# 2023/24

# INTERIM REPORT

國浩集團有限公司
GuocoGroup Limited

A Member of the Hong Leong Group

(Stock Code: 53)

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# CORPORATE INFORMATION

(As at 26 February 2024)

## BOARD OF DIRECTORS

### Executive Chairman

KWEK Leng Hai

### Executive Director

CHEW Seong Aun

### Non-executive Director

KWEK Leng San

### Independent Non-executive Directors

David M. NORMAN
Lester G. HUANG, *SBS, JP*
Paul J. BROUGH

## BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Paul J. BROUGH – *Chairman*
David M. NORMAN
Lester G. HUANG, *SBS, JP*

## BOARD REMUNERATION COMMITTEE

Lester G. HUANG, *SBS, JP – Chairman*
KWEK Leng Hai
Paul J. BROUGH

## BOARD NOMINATION COMMITTEE

KWEK Leng Hai – *Chairman*
David M. NORMAN
Paul J. BROUGH

## GROUP CHIEF FINANCIAL OFFICER

CHEW Seong Aun

## COMPANY SECRETARY

LO Sze Man, Stella

## PLACE OF INCORPORATION

Bermuda

## REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

## PRINCIPAL OFFICE

50th Floor, The Center
99 Queen's Road Central
Hong Kong

| | | |
|---|---|---|
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| Fax | : | (852) 2285 3233 |
| Website | : | www.guoco.com |

## BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

## AUDITOR

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

# FINANCIAL CALENDAR

| | |
|---|---|
| Announcement of interim results | 26 February 2024 (Monday) |
| Latest time to register transfers for interim dividend | 4:30 p.m. on 11 March 2024 (Monday) |
| Closure of register of members for interim dividend | 12 March 2024 (Tuesday) |
| Payment of interim dividend of HK$0.50 per share | 26 March 2024 (Tuesday) |

**The board of directors (the "Board") of Guoco Group Limited (the "Company") would like to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 December 2023 as follows:**

# FINANCIAL RESULTS

The Group recorded an unaudited consolidated profit attributable to shareholders of HK$1,448.9 million for the six months ended 31 December 2023, representing an increase of 13% versus the corresponding period in 2022 (restated). This is mainly attributable to the positive performances of Hospitality and Leisure segment and Financial Services segment. Basic earnings per share amounted to HK$4.46 as compared to HK$3.95 (restated) in the prior period.

For the six months ended 31 December 2023, the Principal Investment segment, Property Development and Investment segment, Hospitality and Leisure segment, Financial Services segment and Others segment reported profits before taxation of HK$221.0 million, HK$443.9 million, HK$339.7 million, HK$671.2 million and HK$117.0 million respectively. Overall, the unaudited consolidated profit before taxation of the Group increased by 65% to HK$1,792.8 million for the six months ended 31 December 2023.

Revenue for the six months ended 31 December 2023 increased by 41% to HK$13,293.9 million, primarily due to an increase of HK$2,488.0 million in revenue from the Property Development and Investment segment attributable to the higher progressive recognition of sales from residential projects in Singapore. In addition, an increase of HK$734.3 million in revenue from the Hospitality and Leisure segment has arisen from the industry recovery in the current period.

# INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.50 per share amounting to approximately HK$165 million for the financial year ending 30 June 2024 (2022/2023 interim dividend: HK$0.50 per share amounting to approximately HK$165 million), which will be payable on Tuesday, 26 March 2024 to the shareholders whose names appear on the Register of Members on Tuesday, 12 March 2024.

# REVIEW OF OPERATIONS

## PRINCIPAL INVESTMENT

During the six-month period ended 31 December 2023, the global equity markets with the exception of China and Hong Kong have been generally positive and culminated a strong finish despite the fluctuations experienced throughout the period. The third calendar quarter first saw a decline in global equities due to concerns over rising US inflation, reflected in the Consumer Price Index, and expectations of prolonged higher interest rates by the Federal Reserve. This concern was further heightened by the increase in the US 10-year yield. However, as the fourth quarter of 2023 began, concern largely subsided as US inflation moderated and signs of a cooling labour market emerged. The December 2023 Federal Open Market Committee meeting signaled a more dovish stance by the Federal Reserve, with expectations of rate cuts in 2024.

Amid the volatile market conditions, our Principal Investment segment recorded a pre-tax profit of HK$221.0 million for the six months ended 31 December 2023. Our investment strategy that focused on prioritizing the fundamental aspects of companies' businesses proved beneficial in mitigating the impact of short-term fluctuations.

The six months ended 31 December 2023 saw high volatility in the financial markets due to uncertainty around the inflation and direction of interest rates. Against this backdrop, our Treasury team continued to focus on hedging and managing foreign exchange exposures while overseeing the overall liquidity position of the Group to minimize the negative impact from the turbulent financial markets.

As at 31 December 2023, the Group's total investments under the Principal Investment amounted to US$1,819 million. No single investment accounted for a value of 5% or more of the Group's total asset value as at 31 December 2023.

REVIEW OF OPERATIONS

## PROPERTY DEVELOPMENT AND INVESTMENT

### GuocoLand Limited ("GuocoLand")

For the six months ended 31 December 2023, GuocoLand's revenue increased by 61% to S$1,066.4 million (approximately HK$6,199.3 million) as compared to the previous corresponding period. This was mainly due to the strong growth in both the property development and property investment businesses.

Revenue from GuocoLand's property development increased by 67% to S$918.0 million (approximately HK$5,336.6 million) driven by higher progressive recognition of sales from its substantially sold high-end Singapore residential developments Meyer Mansion, Midtown Modern and Lentor Modern. In addition, property development revenue from China recorded a threefold increase as compared to the corresponding period in 2022 mainly contributed by sales of the Guoco 18T development in Chongqing.

Revenue from GuocoLand's investment properties increased by 46% to S$109.4 million (approximately HK$636.0 million) supported by the higher recurring rental income from the progressive commencement of leases at Guoco Midtown. The revenue from Guoco Changfeng City's South Tower offices and basement retail in Shanghai also increased by 66% to S$9.3 million (approximately HK$54.1 million) and contributed to stable recurring income growth in China.

Other income decreased by 55% to S$21.3 million (approximately HK$123.8 million) mainly due to the absence of fair value gains on interest rate hedges and foreign exchange gains recorded in the previous corresponding period.

Finance cost increased by 87% to S$113.5 million (approximately HK$659.8 million). This was mainly due to the interest expense of Guoco Midtown which was capitalised prior to its completion, but has been recognised in the profit and loss account in the current financial period. The higher interest rate environment also resulted in the increase in finance cost.

For the six months ended 31 December 2023, GuocoLand's share of results of associates and joint ventures recorded a profit of S$20.5 million (approximately HK$119.2 million) as compared to a share of loss in the previous corresponding period. This was mainly due to the profit contribution from the progressive completion of The Avenir, a joint venture residential project in Singapore that was fully sold.

Overall, GuocoLand's operating profit increased by 42% to S$93.1 million (approximately HK$541.2 million) whilst the profit attributable to equity holders increased by 12% to S$66.2 million (approximately HK$384.8 million).

In Singapore, statistics from the Urban Redevelopment Authority indicate that overall prices of non-landed private properties increased by 6.6% in 2023, moderating from the 8.1% increase in 2022. Knight Frank, a property consultant, estimates the number of new private homes sold by developers in 2023 was 9.1% lower than 2022. This is attributed to factors such as downbeat macroeconomic conditions, high interest rates, property cooling measures and more new housing options expected in 2024. For the year of 2024, analysts expect growth of residential property prices to rise moderately between 3% and 6%. For the office market, while vacancy rates remain manageable, it is expected to face near term challenges such as economic uncertainty, fewer visible demand drivers and an above historical average completion pipeline in 2024. Nevertheless, CBRE, a property consultant, expects Grade A office rents to grow by 2% to 3% for 2024.

According to the official data, new home prices in China for December 2023 logged their steepest drop since February 2015, while property sales measured by floor area fell 23% in December from a year earlier. The data from the National Bureau of Statistics of China showed that 62 out of the 70 cities have reported month-on-month fall, in new home prices for December, up from 59 in November. Due to the persistent weak sentiment and concerns in the property sector, official measures have been introduced to support the real estate sector, including easing of restrictions on property sales and financial institutions to increase financing and liquidity in the sector.

## PROPERTY DEVELOPMENT AND INVESTMENT (CONT'D)

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

Advance estimates indicate that Malaysia's economic growth of 3.4% in the fourth quarter of 2023 and 3.8% for the full year were slower than expected, as weak global demand and low commodity prices drove a decline in exports. Knight Frank notes the cautiously optimistic outlook for Malaysia's residential property market is marked by increased sales volume, new property launches and successful completions. The office market in the Klang Valley area is expected to remain stable with modest recovery, underpinned by sustained demand from sectors such as technology, finance, and professional services, and driven by the flight-to-quality trend and growing awareness of ESG factors.

With its twin engines of property development and property investment performing strongly, GuocoLand will constantly review its portfolio, and continue to invest prudently in promising areas, leveraging its capability to drive results.

## HOSPITALITY AND LEISURE

### Clermont Hotel Group ("CHG")

Clermont Hotel Group, our key hotel operating business unit in the United Kingdom ("UK"), recorded a profit after tax of GBP21.1 million (approximately HK$207.1 million) for the six months ended 31 December 2023, compared to GBP22.8 million (approximately HK$209.3 million) for the corresponding period in 2022. The profit for the previous corresponding period included an exceptional income from a Covid-related business interruption insurance claim of GBP7.2 million (approximately HK$66.1 million), net of tax. In May 2023, the end of the licensing agreement with Hard Rock International allowed the hotel to be relaunched as The Cumberland. The adjacent property was also relaunched as the Thistle Park Lane Hotel (previously Great Cumberland Place) in November 2023. The early indications are positive, especially in regards to room rate.

Operationally, the positive momentum generated by the strong finish of the previous financial year has carried forward into the current period. Domestic and international demand continues to drive higher volumes and room rates. Revenue of GBP149.1 million (approximately HK$1,463.2 million) for the first six months of the year is ahead of the corresponding period in 2022 by 12% and driving above-expectation profit growth. The business is also benefitting from scale efficiencies at higher level of occupancy and this, together with the higher rates, is generating increased profit after tax.

The macroeconomic environment continues to be uncertain, despite the gradual easing in inflation and signs of improvement in the availability of labour. While it is expected that interest rates will remain high for at least the next six months, the business is benefitting from energy prices that have reduced significantly from the highs seen in 2022. From a commercial perspective, demand continues to be strong, supporting both rooms sold and average room rate growth. Accreditation as a Great Place to Work is also helping to drive employee engagement and retention. Overall, CHG is well positioned to drive future growth.

### The Rank Group Plc ("Rank")

Rank's net gaming revenue increased by 9% to GBP362.6 million (approximately HK$3,558.4 million) for the six months ended 31 December 2023 due to the growth across all of the business units. Operating profit increased to GBP21.7 million (approximately HK$213.0 million), mainly contributed by the continued improvement in revenues and the significantly reduced energy costs offsetting the impact of higher employment costs. Rank recorded a profit after tax of GBP8.8 million (approximately HK$86.4 million) for the six months ended 31 December 2023, mainly due to the absence of the impairment charges of GBP95.4 million (approximately HK$874.6 million) relating to the downturn in performance expectations for Grosvenor and Mecca venues recorded in the prior period.

## HOSPITALITY AND LEISURE (CONT'D)

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

Over the first half of the financial year, the number of customer visits to Grosvenor venues increased by 8% and the spend per customer visit increased by 2%. The slow growth in spend per customer visit reflects the decline in high-net-worth tourists visiting the UK. This is partly driven by the absence of tax-free shopping post-Brexit and the lack of credit facilities available in other jurisdictions. For Mecca venues, customer volume increased slightly by 2% and the spend per customer visit increased by 7%. In Spain, customer visits to Enracha venues increased by 9% in the first half but were still behind pre-pandemic levels. Notwithstanding this, the revenues of Enracha venues were 21% above pre-pandemic levels.

The digital business continued to perform well with strong growth in Grosvenor and Mecca, supported by the continued healthy growth levels seen in cross-channel customer revenues. In Spain, the Yo and Enracha brands recorded an increase of 15% in net gaming revenue.

Rank has continued to position itself for the UK Government's planned reforms in gambling legislation which are expected to be implemented during 2024. The strong financial position enables Rank to continue investment in both the digital and venues businesses and positions Rank to take full advantage of any future improvement in the macro-economic climate and the planned and much needed reforms in the UK Government's gambling legislation review.

## FINANCIAL SERVICES

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

HLFG recorded a profit before tax of RM2,882.8 million (approximately HK$4,846.9 million) for the six months ended 31 December 2023, an increase of 5% from RM2,740.8 million (restated) (approximately HK$4,717.1 million) in the corresponding period in 2022. The increase was due to higher contribution from across all operating divisions.

Hong Leong Bank Group recorded an increase of 4% in profit before tax, amounting to RM2,584.1 million (approximately HK$4,344.7 million) for the six months ended 31 December 2023 as compared to RM2,474.5 million (approximately HK$4,258.8 million) in the corresponding period in 2022. The increase was mainly due to an increase in share of profit from associated company by RM164.6 million (approximately HK$276.7 million) and an increase in write back of impairment losses on financial investment and other assets of RM119.7 million (approximately HK$201.3 million). The profit growth, however, was offset by a decrease in revenue of RM127.4 million (approximately HK$214.2 million) and an increase in operating expenses of RM47.3 million (approximately HK$79.5 million).

HLA Holdings Group recorded a profit before tax of RM258.9 million (approximately HK$435.3 million) for the six months ended 31 December 2023, an increase of 3% as compared to RM251.1 million (restated) (approximately HK$432.2 million) in the corresponding period in 2022. The increase was mainly due to an increase in life fund surplus of RM48.3 million (approximately HK$81.2 million) and an increase in share of profit from associated company of RM20.8 million (approximately HK$35.0 million). The increase, however, was offset by a decrease in revenue of RM54.6 million (approximately HK$91.8 million) and an increase in operating expenses of RM6.7 million (approximately HK$11.3 million).

Hong Leong Capital Group recorded a profit before tax of RM46.9 million (approximately HK$78.9 million) for the six months ended 31 December 2023, an increase of 30% as compared to RM36.1 million (approximately HK$62.1 million) in the corresponding period in 2022. This was mainly due to fair value gain on investment and an increase in contribution from the investment banking and stockbroking divisions.

## OTHERS

For the six months ended 31 December 2023, Manuka Health New Zealand Limited ("MHNZ"), the Company's wholly owned Manuka honey product producer and distributor, continued to face challenges and its results were down as compared to the previous corresponding period driven by the timing of key retailers' orders. MHNZ will remain steadfast in optimising its business model by strong market positioning and brand development.

The Bass Strait oil and gas business also saw a decrease in its results for the six months ended 31 December 2023 due to a decrease in average crude oil price.

## GROUP FINANCIAL COMMENTARY

### Capital Management

The consolidated total equity attributable to shareholders of the Company as at 31 December 2023 amounted to HK$60.2 billion. Net debt, being total bank loans and other borrowings less cash and short term funds as well as trading financial assets, amounted to HK$16.9 billion. The equity-debt ratio was 78:22 as at 31 December 2023.

### Liquidity and Financial Resources

The Group's total cash and short term funds as well as trading financial assets were mostly denominated in HKD (30%), USD (30%), SGD (12%), RMB (12%), GBP (6%), and EUR (5%) as at 31 December 2023.

The Group's total bank loans and other borrowings amounted to HK$40.2 billion as at 31 December 2023, and were mostly denominated in SGD (73%), RMB (7%), HKD (7%), USD (5%), GBP (4%) and RM (2%). The Group has borrowings of HK$16.9 billion payable within 1 year or on demand.

Certain of the Group's bank loans and other borrowings are secured by pledges of various properties, fixed assets, trading financial assets and bank deposits with an aggregate book value of HK$51.1 billion as at 31 December 2023.

Committed borrowing facilities available to the Group and not yet drawn as at 31 December 2023 amounted to approximately HK$12.2 billion.

### Interest Rate Exposure

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

As at 31 December 2023, approximately 88% of the Group's bank loans and other borrowings carried interest at floating rates and the remaining 12% carried interest at fixed rates.

### Foreign Currency Exposure

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

As at 31 December 2023, there were outstanding foreign exchange contracts with a total notional amount of HK$3.2 billion entered into by the Group to primarily hedge foreign currency equity investments.

### Equity Price Exposure

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

# HUMAN RESOURCES AND TRAINING

As at 31 December 2023, the Group had around 10,800 employees[Note]. The Group continued to seek an optimal workforce. It is committed to providing its employees with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial results of the Group and individual achievement to promote performance. In addition, share based award schemes are in place for granting share options and/or free shares to eligible employees to align their long term interests with those of the shareholders and for the purposes of staff motivation and talent retention. Details of the staff costs are set out in note 6(b) to the interim financial report.

Note: The total number of employees includes permanent, contract, temporary and part-time employees.

# GROUP OUTLOOK

Going into the second half of the fiscal year, there is a potential for financial markets to benefit from more accommodative financial conditions as we move past the expectations of peak interest rates in the US. However, with the global economic situation constantly evolving, the timing and extent of rate cuts remain debatable. The Federal Reserve is seeking more confidence that inflation is receding before making any significant move. In 2024, US monetary policy is expected to loosen, and GDP growth across major economies is projected to be slower compared to 2023. Corporate earnings growth is expected to remain healthy, especially in the US, although there are continued risks over the near term.

Given the uncertainties in near-term, the Group will remain vigilant in managing its Principal Investment portfolio by focusing on the key fundamentals of each investment made. Simultaneously, the Group will continue to pursue a long-term sustainable growth strategy for its other core businesses while navigating the near-term uncertainties it may face.

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

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2023.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE CODE

The Board has adopted a Corporate Governance Code which is based on the principles set out in Appendix C1 (the "HKEX Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the period, the Company has complied with all applicable code provisions of the HKEX Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (the "Model Code") to the Listing Rules as the code of conduct regarding directors' securities transactions.

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

# OTHER INFORMATION

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

As at 31 December 2023, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were disclosed as follows in accordance with the Listing Rules:

*Long positions in the shares of the Company and associated corporations of the Company*

(A) The Company

| Name of Director | Capacity | Number of shares | | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| | | Personal interests | Total interests | |
| KWEK Leng Hai | Beneficial owner | 3,800,775 | 3,800,775 | 1.16% |
| KWEK Leng San | Beneficial owner | 209,120 | 209,120 | 0.06% |
| David M. NORMAN | Beneficial owner | 4,000 | 4,000 | 0.00% |

(B) Associated Corporations

(a) GuoLine Capital Assets Limited

| Name of Director | Capacity | Number of shares | | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| | | Personal interests | Total interests | |
| KWEK Leng Hai | Beneficial owner | 841,000 | 841,000 | 2.62% |
| KWEK Leng San | Beneficial owner | 321,790 | 321,790 | 1.00% |

(b) GuocoLand Limited

| Name of Director | Capacity | Number of shares | | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| | | Personal interests | Total interests | |
| KWEK Leng Hai | Beneficial owner | 35,290,914 | 35,290,914 | 2.98% |

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

*Long positions in the shares of the Company and associated corporations of the Company (cont'd)*

(B) Associated Corporations (cont'd)

(c) Hong Leong Financial Group Berhad

| Name of Director | Capacity | Number of shares<br>Personal interests | Number of shares<br>Total interests | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| KWEK Leng Hai | Beneficial owner | 2,526,000 | 2,526,000 | 0.22% |
| CHEW Seong Aun | Beneficial owner | 93,842 | 93,842 | 0.00% |
| KWEK Leng San | Beneficial owner | 654,000 | 654,000 | 0.06% |

(d) GuocoLand (Malaysia) Berhad

| Name of Director | Capacity | Number of shares<br>Personal interests | Number of shares<br>Total interests | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| KWEK Leng Hai | Beneficial owner | 226,800 | 226,800 | 0.03% |

(e) The Rank Group Plc

| Name of Director | Capacity | Number of shares<br>Personal interests | Number of shares<br>Total interests | Approx. % of total number of shares in issue |
|---|---|---|---|---|
| KWEK Leng Hai | Beneficial owner | 1,026,209 | 1,026,209 | 0.26% |
| KWEK Leng San | Beneficial owner | 56,461 | 56,461 | 0.01% |

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

*Long positions in the shares of the Company and associated corporations of the Company (cont'd)*

(B) Associated Corporations (cont'd)

(f) Lam Soon (Hong Kong) Limited

| | | Number of shares | | | Approx. % of total |
|---|---|---|---|---|---|
| Name of Director | Capacity | Personal interests | Family interests | Total interests | number of shares in issue |
| KWEK Leng Hai | Beneficial owner | 2,300,000 | – | 2,300,000 | 0.95% |
| Lester G. HUANG, *SBS, JP* | Interests of spouse | – | 150,000 | 150,000 | 0.06% |

Save as disclosed above, as at 31 December 2023, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director is set out below:

Mr. Paul J. BROUGH resigned as an independent non-executive director of Toshiba Corporation ("Toshiba") with effect from 22 December 2023. Toshiba was delisted from the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. on 20 December 2023.

## SHARE SCHEME

### Executive Share Scheme 2022 (the "ESS 2022")

The ESS 2022 was approved by the shareholders of the Company at the annual general meeting on 8 November 2022 (the "ESS Approval Date") and took effect on 10 November 2022. Under the ESS 2022, options and/or free shares may be granted over newly issued and/or existing shares of the Company to eligible executives or directors of the Company and any of its subsidiaries from time to time.

The maximum number of new shares of the Company which may be issued upon exercise of share options and vesting of share grants pursuant to the ESS 2022 shall not in aggregate exceed 10% of the total shares in issue of the Company as at the ESS Approval Date, i.e. 32,905,137 shares which represents 10% of the shares in issue of the Company as at 1 July 2023 and 31 December 2023.

No share option or free share had ever been granted pursuant to the ESS 2022 since its adoption and up to 31 December 2023.

OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

*Long positions in the shares and underlying shares of the Company*

| | | Number of shares/underlying shares | | | |
|---|---|---|---|---|---|
| **Name of Shareholder** | **Capacity** | **Interests in shares** | **Interests under equity derivatives** | **Total** | **Approx. % of total number of shares in issue** |
| QUEK Leng Chan ("QLC") | Interest of controlled corporations | 242,008,117 | 8,274,000 | 250,282,117 *(Note 1)* | 76.06% |
| GuoLine Capital Assets Limited ("GCAL") | Interest of controlled corporations | 240,351,792 | 8,274,000 | 248,625,792 *(Notes 2 & 3)* | 75.55% |
| Hong Leong Investment Holdings Pte. Ltd. ("HLInvt") | Interest of controlled corporations | 240,351,792 | 8,274,000 | 248,625,792 *(Notes 3 & 4)* | 75.55% |
| Davos Investment Holdings Private Limited ("Davos") | Interest of controlled corporations | 240,351,792 | 8,274,000 | 248,625,792 *(Notes 3 & 5)* | 75.55% |
| KWEK Leng Kee ("KLK") | Interest of controlled corporations | 240,351,792 | 8,274,000 | 248,625,792 *(Notes 3 & 6)* | 75.55% |
| Elliott Investment Management GP LLC ("EIM") | Investment manager | 31,998,716 | – | 31,998,716 *(Note 7)* | 9.72% |
| Elliott International Special GP, LLC ("EIS") | Interest of controlled corporations | 21,759,127 | – | 21,759,127 *(Note 8)* | 6.61% |
| First Eagle Investment Management, LLC ("FEIM") | Investment manager | 26,238,046 | – | 26,238,046 *(Note 9)* | 7.97% |

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (CONT'D)

### *Long positions in the shares and underlying shares of the Company (cont'd)*

Notes:

1. The interest of controlled corporations of QLC comprised 242,008,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

| | Number of shares/underlying shares |
|---|---|
| GuoLine Overseas Limited ("GOL") | 236,524,930 |
| GuoLine (Singapore) Pte Ltd ("GSL") | 8,274,000 |
| Asian Financial Common Wealth (PTC) Limited ("AFCW") | 3,826,862 |
| Robusto Ltd ("RL") | 1,656,325 |

   AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL and GSL were wholly owned by GCAL. GCAL was 49.11% owned by QLC while RL was wholly owned by QLC.

2. The interests of GCAL comprised 240,351,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GSL and AFCW as set out in Note 1 above.

3. The interests of GCAL, HLInvt, Davos and KLK are duplicated.

4. HLInvt was deemed to be interested in these interests through its controlling interests of 34.49% in GCAL.

5. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInvt.

6. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

7. EIM was deemed to be interested in these interests comprising 21,759,127 shares held by Elliott International, L.P. ("EILP") and 10,239,589 shares held by The Liverpool Limited Partnership. EIM controls 100% of Elliott Investment Management L.P. which has investment discretion with respect to all those shares.

8. EIS was deemed to be interested in these interests comprising 21,759,127 shares held by EILP. EILP was 100% controlled by Hambledon, Inc. which in turn was controlled by EIS for these purposes.

9. FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

# CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2023 – Unaudited

| | Note | **2023** **US$'000** | 2022 (Restated) US$'000 | **2023** **HK$'000** **(Note 22)** | 2022 (Restated) HK$'000 (Note 22) |
|---|---|---|---|---|---|
| Turnover | 3 & 4 | **1,701,849** | 1,209,479 | **13,293,909** | 9,431,154 |
| Revenue | 3 & 4 | **1,586,185** | 1,173,794 | **12,390,405** | 9,152,893 |
| Cost of sales | | **(955,398)** | (676,356) | **(7,463,044)** | (5,274,021) |
| Other attributable costs | | **(61,069)** | (40,398) | **(477,037)** | (315,011) |
| | | **569,718** | 457,040 | **4,450,324** | 3,563,861 |
| Other revenue | 5(a) | **21,060** | 45,198 | **164,509** | 352,440 |
| Other net losses | 5(b) | **(52,578)** | (9,415) | **(410,710)** | (73,415) |
| Administrative and other operating expenses | | **(270,448)** | (349,608) | **(2,112,591)** | (2,726,138) |
| Profit from operations before finance costs | | **267,752** | 143,215 | **2,091,532** | 1,116,748 |
| Finance costs | 3(b) & 6(a) | **(140,163)** | (81,708) | **(1,094,876)** | (637,134) |
| Profit from operations | | **127,589** | 61,507 | **996,656** | 479,614 |
| Share of profits of associates and joint ventures | | **101,916** | 77,932 | **796,112** | 607,690 |
| Profit for the period before taxation | 3 & 6 | **229,505** | 139,439 | **1,792,768** | 1,087,304 |
| Tax expenses | 7 | **(24,294)** | (5,167) | **(189,771)** | (40,291) |
| Profit for the period | | **205,211** | 134,272 | **1,602,997** | 1,047,013 |
| Attributable to: | | | | | |
| Equity shareholders of the Company | | **185,482** | 164,653 | **1,448,885** | 1,283,915 |
| Non-controlling interests | | **19,729** | (30,381) | **154,112** | (236,902) |
| Profit for the period | | **205,211** | 134,272 | **1,602,997** | 1,047,013 |
| | | **US$** | US$ | **HK$** | HK$ |
| Earnings per share | | | | | |
| Basic | 9 | **0.57** | 0.51 | **4.46** | 3.95 |
| Diluted | 9 | **0.57** | 0.51 | **4.46** | 3.95 |

The notes on pages 21 to 40 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 8.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2023 – Unaudited

| | **2023**<br>**US$'000** | 2022<br>(Restated)<br>US$'000 | **2023**<br>**HK$'000**<br>**(Note 22)** | 2022<br>(Restated)<br>HK$'000<br>(Note 22) |
|---|---|---|---|---|
| **Profit for the period** | **205,211** | 134,272 | **1,602,997** | 1,047,013 |
| **Other comprehensive income for the period (after tax and reclassification adjustments)** | | | | |
| **Items that will not be reclassified to profit or loss:** | | | | |
| Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling) | **(69,044)** | (101,873) | **(539,334)** | (794,375) |
| Actuarial gains on defined benefit obligation | **–** | 270 | **–** | 2,105 |
| | **(69,044)** | (101,603) | **(539,334)** | (792,270) |
| **Items that may be reclassified subsequently to profit or loss:** | | | | |
| Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | **151,108** | 66,235 | **1,180,373** | 516,481 |
| Changes in fair value of cash flow hedge | **(1,269)** | 326 | **(9,913)** | 2,542 |
| Changes in fair value on net investment hedge | **393** | 12,417 | **3,070** | 96,824 |
| Share of other comprehensive income of associates | **8,173** | 14,594 | **63,843** | 113,800 |
| | **158,405** | 93,572 | **1,237,373** | 729,647 |
| **Other comprehensive income for the period, net of tax** | **89,361** | (8,031) | **698,039** | (62,623) |
| **Total comprehensive income for the period** | **294,572** | 126,241 | **2,301,036** | 984,390 |
| **Total comprehensive income for the period attributable to:** | | | | |
| Equity shareholders of the Company | **223,708** | 126,662 | **1,747,485** | 987,673 |
| Non-controlling interests | **70,864** | (421) | **553,551** | (3,283) |
| | **294,572** | 126,241 | **2,301,036** | 984,390 |

The notes on pages 21 to 40 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

| | Note | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) (Restated) US$'000 | **At 31 December 2023 (Unaudited) HK$'000 (Note 22)** | At 30 June 2023 (Audited) (Restated) HK$'000 (Note 22) |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | |
| Investment properties | | **4,877,423** | 4,718,560 | **38,099,746** | 36,974,636 |
| Other property, plant and equipment | 10 | **1,534,492** | 1,516,728 | **11,986,608** | 11,885,081 |
| Right-of-use assets | | **722,840** | 720,258 | **5,646,429** | 5,643,942 |
| Interests in associates and joint ventures | | **2,056,005** | 1,858,108 | **16,060,380** | 14,560,134 |
| Equity investments at FVOCI | 11 | **652,551** | 733,893 | **5,097,370** | 5,750,786 |
| Deferred tax assets | | **127,483** | 128,819 | **995,827** | 1,009,426 |
| Intangible assets | | **868,881** | 865,675 | **6,787,220** | 6,783,429 |
| Goodwill | | **310,468** | 304,937 | **2,425,205** | 2,389,486 |
| Pensions surplus | | **8,358** | 8,430 | **65,288** | 66,058 |
| | | **11,158,501** | 10,855,408 | **87,164,073** | 85,062,978 |
| **CURRENT ASSETS** | | | | | |
| Development properties | 12 | **2,317,395** | 2,561,266 | **18,102,215** | 20,070,080 |
| Properties held for sale | | **202,908** | 212,616 | **1,585,006** | 1,666,059 |
| Inventories | | **50,138** | 48,971 | **391,651** | 383,737 |
| Deposits for land | | **–** | 129,118 | **–** | 1,011,769 |
| Contract assets | | **610,163** | 28,584 | **4,766,258** | 223,984 |
| Trade and other receivables | 13 | **241,805** | 220,189 | **1,888,848** | 1,725,401 |
| Tax recoverable | | **7,779** | 20,113 | **60,765** | 157,605 |
| Trading financial assets | | **1,166,049** | 1,233,159 | **9,108,534** | 9,663,034 |
| Cash and short term funds | | **1,816,647** | 1,635,097 | **14,190,647** | 12,812,620 |
| Assets held for sale | | **2,671** | – | **20,864** | – |
| | | **6,415,555** | 6,089,113 | **50,114,788** | 47,714,289 |
| **CURRENT LIABILITIES** | | | | | |
| Contract liabilities | | **155,496** | 217,329 | **1,214,649** | 1,702,990 |
| Trade and other payables | 14 | **716,169** | 640,975 | **5,594,318** | 5,022,680 |
| Bank loans and other borrowings | 15 | **2,158,464** | 1,019,344 | **16,860,734** | 7,987,580 |
| Taxation | | **18,257** | 35,913 | **142,614** | 281,414 |
| Provisions and other liabilities | 16 | **17,600** | 16,829 | **137,482** | 131,872 |
| Lease liabilities | | **63,002** | 62,223 | **492,137** | 487,579 |
| Liabilities held for sale | | **1,321** | – | **10,319** | – |
| | | **3,130,309** | 1,992,613 | **24,452,253** | 15,614,115 |
| **NET CURRENT ASSETS** | | **3,285,246** | 4,096,500 | **25,662,535** | 32,100,174 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **14,443,747** | 14,951,908 | **112,826,608** | 117,163,152 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

| | Note | At 31 December 2023 (Unaudited) US$'000 | At 30 June 2023 (Audited) (Restated) US$'000 | At 31 December 2023 (Unaudited) HK$'000 (Note 22) | At 30 June 2023 (Audited) (Restated) HK$'000 (Note 22) |
|---|---|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | | | |
| Bank loans and other borrowings | 15 | **2,989,113** | 3,689,265 | **23,349,307** | 28,909,081 |
| Amount due to non-controlling interests | | **336,406** | 318,283 | **2,627,819** | 2,494,066 |
| Provisions and other liabilities | 16 | **57,142** | 53,862 | **446,362** | 422,063 |
| Deferred tax liabilities | | **33,375** | 26,712 | **260,707** | 209,315 |
| Lease liabilities | | **971,671** | 975,098 | **7,590,159** | 7,640,868 |
| | | **4,387,707** | 5,063,220 | **34,274,354** | 39,675,393 |
| **NET ASSETS** | | **10,056,040** | 9,888,688 | **78,552,254** | 77,487,759 |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 17 | **164,526** | 164,526 | **1,285,187** | 1,289,226 |
| Reserves | | **7,540,330** | 7,427,563 | **58,900,911** | 58,202,383 |
| Total equity attributable to equity shareholders of the Company | | **7,704,856** | 7,592,089 | **60,186,098** | 59,491,609 |
| Non-controlling interests | | **2,351,184** | 2,296,599 | **18,366,156** | 17,996,150 |
| **TOTAL EQUITY** | | **10,056,040** | 9,888,688 | **78,552,254** | 77,487,759 |

The notes on pages 21 to 40 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023 – Unaudited

| | Attributable to equity shareholders of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 | Share premium US$'000 | Capital and other reserves US$'000 | Contributed surplus US$'000 | ESOS reserve US$'000 | Share option reserve US$'000 | Exchange translation reserve US$'000 | Fair value reserve US$'000 | Hedging reserve US$'000 | Revaluation reserve US$'000 | Retained profits US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| At 1 July 2023 | 164,526 | 10,493 | (50,163) | 2,806 | (39,017) | 23 | (666,729) | (813,127) | 15,734 | 46,692 | 8,901,279 | 7,572,517 | 2,296,599 | 9,869,116 |
| Effect of changes of accounting policies - adopting Hong Kong Financial Reporting Standard ("HKFRS") 17 by an associate | - | - | - | - | - | - | (1,046) | - | - | - | 20,618 | 19,572 | - | 19,572 |
| Adjusted balance at 1 July 2023 | 164,526 | 10,493 | (50,163) | 2,806 | (39,017) | 23 | (667,775) | (813,127) | 15,734 | 46,692 | 8,921,897 | 7,592,089 | 2,296,599 | 9,888,688 |
| Profit for the period | - | - | - | - | - | - | - | - | - | - | 185,482 | 185,482 | 19,729 | 205,211 |
| Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | - | - | - | - | - | - | 100,103 | - | - | - | - | 100,103 | 51,005 | 151,108 |
| Changes in fair value of cash flow hedge | - | - | - | - | - | - | - | - | (1,269) | - | - | (1,269) | - | (1,269) |
| Changes in fair values of equity investments at FVOCI | - | - | - | - | - | - | - | (69,044) | - | - | - | (69,044) | - | (69,044) |
| Changes in fair value on net investment hedge | - | - | - | - | - | - | - | - | 263 | - | - | 263 | 130 | 393 |
| Transfer upon disposal of equity investments at FVOCI | - | - | - | - | - | - | - | 4,510 | - | - | (4,510) | - | - | - |
| Share of other comprehensive income of associates | - | - | (523) | - | - | - | (768) | 9,235 | - | - | 229 | 8,173 | - | 8,173 |
| Total comprehensive income for the period | - | - | (523) | - | - | - | 99,335 | (55,299) | (1,006) | - | 181,201 | 223,708 | 70,864 | 294,572 |
| Transfer between reserves | - | - | 6,322 | - | - | - | - | - | - | - | (6,322) | - | - | - |
| Equity-settled share-based transactions | - | - | - | - | - | 395 | - | - | - | - | - | 395 | 345 | 740 |
| Distribution payment for perpetual securities | - | - | - | - | - | - | - | - | - | - | - | - | (6,915) | (6,915) |
| Accrued distribution for perpetual securities | - | - | - | - | - | - | - | - | - | - | (7,030) | (7,030) | 7,030 | - |
| Share-based payments | - | - | 33 | - | - | - | - | - | - | - | - | 33 | 17 | 50 |
| Dividends paid to non-controlling interests by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (16,756) | (16,756) |
| Final dividend paid in respect of the prior year | - | - | - | - | - | - | - | - | - | - | (104,339) | (104,339) | - | (104,339) |
| At 31 December 2023 | 164,526 | 10,493 | (44,331) | 2,806 | (39,017) | 418 | (568,440) | (868,426) | 14,728 | 46,692 | 8,985,407 | 7,704,856 | 2,351,184 | 10,056,040 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023 – Unaudited

| | Attributable to equity shareholders of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 | Share premium US$'000 | Capital and other reserves US$'000 | Contributed surplus US$'000 | ESOS reserve US$'000 | Share option reserve US$'000 | Exchange translation reserve US$'000 | Fair value reserve US$'000 | Hedging reserve US$'000 | Revaluation reserve US$'000 | Retained profits US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| At 1 July 2022 | 164,526 | 10,493 | (68,118) | 2,806 | (39,017) | (541) | (599,718) | (754,505) | 3,332 | 46,692 | 8,591,249 | 7,357,199 | 2,244,822 | 9,602,021 |
| Effect of changes of accounting policies – adopting Hong Kong Financial Reporting Standard ("HKFRS") 17 by an associate | - | - | - | - | - | - | - | - | - | - | 16,676 | 16,676 | - | 16,676 |
| Adjusted balance at 1 July 2022 | 164,526 | 10,493 | (68,118) | 2,806 | (39,017) | (541) | (599,718) | (754,505) | 3,332 | 46,692 | 8,607,925 | 7,373,875 | 2,244,822 | 9,618,697 |
| Profit for the period | - | - | - | - | - | - | - | - | - | - | 164,653 | 164,653 | (30,381) | 134,272 |
| Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | - | - | - | - | - | - | 40,519 | - | - | - | - | 40,519 | 25,716 | 66,235 |
| Changes in fair value of cash flow hedge | - | - | - | - | - | - | - | - | 325 | - | - | 325 | 1 | 326 |
| Changes in fair values of equity investments at FVOCI | - | - | - | - | - | - | - | (101,873) | - | - | - | (101,873) | - | (101,873) |
| Changes in fair value on net investment hedge | - | - | - | - | - | - | - | - | 8,300 | - | - | 8,300 | 4,117 | 12,417 |
| Actuarial gains on defined benefit obligation | - | - | - | - | - | - | - | - | - | - | 144 | 144 | 126 | 270 |
| Share of other comprehensive income of associates | - | - | (1,371) | - | - | - | 11,865 | 3,650 | 11 | - | 439 | 14,594 | - | 14,594 |
| Total comprehensive income for the period | - | - | (1,371) | - | - | - | 52,384 | (98,223) | 8,636 | - | 165,236 | 126,662 | (421) | 126,241 |
| Transfer between reserves | - | - | 11,064 | - | - | - | - | - | - | - | (11,064) | - | - | - |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 30,940 | 30,940 |
| Capital reduction of a subsidiary with non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | (693) | (693) |
| Acquisition of additional interests in subsidiaries | - | - | - | - | - | - | 181 | - | - | - | 6,728 | 6,909 | (11,899) | (4,990) |
| Distribution payment for perpetual securities | - | - | - | - | - | - | - | - | - | - | - | - | (6,802) | (6,802) |
| Accrued distribution for perpetual securities | - | - | - | - | - | - | - | - | - | - | (7,147) | (7,147) | 7,147 | - |
| Dividends paid to non-controlling interests by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (15,239) | (15,239) |
| Final dividend paid in respect of the prior year | - | - | - | - | - | - | - | - | - | - | (62,217) | (62,217) | - | (62,217) |
| At 31 December 2022 | 164,526 | 10,493 | (58,425) | 2,806 | (39,017) | (541) | (547,153) | (852,728) | 11,968 | 46,692 | 8,699,461 | 7,438,082 | 2,247,855 | 9,685,937 |

The notes on pages 21 to 40 form part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023 – Unaudited

| | **2023 US$'000** | 2022 US$'000 |
|---|---|---|
| Net cash generated from operating activities | **242,943** | 742,499 |
| Net cash used in investing activities | **(102,038)** | (114,589) |
| Net cash generated from/(used in) financing activities | **48,609** | (501,189) |
| Net increase in cash and cash equivalents | **189,514** | 126,721 |
| Cash and cash equivalents at 1 July | **1,243,770** | 1,345,816 |
| Effect of foreign exchange rate changes | **10,660** | 17,318 |
| Cash and cash equivalents at 31 December | **1,443,944** | 1,489,855 |
| **Analysis of the balances of cash and cash equivalents** | | |
| Cash and short term funds in the consolidated statement of financial position | **1,816,647** | 1,683,923 |
| Cash collaterals | **(7,894)** | (13,163) |
| Fixed deposits with maturity over three months | **(362,314)** | (180,370) |
| Bank overdraft | **(2,495)** | (535) |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | **1,443,944** | 1,489,855 |

The notes on pages 21 to 40 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022/23 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023/24 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022/23 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited. The financial information relating to the financial year ended 30 June 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2023 can be obtained on request at the Group Company Secretariat, 50/F., The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website http://www.guoco.com. The auditors expressed an unqualified opinion on those financial statements in their report dated 20 September 2023.

## 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to HKAS 8 – Definition of accounting estimates
- Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12 – International tax reform – pillar two model rules

The amendments clarify the application of HKAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules ("Pillar Two income taxes").

The amendments provide a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two Model Rules. The disclosures in respect of the current tax expense related to the Pillar Two income taxes and the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after 1 January 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before 31 December 2023.

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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2. CHANGES IN ACCOUNTING POLICIES (cont'd)

In addition, Hong Leong Financial Group Berhad, an associate of the Company, has adopted HKFRS 17 "Insurance Contracts" during the period. HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The standard has brought significant changes to the accounting for insurance and reinsurance contracts. The adoption of this standard has material effects on its profit attributable to equity shareholders, various assets and liabilities and opening shareholders' equity. The Group's share of such effects has impact on the Group as follows:

Line items in the consolidated statement of financial position impacted:

| | **At 30 June 2023 (Originally stated) US$'000** | **Increase/ (decrease) US$'000** | **At 30 June 2023 (Restated) US$'000** | At 30 June 2022 (Originally stated) US$'000 | Increase/ (decrease) US$'000 | At 30 June 2022 (Restated) US$'000 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Interests in associates and joint ventures | **1,838,536** | **19,572** | **1,858,108** | 1,792,395 | 16,676 | 1,809,071 |
| **NET ASSETS** | **9,869,116** | **19,572** | **9,888,688** | 9,602,021 | 16,676 | 9,618,697 |
| **CAPITAL AND RESERVES** | | | | | | |
| Retained profits | **8,901,279** | **20,618** | **8,921,897** | 8,591,249 | 16,676 | 8,607,925 |
| Exchange translation reserve | **(666,729)** | **(1,046)** | **(667,775)** | (599,718) | – | (599,718) |
| Total equity attributable to equity shareholders of the Company | **7,572,517** | **19,572** | **7,592,089** | 7,357,199 | 16,676 | 7,373,875 |
| **TOTAL EQUITY** | **9,869,116** | **19,572** | **9,888,688** | 9,602,021 | 16,676 | 9,618,697 |

## 2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Line items in the consolidated income statement and consolidated statement of comprehensive income impacted:

| | Six month ended 31 December 2022 (Originally stated) US$'000 | Increase/ (decrease) US$'000 | Six month ended 31 December 2022 (Restated) US$'000 |
|---|---|---|---|
| Share of profits of associates and joint ventures | 76,342 | 1,590 | 77,932 |
| Profit for the period | 132,682 | 1,590 | 134,272 |
| Profit for the period attributable to: | | | |
| Equity shareholders of the Company | 163,063 | 1,590 | 164,653 |
| Exchange translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | 66,124 | 111 | 66,235 |
| Total comprehensive income for the period | 124,540 | 1,701 | 126,241 |
| Total comprehensive income for the period attributable to: | | | |
| Equity shareholders of the Company | 124,961 | 1,701 | 126,662 |
| | US$ | US$ | US$ |
| Earnings per share | | | |
| Basic | 0.50 | 0.01 | 0.51 |
| Diluted | 0.50 | 0.01 | 0.51 |

## 3. SEGMENT REPORTING

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

| Segment | Business activities | Operated by |
|---|---|---|
| Principal investment: | This segment covers 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 the six months ended 31 December 2023 or 2022.

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 2022/23.

## 3. SEGMENT REPORTING (cont'd)

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

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

| | Principal investment US$'000 | Property development and investment US$'000 | Hospitality and leisure US$'000 | Financial services US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **For the six months ended 31 December 2023** | | | | | | |
| Turnover | **218,245** | **780,857** | **667,810** | **–** | **34,937** | **1,701,849** |
| Disaggregated by timing of revenue | | | | | | |
| – Point in time | **102,581** | **204,810** | **667,810** | **–** | **34,937** | **1,010,138** |
| – Over time | **–** | **576,047** | **–** | **–** | **–** | **576,047** |
| Revenue from external customers | **102,581** | **780,857** | **667,810** | **–** | **34,937** | **1,586,185** |
| Inter-segment revenue | **5,347** | **944** | **–** | **–** | **–** | **6,291** |
| Reportable segment revenue | **107,928** | **781,801** | **667,810** | **–** | **34,937** | **1,592,476** |
| Reportable segment operating profit | **46,300** | **127,283** | **80,909** | **–** | **18,567** | **273,059** |
| Finance costs | **(18,719)** | **(85,741)** | **(37,416)** | **–** | **(3,594)** | **(145,470)** |
| Share of profits of associates and joint ventures | **714** | **15,282** | **–** | **85,920** | **–** | **101,916** |
| Profit before taxation | **28,295** | **56,824** | **43,493** | **85,920** | **14,973** | **229,505** |
| For the six months ended 31 December 2022 | | | | | | |
| Turnover | 131,728 | 463,168 | 574,816 | – | 39,767 | 1,209,479 |
| Disaggregated by timing of revenue | | | | | | |
| – Point in time | 96,043 | 146,510 | 574,816 | – | 39,767 | 857,136 |
| – Over time | – | 316,658 | – | – | – | 316,658 |
| Revenue from external customers | 96,043 | 463,168 | 574,816 | – | 39,767 | 1,173,794 |
| Inter-segment revenue | 3,448 | 942 | – | – | – | 4,390 |
| Reportable segment revenue | 99,491 | 464,110 | 574,816 | – | 39,767 | 1,178,184 |
| Reportable segment operating profit/(loss) | 44,695 | 118,750 | (50,939) | – | 34,119 | 146,625 |
| Finance costs | (7,982) | (42,034) | (32,369) | – | (2,733) | (85,118) |
| Share of profits/(losses) of associates and joint ventures (restated) | 218 | (5,211) | – | 82,925 | – | 77,932 |
| Profit/(loss) before taxation | 36,931 | 71,505 | (83,308) | 82,925 | 31,386 | 139,439 |

## 3. SEGMENT REPORTING (cont'd)

### (b) Reconciliations of reportable segment revenue and finance costs (unaudited)

Revenue

| | Six months ended 31 December 2023 US$'000 | 2022 US$'000 |
|---|---|---|
| Reportable segment revenue | **1,592,476** | 1,178,184 |
| Elimination of inter-segment revenue | **(6,291)** | (4,390) |
| Consolidated revenue (Note 4) | **1,586,185** | 1,173,794 |

Finance costs

| | Six months ended 31 December 2023 US$'000 | 2022 US$'000 |
|---|---|---|
| Reportable finance costs | **145,470** | 85,118 |
| Elimination of inter-segment finance costs | **(5,307)** | (3,410) |
| Consolidated finance costs (Note 6(a)) | **140,163** | 81,708 |

## 4. TURNOVER AND REVENUE

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

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Revenue from sale of properties | **683,480** | 396,492 |
| Revenue from hospitality and leisure | **667,009** | 574,275 |
| Interest income | **38,105** | 19,452 |
| Dividend income | **77,577** | 85,798 |
| Rental income from properties | **79,300** | 53,487 |
| Revenue from sales of goods | **34,932** | 39,766 |
| Others | **5,782** | 4,524 |
| Revenue | **1,586,185** | 1,173,794 |
| Proceeds from sale of investments in securities | **115,664** | 35,685 |
| Turnover | **1,701,849** | 1,209,479 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 5. OTHER REVENUE AND NET LOSSES

### (a) Other revenue

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Sublease income | **4,691** | 6,797 |
| Bass Strait oil and gas royalty | **15,034** | 26,107 |
| Hotel management fee | **486** | 238 |
| Income from forfeiture of deposit from sale of properties | **314** | 323 |
| Government grants | **–** | 43 |
| Hotel business interruption insurance claim | **–** | 11,331 |
| Others | **535** | 359 |
| | **21,060** | 45,198 |

### (b) Other net losses

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Net realised and unrealised losses on trading financial assets | **(49,737)** | (44,521) |
| Net realised and unrealised (losses)/gains on derivative financial instruments | **(3,233)** | 14,016 |
| Net (losses)/gains on foreign exchange contracts | **(6,264)** | 3,530 |
| Other exchange gains | **6,048** | 12,405 |
| Net (losses)/gains on disposal of property, plant and equipment | **(446)** | 49 |
| Net losses on disposal of intangible assets | **(589)** | – |
| Provision made | **(2,022)** | – |
| Other net income | **3,665** | 5,106 |
| | **(52,578)** | (9,415) |

## 6. PROFIT FOR THE PERIOD BEFORE TAXATION

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

### (a) Finance costs

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Interest on bank loans and other borrowings | **127,189** | 91,318 |
| Interest on lease liabilities | **24,894** | 22,067 |
| Other borrowing costs | **2,099** | 1,699 |
| Total borrowing costs | **154,182** | 115,084 |
| Less: borrowing costs capitalised into: | | |
| – development properties | **(9,089)** | (14,334) |
| – investment properties | **(4,930)** | (19,042) |
| Total borrowing costs capitalised (note) | **(14,019)** | (33,376) |
| | **140,163** | 81,708 |

Note:

These borrowing costs have been capitalised at rates of 4.40% to 5.52% per annum (2022: 1.90% to 5.08%).

### (b) Staff cost

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Salaries, wages and other benefits | **192,574** | 166,712 |
| Contributions to defined contribution retirement plans | **12,677** | 11,081 |
| Equity-settled share-based payment expenses | **597** | 290 |
| | **205,848** | 178,083 |

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

### (c) Other items

| | Six months ended 31 December 2023 (Unaudited) US$'000 | 2022 (Unaudited) US$'000 |
|---|---|---|
| Depreciation | | |
| – other property, plant and equipment | **29,187** | 31,403 |
| – right-of-use assets | **16,834** | 20,533 |
| Impairment losses recognised (note) | | |
| – other property, plant and equipment | **–** | 27,763 |
| – intangible assets | **–** | 24,708 |
| – right-of-use assets | **–** | 59,693 |
| Amortisation | | |
| – customer relationship, licences and brand names | **942** | 1,565 |
| – casino licences and brand names | **39** | 252 |
| – Bass Strait oil and gas royalty | **2,823** | 2,887 |
| – other intangible assets | **12,901** | 12,754 |
| Gross rental income from investment properties | **(79,300)** | (53,487) |
| Less: direct outgoings | **19,122** | 11,218 |
| Net rental income | **(60,178)** | (42,269) |

Note:

During the six months ended 31 December 2022, 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 following five years period ending 30 June 2027 and are most sensitive to revenue growth, the pre-tax discount rate of 13% and growth rates of 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$59.7 million, other property, plant and equipment of US$27.8 million and intangible assets of US$24.7 million due to lower than anticipated performance post pandemic, a lower level of forecast earnings and a decision to close a number of clubs and venues in the period.

## 7. TAX EXPENSES

Taxation in the consolidated income statement represents:

| | Six months ended 31 December | |
|---|---|---|
| | **2023 (Unaudited) US$'000** | 2022 (Unaudited) US$'000 |
| Current tax – Hong Kong Profits Tax | **(1)** | 43 |
| Current tax – Overseas | **15,677** | 24,198 |
| Deferred tax | **8,618** | (19,074) |
| | **24,294** | 5,167 |

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the profits for the six months ended 31 December 2023. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

## 8. DIVIDENDS

| | Six months ended 31 December | |
|---|---|---|
| | **2023 (Unaudited) US$'000** | 2022 (Unaudited) US$'000 |
| Dividends payable/paid in respect of the current year: | | |
| – Interim dividend declared of HK$0.50 (2022: HK$0.50) per ordinary share | **21,062** | 21,099 |
| Dividends paid in respect of the prior year: | | |
| – Final dividend of HK$2.50 (2022: HK$1.50) per ordinary share | **105,311** | 63,298 |

The interim dividend declared for the year ending 30 June 2024 of US$21,062,000 (2023: US$21,099,000) is calculated based on 329,051,373 ordinary shares (2022: 329,051,373 ordinary shares) in issue as at 31 December 2023.

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

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profits attributable to equity shareholders of the Company of US$185,482,000 (2022: US$164,653,000) (restated) and the weighted average number of 325,224,511 ordinary shares (2022: 325,224,511 ordinary shares) in issue during the period.

### (b) Diluted earnings per share

For the six months ended 31 December 2023 and 2022 the diluted earnings per share equalled the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

## 10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired items of property, plant and equipment with a cost of US$28,287,000 (2022: US$30,623,000). The Group disposed of items of property, plant and equipment with a net book value of US$588,000 (2022: US$24,000) during the six months ended 31 December 2023.

## 11. EQUITY INVESTMENTS AT FVOCI

During the six months ended 31 December 2023, the Group disposed an equity investment at FVOCI with a fair value of US$15,381,000 (2022: Nil) as this investment no longer suited the Group's investment strategy. The loss on disposal of US$4,510,000 (2022: Nil) which had already been included in other comprehensive income was transferred to retained profits.

## 12. DEVELOPMENT PROPERTIES

| | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Cost | **4,605,974** | 4,000,576 |
| Less: Progress instalments received and receivable | **(2,222,023)** | (1,368,707) |
| Write down of development properties | **(66,556)** | (70,603) |
| | **2,317,395** | 2,561,266 |

## 13. TRADE AND OTHER RECEIVABLES

| | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Trade debtors | **109,188** | 94,782 |
| Other receivables, deposits and prepayments | **119,193** | 103,852 |
| Derivative financial instruments, at fair value | **1,422** | 13,630 |
| Interest receivables | **12,002** | 7,925 |
| | **241,805** | 220,189 |

Included in the Group's trade and other receivables is US$7.3 million (30 June 2023: US$9.7 million) which is expected to be recovered after one year.

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

| | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Within 1 month | **86,269** | 82,051 |
| 1 to 3 months | **15,752** | 5,884 |
| More than 3 months | **7,167** | 6,847 |
| | **109,188** | 94,782 |

## 14. TRADE AND OTHER PAYABLES

| | At 31 December 2023 (Unaudited) US$'000 | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Trade creditors | **140,021** | 127,408 |
| Other payables and accrued operating expenses | **556,615** | 499,676 |
| Derivative financial instruments, at fair value | **14,147** | 5,297 |
| Amounts due to fellow subsidiaries | **5,110** | 8,594 |
| Amounts due to associates and joint ventures | **276** | – |
| | **716,169** | 640,975 |

Included in trade and other payables is US$174.4 million (30 June 2023: US$157.6 million) which is expected to be payable after one year.

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

| | At 31 December 2023 (Unaudited) US$'000 | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Within 1 month | **50,735** | 60,653 |
| 1 to 3 months | **69,259** | 53,112 |
| More than 3 months | **20,027** | 13,643 |
| | **140,021** | 127,408 |

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

## 15. BANK LOANS AND OTHER BORROWINGS

| | At 31 December 2023 (Unaudited) | | | At 30 June 2023 (Audited) | | |
|---|---|---|---|---|---|---|
| | 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 | **1,618,786** | **1,692,254** | **3,311,040** | 325,678 | 2,634,832 | 2,960,510 |
| – Unsecured | **539,678** | **843,280** | **1,382,958** | 693,666 | 570,215 | 1,263,881 |
| | **2,158,464** | **2,535,534** | **4,693,998** | 1,019,344 | 3,205,047 | 4,224,391 |
| Other loans | | | | | | |
| – Secured | **–** | **–** | **–** | – | 116,651 | 116,651 |
| | **–** | **–** | **–** | – | 116,651 | 116,651 |
| Unsecured medium term notes and bonds | **–** | **453,579** | **453,579** | – | 367,567 | 367,567 |
| | **2,158,464** | **2,989,113** | **5,147,577** | 1,019,344 | 3,689,265 | 4,708,609 |

## 16. PROVISIONS AND OTHER LIABILITIES

The Group recognised a dilapidation liability (and corresponding dilapidation asset) of US$32.8 million during the period ended 31 December 2022. As a result, the Group have recognised dilapidation asset depreciation of US$0.9 million (2022: Nil) and interest on dilapidation liability of US$0.6 million (2022: Nil). During the period, the Group raised US$1.0 million in closure provisions for a number of venues which are already closed or due to close in the current financial year. Additionally, the Group created a US$0.5 million specific dilapidation provision for two of these venues. Concurrently, the Group released US$0.5 million from specific dilapidation provision for one venue.

## 17. SHARE CAPITAL

| | At 31 December 2023 (Unaudited) | | At 30 June 2023 (Audited) | |
|---|---|---|---|---|
| | 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 | **329,051** | **164,526** | 329,051 | 164,526 |

Note:

As at 31 December 2023, 3,826,862 (30 June 2023: 3,826,862) ordinary shares were acquired by the Group to reserve for the executive share scheme for the purpose of satisfying the exercise of share options and/or vesting of free shares to be granted to eligible participants.

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

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

| | At 31 December 2023 (Unaudited) | | | | At 30 June 2023 (Audited) | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1 US$'000** | **Level 2 US$'000** | **Level 3 US$'000** | **Total US$'000** | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Total US$'000 |
| **Recurring fair value measurements** | | | | | | | | |
| **Assets** | | | | | | | | |
| Equity investments at FVOCI: | | | | | | | | |
| – Listed | **554,048** | **-** | **-** | **554,048** | 636,492 | - | - | 636,492 |
| – Unlisted | **-** | **12,591** | **85,912** | **98,503** | - | 12,591 | 84,810 | 97,401 |
| Trading financial assets: | | | | | | | | |
| – Listed | **1,166,049** | **-** | **-** | **1,166,049** | 1,233,159 | - | - | 1,233,159 |
| Derivative financial instruments: | | | | | | | | |
| – Interest rate swaps | **-** | **-** | **-** | **-** | - | 7,797 | - | 7,797 |
| – Forward exchange contracts | **-** | **1,422** | **-** | **1,422** | - | 5,833 | - | 5,833 |
| | **1,720,097** | **14,013** | **85,912** | **1,820,022** | 1,869,651 | 26,221 | 84,810 | 1,980,682 |
| **Liabilities** | | | | | | | | |
| Derivative financial instruments: | | | | | | | | |
| – Forward exchange contracts | **-** | **10,179** | **-** | **10,179** | - | 3,912 | - | 3,912 |
| – Equity swaps | **-** | **3,968** | **-** | **3,968** | - | 1,385 | - | 1,385 |
| | **-** | **14,147** | **-** | **14,147** | - | 5,297 | - | 5,297 |

During the six months ended 31 December 2023, there were no transfers between Level 1 and Level 2 (2022: Nil).

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)

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

Valuation techniques and inputs used in Level 2 fair value measurements

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

Information about Level 3 fair value measurements

Other unlisted equity 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 period in the balance of Level 3 fair value measurements are as follows:

| | **Six months ended 31 December** | |
|---|---|---|
| | **2023 (Unaudited) US$'000** | 2022 (Unaudited) US$'000 |
| Unlisted equity investments at FVOCI: | | |
| At 1 July | **84,810** | 86,085 |
| Net unrealised losses recognised in other comprehensive income during the period | **–** | (6,683) |
| Additions | **1,657** | 1,723 |
| Cash distribution | **–** | (653) |
| Disposal | **(555)** | – |
| At 31 December | **85,912** | 80,472 |

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.

### (b) 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 31 December 2023 and 30 June 2023.

## 19. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE FINANCIAL STATEMENTS

| | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Authorised and contracted for | **20,832** | 15,710 |
| Authorised but not contracted for | **17,794** | 18,019 |
| | **38,626** | 33,729 |

At 31 December 2023, the commitment in respect of development expenditure contracted but not provided for in the financial statements by the Group was US$460.3 million (30 June 2023: US$500.4 million).

## 20. 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 31 December 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 were to default on these arrangements, the obligation for Rank would be 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 regular compliance assessments of its licensed activities.

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

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 is 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.

## 20. CONTINGENT LIABILITIES (cont'd)

### (b) Rank (cont'd)

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) was provisionally recognised for the contingent consideration and is dependent upon the date a competing online gaming operation is established.

During the six months ended 31 December 2023, Rank did not settle the contingent consideration leaving a balance of GBP0.4 million (approximately US$0.5 million).

## 21. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Banking transactions

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

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

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 period and balance outstanding at the end of the reporting period is set out below:

(i) Income

| | Six months ended 31 December | |
|---|---|---|
| | **2023 (Unaudited) US$'000** | 2022 (Unaudited) US$'000 |
| Interest income | **520** | 205 |

(ii) Balance

| | **At 31 December 2023 (Unaudited) US$'000** | At 30 June 2023 (Audited) US$'000 |
|---|---|---|
| Deposits and short term funds | **48,427** | 35,175 |

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

### (b) Management fee

On 30 June 2023, the Company entered into a master agreement for services ("Master Services Agreement") for three financial years from 1 July 2023 to 30 June 2026 with GuoLine Group Management Company Pte. Ltd. ("GGMC"). GGMC is a wholly-owned subsidiary of GuoLine Capital Assets Limited ("GCAL"), the ultimate holding company and a substantial shareholder of the Company and thus GGMC is deemed related party to the Group. Mr. QUEK Leng Chan, being a controlling shareholder of GCAL and HLCM, is regarded as a substantial shareholder of the Company. Subsidiaries under GCAL and HLCM which may become service providers under the Master Services Agreement are regarded as deemed related parties to the Group.

Total amount paid or provided for in respect of management fees to GGMC and HLCM for the six months ended 31 December 2023 amounted to US$6,640,000 (2022: US$3,676,000) and US$213,000 (2022: Nil) respectively.

### (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 to GAPL by AFAL for the six months ended 31 December 2023 amounted to US$1,610,000 (2022: US$481,000).

Total amount paid or provided for in respect of advisory management fees to GAPL by GMC for the six months ended 31 December 2023 amounted to US$162,000 (2022: US$44,000).

## 22. HONG KONG DOLLAR AMOUNTS

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

## 23. REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim results for the six months ended 31 December 2023 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.