

# INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in Bermuda with limited liability)

### OPINION

We have audited the consolidated financial statements of Guoco Group Limited (“the Company”) and its subsidiaries (hereinafter referred to as “the Group”) set out on pages 73 to 175, which comprise the consolidated statement of financial position as at 30 June 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

# INDEPENDENT AUDITOR'S REPORT

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

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

### The Key Audit Matter

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

As at 30 June 2025, the carrying values of hotel properties, capitalised casino and other gaming licences and concessions and related right-of-use assets totalled US\$2,680 million in aggregate, representing 14% of the Group's total assets as at that date.

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

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

### How the matter was addressed in our audit

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

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

# INDEPENDENT AUDITOR'S REPORT

## VALUATION OF INVESTMENT PROPERTIES

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

### The Key Audit Matter

The Group owns a portfolio of investment properties, comprising commercial properties in Hong Kong, Singapore, Malaysia, and China. As at 30 June 2025, the carrying value of investment properties was US\$5,361 million, representing 29% of the Group's total assets as at that date.

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

The net changes in fair value of investment properties in the consolidated income statement represented 1% of the Group's profit before taxation for the year ended 30 June 2025.

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

### How the matter was addressed in our audit

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

- evaluating the qualifications, experience and competence of the external property valuers engaged by management and holding discussions with the external property valuers to understand their valuation methods;
- assessing the rental information used in the valuations by comparing specific details with underlying leases and externally available industry data; and
- with the involvement of internal property valuation specialists, evaluating the valuation methodology used by the external property valuers based on our knowledge of other property valuers for similar types of properties, assessing the key assumptions adopted in the valuations, including those relating to capitalisation rate, comparable sales price, the discount rates applied and terminal yield rates, by comparing them with historical rates and available industry data, taking into consideration comparability and market factors and conditions, and considering the possibility of error or management bias in the selection of assumptions adopted, on a sample basis.

# INDEPENDENT AUDITOR'S REPORT

## VALUATION OF DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE

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

### The Key Audit Matter

The Group's development properties and properties held for sale mainly comprise residential properties under development and completed properties in Singapore, Malaysia and China. As at 30 June 2025, the carrying values of development properties and properties held for sale totalled US\$1,894 million in aggregate, representing 10% of the Group's total assets as at that date.

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

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

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

### How the matter was addressed in our audit

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is HUI, Chuen Hoi (practicing certificate number: P05551).

#### **KPMG**

*Certified Public Accountants*

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19 September 2025