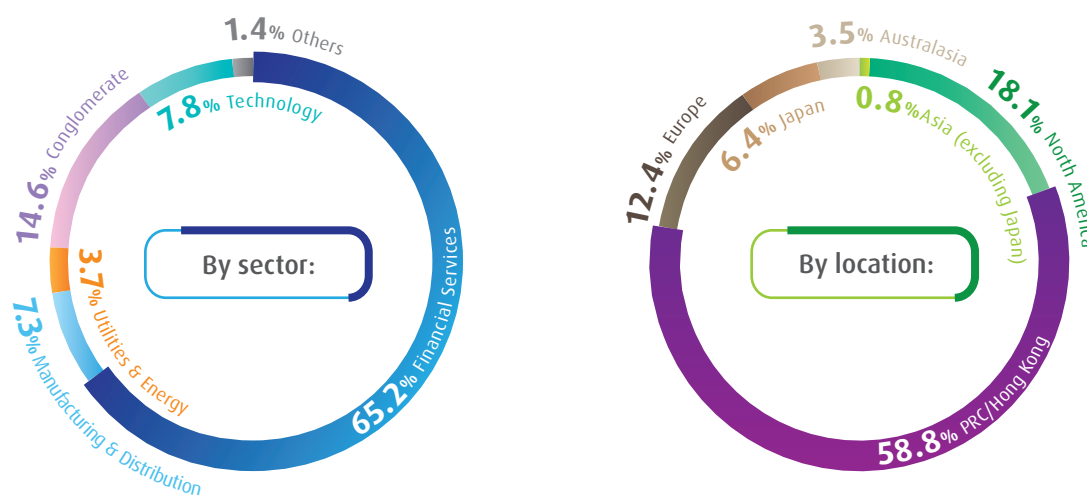
Our fiscal year began right after the global economy had first suffered a collapse as the pandemic brought the world to a standstill and then staged a V-shaped rebound with unprecedented monetary and fiscal stimuli. It began with a period of sustained global equity market recovery. Investors then became more cautious as the U.S. elections approached but, once the results were in, global equity markets regained their momentum with the announcements of high efficacies of several vaccines. Prospects of effective vaccinations also led investors to believe that the re-opening of the global economy would accelerate. However, denting the bullish sentiment and

lurking in the background were investor concerns about inflation, with the 10-year treasury yield increasing from below 1% in December 2020 to 1.60% by early March 2021. Group Treasury maintained a cautious stance and achieved a modest positive contribution from foreign exchange and interest rate management.

Against this volatile equity market backdrop, the principal investment segment recorded improved results against the previous corresponding period with a pre-tax gain for the year of HK\$1,459 million.

Investment Portfolio

As at 30 June 2021, the Group's total investments under the principal investment segment amounted to HK\$18.1 billion. The investment portfolio consisted of around 30 securities at year-end. The breakdown of our investment portfolio (excluding the investment in The Bank of East Asia, Limited ("BEA")) as at 30 June 2021 by sector and location was as follows:



Major Investment

As at 30 June 2021, the Group held as a long term investment approximately 436 million (2020: 436 million) shares of BEA. This amounted to about 14.93% (2020: 14.95%) of the total issued share capital of BEA with an investment cost of HK\$11.2 billion (2020: HK\$11.2 billion).

BEA provides banking and related financial services in Hong Kong, Mainland China, and other major markets around the world. The investment in BEA held by the Group accounted for approximately 5% (2020: 6%) of the Group's total asset value as at 30 June 2021 with a fair value of HK\$6.3 billion (2020: HK\$7.7 billion). The Group recorded an unrealised loss of HK\$1.4 billion (2020: HK\$1.8 billion) in its fair value reserve and a dividend income of approximately HK\$174 million (2020: HK\$200 million) in the year.

BEA announced that for first six months of 2021, it earned a profit attributable to owners of the parent of HK\$2,671 million, representing an increase of HK\$1,139 million or 74.3%, compared with the HK\$1,532 million earned in the same period in 2020, mainly due to a significant decrease in impairment losses in Mainland China and Hong Kong. Pre-provision operating profit of BEA was down by HK\$356 million, or 8.6%, to HK\$3,768 million, mainly dragged down by a decline in net interest income.

As set out in the announcement of its 2021 interim results, BEA will continue to expand its suite of services and invest in digitalisation to improve customer experience and streamline processes. Overall, BEA is cautiously optimistic about the outlook for its key markets. It is confident that it is well positioned for sustainable growth as the global economy recovers by focusing on enhancing service and asset quality to continuously improve business volume, fee-generating activity and credit costs.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT AND INVESTMENT



Midtown Modern, Singapore (Artist Impression)

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT AND INVESTMENT

GuocoLand Limited (“GuocoLand”)



AWARDS

**10th Asia Property Awards
(Singapore) 2020
- Organised By PropertyGuru**

Best Developer - **GuocoLand**

Best Mixed Use Development (Asia)
- **Guoco Midtown by GuocoLand**

Best Condo Development (Asia)
- **Wallich Residence by GuocoLand**

For the year ended 30 June 2021, GuocoLand recorded a revenue and gross profit of S\$853.7 million and S\$268.4 million respectively, a decline of approximately 10% as compared to the previous year. This was mainly due to the lower progressive recognition of sales at Martin Modern as construction reached its tail end during the year. However this was partially offset by higher progressive recognition of sales from other Singapore residential projects and higher contribution from projects in Malaysia. Meanwhile, revenue from GuocoLand’s investment properties dropped marginally and revenue from hotels fell by approximately 65%. Gross profit margin remained stable at approximately 30%.

In the previous year, GuocoLand recorded a gain from the sale of Guoman Hotel in Shanghai in other income and an impairment loss on its joint venture investment in other expenses, both of which were one-off items. Together with the change from net fair value losses in the previous year to net fair value gains in the current year on investment properties and derivative financial instruments, other income declined by 13% to S\$138.9 million and other expenses fell by 93% to S\$9.5 million.

In October 2020, GuocoLand entered into an agreement to dispose of its two subsidiaries in Vietnam for a consideration of approximately US\$28 million. With the completion of this transaction in July 2021, GuocoLand has ceased all business operations in Vietnam.



Martin Modern, Singapore

MANAGEMENT DISCUSSION AND ANALYSIS

Latest statistics released by the Urban Redevelopment Authority in Singapore showed that the overall private residential price index increased by 0.8% quarter-on-quarter in the second quarter of 2021, compared with a 3.3% increase in the previous quarter. The Singapore residential market is expected to remain strong, supported by robust local-led, owner-occupier demand and long-term confidence in the market. The gradual re-opening of borders could also facilitate high-end home purchases by foreigners. Demand for office space is expected to strengthen on the back of a global economic recovery, improvement in business sentiments and steady demand from the technology sector, financial and investment firms. New office supply is expected to remain relatively muted until 2023.



MANAGEMENT DISCUSSION AND ANALYSIS



Guoco Midtown, Singapore (Artist Impression)



Guoco Midtown, Singapore (Artist Impression)



18T, Chongqing, China (Artist Impression)

Average new home prices across the 70 biggest cities in China rose 0.3% month-on-month and 4.6% year-on-year in June 2021 according to calculations by Reuters of the data from the National Bureau of Statistics. In Chongqing, prices increased by 0.7% month-on-month and 8.3% year-on-year in June 2021. Chongqing's housing market is expected to be supported by its sizeable urban population and rising disposable income.

Data from the National Property Information Centre showed that in the first quarter of 2021, the Malaysian House Price Index decreased by 0.4% from the previous quarter, but registered a growth of 0.3% year-on-year. The Malaysian Government's Home Ownership Campaign, designed to support homebuyers looking to purchase properties, had supported residential sales. However, there continues to be a supply overhang in the residential sector.

MANAGEMENT DISCUSSION AND ANALYSIS

HOSPITALITY AND LEISURE



MANAGEMENT DISCUSSION AND ANALYSIS

HOSPITALITY AND LEISURE

GLH Hotels Group Limited (“GLH”)

GLH, our key hotel operating business unit, recorded a loss after tax for the year ended 30 June 2021 of GBP55.1 million, notably higher than the previous year mainly due to the significant impact on trading from ongoing COVID-19 restrictions on GLH’s hotels in the United Kingdom (“UK”).

In the UK a nationwide lockdown was imposed by the UK Government during the winter months of 2020, and restrictions on the leisure and hospitality industry continued until May 2021. The unfavourable impact was partially mitigated by the ongoing support from various COVID-19 pandemic relief schemes in the UK including the Coronavirus Job Retention Scheme and 100% relief from Business Rates for the full year.

At the start of the financial year, and through the UK summer months, our hotels were gradually reopened. However the UK lockdown restrictions imposed since September 2020 adversely impacted the hotel business.

The various restrictions imposed during winter months of 2020 necessitated the closure of the majority of the GLH hotels. Under the third national lockdown in January 2021, only three hotels were kept open for essential travel. From March 2021, the UK lockdown restrictions slowly eased, and were eventually lifted in May 2021 for the leisure and hospitality industry. Since then, the hotels had been re-opened in phases, based on market demand in the respective hotel locations.

Occupancy in the hotels continued to be constrained by restrictions in international travel. Decisive management actions were taken through the financial year to ensure appropriate and effective cost measures match the level of demand. This also includes providing the business with the right infrastructure to emerge stronger from the pandemic and be poised to benefit from the expected market recovery. GLH remains positive about the long term strength of the London hotel sector and the opportunities it presents.



The Clermont London, Victoria

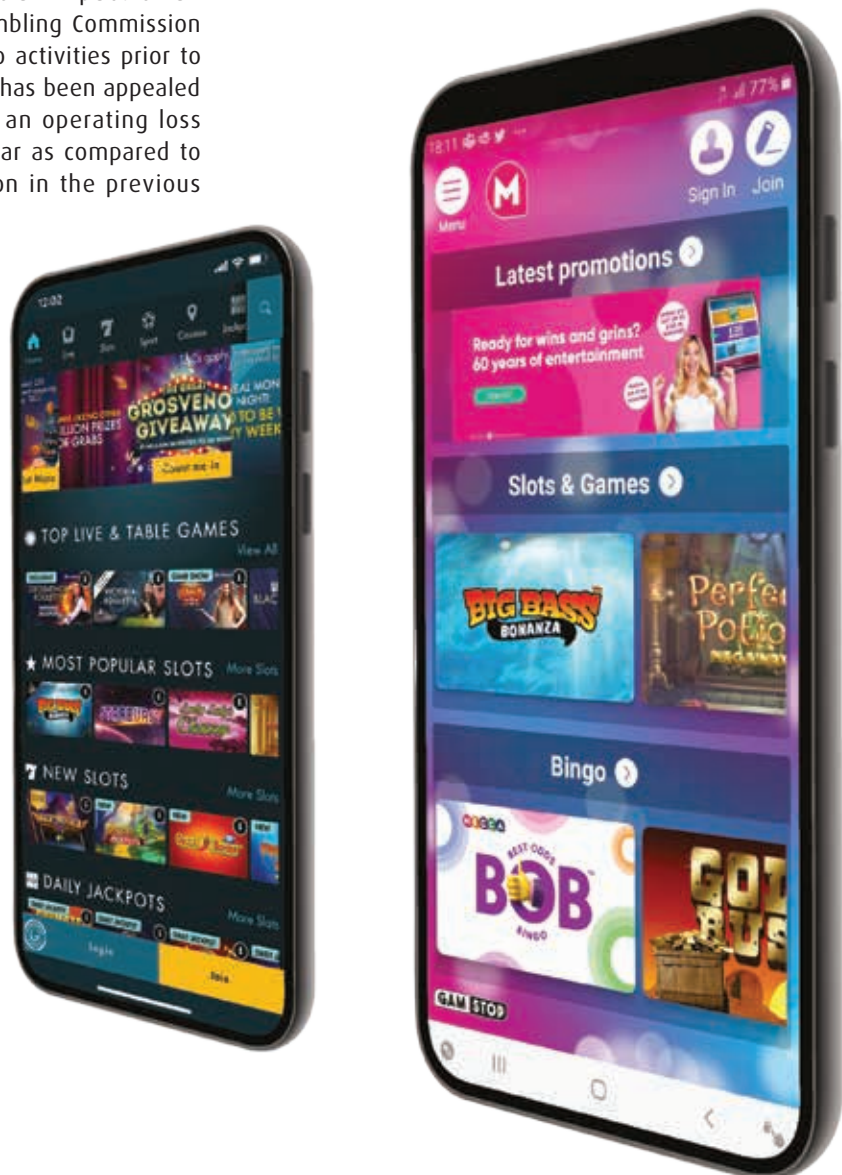
MANAGEMENT DISCUSSION AND ANALYSIS

The Rank Group Plc (“Rank”)

Rank recorded a loss after tax of GBP72.0 million for the financial year ended 30 June 2021 compared to a profit after tax of GBP9.4 million in the previous financial year. Throughout the financial year, the COVID-19 pandemic and the UK Government’s responses to the crisis had severely impacted the hospitality sector. Rank’s venues businesses, which typically account for 78% of its revenue, were closed for 59% of available operating days and otherwise subjected to curfews, capacity constraints and other restrictions. As a result, net gaming revenue decreased by 48% to GBP329.6 million.

Furthermore, it was a very challenging year for the UK facing digital business. Rank suffered under a combination of enforced affordability restrictions on customers’ ability to spend, the extended closure of venues restricting the flow through of customers to digital channels, and the financial impact of an enforcement action taken by the Gambling Commission against the Stride business relating to activities prior to the acquisition in October 2019, which has been appealed by Rank. As a result, Rank recorded an operating loss of GBP92.9 million in the financial year as compared to an operating profit of GBP21.5 million in the previous financial year.

Rank delivered the first important integration milestone in the first half of this financial year by successfully migrating one of its smaller brands, Bella Casino, onto its proprietary technology platform, RIDE. The migration of Mecca had been postponed until the third quarter of the next financial year to ensure a further improvement to customers’ experience on the affordability checks. Performance testing is well underway for the Mecca migration. Rank expects to complete the full migration by the end of the next financial year which will be a major step forward in terms of delivering on its UK digital ambitions. It will result in the remaining cost synergies from the acquisition of Stride being realised, and will free up significant levels of development capability for the next key priorities in the transformation of the UK facing digital business.



MANAGEMENT DISCUSSION AND ANALYSIS



Rank had taken strong and decisive action throughout the pandemic to preserve cash and protect liquidity. Additional capital of GBP70.0 million was raised through an equity placing at 90p per share, a 4% premium to the then closing price, which was completed on 23 November 2020. Together with the sale of Casino Blankenberge in Belgium for GBP25.2 million and the receipt of GBP13.3 million from the tax authority in the UK relating to a Supreme Court case taken by another taxpayer on the gaming duty treatment of free gaming chips, the cash and available facilities of Rank was GBP98.0 million as at 30 June 2021. Since the year end, Rank had added further available credit line of GBP25.0 million through a new two-year Revolving Credit Facility.

Rank continues to focus on the next phase of its transformation programme with three-year plans now being implemented for each business unit. It will drive the growth over the coming years and put Rank on the right trajectory to meet its strategic objectives.

Most of Rank's venues in the UK reopened on 17 May 2021 in line with the easing of restrictions in the UK hospitality sector. Social distancing requirements, the mandatory wearing of face masks and capacity constraints were removed in England on 19 July 2021. In Spain, trading in Enracha continued to improve as regional restrictions on capacity levels, opening hours and food and beverage were gradually relaxed. With venues back open, Rank is generating cash again. Rank anticipates further growth as travel restrictions eventually ease and tourism returns, particularly to London.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SERVICES



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SERVICES

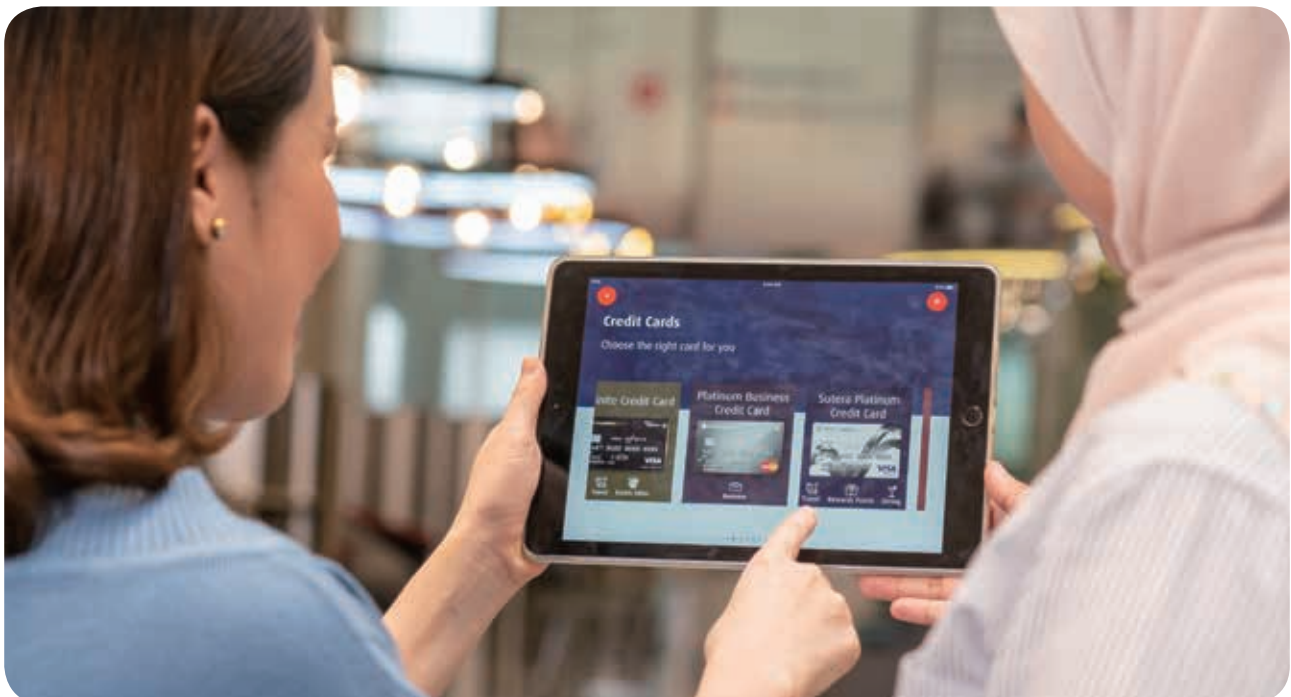
Hong Leong Financial Group Berhad (“HLFG”)

HLFG Group recorded a profit before tax of RM3,971.5 million for the year ended 30 June 2021 as compared to RM3,299.5 million in the previous year, an increase of RM672.0 million or 20.4%. The increase in profit was attributed to higher contributions from all its operating divisions.

Hong Leong Bank Group recorded a profit before tax of RM3,470.9 million for the year ended 30 June 2021 as compared to RM2,989.4 million in the previous year, an increase of RM481.5 million or 16.1%. The increase was mainly contributed by an increase in revenue by RM688.5 million, decline in operating expenses by RM26.0 million and an increase in share of profit from associated companies by RM93.6 million. This increase, however, was offset by an increase in allowance for impairment losses on loans, advances and financing by RM326.2 million.

HLA Holdings Group recorded a profit before tax of RM406.5 million for the year ended 30 June 2021 as compared to RM256.4 million in the previous year, an increase of RM150.1 million or 58.5%. The higher profits came mainly from an increase in revenue by RM78.0 million and an increase in life fund surplus by RM112.2 million. This profit growth was, however, dampened by an increase in operating expenses by RM31.6 million and a decline in share of profit from an associated company by RM8.8 million.

Hong Leong Capital Group recorded a profit before tax of RM177.4 million for the year ended 30 June 2021 as compared to RM95.8 million in the previous year, an impressive increase of RM81.6 million or 85.2%. This was mainly a result of higher contributions from the investment banking, stockbroking and asset management divisions.



MANAGEMENT DISCUSSION AND ANALYSIS

OTHERS

The business of Manuka Health New Zealand Limited, the Group's wholly owned Manuka honey product producer and distributor, was impacted by the extended pandemic related lockdown which reduced shopper traffic in many markets during the year. To enhance market recognition and growth of its global consumer base, the management is working on its brand value proposition and product innovation programmes to build a distinctive brand.

Revenue from the oil and gas segment saw a decrease during the year due to a lower average crude oil price and reduced oil production but offset by the strengthening of the AUD against the USD.

GROUP FINANCIAL COMMENTARY

Financial Results

The Group recorded a consolidated profit attributable to shareholders of the Company for the year ended 30 June 2021 of HK\$2,501 million, as compared to a loss of HK\$873 million for the preceding year. The improvement was mainly contributed by a turnaround of market valuations from our principal investment segment outweighing the loss in the hospitality and leisure segment which had remained negatively impacted from the on-going COVID-19 pandemic. Basic earnings per share amounted to HK\$7.69.

The hospitality and leisure segment recorded a loss before taxation of HK\$1,736 million as lockdowns, restrictions on travel and social distancing measures heavily impacted the business operations of our hospitality and leisure venues. Despite this setback, the Group managed to close the year in a profitable position as a result of the profits from all other segments. The profits before taxation generated from the principal investment, property development and investment, financial services and other segments were HK\$1,459 million, HK\$1,548 million, HK\$1,083 million and HK\$102 million respectively.

Revenue for the year ended 30 June 2021 declined by 30% to HK\$10.3 billion, again primarily due to a drop of HK\$4.5 billion in revenue from the hospitality and leisure segment.

The privatisation of GL Limited was completed on 2 June 2021 whereupon it became a wholly owned subsidiary of the Group and its financial results since then were fully absorbed by the Group accordingly.

Capital Management

The consolidated total equity attributable to shareholders of the Company as at 30 June 2021 amounted to HK\$59.8 billion. Net debt, being total bank loans and other borrowings less cash and short term funds as well as trading financial assets, amounted to HK\$15.6 billion. The equity-debt ratio was 79:21 as at 30 June 2021.

Liquidity and Financial Resources

The Group's total cash and short term funds as well as trading financial assets were mostly denominated in HKD (29%), USD (22%), RMB (15%), SGD (13%), GBP (10%) and JPY (4%) at year end.

The Group's total bank loans and other borrowings amounted to HK\$37.1 billion as at 30 June 2021, and were mostly denominated in SGD (68%), GBP (10%), HKD (7%), RMB (6%), USD (4%) and MYR (4%). The Group has borrowings of HK\$8.6 billion payable within 1 year or on demand.

Certain of the Group's bank loans and other borrowings are secured by pledges of various properties, fixed assets, trading financial assets and bank deposits with an aggregate book value of HK\$44.4 billion at year end.

Committed borrowing facilities available to the Group and not yet drawn as at 30 June 2021 amounted to approximately HK\$14.8 billion.

Interest Rate Exposure

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

As at 30 June 2021, approximately 86% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 14% carried interest at fixed rates. The Group had outstanding interest rate contracts with a notional amount of HK\$10.8 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

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 exposure and investments.

As at 30 June 2021, there were outstanding foreign exchange contracts with a total notional amount of HK\$21.0 billion entered into by the Group to primarily hedge foreign currency equity investments.

Equity Price Exposure

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

HUMAN RESOURCES AND TRAINING

The Group employed around 10,000 employees as at 30 June 2021. The Group continued to seek an optimal workforce. It 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 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 to promote performance. In addition, share based award schemes are in place for granting share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention.



CORPORATE GOVERNANCE REPORT

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

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

The Board is pleased to report compliance with the applicable HKEX Code throughout the financial year ended 30 June 2021 and up to the date of this report, except where otherwise stated.

A. DIRECTORS

1. The Board

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

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

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

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

CORPORATE GOVERNANCE REPORT

A. DIRECTORS (cont'd)

1. The Board (cont'd)

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

Executive Chairman

KWEK Leng Hai

Executive Directors

TANG Hong Cheong – *President & CEO* ^{Note 1}

CHEW Seong Aun – *Group Chief Financial Officer* ^{Note 2}

Non-executive Director

KWEK Leng San

Independent Non-executive Directors

Roderic N. A. SAGE

David Michael NORMAN

Lester G. HUANG, *SBS, JP*

Notes:

1. Mr. TANG Hong Cheong retired from his position as the President & CEO and relinquished his position as an executive director of the Company with effect from 1 January 2021.
2. Mr. CHEW Seong Aun has been the Group Chief Financial Officer of the Company (“GCFO”) since 1 November 2020 and was appointed as an executive director of the Company with effect from 19 November 2020.

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

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

The Company received confirmation of independence from each of the independent non-executive directors (the “INEDs”) pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that Messrs. Roderic N. A. SAGE, David Michael NORMAN and Lester G. HUANG remain independent.

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

CORPORATE GOVERNANCE REPORT

A. DIRECTORS (cont'd)

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

The roles of the Chairman and the Executive Director/GCFO of the Company are segregated and are not held by the same person. Currently, Mr. KWEK Leng Hai is the Executive Chairman and Mr. CHEW Seong Aun is the Executive Director/GCFO of the Company. The Executive Chairman sets the vision and strategic direction of the Group, leads the Board and ensures its smooth and effective functioning.

The operation of each of the Group's business segments/listed subsidiary groups is overseen by a CEO, with expertise in his particular business, who reports to the Executive Director/GCFO who is responsible for the finance functions of the Group, including among others, overseeing the performance of the Group's business segments/listed subsidiaries.

The roles of the Executive Chairman and the aforesaid management executives are separate with clear division of responsibilities.

3. Board Process

The Board meets regularly, at least four times a year. Additional board meetings are held whenever warranted. For the year ended 30 June 2021, a total of five board meetings were held.

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

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

The Executive Chairman at least annually holds meetings with INEDs without the presence of other directors.

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

CORPORATE GOVERNANCE REPORT

A. DIRECTORS (cont'd)

3. Board Process (cont'd)

Details of directors' attendance at the board meetings held during the year and the annual general meeting of the Company held on 6 November 2020 ("2020 AGM") are as follows:

	Board Meetings attended/ Eligible to attend	2020 AGM attended/ Eligible to attend
<i>Executive Chairman</i>		
KWEK Leng Hai	5/5	1/1
<i>Executive Directors</i>		
TANG Hong Cheong – <i>President & CEO</i> ^{Note 1}	2/2	1/1
CHEW Seong Aun – <i>Group Chief Financial Officer</i> ^{Note 2}	3/3	N/A
<i>Non-executive Director</i>		
KWEK Leng San	5/5	0/1
<i>Independent Non-executive Directors</i>		
Roderic N. A. SAGE	5/5	1/1
David Michael NORMAN	5/5	1/1
Lester G. HUANG, <i>SBS, JP</i>	5/5	1/1

Notes:

1. Mr. TANG Hong Cheong retired from his position as the President & CEO and relinquished his position as an executive director of the Company with effect from 1 January 2021. Two board meetings were held during the period from 1 July 2020 up to 1 January 2021 (date of retirement of Mr. Tang).
2. Mr. CHEW Seong Aun has been the GCFO of the Company since 1 November 2020 and was appointed as an executive director of the Company with effect from 19 November 2020. Three board meetings were held and no general meeting was held during the period from 19 November 2020 (date of appointment of Mr. Chew) to 30 June 2021.

4. Directors' Securities Transactions

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

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

CORPORATE GOVERNANCE REPORT

A. DIRECTORS (cont'd)

5. Dividend Policy

Pursuant to the HKEX Code, the Board resolved on 26 February 2019 to adopt a dividend policy (the "Dividend Policy") which is set out as follows:

- The Company intends to create long term value for its shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements, and capturing future growth opportunities.
- Pursuant to the Dividend Policy, the Board may propose/declare the payment of dividend(s) after taking into account the current financial performance of the Company, the future financial requirements of the Company and any other factors the Board may deem relevant.
- The Board may also decide on the frequency of dividend payment and further declare/recommend any special distributions. Dividend(s) may be in the form of cash, shares, distribution in-specie or any other form as the Board may determine.

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

6. Directors' Continuous Training and Development Programme

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

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

During the year ended 30 June 2021, all directors (Mr. KWEK Leng Hai, Mr. TANG Hong Cheong, Mr. CHEW Seong Aun, Mr. KWEK Leng San, Mr. Roderic N. A. SAGE, Mr. David Michael NORMAN and Mr. Lester G. HUANG, *SBS, JP*) received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations, environmental, social and governance matters applicable to the Group were provided to the directors. They also attended regulatory update sessions and seminars on relevant topics. All directors are requested to provide the Company with their respective training records pursuant to the CGP Code.

B. DIRECTORS' REMUNERATION

1. Board Remuneration Committee ("BRC")

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

CORPORATE GOVERNANCE REPORT

B. DIRECTORS' REMUNERATION (cont'd)

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

Membership and attendance

For the year ended 30 June 2021, the members of the BRC and their attendance at the meetings are set out below:

	BRC Meetings attended/ Eligible to attend
Roderic N. A. SAGE* – <i>Chairman</i>	2/2
KWEK Leng Hai@	2/2
Lester G. HUANG, <i>SBS, JP*</i>	2/2

@ Executive Chairman

* Independent Non-executive Director

Work done during the year

- reviewed and recommended directors' fees for the INEDs for the financial year 2019/20;
- approved the remuneration package of the executive director;
- reviewed and approved the discretionary bonuses for the executive chairman, the President & CEO and senior management for the financial year 2019/20;
- reviewed the remuneration packages of the executive chairman and senior management for the calendar year 2021;
- reviewed the terms of reference of the BRC and the remuneration policy for directors and senior management; and
- deliberated the statement relating to the BRC for inclusion in the Corporate Governance Report.

2. Level and Make-up of Remuneration

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

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

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

Details of directors' remuneration for the year ended 30 June 2021 are provided in note 9 to the Financial Statements in this annual report.

CORPORATE GOVERNANCE REPORT

C. DIRECTORS' NOMINATION

1. Board Nomination Committee ("BNC")

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

Membership and attendance

For the year ended 30 June 2021, the members of the BNC and their attendance at the meetings are set out below:

	BNC Meetings attended/ Eligible to attend
KWEK Leng Hai [@] - <i>Chairman</i>	2/2
Roderic N. A. SAGE [*]	2/2
David Michael NORMAN [*]	2/2

[@] Executive Chairman

^{*} Independent Non-executive Director

Work done during the year

- selected and assessed the suitability of candidates for appointment as an executive director of the Company pursuant to the process and criteria as set out in the nomination policy (the "Nomination Policy");
- reviewed the structure, size, composition and diversity of the Board (including the mix of skills, knowledge, experience, competences of directors, and the balance between executive directors, non-executive director and INEDs) annually and for proposed changes of board composition;
- reviewed and assessed the independence of INEDs of the Company;
- reviewed and assessed the suitability of the directors who stood for re-election at the annual general meeting pursuant to the process and criteria as set out in the Nomination Policy;
- reviewed the continuous training and development programmes undertaken by directors to ensure that an appropriate programme is in place;
- reviewed the board diversity policy (the "Board Diversity Policy"), the Nomination Policy and the terms of reference of the BNC; and
- deliberated the statement relating to the BNC for inclusion in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

C. DIRECTORS' NOMINATION (cont'd)

2. Board Diversity Policy

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

During the year, the assessment and selection of candidates for appointment as an executive director was made pursuant to the objectives of the Board Diversity Policy. While conscious efforts are being taken to achieve board diversity, the new appointment is ultimately made on a merit basis taking into account available and suitable candidates. With a view to achieving a sustainable and balanced development, the BNC has also reviewed the structure, size, composition and diversity of the Board to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of education disciplines, professional experiences and skill set. The BNC further reviewed the Board Diversity Policy to ensure its continued effectiveness.

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

3. Nomination Policy

The Board has adopted the Nomination Policy which serves as a guiding mechanism and framework for the BNC on the process for new appointments and re-appointments of directors and board committee members and their annual assessment.

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

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

CORPORATE GOVERNANCE REPORT

D. ACCOUNTABILITY AND AUDIT

1. Board Audit and Risk Management Committee (“BARMC”)

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

Membership and attendance

For the year ended 30 June 2021, the members of the BARMC and their attendance at the meetings are set out below:

	BARMC Meetings attended/ Eligible to attend
Roderic N. A. SAGE* – <i>Chairman</i>	4/4
David Michael NORMAN*	4/4
Lester G. HUANG, <i>SBS, JP*</i>	4/4

* Independent Non-executive Director

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

Work done during the year

- reviewed the nature and scope of external audit, the independence of external auditor and effectiveness of the audit process and approved the external audit fee and the engagement terms;
- reviewed the external auditor’s management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control, as well as management’s response thereto;
- reviewed the interim financial report, the interim results announcement, the annual financial statements and the final results announcement;
- reviewed and discussed with the management the effectiveness of the risk management and internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions;

CORPORATE GOVERNANCE REPORT

D. ACCOUNTABILITY AND AUDIT (cont'd)

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

Work done during the year (cont'd)

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

2. Financial Reporting

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

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

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

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

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

3. Risk Management and Internal Control

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

CORPORATE GOVERNANCE REPORT

D. ACCOUNTABILITY AND AUDIT (cont'd)

3. Risk Management and Internal Control (cont'd)

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

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

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

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

Handling and Dissemination of Inside Information

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

4. Auditor's Remuneration

The fees charged by the Group's external auditor for the year in respect of annual audit services amounted to HK\$24,218,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK\$730,000.

CORPORATE GOVERNANCE REPORT

E. INVESTOR RELATIONS

1. Communication with Investors

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

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

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

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

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

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

2. General Meetings

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

CORPORATE GOVERNANCE REPORT

E. INVESTOR RELATIONS (cont'd)

3. Rights and Procedures for Shareholders to Convene General Meetings

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

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

4. Change in Constitutional Documents

There was no significant change in the Bye-Laws of the Company during the year ended 30 June 2021.

16 September 2021

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REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) present their report together with the audited financial statements of the Group for the year ended 30 June 2021 (the “Financial Statements”).

PRINCIPAL ACTIVITIES

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

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in note 17 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group’s performance during the year, financial key performance indicators, description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year as well as an indication of likely future development in the business of the Group are provided throughout this annual report, particularly in the sections headed Financial Highlights, Chairman’s Statement, Management Discussion and Analysis of this annual report as well as the Segment Reporting and Financial Risk Management and Fair Value in the notes to the Financial Statements. A discussion on the Group’s environmental policies and performance, the Group’s compliance with relevant laws and regulations that have a significant impact on the Group and an account of the Group’s key relationships with its stakeholders are provided in the “Corporate Governance Report” in this annual report and the “Environmental, Social and Governance Report” which will be available at the Company’s website at www.guoco.com not later than end of November 2021. All such discussions form part of this Report of the Directors.

SUBSIDIARIES

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

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2021 and the state of the Company’s and the Group’s affairs as at that date are set out in the Financial Statements on pages 73 to 185.

DIVIDENDS

An interim dividend of HK\$0.50 per share (2020: HK\$1.00 per share) totalling HK\$164,526,000 (2020: HK\$329,051,000) was paid on 23 March 2021. The Directors are recommending payment of a final dividend of HK\$1.50 per share (2020: HK\$1.50 per share) in respect of the year ended 30 June 2021 totalling HK\$493,580,000 (2020: HK\$493,581,000) on Thursday, 25 November 2021 to all persons registered as holders of shares on the register of members of the Company on Monday, 15 November 2021, being the record date for determining the entitlement of shareholders to the proposed final dividend.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

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

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US\$1,790,000 (2020: US\$2,086,000).

SHARE CAPITAL

The Company did not issue any new shares during the year. Details of the movement in share capital of the Company are shown in note 35 to the Financial Statements.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 35 to the Financial Statements.

EQUITY-LINKED AGREEMENTS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2021.

PROPERTIES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company ("Bye-Laws") or the laws in Bermuda.

REPORT OF THE DIRECTORS

DIRECTORS

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

KWEK Leng Hai – *Executive Chairman*

TANG Hong Cheong – *President & CEO* (retired on 1 January 2021 ^{Note 1})

CHEW Seong Aun – *Group Chief Financial Officer* (appointed on 19 November 2020 ^{Note 2})

KWEK Leng San*

Roderic N. A. SAGE**

David Michael NORMAN**

Lester G. HUANG**, *SBS, JP*

* Non-executive Director

** Independent non-executive Director

Notes:

1. Mr. TANG Hong Cheong retired from his position as the President & CEO and relinquished his position as an executive director of the Company with effect from 1 January 2021.
2. Mr. CHEW Seong Aun has been the Group Chief Financial Officer of the Company with effect from 1 November 2020 and was appointed as an executive director of the Company with effect from 19 November 2020.

In accordance with Bye-Law 99 of the Bye-Laws and Code A.4.2 of the Code on Corporate Governance Practices of the Company (the “CGP Code”), Messrs. KWEK Leng Hai and Roderic N. A. SAGE shall retire from office by rotation at the forthcoming annual general meeting of the Company to be held on 8 November 2021 (the “2021 AGM”). Mr. Roderic N. A. SAGE has indicated his intention of not offering himself for re-election at the 2021 AGM. Mr. KWEK Leng Hai being eligible, will offer himself for re-election at the 2021 AGM.

Pursuant to Bye-Law 102 of the Bye-Laws and Code A.4.2 of the CGP Code, Mr. CHEW Seong Aun, who has been appointed as an executive director of the Company since 19 November 2020, shall hold office until the 2021 AGM and being eligible, will offer himself for re-election at the 2021 AGM.

DIRECTORS’ SERVICE CONTRACTS

Neither of the Directors who are proposed for re-election at the 2021 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the continuing connected transactions and material related party transactions are set out in this Report and note 43 to the Financial Statements respectively. Save as disclosed, no transaction, arrangement or contract of significance to which the Company or any of its parent companies, subsidiary undertakings or subsidiary undertakings of its parent companies was a party and in which a Director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year ended 30 June 2021.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business was entered into or existed during the year ended 30 June 2021.

REPORT OF THE DIRECTORS

INDEMNITY OF DIRECTORS

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

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

As at 30 June 2021, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Certain information herein is based on additional information of the relevant events on or before 30 June 2021 with the disclosure deadlines under the SFO falling after 30 June 2021.

(A) The Company

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	3,800,775	3,800,775	1.16%
KWEK Leng San	209,120	209,120	0.06%
David Michael NORMAN	4,000	4,000	0.00%

* Ordinary shares

(B) Associated Corporations

(a) *GuoLine Capital Assets Limited*

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	841,000	841,000	2.62%
KWEK Leng San	321,790	321,790	1.00%

* Ordinary shares

REPORT OF THE DIRECTORS

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

(B) Associated Corporations (cont'd)

(b) GuocoLand Limited

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	35,290,914	35,290,914	2.98%

* Ordinary shares

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

Director	Number of *shares/ underlying shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	2,526,000	2,526,000	0.22%
CHEW Seong Aun	1,400,000	1,400,000	0.12% Note
KWEK Leng San	654,000	654,000	0.06%

* Ordinary shares unless otherwise specified in the Note

Note: This represents an option of 1,400,000 underlying shares of HLFG.

(d) GuocoLand (Malaysia) Berhad

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	226,800	226,800	0.03%

* Ordinary shares

REPORT OF THE DIRECTORS

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

(B) Associated Corporations (cont'd)

(e) *The Rank Group Plc*

Director	Number of *shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	1,026,209	1,026,209	0.26%
KWEK Leng San	56,461	56,461	0.01%

* Ordinary shares

(f) *Lam Soon (Hong Kong) Limited*

Director	Number of *shares (Long Position)			Approx. % of total number of shares in issue
	Personal interests	Family interests	Total interests	
KWEK Leng Hai	2,300,000	-	2,300,000	0.95%
Lester G. HUANG, SBS, JP	-	150,000	150,000	0.06%

* Ordinary shares

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives 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 to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SHARE OPTIONS

The Company

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

The ESOS 2012 was approved by the shareholders of the Company at the special general meeting on 14 November 2012 (the "Approval Date") and took effect on 16 November 2012 (the "Effective Date") for grant of options over newly issued and/or existing shares of the Company to executives or Directors or any of its subsidiaries (the "Eligible Executives") from time to time. The ESOS 2012 provides an opportunity for the Eligible Executives to participate in the equity of the Company and aligns the Company's long term interests with those of the shareholders.

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

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

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

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

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

No option has ever been granted to any Eligible Executives pursuant to the ESOS 2012 up to 30 June 2021.

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

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

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

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

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

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

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

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

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

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

- (a) where the option is granted without any discount, the exercise price shall be a price equal to the 5-day weighted average market price ("Market Price") of the GuocoLand shares immediately prior to the date of grant of the option for which there was trading in the GuocoLand shares; and
- (b) where the option is granted at a discount, the exercise price shall be the Market Price discounted by not more than:
 - i. 20%; or
 - ii. such other maximum discount as may be permitted under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

- (a) where the option is granted without any discount:
 - i. the second anniversary of the date of grant (for participants who have been employed for less than one year); or
 - ii. the first anniversary of the date of grant (for all other participants);
- (b) where the option is granted at a discount, the second anniversary of the date of grant, and ending on a date not later than 10 years after the date of grant.

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

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

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

Details of the options outstanding under the GuocoLand ESOS 2008 for the financial year ended 30 June 2021 are as follows:

Grantees	Date of grant	No. of GuocoLand shares comprised in options				As at 30 Jun 2021	Note	Exercise price per GuocoLand share
		As at 1 Jul 2020	Granted during the year	Exercised during the year	Lapsed during the year			
Executive director								
Choong Yee How	8 December 2017	20,000,000	-	-	20,000,000	0	1	S\$1.984
Other employees								
	8 December 2017	17,900,000	-	-	17,900,000	0	1	S\$1.984
	Total	37,900,000	-	-	37,900,000	0		

Note:

- The board of directors of GuocoLand resolved that the 37,900,000 options expired and lapsed on 30 June 2021.

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

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

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

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

The purposes of the GuocoLand ESS 2018 are as follows:

- (a) to align the long-term interests of selected eligible participants with those of the shareholders and to encourage such eligible participants to assume greater responsibility for the performance of the businesses that they manage;
- (b) to motivate eligible participants towards strategic business objectives;
- (c) to reward eligible participants with an equity stake in the success of the GuocoLand Group; and
- (d) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

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

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

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

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

SHARE OPTIONS (cont'd)

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

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

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

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

During the financial year ended 30 June 2021, no option had been granted pursuant to the GuocoLand ESS 2018.

GL Limited ("GL")

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

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

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

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

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

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

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

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

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

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

Pursuant to the provisions of the GL ESOS 2008, the GL ESOS 2008 expired on 20 November 2018. GL shares were delisted from the Official List of the SGX-ST on 14 June 2021.

Details of the options outstanding under GL ESOS 2008 for the financial year ended 30 June 2021 are as follows:

Grantees	Date of grant	No. of GL shares comprised in options				As at 30 Jun 2021	Note	Exercise price per GL share
		As at 1 Jul 2020	Granted during the year	Exercised during the year	Lapsed during the year			
Eligible employees	3 April 2018	6,250,000	-	-	6,250,000	0	1	S\$0.741
	Total	6,250,000	-	-	6,250,000	0		

Note:

- On 26 August 2020, the board of directors of GL, on the recommendation of GL's remuneration committee, confirmed that the performance targets for the relevant options were not met and, accordingly, the share options did not vest.

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

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

SHARE OPTIONS (cont'd)

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

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

The purposes of the GL ESS 2018 are as follows:

- (a) to align the long-term interests of selected eligible participants with those of the shareholders and to encourage such eligible participants to assume greater responsibility for the performance of the businesses that they manage;
- (b) to motivate eligible participants towards strategic business objectives;
- (c) to reward eligible participants with an equity stake in the success of the GL Group; and
- (d) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

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

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

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

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

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

Upon the delisting of GL from the SGX-ST on 14 June 2021, the GL ESS 2018 is no longer in force and has been terminated with effect from 21 July 2021. No option had been granted during the subsisting period of the GL ESS 2018.

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme (the "GLM ESS")

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

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

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

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

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

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

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

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

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

Details of the options under the GLM ESS during the year ended 30 June 2021 are as follows:

Grantees	Date of grant	No. of GLM shares comprised in options				As at 30 Jun 2021	Notes	Exercise price per GLM share
		As at 1 Jul 2020	Granted during the year	Exercised during the year	Lapsed during the year			
Eligible participants	11 December 2017	18,000,000	-	-	15,000,000	3,000,000	1 & 2	RM1.16
	Total	18,000,000	-	-	15,000,000	3,000,000		

Notes:

- The GLM Board has resolved that the exercise of the options in respect of all the 3,000,000 GLM shares would be satisfied by the transfer of existing GLM shares. Such options are not subject to Chapter 17 of the Listing Rules.
- The vesting of the options granted is subject to the achievement of certain performance criteria by the grantees over two performance periods concluding at the end of the financial years ended 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 2020 Long Term Incentive Plan ("2020 LTIP")

The 2020 LTIP was approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 6 November 2020 ("2020 LTIP Approval Date") and by the shareholders of Rank on 11 November 2020. The 2020 LTIP allows granting of awards (the "Award(s)") including options ("Rank Options") and/or conditional awards to employees, including executive directors, of Rank or any subsidiary of Rank. The vesting/exercise of the Awards would entitle the eligible participants to receive ordinary shares of Rank ("Rank Shares") by way of an issue of new Rank Shares or a transfer of Rank Shares already in issue pursuant to the terms and conditions of the 2020 LTIP. The 2020 LTIP is designed to motivate the participants to achieve business goals and performance through share ownership and to align the interests of the participants and Rank's shareholders through the creation of shareholder value over the long term.

The total number of unissued Rank Shares in respect of which Awards may be granted under the 2020 LTIP shall not, when aggregated with the number of new Rank Shares issued, or capable of issue, pursuant to options, awards or rights granted under any other employees' share scheme adopted by Rank, exceed 10% of Rank's share capital in issue as at the 2020 LTIP Approval Date. As at the date of this Report, the total number of new Rank Shares which can be issued pursuant to the Awards granted under the 2020 LTIP or any other employees' share scheme adopted by Rank shall not exceed 46,842,954 shares which represents 10% of the issued share capital of Rank.

REPORT OF THE DIRECTORS

SHARE OPTIONS (cont'd)

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

The 2020 Long Term Incentive Plan ("2020 LTIP") (cont'd)

An Award may not be granted to a participant if:

- (a) the maximum total market value of Rank Shares over which an Award may be granted to an employee in respect of any financial year of Rank exceeds 200% of his/her annual salary; and
- (b) the new Rank Shares to be issued under such Award (together with any new Rank Shares to be issued under any other Award granted in the preceding 12 months) shall exceed such number that represent more than 1% of the share capital of Rank in issue at that time unless the grant of such Award is made subject to the approval of the shareholders of Guoco in accordance with the Listing Rules.

An Award shall vest on the later of (a) its vesting date as determined by the remuneration committee (the "Committee") of the board of directors of Rank; and (b) if any performance condition and any other condition has been imposed on the vesting of the Award, the date on which the Committee determines whether or not it has been wholly or partly satisfied.

In respect of a Rank Option, the option price per Rank Share to be paid by the option holder on the exercise of the option (subject to any subsequent adjustment pursuant to any variation of capital of Rank) shall be (a) nil; (b) a nominal amount; or (c) such other price at the discretion of the Committee.

The Committee shall determine the date upon which the exercise period for a Rank Option will expire, provided that if no such determination is made that day shall be the day immediately preceding the 10th anniversary of the grant date of the Award to which such Rank Option relates.

Pursuant to the provisions of the 2020 LTIP, the 2020 LTIP shall continue to be in force until 11 November 2030.

During the financial year ended 30 June 2021, no Rank Options had been granted pursuant to the 2020 LTIP.

Others

During the year, Mr. KWEK Leng San and Mr. CHEW Seong Aun had acquired and held shares of certain subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM") in pursuance of executive share option/award schemes maintained by certain subsidiary undertakings of HLCM which ceased to be the ultimate holding company of the Company with effect from 16 April 2021.

At no time during the year was the Company, any of its parent companies, its subsidiary undertakings or subsidiary undertakings of its parent companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2021, other than the interests and short positions of the Directors and chief executives disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows.

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of total number of shares in issue
QUEK Leng Chan ("QLC")	Personal interests	1,056,325 (Long Position)	1	76.06%
	Interest of controlled corporations	249,225,792 (Long Position)		
	Total interests	250,282,117		
GuoLine Capital Assets Limited ("GCAL")	Interest of controlled corporations	248,625,792 (Long Position)	2 & 3	75.55%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 4	75.55%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 5	75.55%
KWEK Leng Kee ("KLK")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 6	75.55%
Elliott Investment Management GP LLC ("EIM")	Investment Manager	31,998,716 (Long Position)	7	9.72%
Elliott International Special GP, LLC ("EIS")	Interest of controlled corporations	21,759,127 (Long Position)	8	6.61%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	26,849,466 (Long Position)	9	8.16%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,171,499 (Long Position)	10	6.13%
		20,152,499 (Short Position)		6.12%

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (cont'd)

Notes:

- The interest of controlled corporation of QLC comprised 242,008,117 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
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 GCAL. GCAL was 49.11% owned by QLC while CL was wholly owned by QLC.

- The interests of GCAL comprised 240,351,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GSL and AFCW as set out in Note 1 above.
- The interests of GCAL, HLIInv, Davos and KLK are duplicated.
- HLIInv was deemed to be interested in these interests through its controlling interests of 34.49% in GCAL.
- Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
- KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.
- EIM was deemed to be interested in these interests comprising 21,759,127 shares held by Elliott International, L.P. ("EILP") and 10,239,589 shares held by The Liverpool Limited Partnership. EIM controls 100% of Elliott Investment Management L.P. which has investment discretion with respect to all those shares.
- EIS was deemed to be interested in these interests comprising 21,759,127 shares held by EILP. EILP was 100% controlled by Hambledon, Inc. which in turn was controlled by EIS for these purposes.
- FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it.
- Among these interests, 20,000 shares (long position) are directly held by Credit Suisse (Hong Kong) Limited. 1,000 shares (long position) and 1,000 shares (short position) are directly held by Credit Suisse Securities (Europe) Limited. 20,138,499 shares (long position) and 20,138,499 shares (short position) are directly held by Credit Suisse Securities (USA) LLC. 12,000 shares (long position) and 8,000 shares (short position) are directly held by Credit Suisse AG. 5,000 shares (short position) are directly held by Credit Suisse International. 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 30 June 2021, the Company had not been notified by any person (other than the Directors and chief executives 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.

REPORT OF THE DIRECTORS

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Master Services Agreements

The following master agreements for services dated 3 July 2020 were entered into by the Company (together with its subsidiaries, the "Group") with GuoLine Group Management Company Pte. Ltd. ("GGMC") and HL Management Co Sdn Bhd ("HLMC") respectively (collectively, the "Master Services Agreements") for the provision by the latter of management services as listed in the Master Services Agreements (the "Services") to the Group:

1. the master agreement for services entered into by the Company with GGMC ("GGMC Agreement") for the provision of Services by GGMC to the subsidiaries of the Group excluding the subsidiaries incorporated, resident or having principal place of business in Malaysia of the Group (the "Selected Subsidiaries"); and
2. the master agreement for services entered into by the Company with HLMC ("HLMC Agreement") for the provision of Services by HLMC to the subsidiaries of the Group incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries"),

(GGMC and HLMC or other Hong Leong group company(ies) as may be agreed by the parties from time to time are referred to as "Service Providers"; the Company, the Selected Subsidiaries and the Malaysian Subsidiaries are referred to as "Service Recipients").

The Master Services Agreements are for a term of three financial years from 1 July 2020 to 30 June 2023.

The fees payable under the Master Services Agreements comprise:

1. a monthly fee (the "Monthly Fee") as agreed from time to time between such Service Recipient and the relevant Service Provider; and
2. an annual fee (the "Annual Fee") equal to 3% of the annual profit before tax of such Service Recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (for example, to avoid double counting of profit), if any.

The yearly total fees, being the sum of the Monthly Fee, the Annual Fee and the total amounts of any fees paid or payable by the Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK\$413 million for each of the three financial years ending 30 June 2023.

REPORT OF THE DIRECTORS

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Services Agreements (cont'd)

As at the date of the announcement of the Company made on 3 July 2020 (the "July 2020 Announcement") relating to the Master Services Agreements, GGMC (a wholly-owned subsidiary of GCAL) and HLHC were indirect wholly-owned subsidiaries of HLHC, the ultimate holding company and a substantial shareholder of the Company at the time, and thus GGMC and HLHC were associates of a connected person (as defined under the Listing Rules) of the Company under the Listing Rules. On 16 April 2021, GCAL replaced HLHC to become the ultimate holding company and a substantial shareholder of the Company following the completion of an internal restructuring exercise ("Internal Restructuring"). Mr. QUEK Leng Chan, being a deemed controlling shareholder of GCAL and HLHC, is a deemed controlling shareholder of the Company, and thus GGMC and HLHC remain as associates of a connected person of the Company under the Listing Rules during the year. The transactions under the Master Services Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and the relevant disclosure requirements have been complied with.

The Independent Non-executive Directors of the Company had reviewed the transactions under the Master Services Agreements during the year and confirmed that:

- a. the transactions under the Master Services Agreements for the year were entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms; and
 - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b. the total services fees paid and payable by the Group under the respective Master Services Agreements for the year were as follows:

	Services fees paid and payable by the Group HK\$'000
GGMC Agreement	34,573
HLHC Agreement	10,343
Total:	44,916
	(<HK\$413 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK\$45 million which did not exceed the annual cap of HK\$413 million as disclosed in the July 2020 Announcement.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions

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

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

(collectively, the "Banking Transactions").

As part of its principal investment and treasury operations, the Group from time to time places deposits with many financial institutions worldwide and purchases and/or subscribes for fixed income, debt securities and investment products issued by financial institutions and other corporations. The Banking Transactions are conducted in the ordinary and usual course of its business. The treasury functions involve the management of cashflows and cash resources, which the Group conducts with various financial institutions.

The outstanding balance of Banking Transactions shall be subject to a maximum cap amount of US\$194 million or its equivalent in other currencies at any time during the three financial years ended 30 June 2021.

Hong Leong Financial Institutions are indirect subsidiaries of HLCM which was the ultimate holding company and a substantial shareholder of the Company until 15 April 2021. Upon completion of the Internal Restructuring, HLCM ceased to be the ultimate holding company and a substantial shareholder of the Company. Mr. QUEK Leng Chan, a deemed controlling shareholder of the Company, is also a deemed controlling shareholder of HLCM, and thus Hong Leong Financial Institutions remain as associates of a connected person of the Company under the Listing Rules during the year. The Banking Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and the relevant disclosure requirements have been complied with.

From time to time during the year, the Group entered into deposit transactions which involved placing of deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). The Deposit Transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. During the year, the interest rate for the savings and time deposits for various currencies placed by the Group with Hong Leong Financial Institutions ranged from 0% to 4.25% per annum, and the tenor of the time deposits ranged from overnight to 5 months.

As at 30 June 2021, the balance of deposits placed by the Group with Hong Leong Financial Institutions and investment products issued by Hong Leong Financial Institutions purchased was approximately US\$41.6 million and US\$28.8 million respectively, totalling US\$70.4 million.

REPORT OF THE DIRECTORS

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions (cont'd)

The Independent Non-executive Directors of the Company had reviewed the Banking Transactions during the year and confirmed that:

- a. during the year, there was no subscription for or purchase by the Group of debt securities and investment products issued by Hong Leong Financial Institutions;
- b. during the year, the maximum relevant aggregate amount of (i) the outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions; and (ii) debt securities and investment products issued by Hong Leong Financial Institutions purchased and/or subscribed by the Group, was approximately US\$107.3 million which did not exceed the cap amount of US\$194 million or its equivalent as disclosed in the announcement of the Company dated 12 July 2018; and
- c. the Deposit Transactions were entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - in accordance with the relevant documents governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Master Distribution Agreement

A master distribution agreement dated 27 March 2020 was entered into by Manuka Health New Zealand Limited ("MHNZ", together with its subsidiaries, the "MH Group"), an indirect wholly-owned subsidiary of the Company, and Lam Soon (Hong Kong) Limited ("LSHK", together with its subsidiaries, the "LSHK Group") (the "Master Distribution Agreement") pursuant to which MH Group companies as the principals (the "Principal(s)") may during the term of the Master Distribution Agreement agree to specific appointments of LSHK Group companies to be the distributor(s) (the "Distributor(s)") of the full range of products of the MH Group (the "Products") in the People's Republic of China and such other jurisdictions as the parties may agree to be included from time to time (the "Territory").

The Master Distribution Agreement is for a term commencing from 27 March 2020 to 30 June 2022 (both dates inclusive).

Pursuant to the Master Distribution Agreement, the selling prices of the Products shall be based on the standard wholesale price list of the Principal from time to time and subject to negotiation between the Principal and the Distributor on an arm-length basis based on normal and reasonable commercial terms and take into account the price which would be offered by the Principal to other independent distributors of similar channels in the Territory as the case may be.

REPORT OF THE DIRECTORS

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Distribution Agreement (cont'd)

The total amount of sales of Products under the Master Distribution Agreement shall be subject to the following annual caps:

	Annual Caps HK\$ million
During the period from 27 March 2020 to 30 June 2020	60
For the year ended 30 June 2021	120
For the year ending 30 June 2022	140

As at the date of the announcement of the Company made on 27 March 2020 (the "March 2020 Announcement") related to the Master Distribution Agreement, LSHK was an indirect subsidiary of HLCM, the ultimate holding company and a substantial shareholder of the Company at the time, and thus LSHK was an associate of a connected person of the Company under the Listing Rules. Upon completion of the Internal Restructuring, GCAL replaced HLCM to become the ultimate holding company and a substantial shareholder of the Company and LSHK, and thus LSHK remains as an associate of a connected person of the Company under the Listing Rules during the year. The transactions under the Master Distribution Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and the relevant disclosure requirements have been complied with.

The Independent Non-executive Directors of the Company had reviewed the transactions under the Master Distribution Agreement during the year and confirmed that:

- a. the transactions under the Master Distribution Agreement for the year were entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms; and
 - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b. the total amount of the sales of Products by the Principal to the Distributors under the Master Distribution Agreement for the year ended 30 June 2021 was HK\$34 million which did not exceed the relevant annual cap of HK\$120 million as disclosed in the March 2020 Announcement.

REPORT OF THE DIRECTORS

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Auditor's Review

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 61 to 66 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. KWEK Leng Hai and Mr. KWEK Leng San are directors and shareholders of HLCM and shareholders of GCAL. Mr. KWEK Leng Hai is also a director of GCAL. HLCM and GCAL engage in diversified businesses in banking and financial services, manufacturing and distribution, property development and investment as well as hospitality and leisure.

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

CHANGE IN INFORMATION OF DIRECTORS

Saved as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the year ended 30 June 2021.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float as at the date of this Report.

AUDITOR

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

By Order of the Board

CHEW Seong Aun

Executive Director and Group Chief Financial Officer

Hong Kong, 16 September 2021

INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Guoco Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 73 to 185, which comprise the consolidated statement of financial position as at 30 June 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

IMPAIRMENT OF HOTEL PROPERTIES, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS RELATED TO HOSPITALITY AND LEISURE BUSINESSES

Refer to notes 14, 15 and 16 to the consolidated financial statements and the accounting policies in notes 2(e), 2(f), 2(h) and 2(k)(ii).

The Key Audit Matter

The Group owns, leases and manages a number of hotels located in the United Kingdom which are measured at cost less accumulated depreciation and impairment losses. The Group also operates gaming and leisure businesses and holds casino, other gaming licences and concessions in the United Kingdom, as well as a smaller number in Spain and Belgium, the majority of which are classified as intangible assets with indefinite useful lives.

As at 30 June 2021, the carrying values of hotel properties, capitalised casino, other gaming licences and concessions and related right-of-use assets totalled US\$2,687 million in aggregate, representing 16% of the Group's total assets as at that date.

The estimation of the recoverable amount of each cash generating unit ("CGU") to which these assets have been allocated is sensitive to the key assumptions applied, which include occupancy rates and revenue per available room in deriving the projected cash flows for hotel properties and related right-of-use assets; customer visits, win margins and spend per head in deriving the projected cash flows for right-of-use assets related to casinos and casino, other gaming licences and concessions, growth rates and the discount rates applied.

The current economic environment in the United Kingdom has put pressure on hotel room rates and occupancy levels and customer visits and spend per head for casinos.

We identified assessing potential impairment provision of hotel properties, intangible assets and right-of-use assets related to hospitality and leisure businesses as a key audit matter because of the significant level of management judgement required to be exercised in determining the assumptions adopted in the impairment assessments which can be inherently uncertain and could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess potential impairment of hotel properties, intangible assets and right-of-use assets related to hospitality and leisure businesses included the following:

- evaluating the Group's identification of CGUs and the amounts of hotel properties, casino, other gaming licences and concessions and right-of-use assets related to hospitality and leisure businesses allocated to each CGU;
- evaluating the Group's process for identification of indicators of potential impairment of hotel properties and related right-of-use assets;
- assessing whether the Group's impairment assessment models were prepared in accordance with the requirements of the prevailing accounting standards;
- with the involvement of our internal valuation specialists, assessing the valuation methodology adopted by the Group and comparing the key assumptions applied in the computation of recoverable amounts with external economic forecast incorporating COVID-19 impact and available industry data, which included occupancy rates and revenue per available room for hotel properties and related right-of-use assets and customer visits, win margins and spend per head for right-of-use assets related to casinos, casino, other gaming licences and concessions;
- assessing the growth rates and discount rates adopted in the impairment assessments by comparing them with historical rates, external economic forecast and available industry data, taking into consideration comparability and market factors;
- evaluating the historical accuracy of management's calculations of the recoverable amounts of each CGU by comparing the forecasts at the end of the previous financial year for key assumptions and estimates with the actual outcomes pre-COVID-19 in the current year and evaluating the reasonableness of management's forecasts for financial performance post COVID-19, by comparison with external economic forecast with the involvement of our internal economy specialist; and
- determining the extent of change in those estimates that, either individually or collectively, would be required for each CGU to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any evidence of management bias.

INDEPENDENT AUDITOR'S REPORT

VALUATION OF INVESTMENT PROPERTIES

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

The Key Audit Matter

How the matter was addressed in our audit

The Group owns a portfolio of investment properties, comprising commercial properties in Hong Kong, Singapore, Malaysia and China. As at 30 June 2021, the carrying value of investment properties was US\$3,865 million, representing 23% of the Group's total assets as at that date.

The fair values of the Group's investment properties were assessed by management based on independent valuations prepared by external property valuers.

The net changes in fair value of investment properties in the consolidated income statement represented 17% of the Group's profit before taxation for the year ended 30 June 2021.

We identified valuation of investment properties as a key audit matter because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and in determining the underlying assumptions, which increase the risk of error or potential management bias, and because the valuations are sensitive to the key assumptions applied, including those relating to capitalisation rate, comparable sales prices, the discount rates applied and terminal yield rates.

Our audit procedures to assess the valuation of investment properties included the following:

- evaluating the qualifications, experience and competence of the external property valuers engaged by management and holding discussions with the external property valuers, without the presence of management, to understand their valuation methods and the impact of COVID-19 on the assumptions applied;
- assessing the rental information used in the valuations by comparing specific details with underlying leases and externally available industry data; and
- with the involvement of internal property valuation specialists, evaluating the valuation methodology used by the external property valuers based on our knowledge of other property valuers for similar types of properties, assessing the key assumptions adopted in the valuations, including those relating to capitalisation rate, comparable sales price, the discount rates applied and terminal yield rates, by comparing them with historical rates and available industry data, taking into consideration comparability and market factors and conditions, and considering the possibility of error or management bias in the selection of assumptions adopted, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

VALUATION OF DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE

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

The Key Audit Matter

How the matter was addressed in our audit

The Group's development properties and properties held for sale mainly comprise residential properties in the course of development and completed properties in Singapore, Malaysia and China. As at 30 June 2021 the carrying values of development properties and properties held for sale totalled US\$2,819 million in aggregate, representing 17% of the Group's total assets as at that date.

Development properties and properties held for sale are stated at the lower of their cost and net realisable value ("NRV").

The assessment of NRV of development properties and properties held for sale involves the exercise of significant management judgement, particularly in estimating forecast selling prices and estimated costs to complete the development of the properties. The uncertain macro-economic outlook and market sentiments might exert downward pressure on property prices given the current economic slowdown and prevailing government policies in the jurisdictions in which the development properties are located. Total development costs may also vary with market conditions and unforeseen circumstances may arise during construction leading to cost overruns.

We identified valuation of development properties and properties held for sale as a key audit matter because the assessment of NRV is inherently subjective and requires significant management judgement and estimation in relation to forecasting selling prices, development costs and selling expenses, which increases the risk of error or potential management bias.

Our audit procedures to assess the valuation of development properties and properties held for sale included the following:

- evaluating the Group's estimated total development costs, by comparing the costs with contracts and related agreements, taking into consideration the costs incurred to date, construction progress and any significant deviation in design plans or cost overruns; and
- assessing the Group's forecast selling prices, by comparison with recent transacted sales prices for the same project and/or comparable properties in the vicinity of the development and considering the possibility of error or management bias.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Po Shan.

KPMG

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

16 September 2021

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 US\$'000	2020 US\$'000	2021 HK\$'000 (note 1(c))	2020 HK\$'000 (note 1(c))
Turnover	5	1,612,677	2,160,611	12,521,792	16,744,951
Revenue	5	1,320,427	1,889,079	10,252,587	14,640,551
Cost of sales		(903,266)	(1,031,007)	(7,013,499)	(7,990,407)
Other attributable costs		(65,517)	(78,096)	(508,713)	(605,252)
Other revenue	6(a)	351,644	779,976	2,730,375	6,044,892
Other net income/(losses)	6(b)	167,708	83,207	1,302,186	644,863
Administrative and other operating expenses		161,305	(241,835)	1,252,469	(1,874,245)
		(419,131)	(610,592)	(3,254,385)	(4,732,149)
Profit from operations before finance costs		261,526	10,756	2,030,645	83,361
Finance costs	7(a)	(146,806)	(158,489)	(1,139,890)	(1,228,306)
Profit/(loss) from operations		114,720	(147,733)	890,755	(1,144,945)
Valuation surplus/(deficit) on investment properties	14	53,205	(33,269)	413,116	(257,838)
Share of profits of associates and joint ventures	7(c)	148,367	125,641	1,152,010	973,730
Profit/(loss) for the year before taxation	7	316,292	(55,361)	2,455,881	(429,053)
Taxation	8(a)	2,982	(41,678)	23,154	(323,009)
Profit/(loss) for the year		319,274	(97,039)	2,479,035	(752,062)
Attributable to:					
Equity shareholders of the Company		322,103	(112,607)	2,501,001	(872,716)
Non-controlling interests		(2,829)	15,568	(21,966)	120,654
Profit/(loss) for the year		319,274	(97,039)	2,479,035	(752,062)
Earnings/(loss) per share		US\$	US\$	HK\$	HK\$
Basic	12	0.99	(0.35)	7.69	(2.68)
Diluted	12	0.99	(0.35)	7.69	(2.68)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	2021 US\$'000	2020 US\$'000	2021 HK\$'000 (note 1(c))	2020 HK\$'000 (note 1(c))
Profit/(loss) for the year	319,274	(97,039)	2,479,035	(752,062)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)	(110,302)	(227,363)	(856,451)	(1,762,086)
Actuarial losses on defined benefit obligation	(2,050)	(3,037)	(15,917)	(23,537)
	(112,352)	(230,400)	(872,368)	(1,785,623)
Items that may be reclassified subsequently to profit or loss:				
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	438,593	(200,350)	3,405,499	(1,552,733)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	(607)	(35)	(4,713)	(271)
Changes in fair value of cash flow hedge	(2,702)	153	(20,980)	1,186
Changes in fair value on net investment hedge	(1,145)	(1,183)	(8,890)	(9,168)
Decrease in fair value of properties	-	(4,744)	-	(36,766)
Share of other comprehensive income of associates	3,824	5,441	29,692	42,168
	437,963	(200,718)	3,400,608	(1,555,584)
Other comprehensive income for the year, net of tax	325,611	(431,118)	2,528,240	(3,341,207)
Total comprehensive income for the year	644,885	(528,157)	5,007,275	(4,093,269)
Total comprehensive income for the year attributable to:				
Equity shareholders of the Company	490,269	(472,886)	3,806,744	(3,664,913)
Non-controlling interests	154,616	(55,271)	1,200,531	(428,356)
	644,885	(528,157)	5,007,275	(4,093,269)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Note	2021 US\$'000	2020 US\$'000	2021 HK\$'000 (note 1(c))	2020 HK\$'000 (note 1(c))
NON-CURRENT ASSETS					
Investment properties	14	3,865,128	3,687,736	30,011,173	28,580,323
Other property, plant and equipment	14	1,720,076	1,629,915	13,355,702	12,632,004
Right-of-use assets	15	770,594	708,722	5,983,354	5,492,666
Interest in associates and joint ventures	18	1,773,329	1,579,687	13,769,190	12,242,732
Equity investments at FVOCI	20	1,004,303	1,166,364	7,798,011	9,039,438
Deferred tax assets	34	102,957	56,830	799,420	440,438
Intangible assets	16	1,048,216	959,272	8,138,978	7,434,454
Goodwill	21	406,667	367,756	3,157,607	2,850,146
Pensions surplus	32	6,641	6,182	51,565	47,911
		10,697,911	10,162,464	83,065,000	78,760,112
CURRENT ASSETS					
Development properties	22	2,528,806	2,639,370	19,635,167	20,455,381
Properties held for sale	23	290,654	352,887	2,256,812	2,734,910
Inventories	24	71,582	61,191	555,806	474,236
Contract assets	25	370,615	29,186	2,877,677	226,194
Trade and other receivables	26	203,171	270,799	1,577,542	2,098,719
Tax recoverable	8(d)	15,055	1,856	116,896	14,384
Trading financial assets	27	1,326,203	1,242,924	10,297,436	9,632,785
Cash and short term funds	28	1,448,960	1,606,407	11,250,595	12,449,815
Assets held for sale	29	15,508	56,468	120,413	437,633
		6,270,554	6,261,088	48,688,344	48,524,057
CURRENT LIABILITIES					
Contract liabilities	25	72,477	14,446	562,755	111,958
Trade and other payables	30	617,716	544,400	4,796,317	4,219,155
Bank loans and other borrowings	31	1,112,847	982,404	8,640,812	7,613,729
Taxation	8(d)	25,919	48,875	201,251	378,786
Provisions and other liabilities	32	21,475	31,804	166,745	246,484
Lease liabilities	33	76,594	69,286	594,722	536,973
Liabilities held for sale	29	1,881	-	14,605	-
		1,928,909	1,691,215	14,977,207	13,107,085
NET CURRENT ASSETS					
		4,341,645	4,569,873	33,711,137	35,416,972
TOTAL ASSETS LESS CURRENT LIABILITIES					
		15,039,556	14,732,337	116,776,137	114,177,084

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Note	2021 US\$'000	2020 US\$'000	2021 HK\$'000 (note 1(c))	2020 HK\$'000 (note 1(c))
NON-CURRENT LIABILITIES					
Bank loans and other borrowings	31	3,666,157	3,824,933	28,466,243	29,643,613
Amount due to non-controlling interests		345,468	336,585	2,682,421	2,608,567
Provisions and other liabilities	32	30,512	14,064	236,913	108,997
Deferred tax liabilities	34	66,641	73,041	517,441	566,075
Lease liabilities	33	1,014,788	933,319	7,879,423	7,233,316
		5,123,566	5,181,942	39,782,441	40,160,568
NET ASSETS					
		9,915,990	9,550,395	76,993,696	74,016,516
CAPITAL AND RESERVES					
Share capital	35(c)	164,526	164,526	1,277,479	1,275,093
Reserves		7,534,939	7,076,795	58,505,787	54,845,869
Total equity attributable to equity shareholders of the Company		7,699,465	7,241,321	59,783,266	56,120,962
Non-controlling interests		2,216,525	2,309,074	17,210,430	17,895,554
TOTAL EQUITY		9,915,990	9,550,395	76,993,696	74,016,516

Approved and authorised for issue by the Board of Directors on 16 September 2021.

KWEK Leng Hai
CHEW Seong Aun
Directors

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Attributable to equity shareholders of the Company													Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits	Total			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 July 2020	164,526	10,493	(76,423)	2,806	(39,017)	3,160	(554,492)	(407,430)	(6,284)	46,692	8,097,290	7,241,321	2,309,074	9,550,395	
Profit for the year	-	-	-	-	-	-	-	-	-	-	322,103	322,103	(2,829)	319,274	
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	-	279,105	-	-	-	-	279,105	159,488	438,593	
Exchange translation reserve reclassified to profit or loss upon disposal of a subsidiary	-	-	-	-	-	-	(406)	-	-	-	-	(406)	(201)	(607)	
Changes in fair values of equity investments at FVOCI	-	-	-	-	-	-	-	(110,302)	-	-	-	(110,302)	-	(110,302)	
Transfer upon disposal of equity investments at FVOCI	-	-	-	-	-	-	-	(38,333)	-	-	38,333	-	-	-	
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	(1,672)	-	-	(1,672)	(1,030)	(2,702)	
Changes in fair value on net investment hedge	-	-	-	-	-	-	-	-	(755)	-	-	(755)	(390)	(1,145)	
Actuarial losses on defined benefit obligation	-	-	-	-	-	-	-	-	-	-	(1,628)	(1,628)	(422)	(2,050)	
Share of other comprehensive income of associates	-	-	1,303	-	-	-	11,066	(9,951)	98	-	1,308	3,824	-	3,824	
Total comprehensive income for the year	-	-	1,303	-	-	-	289,765	(158,586)	(2,329)	-	360,116	490,269	154,616	644,885	
Transfer between reserves	-	-	(25,869)	-	-	-	-	-	-	-	25,869	-	-	-	
Equity-settled share-based transactions	-	-	-	-	-	(3,387)	-	-	-	-	-	(3,387)	(1,758)	(5,145)	
Share placing of a subsidiary	-	-	(1,410)	-	-	-	2,127	-	-	-	41	758	45,100	45,858	
Acquisition of additional interests in subsidiaries	-	-	22,472	-	-	2	(7)	-	(7)	-	46,062	68,522	(272,383)	(203,861)	
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(13,720)	(13,720)	
Accrued distribution for perpetual securities	-	-	-	-	-	-	-	-	-	-	(14,142)	(14,142)	14,142	-	
Share capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(11,525)	(11,525)	
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,487	1,487	
Capitalisation of redeemable preference shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	18,869	18,869	
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(27,377)	(27,377)	
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(62,936)	(62,936)	-	(62,936)	
Interim dividend paid in respect of the current year	-	-	-	-	-	-	-	-	-	-	(20,940)	(20,940)	-	(20,940)	
At 30 June 2021	164,526	10,493	(79,927)	2,806	(39,017)	(225)	(262,607)	(566,016)	(8,620)	46,692	8,431,360	7,699,465	2,216,525	9,915,990	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOS reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Hedging reserve	Revaluation reserve	Retained profits	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2019	164,526	10,493	(70,589)	2,806	(39,017)	2,152	(426,095)	(189,884)	(5,278)	51,342	8,369,264	7,869,720	2,383,959	10,253,679
Loss for the year	-	-	-	-	-	-	-	-	-	-	(112,607)	(112,607)	15,568	(97,039)
Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	-	(131,129)	-	-	-	-	(131,129)	(69,221)	(200,350)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiary	-	-	-	-	-	-	438	-	-	-	-	438	(473)	(35)
Changes in fair value of equity investments at FVOCI	-	-	-	-	-	-	-	(227,363)	-	-	-	(227,363)	-	(227,363)
Transfer upon disposal of equity investments at FVOCI	-	-	-	-	-	-	-	2,013	-	-	(2,013)	-	-	-
Changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	48	-	-	48	105	153
Changes in fair value on net investment hedge	-	-	-	-	-	-	-	-	(849)	-	-	(849)	(334)	(1,183)
Actuarial losses on defined benefit obligation	-	-	-	-	-	-	-	-	-	-	(2,121)	(2,121)	(916)	(3,037)
Decrease in fair value of properties	-	-	-	-	-	-	-	-	-	(4,744)	-	(4,744)	-	(4,744)
Share of other comprehensive income of associates	-	-	(5,221)	-	-	-	3,385	7,804	(224)	-	(303)	5,441	-	5,441
Total comprehensive income for the year	-	-	(5,221)	-	-	-	(127,306)	(217,546)	(1,025)	(4,744)	(117,044)	(472,886)	(55,271)	(528,157)
Transfer between reserves	-	-	(558)	-	-	-	-	-	-	-	558	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	953	-	-	-	-	-	953	657	1,610
Acquisition of additional interests in subsidiaries	-	-	(55)	-	-	55	(1,091)	-	19	94	24,580	23,602	(63,858)	(40,256)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	269	269
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	-	(13,177)	(13,177)
Accrued distribution for perpetual securities	-	-	-	-	-	-	-	-	-	-	(13,566)	(13,566)	13,566	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	48,986	48,986
Capitalisation of shareholders' loan from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	35,806	35,806
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(41,863)	(41,863)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	-	(124,620)	(124,620)	-	(124,620)
Interim dividend paid in respect of the current year	-	-	-	-	-	-	-	-	-	-	(41,882)	(41,882)	-	(41,882)
At 30 June 2020	164,526	10,493	(76,423)	2,806	(39,017)	3,160	(554,492)	(407,430)	(6,284)	46,692	8,097,290	7,241,321	2,309,074	9,550,395

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 US\$'000	2020 US\$'000
Operating activities			
Profit/(loss) for the year before taxation		316,292	(55,361)
Adjustments for:			
- Finance costs	7(a)	146,806	158,489
- Interest income	5	(17,180)	(34,563)
- Dividend income	5	(111,170)	(60,907)
- Depreciation charged on other property, plant and equipment	7(c)	82,665	77,718
- Depreciation charged on right-of-use assets	7(c)	47,483	52,679
- Amortisation of intangible assets	7(c)	48,400	39,752
- Equity-settled share-based payment (forfeiture)/expenses	7(b)	(5,304)	2,124
- Impairment loss (reversed)/recognised on other property, plant and equipment	7(c)	(2,344)	22,547
- Impairment loss recognised on intangible assets	7(c)	763	17,676
- Impairment loss (reversed)/recognised on right-of-use assets	7(c)	(793)	37,596
- Impairment loss recognised on interest in joint ventures	7(c)	-	33,938
- Write down of development properties	7(c)	6,802	24,139
- Valuation (surplus)/deficit on investment properties	14	(53,205)	33,269
- Share of profits of associates and joint ventures	7(c)	(148,367)	(125,641)
- Net losses/(gains) on disposal of property, plant and equipment	6(b)	1,042	(90,709)
- Net gains on liquidation of subsidiaries	6(b)	-	(4)
- Gain on disposal of subsidiaries	6(b)	(34,374)	(2,020)
- Gain on disposal of investment properties	6(b)	(220)	-
Operating profit before changes in working capital		277,296	130,722
Decrease/(increase) in trade and other receivables		61,205	(30,489)
(Increase)/decrease in trading financial assets		(83,482)	394,687
Decrease/(increase) in equity investments at FVOCI		49,661	(10,767)
Decrease/(increase) in development properties		258,528	(718,169)
Decrease in properties held for sale		81,044	80,041
Increase in contract assets		(340,311)	(4,041)
Increase in inventories		(4,837)	(5,710)
(Decrease)/increase in provisions and other liabilities		(789)	11,183
Increase/(decrease) in contract liabilities		57,477	(715)
Increase in trade and other payables		50,894	32,173
Cash generated from/(used in) operations		406,686	(121,085)
Interest received		18,280	37,108
Dividend received from equity investments		123,412	57,653
Taxation			
- Hong Kong Profits Tax paid		(1,171)	(12)
- Overseas tax paid		(88,850)	(49,023)
Net cash generated from/(used in) operating activities		458,357	(75,359)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 US\$'000	2020 US\$'000
Investing activities			
Net advance to associates and joint ventures		(4,336)	(7,135)
Purchase of property, plant and equipment		(20,910)	(58,638)
Additions in investment properties under development		(41,227)	(57,057)
Purchase of intangible assets		(22,501)	(23,298)
Acquisition of subsidiaries	36(a)	-	(105,586)
Acquisition of additional interests in subsidiaries		(203,861)	(40,256)
Cash held under assets held for sale		(8,214)	-
Proceeds from disposal of subsidiaries	36(b)	35,029	-
Proceeds from disposal of property, plant and equipment		2,502	156,213
Proceeds from disposal of investment properties		145,164	-
Dividends received from associates and joint ventures		27,293	9,989
(Increase)/decrease in fixed deposits with maturity over three months		(120,037)	167,368
Net cash (used in)/generated from investing activities		(211,098)	41,600
Financing activities			
Net (repayment of)/proceeds from bank loans and other borrowings		(211,292)	395,604
Decrease in cash collateral		3,967	2,635
Distribution payment of perpetual securities by a subsidiary		(13,720)	(13,177)
Proceeds from share placing of a subsidiary		45,858	-
Share capital reduction in a subsidiary		(11,525)	-
Capital contribution from non-controlling interests		1,487	48,986
(Repayment to)/advance from non-controlling interests		(23,962)	62,047
Capital element of lease rentals paid		(55,356)	(36,830)
Interest element of lease rentals paid		(49,979)	(48,327)
Interest paid		(142,081)	(155,184)
Dividends paid to non-controlling interests by subsidiaries		(27,377)	(41,863)
Dividends paid to equity shareholders of the Company		(83,876)	(166,502)
Net cash (used in)/generated from financing activities		(567,856)	47,389
Net (decrease)/increase in cash and cash equivalents		(320,597)	13,630
Cash and cash equivalents at 1 July		1,598,247	1,611,452
Effect of foreign exchange rate changes		46,939	(26,835)
Cash and cash equivalents at 30 June	28(a)	1,324,589	1,598,247

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis modified by the revaluation of investment properties and the marking to market of certain financial instruments as explained in the accounting policies set out in note 2.

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

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

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

(c) Hong Kong dollar amounts

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

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

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

(i) Sale of properties

The Group develops and sells residential projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential project has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential projects have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the residential project. The measurement of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measurement of progress and instead are expensed as incurred.

For certain contracts where the Group does not have enforceable rights to payment, revenue is recognised only when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sales contract.

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and, where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the entity adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the entity uses a discount rate that would reflect that of a separate financing transaction between the entity and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of goods or services to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Revenue recognition (cont'd)

(ii) Rental income from operating leases

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

(iii) Sales of goods and services

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

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

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

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

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Revenue recognition (cont'd)

- (vi) Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.
- (vii) Casino revenue represents the gaming win before deduction of gaming duty.
- (viii) Revenue from hotel operations is recognised in profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes room rental, income earned from sales of food and beverages, rendering of laundry services and other miscellaneous income.

(b) Investments

- (i) Investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 38(f). These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(a)(v)).
- fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

Equity investments

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

(ii) Subsidiaries and non-controlling interests

Subsidiaries

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

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

Non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(ii) Subsidiaries and non-controlling interests (cont'd)

Non-controlling interests (cont'd)

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

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

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

(iii) Associates and joint ventures

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and joint ventures (cont'd)

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

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

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

(c) Derivative financial instruments and hedging activities

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

(i) Cash flow hedges

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Derivative financial instruments and hedging activities (cont'd)

- (ii) Hedge of net investments in foreign operations

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

(d) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

(e) Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Other property, plant and equipment and depreciation

- (i) Properties are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated to write off the cost of the assets less their estimated residual value using the straight-line method over their estimated useful lives as follows:
 - Freehold land is not depreciated.
 - Building situated on freehold land are depreciated over their remaining useful economic lives (up to 100 years).
 - Land held under operating leases and buildings thereon are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- (ii) Furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment loss (see note 2(k)(ii)). Depreciation is calculated on a straight-line basis to write off the cost of the assets over their estimated useful lives, taken as being 3 to 15 years.
- (iii) Both the useful life of an asset and its residual value, if any, are reviewed annually.
- (iv) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Investment property

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

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

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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.

- (i) As a lessee

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets (cont'd)

(i) As a lessee (cont'd)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. 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 (see note 2(k)(ii)). The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets (cont'd)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(a)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Inventories

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

Inventories are carried at the lower of cost and net realisable value ("NRV") as follows:

Property development

Cost and net realisable values are determined as follows:

- *Property under development for sale*

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

- *Completed property held for resale*

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories (cont'd)

Other inventories

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

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

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

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

Other contract costs

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Contract assets and contract liabilities

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

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

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

(k) Credit losses and impairment of assets

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

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

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates which are held for the collection of contractual cash flow which represent solely payments of principal and interest);
- contract assets as defined in HKFRS 15; and
- lease receivables

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

Measurement of ECLs

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

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

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Measurement of ECLs (cont'd)

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Significant increases in credit risk (cont'd)

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

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

Basis of calculation of interest income

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

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

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

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

Write-off policy

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Impairment of other assets

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

- other property, plant and equipment including right-of-use assets (other than properties carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

- *Reversals of impairment losses*

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Interest-bearing borrowings

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

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

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

(n) Trade and other payables

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

(o) Perpetual securities

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

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

(p) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax (cont'd)

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Translation of foreign currencies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

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

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

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

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

- (ii) Defined benefit retirement plan obligations

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits (cont'd)

(iii) Share-based payments

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

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

(t) Borrowing costs

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

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

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

(iv) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(v) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Related parties (cont'd)

- (ii) An entity is related to the Group if any of the following conditions applies:
- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(w) Segment reporting

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

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

(x) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other revenue' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other revenue' on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Investment properties (note 14)

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

(b) Impairment of assets

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

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

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

(d) Income taxes (notes 8 and 34)

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

(e) Defined benefit retirement plan obligations (notes 37)

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, COVID 19 - Related Rent Concessions

None of the amendments 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5. TURNOVER AND REVENUE

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

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

	2021 US\$'000	2020 US\$'000
Revenue from sale of properties	539,912	556,406
Revenue from hospitality and leisure	480,415	1,066,182
Interest income	17,180	34,563
Dividend income	111,170	60,907
Rental income from properties	86,505	87,765
Revenue from sales of goods	74,553	76,234
Others	10,692	7,022
Revenue	1,320,427	1,889,079
Proceeds from sale of investments in securities	292,250	271,532
Turnover	1,612,677	2,160,611

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER REVENUE AND NET INCOME/(LOSSES)

(a) Other revenue

	2021 US\$'000	2020 US\$'000
Sublease income	5,856	4,533
Bass Strait oil and gas royalty	19,019	25,161
Hotel management fee	89	520
Income from forfeiture of deposit from sale of properties	4,146	996
Government grants	100,735	43,526
Hotel business interruption insurance claim	19,088	-
Gaming duty refund	18,488	-
Interest income on value-added tax claim	-	6,290
Others	287	2,181
	167,708	83,207

(b) Other net income/(losses)

	2021 US\$'000	2020 US\$'000
Net realised and unrealised gains/(losses) on trading financial assets	100,663	(305,621)
Net realised and unrealised gains/(losses) on derivative financial instruments	28,818	(50,788)
Net losses on foreign exchange contracts	(6,020)	(12,429)
Other exchange gains	6,185	14,249
Net (losses)/gains on disposal of property, plant and equipment	(1,042)	90,709
Gain on disposal of subsidiaries (note 36(b))	34,374	2,020
Gain on disposal of investment properties	220	-
Net gains on liquidation of subsidiaries	-	4
Additional proceeds from compulsory acquisition of a hotel property	-	15,757
Other net (losses)/income	(1,893)	4,264
	161,305	(241,835)

NOTES TO THE FINANCIAL STATEMENTS

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

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

(a) Finance costs

	2021 US\$'000	2020 US\$'000
Interest on bank loans and other borrowings	141,288	164,388
Interest on lease liabilities	49,979	48,327
Other borrowing costs	11,518	11,667
Total borrowing costs	202,785	224,382
Less: borrowing costs capitalised into:		
- development properties	(22,707)	(31,996)
- investment properties	(33,272)	(33,897)
Total borrowing costs capitalised (note)	(55,979)	(65,893)
	146,806	158,489

Note:

These borrowing costs have been capitalised at rates of 1.10% to 7.25% per annum (2020: 1.07% to 7.25%).

(b) Staff cost

	2021 US\$'000	2020 US\$'000
Salaries, wages and other benefits	301,819	362,619
Contributions to defined contribution retirement plans	11,405	12,881
Expenses (reversed)/recognised in respect of defined benefit retirement plans	(386)	87
Equity-settled share-based payment (forfeiture)/expenses	(5,304)	2,124
	307,534	377,711

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Other items

	2021 US\$'000	2020 US\$'000
Depreciation		
– other property, plant and equipment	82,665	77,718
– right-of-use assets	47,483	52,679
Impairment losses (reversed)/recognised		
– other property, plant and equipment (note a)	(2,344)	22,547
– intangible assets (note a)	763	17,676
– right-of-use assets (note a)	(793)	37,596
– interest in a joint venture (note b)	–	33,938
Amortisation		
– customer relationship, licences and brand names	13,945	12,072
– casino licences and brand names	158	768
– Bass Strait oil and gas royalty	3,223	2,882
– other intangible assets	31,074	24,030
Cost of inventories recognised in cost of sales	42,664	37,295
Write down of development properties	6,802	24,139
Expense relating to short-term leases and other leases with remaining lease term ending within one year	756	2,047
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	313	956
Auditors' remuneration		
– audit services	3,119	2,964
– tax services	94	55
– other services	–	300
Donations	1,790	2,086
Gross rental income from investment properties (note 5)	(86,505)	(87,765)
Less: direct outgoings	21,940	18,907
Net rental income	(64,565)	(68,858)
Share of profits of associates and joint ventures:		
– associates	(138,987)	(110,425)
– joint ventures	(9,380)	(15,216)
	(148,367)	(125,641)

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Other items (cont'd)

Notes:

- a. The COVID-19 pandemic has greatly impacted our hospitality and leisure operations. All of our hotels and casino venues in the United Kingdom and the international venues were subject to lockdowns and government restrictions on operations which were considered as an impairment indicator. The hotel assets and casino venue assets (included in other property, plant and equipment, intangible assets and right-of-use assets) are reviewed for impairment based on the estimation of the recoverable amount of each individual cash generating unit ("CGU") to which these assets have been allocated. The Group estimates the recoverable amount of hotel assets and casino venue assets using the value in use derived from discounted cash flow projections of the CGUs. The estimation of value in use of hotel assets involves the projection of EBITDA forecast, long term revenue growth of 2% (2020: 1.5%) and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 8.8% (2020: 9.8%). The assumptions in estimation of value in use of casino venue assets include an extrapolation of recent cost inflation trends, known inflation trends such as national living wage and an expectation that costs will be incurred in line with agreed contractual rates, long term revenue growth rates of 0% to 2% (2020: 0% to 2%) and pre-tax discount rates of 11% to 14% (2020: 11% to 14%).

As at 30 June 2021, following the impairment review, reversals of impairment loss on other property, plant and equipment of US\$2.3 million and right-of-use assets of US\$0.8 million were recognised as the recoverable amounts were estimated to be higher than the carrying amounts as at 30 June 2021. As at 30 June 2020, following the impairment review, impairment losses on other property, plant and equipment, intangible assets and right-of-use assets of US\$22.5 million, US\$17.7 million and US\$37.6 million respectively were recognised to write down the carrying amounts to the recoverable amounts.

- b. An impairment assessment of an investment in a joint venture - EcoWorld International Berhad, which is a joint venture undertaken by our subsidiary, Guocoland Limited. It is principally engaged in property development in international market mainly in the United Kingdom and Australia. The Group estimated its recoverable amount, taking into consideration the expected profits from the sold properties and the expected selling prices of the remaining properties held by the joint venture through its investees.

No impairment was recognised during the year as the recoverable amounts were estimated to be higher than the carrying amount as at 30 June 2021. As at 30 June 2020, an impairment loss of US\$33.9 million was recognised, reflecting the weaker market sentiments in the United Kingdom and Australia.

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION

(a) Taxation in the consolidated income statement represents:

	2021 US\$'000	2020 US\$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	538	494
Over-provision in respect of prior years	(8)	(3)
	530	491
Current tax - Overseas		
Provision for the year	70,330	56,550
(Over)/under-provision in respect of prior years	(20,334)	1,347
	49,996	57,897
Deferred tax		
Origination and reversal of temporary differences	(43,315)	(17,922)
Effect of changes in tax rate on deferred tax balances	(10,193)	1,212
	(53,508)	(16,710)
	(2,982)	41,678

The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 30 June 2021. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (cont'd)

(b) Reconciliation between taxation and accounting profit/(loss) at applicable tax rates:

	2021 US\$'000	2020 US\$'000
Profit/(loss) for the year before tax	316,292	(55,361)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits in the countries concerned	79,595	(202)
Tax effect of non-deductible expenses	23,496	68,980
Tax effect of non-taxable income	(77,442)	(36,995)
Tax effect of unused tax losses not recognised	511	5,656
Tax effect of utilisation of tax losses not previously recognised	(3,256)	(615)
Tax effect of unrecognised deductible temporary differences	3,035	2,970
Tax effect of utilisation of other deductible temporary differences not previously recognised	-	(1)
Tax effect of changes in tax rate on deferred tax balances	(10,193)	1,212
(Over)/under-provision in respect of prior years	(20,342)	1,344
Others	1,614	(671)
Taxation	(2,982)	41,678

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

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purpose for the years ended 30 June 2021 and 2020.

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

	2021 US\$'000	2020 US\$'000
Hong Kong Profits Tax	148	149
Overseas taxation	14,907	1,707
Tax recoverable	15,055	1,856
Hong Kong Profits Tax	538	1,183
Overseas taxation	25,381	47,692
Taxation payable	25,919	48,875

NOTES TO THE FINANCIAL STATEMENTS

9. DIRECTORS' EMOLUMENTS

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

Name	Fees US\$'000	Salaries, allowances and benefits in kind ⁽¹⁾ US\$'000	Discretionary bonuses US\$'000	Pension contributions US\$'000	Total emoluments US\$'000
2021					
KWEK Leng Hai	– ⁽²⁾	1,598	118	–	1,716
TANG Hong Cheong	– ^{(2), (4)}	638	541	–	1,179
CHEW Seong Aun	– ^{(2), (3)}	351	–	13	364
KWEK Leng San *	– ⁽²⁾	–	–	–	–
Roderic N. A. SAGE **	68	–	–	–	68
David Michael NORMAN **	59	–	–	–	59
Lester G. HUANG, SBS, JP **	59	–	–	–	59
	186	2,587	659	13	3,445

Name	Fees US\$'000	Salaries, allowances and benefits in kind ⁽¹⁾ US\$'000	Discretionary bonuses US\$'000	Pension contributions US\$'000	Total emoluments US\$'000
2020					
KWEK Leng Hai	– ⁽²⁾	1,594	1,283	–	2,877
TANG Hong Cheong	– ⁽²⁾	1,269	1,283	90	2,642
KWEK Leng San *	– ⁽²⁾	–	–	–	–
Volker STOECKEL **	25	–	–	–	25
Roderic N. A. SAGE **	68	–	–	–	68
David Michael NORMAN **	58	–	–	–	58
Lester G. HUANG, SBS, JP **	36	–	–	–	36
	187	2,863	2,566	90	5,706

Notes:

* Non-executive director

** Independent non-executive director

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

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

⁽³⁾ Appointed as executive director with effect from 19 November 2020

⁽⁴⁾ Retired as director and President & CEO with effect from 1 January 2021

NOTES TO THE FINANCIAL STATEMENTS

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, two (2020: two) are directors of the Company whose emoluments are disclosed in note 9. The emoluments of the other three (2020: three) individuals are as follows:

	2021 US\$'000	2020 US\$'000
Salaries, allowances and benefits in kind	2,764	2,660
Discretionary bonuses	363	1,391
Share-based payment expenses	247	-
Pension contributions	81	26
	3,455	4,077

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

US\$	2021 Number of individuals	2020 Number of individuals
950,001 - 1,000,000	-	1
1,000,001 - 1,050,000	1	1
1,150,001 - 1,200,000	1	-
1,250,001 - 1,300,000	1	-
2,050,001 - 2,100,000	-	1
	3	3

NOTES TO THE FINANCIAL STATEMENTS

11. DIVIDENDS

	2021 US\$'000	2020 US\$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend of HK\$0.50 (2020: HK\$1.00) per ordinary share	20,940	41,882
- Proposed final dividend of HK\$1.50 (2020: HK\$1.50) per ordinary share	63,568	63,687
	84,508	105,569
Dividends paid in respect of the prior year:		
- Final dividend of HK\$1.50 (2020: HK\$3.00) per ordinary share	62,936	124,620

The final dividend for the year ended 30 June 2021 of US\$63,568,000 (2020: US\$63,687,000) is calculated based on 329,051,373 ordinary shares (2020: 329,051,373 ordinary shares) in issue as at 30 June 2021.

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

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of US\$322,103,000 (2020: loss of US\$112,607,000) and the weighted average number of 325,224,511 ordinary shares (2020: 325,224,511 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share equalled the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT REPORTING

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

Segment	Business activities	Operated by
Principal investment:	This segment covers debt, 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 2021 or 2020.

The accounting policies of the operating segments are the same as those described in the significant accounting policies in note 2. Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from the financial year 2019/20.

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT REPORTING (cont'd)

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

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

Segment revenue and profit or loss

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Others US\$'000	Total US\$'000
For the year ended 30 June 2021						
Turnover	406,728	650,167	481,227	-	74,555	1,612,677
Disaggregated by timing of revenue						
- Point in time	114,478	358,136	481,227	-	74,555	1,028,396
- Over time	-	292,031	-	-	-	292,031
Revenue from external customers	114,478	650,167	481,227	-	74,555	1,320,427
Inter-segment revenue	1,778	2,248	-	-	-	4,026
Reportable segment revenue	116,256	652,415	481,227	-	74,555	1,324,453
Reportable segment operating profit/(loss)	196,080	200,694	(149,117)	-	15,570	263,227
Finance costs	(8,115)	(63,464)	(74,467)	-	(2,461)	(148,507)
Valuation surplus on investment properties	-	53,205	-	-	-	53,205
Share of profits of associates and joint ventures	-	8,948	-	139,419	-	148,367
Profit/(loss) before taxation	187,965	199,383	(223,584)	139,419	13,109	316,292
For the year ended 30 June 2020						
Turnover	350,578	665,504	1,068,289	-	76,240	2,160,611
Disaggregated by timing of revenue						
- Point in time	79,046	113,592	1,068,289	-	76,240	1,337,167
- Over time	-	551,912	-	-	-	551,912
Revenue from external customers	79,046	665,504	1,068,289	-	76,240	1,889,079
Inter-segment revenue	4,601	2,660	-	-	-	7,261
Reportable segment revenue	83,647	668,164	1,068,289	-	76,240	1,896,340
Reportable segment operating (loss)/profit	(240,094)	177,226	41,385	-	36,763	15,280
Finance costs	(16,082)	(70,379)	(71,390)	-	(5,162)	(163,013)
Valuation deficit on investment properties	-	(33,269)	-	-	-	(33,269)
Share of profits of associates and joint ventures	-	13,899	-	111,742	-	125,641
(Loss)/profit before taxation	(256,176)	87,477	(30,005)	111,742	31,601	(55,361)

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT REPORTING (cont'd)

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

Segment assets and liabilities

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Others US\$'000	Total US\$'000
At 30 June 2021						
Reportable segment assets	2,880,196	8,016,747	3,946,170	-	352,023	15,195,136
Interest in associates and joint ventures	-	379,175	-	1,394,154	-	1,773,329
Total assets	2,880,196	8,395,922	3,946,170	1,394,154	352,023	16,968,465
Reportable segment liabilities	405,451	4,427,294	2,055,589	-	164,141	7,052,475
At 30 June 2020						
Reportable segment assets	3,286,984	7,662,032	3,559,267	-	335,582	14,843,865
Interest in associates and joint ventures	-	341,844	-	1,237,843	-	1,579,687
Total assets	3,286,984	8,003,876	3,559,267	1,237,843	335,582	16,423,552
Reportable segment liabilities	589,638	4,259,279	1,863,940	-	160,300	6,873,157

Other information

2021						
Interest income	4,957	13,110	812	-	2	18,881
Depreciation and amortisation	5,016	3,112	155,925	-	14,495	178,548
Additions to non-current segment assets	32	79,198	54,968	-	4,619	138,817
2020						
Interest income	22,443	14,531	2,107	-	6	39,087
Depreciation and amortisation	5,058	2,182	149,903	-	13,006	170,149
Additions to non-current segment assets	156	92,224	83,685	-	4,382	180,447

Major customers

During the years ended 30 June 2021 and 2020, there is no major customer accounting for more than 10% of the total revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT REPORTING (cont'd)

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

Revenue

	2021 US\$'000	2020 US\$'000
Reportable segment revenue	1,324,453	1,896,340
Elimination of inter-segment revenue	(4,026)	(7,261)
Consolidated revenue (note 5)	1,320,427	1,889,079

Finance costs

	2021 US\$'000	2020 US\$'000
Reportable finance costs	148,507	163,013
Elimination of inter-segment finance costs	(1,701)	(4,524)
Consolidated finance costs (note 7(a))	146,806	158,489

Interest income

	2021 US\$'000	2020 US\$'000
Reportable interest income	18,881	39,087
Elimination of inter-segment interest income	(1,701)	(4,524)
Consolidated interest income (note 5)	17,180	34,563

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT REPORTING (cont'd)

(c) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
The People's Republic of China				
– Hong Kong	119,298	83,761	293,449	299,036
– Mainland China	20,345	9,364	1,857	82,310
United Kingdom and Continental Europe	503,302	1,061,954	3,191,142	2,926,198
Singapore	482,026	578,607	3,987,175	3,870,805
Australasia and others	195,456	155,393	2,110,387	1,754,739
	1,320,427	1,889,079	9,584,010	8,933,088

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Investment properties US\$'000	Interests in leasehold land and buildings US\$'000	Freehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Other property, plant and equipment US\$'000	Total US\$'000
Cost or valuation						
At 1 July 2019	3,798,843	1,240,265	554,820	1,002,782	2,797,867	6,596,710
Acquisition of subsidiaries (note 36(a))	-	-	-	715	715	715
Additions	90,955	4,044	814	53,780	58,638	149,593
Transfer to assets held for sale (note 29)	(56,468)	-	-	-	-	(56,468)
Disposals and written off	-	(81,376)	(164)	(20,645)	(102,185)	(102,185)
Fair value adjustments	(33,269)	-	-	-	-	(33,269)
Exchange adjustments	(112,325)	(34,440)	(18,876)	(30,496)	(83,812)	(196,137)
At 30 June 2020	3,687,736	1,128,493	536,594	1,006,136	2,671,223	6,358,959
Representing:						
Cost	-	1,128,493	536,594	1,006,136	2,671,223	2,671,223
Valuation - 2020	3,687,736	-	-	-	-	3,687,736
	3,687,736	1,128,493	536,594	1,006,136	2,671,223	6,358,959
At 1 July 2020	3,687,736	1,128,493	536,594	1,006,136	2,671,223	6,358,959
Additions	74,499	3,207	794	16,909	20,910	95,409
Transfer to assets held for sale (note 29)	-	-	-	(176)	(176)	(176)
Disposals and written off	(87,181)	(4,648)	(23)	(19,680)	(24,351)	(111,532)
Disposal of subsidiaries (note 36(b))	-	-	-	(4,490)	(4,490)	(4,490)
Fair value adjustments	53,205	-	-	-	-	53,205
Exchange adjustments	136,869	97,549	57,526	119,297	274,372	411,241
At 30 June 2021	3,865,128	1,224,601	594,891	1,117,996	2,937,488	6,802,616
Representing:						
Cost	-	1,224,601	594,891	1,117,996	2,937,488	2,937,488
Valuation - 2021	3,865,128	-	-	-	-	3,865,128
	3,865,128	1,224,601	594,891	1,117,996	2,937,488	6,802,616

NOTES TO THE FINANCIAL STATEMENTS

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

	Investment properties US\$'000	Interests in leasehold land and buildings US\$'000	Freehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Other property, plant and equipment US\$'000	Total US\$'000
Accumulated depreciation and impairment loss						
At 1 July 2019	-	196,976	63,758	750,156	1,010,890	1,010,890
Charge for the year	-	20,765	6,890	50,063	77,718	77,718
Written back on disposals and written off	-	(17,824)	(61)	(18,796)	(36,681)	(36,681)
Impairment loss recognised	-	12,352	772	9,423	22,547	22,547
Exchange adjustments	-	(6,466)	(2,217)	(24,483)	(33,166)	(33,166)
At 30 June 2020	-	205,803	69,142	766,363	1,041,308	1,041,308
At 1 July 2020	-	205,803	69,142	766,363	1,041,308	1,041,308
Charge for the year	-	20,923	8,233	53,509	82,665	82,665
Written back on disposals and written off	-	(3,631)	(19)	(17,157)	(20,807)	(20,807)
Written back through disposal of a subsidiary (note 36(b))	-	-	-	(3,771)	(3,771)	(3,771)
Transfer to assets held for sale (note 29)	-	-	-	(174)	(174)	(174)
Impairment loss reversed	-	(2,115)	(42)	(187)	(2,344)	(2,344)
Exchange adjustments	-	21,557	7,761	91,217	120,535	120,535
At 30 June 2021	-	242,537	85,075	889,800	1,217,412	1,217,412
Carrying amount						
At 30 June 2021	3,865,128	982,064	509,816	228,196	1,720,076	5,585,204
At 30 June 2020	3,687,736	922,690	467,452	239,773	1,629,915	5,317,651

NOTES TO THE FINANCIAL STATEMENTS

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

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

	2021 US\$'000	2020 US\$'000
In Hong Kong:		
– Leasehold with between 10 and 50 years unexpired	292,991	298,472
– Leasehold with less than 10 years unexpired	18	37
Outside Hong Kong:		
– Freehold	963,389	900,735
– Leasehold with over 50 years unexpired	4,078,743	3,771,433
– Leasehold with between 10 and 50 years unexpired	4,920	86,691
– Leasehold with less than 10 years unexpired	16,947	20,510
	5,357,008	5,077,878

(b) Certain of the Group's properties with an aggregate carrying amount of US\$3,776.0 million (2020: US\$3,527.6 million) were pledged for bank loans and mortgage debenture stock.

(c) Investment properties comprise:

	2021 US\$'000	2020 US\$'000
Completed investment properties	2,513,973	2,472,612
Investment properties under development	1,351,155	1,215,124
	3,865,128	3,687,736

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years.

(e) Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2021 US\$'000	2020 US\$'000
Within 1 year	87,871	68,898
Between 1 and 5 years	128,283	98,336
After 5 years	45,623	42,937
	261,777	210,171

NOTES TO THE FINANCIAL STATEMENTS

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

(f) Fair value measurement of properties

(i) Fair value hierarchy

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

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

	2021				2020			
	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								
Investment properties	-	166,168	3,698,960	3,865,128	-	2,269	3,685,467	3,687,736

During the year ended 30 June 2021, investment properties of US\$163,950,000 as at 30 June 2021 was transferred from level 3 to level 2 due to change in valuation technique from income capitalisation method to market comparison approach. 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.

During the year ended 30 June 2020, investment properties of US\$164,256,000 as at 30 June 2020 was transferred from level 2 to level 3 due to change in valuation technique from market comparison approach to income capitalisation method. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2021. The valuations were carried out by external independent property valuers, CHFT Advisory and Appraisal Limited, CBRE, Cheston International and Savills (2020: CHFT Advisory and Appraisal Limited, CBRE, First Pacific Valuers and Savills), which have appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued. The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. Management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

(iii) Information about Level 3 fair value measurements

Type of investment properties	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	- Direct comparison method	- Sales prices of US\$227 to US\$4,264 (2020: US\$228 to US\$2,721) per square feet ("psf")	The estimated fair value increases when the sales price increases
	- Income capitalisation method	- Capitalisation rate of 3.4% to 6.0% (2020: 2.8% to 4.5%)	The estimated fair value increases when the capitalisation rate decreases
Reversionary interest in freehold land and commercial properties	- Direct comparison method	- Sales prices of US\$135 to US\$571 (2020: US\$123 to US\$518) psf	The estimated fair value increases when the sales price and gross development value increase
	- Residual land method	- Gross development value of US\$2,275 (2020: US\$2,148) psf	
Commercial properties under development	- Residual land method	- Gross development value of US\$2,212 to US\$2,826 (2020: US\$2,127 to US\$2,793) psf	The estimated fair value increases when the gross development value increases

NOTES TO THE FINANCIAL STATEMENTS

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

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

(iii) Information about Level 3 fair value measurements (cont'd)

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

	2021 US\$'000	2020 US\$'000
Investment properties:		
At 1 July	3,685,467	3,606,284
Additions	74,499	90,951
Transfer (to)/from Level 2 fair value measurements	(163,950)	164,256
Transfer to assets held for sale (note 29)	-	(56,468)
Disposals	(87,181)	-
Fair value adjustments	53,251	(5,975)
Exchange adjustments	136,874	(113,581)
At 30 June	3,698,960	3,685,467

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

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

NOTES TO THE FINANCIAL STATEMENTS

15. RIGHT-OF-USE ASSETS

	Interests in leasehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Total US\$'000
Cost or valuation			
At 1 July 2019	804,230	7,614	811,844
Additions	7,449	107	7,556
Acquisition of subsidiaries (note 36(a))	3,951	-	3,951
Reversal	-	(212)	(212)
Disposals and written off	-	(29)	(29)
Exchange adjustments	(25,934)	(265)	(26,199)
At 30 June 2020	789,696	7,215	796,911
Representing:			
Cost	789,696	7,215	796,911
Valuation - 2020	-	-	-
	789,696	7,215	796,911
At 1 July 2020	789,696	7,215	796,911
Additions	17,466	3,441	20,907
Disposals and written off	(306)	-	(306)
Lease modification	(3,912)	-	(3,912)
Exchange adjustments	103,205	857	104,062
At 30 June 2021	906,149	11,513	917,662
Representing:			
Cost	906,149	11,513	917,662
Valuation - 2021	-	-	-
	906,149	11,513	917,662

NOTES TO THE FINANCIAL STATEMENTS

15. RIGHT-OF-USE ASSETS (cont'd)

	Interests in leasehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Total US\$'000
Accumulated depreciation and impairment loss			
At 1 July 2019	-	-	-
Charge for the year	50,260	2,419	52,679
Written back on disposals and written off	-	(6)	(6)
Impairment loss recognised	37,596	-	37,596
Exchange adjustments	(2,031)	(49)	(2,080)
At 30 June 2020	85,825	2,364	88,189
At 1 July 2020	85,825	2,364	88,189
Charge for the year	45,509	1,974	47,483
Impairment loss reversed	(793)	-	(793)
Lease modification	(771)	-	(771)
Exchange adjustments	12,655	305	12,960
At 30 June 2021	142,425	4,643	147,068
Carrying amount			
At 30 June 2021	763,724	6,870	770,594
At 30 June 2020	703,871	4,851	708,722

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	2021 US\$'000	2020 US\$'000
Ownership interests in leasehold land and buildings held for own use, carried at net book value outside Hong Kong, with remaining unexpired lease term		
- 50 years or more	459,231	432,749
- between 10 and 50 years	129,992	163,413
- less than 10 years	174,501	107,709
	763,724	703,871
Furniture, fixtures and equipment held for own use, carried at depreciated cost	6,870	4,851
	770,594	708,722

NOTES TO THE FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS

	Casino licences and brand names US\$'000	Bass Strait oil and gas royalty US\$'000	Customer relationship, licences and brand names US\$'000	Others US\$'000	Total US\$'000
Cost					
At 1 July 2019	861,338	132,705	50,238	105,677	1,149,958
Reclassification	-	-	14,993	(14,993)	-
Additions through acquisition of subsidiaries (note 36(a))	-	-	12,290	38,504	50,794
Additions	28	-	749	22,521	23,298
Disposals	-	-	(49)	(112)	(161)
Exchange adjustments	(27,035)	(3,123)	(2,147)	(3,546)	(35,851)
At 30 June 2020	834,331	129,582	76,074	148,051	1,188,038
At 1 July 2020	834,331	129,582	76,074	148,051	1,188,038
Additions	490	-	1,329	20,682	22,501
Disposals	-	-	-	(4,553)	(4,553)
Disposal of subsidiaries (note 36(b))	-	-	(1,213)	(88)	(1,301)
Exchange adjustments	102,761	12,358	6,907	18,780	140,806
At 30 June 2021	937,582	141,940	83,097	182,872	1,345,491

NOTES TO THE FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS (cont'd)

	Casino licences and brand names US\$'000	Bass Strait oil and gas royalty US\$'000	Customer relationship, licences and brand names US\$'000	Others US\$'000	Total US\$'000
Accumulated amortisation and impairment loss					
At 1 July 2019	60,116	69,415	3,176	43,733	176,440
Reclassification	-	-	3,466	(3,466)	-
Charge for the year	768	2,882	12,072	24,030	39,752
Impairment loss recognised	17,661	-	-	15	17,676
Written back on disposals	-	-	-	(91)	(91)
Exchange adjustments	(1,473)	(1,573)	(55)	(1,910)	(5,011)
At 30 June 2020	77,072	70,724	18,659	62,311	228,766
At 1 July 2020	77,072	70,724	18,659	62,311	228,766
Charge for the year	158	3,223	13,945	31,074	48,400
Impairment loss recognised	-	-	-	763	763
Written back on disposals	-	-	-	(4,552)	(4,552)
Written back on disposal of subsidiaries (note 36(b))	-	-	-	(91)	(91)
Exchange adjustments	6,838	6,746	1,610	8,795	23,989
At 30 June 2021	84,068	80,693	34,214	98,300	297,275
Carrying amount					
At 30 June 2021	853,514	61,247	48,883	84,572	1,048,216
At 30 June 2020	757,259	58,858	57,415	85,740	959,272

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

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

NOTES TO THE FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS (cont'd)

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

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

The recoverable amounts of the other intangible assets are estimated based on value-in-use models. These calculations use cash flow projections based on financial budgets approved by management covering a 3-year period. Subsequent to the cash flow projections period, the growth rates used to extrapolate the cash flow projections are stated below. The growth rate does not exceed the long term average growth rate for the relevant businesses.

The key assumptions used for value-in-use calculations are as follows:

	Casino licences and brand names of Rank		Bass Strait oil and gas royalty of GL		Customer relationship, licences and brand name	
	2021	2020	2021	2020	2021	2020
Long term growth rate	0%-2%	0%-2%	2%	2%	3%	2%
Discount rate	11%-14%	11%-14%	10%	10%	8%	8%

For casino licences and brand names of Rank, the key assumptions in the calculation of value in use are reopening of venues post COVID-19 lockdown, customer visits, win margins, spend per visit, casino duty, machine games duty, bingo duty adjusted for expected socioeconomic regulatory or tax changes and planned business initiatives and the discount rate. For Bass Strait oil and gas royalty, the key assumptions in the calculation of value in use are oil and gas production, oil and gas price, exchange rate and general inflation. For customer relationship, licences and brand name, the key assumptions in the calculation of value in use are honey production, honey price, exchange rate and general inflation. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

Following the closure of venues as a result of the COVID-19 outbreak, the Group recognised impairment charges of US\$763,000 (2020: US\$17,676,000) relating to certain venues at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company Group		Principal activities
Asia Fountain Investment Company Limited	2 shares (HK\$20)	-	100	Investment trading
BIL (Far East Holdings) Limited (note (viii))	635,855,324 shares (HK\$1,941,730,353)	-	100	Investment holding
GLL EWI (HK) Limited	10 shares (HK\$10)	-	67	Investment holding
GuocoEquity Assets Limited	23,000,000 shares (HK\$23,000,000)	100	100	Investment holding
GuoSon Assets China Limited	1 share (HK\$1)	-	67	Investment holding
GuoSon Changfeng China Limited	1 share (HK\$1)	-	67	Investment holding
Guoco Management Company Limited	2,000,000,000 shares (HK\$2,000,000,000)	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares (HK\$10,000,000)	100	100	Investment holding

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company Group		Principal activities
GL Management Pte. Ltd. (note (viii))	2 shares (S\$2)	-	100	Management company
GLL IHT Pte. Ltd.	10,000,000 shares (S\$10,083,000)	-	67	Financial and treasury services
GLL Land Pte. Ltd.	70,000,000 shares (S\$70,000,000)	-	67	Holding properties for rental
GLL (Malaysia) Pte. Ltd.	130,147,962 shares (S\$130,147,962)	-	67	Investment holding
GuocoLand Limited	1,183,373,276 shares (S\$1,926,053,000)	-	67	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
GuocoLand Assets Pte. Ltd.	20,000,000 shares (S\$20,000,000)	100	100	Investment holding
GuocoLand Hotels Pte. Ltd.	162,050,000 shares (S\$162,050,000)	-	67	Investment holding and owning hotels asset
GuocoLand Property Management Pte. Ltd.	60,000,000 shares (S\$60,000,000)	-	67	Property management, marketing and maintenance services
GuocoLand Property Maintenance Services Pte. Ltd.	1 shares (S\$1)	-	67	Property management and maintenance services
GuocoLand (Singapore) Pte. Ltd.	195,000,000 shares (S\$195,000,000)	-	67	Investment holding
GuocoLand Vietnam (S) Pte. Ltd.	1 share (S\$1)	-	67	Investment holding
Leedon Residence Development Pte. Ltd.	10,000 shares (S\$10,000)	-	67	Property development
Martin Modern Pte. Ltd.	162,000,000 shares (S\$162,000,000)	-	67	Property development
Sims Urban Oasis Pte. Ltd.	10,000,000 shares (S\$10,000,000)	-	67	Property development
TPC Commercial Pte. Ltd.	487,000,000 shares (S\$487,000,000)	-	53	Holding properties for rental
TPC Hotel Pte. Ltd.	88,000,000 shares (S\$88,000,000)	-	53	Holding & operating hotel & hotel related activities
Wallich Residence Pte. Ltd.	30,000,000 shares (S\$30,000,000)	-	53	Property development

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Damansara City Sdn Bhd	20,100,000 shares (RM20,100,000)	-	43	Property development and property investment
DC Hotel Sdn Bhd	182,000,002 shares (RM182,000,002)	-	43	Hotel operations
DC Offices Sdn Bhd	2 shares (RM2)	-	43	Property investment
DC Parking Sdn Bhd	3,700,002 shares (RM3,700,002)	-	43	Car park operations and property investment
DC Town Square Sdn Bhd	14,628,105 shares (RM14,628,105)	-	43	Property investment
GLM Emerald Hills (Cheras) Sdn Bhd	10,000,000 shares (RM10,000,000)	-	43	Property development and property investment
GLM Emerald Industrial Park (Jasin) Sdn Bhd	50,600,000 shares (RM50,600,000)	-	30	Property development and operation of an oil palm estate
GLM Emerald Square (Cheras) Sdn Bhd	55,701,000 shares (RM55,701,000)	-	43	Property development
GLM Oval Sdn Bhd	11,747,000 shares (RM11,747,000)	-	43	Property investment
GuocoLand (Malaysia) Berhad	700,458,518 shares (RM385,318,195)	-	43	Investment holding
JB Parade Sdn Bhd	40,000,000 shares (RM40,000,000)	-	47	Investment holding and hotel operations
PD Resort Sdn Bhd	106,242,000 shares (RM106,242,000)	-	67	Property investment and development, hotel operations and provision of consultancy and training services
Titan Debut Sdn Bhd	3,000,000 shares (RM3,000,000)	-	43	Acquisition, enhancement and resale of properties

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
8Ball Games Limited	100 shares of GBP0.01 each	-	52	Marketing services
Grosvenor Casinos Limited	39,000,000 shares of GBP1 each	-	52	Casinos
Grosvenor Casinos (GC) Limited	10,000 shares of GBP0.01 each	-	52	Casinos
GLH Hotels Holdings Limited (note (viii))	37,000,003 shares of GBP1 each	-	100	Investment holding
GLH Hotels Limited (note (viii))	310,545,212 shares of GBP0.26 each	-	100	Ownership and operation of hotels in UK
Mecca Bingo Limited	950,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	-	52	Social and bingo clubs
Rank Casino Holdings Limited	100 shares of GBP1 each	-	52	Intermediary holding company
Rank Digital Limited	100,000 "A" shares of GBP0.01 each and 500,000 "B" shares of GBP0.01 each	-	52	Support services to interactive gaming
Rank Digital Holdings Limited	3,431,001 shares of GBP1 each	-	52	Intermediary holding company
Rank Group Finance Plc	200,000,000 shares of GBP1 each	-	52	Funding operations
Rank Group Gaming Division Limited	944,469 shares of GBP1 each and 55,531 "A" shares of GBP1 each	-	52	Intermediary holding and provision of property services

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Rank Leisure Limited	1 share of GBP1 each	-	52	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited	1,000,000 shares of GBP1 each and 1,799 preferred shares of US\$1 each	-	52	Intermediary holding and corporate activities
Rank Nemo (Twenty-Five) Limited	1 share of GBP1 each	-	52	Intermediary holding company
Rank Overseas Holdings Limited	1,000,000 shares of GBP1 each	-	52	Intermediary holding company
Spacebar Media Limited	3,334 shares of GBP0.001 each	-	52	Development and maintenance of online gaming software
Stride Together Limited	1 share of GBP1 each	-	52	Support services to interactive gaming
The Gaming Group Limited	1 share of GBP1 each	-	52	Casinos
The Rank Group Plc	468,429,541 shares of GBP13 8/9 each	-	52	Investment holding of gaming business
Think Beyond Media Limited	1 share of GBP1 each	-	52	Marketing services
Upperline Marketing Limited	100 shares of GBP1 each	-	52	Support services to interactive gaming

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Asian Financial Common Wealth (PTC) Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	-	100	Provision of trustee service
BIL Australia Pty Limited (note (viii))	Australia	407,174,860 shares (A\$1)	-	100	Investment holding
BIL NZ Treasury Limited (note (viii))	New Zealand	200,100 shares (NZ\$200,000,100)	-	100	Investment holding
BingoSoft Plc	Malta	17,500 shares of EURO.01 each	-	52	Interactive gaming
Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd (note (i) & (vii))	The People's Republic of China	RMB2,563,123,420.57 (note (ii))	-	50	Property development
Clermont Leisure International Limited (note (viii))	Jersey	2 shares of GBP1 each	-	100	Investment holding
Conticin S.L.	Spain	600 shares of EUR60 each	-	52	Operator of parking for social and bingo clubs
Daub Alderney Limited	Alderney	2,670,760 shares of GBP0.0001 each and 553,302 redeemable shares of GBP0.0001 each	-	52	Interactive gaming
Dynamic Talent Limited	Cayman Islands	1 share of US\$1 each	100	100	Financing activities
Fresco Resources Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	100	100	Financing activities
GGL Assets (NZ) Limited	New Zealand	183,000,100 shares (NZ\$183,000,100)	100	100	Investment holding
GL Limited (note (viii))	Bermuda	1,368,063,633 shares of US\$0.2 each	-	100	Investment holding
Goffor S.A.	Spain	10,000 shares of GBP6.01 each	-	52	Social and Bingo clubs
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US\$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 (note (ii))	-	67	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US\$1 each	-	67	Investment holding
GuocoLeisure Assets Limited	Cayman Islands	1 share of US\$1 each	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
GuocoLeisure Holdings Limited	Cayman Islands	1 share of US\$1 each	100	100	Investment holding
GLH Hotels Group Limited (note (v) & (viii))	Cayman Islands	1 share of US\$1 each	-	100	Investment holding
GuoSon Investment Company Limited (note (i) & (vi))	The People's Republic of China	US\$392,000,000 (note (ii))	-	67	Investment holding
Hillcrest Hives Limited (note (ix))	New Zealand	1,000 shares (NZ\$1,000)	-	100	Apiculture
Ma Sing Investments Limited (note (iv) & (viii))	British Virgin Islands	1 share of US\$1 each	-	100	Investment holding
Manuka Health Australia Pty Limited	Australia	1 share of A\$1 each	-	100	Limited risk distributor
Manuka Health New Zealand Limited	New Zealand	28,721,250 shares (NZ\$33,619,000)	-	100	Apiculture, manufacture, sale and distribution of New Zealand natural healthcare products
Molokai Properties Limited (note (viii))	United States of America	100 shares of US\$2 each	-	100	Investment holding
Neuseelandhaus GmbH	Germany	1 share of EUR25,000	-	100	Sale and distribution of New Zealand natural healthcare products
Manuka Health Trading (Shanghai) Limited (note (x))	The People's Republic of China	1 share of RMB500,000	-	100	Marketing services
Netboost Media Limited	Israel	200 shares of NIS1 each	-	52	Marketing services
Oceanease Limited	Cayman Islands	1 share of US\$1 each	-	100	Investment trading
Qinnacle View Limited (note (iii))	Cayman Islands	1 share of US\$1 each	100	100	Property holding
QSB Gaming Limited	Alderney	4,234 shares of GBP1 each	-	52	Intermediary holding company
Rank Assets Limited	Cayman Islands	1 share of US\$1 each	100	100	Investment holding
Rank Cataluña S.A.	Spain	3,000 shares of EUR60 each	-	52	Social and bingo clubs
Rank Centro S.A.	Spain	10,000 shares of EUR6.02 each	-	52	Social and bingo clubs

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Group	Principal activities
Rank Digital España SA	Spain	1,500 shares of EUR1 each	-	52	Interactive gaming
Rank Digital Gaming (Alderney) Limited	Alderney	1 share of GBP1 each	-	52	Interactive gaming
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	-	52	Marketing services
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	-	52	Intermediary holding company
Rank Stadium Andalucía, S.L.	Spain	3,000 shares of EUR1 each	-	52	Arcade and sports betting
Shanghai Xinhaolong Property Development Co., Ltd (note (i) & (vi))	The People's Republic of China	US\$126,000,000 (note (ii))	-	67	Property development
Shanghai Xinhaojia Property Development Co., Ltd (note (i) & (vi))	The People's Republic of China	RMB1,000,000 (note (ii))	-	83	Property development
ShiftTech (PTY) Ltd	South Africa	100 shares of no par value	-	52	Development and maintenance of online gaming software
SRG Services Limited	Mauritius	1 share of MUR30 each	-	52	Shared services support
Stride Gaming Limited	Jersey	76,826,413 shares of GBP0.01 each	-	52	Intermediary holding company
Stride Investments Limited	Mauritius	100 shares of GBP50 each	-	52	Intermediary holding company
Supreme Goal Investments Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	100	100	Property investment
Tabua Investments Pte Ltd (note (viii))	Fiji	2 shares of FJ\$1 each	-	100	Nominee company
Top Rank Andalucía SA	Spain	263,932 shares of EUR6 each	-	52	Social and bingo clubs
Verdiales S.L.	Spain	5,000 shares of EUR60.1 each	-	52	Social and bingo clubs
Passion Gaming Private Limited	India	10,000 shares of INR10 each	-	27	Online operator of digital card games

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

Notes:

- (i) These companies have a financial year end of 31 December.
- (ii) These comprise capital contribution to the companies. These companies have a defined period of existence.
- (iii) These companies are operating in Hong Kong.
- (iv) These companies are operating in Australia.
- (v) These companies are operating in the United Kingdom.
- (vi) These companies are foreign capital enterprises.
- (vii) These companies are sino-foreign equity joint venture enterprises.
- (viii) The privatisation of GL Limited was completed on 2 June 2021 whereupon these companies became wholly owned subsidiaries of the Group during the year ended 30 June 2021.
- (ix) Following the acquisition of an additional 30% interest, this company became a wholly owned subsidiary of the Group during the year ended 30 June 2021.
- (x) This company is a limited liability entity.

NOTES TO THE FINANCIAL STATEMENTS

17. INTEREST IN SUBSIDIARIES (cont'd)

(f) Material non-controlling interests

The following table lists out the information relating to each subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	GuocoLand		GL		Rank		Immaterial		Total	
	2021 US\$'000	2020 US\$'000	2021 US\$'000 (note (i))	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
NCI percentage at the end of the reporting period	33%	33%	0%	29%	48%	48%				
Non-current assets	4,467,660	4,268,425	1,758,316	1,562,137	1,553,901	1,448,383				
Current assets	3,950,551	3,708,242	348,412	276,352	147,683	143,825				
Non-current liabilities	(3,664,845)	(3,814,166)	(997,037)	(892,697)	(389,621)	(405,167)				
Current liabilities	(1,076,777)	(752,769)	(208,383)	(62,812)	(301,753)	(285,438)				
Net assets	3,676,589	3,409,732	901,308	882,980	1,010,210	901,603				
Carrying amount of NCI	1,748,932	1,629,726	(2,742)	256,028	470,335	419,905	-	3,415	2,216,525	2,309,074
Revenue	650,543	701,697	16,738	229,486	453,000	802,767				
Profit/(loss) for the year	148,558	65,021	(61,558)	(26,669)	(92,983)	12,351				
Total comprehensive income	208,751	51,469	20,458	(51,351)	(98,544)	(532)				
Profit/(loss) allocated to NCI	55,570	22,948	(13,763)	(7,512)	(44,549)	5,436	(87)	(5,304)	(2,829)	15,568
Dividend paid to NCI	27,377	17,071	-	5,685	-	19,084	-	23	27,377	41,863
Net cash generated from/(used in):										
- operating activities	289,002	(528,468)	31,442	86,182	(42,946)	182,694				
- investing activities	158,874	171,829	35,758	(1,047)	3,996	(174,471)				
- financing activities	(314,903)	437,025	4,494	(84,484)	36,748	7,436				
Net increase/(decrease) in cash and cash equivalents	132,973	80,386	71,694	651	(2,202)	15,659				

Note:

- (i) The privatisation of GL Limited was completed on 2 June 2021 whereupon it became a wholly owned subsidiary of the Group during the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST IN ASSOCIATES AND JOINT VENTURES

	2021 US\$'000	2020 US\$'000
Share of net assets of associates	1,445,134	1,287,955
Goodwill	14,490	14,414
Amounts due from associates	1	9
	1,459,625	1,302,378
Less: Impairment loss	(12,092)	(12,092)
Interest in associates	1,447,533	1,290,286
Share of net assets of joint ventures	203,941	176,508
Goodwill	39,726	38,260
Amounts due from joint ventures	117,077	108,571
	360,744	323,339
Less: Impairment loss	(34,948)	(33,938)
Interest in joint ventures	325,796	289,401
	1,773,329	1,579,687

The market values of the listed investments in associates and joint venture at 30 June 2021 were US\$1,321.0 million (2020: US\$901.0 million) and US\$97 million (2020: US\$65 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

The details of significant associates and joint ventures are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Associates				
Hong Leong Financial Group Berhad ("HLFG")	Malaysia	1,147,516,890 shares (RM2,267,008,045)	25	Financial services (note 1)
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	280,500,000 units (RM208,972,500)	10	Investment in real estate and real-estate related assets (note 2)
GLM Emerald (Sepang) Sdn Bhd ("GLM Emerald")	Malaysia	140,000,000 shares (RM140,000,000)	17	Property development and operation of an oil palm estate
Joint ventures				
EcoWorld International Berhad ("EWI")	Malaysia	2,400,000,000 shares (RM2,592,141,000)	18	Investment holding (note 3)
Carmel Development Pte. Ltd. ("Carmel")	Singapore	4,000,000 shares (S\$4,000,000)	27	Property development

Note 1: HLFG is an integrated financial services group and is listed on the Malaysia Stock Exchange. Its businesses cover commercial banking, Islamic banking services, insurance and takaful business, investment banking, futures and stockbroking and asset management business.

Note 2: Tower REIT is listed on the Malaysia Stock Exchange. Its investment portfolio comprises 3 prime commercial buildings in Kuala Lumpur.

Note 3: EWI is listed on the Malaysia Stock Exchange and is principally engaged in property development in international market outside of Malaysia, mainly in the United Kingdom and Australia.

All of the associates and joint ventures are accounted for using the equity method in the consolidated financial statements.

Included in amounts due from joint ventures of US\$116.6 million (2020: US\$107.4 million) is interest bearing at 3.2% per annum (2020: 3.2% to 4.0%) and is repayable at the discretion of the board of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	HLFG		Tower REIT		GLM Emerald		Total	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current assets	N/A	N/A	198,461	136,437	52,073	49,807		
Current assets	N/A	N/A	811	889	10,601	10,559		
Total assets	65,814,911	59,211,577	199,272	137,326	62,674	60,366		
Non-current liabilities	N/A	N/A	(69,104)	(5,567)	(6,671)	(6,444)		
Current liabilities	N/A	N/A	(4,699)	(7,370)	(3,106)	(2,433)		
Total liabilities	(57,642,610)	(51,961,344)	(73,803)	(12,937)	(9,777)	(8,877)		
Non-controlling interests	(2,676,862)	(2,370,941)	-	-	-	-		
Net assets	5,495,439	4,879,292	125,469	124,389	52,897	51,489		
Group's share of net assets	1,394,154	1,237,843	27,176	26,943	23,804	23,169		
Goodwill	12,092	12,092	-	-	2,398	2,322		
Amounts due from an associate	-	-	-	-	1	9		
Impairment loss	(12,092)	(12,092)	-	-	-	-		
Group's carrying amount	1,394,154	1,237,843	27,176	26,943	26,203	25,500		
Revenue	1,355,320	1,481,171	7,733	5,127	2,870	1,187		
Profit/(loss) for the year	549,558	440,460	(1,520)	1,911	(229)	(3,847)		
Other comprehensive income	15,060	21,444	(654)	(412)	(363)	(233)		
Total comprehensive income	564,618	461,904	(2,174)	1,499	(592)	(4,080)		
Carrying amount of interest in associates at the beginning of the year	1,237,843	1,171,909	26,943	28,251	25,500	28,833		
Total comprehensive income attributable to the Group	143,240	117,182	(326)	325	(103)	(1,836)		
Dividends received during the year	(25,405)	(9,158)	(329)	(747)	-	(84)		
Repayment from an associate	-	-	-	-	(8)	(521)		
Exchange adjustments	38,476	(42,090)	888	(886)	814	(892)		
Carrying amount of interest in associates at the end of the year	1,394,154	1,237,843	27,176	26,943	26,203	25,500	1,447,533	1,290,286

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EWI		Carmel		Other immaterial joint ventures		Total	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Non-current assets	286,212	104,111	7,941	4,071				
Current assets	628,006	809,094	757,788	734,481				
Total assets	914,218	913,205	765,729	738,552				
Non-current liabilities	(167,158)	(248,702)	(806,673)	(763,003)				
Current liabilities	(101,350)	(111,638)	(2,494)	(4,367)				
Total liabilities	(268,508)	(360,340)	(809,167)	(767,370)				
Non-controlling interests	(987)	(1,876)	-	-				
Net assets	644,723	550,989	(43,438)	(28,818)				
Group's share of net assets	174,076	148,768	-	-				
Goodwill	39,726	38,260	-	-				
Impairment loss	(34,948)	(33,658)	-	-				
Shareholder's loan	-	-	116,559	107,331				
Group's carrying amount	178,854	153,370	116,559	107,331	30,383	28,700	325,796	289,401
Profit for the year	26,216	50,715	-	-				
Group's share of total comprehensive income	21,172	16,532	-	-	1,357	818	22,529	17,350
Carrying amount of interest in joint ventures at the beginning of the year	153,370	176,154	107,331	103,398	28,700	28,318	289,401	307,870
Total comprehensive income attributable to the Group	7,078	16,532	-	-	2,302	818	9,380	17,350
Dividend received during the year	(1,559)	-	-	-	-	-	(1,559)	-
Impairment loss	-	(33,938)	-	-	-	-	-	(33,938)
Advance to/(repayment from) joint ventures	-	-	5,114	7,187	(770)	469	4,344	7,656
Exchange adjustments	19,965	(5,378)	4,114	(3,254)	151	(905)	24,230	(9,537)
Carrying amount of interest in joint ventures at the end of the year	178,854	153,370	116,559	107,331	30,383	28,700	325,796	289,401

NOTES TO THE FINANCIAL STATEMENTS

19. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Transactions with non-controlling interests in GuocoLand

During the financial year ended 30 June 2021, the Group acquired an additional 0.04% interest in GuocoLand for US\$0.6 million in cash, increasing its ownership from 66.80% to 66.84%. The Group recognised a decrease in non-controlling interests of US\$1.3 million and an increase in total equity attributable to equity shareholders of the Company of US\$0.7 million.

During the financial year ended 30 June 2020, the Group acquired an additional 1.6% interest in GuocoLand for US\$27.4 million in cash, increasing its ownership from 65.2% to 66.8%. The Group recognised a decrease in non-controlling interests of US\$45.6 million and an increase in total equity attributable to equity shareholders of the Company of US\$18.2 million.

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

	2021 US\$'000	2020 US\$'000
Group's ownership interest at 1 July	1,780,006	1,799,515
Effect of increase in Group's ownership interest	1,306	45,569
Share of total comprehensive income	146,346	(65,078)
Group's ownership interest at 30 June	1,927,658	1,780,006

(b) Transactions with non-controlling interests in GL

During the financial year ended 30 June 2021, subsequent to the completion of privatisation of GL, the Group acquired an additional 29.3% interest in GL for US\$199.0 million in cash, increasing its ownership from 70.7% to 100%. The Group recognised a decrease in non-controlling interests of US\$267.4 million and an increase in total equity attributable to equity shareholders of the Company of US\$68.4 million.

During the financial year ended 30 June 2020, the Group acquired an additional 1.7% interest in GL for US\$12.9 million in cash, increasing its ownership from 69.0% to 70.7%. The Group recognised a decrease in non-controlling interests of US\$18.3 million and an increase in total equity attributable to equity shareholders of the Company of US\$5.4 million.

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

	2021 US\$'000	2020 US\$'000
Group's ownership interest at 1 July	626,952	757,664
Effect of increase in Group's ownership interest	267,438	18,289
Share of total comprehensive income	9,660	(149,001)
Group's ownership interest at 30 June	904,050	626,952

NOTES TO THE FINANCIAL STATEMENTS

19. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (cont'd)

(c) Share placing of Rank and transaction with non-controlling interests in Rank

On 24 November 2020, Rank issued 77,746,020 ordinary shares as part of a share placing and parallel retail offer, corresponding to 19.9% of its total shares issued prior to the share placing. The Group subscribed for 40,497,157 new ordinary shares of Rank in the share placing, increasing its ownership from 52.03% to 52.04%. The net proceeds from the share placing attributable to the Group were US\$45.9 million. The impacts on non-controlling interests and total equity attributable to equity shareholders of the Company were insignificant.

(d) Transaction with non-controlling interests in Hillcrest Hives Limited ("Hillcrest")

During the financial year ended 30 June 2021, the Group acquired an additional 30% interest in Hillcrest for US\$4.2 million in cash, increasing its ownership from 70% to 100%. The Group recognised a decrease in non-controlling interests of US\$3.6 million and a decrease in total equity attributable to equity shareholders of the Company of US\$0.6 million.

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

	US\$'000
Group's ownership interest at 1 July 2020	8,292
Effect of increase in Group's ownership interest	3,639
Share of total comprehensive income	1,258
Group's ownership interest at 30 June 2021	13,189

20. EQUITY INVESTMENTS AT FVOCI

	2021 US\$'000	2020 US\$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	871,256	1,057,972
– Outside Hong Kong	26,795	–
Unlisted	106,252	108,392
	1,004,303	1,166,364

NOTES TO THE FINANCIAL STATEMENTS

21. GOODWILL

	2021 US\$'000	2020 US\$'000
Cost:		
At 1 July	367,756	314,111
Additions through acquisition of subsidiaries (note 36(a))	-	65,448
Exchange adjustments	38,911	(11,803)
At 30 June	406,667	367,756

In accordance with the Group's accounting policy, the carrying value of goodwill is tested for impairment annually, based on value-in-use models. For impairment testing purposes, each subsidiary group acquired is treated as a single cash generating unit. The recoverable amount of goodwill is determined by discounting the future cash flows to be generated from the CGU based on the financial budgets approved by management covering a 3-year period. Cash flows beyond the 3-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Manuka Health		GuocoLand		Rank	
	2021	2020	2021	2020	2021	2020
Long term growth rate	2%	1%	4%	4%	2%	2%
Discount rate	8%	9%	8%	7%	11%	12%

The long term growth rates used are consistent with the forecasts included in industry reports and do not exceed the long-term average growth rates for the business in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

The results of the tests undertaken as at 30 June 2021 and 30 June 2020 indicated no impairment loss was necessary.

NOTES TO THE FINANCIAL STATEMENTS

22. DEVELOPMENT PROPERTIES

	2021 US\$'000	2020 US\$'000
Cost	3,552,041	3,069,751
Less: Progress instalments received and receivable	(987,550)	(401,498)
Write down of development properties	(35,685)	(28,883)
	2,528,806	2,639,370

The Group engaged an independent valuer to arrive at a market value as at 30 June 2021 from which estimated selling cost is deducted to arrive an estimate of the net realisable value of the properties on Molokai island in Hawaii. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. The valuer considered the latest transaction prices of properties in comparable transaction and made reasoned adjustments to the comparable data to reflect market conditions, quality, condition, access, services, position, and location of the properties. The economic impacts arising from the COVID-19 pandemic has heightened the degree of judgement and estimation uncertainty.

The valuer included a material uncertainty section in its report which highlights that market activity is being impacted in many sectors by COVID-19 and therefore, less weight can be placed to previous market evidence for comparison purposes to inform opinions of value. In addition, the valuer indicated that it is faced with an unprecedented set of circumstances on which to base its judgement. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

The estimated net realisable value of certain land parcels of the development properties on Molokai island in Hawaii were lower than the carrying amount as at 30 June 2021, and a write-down of US\$1,068,000 (2020: US\$28,883,000) was recognised at the end of the reporting period.

For other development properties, the Group recognises an allowance for foreseeable losses taking into consideration the selling prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods. At the end of the reporting period, an allowance for foreseeable losses of US\$5,734,000 (2020: Nil) has been recognised in respect of those development properties.

Except for the above, the development properties are carried at cost at the end of the reporting period.

Certain of the Group's development properties with an aggregate book value of US\$1,647.9 million (2020: US\$1,890.1 million) were pledged for bank loans and mortgage debenture stock.

NOTES TO THE FINANCIAL STATEMENTS

23. PROPERTIES HELD FOR SALE

	2021 US\$'000	2020 US\$'000
At 1 July	352,887	448,533
Additions	49,452	33,800
Disposals	(125,514)	(113,841)
Disposal of a subsidiary (note 36(b))	-	(948)
	276,825	367,544
Exchange adjustments	13,829	(14,657)
At 30 June	290,654	352,887

24. INVENTORIES

	2021 US\$'000	2020 US\$'000
Raw materials and consumables	39,967	38,701
Work in progress	82	121
Finished goods	32,258	22,369
Provision for inventory obsolescence	(725)	-
	71,582	61,191

25. CONTRACT ASSETS/LIABILITIES

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

(ii) Contract liabilities

Contract liabilities relate primarily to advance consideration received from customers and progress billings issued in excess of the Group's rights to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

The changes in contract assets and contract liabilities are due to the differences between the agreed payment schedule and progress of the construction work.

NOTES TO THE FINANCIAL STATEMENTS

26. TRADE AND OTHER RECEIVABLES

	2021 US\$'000	2020 US\$'000
Trade debtors	58,824	92,368
Other receivables, deposits and prepayments	130,766	168,191
Derivative financial instruments, at fair value	13,343	8,902
Interest receivables	238	1,338
	203,171	270,799

Included in the Group's trade and other receivables is US\$9.0 million (2020: US\$12.3 million) which is expected to be recovered after one year.

(a) Ageing analysis

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

	2021 US\$'000	2020 US\$'000
Within 1 month	51,948	82,223
1 to 3 months	1,730	5,819
More than 3 months	5,146	4,326
	58,824	92,368

(b) Impairment of trade debtors, other receivables and deposits, and interest receivables

Impairment losses in respect of trade debtors, other receivables and deposits, and interest receivables are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is therefore insignificant.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2021 and 2020 are not significant.

NOTES TO THE FINANCIAL STATEMENTS

27. TRADING FINANCIAL ASSETS

	2021 US\$'000	2020 US\$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	812,547	725,487
– Outside Hong Kong	482,718	517,437
	1,295,265	1,242,924
Debt securities		
Listed (at market value)		
– In Hong Kong	20,030	–
– Outside Hong Kong	10,908	–
	30,938	–
	1,326,203	1,242,924

Certain of the Group's trading financial assets with an aggregate book value of US\$293.8 million (2020: US\$393.0 million) were pledged for bank loans and mortgage debenture stock.

28. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2021 US\$'000	2020 US\$'000
Deposits with banks	847,115	1,063,292
Cash at bank and in hand	601,845	543,115
Cash and short term funds in the consolidated statement of financial position	1,448,960	1,606,407
Fixed deposits with maturity over three months	(120,037)	–
Cash collaterals (note)	(4,334)	(8,160)
Cash and cash equivalents in the consolidated statement of cash flows	1,324,589	1,598,247

Note:

Cash collaterals comprised deposits of US\$4.3 million as at 30 June 2021 (2020: US\$8.2 million) pledged with financial institutions in Singapore for bank loans.

NOTES TO THE FINANCIAL STATEMENTS

28. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION (cont'd)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings and interest payable US\$'000	Amount due to non- controlling interests US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 July 2019	4,536,357	304,796	1,062,634	5,903,787
Changes from financing cash flows:				
Net repayment of bank loans and other borrowings	395,604	-	-	395,604
Loans from non-controlling interests of subsidiaries	-	62,047	-	62,047
Interest paid	(155,184)	-	-	(155,184)
Capital element of lease rentals paid	-	-	(36,830)	(36,830)
Interest element of lease rentals paid	-	-	(48,327)	(48,327)
Total changes from financing cash flows	240,420	62,047	(85,157)	217,310
Exchange adjustments	(115,264)	(9,186)	(30,523)	(154,973)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	-	7,556	7,556
Reversal	-	-	(232)	(232)
Acquisition of subsidiaries (note 36(a))	3,064	-	-	3,064
Finance costs (note 7(a))	106,142	4,020	48,327	158,489
Capitalised borrowing costs (note 7(a))	55,179	10,714	-	65,893
Capitalised shareholder's loan from non-controlling interests	-	(35,806)	-	(35,806)
Amortisation of upfront fee	3,079	-	-	3,079
Total other changes	167,464	(21,072)	55,651	202,043
At 30 June 2020	4,828,977	336,585	1,002,605	6,168,167

NOTES TO THE FINANCIAL STATEMENTS

28. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION (cont'd)

(b) Reconciliation of liabilities arising from financing activities (cont'd)

	Bank loans and other borrowings and interest payable US\$'000	Amount due to non- controlling interests US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 July 2020	4,828,977	336,585	1,002,605	6,168,167
Changes from financing cash flows:				
Net repayment of bank loans and other borrowings	(211,292)	-	-	(211,292)
Repayment to non-controlling interests	-	(23,962)	-	(23,962)
Interest paid	(142,081)	-	-	(142,081)
Capital element of lease rentals paid	-	-	(55,356)	(55,356)
Interest element of lease rentals paid	-	-	(49,979)	(49,979)
Total changes from financing cash flows	(353,373)	(23,962)	(105,335)	(482,670)
Exchange adjustments	197,951	19,471	126,367	343,789
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	-	20,907	20,907
Finance costs	90,974	3,960	49,979	144,913
Capitalised borrowing costs (note 7(a))	46,565	9,414	-	55,979
Capitalisation of redeemable preference shares in a subsidiary	(18,869)	-	-	(18,869)
Lease modification	-	-	(3,141)	(3,141)
Total other changes	118,670	13,374	67,745	199,789
At 30 June 2021	4,792,225	345,468	1,091,382	6,229,075

NOTES TO THE FINANCIAL STATEMENTS

29. ASSETS AND LIABILITIES HELD FOR SALE

	2021 US\$'000	2020 US\$'000
Assets held for sale:		
Investment properties	-	56,468
Other property, plant and equipment	2	-
Development properties	5,153	-
Trade and other receivables	2,139	-
Cash and short term funds	8,214	-
	15,508	56,468
Liabilities held for sale:		
Trade and other payables	(1,881)	-

During the financial year ended 30 June 2021, the Group entered into an agreement to dispose of its two subsidiaries in Vietnam for a consideration of US\$28.0 million in October 2020. Accordingly, the assets and liabilities of those subsidiaries were reclassified to assets and liabilities held for sale as at 30 June 2021. The disposal was completed in July 2021.

During the financial year ended 30 June 2020, DC Offices Sdn Bhd, a Malaysian subsidiary, entered into a conditional agreement to dispose of an office building known as Menara Guoco to MTrustee Berhad, the trustee of Tower Retail Estate Investment Trust ("Tower REIT"), which is an associate of the Group, for a consideration of approximately US\$56.5 million (RM242.1 million) in March 2020. Accordingly, the asset was reclassified from investment properties (note 14) to assets held for sale as at 30 June 2020 and stated at its fair value of US\$56.5 million. The transaction was completed on 19 August 2020. The property has been mortgaged to secure the loan facilities (note 31).

30. TRADE AND OTHER PAYABLES

	2021 US\$'000	2020 US\$'000
Trade creditors	82,891	90,078
Other payables and accrued operating expenses	474,784	368,973
Derivative financial instruments, at fair value	56,466	80,300
Amounts due to fellow subsidiaries	3,543	4,970
Amounts due to associates and joint ventures	32	79
	617,716	544,400

Included in trade and other payables is US\$141.0 million (2020: US\$127.6 million) which is expected to be payable after one year.

NOTES TO THE FINANCIAL STATEMENTS

30. TRADE AND OTHER PAYABLES (cont'd)

(a) Ageing analysis

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

	2021 US\$'000	2020 US\$'000
Within 1 month	56,908	63,628
1 to 3 months	17,100	14,644
More than 3 months	8,883	11,806
	82,891	90,078

(b) Other payables and accrued operating expenses

	2021 US\$'000	2020 US\$'000
Accrued operating expenses	217,530	131,667
Real estate tax payable	34,527	30,490
Social security and gaming and other taxation	31,346	60,559
Interest payables	13,221	21,640
Deposits received	108,315	63,495
Accruals for above market property rentals on the acquired subsidiary	-	1,345
Pre-sales deposits received in advance	946	690
Contingent cash consideration for acquisition of additional interests in a subsidiary	15,302	-
Others	53,597	59,087
	474,784	368,973

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

NOTES TO THE FINANCIAL STATEMENTS

31. BANK LOANS AND OTHER BORROWINGS

	2021			2020		
	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000	Current portion US\$'000	Non-current portion US\$'000	Total US\$'000
Bank loans						
- Secured	155,920	2,861,975	3,017,895	244,237	2,726,186	2,970,423
- Unsecured	616,075	529,528	1,145,603	648,694	509,895	1,158,589
	771,995	3,391,503	4,163,498	892,931	3,236,081	4,129,012
Other loans						
- Unsecured	-	157	157	-	157	157
	-	157	157	-	157	157
Unsecured medium term notes and bonds	263,322	274,497	537,819	89,473	519,562	609,035
Secured mortgage debenture stock	77,530	-	77,530	-	69,133	69,133
	1,112,847	3,666,157	4,779,004	982,404	3,824,933	4,807,337

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

	2021				2020			
	Bank loans and other loans US\$'000	Mortgage debenture stock US\$'000	Other borrowings US\$'000	Total US\$'000	Bank loans and other loans US\$'000	Mortgage debenture stock US\$'000	Other borrowings US\$'000	Total US\$'000
Within 1 year or on demand	771,995	77,530	263,322	1,112,847	892,931	-	89,473	982,404
After 1 year but within 2 years	1,122,074	-	126,301	1,248,375	391,696	69,133	255,386	716,215
After 2 years but within 5 years	2,269,586	-	148,196	2,417,782	2,844,542	-	121,574	2,966,116
After 5 years	-	-	-	-	-	-	142,602	142,602
	3,391,660	-	274,497	3,666,157	3,236,238	69,133	519,562	3,824,933
	4,163,655	77,530	537,819	4,779,004	4,129,169	69,133	609,035	4,807,337

NOTES TO THE FINANCIAL STATEMENTS

31. BANK LOANS AND OTHER BORROWINGS (cont'd)

Note:

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

- legal mortgages on investment properties with an aggregate book value of US\$3,295.0 million (2020: US\$3,068.3 million) (note 14);
- legal mortgages on development properties with an aggregate book value of US\$1,647.9 million (2020: US\$1,890.1 million) (note 22);
- legal mortgages on other property, plant and equipment with an aggregate book value of US\$481.0 million (2020: US\$459.3 million) (note 14);
- certain trading financial assets with an aggregate book value of US\$293.8 million (2020: US\$393.0 million) (note 27); and
- legal mortgages on assets held for sale with an aggregate book value of US\$56.5 million as at 30 June 2020 (note 29).

32. PROVISIONS AND OTHER LIABILITIES

	Pensions US\$'000	Property lease US\$'000	Others US\$'000	Total US\$'000
At 1 July 2019	378	4,109	22,176	26,663
Provision made/(written back) during the year	87	19,548	(1,298)	18,337
Amounts settled or utilised during the year	(3,167)	-	(4,590)	(7,757)
Actuarial losses on defined benefit obligation	3,639	-	-	3,639
Exchange adjustments	(58)	(611)	(527)	(1,196)
At 30 June 2020	879	23,046	15,761	39,686
Provisions and other liabilities as at 30 June 2020 are disclosed as:				
Current liabilities	-	20,649	11,155	31,804
Non-current liabilities	7,061	2,397	4,606	14,064
Non-current assets	(6,182)	-	-	(6,182)
	879	23,046	15,761	39,686
At 1 July 2020	879	23,046	15,761	39,686
Provision (written back)/made during the year	(386)	3,969	713	4,296
Amounts settled or utilised during the year	(1,416)	(32)	(4,190)	(5,638)
Actuarial losses on defined benefit obligation	2,603	-	-	2,603
Exchange adjustments	38	3,018	1,343	4,399
At 30 June 2021	1,718	30,001	13,627	45,346
Provisions and other liabilities as at 30 June 2021 are disclosed as:				
Current liabilities	-	13,795	7,680	21,475
Non-current liabilities	8,359	16,206	5,947	30,512
Non-current assets	(6,641)	-	-	(6,641)
	1,718	30,001	13,627	45,346

NOTES TO THE FINANCIAL STATEMENTS

33. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2021		2020	
	Present value of the minimum lease payments US\$'000	Total minimum lease payments US\$'000	Present value of the minimum lease payments US\$'000	Total minimum lease payments US\$'000
Within 1 year	76,594	125,726	69,286	115,409
After 1 year but within 2 years	47,492	95,065	50,562	93,252
After 2 years but within 5 years	130,288	263,878	118,165	238,404
After 5 years	837,008	2,499,841	764,592	2,271,794
	1,014,788	2,858,784	933,319	2,603,450
	1,091,382	2,984,510	1,002,605	2,718,859
Less: total future interest expenses		(1,893,128)		(1,716,254)
Present value of lease liabilities		1,091,382		1,002,605

The weighted-average borrowing rate of the Group's lease liabilities was 4.76% (2020: 4.69%) per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

34. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised

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

Deferred tax arising from:	Depreciation allowance in excess of related depreciation US\$'000	Revaluation of properties US\$'000	Timing difference on development properties US\$'000	Revaluation of financial liabilities US\$'000	Revaluation of securities US\$'000	Tax losses US\$'000	Others US\$'000	Total US\$'000
At 1 July 2019	(16,089)	(3,741)	(18,398)	(525)	19,683	(15,518)	68,617	34,029
Acquisition of subsidiaries (note 36(a))	44	-	-	-	-	(39)	137	142
(Credited)/charged to consolidated income statement	(1,758)	(15,275)	18,177	44	117	(20,089)	2,074	(16,710)
Credited to other comprehensive income	-	-	-	(161)	-	-	(208)	(369)
	(17,803)	(19,016)	(221)	(642)	19,800	(35,646)	70,620	17,092
Exchange adjustments	549	411	379	20	155	(47)	(2,348)	(881)
At 30 June 2020	(17,254)	(18,605)	158	(622)	19,955	(35,693)	68,272	16,211
At 1 July 2020	(17,254)	(18,605)	158	(622)	19,955	(35,693)	68,272	16,211
(Credited)/charged to consolidated income statement	(4,798)	2,442	2,553	-	2,297	(61,805)	5,803	(53,508)
Charged/(credited) to other comprehensive income	-	-	-	205	-	-	(695)	(490)
Disposal of subsidiaries (note 36(b))	19	-	-	-	-	-	-	19
	(22,033)	(16,163)	2,711	(417)	22,252	(97,498)	73,380	(37,768)
Exchange adjustments	(2,702)	(2,546)	(476)	(76)	(68)	(1,493)	8,813	1,452
At 30 June 2021	(24,735)	(18,709)	2,235	(493)	22,184	(98,991)	82,193	(36,316)
						2021 US\$'000	2020 US\$'000	
Net deferred tax assets recognised in the consolidated statement of financial position						(102,957)	(56,830)	
Net deferred tax liabilities recognised in the consolidated statement of financial position						66,641	73,041	
						(36,316)	16,211	

NOTES TO THE FINANCIAL STATEMENTS

34. DEFERRED TAXATION (cont'd)

(b) Deferred tax assets not recognised

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

	2021 US\$'000	2020 US\$'000
Deductible temporary differences	145,843	101,998
Tax losses	1,449,591	1,312,298
	1,595,434	1,414,296

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

(c) Deferred tax liabilities not recognised

At 30 June 2021, the temporary differences relating to the undistributed profits of subsidiaries amounted to US\$80.9 million (2020: US\$137.4 million). Deferred tax liabilities of US\$8.1 million (2020: US\$13.8 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

35. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

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

	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
The Company				
At 1 July 2019	164,526	10,493	3,674,988	3,850,007
Final dividend paid in respect of prior year	-	-	(126,088)	(126,088)
Interim dividend paid in respect of current year	-	-	(42,378)	(42,378)
Total comprehensive income for the year - Profit for the year	-	-	174,960	174,960
At 30 June 2020	164,526	10,493	3,681,482	3,856,501
At 1 July 2020	164,526	10,493	3,681,482	3,856,501
Final dividend paid in respect of prior year	-	-	(63,677)	(63,677)
Interim dividend paid in respect of current year	-	-	(21,186)	(21,186)
Total comprehensive income for the year - Profit for the year	-	-	299,650	299,650
At 30 June 2021	164,526	10,493	3,896,269	4,071,288

(b) Nature and purpose of reserves of the Group

- (i) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.
- (ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The purchase consideration for issued shares of the subsidiaries acquired for the purpose of satisfying outstanding share options granted by the subsidiaries is included in the capital reserve. It also comprises statutory and regulatory reserves maintained by HLF's banking subsidiary companies in Malaysia and Vietnam.
- (iii) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

The contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

NOTES TO THE FINANCIAL STATEMENTS

35. SHARE CAPITAL AND RESERVES (cont'd)

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

- (iv) The ESOS reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.
- (v) The share option reserve comprises the cumulative value of employee services received for the issue of share options.
- (vi) The exchange translation reserve comprises:
 - (a) the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, associates and joint ventures whose functional currencies are different from the functional currency of the Company.
 - (b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries, associates and joint ventures.
- (vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of equity investments at FVOCI.
- (viii) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
- (ix) Revaluation reserve comprises increase in fair value of other property, plant and equipment and development properties from acquired subsidiaries. As disclosed in note 22, resulting from the decrease in value on certain development properties of the Group under adverse impact of COVID-19, a decrease in fair value of US\$4,744,000 was recognised for the year ended 30 June 2020.
- (x) Distributable reserves of the Company at 30 June 2021 amounted to US\$3,891,514,000 (2020: US\$3,676,678,000).

(c) Share capital

	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	800,000	400,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2021, 3,826,862 (2020: 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.

Pursuant to an ordinary resolution passed by the shareholders of the Company on 6 November 2020, the authorised share capital of the Company was diminished from US\$500,000,000 to US\$400,000,000 by cancelling 200,000,000 authorised but unissued shares of US\$0.50 each.

NOTES TO THE FINANCIAL STATEMENTS

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

Year ended 30 June 2020

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 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.

	2020 US\$'000
Net assets acquired:	
Intangible assets	50,794
Property, plant and equipment	715
Right-of-use assets	3,951
Trade and other receivables	6,432
Cash and short term funds	37,632
Trade and other payables	(17,660)
Bank borrowings	(3,064)
Taxation	(619)
Deferred tax liabilities	(142)
Net assets acquired	78,039
Less: Non-controlling interests	(269)
Goodwill arising from acquisition	65,448
Total consideration paid, satisfied by cash	143,218

NOTES TO THE FINANCIAL STATEMENTS

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

Year ended 30 June 2020 (cont'd)

A reconciliation of cash consideration paid to the net cash outflow in respect of acquisition of subsidiaries included in investing activities in the consolidated statement of cash flows is as follows:

	2020 US\$'000
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The fair value of each component of consideration is analysed as:	
Cash consideration paid	(143,218)
Cash and short term funds acquired	37,632
<hr/>	
Net cash outflow in respect of acquisition of subsidiaries	(105,586)

	2020 US\$'000
<hr/>	
The identified intangible assets recognised separately from goodwill are as follows:	
Customer relationships and brand names	12,290
Technology, software and licenses	38,504
<hr/>	
	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 GBP53.0 million (approximately US\$65.4 million) arises from expected entity specific synergies.

In the year ended 30 June 2020, Stride contributed revenue of US\$64.2 million and profit of US\$2.7 million. If the acquisition had occurred at the beginning of the year, the continuing revenues of the combined entity in the 12 months to 30 June 2020 would have been US\$84.5 million and loss would have been US\$4.0 million.

NOTES TO THE FINANCIAL STATEMENTS

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of subsidiaries

Year ended 30 June 2021

In 2021, the Group disposed of its investment in a subsidiary, Blankenberge Casino in Belgium for a consideration of GBP25.2 million (approximately US\$34.6 million).

The cash flows and net assets relating to the subsidiary disposed of are summarised as follows:

	2021 US\$'000
Net assets disposed of:	
Other property, plant and equipment	719
Inventories	27
Trade and other receivables	2,103
Intangible assets	1,210
Tax recoverable	463
Deferred tax assets	19
Trade and other payables	(3,720)
Net assets disposed of	821
Net gain on disposal of a subsidiary	33,323
Exchange translation differences	443
Net cash inflow in respect of disposal of a subsidiary	34,587

In 2021, the Group disposed of its investment in a subsidiary, Beijing Jiang Sheng Property Development Co., Ltd. for a consideration of RMB3.0 million (approximately US\$0.4 million).

The cash flows and net assets relating to the subsidiary disposed of are summarised as follows:

	2021 US\$'000
Net assets disposed of	-
Less: Non-controlling interests	(201)
Reclassification of exchange translation reserve upon disposal of a subsidiary	(406)
Net gain on disposal of a subsidiary	1,051
Exchange translation differences	(2)
Net cash inflow in respect of disposal of a subsidiary	442

NOTES TO THE FINANCIAL STATEMENTS

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of subsidiaries (cont'd)

Year ended 30 June 2020

In 2020, the Group disposed of its investment in a subsidiary, Beijing Ming Hua Property Co. Ltd. for a consideration of RMB23.9 million (approximately US\$3.4 million).

The cash flows and net assets relating to the subsidiary disposed of are summarised as follows:

	2020 US\$'000
Net assets disposed of:	
Properties held for sales	948
Trade and other receivables	2
Cash and cash equivalents	515
Trade and other payables	(10)
Net assets disposed of	1,455
Less: Non-controlling interests	(473)
Reclassification of exchange translation reserve on disposal of a subsidiary	422
Net gain on disposal of a subsidiary	2,020
Total consideration	3,424
Less: Cash and cash equivalents	(515)
Net consideration receivable	2,909

NOTES TO THE FINANCIAL STATEMENTS

37. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the schemes.

These defined benefit pension schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plans are funded by contributions from the Group's subsidiaries in accordance with the schedule of contributions between the trustees and the Group's subsidiaries following each triennial actuarial valuation carried out by independent actuaries, using the projected unit credit method. The latest independent actuarial valuations of the plans in the United Kingdom were at 28 June 2020 and were prepared by qualified staff of Aon Hewitt Limited, who are members of the Institute and Faculty of Actuaries. The latest independent actuarial valuations of the plans in New Zealand were at 31 March 2021 and were prepared by qualified staff of MCA NZ Limited, who are fellow members of the New Zealand Society of Actuaries. The actuarial valuations indicate that the Group's combined obligations under these defined benefit retirement plans are 102.0% (2020: 103.0%) covered by the plan assets held by the trustees.

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 US\$'000	2020 US\$'000
Present value of funded obligations	148,986	136,405
Less: Fair value of plan assets	(153,522)	(140,481)
Present value of net surplus of funded plans	(4,536)	(4,076)
Employer superannuation tax payable	1,022	-
Present value of unfunded obligations	5,232	4,955
Net liabilities in the consolidated statement of financial position	1,718	879

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

NOTES TO THE FINANCIAL STATEMENTS

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

(i) Changes in the present value of the defined benefit obligation are as follows:

	2021 US\$'000	2020 US\$'000
At 1 July	136,405	123,063
Current service costs	216	175
Interest cost	1,603	2,769
Actuarial losses	222	19,769
Benefits paid	(6,658)	(5,049)
Exchange differences	17,198	(4,322)
At 30 June	148,986	136,405

(ii) Changes in the fair value of plan assets are as follows:

	2021 US\$'000	2020 US\$'000
At 1 July	(140,481)	(127,774)
Contributions from the Group	(1,283)	(3,051)
Benefits paid	6,658	5,049
Interest income	(1,790)	(2,892)
Actuarial loss/(gain)	1,164	(16,236)
Exchange differences	(17,790)	4,423
At 30 June	(153,522)	(140,481)

(iii) Movements in the net assets for defined benefit pension scheme recognised in the consolidated statement of financial position are as follows:

	2021 US\$'000	2020 US\$'000
At 1 July	(4,076)	(4,711)
Contributions paid	(1,283)	(3,051)
Expenses (reversed)/recognised in profit or loss	(386)	87
Actuarial loss recognised in other comprehensive income	1,386	3,498
Tax recognised in other comprehensive income	1,437	-
Exchange differences	(592)	101
At 30 June	(3,514)	(4,076)

NOTES TO THE FINANCIAL STATEMENTS

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

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

	2021 US\$'000	2020 US\$'000
Current service costs	216	175
Net interest income on obligation	(187)	(123)
Tax reversed in profit or loss	(415)	-
Net actuarial losses recognised	1,386	3,533
Tax recognised in other comprehensive income	1,437	-
	2,437	3,585

(v) Plan assets comprise of:

	2021 US\$'000	2020 US\$'000
Equity/diversified growth fund	86,410	84,526
Bond	31,839	45,234
Insurance policy	7,930	6,450
Cash	27,343	4,271
	153,522	140,481

NOTES TO THE FINANCIAL STATEMENTS

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

- (vi) Principal actuarial assumptions as at the reporting date (expressed as weighted averages) are as follows:

	2021	2020
Discount rate	1.42% to 1.95%	1.45% to 3.00%
Rates of increase to pensions in payment		
– Retail Price Index maximum 5% per annum	2.90%	2.75%
– Consumer Price Index maximum 3% per annum	2.15%	1.95%
– Consumer Price Index maximum 2.5% per annum	1.95%	1.80%
Rate of increase in salaries	2.55%	1.00%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US\$'000	Decrease US\$'000
2021		
Discount rate (1% movement)	(22,669)	22,683
Rate of increase to pensions in payment (1% movement)	8,182	(8,182)
Rate of increase in salaries (1% movement)	138	(138)
Future mortality (1% movement)	4,795	(4,533)
2020		
Discount rate (1% movement)	(21,962)	21,976
Rate of increase to pensions in payment (1% movement)	7,138	(7,138)
Rate of increase in salaries (1% movement)	123	(123)
Future mortality (1% movement)	4,632	(4,393)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS

37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

Other pension commitment

Rank has an unfunded pension commitment relating to three former executives of Rank. At 30 June 2021, Rank's commitment was US\$5.2 million (2020: US\$4.9 million). Rank paid US\$0.1 million (2020: US\$0.2 million) in pension payments during the year. The actuarial gain arising on the commitment, resulting from the changes in assumptions outlined below in the year, was US\$0.2 million (2020: US\$0.1 million) after taxation.

Assumptions used to determine the obligations at:

	2021	2020
Discount rate per annum	1.9%	1.4%
Pension increases per annum	3.3%	2.8%

The obligation has been calculated using the S2 mortality tables with a 1.5% per annum improvement in life expectancy.

(b) Defined contribution retirement plans

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

Subsidiaries in Singapore operate a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 7.5 percent to 17 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's costs incurred on employees pension schemes were US\$11,019,000 (2020: US\$12,968,000) and forfeited contributions in the amount of US\$127,000 (2020: US\$7,000) were used to reduce current year's contributions.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial risk management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only placed in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparties and countries to manage concentration risk.

The Group's credit exposure in the property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit periods of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group does not hold any collateral over the receivables balances.

The Group measures loss allowance for trade debtors in accordance with accounting policy in note 2(k)(i). The allowance for expected credit losses is insignificant.

The maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position after deducting any impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	2021						2020					
	Contractual undiscounted cash flow					Carrying amount at 30 June 2021	Contractual undiscounted cash flow					Carrying amount at 30 June 2020
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivative financial liabilities												
Bank loans and other loans	(837,209)	(1,170,448)	(2,326,381)	-	(4,334,038)	(4,163,655)	(990,427)	(451,821)	(2,913,669)	-	(4,355,917)	(4,129,169)
Unsecured medium term notes and bonds	(279,842)	(134,518)	(159,396)	-	(573,756)	(537,819)	(111,758)	(271,548)	(139,505)	(143,759)	(666,570)	(609,035)
Secured mortgage debenture stock	(82,645)	-	-	-	(82,645)	(77,530)	(5,349)	(73,290)	-	-	(78,639)	(69,133)
Trade and other payables	(369,524)	(72,793)	(51,199)	(745)	(494,261)	(494,261)	(315,155)	(8,344)	(46,141)	(1,374)	(371,014)	(371,014)
Lease liabilities	(125,726)	(95,065)	(263,878)	(2,499,841)	(2,984,510)	(1,091,382)	(115,409)	(93,252)	(238,404)	(2,271,794)	(2,718,859)	(1,002,605)
	(1,694,946)	(1,472,824)	(2,800,854)	(2,500,586)	(8,469,210)	(6,364,647)	(1,538,098)	(898,255)	(3,337,719)	(2,416,927)	(8,190,999)	(6,180,956)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(32,481)	(22,783)	(6,552)	-	(61,816)		(16,153)	(13,956)	(14,427)	-	(44,536)	
Derivatives settled gross:												
Forward foreign exchange contracts												
- outflows	(1,019,289)	-	-	-	(1,019,289)		(4,243,748)	-	-	-	(4,243,748)	
- inflows	1,018,020	-	-	-	1,018,020		4,277,821	-	-	-	4,277,821	
	(33,750)	(22,783)	(6,552)	-	(63,085)		17,920	(13,956)	(14,427)	-	(10,463)	

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps to manage its interest rate exposure as appropriate. As at 30 June 2021, the Group had interest rate swaps with outstanding notional amount of US\$1,394.2 million (2020: US\$1,338.5 million).

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities at the end of the reporting period.

	2021		2020	
	Effective interest rate	US\$'000	Effective interest rate	US\$'000
Floating rate financial assets/ (liabilities)				
Debt securities	0.84% to 1.13%	30,068	-	-
Bank loans and other borrowings	0.59% to 4.79%	(4,100,210)	0.45% to 4.89%	(4,071,107)
		(4,070,142)		(4,071,107)
Fixed rate financial assets/(liabilities)				
Debt securities	3.00%	870	-	-
Deposits with banks	0.05% to 3.41%	847,115	0.06% to 4.25%	1,063,292
Bank loans and other borrowings	1.00% to 7.88%	(678,794)	3.40% to 7.88%	(736,230)
Lease liabilities	2.80% to 5.52%	(1,091,382)	2.80% to 5.19%	(1,002,605)
		(922,191)		(675,543)
Total		(4,992,333)		(4,746,650)

(ii) Sensitivity analysis

At 30 June 2021, it is estimated that a general increase/decrease of 1 to 14 basis points (2020: 1 to 25 basis points) in interest rates in respect of the Group's various currencies, mainly United States dollars, Pound sterling, Hong Kong dollars, Singapore dollars and Malaysian ringgit, with all other variables held constant, would have decreased/increased the Group's profit by approximately US\$1.0 million (2020: increased/decreased the Group's loss by approximately US\$2.5 million), but no significant effect (2020: Nil) on other components of equity.

The sensitivity analysis above indicates the instantaneous change in the Group's profit or loss and other components of equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit or loss and other components of equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as for 2020.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and the United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

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

(i) Exposure to foreign currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2021					2020				
	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000
Trade and other receivables	-	22,330	3	-	-	698,642	474,300	73	22,248	-
Trading financial assets	10,796,664	-	120,911	8,188	-	19,237,118	-	114,388	55,434	6,601
Cash and short term funds	172,549	430,440	276	40,864	657	980,391	505,070	20,945	26,356	210
Trade and other payables	-	(22,865)	(1)	(42)	(64)	(555,709)	(36,974)	(38)	(42)	(241)
Bank loans and other borrowings	-	(409,563)	-	-	-	(20,000,000)	(409,563)	-	-	-
Gross exposure arising from recognised assets and liabilities	10,969,213	20,342	121,189	49,010	593	360,442	532,833	135,368	103,996	6,570
Notional amounts of forward exchange contracts at fair value through profit or loss	(10,917,903)	(604,562)	(120,119)	-	(739)	(153,503)	-	(114,901)	(99,136)	(6,596)
Overall net exposure	51,310	(584,220)	1,070	49,010	(146)	206,939	532,833	20,467	4,860	(26)

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit or loss and other components of equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2021			2020		
	Increase in foreign exchange rates	Effect on profit/(loss) US\$'000	Effect on other components of equity US\$'000	Increase in foreign exchange rates	Effect on profit/(loss) US\$'000	Effect on other components of equity US\$'000
Japanese yen	0%	1	-	1%	12	-
Renminbi	2%	(499)	-	1%	791	-
Pound sterling	3%	38	-	5%	1,292	-
Malaysian ringgit	3%	297	-	1%	12	-
Singapore dollars	3%	(3)	-	2%	(2)	-

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit or loss and other components of equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis as for 2020.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading financial assets (see note 27) and equity investments at FVOCI (see note 20).

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

At 30 June 2021, it is estimated that an increase/decrease of 3% to 20% (2020: 2% to 10%) in the market value of the Group's global listed trading securities and equity investments at FVOCI, with all other variables held constant, would have increased/decreased the Group's profit by US\$242.5 million (2020: decreased/increased the Group's loss by US\$62.8 million) and other components of equity by US\$184.7 million (2020: US\$77.8 million). The analysis is performed on the same basis as for 2020.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement

(i) Financial assets and liabilities measured at fair value

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

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

	2021				2020			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Recurring fair value measurements								
Assets								
Equity investments at FVOCI:								
- Listed	898,051	-	-	898,051	1,057,972	-	-	1,057,972
- Unlisted	-	46,017	60,235	106,252	-	46,103	62,289	108,392
Trading financial assets:								
- Listed	1,326,203	-	-	1,326,203	1,242,924	-	-	1,242,924
Derivative financial instruments:								
- Forward exchange contracts	-	8,492	-	8,492	-	6,129	-	6,129
- Equity swaps	-	4,851	-	4,851	-	2,773	-	2,773
	2,224,254	59,360	60,235	2,343,849	2,300,896	55,005	62,289	2,418,190
Liabilities								
Derivative financial instruments:								
- Interest rate swaps	-	46,557	-	46,557	-	73,353	-	73,353
- Forward exchange contracts	-	8,525	-	8,525	-	5,562	-	5,562
- Equity swaps	-	1,384	-	1,384	-	1,385	-	1,385
	-	56,466	-	56,466	-	80,300	-	80,300

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

(i) Financial assets and liabilities measured at fair value (cont'd)

During the years ended 30 June 2021 and 30 June 2020, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts is determined based on quotes from market makers or alternative market participants supported by observable inputs including spot and forward exchange rates. The fair value of other derivative financial instruments is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties at the end of the reporting period, taking into account current observable inputs. The fair value of the unlisted equity 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 investments 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 year in the balance of Level 3 fair value measurements are as follows:

	2021 US\$'000	2020 US\$'000
Unlisted equity investments at FVOCI:		
At 1 July	62,289	51,525
Net unrealised gains/(losses) recognised in other comprehensive income during the year	74,504	(144)
Additions	9,163	11,652
Cash distribution	(3,003)	(885)
Transfer out of Level 3	(26,795)	-
Disposal	(55,854)	-
Exchange adjustments	(69)	141
At 30 June	60,235	62,289

The net unrealised gains or losses arising from the remeasurement of the unlisted equity investments at FVOCI are recognised in fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity investments, the amount accumulated in other comprehensive income is transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(f) Fair values measurement (cont'd)

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

Other than for the mortgage debenture stock, the carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and 30 June 2020.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 30 June 2021 is estimated to be US\$82.6 million (2020: US\$76.0 million) and is classified within Level 2 of the fair value hierarchy. The interest rate used to discount estimated cash flows at the reporting date was 1.83% (2020: 1.82%).

(g) Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master agreements providing offsetting mechanism under certain circumstances. At the end of the reporting period, the Group and the counterparties have not exercised their rights to offset the financial instruments and the derivatives are settled at gross amount.

39. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the total equity attributable to equity shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds as well as trading financial assets.

NOTES TO THE FINANCIAL STATEMENTS

39. CAPITAL MANAGEMENT (cont'd)

The equity-debt ratio at the end of the reporting period is as follows:

	2021 US\$'000	2020 US\$'000
Bank loans and other loans	4,163,655	4,129,169
Mortgage debenture stock	77,530	69,133
Other borrowings	537,819	609,035
Total borrowings	4,779,004	4,807,337
Less: Cash and short term funds	(1,448,960)	(1,606,407)
Trading financial assets	(1,326,203)	(1,242,924)
Net debt	2,003,841	1,958,006
Total equity attributable to equity shareholders of the Company	7,699,465	7,241,321
Equity-debt ratio	79: 21	79: 21

40. COMMITMENTS

(a) Capital commitments outstanding at year end not provided for in the financial statements

	2021 US\$'000	2020 US\$'000
Authorised and contracted for	8,649	7,049
Authorised but not contracted for	17,989	46,741
	26,638	53,790

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US\$834.5 million (2020: US\$783.5 million).

- (b) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

41. 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 arrangements

Rank has certain property arrangements under which rental payments revert to Rank in the event of default by the third party. At 30 June 2021, it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party was to default on these arrangements, the obligation for Rank would be GBP2.0 million (approximately US\$2.8 million) on a discounted basis.

Legal and regulatory landscape

Given the nature of the legal and regulatory landscape of the industry, from time to time Rank receives notices and communications from regulatory authorities and other parties in respect of its activities and is subject to regular compliance assessments of its licensed activities.

Rank recognises that there is uncertainty over any fines or charges that may be levied by regulators as a result of past events and depending on the status of such reviews, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

42. CONTINGENT ASSETS

In November 2020, Rank took a litigation to the First Tier Tribunal of the UK (“FTT”) against HM Revenue and Customs (“HMRC”) on whether certain slot machine income were exempt from VAT in the period from April 2006 to January 2013. On 30 June 2021, FTT handed down its ruling in Rank’s favour and HMRC had 56 days to lodge an appeal.

On 25 August 2021, Rank noted the decision by HMRC that it has decided not to appeal against FTT’s ruling. The FTT has agreed a 60-day extension to allow HMRC and Rank to agree the exact quantum of the claim which Rank expects to be approximately GBP80.0 million (approximately US\$110.7 million). Rank will account for the refund as a separately disclosed item, consistent with current practice.

NOTES TO THE FINANCIAL STATEMENTS

43. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

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

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

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

(i) Income for the year ended 30 June

	2021 US\$'000	2020 US\$'000
Interest income	1,527	1,469

(ii) Balance as at 30 June

	2021 US\$'000	2020 US\$'000
Deposits and short term funds	70,364	43,428

(b) Management fees

On 3 July 2020, the Company entered into master agreements for services for three financial years from 1 July 2020 to 30 June 2023 with each of GuoLine Group Management Company Pte. Ltd. (“GGMC”) (a wholly-owned subsidiary of GuoLine Capital Assets Limited (“GCAL”)) and HL Management Co Sdn Bhd (“HLMC”) which were indirect wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad (“HLCM”), the ultimate holding company of the Company at the time. On 16 April 2021, GCAL replaced HLMC to become the ultimate holding company and a substantial shareholder of the Company following the completion of an internal restructuring exercise.

Total amount paid or provided for in respect of management fees to GGMC and HLMC for the year ended 30 June 2021 amounted to US\$4,457,000 and US\$1,333,000 respectively.

Total amount paid or provided for in respect of management fees to GOMC Limited, GuoLine Group Management Co. Ltd. and HLMC, subsidiaries of HLCM (the ultimate holding company of the Company at the time) for the year ended 30 June 2020 amounted to US\$262,000, US\$5,569,000 and US\$88,000 respectively in accordance with the previous master services agreements between the Company and the subsidiaries of HLCM which expired on 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

43. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel information

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2021 US\$'000	2020 US\$'000
Short-term employee benefits	3,445	5,706

Total emoluments are included in "staff costs" (see note 7(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (a) banking transactions and (b) management fees above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS" of the Report of the Directors.

44. EVENTS AFTER THE REPORTING PERIOD

(a) GuocoLand

In October 2020, GuocoLand entered into an agreement to dispose of its two subsidiaries in Vietnam, GuocoLand Binh Duong Property Co., Ltd and GuocoLand Vietnam Co. Ltd for a consideration of US\$28.0 million. The disposal was completed in July 2021 with a net gain on disposal of SGD14.3 million (approximately US\$10.6 million).

(b) Rank

During the year, Rank sold the Blankenberge Casino in Belgium. Subsequent to the sale and year end, on 2 August 2021, Rank was advised by the buyer of the outcome of a salary moderation case which was identified in the sale and purchase agreement as being retained in favour of Rank. This legal case has been found in favour of Rank and accordingly on 6 August 2021 Rank received additional proceeds of EUR3.7 million (approximately US\$4.4 million) which will be recognised in the 2021/22 financial year.

NOTES TO THE FINANCIAL STATEMENTS

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2021 US\$'000	2020 US\$'000
NON-CURRENT ASSETS		
Interest in subsidiaries	3,569,885	3,094,888
Interest in associated company	242,832	242,832
Intangible assets	203	203
	3,812,920	3,337,923
CURRENT ASSETS		
Trade and other receivables	143	704
Cash and short term funds	283,662	623,958
	283,805	624,662
CURRENT LIABILITIES		
Amounts due to subsidiaries	25,125	104,409
Trade and other payables	312	1,675
	25,437	106,084
NET CURRENT ASSETS	258,368	518,578
NET ASSETS	4,071,288	3,856,501
CAPITAL AND RESERVES		
Share capital (note 35)	164,526	164,526
Reserves (note 35)	3,906,762	3,691,975
TOTAL EQUITY	4,071,288	3,856,501

Approved and authorised for issue by the Board of Directors on 16 September 2021.

KWEK Leng Hai
CHEW Seong Aun
Directors

NOTES TO THE FINANCIAL STATEMENTS

46. PARENT AND ULTIMATE HOLDING COMPANY

The Company's parent company as at 30 June 2021 is GuoLine Overseas Limited, a company incorporated in Bermuda. With the completion of an internal restructuring exercise on 16 April 2021, the directors consider that the Company's ultimate holding company is GuoLine Capital Assets Limited, a company incorporated in Jersey, replacing Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia, as its ultimate holding company. These entities do not produce financial statements available for public use.

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note (i)
Amendment to HKFRS 16 – COVID 19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 1 – Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8 – Definition of accounting estimates	1 January 2023
Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS – Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

Note:

(i) Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
Singapore						
Guoco Midtown situated at Beach Road	Residential/ Commercial#/ Office#	Structural, architectural & M&E works	May 2023	22,202	90,029	47
Midtown Modern situated at Tan Quee Lan Street	Office/ Residential	Piling works completed	July 2023	11,531	48,430	40
Martin Modern situated at Martin Place	Residential	N/A	Completed	15,936	49,084	67
Meyer Mansion situated at Meyer Road	Residential	Substructure works	April 2023	7,920	22,175	67
Malaysia						
Emerald 9 situated at Lot 809 and 810 Cheras Batu 8 ^{1/4} and 8 ^{1/2} Jalan Cheras, Daerah Hulu Langat, Selangor	Residential/ Hotel/ Commercial/ Retail	Plot 1: Works in Progress	May 2023	41,010	287,235	45
		Plot 2: Planning	*			
PJ Corporate Park situated at Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling Selangor	Commercial	Planning	*	12,974	38,053	45
Emerald Hills situated at Lot 7585 to 7589, 7597 to 7600, 103882 and PT 15231, Mukim Petaling Wilayah Persekutuan, Kuala Lumpur	Residential	Phase 1: Works in Progress	June 2022	191,658	245,980	45
		Phase 2: Works in Progress	March 2024			
Oval Kuala Lumpur situated at Seksyen 63, Bandar & Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Residential	Completed	TOP obtained in September 2009	7,136	19,172	45
Vacant Agriculture Land Situated at Mukim of Jasin, Melaka Darul Amin	Residential	Planning	*	7,474,840	7,474,840	31

MAJOR DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area sq.m	Gross floor area sq.m	Group's interest %
The People's Republic of China						
Guoco Changfeng City situated at Putuo District Shanghai	Office	Works in progress	June 2022	143,845	146,552	67
18T situated at Yuzhong District Chongqing	Residential/ Commercial	Plot 1: Works in progress	April 2024	17,140	137,601	50
		Plot 2: Works in progress	June 2023	15,957	90,104	50
		Plot 3: Demolition works	December 2024	6,572	29,140	50
		Plot 4: Planning	*	9,292	84,235	50
Chongqing Central Park situated at Liangjiang District Chongqing	Residential/ Commercial	Planning	*	141,958	197,600	50

* Not available as these developments have not commenced construction or have not been launched yet.

The carrying value is included in Investment Properties.

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR INVESTMENT

Location	Existing Use	Tenure of Land
Singapore		
20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	Reversionary interests in freehold land	(Note)
Guoco Tower 1/3/5/7/9 Wallich Street Singapore 078881	Office building and retail mall	99 years lease with effect from 21 February 2011
Guoco Midtown Beach Road Singapore	Office building and retail mall	99 years lease with effect from 2 January 2018
Midtown Modern Tan Quee Lan Street	Retail mall	99 years lease with effect from 10 December 2019
<p>Note: The Group disposed of its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.</p>		
Malaysia		
Damansara City Lot 58303 Damansara Heights Bukit Damansara Kuala Lumpur	Retail mall and hotel	Freehold
The People's Republic of China		
Guoco Changfeng City No. 452 Daduhe Road Shanghai	Commercial building	50 years land use rights with effect from 11 December 2005
Hong Kong		
The Center 12th & 15th Floors 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047



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