

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2023 comprise the Company and its subsidiaries and the Group’s interest in associates and joint ventures.

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

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

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

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

### (c) Hong Kong dollar amounts

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

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

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

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

##### (i) Sale of properties

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) Revenue recognition (cont'd)

##### (ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

##### (iii) Sales of goods and services

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

##### (iv) Dividends

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

##### (v) Interest income

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

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

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

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

#### (b) Investments

##### (i) Investments in debt and equity securities

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Investments (cont'd)

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

###### *Investments other than equity investments*

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

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

###### *Equity investments*

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

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Investments (cont'd)

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

###### *Non-controlling interests*

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)).

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Investments (cont'd)

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

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, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

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

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

#### (c) Derivative financial instruments and hedging activities

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

##### (i) Cash flow hedges

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (i) Cash flow hedges (cont'd)

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

##### (ii) Hedge of net investments in foreign operations

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

#### (d) Goodwill

Goodwill represents the excess of:

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

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

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

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

#### (e) Intangible assets

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (f) Other property, plant and equipment and depreciation

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

#### (g) Investment property

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

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

#### (h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Leased assets (cont'd)

##### (i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)). The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Leased assets (cont'd)

##### (ii) As a lessor

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

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

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

#### (i) Inventories

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

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

Property development

Cost and net realisable values are determined as follows:

- *Property under development for sale*

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

- *Completed property held for resale*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (i) Inventories (cont'd)

##### Other inventories

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

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

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

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

##### Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(i)), property, plant and equipment (see note 2(f)) or intangible assets (see note 2(e)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Contract assets and contract liabilities

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

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

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

#### (k) Credit losses and impairment of assets

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

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

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

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

##### *Measurement of ECLs*

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

##### *Measurement of ECLs (cont'd)*

ECLs are measured on either of the following bases:

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

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

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

##### *Significant increases in credit risk*

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

*Basis of calculation of interest income*

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

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

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

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

*Write-off policy*

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

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

- (ii) Impairment of other assets

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (ii) Impairment of other assets (cont'd)

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.

#### (l) Interest-bearing borrowings

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (m) Trade and other receivables

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

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

#### (n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

#### (o) Perpetual securities

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 less than three months maturity on acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(k)(i).

#### (q) Income tax

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (q) Income tax (cont'd)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (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 translation 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.

#### (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.

##### (ii) Defined benefit retirement plan obligations

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 the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary 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.

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of "cost of sales", "distribution costs" or "administrative expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Net interest expense (income) for the period is determined 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 end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (s) Employee benefits (cont'd)

##### (ii) Defined benefit retirement plan obligations (cont'd)

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for 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 at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

##### (iii) Share-based payments

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

During the vesting period, the number of share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (u) Financial guarantees issued, provisions and contingent liabilities

##### (i) Financial guarantees issued

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

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

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

##### (ii) Contingent liabilities assumed in business combinations

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

##### (iii) Other provisions and contingent liabilities

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

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

##### (iv) Onerous contracts

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (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 of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

#### (w) Segment reporting

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (x) Government grants

Government grants are recognised initially in the statement of financial position when there is reasonable assurance that they will be received and the Group will comply with the conditions attaching to them. These grants are then recognised in profit or loss as 'other revenue' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other revenue' on a systematic basis in the same period in which the expenses are recognised.

### 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 valuations performed by independent professional valuers. The valuers determine fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuers, management has reviewed the valuation including the assumptions and estimates adopted.

#### (b) Impairment of assets

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

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

The Group's development properties comprise residential properties in the course of development and properties held for sale comprise completed properties in Singapore, Malaysia and China. Development properties and properties held for sale are stated at the lower of their cost and their net realisable value. The determination of the net realisable value 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 net realisable value of a completed property is dependent on the Group's forecast selling price for the property.

#### (d) Income taxes (notes 8 and 34)

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### (e) Defined benefit retirement plan obligations (note 37)

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

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

### 4. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37 – Provisions, contingent liabilities and contingent assets: Onerous Contracts - Cost of Fulfilling a Contract

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 5. TURNOVER AND REVENUE

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

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

	2023 US\$'000	2022 US\$'000
Revenue from sale of properties	956,579	594,883
Revenue from hospitality and leisure	1,170,673	1,040,127
Interest income	50,308	19,011
Dividend income	104,737	74,559
Rental income from properties	122,795	92,779
Revenue from sales of goods	74,936	69,039
Others	9,538	9,515
Revenue	2,489,566	1,899,913
Proceeds from sale of investments in securities	320,900	108,775
Turnover	2,810,466	2,008,688

## NOTES TO THE FINANCIAL STATEMENTS

### 6. OTHER REVENUE AND NET INCOME/(LOSSES)

#### (a) Other revenue

	2023 US\$'000	2022 US\$'000
Sublease income	12,189	13,545
Bass Strait oil and gas royalty	40,713	32,670
Hotel management fee	603	420
Income from forfeiture of deposit from sale of properties	711	5,862
Government grants	48	5,107
Refund on value-added tax claim and related interest	-	110,685
Hotel business interruption insurance claim	23,238	-
Others	1,526	766
	<b>79,028</b>	<b>169,055</b>

#### (b) Other net income/(losses)

	2023 US\$'000	2022 US\$'000
Net realised and unrealised gain/(loss) on trading financial assets	87,977	(107,606)
Net realised and unrealised (loss)/gain on derivative financial instruments	(164)	45,264
Net gain on foreign exchange contracts	22,062	12,190
Other exchange gain/(loss)	1,370	(22,794)
Net losses on disposal of property, plant and equipment	(1,064)	(4,375)
Net loss on disposal of intangible assets	(57)	(1,004)
Provision written back in prior year (note 32)	-	5,713
Gain on disposal of subsidiaries (note 36(b))	-	13,317
Net gains on liquidation of subsidiaries	7,757	-
Additional proceeds from disposal of a subsidiary in prior year	-	11,666
Remeasurement gain on existing interest in other investment (note 36(a))	-	1,710
Others	6,821	5,666
	<b>124,702</b>	<b>(40,253)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 7. PROFIT FOR THE YEAR BEFORE TAXATION

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

#### (a) Finance costs

	2023 US\$'000	2022 US\$'000
Interest on bank loans and other borrowings	198,476	146,517
Interest on lease liabilities	46,606	49,063
Other borrowing costs	9,146	9,062
<b>Total borrowing costs</b>	<b>254,228</b>	<b>204,642</b>
Less: borrowing costs capitalised into:		
- development properties	(27,193)	(23,889)
- investment properties	(29,772)	(35,892)
<b>Total borrowing costs capitalised (note)</b>	<b>(56,965)</b>	<b>(59,781)</b>
	<b>197,263</b>	<b>144,861</b>

Note:

These borrowing costs have been capitalised at rates of 1.90% to 5.63% per annum (2022: 1.02% to 5.08%).

#### (b) Staff cost

	2023 US\$'000	2022 US\$'000
Salaries, wages and other benefits	344,755	307,787
Contributions to defined contribution retirement plans	13,465	12,391
Expenses recognised in respect of defined benefit retirement plans	171	556
Equity-settled share-based payment expenses/(forfeiture)	1,014	(457)
	<b>359,405</b>	<b>320,277</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Other items

	2023 US\$'000	2022 US\$'000
Depreciation		
– other property, plant and equipment	66,142	76,048
– right-of-use assets	36,461	50,142
Net impairment losses recognised		
– other property, plant and equipment (note a & b)	57,039	9,534
– intangible assets (note a & c)	33,464	6,243
– right-of-use assets (note a & b)	45,157	36,239
– goodwill (note c)	7,477	62,054
– Interest in a joint venture (note d)	32,272	–
Amortisation		
– customer relationship, licences and brand names	5,010	13,515
– casino licences and brand names	122	84
– Bass Strait oil and gas royalty	5,770	3,105
– other intangible assets	25,087	28,931
Net write down of development properties and properties held for sale	35,891	–
Cost of inventories recognised in cost of sales	41,958	40,066
Cost of development properties and properties held for sale recognised in cost of sales	739,101	365,164
Expense relating to short-term leases and other leases with remaining lease term ending within one year	506	399
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	–	426
Auditors' remuneration		
– audit services	3,788	3,614
– tax services	129	92
– other services	70	52
Donations	828	620
Gross rental income from investment properties (note 5)	(122,795)	(92,779)
Less: direct outgoings	30,198	22,870
Net rental income	(92,597)	(69,909)
Share of (profits)/losses of associates and joint ventures:		
– associates	(156,175)	(148,167)
– joint ventures	(8,308)	7,420
	(164,483)	(140,747)

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Other items (cont'd)

Notes:

- a. During the year ended 30 June 2023, the Group has factored the continuing risk of COVID-19 into the impairment testing of right-of-use assets, other property, plant and equipment and intangible assets of individual casino venues and clubs. Testing was carried out by allocating the carrying value of these assets to the individual venues and clubs. The recoverable amounts of individual venues and clubs have been calculated with reference to their value-in-use. Value-in-use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the five year period ending 30 June 2027 and are most sensitive to revenue growth, the pre-tax discount rate of 12% to 14% (2022: 11% to 15%) and growth rates of 0% to 2% (2022: 0% to 2%) used to extrapolate cash flow beyond the forecast period.

As a result of the impairment assessment, the Group recognised impairment charges on right-of-use assets of US\$47.9 million (2022: US\$31.8 million), other property, plant and equipment of US\$62.2 million (2022: US\$13.6 million) and intangible assets of US\$33.5 million (2022: US\$17.8 million) due to lower than anticipated performance, a further reduction in forecast earnings and a decision to close a number of clubs and venues during the year.

On the other hand, on the same basis, the Group also recognised reversals of previously impaired right-of-use assets of US\$2.7 million (2022: US\$2.4 million) and other property, plant and equipment of US\$5.2 million (2022: US\$7.0 million) during the year. The reversal in the current year was driven by better than anticipated performance and improved outlook in the Grosvenor venues.

During the year ended 30 June 2022, the Group also recognised reversals of previously impaired intangible assets of US\$19.9 million. The reversal in the prior year was driven by better than anticipated performance and improved outlook in the Grosvenor and Enracha venues.

- b. During the year ended 30 June 2022, the COVID-19 pandemic continued to disrupt the Group's hotel operations which was considered an impairment indicator. The assets (included in other property, plant and equipment and right-of-use assets) of each hotel property have been identified as individual cash generating units ("CGUs") for impairment assessment. The Group estimates the recoverable amount of assets using the value-in-use derived from discounted cash flow projections of the CGUs. The estimation of value-in-use of hotel assets involves the assumption of occupancy rates to be resumed to pre-COVID-19 pandemic level over the next few years, the projection of EBITDA forecasts, long term revenue growth rate of 2% and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 9.6%.

Based on the result of the impairment assessment as at 30 June 2022, a hotel property was written down to its recoverable amount, and accordingly, impairment losses on other property, plant and equipment of US\$2.9 million and right-of-use assets of US\$6.8 million were recognised in the prior year.

- c. During the year ended 30 June 2023, the Group has factored the continued risk of COVID-19 on Manuka Health New Zealand Limited ("Manuka Health") which caused disruptions in transportation and logistics, as well as supply chains globally, which have also adversely impacted the global economy. The recoverable amount of this CGU was based on value-in-use, estimated using discounted cash flows. The pre-tax discount rate of 15% (2022: 14%) was estimated based on the historical industry average weighted-average cost of capital assumptions and the debt structure of the CGU. The cash flow projections included specific estimates for the following five years and a terminal growth rate thereafter. Forecasted revenue was estimated taking into account past experience, adjusted for additional revenue growth opportunities from sales volume and price growth. The terminal growth rate of 2% (2022: 2%) was determined based on management's estimate of the long-term compound annual revenue growth rate which is consistent with the assumptions that a market participant would make.

As a result of the assessment, an impairment loss on goodwill of US\$7.5 million (2022: US\$62.1 million) but no impairment loss on intangible assets (2022: US\$8.3 million) of the CGU was recognised in the year.

- d. During the year, the Group undertook an impairment assessment of its investment in a joint venture and estimated its recoverable amount, taking into consideration the control premium to the fair value of the investment in the joint venture as a whole. Based on the assessment, the Group recognised an impairment loss of US\$32.3 million during the year (2022: Nil), reflecting the prevailing cautious outlook and market conditions in the United Kingdom, where the investment is located.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. TAXATION

(a) Taxation in the consolidated income statement represents:

	2023 US\$'000	2022 US\$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	69	415
Over-provision in respect of prior years	(2)	(2)
	<b>67</b>	<b>413</b>
Current tax - Overseas		
Provision for the year	56,820	57,044
Under-provision in respect of prior years	1,082	6,005
Land appreciation tax	9,668	-
	<b>67,570</b>	<b>63,049</b>
Deferred tax		
Origination and reversal of temporary differences	(40,785)	(16,103)
Effect of changes in tax rate on deferred tax balances	(5,975)	(5,363)
Others	(36)	-
	<b>(46,796)</b>	<b>(21,466)</b>
	<b>20,841</b>	<b>41,996</b>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year ended 30 June 2023. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

Land appreciation tax is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. TAXATION (cont'd)

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

	2023 US\$'000	2022 US\$'000
Profit for the year before tax	488,810	462,710
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	84,543	87,561
Tax effect of non-deductible expenses	25,167	45,293
Tax effect of non-taxable income	(90,630)	(80,111)
Tax effect of unused tax losses not recognised	259	695
Tax effect of utilisation of tax losses not previously recognised	(4,798)	(13,415)
Tax effect of unrecognised deductible temporary differences	564	2,921
Tax effect of changes in tax rate on deferred tax balances	(5,975)	(5,363)
Land appreciation tax	9,668	-
Under-provision in respect of prior years	1,080	6,003
Others	963	(1,588)
Taxation	20,841	41,996

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

The net tax effects relating to the components of other comprehensive income were insignificant for disclosure purpose for the years ended 30 June 2023 and 2022.

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

	2023 US\$'000	2022 US\$'000
Overseas taxation	20,113	19,466
Tax recoverable	20,113	19,466
Hong Kong Profits Tax	4	454
Overseas taxation	35,909	26,362
Tax payable	35,913	26,816

## NOTES TO THE FINANCIAL STATEMENTS

### 9. DIRECTORS' EMOLUMENTS

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

Name	Fees US\$'000	Salaries, allowances and benefits in kind <sup>(1)</sup> US\$'000	Discretionary bonuses US\$'000	Pension contributions US\$'000	Total emoluments US\$'000
<b>2023</b>					
KWEK Leng Hai	– <sup>(2)</sup>	1,587	704	–	2,291
CHEW Seong Aun	– <sup>(2)</sup>	623	277	24	924
KWEK Leng San *	– <sup>(2)</sup>	–	–	–	–
Paul J. BROUGH **	69	–	–	–	69
David M. NORMAN **	61	–	–	–	61
Lester G. HUANG, SBS, JP **	63	–	–	–	63
	<b>193</b>	<b>2,210</b>	<b>981</b>	<b>24</b>	<b>3,408</b>

Name	Fees US\$'000	Salaries, allowances and benefits in kind <sup>(1)</sup> US\$'000	Discretionary bonuses US\$'000	Pension contributions US\$'000	Total emoluments US\$'000
<b>2022</b>					
KWEK Leng Hai	– <sup>(2)</sup>	1,592	707	–	2,299
CHEW Seong Aun	– <sup>(2)</sup>	581	277	22	880
KWEK Leng San *	– <sup>(2)</sup>	–	–	–	–
Roderic N. A. SAGE **	25 <sup>(3)</sup>	–	–	–	25
Paul J. BROUGH **	45 <sup>(4)</sup>	–	–	–	45
David M. NORMAN **	61	–	–	–	61
Lester G. HUANG, SBS, JP **	62 <sup>(5)</sup>	–	–	–	62
	<b>193</b>	<b>2,173</b>	<b>984</b>	<b>22</b>	<b>3,372</b>

Notes:

\* Non-executive director

\*\* Independent non-executive director

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

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

<sup>(3)</sup> Retired as director with effect from 8 November 2021

<sup>(4)</sup> Appointed as independent non-executive director, BARMC Chairman, BRC and BNC member on 8 November 2021

<sup>(5)</sup> Redesignated as BRC Chairman with effect from 8 November 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, two (2022: two) are directors of the Company whose emoluments are disclosed in note 9. The emoluments of the other three (2022: three) individuals are as follows:

	2023 US\$'000	2022 US\$'000
Salaries, allowances and benefits in kind	1,899	2,337
Discretionary bonuses	612	2,212
Share-based payment expenses	-	33
Pension contributions	45	85
Compensation for loss of office	98	-
	<b>2,654</b>	<b>4,667</b>

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

US\$	2023 Number of individuals	2022 Number of individuals
500,001 – 550,000	1	-
700,001 – 750,000	1	-
750,001 – 800,000	-	1
1,000,001 – 1,050,000	-	1
1,350,001 – 1,400,000	1	-
2,800,001 – 2,850,000	-	1
	<b>3</b>	<b>3</b>

### 11. DIVIDENDS

	2023 US\$'000	2022 US\$'000
Dividends payable/paid in respect of the current year:		
- Interim dividend of HK\$0.50 (2022: HK\$0.50) per ordinary share	20,716	20,776
- Proposed final dividend of HK\$2.50 (2022: HK\$1.50) per ordinary share	104,981	62,916
	<b>125,697</b>	<b>83,692</b>
Dividends paid in respect of the prior year:		
- Final dividend of HK\$1.50 (2022: HK\$1.50) per ordinary share	62,217	62,562

The final dividend for the year ended 30 June 2023 of US\$104,981,000 (2022: US\$62,916,000) is calculated based on 329,051,373 ordinary shares (2022: 329,051,373 ordinary shares) in issue as at 30 June 2023.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 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\$433,930,000 (2022: US\$249,863,000) and the weighted average number of 325,224,511 ordinary shares (2022: 325,224,511 ordinary shares) in issue during the year.

#### (b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2023 and 2022.

### 13. SEGMENT REPORTING

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

Segment	Business activities	Operated by
Principal investment:	This segment covers debt, equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia 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 and Spain.	Subsidiaries
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Other segments include royalty entitlement from the Group's Bass Strait's oil and gas production investment and the manufacture, marketing and distribution of health products through Manuka Health New Zealand Limited. None of these segments met any of the quantitative thresholds for determining reportable segments in 2023 or 2022.

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 2021/22.



## NOTES TO THE FINANCIAL STATEMENTS

### 13. SEGMENT REPORTING (cont'd)

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

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

Segment revenue and profit or loss

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Others US\$'000	Total US\$'000
<b>For the year ended 30 June 2023</b>						
Turnover	453,796	1,109,116	1,172,609	-	74,945	2,810,466
Disaggregated by timing of revenue						
- Point in time	132,896	334,124	1,172,609	-	74,945	1,714,574
- Over time	-	774,992	-	-	-	774,992
Revenue from external customers	132,896	1,109,116	1,172,609	-	74,945	2,489,566
Inter-segment revenue	8,805	1,882	-	-	-	10,687
Reportable segment revenue	141,701	1,110,998	1,172,609	-	74,945	2,500,253
Reportable segment operating profit/(loss)	218,591	189,276	(32,176)	-	48,637	424,328
Finance costs	(21,121)	(108,830)	(68,153)	-	(6,806)	(204,910)
Valuation surplus on investment properties	-	104,909	-	-	-	104,909
Share of profits of associates and joint ventures	782	6,482	-	157,219	-	164,483
Profit/(loss) before taxation	198,252	191,837	(100,329)	157,219	41,831	488,810
<b>For the year ended 30 June 2022</b>						
Turnover	187,287	711,083	1,041,279	-	69,039	2,008,688
Disaggregated by timing of revenue						
- Point in time	78,512	381,963	1,041,279	-	69,039	1,570,793
- Over time	-	329,120	-	-	-	329,120
Revenue from external customers	78,512	711,083	1,041,279	-	69,039	1,899,913
Inter-segment revenue	4,233	2,127	-	-	-	6,360
Reportable segment revenue	82,745	713,210	1,041,279	-	69,039	1,906,273
Reportable segment operating (loss)/profit	(47,025)	302,129	93,655	-	(53,824)	294,935
Finance costs	(7,871)	(62,292)	(75,322)	-	(2,508)	(147,993)
Valuation surplus on investment properties	-	175,021	-	-	-	175,021
Share of (losses)/profits of associates and joint ventures	-	(6,027)	-	146,774	-	140,747
(Loss)/profit before taxation	(54,896)	408,831	18,333	146,774	(56,332)	462,710

## NOTES TO THE FINANCIAL STATEMENTS

### 13. SEGMENT REPORTING (cont'd)

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

Segment assets and liabilities

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure US\$'000	Financial services US\$'000	Others US\$'000	Total US\$'000
<b>At 30 June 2023</b>						
Reportable segment assets	3,004,299	8,439,591	3,426,247	-	216,276	15,086,413
Interest in associates and joint ventures	1,147	379,772	-	1,457,617	-	1,838,536
<b>Total assets</b>	<b>3,005,446</b>	<b>8,819,363</b>	<b>3,426,247</b>	<b>1,457,617</b>	<b>216,276</b>	<b>16,924,949</b>
Reportable segment liabilities	592,608	4,574,072	1,766,887	-	122,266	7,055,833
<b>At 30 June 2022</b>						
Reportable segment assets	2,677,735	8,454,581	3,419,061	-	258,555	14,809,932
Interest in associates and joint ventures	-	395,265	-	1,397,130	-	1,792,395
<b>Total assets</b>	<b>2,677,735</b>	<b>8,849,846</b>	<b>3,419,061</b>	<b>1,397,130</b>	<b>258,555</b>	<b>16,602,327</b>
Reportable segment liabilities	383,438	4,724,852	1,731,440	-	160,576	7,000,306

Other information

<b>2023</b>						
Interest income	35,500	20,510	1,936	-	9	57,955
Depreciation and amortisation	4,895	2,716	121,385	-	9,596	138,592
Additions to non-current segment assets	88	120,827	234,925	-	2,684	358,524
<b>2022</b>						
Interest income	7,021	13,970	1,152	-	-	22,143
Depreciation and amortisation	4,922	2,993	148,099	-	15,811	171,825
Additions to non-current segment assets	65	259,842	82,698	-	2,512	345,117

Major customers

During the years ended 30 June 2023 and 2022, there is no major customer accounting for more than 10% of the total revenue of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. SEGMENT REPORTING (cont'd)

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

##### Revenue

	2023 US\$'000	2022 US\$'000
Reportable segment revenue	2,500,253	1,906,273
Elimination of inter-segment revenue	(10,687)	(6,360)
Consolidated revenue (note 5)	2,489,566	1,899,913

##### Finance costs

	2023 US\$'000	2022 US\$'000
Reportable finance costs	204,910	147,993
Elimination of inter-segment finance costs	(7,647)	(3,132)
Consolidated finance costs (note 7(a))	197,263	144,861

##### Interest income

	2023 US\$'000	2022 US\$'000
Reportable interest income	57,955	22,143
Elimination of inter-segment interest income	(7,647)	(3,132)
Consolidated interest income (note 5)	50,308	19,011

## NOTES TO THE FINANCIAL STATEMENTS

### 13. SEGMENT REPORTING (cont'd)

#### (c) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
The People's Republic of China				
– Hong Kong	135,620	83,190	263,570	277,489
– Mainland China	105,463	82,891	261,362	258,243
United Kingdom and Continental Europe	1,147,091	1,046,948	2,819,752	2,738,409
Singapore	948,318	540,739	4,689,496	4,344,601
Australasia and others	153,074	146,145	1,930,514	1,950,247
	<b>2,489,566</b>	<b>1,899,913</b>	<b>9,964,694</b>	<b>9,568,989</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Investment properties US\$'000	Interests in leasehold land and buildings US\$'000	Freehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Other property, plant and equipment US\$'000	Total US\$'000
<b>Cost or valuation</b>						
At 1 July 2021	3,865,128	1,224,601	594,891	1,117,996	2,937,488	6,802,616
Additions	255,735	1,517	282	40,501	42,300	298,035
Transfer from development properties	260,219	-	-	-	-	260,219
Disposals and written off	-	(3,585)	(2,870)	(38,638)	(45,093)	(45,093)
Fair value adjustments	175,021	-	-	-	-	175,021
Exchange adjustments	(134,615)	(109,106)	(65,744)	(132,068)	(306,918)	(441,533)
At 30 June 2022	4,421,488	1,113,427	526,559	987,791	2,627,777	7,049,265
Representing:						
Cost	-	1,113,427	526,559	987,791	2,627,777	2,627,777
Valuation - 2022	4,421,488	-	-	-	-	4,421,488
	4,421,488	1,113,427	526,559	987,791	2,627,777	7,049,265
At 1 July 2022	4,421,488	1,113,427	526,559	987,791	2,627,777	7,049,265
Additions	117,000	38,630	1,484	58,624	98,738	215,738
Disposals and written off	-	(5,445)	(2,651)	(26,513)	(34,609)	(34,609)
Fair value adjustments	104,909	-	-	-	-	104,909
Exchange adjustments	75,163	32,648	10,388	29,111	72,147	147,310
At 30 June 2023	4,718,560	1,179,260	535,780	1,049,013	2,764,053	7,482,613
Representing:						
Cost	-	1,179,260	535,780	1,049,013	2,764,053	2,764,053
Valuation - 2023	4,718,560	-	-	-	-	4,718,560
	4,718,560	1,179,260	535,780	1,049,013	2,764,053	7,482,613

## NOTES TO THE FINANCIAL STATEMENTS

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

	Investment properties US\$'000	Interests in leasehold land and buildings US\$'000	Freehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Other property, plant and equipment US\$'000	Total US\$'000
<b>Accumulated depreciation and impairment loss</b>						
At 1 July 2021	-	242,537	85,075	889,800	1,217,412	1,217,412
Charge for the year	-	18,671	6,581	50,796	76,048	76,048
Written back on disposals and written off	-	(2,904)	(1,480)	(35,180)	(39,564)	(39,564)
Net impairment loss recognised	-	5,213	197	4,124	9,534	9,534
Exchange adjustments	-	(26,411)	(9,916)	(109,608)	(145,935)	(145,935)
At 30 June 2022	-	237,106	80,457	799,932	1,117,495	1,117,495
At 1 July 2022	-	237,106	80,457	799,932	1,117,495	1,117,495
Charge for the year	-	19,425	5,765	40,952	66,142	66,142
Written back on disposals and written off	-	(5,375)	(1,940)	(25,360)	(32,675)	(32,675)
Net impairment loss recognised	-	28,619	5,066	23,354	57,039	57,039
Exchange adjustments	-	8,686	1,963	28,675	39,324	39,324
At 30 June 2023	-	288,461	91,311	867,553	1,247,325	1,247,325
<b>Carrying amount</b>						
At 30 June 2023	4,718,560	890,799	444,469	181,460	1,516,728	6,235,288
At 30 June 2022	4,421,488	876,321	446,102	187,859	1,510,282	5,931,770

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	2023 US\$'000	2022 US\$'000
In Hong Kong:		
– Leasehold with between 10 and 50 years unexpired	263,183	277,064
– Leasehold with less than 10 years unexpired	1	4
Outside Hong Kong:		
– Freehold	925,956	1,068,687
– Leasehold with over 50 years unexpired	4,583,302	4,125,853
– Leasehold with between 10 and 50 years unexpired	265,575	260,431
– Leasehold with less than 10 years unexpired	15,811	11,872
	<b>6,053,828</b>	<b>5,743,911</b>

(b) Certain of the Group's properties with an aggregate carrying amount of US\$4,448.9 million (2022: US\$3,930.2 million) were pledged for bank loans (2022: bank loans).

(c) Investment properties comprise:

	2023 US\$'000	2022 US\$'000
Completed investment properties	2,925,796	2,767,040
Investment properties under development	1,792,764	1,654,448
	<b>4,718,560</b>	<b>4,421,488</b>

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

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

	2023 US\$'000	2022 US\$'000
Within 1 year	166,570	86,094
Between 1 and 5 years	469,215	152,618
After 5 years	302,986	31,759
	<b>938,771</b>	<b>270,471</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (f) Fair value measurement of properties

##### (i) Fair value hierarchy

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

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

	2023				2022			
	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
<b>Recurring fair value measurements</b>								
Investment properties	-	147,183	4,571,377	4,718,560	-	156,369	4,265,119	4,421,488

During the year ended 30 June 2023, there was no transfer between level 2 and level 3 (2022: Nil).

All of the Group's investment properties were revalued as at 30 June 2023. The valuations were carried out by external independent property valuers, CHFT Advisory and Appraisal Limited, CBRE, Cheston International and Savills which have appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued. The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. Management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

- (iii) Information about Level 3 fair value measurements

Type of investment properties	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	- Direct comparison method	- Sales prices of US\$2,212 to US\$2,367 (2022: US\$242 to US\$3,046) per square feet ("psf")	The estimated fair value increases when the sales price increases
	- Income capitalisation method	- Capitalisation rate of 3.3% to 6.0% (2022: 3.3% to 6.0%)	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\$167 to US\$682 (2022: US\$145 to US\$616) psf	The estimated fair value increases when the sales price and gross development value increase
	- Residual land method	- Gross development value of US\$2,543 (2022: US\$2,315) psf	
Commercial properties under development	- Residual land method	- Gross development value of US\$2,240 to US\$2,876 (2022: US\$88 to US\$2,732) psf	The estimated fair value increases when the gross development value increases

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

	2023 US\$'000	2022 US\$'000
Investment properties:		
At 1 July	4,265,119	3,698,960
Additions	117,000	255,731
Transfer from development properties	-	260,219
Fair value adjustments	114,273	183,158
Exchange adjustments	74,985	(132,949)
At 30 June	4,571,377	4,265,119

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".

## NOTES TO THE FINANCIAL STATEMENTS

### 15. RIGHT-OF-USE ASSETS

	Interests in leasehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Total US\$'000
<b>Cost or valuation</b>			
At 1 July 2021	906,149	11,513	917,662
Additions	31,739	133	31,872
Disposals and written off	-	(3,384)	(3,384)
Lease modification	24,615	-	24,615
Exchange adjustments	(110,973)	(641)	(111,614)
At 30 June 2022	851,530	7,621	859,151
Representing:			
Cost	851,530	7,621	859,151
Valuation - 2022	-	-	-
	851,530	7,621	859,151
At 1 July 2022	851,530	7,621	859,151
Additions	125,907	75	125,982
Disposals and written off	(1,826)	(641)	(2,467)
Lease modification	(326)	(28)	(354)
Exchange adjustments	36,737	56	36,793
At 30 June 2023	1,012,022	7,083	1,019,105
Representing:			
Cost	1,012,022	7,083	1,019,105
Valuation - 2023	-	-	-
	1,012,022	7,083	1,019,105

## NOTES TO THE FINANCIAL STATEMENTS

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

	Interests in leasehold land and buildings US\$'000	Furniture, fixtures and equipment US\$'000	Total US\$'000
<b>Accumulated depreciation and impairment loss</b>			
At 1 July 2021	142,425	4,643	147,068
Charge for the year	47,484	2,658	50,142
Written back on disposals and written off	-	(722)	(722)
Net impairment loss recognised	36,239	-	36,239
Exchange adjustments	(23,713)	(358)	(24,071)
At 30 June 2022	202,435	6,221	208,656
At 1 July 2022	202,435	6,221	208,656
Charge for the year	35,243	1,218	36,461
Written back on disposals and written off	(1,826)	(641)	(2,467)
Net impairment loss recognised	45,157	-	45,157
Lease modification	(326)	(24)	(350)
Exchange adjustments	11,282	108	11,390
At 30 June 2023	291,965	6,882	298,847
<b>Carrying amount</b>			
At 30 June 2023	720,057	201	720,258
At 30 June 2022	649,095	1,400	650,495

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

	2023 US\$'000	2022 US\$'000
Ownership interests in leasehold land and buildings held for own use, carried at net book value outside Hong Kong, with remaining unexpired lease term		
- 50 years or more	538,772	422,159
- between 10 and 50 years	106,602	126,215
- less than 10 years	74,683	100,721
	720,057	649,095
Furniture, fixtures and equipment held for own use, carried at depreciated cost	201	1,400
	720,258	650,495

## NOTES TO THE FINANCIAL STATEMENTS

## 16. INTANGIBLE ASSETS

	Casino licences and brand names US\$'000	Bass Strait oil and gas royalty US\$'000	Customer relationship, licences and brand names US\$'000	Others US\$'000	Total US\$'000
<b>Cost</b>					
At 1 July 2021	937,582	141,940	83,097	182,872	1,345,491
Additions through acquisition of subsidiaries (note 36(a))	-	-	1,840	-	1,840
Additions	5	-	45	13,320	13,370
Disposals	-	-	-	(1,987)	(1,987)
Exchange adjustments	(114,757)	(11,602)	(9,536)	(22,337)	(158,232)
At 30 June 2022	822,830	130,338	75,446	171,868	1,200,482
At 1 July 2022	822,830	130,338	75,446	171,868	1,200,482
Additions	-	-	488	16,316	16,804
Disposals	-	-	(3,610)	(898)	(4,508)
Exchange adjustments	31,995	(5,090)	85	11,466	38,456
At 30 June 2023	854,825	125,248	72,409	198,752	1,251,234
<b>Accumulated amortisation and impairment loss</b>					
At 1 July 2021	84,068	80,693	34,214	98,300	297,275
Charge for the year	84	3,105	13,515	28,931	45,635
Net impairment loss (reversed)/ recognised	(2,079)	-	8,322	-	6,243
Written back on disposals	-	-	-	(983)	(983)
Exchange adjustments	(10,186)	(6,741)	(5,630)	(14,296)	(36,853)
At 30 June 2022	71,887	77,057	50,421	111,952	311,317
At 1 July 2022	71,887	77,057	50,421	111,952	311,317
Charge for the year	122	5,770	5,010	25,087	35,989
Net impairment loss recognised	33,464	-	-	-	33,464
Written back on disposals	-	-	(3,610)	(841)	(4,451)
Exchange adjustments	4,095	(3,090)	493	7,742	9,240
At 30 June 2023	109,568	79,737	52,314	143,940	385,559
<b>Carrying amount</b>					
At 30 June 2023	745,257	45,511	20,095	54,812	865,675
At 30 June 2022	750,943	53,281	25,025	59,916	889,165

## NOTES TO THE FINANCIAL STATEMENTS

### 16. 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 to 2031.

During the year ended 30 June 2023, management has changed the estimate of remaining useful life of the Bass Strait oil and gas royalty from production until 2040 to 2031. Such change in estimated results in an additional expense of US\$2.67 million every year.

The Group capitalises acquired casino and other gaming licences and concessions. Management believes that licences 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.

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

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

The recoverable amounts of the 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 to 5-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 The Rank Group Plc ("Rank")		Bass Strait oil and gas royalty of GL		Customer relationship, licences and brand name	
	2023	2022	2023	2022	2023	2022
Long term growth rate	0%-2%	0%-2%	2%	2%	2%	2%
Discount rate	12%-14%	11%-15%	10%	10%	15%	14%

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

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES

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

Name of Company	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
Asia Fountain Investment Company Limited	2 shares (HK\$20)	-	100	Investment trading
BIL (Far East Holdings) Limited	635,855,324 shares (HK\$1,941,730,353)	-	100	Investment holding
GLL EWI (HK) Limited	10 shares (HK\$10)	-	67	Investment holding
GuocoEquity Assets Limited	23,000,000 shares (HK\$23,000,000)	100	100	Investment holding
GuoSon Assets China Limited	1 share (HK\$1)	-	67	Investment holding
GuoSon Changfeng China Limited	1 share (HK\$1)	-	67	Investment holding
Guoco Management Company Limited	2,000,000,000 shares (HK\$2,000,000,000) 4,810,030,153 redeemable preference shares (HK\$4,810,030,153)	100	100	Provision of general management services
Guoco Investments (China) Limited	1 shares (HK\$1)	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 share capital (note (ix))	Percentage held by the Company	Group	Principal activities
GL Management Pte. Ltd.	2 shares (S\$2)	-	100	Management company
Guoco Midtown Pte. Ltd.	797,000,000 shares (S\$797,000,000)	-	77	Holding properties for rental
Guoco Midtown II Pte. Ltd.	5,000,000 shares (S\$5,000,000)	-	40	Holding properties for rental
GLL Chongqing 18 Steps Pte. Ltd.	446,600,267 shares (S\$446,600,267)	-	50	Investment holding
GLL IHT Pte. Ltd.	10,000,000 shares (S\$10,083,000)	-	67	Financial and treasury services
GLL Land Pte. Ltd.	70,000,000 shares (S\$70,000,000)	-	67	Holding properties for rental
GLL (Malaysia) Pte. Ltd.	130,147,962 shares (S\$130,147,962)	-	67	Investment holding
GuocoLand Limited ("GuocoLand")	1,183,373,276 shares (S\$1,926,053,000)	-	67	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
GuocoLand Assets Pte. Ltd.	617,000,000 shares (S\$617,000,000)	100	100	Investment holding
GuocoLand Hotels Pte. Ltd.	162,050,000 shares (S\$162,050,000)	-	67	Investment holding and owning hotels assets
GuocoLand Management Pte. Ltd.	500,000 shares (S\$500,000)	-	67	Management services
GuocoLand Property Management Pte. Ltd.	60,000,000 shares (S\$60,000,000)	-	67	Property management, marketing and maintenance services
GuocoLand Property Maintenance Services Pte. Ltd.	1 shares (S\$1)	-	67	Property management and maintenance services
GuocoLand (Singapore) Pte. Ltd.	195,000,000 shares (S\$195,000,000)	-	67	Investment holding
Lentor Central Pte. Ltd.	31,000,000 shares (S\$31,000,000)	-	67	Holding properties for rental
Lentor Gardens Pte. Ltd.	45,000,000 shares (S\$45,000,000)	-	40	Property developer
Lentor Modern Pte. Ltd.	96,000,000 shares (S\$96,000,000)	-	67	Property developer
Martin Modern Pte. Ltd.	1,000,000 shares (S\$1,000,000)	-	67	Property developer
Meyer Mansion Pte. Ltd.	157,640,000 shares (S\$157,640,000)	-	67	Property developer
Midtown Bay Pte. Ltd.	32,000,000 shares (S\$32,000,000)	-	77	Property developer
Midtown Modern Pte. Ltd.	115,300,000 shares (S\$115,300,000)	-	40	Property developer
Sims Urban Oasis Pte. Ltd.	10,000 shares (S\$10,000)	-	67	Property developer
TPC Commercial Pte. Ltd.	487,000,000 shares (S\$487,000,000)	-	53	Holding properties for rental
TPC Hotel Pte. Ltd.	88,000,000 shares (S\$88,000,000)	-	53	Holding & operating hotel & hotel related activities
Wallich Residence Pte. Ltd.	30,000,000 shares (S\$30,000,000)	-	53	Property developer



## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
Damansara City Sdn Bhd	20,100,000 shares (RM20,100,000)	-	43	Property development and property investment
DC Hotel Sdn Bhd	232,692,002 shares (RM232,692,002)	-	43	Hotel operations
DC Parking Sdn Bhd	3,700,002 shares (RM3,700,002)	-	43	Car park operations and property investment
DC Town Square Sdn Bhd	81,386,267 shares (RM81,386,267)	-	43	Property investment
GLM Emerald Hills (Cheras) Sdn Bhd	10,000,000 shares (RM10,000,000)	-	43	Property development and property investment
GLM Emerald Industrial Park (Jasin) Sdn Bhd	50,600,000 shares (RM50,600,000)	-	30	Property development and operation of an oil palm estate
GLM Emerald Square (Cheras) Sdn Bhd	96,074,300 shares (RM96,074,300)	-	43	Property development
GLM Oval Sdn Bhd	11,747,100 shares (RM11,747,100)	-	43	Property investment
GLM Property Services Sdn Bhd	6,723,172 shares (RM6,723,172)	-	43	Provision of property management services
GLM IHM Sdn Bhd	7,000,000 shares (RM7,000,000)	-	43	Provision of management services
GuocoLand (Malaysia) Berhad	700,458,518 shares (RM385,318,195)	-	43	Investment holding
JB Parade Sdn Bhd	40,000,000 shares (RM40,000,000)	-	67	Investment holding and hotel operations
PD Resort Sdn Bhd	106,242,000 shares (RM106,242,000)	-	67	Property investment and development, hotel operations and provision of consultancy and training services
Titan Debut Sdn Bhd	3,000,000 shares (RM3,000,000)	-	43	Acquisition, enhancement and resale of properties

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
8Ball Games Limited	100 shares of GBP0.01 each	-	53	Marketing services
Clermont Hotel Holdings Limited (previously "GLH Hotels Holdings Limited")	2 shares of GBP1 each	-	100	Investment holding
Clermont Hotel Group Limited (previously "GLH Hotels Limited")	310,545,212 shares of GBP0.26 each	-	100	Ownership and operation of hotels in UK
Grosvenor Casinos Limited	39,000,000 shares of GBP1 each	-	53	Casinos
Grosvenor Casinos (GC) Limited	10,000 shares of GBP0.01 each	-	53	Casinos
Mecca Bingo Limited	950,000 shares of GBP1 each and 50,000 "A" shares of GBP1 each	-	53	Social and bingo clubs
Rank Casino Holdings Limited	100 shares of GBP1 each	-	53	Intermediary holding company
Rank Digital Limited	100,000 "A" shares of GBP0.01 each and 500,000 "B" shares of GBP0.01 each	-	53	Support services to interactive gaming
Rank Digital Holdings Limited	3,431,001 shares of GBP1 each	-	53	Intermediary holding company
Rank Group Finance Plc	200,000,000 shares of GBP1 each	-	53	Funding operations
Rank Group Gaming Division Limited	944,469 shares of GBP1 each and 55,531 "A" shares of GBP1 each	-	53	Intermediary holding and provision of property services

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
Rank Interactive Limited	500 "A" shares of GBP1 each and 500 "B" shares of GBP1 each	-	53	Marketing services
Rank Leisure Limited	1 share of GBP1 each	-	53	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	-	53	Intermediary holding and corporate activities
Rank Nemo (Twenty-Five) Limited	1 share of GBP1 each	-	53	Intermediary holding company
Rank Overseas Holdings Limited	1,000,000 shares of GBP1 each	-	53	Intermediary holding company
Spacebar Media Limited	3,334 shares of GBP0.001 each	-	53	Development and maintenance of online gaming software
Stride Together Limited	1 share of GBP1 each	-	53	Support services to interactive gaming
The Gaming Group Limited	1 share of GBP1 each	-	53	Casinos
The Rank Group Plc	468,429,541 shares of GBp13 8/9 each	-	53	Investment holding of gaming business
Think Beyond Media Limited	1 share of GBP1 each	-	53	Marketing services
Upperline Marketing Limited	100 shares of GBP1 each	-	53	Support services to interactive gaming

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up share capital (note (ix))	Percentage held by the Company Group		Principal activities
Asia Fountain Assets Limited	Cayman Islands	50,000 shares of US\$1 each	-	100	Investment in securities
Asian Financial Common Wealth (PTC) Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	-	100	Provision of trustee service
BIL Australia Pty Limited	Australia	407,174,860 shares (A\$1)	-	100	Investment holding
BIL NZ Treasury Limited	New Zealand	200,100 shares (NZ\$200,100,000)	-	100	Investment holding
BingoSoft Plc	Malta	17,616,902 shares of EUR0.01 each	-	53	Interactive gaming
Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd. (notes (i) & (vii))	The People's Republic of China	RMB2,563,123,420.57 (note (ii))	-	50	Property development
Chongqing Xinhaoren Real Estate Development Co. Ltd. (notes (i) & (vii))	The People's Republic of China	RMB1,302,880,000 (note (ii))	-	50	Property development
Clermont Group (Cayman) Limited (previously "GLH Hotels Group Limited") (note (v))	Cayman Islands	1 share of US\$1 each 32,131 redeemable preference shares of US\$1 each	-	100	Investment holding
Conticin S.L.	Spain	600 shares of EUR60 each	-	53	Operator of parking for social and bingo clubs
Daub Alderney Limited	Alderney	2,670,760 shares of GBPO.0001 each 553,302 redeemable shares of GBPO.0001 each	-	53	Interactive gaming

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up share capital (note (ix))	Percentage held by the Company Group		Principal activities
Dynamic Talent Limited (note (viii))	Cayman Islands	1 share of US\$1 each	100	100	Financing activities
Fresco Resources Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	100	100	Financing activities
GGL Assets (NZ) Limited	New Zealand	183,000,100 shares (NZ\$183,000,100) 25,000,000 redeemable preference shares (NZ\$25,000,000)	100	100	Investment holding
GL Limited (note (iii))	Bermuda	1,368,063,633 shares of US\$0.2 each	-	100	Investment holding
Gotfor S.A.	Spain	10,000 shares of EUR6.01 each	-	53	Social and Bingo clubs
Guoco Securities (Bermuda) Limited	Bermuda	120,000 shares of US\$0.1 each	100	100	Investment holding
GuocoLand (China) Limited	Bermuda	20,000,000 shares of US\$1 each	-	67	Investment holding
GuocoLeisure Assets Limited	Cayman Islands	1 share of US\$1 each	100	100	Investment holding
GuoSon Investment Company Limited (notes (i) & (vi))	The People's Republic of China	US\$265,000,000 (note (ii))	-	67	Investment holding
Hillcrest Hives Limited	New Zealand	1,000 shares (NZ\$10,304,855)	-	100	Apiculture
Ma Sing Investments Limited (note (iv))	British Virgin Islands	1 share of US\$1 each	-	100	Investment holding
Manuka Health Australia Pty Limited	Australia	1 share of A\$1 each	-	100	Limited risk distributor

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up share capital (note (ix))	Percentage held by the Company Group		Principal activities
Manuka Health New Zealand Limited	New Zealand	28,721,250 shares (NZ\$33,619,000) 25,000,000 redeemable preference shares (NZ\$25,000,000)	-	100	Apiculture, manufacture, sale and distribution of New Zealand natural healthcare products
Molokai Properties Limited	United States of America	100 shares of US\$2 each	-	100	Investment holding
Neuseelandhaus GmbH	Germany	1 share of EUR25,000	-	100	Sale and distribution of New Zealand natural healthcare products
Manuka Health Trading (Shanghai) Limited (note (vi))	The People's Republic of China	RMB8,500,000	-	100	Marketing services
Netboost Media Limited	Israel	200 shares of NIS1 each	-	53	Marketing services
Oceanease Limited	Cayman Islands	1 share of US\$1 each 16,870 redeemable preference shares (US\$33,740,000)	-	100	Investment holding
Qinnacle View Limited (note (iii))	Cayman Islands	1 share of US\$1 each	100	100	Property investment
QSB Gaming Limited	Alderney	4,234 shares of GBP1 each	-	53	Intermediary holding company
Rank Assets Limited	Cayman Islands	1 share of US\$1 each 380,295,000 redeemable preference shares of US\$1 each	100	100	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up share capital (note (ix))	Percentage held by the Company	Group	Principal activities
Rank Cataluña S.A.	Spain	3,000 shares of EUR60 each	-	53	Social and bingo clubs
Rank Centro S.A.	Spain	10,000 shares of EUR6.02 each	-	53	Social and bingo clubs
Rank Digital Services (Gibraltar) Limited	Gibraltar	1,000 shares of GBP1 each	-	53	Marketing services
Rank Holding España SA	Spain	150,000 shares of EUR26.02 each	-	53	Intermediary holding company
Rank Interactive Services (Mauritius) Limited (previously "SRG Services Limited")	Mauritius	1 share of MUR30 each	-	53	Shared services support
Rank Stadium Andalucía, S.L.	Spain	3,000 shares of EUR1 each	-	53	Arcade and sports betting
Shanghai Xinhaolong Property Development Co., Ltd (notes (i) & (vi))	The People's Republic of China	US\$126,000,000 (note (ii))	-	67	Property development
ShiftTech (PTY) Ltd.	South Africa	100 shares of no par value	-	53	Development and maintenance of online gaming software
Stride Gaming Limited	Jersey	76,826,413 shares of GBP0.01 each	-	53	Intermediary holding company
Stride Investments	Mauritius	100 shares of GBP50 each	-	53	Intermediary holding company

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTEREST IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of incorporation and operation	Issued and paid up share capital (note (ix))	Percentage held by the Company Group		Principal activities
Supreme Goal Investments Limited (note (iii))	British Virgin Islands	1 share of US\$1 each	100	100	Property investment
Tabua Investments Pte Ltd	Fiji	2 shares of FJ\$1 each	-	100	Nominee company
Top Rank Andalucia SA	Spain	263,932 shares of EUR6 each	-	53	Social and bingo clubs
Verdiales S.L.	Spain	5,000 shares of EUR60.1 each	-	53	Social and bingo clubs
Passion Gaming Private Limited	India	960,000 shares of INR10 each	-	27	Online operator of digital card games

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) This company is operating in Australia.
- (v) These companies are operating in the United Kingdom.
- (vi) These companies are foreign investment enterprises.
- (vii) These companies are sino-foreign equity joint venture enterprises.
- (viii) This company was dissolved during the financial year.
- (ix) The share(s) is/are issued and paid up ordinary share capital unless otherwise specified.



## NOTES TO THE FINANCIAL STATEMENTS

## 17. INTEREST IN SUBSIDIARIES (cont'd)

## (f) Material non-controlling interests

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

	Guocoland		Rank		Immaterial		Total	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
NCI percentage at the end of the reporting period	33%	33%	47%	48%				
Non-current assets	5,289,801	5,013,772	1,263,152	1,309,427				
Current assets	3,561,124	3,850,806	133,882	181,196				
Non-current liabilities	(3,496,571)	(3,315,993)	(206,217)	(261,439)				
Current liabilities	(1,249,450)	(1,728,885)	(309,110)	(262,493)				
Net assets	4,104,904	3,819,700	881,707	966,691				
Carrying amount of NCI	1,899,956	1,796,180	399,143	451,048	(2,500)	(2,406)	2,296,599	2,244,822
Revenue	1,154,336	725,088	824,688	852,960				
Profit/(loss) for the year	197,224	354,406	(117,841)	87,760				
Total comprehensive income	79,581	333,666	(118,549)	87,904				
Profit/(loss) allocated to NCI	88,846	128,738	(54,807)	42,113	-	-	34,039	170,851
Dividend paid to NCI	17,999	14,747	-	-	-	-	17,999	14,747
Net cash generated from/(used in):								
- operating activities	480,428	(21,127)	81,558	205,218				
- investing activities	(80,491)	(236,597)	(53,849)	(42,853)				
- financing activities	(506,072)	(226,632)	(72,586)	(124,857)				
Net (decrease)/increase in cash and cash equivalents	(106,135)	(484,356)	(44,877)	37,508				

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INTEREST IN ASSOCIATES AND JOINT VENTURES

	2023 US\$'000	2022 US\$'000
Share of net assets of associates	1,502,487	1,446,008
Goodwill	14,215	14,345
Amounts due from associates	87	87
	<b>1,516,789</b>	1,460,440
Less: Impairment loss	<b>(12,092)</b>	(12,092)
Interest in associates	<b>1,504,697</b>	1,448,348
Share of net assets of joint ventures	163,283	162,865
Goodwill	39,374	38,354
Amounts due from joint ventures	198,247	176,623
	<b>400,904</b>	377,842
Less: Impairment loss	<b>(67,065)</b>	(33,795)
Interest in joint ventures	<b>333,839</b>	344,047
	<b>1,838,536</b>	1,792,395

The market values of the listed investments in associates and joint venture at 30 June 2023 were US\$1,107.9 million (2022: US\$1,228.1 million) and US\$83.4 million (2022: US\$49.2 million) respectively.

Tower Real Estate Investment Trust ("Tower REIT") is listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Based on its closing price per unit of RM0.42 (2022: RM0.45) (Level 1 in the fair value hierarchy) at the reporting date, the value of the Group's investment in Tower REIT was US\$5.4 million (2022: US\$6.1 million). The Group undertook an impairment assessment of its investment in Tower REIT and estimated its recoverable amount, taking into consideration the value in use of the underlying properties held by Tower REIT. Based on the assessment, the recoverable amount of the investment approximates its carrying amount.

None of the Group's joint ventures are publicly listed entities except for EcoWorld International Berhad ("EWI"), which is listed on the Bursa Malaysia. Based on its closing price per share of RM0.60 (2022: RM0.34) (Level 1 in the fair value hierarchy) at the reporting date, the value of the Group's investment in EWI was US\$82.9 million (2022: US\$49.2 million). The Group has elected an accounting policy choice to treat the investment as whole. During the year, the Group undertook an impairment assessment of its investment in EWI and estimated its recoverable amount, taking into consideration the control premium to the fair value of the investment in EWI as a whole (Level 3 in the fair value hierarchy). Based on the assessment, the Group recognised an impairment loss of US\$32.3 million during the year (2022: Nil), reflecting the prevailing cautious outlook and market conditions in the United Kingdom, where the investment is located.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Effective percentage held by the Group	Principal activities
<b>Associates</b>				
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	Malaysia	280,500,000 units (RM285,344,766)	10	Investment in real estate and real-estate related assets (Note 2)
GLM Emerald (Sepang) Sdn Bhd ("GLM Emerald")	Malaysia	140,000,000 shares (RM143,204,542)	21	Property development and operation of an oil palm estate
<b>Joint ventures</b>				
EcoWorld International Berhad	Malaysia	2,400,001,780 shares (RM2,592,453,931)	18	Investment holding (Note 3)
Carmel Development Pte. Ltd. ("Carmel")	Singapore	4,000,000 shares (S\$4,000,000)	27	Property developer
Lentor Hills Development Pte. Ltd. ("Lentor Hills")	Singapore	4,000,000 shares (S\$4,000,000)	20	Real estate developer

Note 1: HLFG is an integrated financial services group and is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 Bursa Malaysia. Its investment portfolio comprises 3 prime commercial buildings in Kuala Lumpur.

Note 3: EWI is listed on Bursa Malaysia and is principally engaged in investment holding in international market outside of Malaysia, mainly in the United Kingdom and Australia.

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

Included in amounts due from joint ventures of US\$198.1 million (2022: US\$176.3 million) is interest bearing at 3.9% per annum (2022: 3.2%) and is repayable at the discretion of the board of the joint venture.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	HLFG		Tower REIT		GLM Emerald		Total	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Non-current assets	N/A	N/A	171,725	186,732	44,328	46,524		
Current assets	N/A	N/A	677	563	7,065	10,392		
<b>Total assets</b>	<b>67,610,077</b>	<b>65,090,929</b>	<b>172,402</b>	<b>187,295</b>	<b>51,393</b>	<b>56,916</b>		
Non-current liabilities	N/A	N/A	(61,145)	(64,701)	-	(2,310)		
Current liabilities	N/A	N/A	(4,670)	(4,546)	(2,986)	(2,822)		
<b>Total liabilities</b>	<b>(59,111,335)</b>	<b>(56,926,292)</b>	<b>(65,815)</b>	<b>(69,247)</b>	<b>(2,986)</b>	<b>(5,132)</b>		
Non-controlling interests	(2,753,146)	(2,657,471)	-	-	-	-		
<b>Net assets</b>	<b>5,745,596</b>	<b>5,507,166</b>	<b>106,587</b>	<b>118,048</b>	<b>48,407</b>	<b>51,784</b>		
Group's share of net assets	1,457,617	1,397,130	23,086	25,570	21,784	23,308	1,502,487	1,446,008
Goodwill	12,092	12,092	-	-	2,123	2,253	14,215	14,345
Amounts due from an associate	-	-	87	87	-	-	87	87
Impairment loss	(12,092)	(12,092)	-	-	-	-	(12,092)	(12,092)
<b>Group's carrying amount</b>	<b>1,457,617</b>	<b>1,397,130</b>	<b>23,173</b>	<b>25,657</b>	<b>23,907</b>	<b>25,561</b>	<b>1,504,697</b>	<b>1,448,348</b>
Revenue	1,676,026	1,338,372	7,544	7,702	2,500	3,122		
Profit/(loss) for the year	619,721	578,550	(4,200)	1,699	(336)	2,316		
Other comprehensive income	58,139	(111,636)	(9,585)	(3,414)	(4,743)	(1,781)		
<b>Total comprehensive income</b>	<b>677,860</b>	<b>466,914</b>	<b>(13,785)</b>	<b>(1,715)</b>	<b>(5,079)</b>	<b>535</b>		
Carrying amount of interest in associates at the beginning of the year	1,397,130	1,394,154	25,657	27,176	25,561	26,203	1,448,348	1,447,533
Total comprehensive income attributable to the Group	171,967	119,976	(910)	(371)	(134)	241	170,923	119,846
Dividends received during the year	(30,061)	(30,672)	(129)	(339)	-	-	(30,190)	(31,011)
(Repayment from)/advance to associates	-	-	(2)	87	-	(1)	(2)	86
Exchange adjustments	(81,419)	(86,328)	(1,443)	(896)	(1,520)	(882)	(84,382)	(88,106)
<b>Carrying amount of interest in associates at the end of the year</b>	<b>1,457,617</b>	<b>1,397,130</b>	<b>23,173</b>	<b>25,657</b>	<b>23,907</b>	<b>25,561</b>	<b>1,504,697</b>	<b>1,448,348</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	EWI		Carmel		Lentor Hills		Other immaterial joint ventures		Total	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Non-current assets	238,778	362,168	-	8,708	-	-				
Current assets	220,988	282,104	839,043	650,484	510,846	474,701				
<b>Total assets</b>	<b>459,766</b>	<b>644,272</b>	<b>839,043</b>	<b>659,192</b>	<b>510,846</b>	<b>474,701</b>				
Non-current liabilities	(57)	(16,456)	(594,220)	(690,201)	(531,156)	(473,883)				
Current liabilities	(14,243)	(137,465)	(212,064)	(6,881)	(1,718)	(1,019)				
<b>Total liabilities</b>	<b>(14,300)</b>	<b>(153,921)</b>	<b>(806,284)</b>	<b>(697,082)</b>	<b>(532,874)</b>	<b>(474,902)</b>				
Non-controlling interests	(292)	(565)	-	-	-	-				
<b>Net assets</b>	<b>445,174</b>	<b>489,786</b>	<b>32,759</b>	<b>(37,890)</b>	<b>(22,028)</b>	<b>(201)</b>				
Group's share of net assets	120,197	132,304	13,103	-	-	-				
Goodwill	39,374	38,354	-	-	-	-				
Impairment loss	(67,065)	(33,795)	-	-	-	-				
Shareholder's loan	-	-	138,568	127,096	59,538	49,230				
<b>Group's carrying amount</b>	<b>92,506</b>	<b>136,863</b>	<b>151,671</b>	<b>127,096</b>	<b>59,538</b>	<b>49,230</b>	<b>30,124</b>	<b>30,858</b>	<b>333,839</b>	<b>344,047</b>
Loss for the year	(34,033)	(37,423)	-	-	-	-				
Carrying amount of interest in joint ventures at the beginning of the year	136,863	178,854	127,096	116,559	49,230	-	30,858	30,383	344,047	325,796
Addition	-	-	-	-	-	863	365	-	365	863
Total comprehensive income attributable to the Group	(9,187)	(10,104)	13,041	-	-	(881)	4,454	3,565	8,308	(7,420)
Dividend received during the year	-	(7,655)	-	-	-	-	(779)	-	(779)	(7,655)
Impairment loss	(32,272)	-	-	-	-	-	-	-	(32,272)	-
Advance to/(repayment from) joint ventures	-	-	8,301	14,383	9,081	49,230	(3,285)	(203)	14,097	63,410
Exchange adjustments	(2,898)	(24,232)	3,233	(3,846)	1,227	18	(1,489)	(2,887)	73	(30,947)
<b>Carrying amount of interest in joint ventures at the end of the year</b>	<b>92,506</b>	<b>136,863</b>	<b>151,671</b>	<b>127,096</b>	<b>59,538</b>	<b>49,230</b>	<b>30,124</b>	<b>30,858</b>	<b>333,839</b>	<b>344,047</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 19. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

#### (a) Transaction with non-controlling interests in Rank

During the financial year ended 30 June 2023, the Group acquired an additional 1.28% interest in Rank for US\$4,990,000 in cash, increasing its ownership from 52.06% to 53.34%. The Group recognised a decrease in non-controlling interests of US\$12,460,000 and an increase in total equity attributable to equity shareholders of the Company of US\$7,470,000.

During the financial year ended 30 June 2022, the Group acquired an additional 0.02% interest in Rank for US\$70,000 in cash, increasing its ownership from 52.04% to 52.06%. The Group recognised a decrease in non-controlling interests of US\$134,000 and an increase in total equity attributable to equity shareholders of the Company of US\$64,000.

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

	2023 US\$'000	2022 US\$'000
Group's ownership interest at 1 July	515,643	539,875
Effect of increase in Group's ownership interest	12,460	134
Share of total comprehensive income	(45,539)	(24,366)
Group's ownership interest at 30 June	482,564	515,643

#### (b) Transaction with non-controlling interests in JB Parade Sdn. Bhd. ("JB")

During the financial year ended 30 June 2023, the Group acquired an additional 20% interest in JB for US\$2,336,000 in cash, increasing its ownership from 47% to 67%. The Group recognised an increase in non-controlling interests of US\$181,000 and a decrease in total equity attributable to equity shareholders of the Company of US\$2,517,000.

### 20. EQUITY INVESTMENTS AT FVOCI

	2023 US\$'000	2022 US\$'000
Equity securities		
Listed (at market value)		
- In Hong Kong	636,492	683,344
Unlisted	97,401	158,352
	733,893	841,696

## NOTES TO THE FINANCIAL STATEMENTS

## 21. GOODWILL

	2023 US\$'000	2022 US\$'000
<b>Cost:</b>		
At 1 July	362,308	406,667
Addition through acquisition of a subsidiary (note 36(a))	-	2,757
Exchange adjustments	5,856	(47,116)
At 30 June	368,164	362,308
<b>Accumulated impairment losses:</b>		
At 1 July	57,144	-
Impairment loss recognised	7,477	62,054
Exchange adjustments	(1,394)	(4,910)
At 30 June	63,227	57,144
<b>Carrying amount:</b>		
At 30 June	304,937	305,164

In accordance with the Group's accounting policy, the carrying value of goodwill is tested for impairment annually, based on value-in-use models. For impairment testing purposes, each subsidiary group acquired is treated as a single cash generating unit. The recoverable amount of goodwill is determined by discounting the future cash flows to be generated from the CGU based on the financial budgets approved by management covering a 3 to 5-year period. Cash flows beyond the period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

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

	Manuka Health		GuocoLand		Rank	
	2023	2022	2023	2022	2023	2022
Long term growth rate	2%	2%	4%	4%	2%	2%
Discount rate	15%	14%	8%	8%	12%	12%

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

## NOTES TO THE FINANCIAL STATEMENTS

### 22. DEVELOPMENT PROPERTIES

	2023 US\$'000	2022 US\$'000
Cost	4,000,576	4,030,249
Less: Progress instalments received and receivable	(1,368,707)	(1,325,481)
Write down of development properties	(70,603)	(35,496)
	<b>2,561,266</b>	2,669,272

The Group engaged an independent valuer to arrive at a market value as at 30 June 2023 from which estimated selling cost is deducted to arrive an estimate of the net realisable value of the properties on Molokai island in Hawaii. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. The valuer considered the latest transaction prices of properties in comparable transaction and made reasoned adjustments to the comparable data to reflect market conditions, quality, condition, access, services, position, and location of the properties.

The valuation of the development properties on Molokai island in Hawaii indicated that the estimated net realisable value of certain land parcels of those development properties were lower than the carrying amount as at 30 June 2023, and a write-down of US\$35,130,000 (2022: Nil) was recognised during the year.

Certain of the Group's development properties with an aggregate book value of US\$2,106.7 million (2022: US\$2,086.9 million) were pledged for bank loans (2022: bank loans).

### 23. PROPERTIES HELD FOR SALE

	2023 US\$'000	2022 US\$'000
At 1 July	298,471	290,654
Additions	24,745	1,010,449
Disposals	(109,242)	(988,036)
Disposal of a subsidiary (note 36(b))	-	(2,645)
Write down of properties held for sale	(761)	-
	<b>213,213</b>	310,422
Exchange adjustments	(597)	(11,951)
At 30 June	<b>212,616</b>	298,471

At the end of reporting period, the Group recognised a write-down of properties held for sale of US\$0.8 million (2022: Nil) taking into consideration the selling prices of comparable properties, timing of sale launches, location of property and expected net selling prices.



## NOTES TO THE FINANCIAL STATEMENTS

### 24. INVENTORIES

	2023 US\$'000	2022 US\$'000
Raw materials and consumables	29,480	36,148
Work in progress	-	206
Finished goods	20,342	27,117
Provision for inventory obsolescence	(851)	(2,541)
	<b>48,971</b>	<b>60,930</b>

### 25. DEPOSITS FOR LAND

The deposits for land of US\$129.1 million as at 30 June 2023 (2022: Nil) were related to the progressive payment made for the acquisition of a land parcel in Singapore. The acquisition was completed in July 2023.

### 26. CONTRACT ASSETS/LIABILITIES

#### (i) Contract assets

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

#### (ii) Contract liabilities

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 27. TRADE AND OTHER RECEIVABLES

	2023 US\$'000	2022 US\$'000
Trade debtors	94,782	91,082
Other receivables, deposits and prepayments	103,852	107,626
Derivative financial instruments, at fair value	13,630	27,836
Interest receivables	7,925	1,300
	<b>220,189</b>	<b>227,844</b>

Included in the Group's trade and other receivables is US\$9.7 million (2022: US\$6.7 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:

	2023 US\$'000	2022 US\$'000
Within 1 month	82,051	85,812
1 to 3 months	5,884	2,961
More than 3 months	6,847	2,309
	<b>94,782</b>	<b>91,082</b>

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

Impairment losses in respect of trade debtors, other receivables and deposits, and interest receivables are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is therefore insignificant.

The balance and the movement of the allowance for bad and doubtful debts as at 30 June 2023 and 2022 are not significant.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. TRADING FINANCIAL ASSETS

	2023 US\$'000	2022 US\$'000
Equity securities		
Listed (at market value)		
– In Hong Kong	704,796	783,336
– Outside Hong Kong	528,363	326,820
	<b>1,233,159</b>	1,110,156
Debt securities		
Listed (at market value)		
– In Hong Kong	–	9,983
	–	9,983
	<b>1,233,159</b>	1,120,139

Certain of the Group's trading financial assets with an aggregate book value of US\$184.4 million (2022: US\$335.4 million) were pledged for bank loans.

### 29. CASH AND SHORT TERM FUNDS AND OTHER CASH FLOW INFORMATION

#### (a) Cash and cash equivalents comprise:

	2023 US\$'000	2022 US\$'000
Deposits with banks	1,222,086	980,079
Cash at bank and in hand	413,011	524,303
Cash and short term funds in the consolidated statement of financial position	<b>1,635,097</b>	1,504,382
Fixed deposits with maturity over three months	(381,369)	(153,000)
Cash collaterals (note)	(7,463)	(5,566)
Bank overdraft	(2,495)	–
Cash and cash equivalents in the consolidated statement of cash flows	<b>1,243,770</b>	1,345,816

Note:

Cash collaterals comprised deposits of US\$7.5 million as at 30 June 2023 (2022: US\$5.6 million) pledged with financial institutions in Singapore for bank loans.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Reconciliation of liabilities arising from financing activities

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

	Bank loans and other borrowings and interest payable US\$'000	Amount due to non- controlling interests US\$'000	Lease liabilities US\$'000	Total US\$'000
<b>At 1 July 2021</b>	4,792,225	345,468	1,091,382	6,229,075
<b>Changes from financing cash flows:</b>				
Net proceeds from bank loans and other borrowings	306,079	-	-	306,079
Repayment to non-controlling interests	-	(21,283)	-	(21,283)
Interest paid	(138,730)	-	-	(138,730)
Capital element of lease rentals paid	-	-	(81,443)	(81,443)
Interest element of lease rentals paid	-	-	(51,012)	(51,012)
<b>Total changes from financing cash flows</b>	<b>167,349</b>	<b>(21,283)</b>	<b>(132,455)</b>	<b>13,611</b>
<b>Exchange adjustments</b>	<b>(201,230)</b>	<b>(11,897)</b>	<b>(126,411)</b>	<b>(339,538)</b>
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the year	-	-	31,872	31,872
Finance costs	91,735	2,893	49,063	143,691
Disposals and written off	-	-	(2,662)	(2,662)
Capitalised borrowing costs (note 7(a))	50,235	9,546	-	59,781
Lease modification	-	-	24,615	24,615
<b>Total other changes</b>	<b>141,970</b>	<b>12,439</b>	<b>102,888</b>	<b>257,297</b>
<b>At 30 June 2022</b>	<b>4,900,314</b>	<b>324,727</b>	<b>935,404</b>	<b>6,160,445</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Reconciliation of liabilities arising from financing activities (cont'd)

	Bank loans and other borrowings and interest payable US\$'000	Amount due to non- controlling interests US\$'000	Lease liabilities US\$'000	Total US\$'000
<b>At 1 July 2022</b>	<b>4,900,314</b>	<b>324,727</b>	<b>935,404</b>	<b>6,160,445</b>
<b>Changes from financing cash flows:</b>				
Net repayment of bank loans and other borrowings	(221,558)	-	-	(221,558)
Advance from non-controlling interests	-	28,519	-	28,519
Interest paid	(196,833)	-	-	(196,833)
Capital element of lease rentals paid	-	-	(59,680)	(59,680)
Interest element of lease rentals paid	-	-	(46,606)	(46,606)
<b>Total changes from financing cash flows</b>	<b>(418,391)</b>	<b>28,519</b>	<b>(106,286)</b>	<b>(496,158)</b>
<b>Exchange adjustments</b>	<b>48,507</b>	<b>(2,101)</b>	<b>35,619</b>	<b>82,025</b>
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the year	-	-	125,982	125,982
Finance costs	145,605	4,277	46,606	196,488
Capitalised borrowing costs (note 7(a))	50,254	6,711	-	56,965
Capitalisation of shareholder's loans from non-controlling interests of a subsidiary	-	(43,850)	-	(43,850)
Lease modification	-	-	(4)	(4)
<b>Total other changes</b>	<b>195,859</b>	<b>(32,862)</b>	<b>172,584</b>	<b>335,581</b>
<b>At 30 June 2023</b>	<b>4,726,289</b>	<b>318,283</b>	<b>1,037,321</b>	<b>6,081,893</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 30. TRADE AND OTHER PAYABLES

	2023 US\$'000	2022 US\$'000
Trade creditors	127,408	124,714
Other payables and accrued operating expenses	499,676	480,280
Derivative financial instruments, at fair value	5,297	3,842
Amounts due to fellow subsidiaries	8,594	4,750
Amounts due to associates and joint ventures	-	31
	<b>640,975</b>	<b>613,617</b>

Included in trade and other payables is US\$157.6 million (2022: US\$175.4 million) which is expected to be payable after one year.

#### (a) Ageing analysis

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

	2023 US\$'000	2022 US\$'000
Within 1 month	60,653	86,203
1 to 3 months	53,112	24,182
More than 3 months	13,643	14,329
	<b>127,408</b>	<b>124,714</b>

#### (b) Other payables and accrued operating expenses

	2023 US\$'000	2022 US\$'000
Accrued operating expenses	216,521	231,165
Real estate tax payable	51,711	49,206
Social security and gaming and other taxation	48,540	38,423
Interest payables	17,680	14,588
Deposits received	115,870	84,028
Contingent cash consideration for acquisition of additional interests in a subsidiary	-	12,947
Others	49,354	49,923
	<b>499,676</b>	<b>480,280</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31. BANK LOANS AND OTHER BORROWINGS

	2023			2022		
	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	325,678	2,634,832	2,960,510	932,900	2,298,717	3,231,617
– Unsecured	693,666	570,215	1,263,881	474,704	699,322	1,174,026
	<b>1,019,344</b>	<b>3,205,047</b>	<b>4,224,391</b>	<b>1,407,604</b>	<b>2,998,039</b>	<b>4,405,643</b>
Other loans						
– Secured	-	116,651	116,651	-	-	-
	-	116,651	116,651	-	-	-
Unsecured medium term notes and bonds	-	367,567	367,567	122,198	357,885	480,083
	<b>1,019,344</b>	<b>3,689,265</b>	<b>4,708,609</b>	<b>1,529,802</b>	<b>3,355,924</b>	<b>4,885,726</b>

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

	2023			2022		
	Bank loans and other loans US\$'000	Other borrowings US\$'000	Total US\$'000	Bank loans and other loans US\$'000	Other borrowings US\$'000	Total US\$'000
Within 1 year or on demand	1,019,344	-	1,019,344	1,407,604	122,198	1,529,802
After 1 year but within 2 years	1,580,061	-	1,580,061	1,770,272	-	1,770,272
After 2 years but within 5 years	958,300	367,567	1,325,867	1,178,717	357,885	1,536,602
After 5 years	783,337	-	783,337	49,050	-	49,050
	<b>3,321,698</b>	<b>367,567</b>	<b>3,689,265</b>	<b>2,998,039</b>	<b>357,885</b>	<b>3,355,924</b>
	<b>4,341,042</b>	<b>367,567</b>	<b>4,708,609</b>	<b>4,405,643</b>	<b>480,083</b>	<b>4,885,726</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31. BANK LOANS AND OTHER BORROWINGS (cont'd)

Note:

The bank loans and other loans (2022: bank loans) are secured by the following:

- legal mortgages on investment properties with an aggregate book value of US\$4,148.0 million (2022: US\$3,608.1 million) (note 14);
- legal mortgages on development properties with an aggregate book value of US\$2,106.7 million (2022: US\$2,086.9 million) (note 22);
- legal mortgages on other property, plant and equipment with an aggregate book value of US\$300.9 million (2022: US\$322.1 million) (note 14); and
- certain trading financial assets with an aggregate book value of US\$184.4 million (2022: US\$335.4 million) (note 28).

### 32. PROVISIONS AND OTHER LIABILITIES

	Pensions US\$'000	Property lease US\$'000	Others US\$'000	Total US\$'000
At 1 July 2021	1,718	30,001	13,627	45,346
Provision made/(written back) during the year	556	(6,451)	182	(5,713)
Amounts settled or utilised during the year	(5,302)	(3,316)	(565)	(9,183)
Actuarial gain on defined benefit obligation	(5,867)	-	-	(5,867)
Exchange adjustments	80	(3,134)	(1,162)	(4,216)
At 30 June 2022	(8,815)	17,100	12,082	20,367
Provisions and other liabilities as at 30 June 2022 are disclosed as:				
Current liabilities	-	15,259	7,090	22,349
Non-current liabilities	6,341	1,841	4,992	13,174
Non-current assets	(15,156)	-	-	(15,156)
	(8,815)	17,100	12,082	20,367
At 1 July 2022	(8,815)	17,100	12,082	20,367
Addition related to dilapidation asset	-	36,256	-	36,256
Provision made/(written back) during the year	178	4,906	(3,230)	1,854
Amounts settled or utilised during the year	(3,458)	(3,475)	(3)	(6,936)
Actuarial loss on defined benefit obligation	9,836	-	-	9,836
Exchange adjustments	(157)	861	180	884
At 30 June 2023	(2,416)	55,648	9,029	62,261
Provisions and other liabilities as at 30 June 2023 are disclosed as:				
Current liabilities	-	7,800	9,029	16,829
Non-current liabilities	6,014	47,848	-	53,862
Non-current assets	(8,430)	-	-	(8,430)
	(2,416)	55,648	9,029	62,261



## NOTES TO THE FINANCIAL STATEMENTS

### 32. PROVISIONS AND OTHER LIABILITIES (cont'd)

In view of the likelihood of future closure of venues following the closure of venues in the past 2 years and the downturn in the trading outlook, together with a hardening position from landlords and recessionary environment making certain properties less attractive, the Group re-considered the basis of the dilapidation provision estimate on the obligation to make good its leased properties and has recognised an additional asset and liability of US\$36.3 million. These provisions are recognised based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amounts expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

Where the Group is able to exit lease contracts before the expiry date or agree sublets which may result in the release of any associated property provisions such events are subject to the agreement of the landlord. As such, the Group makes no assumptions on the ability to either exit or sublet a property until a position is contractually agreed.

### 33. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2023		2022	
	Present value of the minimum lease payments US\$'000	Total minimum lease payments US\$'000	Present value of the minimum lease payments US\$'000	Total minimum lease payments US\$'000
Within 1 year	62,223	113,783	57,675	104,563
After 1 year but within 2 years	41,930	89,648	39,974	81,276
After 2 years but within 5 years	105,269	242,077	116,339	235,429
After 5 years	827,899	2,628,524	721,416	2,206,331
	975,098	2,960,249	877,729	2,523,036
	1,037,321	3,074,032	935,404	2,627,599
Less: total future interest expenses		(2,036,711)		(1,692,195)
Present value of lease liabilities		1,037,321		935,404

The weighted-average borrowing rate of the Group's lease liabilities was 5.77% (2022: 4.86%) per annum during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. DEFERRED TAXATION

#### (a) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowance in excess of related depreciation US\$'000	Revaluation of properties US\$'000	Timing difference on development properties US\$'000	Revaluation of financial liabilities US\$'000	Revaluation of securities US\$'000	Tax losses US\$'000	Others US\$'000	Total US\$'000
At 1 July 2021	(24,735)	(18,709)	2,235	(493)	22,184	(98,991)	82,193	(36,316)
Acquisition of subsidiaries (note 36(a))	-	-	-	-	-	-	461	461
Charged/(credited) to consolidated income statement	6,941	8,929	(12,714)	-	5,757	(21,856)	(8,523)	(21,466)
Charged to other comprehensive income	-	-	-	763	-	-	1,477	2,240
Exchange adjustments	(17,794) 2,483	(9,780) 2,746	(10,479) 456	270 (48)	27,941 (249)	(120,847) 8,332	75,608 (9,202)	(55,081) 4,518
At 30 June 2022	(15,311)	(7,034)	(10,023)	222	27,692	(112,515)	66,406	(50,563)
At 1 July 2022	(15,311)	(7,034)	(10,023)	222	27,692	(112,515)	66,406	(50,563)
Charged/(credited) to consolidated income statement	5,052	3,320	(6,765)	-	(6,648)	(29,657)	(12,098)	(46,796)
Credited to other comprehensive income	-	-	-	(61)	-	-	(1,766)	(1,827)
Exchange adjustments	(10,259) (502)	(3,714) (2,299)	(16,788) 1,364	161 4	21,044 30	(142,172) (3,057)	52,542 1,539	(99,186) (2,921)
At 30 June 2023	(10,761)	(6,013)	(15,424)	165	21,074	(145,229)	54,081	(102,107)
						<b>2023 US\$'000</b>	<b>2022 US\$'000</b>	
Net deferred tax assets recognised in the consolidated statement of financial position						<b>(128,819)</b>	(108,317)	
Net deferred tax liabilities recognised in the consolidated statement of financial position						<b>26,712</b>	57,754	
						<b>(102,107)</b>	(50,563)	

## NOTES TO THE FINANCIAL STATEMENTS

### 34. DEFERRED TAXATION (cont'd)

#### (b) Deferred tax assets not recognised

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

	2023 US\$'000	2022 US\$'000
Deductible temporary differences	113,180	121,968
Tax losses	1,258,401	1,232,483
	<b>1,371,581</b>	1,354,451

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 2023, the temporary differences relating to the undistributed profits of subsidiaries amounted to US\$132.4 million (2022: US\$143.4 million). Deferred tax liabilities of US\$13.3 million (2022: US\$14.3 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. SHARE CAPITAL AND RESERVES

#### (a) Movements in components of equity

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
<b>The Company</b>				
At 1 July 2021	164,526	10,493	3,896,269	4,071,288
Final dividend paid in respect of prior year	-	-	(63,299)	(63,299)
Interim dividend paid in respect of current year	-	-	(21,019)	(21,019)
Total comprehensive income for the year				
- Profit for the year	-	-	(140,260)	(140,260)
Unclaimed dividends refund	-	-	105	105
At 30 June 2022	164,526	10,493	3,671,796	3,846,815
At 1 July 2022	<b>164,526</b>	<b>10,493</b>	<b>3,671,796</b>	<b>3,846,815</b>
Final dividend paid in respect of prior year	-	-	(62,950)	(62,950)
Interim dividend paid in respect of current year	-	-	(20,959)	(20,959)
Total comprehensive income for the year				
- Profit for the year	-	-	63,474	63,474
At 30 June 2023	<b>164,526</b>	<b>10,493</b>	<b>3,651,361</b>	<b>3,826,380</b>

#### (b) Nature and purpose of reserves of the Group

- (i) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.
- (ii) The capital and other reserves have been set up and will be dealt with in accordance with the Group's accounting policies. The purchase consideration for issued shares of the subsidiaries acquired for the purpose of satisfying outstanding share options granted by the subsidiaries is included in the capital reserve. It also comprises statutory and regulatory reserves maintained by HLF's banking subsidiary companies in Malaysia and Vietnam.
- (iii) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. SHARE CAPITAL AND RESERVES (cont'd)

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

- (iv) The ESOS reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.
- (v) The share option reserve comprises the cumulative value of employee services received for the issue of share options.
- (vi) The exchange translation reserve comprises:
  - (a) the foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, associates and joint ventures whose functional currencies are different from the functional currency of the Company.
  - (b) the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries, associates and joint ventures.
- (vii) Fair value reserve comprises unrealised gain or loss arising from changes in fair value of equity investments at FVOCI.
- (viii) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
- (ix) Revaluation reserve comprises increase in fair value of other property, plant and equipment and development properties from acquired subsidiaries.
- (x) Distributable reserves of the Company at 30 June 2023 amounted to US\$3,646,943,000 (2022: US\$3,667,398,000).

#### (c) Share capital

	2023		2022	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	800,000	400,000	800,000	400,000
Issued and fully paid:				
As at 1 July and 30 June	329,051	164,526	329,051	164,526

Note: As at 30 June 2023, 3,826,862 (2022: 3,826,862) ordinary shares were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Acquisition of a subsidiary

Year ended 30 June 2022

On 21 April 2022, the Group acquired the remaining 50% of the issued share capital of Rank Interactive Limited (previously known as Aspers Online Limited) for a total consideration of GBP1.3 million (approximately US\$1.7 million). Of this consideration, GBP0.5 million (approximately US\$0.7 million) was paid in cash on completion in lieu of the outstanding loan balance Rank owed to the seller and GBP0.8 million (approximately US\$1.1 million) in contingent consideration. The contingent consideration will be equivalent to a percentage of the net gaming revenue generated from the acquired customer database. A present value of GBP0.8 million (approximately US\$1.1 million) has been provisionally recognised for the contingent consideration and is dependent upon the date a competing online gaming operation is established.

At the date of acquisition, the fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below.

	2022 US\$'000
Net assets acquired:	
Intangible assets	1,840
Cash and short term funds	95
Trade and other payables	(811)
Deferred tax liabilities	(461)
Net assets acquired	663
Goodwill arising from acquisition	2,757
<b>Total consideration</b>	<b>3,420</b>
Total consideration is satisfied by:	
Cash	653
Contingent consideration	1,057
Remeasurement gain on existing interest in other investment	1,710
	3,420

A reconciliation of cash consideration paid to the net cash outflow in respect of acquisition of the subsidiary included in investing activities in the consolidated statement of cash flows is as follows:

	2022 US\$'000
The fair value of each component of consideration is analysed as:	
Cash consideration paid	(653)
Cash and short term funds acquired	95
<b>Net cash outflow in respect of acquisition of the subsidiary</b>	<b>(558)</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (a) Acquisition of a subsidiary (cont'd)

Year ended 30 June 2022 (cont'd)

The goodwill consists of future revenue opportunities attributable to new customers, new brands and development of technology. No amount of the goodwill recognised is expected to be deductible for tax purposes.

For the year ended 30 June 2022, Rank Interactive Limited contributed a revenue of US\$1.1 million with an insignificant profit before tax. If the acquisition had occurred at the beginning of the year, the continuing revenue of the entity in the twelve months to 30 June 2022 would have been US\$8.1 million and the loss before tax would have been US\$0.3 million.

#### (b) Disposal of subsidiaries

Year ended 30 June 2022

The Group entered into an agreement to dispose of its two subsidiaries in Vietnam for a consideration of US\$27.3 million in October 2020. The assets and liabilities of those subsidiaries were recorded as assets and liabilities held for sale as at 30 June 2021. The disposal was completed in July 2021.

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

	2022 US\$'000
Net assets disposed of: (Classified as assets and liabilities held for sale as at 30 June 2021)	
Other property, plant and equipment	2
Development properties	5,153
Trade and other receivables	2,139
Cash and short term funds	8,214
Trade and other payables	(1,881)
Net assets disposed of	13,627
Add: Non-controlling interests	76
Reclassification of exchange translation reserve upon disposal of the subsidiaries	152
Disposal costs	166
Gain on disposal of the subsidiaries	13,313
Sales consideration	27,334
Disposal costs paid	(166)
Cash and short term funds of the subsidiaries disposed of	(8,214)
Net cash inflow in respect of disposal of the subsidiaries	18,954

In addition, on 14 September 2021, the Group disposed of its investment in a subsidiary, Shanghai Xinhaozhong Holding Co., Ltd for a consideration of RMB7.4 million (approximately US\$1.1 million).

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Disposal of subsidiaries (cont'd)

Year ended 30 June 2022 (cont'd)

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

	2022 US\$'000
Net assets disposed of:	
Properties held for sale	2,645
Cash and short term funds	239
Taxation	(546)
Net assets disposed of	2,338
Less: Non-controlling interests	(215)
Reclassification of exchange translation reserve upon disposal of the subsidiary	(340)
Loss on disposal of the subsidiary	(643)
Sales consideration	1,140
Cash and short term funds of the subsidiary disposed of	(239)
Net cash inflow in respect of disposal of the subsidiary	901

During the prior year, exchange translation reserve of US\$437,000 and non-controlling interests of US\$210,000 have been derecognised and reclassified to profit or loss upon liquidation of a subsidiary, Guoson Lifestyle Retail (Beijing) Limited.

### 37. EMPLOYEE RETIREMENT BENEFITS

#### (a) Defined benefit retirement plans

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

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

The plans are funded by contributions from the Group's subsidiaries in accordance with the schedule of contributions between the trustees and the Group's subsidiaries following each triennial actuarial valuation carried out by independent actuaries, using the projected unit credit method. The latest independent actuarial valuations of the plans in the United Kingdom were at 28 June 2020 and were prepared by qualified staff of Aon Hewitt Limited, who are members of the Institute and Faculty of Actuaries. The latest independent actuarial valuations of the plans in New Zealand were at 31 March 2021 and were prepared by qualified staff of MCA NZ Limited, who are fellow members of the New Zealand Society of Actuaries. The actuarial valuations indicate that the Group's combined obligations under these defined benefit retirement plans are 107% (2022: 113%) covered by the plan assets held by the trustees.



## NOTES TO THE FINANCIAL STATEMENTS

### 37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

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

	2023 US\$'000	2022 US\$'000
Present value of funded obligations	90,106	102,151
Less: Fair value of plan assets	(97,432)	(115,992)
Present value of net surplus of funded plans	(7,326)	(13,841)
Employer superannuation tax payable	531	633
Present value of unfunded obligations	4,379	4,393
Net assets in the consolidated statement of financial position	(2,416)	(8,815)

A portion of the above net assets is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

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

	2023 US\$'000	2022 US\$'000
At 1 July	102,151	148,986
Current service costs	14	20
Interest cost	3,614	2,706
Actuarial gain	(14,028)	(27,274)
Benefits paid	(4,868)	(6,677)
Exchange differences	3,223	(15,610)
At 30 June	90,106	102,151

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

	2023 US\$'000	2022 US\$'000
At 1 July	(115,992)	(153,522)
Contributions from the Group	(3,159)	(5,640)
Benefits paid	4,868	6,677
Interest income	(3,478)	(2,184)
Actuarial losses	23,864	21,407
Exchange differences	(3,535)	17,270
At 30 June	(97,432)	(115,992)

## NOTES TO THE FINANCIAL STATEMENTS

### 37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

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

	2023 US\$'000	2022 US\$'000
At 1 July	(13,208)	(3,514)
Contributions from the Group	(3,159)	(5,640)
Expenses recognised in profit or loss	171	556
Actuarial loss/(gain) recognised in other comprehensive income	9,836	(5,867)
Tax recognised/(reversed) in other comprehensive income	7	(403)
Tax paid during the year	(130)	-
Exchange differences	(312)	1,660
At 30 June	(6,795)	(13,208)

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

	2023 US\$'000	2022 US\$'000
Current service costs	14	20
Net interest expense on obligation	136	522
Tax recognised in profit or loss	21	14
Net actuarial loss/(gain) recognised	9,836	(5,867)
Tax recognised/(reversed) in other comprehensive income	7	(403)
	10,014	(5,714)

(v) Plan assets comprise of:

	2023 US\$'000	2022 US\$'000
Equity/diversified growth fund	32,706	47,010
Bond	59,044	58,246
Insurance policy	4,489	5,564
Cash	1,193	5,172
	97,432	115,992

## NOTES TO THE FINANCIAL STATEMENTS

### 37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

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

	2023	2022
Discount rate	5.40%	3.64%
Rates of increase to pensions in payment		
– Retail Price Index maximum 5% per annum	2.95%	2.90%
– Consumer Price Index maximum 3% per annum	2.05%	2.05%
– Consumer Price Index maximum 2.5% per annum	1.85%	1.85%
Rate of increase in salaries	4.00%	4.00%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US\$'000	Decrease US\$'000
2023		
Discount rate (1% movement)	(8,901)	10,675
Rate of increase to pensions in payment (1% movement)	3,419	(3,419)
Rate of increase in salaries (1% movement)	126	(126)
Future mortality (1% movement)	1,947	(1,958)
2022		
Discount rate (1% movement)	(13,558)	13,567
Rate of increase to pensions in payment (1% movement)	4,993	(4,993)
Rate of increase in salaries (1% movement)	121	(121)
Future mortality (1% movement)	2,499	(2,511)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## NOTES TO THE FINANCIAL STATEMENTS

### 37. EMPLOYEE RETIREMENT BENEFITS (cont'd)

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

Other pension commitment

Rank has an unfunded pension commitment relating to three former executives of Rank. At 30 June 2023, Rank's commitment was US\$4.4 million (2022: US\$4.4 million). Rank paid US\$0.2 million (2022: US\$0.2 million) in pension payments during the year. No actuarial difference arising on the commitment, resulting from the changes in assumptions outlined below in the year (2022: gain after taxation of US\$0.1 million).

Assumptions used to determine the obligations at:

	2023	2022
Discount rate per annum	5.1%	3.8%
Pension increases per annum	5.0%	4.9%

The obligation has been calculated using the S2 mortality tables with a 1.5% per annum improvement in life expectancy.

#### (b) Defined contribution retirement plans

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

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

During the year, the Group's costs incurred on employees pension schemes were US\$13,489,000 (2022: US\$12,402,000) and forfeited contributions in the amount of US\$24,000 (2022: US\$11,000) were used to reduce current year's contributions.

## NOTES TO THE FINANCIAL STATEMENTS

### 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

#### (a) Credit risk

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

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

The Group's credit exposure in the property business is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. The hotel business has its own credit policy to allow credit periods of up to 60 days for certain of its customers. Sales to gaming retail customers are settled in cash or using major credit cards. The Group has no significant concentrations of credit risks. The Group does not hold any collateral over the receivables balances.

The Group measures loss allowance for trade debtors in accordance with accounting policy in note 2(k)(i). The allowance for expected credit losses is insignificant.

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

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Liquidity risk

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

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	2023						2022					
	Contractual undiscounted cash flow					Carrying amount at 30 June 2023	Contractual undiscounted cash flow					Carrying amount at 30 June 2022
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-derivative financial liabilities												
Bank loans and other loans	(1,196,536)	(1,709,242)	(1,852,368)	(51,215)	(4,809,361)	(4,341,042)	(1,533,597)	(1,844,920)	(1,201,774)	(56,526)	(4,636,817)	(4,405,643)
Unsecured medium term notes and bonds	(12,319)	(12,285)	(378,642)	-	(403,246)	(367,567)	(137,175)	(12,019)	(381,412)	-	(530,606)	(480,083)
Trade and other payables	(377,851)	(98,606)	(58,568)	(397)	(535,422)	(535,422)	(346,641)	(107,516)	(67,803)	(124)	(522,084)	(522,084)
Lease liabilities	(113,783)	(89,648)	(242,077)	(2,628,524)	(3,074,032)	(1,037,321)	(104,563)	(81,276)	(235,429)	(2,206,331)	(2,627,599)	(935,404)
	(1,700,489)	(1,909,781)	(2,531,655)	(2,680,136)	(8,822,061)	(6,281,352)	(2,121,976)	(2,045,731)	(1,886,418)	(2,262,981)	(8,317,106)	(6,343,214)
Derivative financial liabilities												
Derivatives settled gross:												
Forward foreign exchange contracts												
- outflows	(159,159)	-	-	-	(159,159)		(408,986)	-	-	-	(408,986)	
- inflows	155,488	-	-	-	155,488		406,510	-	-	-	406,510	
	(3,671)	-	-	-	(3,671)		(2,476)	-	-	-	(2,476)	

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps to manage its interest rate exposure as appropriate. As at 30 June 2023, the Group had interest rate swaps with outstanding notional amount of US\$789.8 million (2022: US\$1,242.2 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:

	2023		2022	
	Effective interest rate	US\$'000	Effective interest rate	US\$'000
Floating rate financial assets/(liabilities)				
Debt securities	-	-	1.80%	9,983
Bank loans and other borrowings	1.93% to 8.16%	(4,167,921)	1.52% to 6.15%	(4,218,162)
		(4,167,921)		(4,208,179)
Fixed rate financial assets/(liabilities)				
Deposits with banks	0.10% to 6.07%	1,222,086	0.05% to 3.10%	980,079
Bank loans and other borrowings	3.29% to 5.08%	(540,688)	3.29% to 5.08%	(667,564)
Lease liabilities	2.80% to 7.49%	(1,037,321)	2.80% to 7.81%	(935,404)
		(355,923)		(622,889)
Total		(4,523,844)		(4,831,068)

##### (ii) Sensitivity analysis

At 30 June 2023, it is estimated that a general increase/decrease of 1 to 97 basis points (2022: 1 to 200 basis points) in interest rates in respect of the Group's various currencies, mainly United States dollars, Pound sterling, Hong Kong dollars, Singapore dollars and Malaysian ringgit, with all other variables held constant, would have decreased/increased the Group's profit by approximately US\$12.6 million (2022: US\$16.3 million), but no significant effect (2022: Nil) on other components of equity.

The sensitivity analysis above indicates the instantaneous change in the Group's profit or loss and other components of equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit or loss and other components of equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as for 2022.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Interest rate risk (cont'd)

##### (iii) Interest Rate Benchmark Reform

The Group has certain LIBOR bank borrowings and interest rate swaps which are subject to the interest rate benchmark reform. The Group considers that the interest rate benchmark reform will have no material impact on the Group's risk exposure.

#### (d) Foreign currency risk

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

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

##### (i) Exposure to foreign currency risk

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

	2023					2022				
	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000	Japanese yen '000	Renminbi '000	Pound sterling '000	Malaysian ringgit '000	Singapore dollars '000
Trade and other receivables	1	1,123	2,095	-	343	28,663	105	1	-	-
Trading financial assets	-	-	91,220	5,810	18,419	6,236,435	-	114,706	6,370	-
Cash and short term funds	82,754	33,356	124	581	75,409	168,394	28,838	3,037	630	9,155
Trade and other payables	(194,198)	(7,588)	(2)	(47)	(8,521)	-	(29,679)	(9)	(47)	(17,325)
Bank loans and other borrowings	-	(1,257,525)	-	-	-	-	(409,563)	-	-	-
Gross exposure arising from recognised assets and liabilities	(111,443)	(1,230,634)	93,437	6,344	85,650	6,433,492	(410,299)	117,735	6,953	(8,170)
Notional amounts of forward exchange contracts at fair value through profit or loss	621,172	-	(53,703)	(5,810)	(52,947)	(6,236,436)	(20,150)	(116,640)	-	(49,099)
Overall net exposure	509,729	(1,230,634)	39,734	534	32,703	197,056	(430,449)	1,095	6,953	(57,269)



## NOTES TO THE FINANCIAL STATEMENTS

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

#### (d) Foreign currency risk (cont'd)

##### (ii) Sensitivity analysis

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

	2023			2022		
	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	14%	(201)	-	8%	58	-
Renminbi	7%	(11,618)	-	0.1%	(132)	-
Pound sterling	1%	2,817	-	4%	49	-
Malaysian ringgit	6%	6	-	3%	55	-
Singapore dollars	4%	659	-	3%	(181)	-

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis as for 2022.

#### (e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading financial assets (see note 28) and equity investments at FVOCI (see note 20).

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

At 30 June 2023, it is estimated that an increase/decrease of 1% to 11% (2022: 1% to 9%) in the market value of the Group's global listed trading securities and equity investments at FVOCI, with all other variables held constant, would have increased/decreased the Group's profit by US\$69.2 million (2022: US\$71.4 million) and other components of equity by US\$28.5 million (2022: US\$20.2 million). The analysis is performed on the same basis as for 2022.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (f) Fair values measurement

##### (i) Financial assets and liabilities measured at fair value

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

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

	2023				2022			
	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
<b>Recurring fair value measurements</b>								
<b>Assets</b>								
Equity investments at FVOCI:								
- Listed	636,492	-	-	636,492	683,344	-	-	683,344
- Unlisted	-	12,591	84,810	97,401	-	72,267	86,085	158,352
Trading financial assets:								
- Listed	1,233,159	-	-	1,233,159	1,120,139	-	-	1,120,139
Derivative financial instruments:								
- Interest rate swaps	-	7,797	-	7,797	-	7,431	-	7,431
- Forward exchange contracts	-	5,833	-	5,833	-	19,956	-	19,956
- Equity swaps	-	-	-	-	-	449	-	449
	<b>1,869,651</b>	<b>26,221</b>	<b>84,810</b>	<b>1,980,682</b>	<b>1,803,483</b>	<b>100,103</b>	<b>86,085</b>	<b>1,989,671</b>
<b>Liabilities</b>								
Derivative financial instruments:								
- Forward exchange contracts	-	3,912	-	3,912	-	2,458	-	2,458
- Equity swaps	-	1,385	-	1,385	-	1,384	-	1,384
	<b>-</b>	<b>5,297</b>	<b>-</b>	<b>5,297</b>	<b>-</b>	<b>3,842</b>	<b>-</b>	<b>3,842</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (f) Fair values measurement (cont'd)

##### (i) Financial assets and liabilities measured at fair value (cont'd)

During the years ended 30 June 2023 and 30 June 2022, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

##### *Valuation techniques and inputs used in Level 2 fair value measurements*

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

##### *Information about Level 3 fair value measurements*

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

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

	2023 US\$'000	2022 US\$'000
<b>Unlisted equity investments at FVOCI:</b>		
At 1 July	86,085	60,235
Net unrealised (losses)/gains recognised in other comprehensive income during the year	(4,431)	20,050
Additions	3,808	9,489
Cash distribution	(652)	(3,689)
At 30 June	84,810	86,085

The net unrealised gains or losses arising from the remeasurement of the unlisted equity investments at FVOCI are recognised in fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity investments, the amount accumulated in other comprehensive income is transferred directly to retained profits.

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

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 2023 and 2022.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 39. CAPITAL MANAGEMENT

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

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

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

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

	2023 US\$'000	2022 US\$'000
Bank loans and other loans	4,341,042	4,405,643
Other borrowings	367,567	480,083
Total borrowings	4,708,609	4,885,726
Less: Cash and short term funds	(1,635,097)	(1,504,382)
Trading financial assets	(1,233,159)	(1,120,139)
Net debt	1,840,353	2,261,205
Total equity attributable to equity shareholders of the Company	7,572,517	7,357,199
Equity-debt ratio	80 : 20	76 : 24

### 40. COMMITMENTS

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

	2023 US\$'000	2022 US\$'000
Authorised and contracted for	15,710	22,385
Authorised but not contracted for	18,019	16,017
	33,729	38,402

The commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US\$500.4 million (2022: US\$955.3 million).

#### (b) There were also commitments in respect of foreign currency contracts relating to the normal operations as at 30 June 2023 and 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### 41. CONTINGENT LIABILITIES

#### (a) GuocoLand

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

#### (b) Rank

##### Property arrangements

Rank has certain property arrangements under which rental payments revert to Rank in the event of default by the third party. At 30 June 2023, it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party was to default on these arrangements, the obligation was to fall back to Rank and the undiscounted monthly rental for these property arrangements was GBP0.8 million (approximately US\$1.0 million) on a discounted basis.

##### Legal and regulatory landscape

Given the nature of the legal and regulatory landscape of the industry, from time to time Rank receives notices and communications from regulatory authorities and other parties in respect of its activities and is subject to compliance assessments of its licensed activities.

Rank recognises that there is uncertainty over any fines or charges that may be levied by regulators as a result of past events and depending on the status of such reviews, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

##### Disposal claims

As a consequence of historic sale or closure of previously owned businesses, Rank may be liable for legacy industrial disease and personal injury claims alongside any other directly attributable costs. The nature and timing of these claims are uncertain and depending on the result of the claim’s assessment review, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

##### Contingent consideration

On 21 April 2022, Rank completed the purchase of the remaining 50% shareholding of Rank Interactive Limited (previously known as Aspers Online Limited) for a total consideration of GBP1.3 million (approximately US\$1.6 million). Of this consideration, GBP0.5 million (approximately US\$0.6 million) was paid in cash on completion in lieu of the outstanding loan balance Rank owed to the seller and GBP0.8 million (approximately US\$1.0 million) in contingent consideration included in trade and other payables. The contingent consideration will be equivalent to a percentage of the net gaming revenue generated from the acquired customer database. A present value of GBP0.8 million (approximately US\$1.0 million) has been provisionally recognised for the contingent consideration and is dependent upon the date a competing online gaming operation is established.

At 30 June 2023, Rank settled GBP0.4 million (approximately US\$0.5 million) of the contingent consideration leaving a balance of GBP0.4 million (approximately US\$0.5 million).

## NOTES TO THE FINANCIAL STATEMENTS

### 42. MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Banking transactions

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

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.

Mr. QUEK Leng Chan, being a deemed controlling shareholder of the Company, is a deemed controlling shareholder of companies in the HLCM Group. Companies in the HLCM Group are deemed related parties to the Group.

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

	2023 US\$'000	2022 US\$'000
Interest income	476	217

#### (ii) Balance as at 30 June

	2023 US\$'000	2022 US\$'000
Deposits and short term funds	35,175	13,251

#### (b) Management fees

On 3 July 2020, the Company entered into master agreements for services for three financial years from 1 July 2020 to 30 June 2023 with each of GuoLine Group Management Company Pte. Ltd. (“GGMC”) (a wholly-owned subsidiary of GuoLine Capital Assets Limited (“GCAL”)) and HL Management Co Sdn Bhd (“HLMC”) which were indirect wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad (“HLCM”), the ultimate holding company of the Company at the time. On 16 April 2021, GCAL replaced HLCM to become the ultimate holding company and a substantial shareholder of the Company following the completion of an internal restructuring exercise. Mr QUEK Leng Chan, being a deemed controlling shareholder of the Company, is a deemed controlling shareholder of GCAL and HLMC. GGMC and HLMC are deemed related parties to the Group.

Total amount paid or provided for in respect of management fees to GGMC and HLMC for the year ended 30 June 2023 amounted to US\$12,256,000 and US\$445,000 (2022: US\$8,682,000 and US\$298,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 42. MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

#### (c) Investment management fees and advisory management fees

On 1 November 2022, Asia Fountain Assets Limited ("AFAL"), an indirect wholly-owned subsidiary of the Company entered into the Investment Management Agreement with GuoLine Advisory Pte. Ltd. ("GAPL"), a 50:50 joint venture company owned by GuocoEquity Assets Limited ("GEAL") (a direct wholly-owned subsidiary of the Company) and GGMC. GAPL provides AFAL with discretionary fund management services in relation to all the investment assets (including monies and other investment products) of AFAL, proceeds therefrom and dividend income, other than those which may be designated by AFAL as not forming part of the mandate of GAPL under the Investment Management Agreement in accordance with the terms and conditions of the Investment Management Agreement.

On 1 November 2022, Guoco Management Company Limited ("GMC"), a direct wholly-owned subsidiary of the Company entered into the Investment Advisory and Management Agreement with GAPL. GAPL provides GMC with investment advisory services in accordance with the terms and conditions of the Investment Advisory and Management Agreement.

Total amount paid or provided for in respect of investment management fees and performance fee to GAPL by AFAL for the year ended 30 June 2023 amounted to US\$2,091,000 (2022: Nil) and US\$2,566,000 (2022: Nil) respectively.

Total amount paid or provided for in respect of advisory management fees to GAPL by GMC for the year ended 30 June 2023 amounted to US\$203,000 (2022: Nil).

#### (d) 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:

	2023 US\$'000	2022 US\$'000
Short-term employee benefits	3,408	3,372

Total emoluments are included in "staff costs" (see note 7(b)).

#### (e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (a) banking transactions, (b) management fees and (c) investment management fees and advisory 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 43. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 US\$'000	2022 US\$'000
<b>NON-CURRENT ASSETS</b>		
Interest in subsidiaries	3,096,481	3,239,912
Interest in associated company	242,832	242,832
Intangible assets	203	203
	<b>3,339,516</b>	3,482,947
<b>CURRENT ASSETS</b>		
Trade and other receivables	6,759	750
Cash and short term funds	669,977	372,430
	<b>676,736</b>	373,180
<b>CURRENT LIABILITIES</b>		
Amounts due to subsidiaries	189,099	8,748
Trade and other payables	773	564
	<b>189,872</b>	9,312
<b>NET CURRENT ASSETS</b>	<b>486,864</b>	363,868
<b>NET ASSETS</b>	<b>3,826,380</b>	3,846,815
<b>CAPITAL AND RESERVES</b>		
Share capital (note 35)	164,526	164,526
Reserves (note 35)	3,661,854	3,682,289
<b>TOTAL EQUITY</b>	<b>3,826,380</b>	3,846,815

Approved and authorised for issue by the Board of Directors on 20 September 2023.

**KWEK Leng Hai**  
**CHEW Seong Aun**  
*Directors*



## NOTES TO THE FINANCIAL STATEMENTS

### 44. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent company at 30 June 2023 to be GuoLine Overseas Limited, which is incorporated in Bermuda and the ultimate holding company to be GuoLine Capital Assets Limited, which is incorporated in Jersey. These entities do not produce financial statements available for public use.

### 45. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2023 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note (i)
Amendments to HKAS 1 – Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1 – Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8 – Definition of accounting estimates	1 January 2023
Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

Note:

(i) Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.