NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2018 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

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

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

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

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

(c) Hong Kong dollar amounts

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

– Interest income is recognised as it accrues using the effective interest method.

(ii) 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.

(iii) Revenue arising from pre-sale of properties is recognised in the financial statements upon completion of the development of the property. Provision for foreseeable loss is made in the year in which such loss is determined.

(iv) Revenue arising from the disposal of other properties is recognised when substantially all the conditions of sale have been met and the risks and rewards of ownership have been transferred to the buyers.

(v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments

(i) Investments in debt and equity securities

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

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(a)(i) and 2(a)(ii).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(k)(i)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale financial assets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)(i)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(a)(ii) and 2(a)(i), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(k)(i)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

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

Non-controlling interests

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments (cont'd)

(iii) Associates and joint ventures

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Derivative financial instruments and hedging activities

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

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are 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.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point 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 cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(ii) Hedge of net investments in foreign operations

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income and accumulated separately in equity in the exchange translation reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(e) Intangible assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Other property, plant and equipment and depreciation

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

– Freehold land is not depreciated.

– 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 between 3 to 15 years.

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

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

(g) Investment property

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Properties held for sale

Properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(j) Development properties

Development properties are stated at the lower of cost and estimated net realisable value, net of progress billings. Land, related acquisition expenses, development expenditure, borrowing costs and other related expenditure are capitalised as part of the cost of development properties.

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(b)(iii)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(i) Impairment of investments in debt and equity securities and other receivables (cont'd)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of assets (cont'd)

(ii) Impairment of other assets

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

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

– intangible assets;

– goodwill; and

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

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax (cont'd)

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

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

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

  – the same taxable entity; or

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

(r) Translation of foreign currencies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

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

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

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

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

(ii) Defined benefit retirement plan obligations

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits (cont'd)

(iii) Share-based payments

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

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

(t) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference 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 on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iv) Onerous contracts

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

(v) Related parties

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

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

(b) has significant influence over the group; or

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Segment reporting

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

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Investment properties (note 14)

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

(b) Impairment of assets

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

(c) Development properties and properties held for sale (notes 21 and 22)

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(d) Income taxes (notes 8 and 31)

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

(e) Defined benefit retirement plan obligations (note 34)

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

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

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in note 26(b) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 43).

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:

	2018 US$'000	2017 US$'000
Revenue from sale of properties	2,338,189	367,655
Revenue from hospitality and leisure	1,292,197	1,242,101
Interest income	44,301	30,803
Dividend income	134,362	84,766
Rental income from properties	87,188	52,901
Others	8,499	10,280
Revenue	3,904,736	1,788,506
Proceeds from sale of investments in securities	630,637	1,186,434
Turnover	4,535,373	2,974,940

6. OTHER REVENUE AND NET (LOSSES)/INCOME

(a) Other revenue

	2018 US$'000	2017 US$'000
Sublease income	4,519	5,256
Bass Strait oil and gas royalty	24,224	24,569
Hotel management fee	463	201
Income from forfeiture of deposit from sale of properties	308	471
Others	1,337	1,850
	30,851	32,347

6. OTHER REVENUE AND NET (LOSSES)/INCOME (cont'd)

(b) Other net (losses)/income

	2018 US$'000	2017 US$'000
Net realised and unrealised (losses)/gains on trading financial assets	(125,960)	449,294
Net realised and unrealised gains/(losses) on derivative financial instruments	6,817	(11,208)
Net realised gains on disposal of available-for-sale financial assets	999	1,712
Net gains on foreign exchange contracts	31,213	25,476
Other exchange (losses)/gains	(1,578)	25,988
Net losses on disposal of property, plant and equipment	(423)	(739)
Net losses on liquidation of subsidiaries	(1,162)	–
Net gain on disposal of a subsidiary (note 33(b))	353	–
Impairment loss on an available-for-sale financial asset	–	(7,711)
Gain on disposal of assets held for sale (note 27)	28,088	–
Other income	5,883	3,813
	(55,770)	486,625

7. PROFIT FOR THE YEAR BEFORE TAXATION

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

(a) Finance costs

	2018 US$'000	2017 US$'000
Interest on bank loans and other borrowings	152,007	145,376
Other borrowing costs	8,860	9,256
Total borrowing costs	160,867	154,632
Less: borrowing costs capitalised into:		
– development properties	(37,478)	(32,074)
– investment properties	(17,074)	(8,665)
– other property, plant and equipment	–	(6,364)
Total borrowing costs capitalised (note)	(54,552)	(47,103)
	106,315	107,529

Note: These borrowing costs have been capitalised at rates of 1.82% to 7.25% per annum (2017: 1.37% to 4.99%).

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

(b) Staff cost

	2018 US$'000	2017 US$'000
Salaries, wages and other benefits	432,312	416,264
Contributions to defined contribution retirement plans	12,033	11,452
Expenses recognised in respect of defined benefit retirement plans	496	220
Share-based payment forfeiture, net	(1,817)	(1,117)
	443,024	426,819

(c) Other items

	2018 US$'000	2017 US$'000
Depreciation	78,407	72,235
Impairment losses recognised/(reversed)		
– other property, plant and equipment	15,419	8,871
– intangible assets	7,822	(2,162)
– properties held for sale	–	3,485
Amortisation		
– casino licences and brand names	1,629	1,482
– Bass Strait oil and gas royalty	3,326	3,239
– other intangible assets	11,244	10,631
Operating lease charges		
– properties	67,875	60,562
– others	1,293	6,000
Auditors' remuneration		
– audit services	2,234	1,927
– tax services	58	185
– other services	116	345
Donations	1,141	876
Gross rental income from investment properties (note 5)	(87,188)	(52,901)
Less: direct outgoings	22,876	14,537
Net rental income	(64,312)	(38,364)
Share of (profits)/losses of associates and joint ventures:		
– associates	(121,336)	(120,640)
– joint ventures	6,624	146
	(114,712)	(120,494)

8. TAX EXPENSES

(a) Taxation in the consolidated income statement represents:

	2018 US$'000	2017 US$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	499	327
Under/(over)-provision in respect of prior years	973	(3)
	1,472	324
Current tax – Overseas		
Provision for the year	106,860	102,412
Over-provision in respect of prior years	(60)	(3,941)
	106,800	98,471
Deferred tax		
Origination and reversal of temporary differences	103,949	(5,687)
Effect of changes in tax rate on deferred tax balances	(126)	(2,425)
	103,823	(8,112)
	212,095	90,683

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year ended 30 June 2018. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

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

	2018 US$'000	2017 US$'000
Profit for the year before tax	1,006,889	1,041,956
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	184,992	193,116
Tax effect of non-deductible expenses	91,230	34,062
Tax effect of non-taxable revenue	(72,758)	(135,304)
Tax effect of unused tax losses not recognised	7,385	6,481
Tax effect of utilisation of tax losses not previously recognised	(2,932)	(4,258)
Reversal of temporary differences not accounted for in prior years	2,956	423
Tax effect of changes in tax rate on deferred tax balances	(126)	(2,425)
Under/(over)-provision in respect of prior years	913	(3,944)
Others	435	2,532
Taxation	212,095	90,683

8. TAX EXPENSES (cont'd)

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

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purposes for the years ended 30 June 2018 and 2017.

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

	2018 US$'000	2017 US$'000
Hong Kong Profits Tax	671	307
Overseas taxation	47,274	82,944
Taxation payable	47,945	83,251
Amount of taxation payable expected to be settled after more than 1 year	–	–

9. DIRECTORS' EMOLUMENTS

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

Name	Fees US$'000	Salaries, allowances and benefits in kind[(1)] US$'000	Discretionary bonuses US$'000	Pension contributions US$'000	Total emoluments US$'000
2018					
Kwek Leng Hai	– [(4)]	1,581	4,343	122	6,046
Tang Hong Cheong	– [(4)]	1,266	2,069	90	3,425
Kwek Leng San *	– [(4)]	–	–	–	–
Tan Lim Heng *	41	–	–	–	41
Volker Stoeckel **	59	–	–	–	59
Roderic N. A. Sage **	61	–	–	–	61
David Michael Norman **	52	–	–	–	52
	213	2,847	6,412	212	9,684
2017					
Quek Leng Chan * [(2)]	– [(4)]	–	–	–	–
Kwek Leng Hai	– [(4)]	1,582	3,365	137	5,084
Tang Hong Cheong [(3)]	– [(4)]	911	–	61	972
Kwek Leng San *	– [(4)]	–	–	–	–
Tan Lim Heng *	41	–	–	–	41
Volker Stoeckel **	59	–	–	–	59
Roderic N. A. Sage **	62	–	–	–	62
David Michael Norman **	53	–	–	–	53
	215	2,493	3,365	198	6,271

9. DIRECTORS' EMOLUMENTS (cont'd)

Notes:

* Non-executive director

** Independent non-executive director

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

(2) Relinquished his position with effect from 1 September 2016

(3) Appointed as Director and President & Chief Executive Officer with effect from 1 September 2016

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

10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, two (2017: one) are directors of the Company whose emoluments are disclosed in note 9. The emoluments of the other three (2017: four) individuals are as follows:

	2018 US$'000	2017 US$'000
Salaries, allowances and benefits in kind	2,157	3,015
Discretionary bonuses	3,762	3,587
Share-based payment expenses	744	–
Pension contributions	56	72
	6,719	6,674

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

US$	2018 Number of individuals	2017 Number of individuals
1,100,001 – 1,150,000	–	1
1,150,001 – 1,200,000	–	1
1,200,001 – 1,250,000	1	–
1,400,001 – 1,450,000	–	1
1,800,001 – 1,850,000	1	–
2,500,001 – 3,000,000	–	1
3,650,001 – 3,700,000	1	–
	3	4

11. DIVIDENDS

	2018 US$'000	2017 US$'000
Dividends payable/paid in respect of the current year:		
– Interim dividend of HK$1.00 (2017: HK$1.00) per ordinary share	41,417	41,849
– Proposed final dividend of nil (2017: HK$3.00) per ordinary share	–	126,472
	41,417	168,321
Dividends paid in respect of the prior year:		
– Final dividend of HK$3.00 (2017: HK$3.00) per ordinary share	124,793	125,730

The directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2018. The final dividend for the year ended 30 June 2017 of US$126,472,000 was calculated based on 329,051,373 ordinary shares in issue as at 30 June 2017.

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of US$624,297,000 (2017: US$784,639,000) and the weighted average number of 325,024,511 (2017: 325,024,511) ordinary shares in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2018 and 2017.

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 five reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

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

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 2016/17.

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

13. SEGMENT REPORTING (cont'd)

(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	Oil and gas US$'000	Total US$'000
For the year ended 30 June 2018						
Turnover	783,049	2,458,861	1,293,463	–	–	4,535,373
Revenue from external customers	152,412	2,458,861	1,293,463	–	–	3,904,736
Inter-segment revenue	192	261	–	–	–	453
Reportable segment revenue	152,604	2,459,122	1,293,463	–	–	3,905,189
Operating profit	41,703	648,538	136,692	–	19,668	846,601
Finance costs	(19,751)	(61,653)	(24,911)	–	–	(106,315)
Valuation surplus on investment properties	–	151,891	–	–	–	151,891
Share of (losses)/profits of associates and joint ventures	–	(4,331)	–	119,043	–	114,712
Profit before taxation	21,952	734,445	111,781	119,043	19,668	1,006,889
For the year ended 30 June 2017						
Turnover	1,281,838	447,808	1,245,294	–	–	2,974,940
Revenue from external customers	95,404	447,808	1,245,294	–	–	1,788,506
Inter-segment revenue	1,648	228	–	–	–	1,876
Reportable segment revenue	97,052	448,036	1,245,294	–	–	1,790,382
Operating profit	522,701	110,809	161,670	–	20,727	815,907
Finance costs	(38,249)	(51,066)	(19,669)	–	–	(108,984)
Valuation surplus on investment properties	–	214,539	–	–	–	214,539
Share of profits of associates and joint ventures	–	31,699	–	88,795	–	120,494
Profit before taxation	484,452	305,981	142,001	88,795	20,727	1,041,956

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	Oil and gas US$'000	Total US$'000
At 30 June 2018						
Reportable segment assets	4,475,311	7,779,500	3,126,119	–	69,896	15,450,826
Interest in associates and joint ventures	–	265,122	–	1,093,357	–	1,358,479
Total assets	4,475,311	8,044,622	3,126,119	1,093,357	69,896	16,809,305
Reportable segment liabilities	950,801	4,044,645	1,027,086	–	–	6,022,532
At 30 June 2017						
Reportable segment assets	5,123,082	7,015,932	3,051,242	–	75,920	15,266,176
Interest in associates and joint ventures	–	261,363	–	955,842	–	1,217,205
Total assets	5,123,082	7,277,295	3,051,242	955,842	75,920	16,483,381
Reportable segment liabilities	1,301,242	4,246,320	1,029,925	–	–	6,577,487

Other information

	Principal investment US$'000	Property development and investment US$'000	Hospitality and leisure US$'000	Financial services US$'000	Oil and gas US$'000	Total US$'000
2018						
Interest income	17,934	25,101	1,266	–	–	44,301
Depreciation and amortisation	181	1,837	89,262	–	3,326	94,606
Additions to non-current segment assets	280	1,041,810	76,776	–	–	1,118,866
2017						
Interest income	14,262	17,067	929	–	–	32,258
Depreciation and amortisation	146	3,302	80,900	–	3,239	87,587
Additions to non-current segment assets	199	72,973	148,253	–	–	221,425

Major customers

During the years ended 30 June 2018 and 2017, there is no major customer accounting for more than 10% of the total revenue of the Group.

13. SEGMENT REPORTING (cont'd)

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

Revenue

	2018 US$'000	2017 US$'000
Reportable segment revenue	3,905,189	1,790,382
Elimination of inter-segment revenue	(453)	(1,876)
Consolidated revenue (note 5)	3,904,736	1,788,506

Finance costs

	2018 US$'000	2017 US$'000
Reportable finance costs	106,315	108,984
Elimination of inter-segment finance costs	–	(1,455)
Consolidated finance costs (note 7(a))	106,315	107,529

Interest income

	2018 US$'000	2017 US$'000
Reportable interest income	44,301	32,258
Elimination of inter-segment interest income	–	(1,455)
Consolidated interest income (note 5)	44,301	30,803

(c) Geographical information

The following table illustrates the geographical location of the Group's revenue from external customers, profit from operations, the Group's total assets 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.

13. SEGMENT REPORTING (cont'd)

(c) Geographical information (cont'd)

	Revenue from external customers		Profit from operations	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
The People's Republic of China				
– Hong Kong	156,167	98,844	15,358	464,528
– Mainland China	1,182,863	26,963	405,729	4,607
United Kingdom and Continental Europe	1,248,833	1,216,037	128,342	145,297
Singapore	1,237,969	372,078	(Note) 175,797	49,196
Australasia and others	78,904	74,584	15,060	43,295
	3,904,736	1,788,506	740,286	706,923

	Total assets		Specified non-current assets	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
The People's Republic of China				
– Hong Kong	4,810,350	5,406,891	176,795	131,889
– Mainland China	1,909,893	2,111,631	150,565	143,864
United Kingdom and Continental Europe	2,628,009	2,547,324	2,355,365	2,283,813
Singapore	5,290,105	4,382,981	3,585,275	2,452,797
Australasia and others	2,170,948	2,034,554	1,518,665	1,371,931
	16,809,305	16,483,381	7,786,665	6,384,294

Note:

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

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

Accordingly, operating profits of GuocoLand for the year amounting to US$5.8 million (2017: US$56.1 million) in Singapore have been deferred for recognition in the Group's consolidated financial statements. The Group has recognised operating profits of GuocoLand of US$78.9 million for the year (2017: nil) which have been deferred in previous years. Up to 30 June 2018, accumulated operating profits of GuocoLand totalling US$5.8 million (2017: US$76.0 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

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 2016	2,109,617	1,150,018	465,614	1,125,794	2,741,426	4,851,043
Additions	66,353	52,421	45,683	56,968	155,072	221,425
Transfer to assets held for sale (note 27)	–	(9,099)	–	(11,197)	(20,296)	(20,296)
Disposals and written off	–	(16,390)	(1,467)	(179,760)	(197,617)	(197,617)
Fair value adjustments	214,539	–	–	–	–	214,539
Exchange adjustments	(41,237)	(37,546)	(16,144)	(35,786)	(89,476)	(130,713)
At 30 June 2017	2,349,272	1,139,404	493,686	956,019	2,589,109	4,938,381
Representing:						
Cost	–	1,139,404	493,686	956,019	2,589,109	2,589,109
Valuation – 2017	2,349,272	–	–	–	–	2,349,272
	2,349,272	1,139,404	493,686	956,019	2,589,109	4,938,381
At 1 July 2017	2,349,272	1,139,404	493,686	956,019	2,589,109	4,938,381
Acquisition of subsidiaries (note 33(a))	–	–	–	45	45	45
Additions	1,041,023	1,955	33,347	42,541	77,843	1,118,866
Reversal	–	(7,442)	–	–	(7,442)	(7,442)
Disposals and written off	–	(553)	–	(13,863)	(14,416)	(14,416)
Disposal of a subsidiary (note 33(b))	–	–	–	(88)	(88)	(88)
Fair value adjustments	151,891	–	–	–	–	151,891
Exchange adjustments	26,791	16,959	11,110	14,218	42,287	69,078
At 30 June 2018	3,568,977	1,150,323	538,143	998,872	2,687,338	6,256,315
Representing:						
Cost	–	1,150,323	538,143	998,872	2,687,338	2,687,338
Valuation – 2018	3,568,977	–	–	–	–	3,568,977
	3,568,977	1,150,323	538,143	998,872	2,687,338	6,256,315

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 2016	–	184,044	49,362	820,498	1,053,904	1,053,904
Charge for the year	–	14,394	2,462	55,379	72,235	72,235
Written back on disposals and written off	–	(14,969)	(1,443)	(174,212)	(190,624)	(190,624)
Transfer to assets held for sale (note 27)	–	(1,760)	–	(9,755)	(11,515)	(11,515)
Impairment loss recognised	–	751	–	8,120	8,871	8,871
Exchange adjustments	–	(6,269)	(1,605)	(24,249)	(32,123)	(32,123)
At 30 June 2017	–	176,191	48,776	675,781	900,748	900,748
At 1 July 2017	–	176,191	48,776	675,781	900,748	900,748
Charge for the year	–	18,048	4,855	55,504	78,407	78,407
Written back on disposals and written off	–	(133)	–	(13,442)	(13,575)	(13,575)
Written back through disposal of a subsidiary (note 33(b))	–	–	–	(87)	(87)	(87)
Impairment loss recognised	–	4,062	–	11,357	15,419	15,419
Exchange adjustments	–	2,356	772	8,517	11,645	11,645
At 30 June 2018	–	200,524	54,403	737,630	992,557	992,557
Carrying amount						
At 30 June 2018	3,568,977	949,799	483,740	261,242	1,694,781	5,263,758
At 30 June 2017	2,349,272	963,213	444,910	280,238	1,688,361	4,037,633

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

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

	2018 US$'000	2017 US$'000
In Hong Kong:		
– Leasehold with between 10 to 50 years unexpired	176,501	131,603
– Leasehold with less than 10 years unexpired	3	14
Outside Hong Kong:		
– Freehold	982,590	908,553
– Leasehold with over 50 years unexpired	3,657,036	2,531,317
– Leasehold with between 10 to 50 years unexpired	159,286	163,778
– Leasehold with less than 10 years unexpired	27,100	22,130
	5,002,516	3,757,395

(b) Certain of the Group's properties with an aggregate carrying amount of US$3,438.4 million (2017: US$2,288.1 million) were pledged for bank loans and mortgage debenture stock.

(c) Investment properties comprise:

	2018 US$'000	2017 US$'000
Completed investment properties	2,514,423	2,349,272
Investment properties under development	1,054,554	–
	3,568,977	2,349,272

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years. The gross carrying amount of investment properties of the Group held for use in operating leases was US$2,514.4 million (2017: US$2,349.3 million).

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

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

(f) Fair value measurement of properties

(i) Fair value hierarchy

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

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

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

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

	2018				2017			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurement								
Investment properties	–	176,501	3,392,476	3,568,977	–	131,603	2,217,669	2,349,272

During the year ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2018. The valuations were carried out by external independent property valuers, CHFT Advisory and Appraisal Limited, CBRE, Rahim & Co and Savills, which have appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued. The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. Management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

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

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

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

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

(iii) Information about Level 3 fair value measurements

Type of investment properties	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	– Direct comparison method	– Sales prices of US$299 to US$2,605 (2017: US$292 to US$2,560) per square feet ("psf")	The estimated fair value increases when the sales price increases
	– Income capitalisation method	– Capitalisation rate of 3.5% to 6.3% (2017: 3.5% to 6.3%)	The estimated fair value increases when the capitalisation rate decreases
Reversionary interest in freehold land and commercial properties	– Direct comparison method	– Sales prices of US$104 to US$459 (2017: US$82 to US$406) psf	The estimated fair value increases when the sales price and gross development value increase
	– Residual land method	– Gross development value of US$2,018 (2017: US$1,888) psf	
Commercial properties under development	– Residual land method	– Gross development value of US$1,219 to US$1,863 psf (2017: not applicable)	The estimated fair value increases when the gross development value increases

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

	2018 US$'000	2017 US$'000
Investment properties:		
At 1 July	2,217,669	2,009,258
Additions	1,040,947	66,342
Fair value adjustments	106,244	182,556
Exchange adjustments	27,616	(40,487)
At 30 June	3,392,476	2,217,669

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

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

15. INTANGIBLE ASSETS

	Casino licences and brand names US$'000	Bass Strait oil and gas royalty US$'000	Others US$'000	Total US$'000
Cost				
At 1 July 2016	950,802	140,843	84,741	1,176,386
Additions	–	–	18,097	18,097
Disposals	–	–	(30,865)	(30,865)
Exchange adjustments	(31,421)	4,505	(3,336)	(30,252)
At 30 June 2017	919,381	145,348	68,637	1,133,366
At 1 July 2017	919,381	145,348	68,637	1,133,366
Additions through acquisition of subsidiaries (note 33(a))	–	–	19,652	19,652
Additions	–	–	15,306	15,306
Transfer to assets held for sale (note 27)	(39,714)	–	–	(39,714)
Disposals	–	–	(4,162)	(4,162)
Exchange adjustments	13,876	(5,451)	325	8,750
At 30 June 2018	893,543	139,897	99,758	1,133,198
Accumulated amortisation and impairment loss				
At 1 July 2016	46,404	64,077	48,702	159,183
Charge for the year	1,482	3,239	10,631	15,352
Impairment loss (reversed)/recognised	(2,231)	–	69	(2,162)
Disposals	–	–	(30,856)	(30,856)
Exchange adjustments	710	2,111	(2,232)	589
At 30 June 2017	46,365	69,427	26,314	142,106
At 1 July 2017	46,365	69,427	26,314	142,106
Charge for the year	1,629	3,326	11,244	16,199
Transfer to assets held for sale (note 27)	(8,061)	–	–	(8,061)
Impairment loss recognised	7,574	–	248	7,822
Disposals	–	–	(4,162)	(4,162)
Exchange adjustments	712	(2,753)	(486)	(2,527)
At 30 June 2018	48,219	70,000	33,158	151,377
Net book value				
At 30 June 2018	845,324	69,897	66,600	981,821
At 30 June 2017	873,016	75,921	42,323	991,260

15. INTANGIBLE ASSETS (cont'd)

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).

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	
	2018	2017	2018	2017
Long term growth rate	2%	2%	2%	2%
Discount rate	11%-14%	11%-12%	10%	10%

For casino licences and brand names of Rank, the key assumptions in the calculation of value in use are customer visits, win margins, spend per visit, casino duty, machine games duty, bingo duty and the discount rate. For Bass Strait oil and gas royalty, the key assumptions in the calculation of value in use are oil and gas production, oil and gas price, exchange rate and general inflation. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

During the year ended 30 June 2018, the Group recognised impairment losses of US$7,574,000 in relation to the hospitality and leisure segment on the casino brand name of GL following the cessation of its casino operations, and also reflecting the performance at certain venues (most notably admissions) of Rank not been in line with expectations and not expected to significantly improve in the future.

During the year ended 30 June 2017, the Group reversed previous impairment losses of US$2,231,000 in relation to the hospitality and leisure segment reflecting increased performance at a venue attributed to improvements in the commercial environment.

16. INTEREST IN SUBSIDIARIES

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asia Fountain Investment Company Limited	2 shares (HK$20)	–	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares (HK$1,941,730,353)	–	68	Investment holding
GLL EWI (HK) Limited	10 shares (HK$10)	–	65	Investment holding
GuocoEquity Assets Limited	23,000,000 shares (HK$23,000,000)	100	100	Investment holding
GuoSon Assets China Limited	1 share (HK$1)	–	65	Investment holding
GuoSon Changfeng China Limited	1 share (HK$1)	–	65	Investment holding
Guoco Management Company Limited	2,000,000,000 shares (HK$2,000,000,000)	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares (HK$10,000,000)	100	100	Investment holding

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
GGL Asset Management (Singapore) Pte Ltd	2,000,000 shares (S$2,000,000)	–	85	Alternative asset management
GL Management Pte Ltd	2 shares (S$2)	–	68	Management company
GLL Chengdu Pte Ltd	199,463,076 shares (S$199,463,076)	–	65	Investment holding
GLL IHT Pte Ltd	10,000,000 shares (S$10,083,000)	–	65	Provision of financial and treasury services
GLL Land Pte Ltd	70,000,000 shares (S$70,000,000)	–	65	Holding properties for rental
GLL Prosper Pte Ltd	184,000,000 shares (S$184,000,000)	–	65	Investment holding
GLL Thrive Pte Ltd	32,000,000 shares (S$32,000,000)	–	65	Property development

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
GLL (Malaysia) Pte Ltd	58,000,000 shares (S$58,000,000)	–	65	Investment holding
Goodwood Residence Development Pte Ltd	10,000 shares (S$10,000)	–	65	Property development
Guoco Assets Pte Ltd	2 shares (S$2)	100	100	Investment holding
GuocoLand Limited	1,183,373,276 shares (S$1,926,053,000)	–	65	Investment holding
GuocoLand Assets Pte Ltd	20,000,000 shares (S$20,000,000)	100	100	Investment holding
GuocoLand Hotels Pte Ltd	92,000,000 shares (S$92,000,000)	–	65	Investment holding
GuocoLand Property Management Pte Ltd	60,000,000 shares (S$60,000,000)	–	65	Property management, marketing and maintenance services
GuocoLand (Singapore) Pte Ltd	195,000,000 shares (S$195,000,000)	–	65	Investment holding
GuocoLand Vietnam (S) Pte Ltd	1 share (S$1)	–	65	Investment holding
Leedon Residence Development Pte Ltd	158,000,000 shares (S$158,000,000)	–	65	Property development
Martin Modern Pte Ltd	162,000,000 shares (S$162,000,000)	–	65	Property development
Sims Urban Oasis Pte Ltd	64,560,000 shares (S$64,560,000)	–	65	Property development
TPC Commercial Pte Ltd	237,000,000 shares (S$237,000,000)	–	52	Investment holding
TPC Hotel Pte Ltd	78,000,000 shares (S$78,000,000)	–	52	Investment holding
Wallich Residence Pte Ltd	30,000,000 shares (S$30,000,000)	–	52	Property development

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Damansara City Sdn. Bhd.	20,100,000 shares of (RM20,100,000)	–	44	Property development and property investment
DC Hotel Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Hotel operations
DC Offices Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Property investment
DC Parking Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Car park operations and property investment
DC Town Square Sdn. Bhd.	2,500,002 shares of (RM2,500,002)	–	44	Property investment
GLM Emerald Hills (Cheras) Sdn. Bhd. (formerly known as GLM Alam Damai Sdn. Bhd.)	2,500,000 shares of (RM2,500,000)	–	44	Property investment and property development
GLM Emerald Industrial Park (Jasin) Sdn. Bhd. (formerly known as Continental Estates Sdn. Bhd.)	50,600,000 shares of (RM50,600,000)	–	30	Property development and operation of an oil palm estate
GLM Emerald Square (Cheras) Sdn. Bhd. (formerly known as Tujuan Optima Sdn. Bhd.)	2 shares of (RM2)	–	44	Property development
GLM Oval Sdn. Bhd.	3,000,000 shares of (RM3,000,000)	–	44	Property investment and trading
Guoco Assets Sdn. Bhd.	250,000 Class A ordinary shares (RM250,000) 300,000 Class B ordinary shares (RM300,000) 5,815 preference shares (RM581,500,000)	45	100	Investment holding
GuocoLand (Malaysia) Berhad	700,458,518 shares of (RM350,229,259)	–	44	Investment holding and provision of management services
JB Parade Sdn. Bhd.	40,000,000 shares of (RM40,000,000)	–	46	Investment holding and hotel operations
PD Resort Sdn. Bhd.	100,016,800 shares of (RM100,016,800)	–	65	Property investment and development and hotel operations
Titan Debut Sdn. Bhd.	3,000,000 shares of (RM3,000,000)	–	44	Acquire, enhance and resale of properties

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Clermont Leisure (UK) Limited	55,000,000 shares of GBP1 each	–	68	Gaming
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 Hotel Holdings Limited	2 shares of GBP1 each	–	68	Investment holding
GLH Hotels Limited	310,545,212 shares of GBP0.26 each	–	68	Ownership and operation of hotels in UK
Mecca Bingo Limited	950,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	–	52	Social and bingo clubs
Rank Casino Holdings Limited (formerly known as Rank Gaming Group Limited)	100 shares of GBP1 each	–	52	Intermediary holding company
Rank Digital Limited	100,000 "A" shares of GBP1 each and 500,000 "B" shares of GBP1 each	–	52	Support services to interactive gaming
Rank Group Finance Plc	200,000,000 shares of GBP1 each	–	52	Funding operations
Rank Group Gaming Division Limited	944,469 shares of GBP1 each and 55,531 "A" shares of GBP1 each	–	52	Intermediary holding and provision of shared services
Rank Leisure Limited	1 share of GBP1 each	–	52	Adult gaming centres in Mecca Bingo and Grosvenor Casinos
Rank Leisure Holdings Limited	1,000,000 shares of GBP1 each and 1,799 preferred shares of US$1 each	–	52	Intermediary holding and corporate activities
Rank Nemo (Twenty-Five) Limited	1 share of GBP1 each	–	52	Intermediary holding company
Rank Overseas Holdings Limited	1,000,000 shares of GBP1 each	–	52	Intermediary holding company
The Gaming Group Limited	1 share of GBP1 each	–	52	Casinos
The Rank Group Plc	390,683,521 shares of GBp13 8/9 each	–	52	Investment holding of gaming business
Upperline Marketing Limited	100 shares of GBP1 each	–	52	Support services to interactive gaming

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asian Financial Common Wealth (PTC) Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	–	100	Provision of trustee service
Beijing Jiang Sheng Property Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB250,000,000 (Note (ii))	–	65	Property development
BIL Australia Pty Limited	Australia	1 share of A$1 each	–	68	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares of NZ$1,000 each	–	68	Investment holding
BingoSoft Plc	Malta	17,500 shares of EUR0.01 each	–	52	Interactive gaming
Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd (Note (i) & (vii))	The People's Republic of China	RMB3,786,000,000 (Note (ii))	–	49	Property development
Clermont Leisure International Limited	Jersey	2 shares of GBP1 each	–	68	Investment holding
Dynamic Talent Limited	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Fresco Resources Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Financing activities
GGAM Holdings Limited	Cayman Islands	1 share of HK$1 each	100	100	Investment holding
GL Limited	Bermuda	1,368,063,633 shares of US$0.2 each	–	68	Hotel and property management
Great Insight Limited (Note (iii))	Cayman Islands	1 share of US$1 each	100	100	Financing activities
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US$0.1 each	100	100	Investment holding
GuocoLand Binh Duong Property Co., Ltd	Vietnam	VND288,245,178,769 (Note (ii))	–	65	Property development
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US$1 each	–	65	Investment holding
GuocoLeisure Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
GLH Hotels Group Limited (Note (v))	Bermuda	1 share of US$1 each	–	68	Investment holding
GuoSon Investment Company Limited (Note (i) & (vi))	The People's Republic of China	US$392,000,000 (Note (ii))	–	65	Investment holding

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Ma Sing Investments Limited (Note (iv))	British Virgin Islands	1 share of US$1 each	–	68	Investment holding
Mindful Media Limited	Channel Islands	1 share of GBP1 each	–	52	Support services to interactive gaming
Molokai Properties Limited	United States of America	100 shares of US$2 each	–	68	Investment holding
Oceanease Limited	Cayman Islands	1 share of US$1 each	–	100	Investment trading
QSB Gaming Limited	Channel Islands	4,234 share of GBP1 each	–	100	Intermediary holding company
Rank Assets Limited	Cayman Islands	1 share of US$1 each	100	100	Investment holding
Rank Digital Gaming (Alderney) Limited	Alderney	1 share of GBP1 each	–	52	Interactive gaming
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	–	52	Support services to interactive gaming
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	–	52	Intermediary holding company
Rank Digital España SA	Spain	1,500 shares of EUR1 each	–	52	Interactive gaming
Shanghai Xinhaolong Property Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	US$126,000,000 (Note (ii))	–	65	Property development

16. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Shanghai Xinhaojia Property Development Co., Ltd (Note (i) & (vi))	The People's Republic of China	RMB3,150,000,000 (Note (ii))	–	83	Property development
Supreme Goal Investments Limited (Note (iii))	British Virgin Islands	1 share of US$1 each	100	100	Property investment
Tabua Investments Limited	Fiji	2 shares of FJ$1 each	–	68	Investment holding

Notes:

(i) These companies have a financial year end of 31 December.

(ii) These comprise capital contribution to the companies. These companies have a defined period of existence.

(iii) These companies are operating in Hong Kong.

(iv) These companies are operating in Australia.

(v) These companies are operating in the United Kingdom.

(vi) These companies are foreign capital enterprise.

(vii) This company is a sino-foreign equity joint venture enterprise.

16. INTEREST IN SUBSIDIARIES (cont'd)

(f) Material non-controlling interests

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

	GuocoLand		GL		Rank		Immaterial		Total	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
NCI percentage at the end of the reporting period	35%	35%	32%	32%	48%	48%				
Non-current assets	4,516,239	3,185,704	1,096,653	1,103,735	1,316,771	1,257,908				
Current assets	3,174,807	3,247,175	380,458	329,914	117,810	148,092				
Non-current liabilities	(2,865,329)	(1,901,764)	(280,731)	(274,190)	(88,946)	(136,219)				
Current liabilities	(1,424,756)	(1,809,946)	(74,840)	(90,585)	(337,517)	(283,164)				
Net assets	3,400,961	2,721,169	1,121,540	1,068,874	1,008,118	986,617				
Carrying amount of NCI	1,611,446	1,169,062	360,740	342,800	470,136	460,009	65	(34)	2,442,387	1,971,837
Revenue	1,347,625	461,226	318,592	322,803	932,915	898,298				
Profit for the year	344,999	209,660	59,049	49,000	48,444	79,924				
Total comprehensive income	291,433	253,614	74,130	19,372	49,675	82,146				
Profit allocated to NCI	128,327	112,475	19,057	15,857	23,236	38,336	(123)	(34)	170,497	166,634
Dividend paid to NCI	18,487	23,147	5,860	6,286	18,384	16,023	–	–	42,731	45,456
Net cash (used in)/generated from:										
– operating activities	172,289	(409,906)	67,732	69,884	115,339	125,184				
– investing activities	(1,068,662)	(153,554)	1,640	(11,154)	(72,299)	(54,269)				
– financing activities	715,926	333,713	(34,551)	(33,186)	(81,830)	(47,328)				
Net (decrease)/increase in cash and cash equivalents	(180,447)	(229,747)	34,821	25,544	(38,790)	23,587				

17. INTEREST IN ASSOCIATES AND JOINT VENTURES

	2018 US$'000	2017 US$'000
Share of net assets of associates	1,174,301	1,032,654
Goodwill	14,558	14,433
Amounts due from associates	95	–
	1,188,954	1,047,087
Less: Impairment loss	(37,462)	(37,462)
Interest in associates	1,151,492	1,009,625
Share of net assets of joint ventures	206,565	207,580
Amounts due from joint ventures	422	–
Interest in joint ventures	206,987	207,580
	1,358,479	1,217,205

The market values of the listed investments in associates and joint venture at 30 June 2018 were US$1,312.6 million (2017: US$1,155.9 million) and US$148 million (2017: US$169 million) respectively.

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
Associates				
Hong Leong Financial Group Berhad ("HLFG")	Malaysia	1,147,516,890 shares (RM2,267,008,045)	25	Financial services (Note 1)
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	280,500,000 units (RM290,761,180)	10	Investment in real estate and real estate – related assets (Note 2)
GLM Emerald (Sepang) Sdn Bhd ("GLM Emerald") (formerly known as Vintage Heights Sdn. Bhd.)	Malaysia	140,000,000 shares (RM140,000,000)	21	Property development and operation of an oil palm estate
Joint venture				
EcoWorld International Berhad ("EWI")	Malaysia	2,400,000,000 shares (RM2,592,451,000)	18	Property development (Note 3)

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

Note 2: Tower REIT is listed on the Malaysia Stock Exchange. Its investment portfolio comprises 2 strategically located 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.

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

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

	HLFG		Tower REIT		GLM Emerald		Total	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Non-current assets	N/A	N/A	139,257	131,467	59,547	49,532		
Current assets	N/A	N/A	1,453	2,224	3,740	13,738		
Total assets	56,990,983	50,989,673	140,710	133,691	63,287	63,270		
Non-current liabilities	N/A	N/A	(4,699)	(1,786)	(3,245)	–		
Current liabilities	N/A	N/A	(1,229)	(3,722)	(1,421)	(10,652)		
Total liabilities	(50,383,002)	(45,160,363)	(5,928)	(5,508)	(4,666)	(10,652)		
Non-controlling interests	(2,198,211)	(1,961,594)	–	–	–	–		
Net assets	4,409,770	3,867,716	134,782	128,183	58,621	52,618		
Group's share of net assets	1,118,727	981,212	29,193	27,765	26,381	23,677		
Goodwill	12,092	12,092	–	–	2,466	2,341		
Amounts due from associates	–	–	–	–	95	–		
Impairment loss	(37,462)	(37,462)	–	–	–	–		
Group's carrying amount	1,093,357	955,842	29,193	27,765	28,942	26,018		
Revenue	1,603,791	1,467,276	7,106	8,201	–	89,814		
Profit for the year	469,250	350,010	3,864	4,058	3,237	68,813		
Other comprehensive income	(62,644)	45,897	5,552	(2,344)	2,584	(1,087)		
Total comprehensive income	406,606	395,907	9,416	1,714	5,821	67,726		
Carrying amount of interest in associates at the beginning of the year	955,842	940,012	27,765	28,950	26,018	27,434		
Total comprehensive income attributable to the Group	103,150	100,659	2,040	879	2,619	30,966		
Dividends received during the year	(28,647)	(25,697)	(896)	(979)	–	(31,321)		
Advance to/(repayment from) an associate	–	–	–	–	95	(20)		
Exchange adjustments	63,012	(59,132)	284	(1,085)	210	(1,041)		
Carrying amount of interest in associates at the end of the year	1,093,357	955,842	29,193	27,765	28,942	26,018	1,151,492	1,009,625

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

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

	EWI		Other immaterial joint ventures		Total	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Non-current assets	412,698	225,705				
Current assets	177,372	320,896				
Total assets	590,070	546,601				
Non-current liabilities	(63,467)	(444)				
Current liabilities	(7,822)	(15,194)				
Total liabilities	(71,289)	(15,638)				
Non-controlling interests	(3,986)	(1,639)				
Net assets	514,795	529,324				
Group's share of net assets	138,995	142,918				
Goodwill	39,202	38,804				
Group's carrying amount	178,197	181,722	28,790	25,858	206,987	207,580
Loss for the year	(24,825)	(3,874)				
Group's share of total comprehensive income	(5,493)	(1,046)	1,072	900	(4,421)	(146)
Carrying amount of interest in investee at the beginning of the year	181,722	–	25,858	25,992	207,580	25,992
Addition	–	139,330	1,174	–	1,174	139,330
Goodwill	–	38,804	–	–	–	38,804
Total comprehensive income attributable to the Group	(5,493)	(1,046)	1,072	900	(4,421)	(146)
Advance to joint ventures	–	–	422	–	422	–
Exchange adjustments	1,968	4,634	264	(1,034)	2,232	3,600
Carrying amount of interest in investee at the end of the year	178,197	181,722	28,790	25,858	206,987	207,580

18. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the financial year ended 30 June 2017, the Group acquired an additional 0.3% interest in GL for US$2.3 million in cash, increasing its ownership from 67.3% to 67.6%. The Group recognised a decrease in non-controlling interests of US$3.2 million and an increase in total equity attributable to equity shareholders of the Company of US$0.9 million.

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

	US$'000
Group's ownership interest at 1 July 2016	724,068
Effect of increase in Group's ownership interest	3,170
Share of total comprehensive income	(1,164)
Group's ownership interest at 30 June 2017	726,074

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 US$'000	2017 US$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	1,738,523	1,797,966
– Outside Hong Kong	–	368
Unlisted	24,162	24,451
	1,762,685	1,822,785
Club and other debentures	308	309
Investment in a partnership	32,400	29,700
	1,795,393	1,852,794

At the end of the reporting period, an unlisted available-for-sale financial asset was measured at cost as the directors of the Company are of the opinion that its fair value cannot be measured reliably. An impairment loss was recognised as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset during the year ended 30 June 2017.

20. GOODWILL

	2018 US$'000	2017 US$'000
Cost:		
At 1 July	138,196	143,342
Additions through acquisition of subsidiaries (note 33(a))	42,040	–
Exchange adjustments	2,371	(5,146)
At 30 June	182,607	138,196

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

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

	GuocoLand		Rank	
	2018	2017	2018	2017
Long term growth rate	4%	4%	2%	2%
Discount rate	9%	7%	10%	8%

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 2018 and 30 June 2017 indicated no impairment loss was necessary.

21. DEVELOPMENT PROPERTIES

	2018 US$'000	2017 US$'000
Cost	3,023,172	3,253,581
Less: Impairment loss	(5,115)	(4,855)
Progress instalments received and receivable	(733,023)	(940,756)
Transfer to properties held for sale	(594,034)	(9,246)
	1,691,000	2,298,724

The carrying amounts of development properties were written down based on their estimated selling prices.

Certain of the Group's development properties with an aggregate book value of US$1,231.6 million (2017: US$1,889.8 million) were pledged for bank loans and mortgage debenture stock.

22. PROPERTIES HELD FOR SALE

	2018 US$'000	2017 US$'000
At 1 July	481,428	758,000
Additions	66,682	5,881
Transfer from development properties	594,034	9,246
Disposal of a subsidiary (note 33(b))	(1,265)	–
Disposals	(405,637)	(268,898)
Impairment loss recognised	–	(3,485)
	735,242	500,744
Exchange adjustments	11,295	(19,316)
At 30 June	746,537	481,428

23. DEPOSITS FOR LAND

The deposits for land of US$339.1 million as at 30 June 2017 were related to the progressive payment made during the year then ended for the acquisition of four land parcels within Yuzhong District of Chongqing, the People's Republic of China. The Group has taken possession of the land from the Land Resources and Housing Management Bureau of Chongqing Municipality during the year ended 30 June 2018.

24. TRADE AND OTHER RECEIVABLES

	2018 US$'000	2017 US$'000
Trade debtors	198,569	115,246
Accrued receivables for sales consideration not yet billed on completed development properties	143,901	30,710
Other receivables, deposits and prepayments	161,547	149,447
Derivative financial instruments, at fair value	22,197	12,133
Interest receivables	10,697	9,240
	536,911	316,776

Included in the Group's trade and other receivables is US$6.5 million (2017: US$13.1 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:

	2018 US$'000	2017 US$'000
Within 1 month	186,220	85,191
1 to 3 months	10,367	24,724
More than 3 months	1,982	5,331
	198,569	115,246

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2018 and 2017 are not significant.

24. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	2018 US$'000	2017 US$'000
Neither past due nor impaired	179,929	102,764
Less than 1 month past due	7,865	8,490
1 to 3 months past due	9,309	2,616
More than 3 months past due	1,466	1,376
	18,640	12,482
	198,569	115,246

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over the receivables balances.

25. TRADING FINANCIAL ASSETS

	2018 US$'000	2017 US$'000
Debt securities		
Listed (at market value)		
– In Hong Kong	–	8,206
– Outside Hong Kong	–	15,024
	–	23,230
Equity securities		
Listed (at market value)		
– In Hong Kong	817,339	635,845
– Outside Hong Kong	831,430	823,244
	1,648,769	1,459,089
Unlisted convertible promissory note		
– Outside Hong Kong	10,000	–
	1,658,769	1,482,319

26. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalent comprise:

	2018 US$'000	2017 US$'000
Deposits with banks	2,253,048	2,716,888
Cash at bank and in hand	277,852	511,739
Cash and short term funds in the consolidated statement of financial position	2,530,900	3,228,627
Fixed deposits with maturity over three months	(585,004)	(1,039,516)
Cash collaterals (note)	(10,573)	(9,120)
Cash and cash equivalents in the consolidated statement of cash flows	1,935,323	2,179,991

Note: Cash collaterals comprised deposits of US$10.6 million (2017: US$9.1 million) as at 30 June 2018 pledged with financial institutions in Singapore for bank loans.

26. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION (cont'd)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings and interest payable US$'000	Amount due to non-controlling interests US$'000	Total US$'000
At 1 July 2017	4,786,645	229,842	5,016,487
Changes from financing cash flows:			
Net repayment of bank loans and other borrowings	(11,968)	–	(11,968)
Loans from non-controlling interests of subsidiaries	–	54,722	54,722
Interest paid	(160,532)	–	(160,532)
Total changes from financing cash flows	(172,500)	54,722	(117,778)
Exchange adjustments	46,136	3,337	49,473
Other changes:			
Capitalisation of shareholder's loans from non-controlling interests	–	(9,979)	(9,979)
Total borrowing costs (note 7(a))	106,315	–	106,315
Capitalised borrowing costs (note 7(a))	40,570	13,982	54,552
Amortisation of upfront fee	4,110	–	4,110
Total other changes	150,995	4,003	154,998
At 30 June 2018	4,811,276	291,904	5,103,180

27. ASSETS HELD FOR SALE

	2018 US$'000	2017 US$'000
Other property, plant and equipment	–	8,781
Intangible assets	31,653	–
	31,653	8,781

During the year ended 30 June 2018, GL discontinued its gaming operations. Accordingly, the casino licence of its gaming segment is presented as assets held for sale as at 30 June 2018.

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

On 23 February 2017, a compulsory purchase notice was served by the United Kingdom Department for Transport on a Thistle brand hotel due to expropriation of land for the future construction of a high speed railway line in London. The General Vesting Declaration ("GVD"), a notice that gives a local authority the right to take over the ownership of land, was issued on 21 July 2017 for completion of the land transfer by 30 October 2017. As at 30 June 2017, the hotel asset was reclassified under assets held for sale following the issuance of the GVD.

28. TRADE AND OTHER PAYABLES

	2018 US$'000	2017 US$'000
Trade creditors	101,043	80,077
Other payables and accrued operating expenses	554,101	1,235,080
Derivative financial instruments, at fair value	23,188	34,262
Amounts due to fellow subsidiaries	19,300	21,333
Amounts due to associates	34	32
	697,666	1,370,784

Included in trade and other payables is US$99.3 million (2017: US$87.3 million) which is expected to be payable after one year.

28. 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:

	2018 US$'000	2017 US$'000
Within 1 month	97,086	70,579
1 to 3 months	2,128	5,989
More than 3 months	1,829	3,509
	101,043	80,077

(b) Other payables and accrued operating expenses

	2018 US$'000	2017 US$'000
Accrued operating expenses	225,970	293,624
Real estate tax payable	2,656	2,652
Social security and gaming and other taxation	49,506	80,519
Interest payables	12,305	26,003
Deposits received	70,381	58,568
Accruals for above market property rentals on the acquired subsidiary	44,155	45,065
Progress billings on properties	11,449	31
Pre-sales deposits received in advance	17,349	654,565
Contingent cash consideration for acquisition of subsidiary	31,583	–
Others	88,747	74,053
	554,101	1,235,080

(c) The amounts due to fellow subsidiaries and associates are unsecured, interest free and have no fixed repayment terms.

29. BANK LOANS AND OTHER BORROWINGS

	2018			2017		
	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	980,927	1,635,480	2,616,407	1,154,966	858,568	2,013,534
– Unsecured	294,610	996,663	1,291,273	477,642	726,711	1,204,353
	1,275,537	2,632,143	3,907,680	1,632,608	1,585,279	3,217,887
Other loans						
– Secured	56,997	–	56,997	40,000	–	40,000
– Unsecured	1,941	7,266	9,207	1,819	9,088	10,907
	58,938	7,266	66,204	41,819	9,088	50,907
Unsecured medium term notes and bonds	146,641	603,413	750,054	674,762	742,674	1,417,436
Secured mortgage debenture stock	–	75,033	75,033	–	74,412	74,412
	1,481,116	3,317,855	4,798,971	2,349,189	2,411,453	4,760,642

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

	2018				2017			
	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000	Bank loans US$'000	Mortgage debenture stock US$'000	Other borrowings US$'000	Total US$'000
Within 1 year or on demand	1,275,537	–	205,579	1,481,116	1,632,608	–	716,581	2,349,189
After 1 year but within 2 years	328,906	–	130,096	459,002	554,010	–	146,805	700,815
After 2 years but within 5 years	2,300,347	75,033	478,849	2,854,229	950,465	74,412	602,456	1,627,333
After 5 years	2,890	–	1,734	4,624	80,804	–	2,501	83,305
	2,632,143	75,033	610,679	3,317,855	1,585,279	74,412	751,762	2,411,453
	3,907,680	75,033	816,258	4,798,971	3,217,887	74,412	1,468,343	4,760,642

29. 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$2,950.1 million (2017: US$1,804.8 million) (note 14);

– legal mortgages on development properties with an aggregate book value of US$1,231.6 million (2017: US$1,889.8 million) (note 21);

– legal mortgages on other property, plant and equipment with an aggregate book value of US$488.3 million (2017: US$483.3 million) (note 14); and

– certain trading financial assets with an aggregate book value of US$529.7 million (2017: US$285.2 million) (note 25).

30. PROVISIONS AND OTHER LIABILITIES

	Pensions US$'000	Property lease US$'000	Others US$'000	Total US$'000
At 1 July 2016	5,650	59,835	8,593	74,078
Provision made/(written back) during the year	6,460	(16,075)	12,823	3,208
Amounts settled or utilised during the year	(4,425)	(9,192)	(9,153)	(22,770)
Exchange adjustments	56	(2,726)	(60)	(2,730)
At 30 June 2017	7,741	31,842	12,203	51,786
Provisions and other liabilities as at 30 June 2017 are disclosed as:				
Current liabilities	–	6,234	7,063	13,297
Non-current liabilities	8,327	25,608	5,140	39,075
Non-current assets	(586)	–	–	(586)
	7,741	31,842	12,203	51,786
At 1 July 2017	7,741	31,842	12,203	51,786
Provision (written back)/made during the year	(6,558)	18,632	(33)	12,041
Amounts settled or utilised during the year	(4,869)	(3,112)	(4,640)	(12,621)
Exchange adjustments	130	(7)	158	281
At 30 June 2018	(3,556)	47,355	7,688	51,487
Provisions and other liabilities as at 30 June 2018 are disclosed as:				
Current liabilities	–	8,171	2,680	10,851
Non-current liabilities	7,826	39,184	5,008	52,018
Non-current assets	(11,382)	–	–	(11,382)
	(3,556)	47,355	7,688	51,487

31. 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 2016	(16,138)	25,078	(35,238)	(2,605)	–	(14,863)	43,538	(228)
(Credited)/charged to consolidated income statement	(67)	(1,942)	(39,224)	126	20,270	2,181	10,544	(8,112)
(Credited)/charged to other comprehensive income	–	–	(35)	475	–	–	(598)	(158)
	(16,205)	23,136	(74,497)	(2,004)	20,270	(12,682)	53,484	(8,498)
Exchange adjustments	521	(823)	(557)	109	52	1,324	(1,469)	(843)
At 30 June 2017	(15,684)	22,313	(75,054)	(1,895)	20,322	(11,358)	52,015	(9,341)
At 1 July 2017	(15,684)	22,313	(75,054)	(1,895)	20,322	(11,358)	52,015	(9,341)
Additions through acquisition of subsidiaries (note 33(a))	–	–	–	–	–	–	6,862	6,862
(Credited)/charged to consolidated income statement	(56)	(3,493)	82,105	518	(1,823)	5,364	21,208	103,823
Charged to other comprehensive income	–	–	–	687	–	–	1,107	1,794
	(15,740)	18,820	7,051	(690)	18,499	(5,994)	81,192	103,138
Exchange adjustments	(102)	350	(510)	(36)	(114)	(24)	380	(56)
At 30 June 2018	(15,842)	19,170	6,541	(726)	18,385	(6,018)	81,572	103,082

31. DEFERRED TAXATION (cont'd)

(a) Deferred tax assets and liabilities recognised (cont'd)

	2018 US$'000	2017 US$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(20,095)	(89,937)
Net deferred tax liabilities recognised in the consolidated statement of financial position	123,177	80,596
	103,082	(9,341)

(b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2018 US$'000	2017 US$'000
Deductible temporary differences	43,725	52,594
Tax losses	1,766,839	1,755,156
	1,810,564	1,807,750

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 2018, the temporary differences relating to the undistributed profits of subsidiaries amounted to US$114.0 million (2017: US$267.4 million). Deferred tax liabilities of US$11.4 million (2017: US$26.7 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.

32. 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 2016	164,526	10,493	3,556,681	3,731,700
Final dividend paid in respect of prior year	–	–	(127,288)	(127,288)
Interim dividend paid in respect of current year	–	–	(42,365)	(42,365)
Total comprehensive income for the year – Profit for the year	–	–	196,561	196,561
At 30 June 2017	164,526	10,493	3,583,589	3,758,608
At 1 July 2017	164,526	10,493	3,583,589	3,758,608
Final dividend paid in respect of prior year	–	–	(126,340)	(126,340)
Interim dividend paid in respect of current year	–	–	(41,928)	(41,928)
Total comprehensive income for the year – Profit for the year	–	–	172,797	172,797
At 30 June 2018	164,526	10,493	3,588,118	3,763,137

(b) Nature and purpose of reserves of the Group

(i) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The purchase consideration for issued shares of the subsidiaries acquired for the purpose of satisfying outstanding share options granted by the subsidiaries is included in the capital reserve. It also comprises statutory and regulatory reserves maintained by HLFG's banking subsidiary companies in Malaysia and Vietnam.

32. SHARE CAPITAL AND RESERVES (cont'd)

(b) Nature and purpose of reserves of the Group (cont'd)

(iii) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

The contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iv) The ESOS reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

(v) The share option reserve comprises the cumulative value of employee services received for the issue of share options.

(vi) The exchange translation reserve comprises:

(a) the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.

(b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries and associates.

(vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of available-for-sale financial assets.

(viii) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ix) Revaluation reserve comprises increase in fair value of other property, plant and equipment and development properties from acquired subsidiaries.

(x) Distributable reserves of the Company at 30 June 2018 amounted to US$3,558,637,000 (2017: US$3,554,154,000).

32. SHARE CAPITAL AND RESERVES (cont'd)

(c) Share capital

	2018		2017	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Authorised:				
Ordinary shares of US$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2018, 4,026,862 (2017: 4,026,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

On 21 May 2018, the Group acquired 100 per cent of the issued share capital of QSB Gaming Limited and its subsidiaries ('YoBingo') for an initial consideration of EUR23.1 million (approximately US$26.5 million). Of the initial consideration, EUR21.1 million (approximately US$24.3 million) was paid in cash on completion and EUR2.0 million (approximately US$2.2 million) is deferred for 24 months. Further contingent consideration will also be paid in cash, subject to 2018 calendar year performance, up to a total consideration cap of EUR52.0 million (approximately US$60.6 million).

YoBingo.es is a leading digital bingo business in the high growth regulated Spanish gaming market. The acquisition provides the Group with a nationally recognised brand, an established customer base and a proprietary platform including bingo, roulette and video bingo content for the Spanish market. The acquisition also provides the potential to accelerate the multi-channel strategy of Rank's established Enracha brand and operate in other regulated markets.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. The amounts disclosed are provisional due to the proximity of the acquisition to the Group's year-end and the completion account process, outlined by the sale and purchase agreement, extending beyond the finalisation of these financial statements. The accounting will be completed within the 12-month measurement period permitted by HKFRS 3 Business Combinations.

	2018 US$'000
Net assets acquired:	
Property, plant and equipment	45
Intangible assets	19,652
Trade and other receivables	1,853
Cash and short term funds	2,506
Trade and other payables	(1,226)
Taxation	(561)
Deferred tax liabilities	(6,862)
Net assets acquired	15,407
Goodwill arising from acquisition	42,040
Total consideration paid	57,447
Satisfied by:	
Cash consideration paid	24,282
Deferred cash consideration	2,224
Contingent cash consideration	30,829
Estimated completion account adjustment	112
	57,447

The contingent consideration is determined based on a multiple of adjusted earning before interest, tax, depreciation and amortisation ("EBITDA") for the year ended 31 December 2018, less an amount of EUR21.0 million (approximately US$24.5 million). The range of outcomes, on an undiscounted basis, is between nil and EUR28.9 million (approximately US$33.7 million) such that the maximum total consideration payable cannot exceed EUR52.0 million (approximately US$60.6 million). The contingent consideration is expected to be paid in the first half of calendar year 2019 following completion of the process to prepare, review and agree adjusted EBITDA.

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:

	2018 US$'000
Cash consideration paid	(24,282)
Cash and short term funds acquired	2,506
Net cash outflow in respect of acquisition of subsidiaries	(21,776)

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Disposal of a subsidiary

During the year, the Group disposed its investment in a subsidiary, Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd ("TJZX"), for a consideration of RMB581.4 million (approximately US$86.9 million). The consideration was set off against an equivalent amount of debts owing by a subsidiary of the Group to TJZX, by way of novation of the debts to the buyer.

The cash flows and net assets relating to the subsidiary disposed are summarised as follows:

	2018 US$'000
Net assets disposed of:	
Property, plant and equipment	1
Properties held for sale	1,265
Other net current receivables	7,489
Amount owing by a wholly-owned subsidiary of the Group	79,956
Cash and short term funds	6,927
Net assets disposed of	95,638
Realisation of translation reserve	(9,108)
Net gain on disposal of a subsidiary	353
Total consideration	86,883
Less: Cash balances of subsidiary disposed	(6,927)
Less: Novation of amount owing by a wholly-owned subsidiary of the Group	(79,956)
Net cash inflow in respect of disposal of a subsidiary	–

(c) Issuance of perpetual securities by a subsidiary

During the year, a wholly owned subsidiary of GuocoLand issued subordinated perpetual securities (the "Perpetual Securities") with an aggregate principal amount of S$400 million (approximately US$293.5 million). Transaction costs incurred amounting to S$2.8 million (approximately US$2.1 million) were recognised in equity as a deduction from the proceeds.

The Perpetual Securities bear distributions at a rate of 4.6% per annum for the period from 23 January 2018 to 22 January 2025. Distributions are cumulative and payable semi-annually at the option of GuocoLand.

The Perpetual Securities have no fixed maturity and are redeemable at the option of GuocoLand on or after 23 January 2023 at their principal amount together with any unpaid distributions.

34. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group has several defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the schemes.

These defined benefit pension schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The plans are funded by contributions from the Group's subsidiaries in accordance with the schedule of contributions between the trustees and the Group's subsidiaries following each triennial actuarial valuation carried out by independent actuaries, using the projected unit credit method. The latest independent actuarial valuations of the plans in United Kingdom were at 1 May 2017 and were prepared by qualified staff of Aon Hewitt Limited, who are members of the Institute and Faculty of Actuaries. The latest independent actuarial valuations of the plans in New Zealand were at 31 March 2018 and were prepared by qualified staff of MCA NZ Limited, who are fellow members of the New Zealand Society of Actuaries. The actuarial valuations indicate that the Group's combined obligations under these defined benefit retirement plans are 107.4% (2017: 98.3%) covered by the plan assets held by the trustees.

The amounts recognised in the consolidated statement of financial position are as follows:

	2018 US$'000	2017 US$'000
Present value of funded obligations	120,560	130,796
Less: Fair value of plan assets	(129,451)	(128,547)
Present value of net (surplus)/obligations of funded plans	(8,891)	2,249
Present value of unfunded obligations	5,335	5,492
Net (assets)/liabilities in the consolidated statement of financial position	(3,556)	7,741

A portion of the above net (assets)/liabilities is expected to be (recovered)/settled after more than one year. However, it is not practicable to segregate this amount from the amounts (receivable)/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.

(i) Changes in the present value of the defined benefit obligation are as follows:

	2018 US$'000	2017 US$'000
At 1 July	130,796	129,192
Current service cost	278	279
Interest cost	3,540	3,662
Actuarial (gains)/losses	(9,026)	7,806
Benefits paid	(6,806)	(5,846)
Exchange differences	1,778	(4,297)
At 30 June	120,560	130,796

34. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(ii) Changes in the fair value of plan assets are as follows:

	2018 US$'000	2017 US$'000
At 1 July	(128,547)	(128,551)
Contributions from the Group	(4,776)	(4,353)
Benefits paid	6,806	5,846
Actuarial gains	(1,206)	(6,012)
Exchange differences	(1,728)	4,523
At 30 June	(129,451)	(128,547)

(iii) Movements in the net (assets)/liabilities for defined benefit pension scheme recognised in the consolidated statement of financial position are as follows:

	2018 US$'000	2017 US$'000
At 1 July	2,249	641
Contributions paid	(4,776)	(4,353)
Expense recognised in profit or loss	496	220
(Incomes)/expenses recognised in other comprehensive income	(6,910)	5,515
Exchange differences	50	226
At 30 June	(8,891)	2,249

(iv) Expenses/(income) recognised in consolidated income statement and consolidated statement of comprehensive income are as follows:

	2018 US$'000	2017 US$'000
Current service costs	213	279
Net interest expense/(income) on obligation	104	(59)
Net actuarial (gains)/losses recognised	(6,731)	6,240
	(6,414)	6,460

34. EMPLOYEE RETIREMENT BENEFITS (cont'd)

(a) Defined benefit retirement plans (cont'd)

(v) Plan assets comprise of:

	2018 US$'000	2017 US$'000
Equity/Diversified growth fund	68,640	68,490
Bond	60,589	59,690
Cash	222	367
	129,451	128,547

(vi) Principal actuarial assumptions as at the reporting date (expressed as weighted averages) are as follows:

	2018	2017
Discount rate	2.85% to 3.00%	2.65% to 4.00%
Rates of increase to pensions in payment		
– Retail Price Index maximum 5% per annum	3.00%	3.05%
– Consumer Price Index maximum 3% per annum	1.80%	1.85%
– Consumer Price Index maximum 2.5% per annum	1.65%	1.70%
Rate of increase in salaries	3.60%	3.70%

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
2018		
Discount rate (1% movement)	(20,313)	20,333
Rate of increase to pensions in payment (1% movement)	5,164	(5,164)
Rate of increase in salaries (1% movement)	132	(132)
Future mortality (1% movement)	4,096	(3,973)
2017		
Discount rate (1% movement)	(20,994)	20,994
Rate of increase to pensions in payment (1% movement)	5,624	(5,624)
Rate of increase in salaries (1% movement)	130	(130)
Future mortality (1% movement)	(4,692)	4,692

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.

34. 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 2018, Rank's commitment was US$5.3 million (2017: US$5.5 million). Rank paid US$0.1 million (2017: US$0.7 million) in pension payments during the year. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in the year, was US$0.2 million (2017: US$0.7 million) after taxation.

Assumptions used to determine the obligations at:

	2018	2017
Discount rate per annum	2.7%	2.6%
Pension increases per annum	3.2%	3.3%

The obligation has been calculated using the S1 mortality tables with a 1.5% per annum improvement in life expectancy.

(b) Defined contribution retirement plans

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

Subsidiaries in Singapore operate a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 7.5 percent to 17 percent of employees' monthly salaries and is expensed as incurred.

During the year, the Group's cost incurred on employees pension schemes were US$12,529,000 (2017: US$11,672,000) and forfeited contributions in the amount of US$75,000 (2017: US$3,000) were used to reduce current year's contributions.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are managed by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risks are primarily attributable to bank deposits, debt securities, derivative financial instruments and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's bank deposits are only deposited in and debt securities are only purchased from counterparties which have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparties and countries to manage concentration risk.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(a) Credit risk (cont'd)

The Group's credit exposure in the property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group does not hold any collateral over the receivables balances.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

(b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

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:

	2018 Contractual undiscounted cash flow						2017 Contractual undiscounted cash flow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2018 US$'000	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 30 June 2017 US$'000
Non-derivative financial liabilities												
Bank loans and other loans	(1,409,292)	(576,671)	(2,222,667)	(4,666)	(4,213,296)	(3,973,884)	(1,738,866)	(585,893)	(993,659)	(84,172)	(3,402,590)	(3,268,794)
Unsecured medium term notes and bonds	(173,674)	(151,218)	(508,531)	–	(833,423)	(750,054)	(746,484)	(171,958)	(527,801)	(126,457)	(1,572,700)	(1,417,436)
Secured mortgage debenture stock	(5,741)	(5,741)	(84,404)	–	(95,886)	(75,033)	(5,662)	(5,662)	(88,906)	–	(100,230)	(74,412)
Trade and other payables	(461,505)	(46,841)	(31,749)	(20,717)	(560,812)	(560,812)	(466,168)	(42,728)	(27,143)	(23,138)	(559,177)	(553,721)
	(2,050,212)	(780,471)	(2,847,351)	(25,383)	(5,703,417)	(5,359,783)	(2,957,180)	(806,241)	(1,637,509)	(233,767)	(5,634,697)	(5,314,363)
Derivative financial liabilities												
Derivatives settled net:												
Interest rate swaps	(11,112)	(9,534)	(13,481)	–	(34,127)		(7,950)	(7,935)	(12,428)	–	(28,313)	
Derivatives settled gross:												
Forward foreign exchange contracts												
– outflows	(1,079,602)	–	–	–	(1,079,602)		(1,208,979)	–	–	–	(1,208,979)	
– inflows	1,077,799	–	–	–	1,077,799		1,200,193	–	–	–	1,200,193	
	(12,915)	(9,534)	(13,481)	–	(35,930)		(16,736)	(7,935)	(12,428)	–	(37,099)	

35. 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 2018, the Group had interest rate swaps with outstanding notional amount of US$181.7 million (2017: US$345.0 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.

	2018		2017	
	Effective interest rate	US$'000	Effective interest rate	US$'000
Floating rate financial liabilities				
Bank loans and other borrowings	0.504% to 7.45%	(3,946,605)	0.98% to 4.75%	(3,087,264)
		(3,946,605)		(3,087,264)
Fixed rate financial assets/(liabilities)				
Deposits with banks	0.15% to 5.10%	2,253,048	0.001% to 5.20%	2,716,888
Debt securities	–	–	2.25% to 2.50%	23,230
Bank loans and other borrowings	2.65% to 7.88%	(852,366)	3.07% to 7.88%	(1,673,378)
		1,400,682		1,066,740
Total		(2,545,923)		(2,020,524)

(ii) Sensitivity analysis

At 30 June 2018, it is estimated that a general increase/decrease of 50 to 75 basis points (2017: 25 to 117 basis points) in interest rates for the Group's various currencies, mainly United States dollars, Pound sterling, Hong Kong dollars and Singapore dollars, with all other variables held constant, would have decreased/increased the Group's profit and total equity by approximately US$11.7 million (2017: decreased/increased of US$4.7 million). This takes into account the effect of interest earning bank deposits and interest bearing bank loans and other borrowings as at 30 June 2018.

The sensitivity analysis above indicates the instantaneous change in the Group's profit and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as for 2017.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk

Structural foreign currency positions arise mainly on overseas investments in Singapore, Malaysia, China and United Kingdom. Currency exposure to these overseas investments is managed primarily at the Group level with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations.

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

(i) Exposure to foreign currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of interest in subsidiaries are excluded.

	2018					2017				
	Japenese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000	Japenese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000
Available-for-sale financial assets	–	–	–	–	–	–	–	–	1,581	–
Trade and other receivables	571	106,670	2	1,280	7	561,128	276,763	2,003	259	664
Trading financial assets	34,911,757	–	204,276	136,096	13,690	17,517,476	–	285,349	133,159	112,782
Cash and short term funds	313,830	4,974,419	7,754	1,157	1,248	14,361,338	3,968,373	14,568	3,663	710
Trade and other payables	(111,993)	(236,563)	–	(2)	(46)	(1,902)	(5,745,668)	–	(2)	(18)
Bank loans and other borrowings	(20,000,000)	(409,563)	–	–	–	(20,000,000)	–	–	–	–
Gross exposure arising from recognised assets and liabilities	15,114,165	4,434,963	212,032	138,531	14,899	12,438,040	(1,500,532)	301,920	138,660	114,138
Notional amounts of forward exchange contracts at fair value through profit or loss	(17,353,756)	395,170	(187,149)	(137,000)	(85,489)	(7,686,043)	(745,472)	(257,449)	(205,000)	(100,118)
Overall net exposure	(2,239,591)	4,830,133	24,883	1,531	(70,590)	4,751,997	(2,246,004)	44,471	(66,340)	14,020

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (cont'd)

(d) Foreign currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2018			2017		
	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000	Increase in foreign exchange rates	Effect on profit US$'000	Effect on other components of equity US$'000
Japanese yen	3%	794	–	2%	516	–
Renminbi	3%	19,869	–	3%	(8,387)	–
Pound sterling	6%	1,820	–	2%	1,275	–
Malaysian ringgit	4%	(29)	–	1%	(168)	4
Singapore dollars	3%	(1,621)	–	2%	533	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit and total equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis as for 2017.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 25) and available-for-sale equity securities (see note 19).

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth. Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee, who will take appropriate actions when required.

At 30 June 2018, it is estimated that an increase/decrease of 4% to 22% (2017: 5% to 20%) in the market value of the Group's global listed trading securities and available-for-sale equity securities, with all other variables held constant, would have increased/decreased the Group's profit and total equity by US$241.4 million (2017: US$228.9 million) and US$266.9 million (2017: US$325.4 million) respectively. It is assumed that none of the available-for-sale investments would be considered impaired as a result of relevant risk variables. The analysis is performed on the same basis as for 2017.

35. 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.

	2018				2017			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements								
Assets								
Available-for-sale financial assets:								
– Listed	1,738,523	–	–	1,738,523	1,798,334	–	–	1,798,334
– Unlisted	–	32,400	24,470	56,870	–	29,700	24,760	54,460
Trading financial assets:								
– Listed	1,648,769	–	–	1,648,769	1,459,089	23,230	–	1,482,319
– Unlisted	–	10,000	–	10,000	–	–	–	–
Derivative financial instruments:								
– Interest rate swaps	–	–	–	–	–	28	–	28
– Forward exchange contracts	–	17,918	–	17,918	–	11,458	–	11,458
– Equity options	–	4,279	–	4,279	–	637	–	637
– Currency options	–	–	–	–	–	10	–	10
	3,387,292	64,597	24,470	3,476,359	3,257,423	65,063	24,760	3,347,246
Liabilities								
Derivative financial instruments:								
– Interest rate swaps	–	4,270	–	4,270	–	8,128	–	8,128
– Forward exchange contracts	–	14,938	–	14,938	–	13,961	–	13,961
– Equity options	–	3,980	–	3,980	–	12,173	–	12,173
	–	23,188	–	23,188	–	34,262	–	34,262

35. 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 2018 and 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

Information about Level 3 fair value measurements

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

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

	2018 US$'000	2017 US$'000
Unlisted available-for-sale financial assets:		
At 1 July	24,760	34,464
Payment for purchases	–	2,265
Disposals	–	(2,568)
Net unrealised losses recognised in other comprehensive income during the year	(164)	(1,289)
Impairment loss	–	(7,711)
Redemption of cost	–	(249)
Exchange adjustments	(126)	(152)
At 30 June	24,470	24,760
Total gains or losses for the year reclassified from consolidated other comprehensive income on disposal	–	167

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

35. 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 2018 and 30 June 2017.

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The fair value of the mortgage debenture stock at 30 June 2018 is estimated to be US$88.2 million (2017: US$89.0 million) and is classified within Level 2 of the fair value hierarchy. The interest rate used to discount estimated cash flows at the reporting date was 1.59% (2017: 2.25%).

(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.

36. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the total equity attributable to equity shareholders of the Company to net debt. Net debt comprises total borrowings less cash and short term funds and trading financial assets.

The equity-debt ratio at the end of the reporting period is as follows:

	2018 US$'000	2017 US$'000
Bank loans	3,907,680	3,217,887
Mortgage debenture stock	75,033	74,412
Other borrowings	816,258	1,468,343
Total borrowings	4,798,971	4,760,642
Less: Cash and short term funds	(2,530,900)	(3,228,627)
Trading financial assets	(1,658,769)	(1,482,319)
Net debt	609,302	49,696
Total equity attributable to equity shareholders of the Company	8,344,386	7,934,057
Equity-debt ratio	93:7	99:1

37. COMMITMENTS

(a) Operating lease arrangements

(i) As lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2018 US$'000	2017 US$'000
Within 1 year	127,343	141,419
After 1 year but within 5 years	466,742	487,941
After 5 years	1,181,335	1,180,823
	1,775,420	1,810,183

The Group leases a number of properties, plant and machinery under operating leases. The leases typically run for periods from 1 year to 22 years (2017: 1 year to 23 years), with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

(ii) As lessor

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2018 US$'000	2017 US$'000
Within 1 year	94,291	67,449
After 1 year but within 5 years	214,829	232,368
After 5 years	13,634	29,177
	322,754	328,994

(b) Capital commitments outstanding at year end not provided for in the financial statements

	2018 US$'000	2017 US$'000
Authorised and contracted for	13,378	30,488
Authorised but not contracted for	86,017	278,794
	99,395	309,282

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$177.5 million (2017: US$129.6 million); in respect of purchase of land was US$508.0 million (2017: US$214.7 million).

(c) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2018 and 30 June 2017.

38. CONTINGENT LIABILITIES

(a) GuocoLand

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

(b) Rank

Property leases

Concurrent to the GBP211 million (approximately US$278 million) sale and leaseback in 2006, Rank transferred the rights and obligations but not the legal titles of 44 property leases to a third party. Rank remains potentially liable in the event of default by the third party. Should default occur then Rank would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 8 of these have not expired or been surrendered. These 8 leases have durations of between 8 months and 95 years and a current annual rental obligation (net of sub-let income) of approximately GBP0.8 million (approximately US$1.0 million).

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

39. 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

	2018 US$'000	2017 US$'000
Interest income	1,119	1,361

39. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(a) Banking transactions (cont'd)

(ii) Balance as at 30 June

	2018 US$'000	2017 US$'000
Deposits	32,204	31,201

(b) Management fees

On 7 July 2017, the Company entered into two master services agreements with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the year ended 30 June 2018 amounted to US$618,000 (2017: US$5,425,000) and US$19,168,000 (2017: US$16,744,000) respectively.

On 7 July 2017, the Company entered into a master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2017 to 30 June 2020. Total amount paid or provided for in respect of management fees to HLMC for the year ended 30 June 2018 amounted to US$1,048,000 (2017: US$86,000).

The previous master services agreements entered into between the Company and the subsidiaries of HLCM expired on 30 June 2017.

(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:

	2018 US$'000	2017 US$'000
Short-term employee benefits	9,684	6,271

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.

40. COMPANY–LEVEL STATEMENT OF FINANCIAL POSITION

	2018 US$'000	2017 US$'000
NON-CURRENT ASSETS		
Interest in subsidiaries	3,276,753	2,780,354
Available-for-sale financial assets	203	203
	3,276,956	2,780,557
CURRENT ASSETS		
Trade and other receivables	4,751	7,279
Cash and short term funds	679,080	1,633,723
	683,831	1,641,002
CURRENT LIABILITIES		
Amounts due to subsidiaries	197,051	656,704
Trade and other payables	599	6,247
	197,650	662,951
NET CURRENT ASSETS	486,181	978,051
NET ASSETS	3,763,137	3,758,608
CAPITAL AND RESERVES		
Share capital (note 32)	164,526	164,526
Reserves (note 32)	3,598,611	3,594,082
TOTAL EQUITY	3,763,137	3,758,608

Approved and authorised for issue by the Board of Directors on 3 September 2018

Kwek Leng Hai
Tang Hong Cheong
Directors

41. PRIVATISATION PROPOSAL AND SPECIAL DIVIDEND IN SPECIE

On 29 June 2018, GuoLine Overseas Limited (the "Offeror") requested the board of directors of the Company to put forward to the shareholders of the Company a proposal which involves the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act (the "Scheme") and, subject to the Scheme having become binding and effective in accordance with its terms, the payment by the Company of a special dividend (by way of a distribution in-specie) of up to 291,117,141 ordinary shares in Hong Leong Financial Group Berhad (a company in which the Company has a 25.37% shareholding interest) (the "Distribution", together with the Scheme, the "Proposal") to shareholders of the Company. Upon completion of the Proposal, the Offeror will own 100% of the issued ordinary share capital of the Company, and the Company will, as soon as practicable thereafter, make an application for the withdrawal of the listing of the shares on the Stock Exchange.

For further details of the Proposal, please refer to the joint announcement dated 29 June 2018 issued by the Company and the Offeror (the "Joint Announcement"), the subsequent joint announcement issued by the Company and the Offeror dated 20 July 2018 regarding the extension of time for despatch of Scheme Document to a date not later than 19 October 2018, the announcement issued by the Company dated 23 July 2018 regarding the appointment of Somerley Capital Limited as the independent financial adviser to the independent board committee of the Company.

42. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2018 to be GuoLine Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia. These entities do not produce financial statements available for public use.

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 30 June 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, Financial Instruments	1 January 2018
HKFRS 15, Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2, Share-based payment: – Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKAS 40, Investment property: – Transfers of investment property	1 January 2018
HK(IFRIC) 22 – Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16, Leases	1 January 2019
HK(IFRIC) 23 – Uncertainty over income tax treatments	1 January 2019

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2018 (cont'd)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have certain impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 31 December 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report. The Group does not intend to early adopt any of these amendments or new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 July 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI"):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities for which the Group has the option to irrevocably designate them as FVTOCI on transition to HKFRS 9. The Group plans to elect this designation option for its investments in equity securities held on 1 July 2018. Consequently, these investments will continue to be measured at fair value at each reporting date, with movements in fair value recognised in other comprehensive income and dividend income recognised in profit or loss. However, the adoption of the FVTOCI option will give rise to a change in accounting policy for these investments in respect of the treatment of impairment losses and gains or losses on disposal as under the new policy the fair value gains and losses recognised in other comprehensive income will not be reclassified to profit or loss, even when these investments are impaired or disposed of. This change in policy will have no impact on the Group's net assets and total comprehensive income but will decrease volatility in profit or loss. Upon the initial adoption of HKFRS 9, impairment losses of US$7,711,000 that have been recognised for available-for-sale investments held on 1 July 2018 will be transferred from retained profits to the fair value reserve at 1 July 2018, resulting in an increase in retained profits and a decrease in fair value reserve.

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2018 (cont'd)

HKFRS 9, Financial instruments (cont'd)

(a) Classification and measurement (cont'd)

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12–month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect the impairment calculated using the expected credit loss model to have a significant impact on the financial statements.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2(a). Currently, revenue arising from rental income is recognised over the accounting periods covered by the lease term and income from hotel operations are recognised at the time when the services are provided, whereas revenue from the sale of properties is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

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

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

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2018 (cont'd)

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

Timing of revenue recognition (cont'd)

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

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from rental income from investment properties and income from hotel operations. However, revenue recognition for sales of development properties is expected to be affected as follows:

Sales of properties: currently the Group's property development activities are mainly carried out in Singapore, Malaysia and China. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of relevant jurisdictions, the Group has assessed that its property sales contracts will not meet the criteria for recognising revenue over time and therefore revenue from property sales will continue to be recognised at a point in time. Currently the Group recognises revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the customer. The Group has assessed that under the transfer-of-control approach in the new standard revenue from property sales will generally be recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. This may result in revenue being recognised later than at present.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 July 2018. Since the number of "open" contracts for sales of development properties at 30 June 2018 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

HKFRS 16, Leases

As disclosed in note 2(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 30 JUNE 2018 (cont'd)

HKFRS 16, Leases (cont'd)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease. As disclosed in note 37(a)(i), at 30 June 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to US$1,775,420,000 for properties and other assets respectively, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.