gl.

Annual Report **2020**

Amba Hotel Charing Cross

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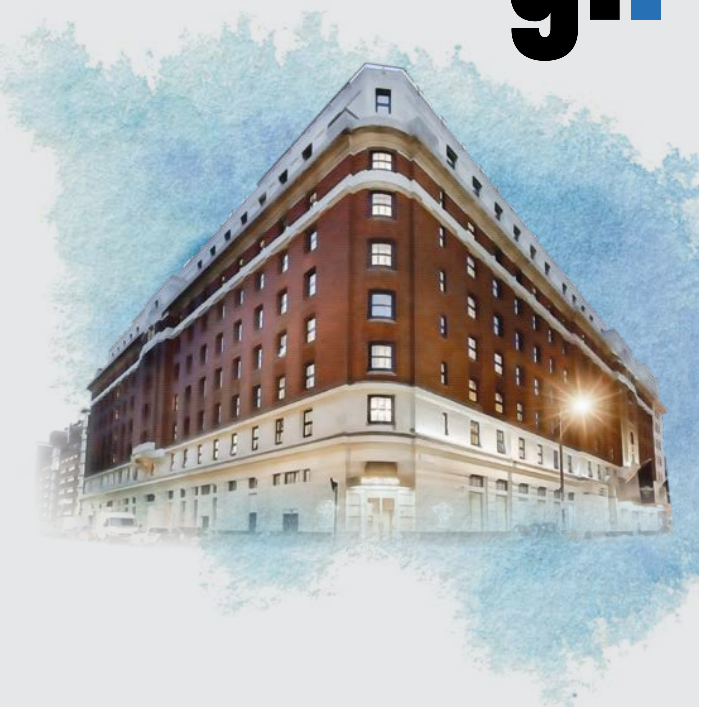


› Amba Hotel Charing Cross

CORPORATE PROFILE

GL Limited ("**GL**") is the holding company of an international hospitality group headquartered in Singapore. GL was founded in 1961 and is listed on the Main Board of Singapore Exchange Securities Trading Limited.

GL's core hospitality business is operated out of GLH Hotels Limited ("**GLH**") in the United Kingdom. GLH is the largest owner-operator hotel company in London. 13 of its hotels - including iconic hotels The Grosvenor Hotel, The Royal Horseguards Hotel and The Tower Hotel – are in top London locations. GLH operates the majority of its hotels under four owned brands – Amba Hotels, Guoman Hotels, Thistle Hotels and Thistle Express Hotels. It also operates Hard Rock Hotel London under the Hard Rock brand.

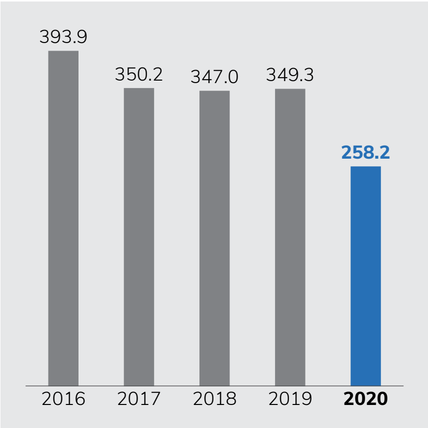
In addition to its hospitality business, GL owns real estate in Hawaii and rights to royalties from the production of oil and natural gas in the Bass Strait, Australia.

GROUP FINANCIAL HIGHLIGHTS
5-YEAR SUMMARY

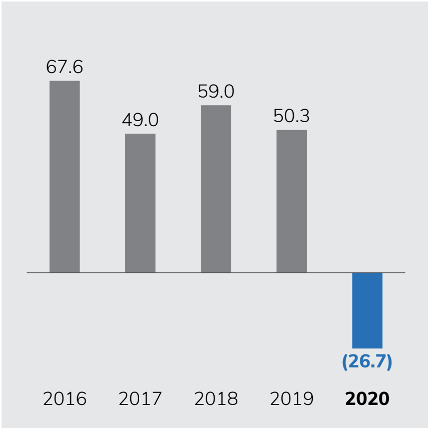
The Royal Horseguards Hotel

	2016	2017	2018	2019	**2020**
Consolidated Income Statement					
Revenue (US$million)	393.9	350.2	347.0	349.3	**258.2**
Profit / (loss) attributable to owners of the Company (US$million)	67.6	49.0	59.0	50.3	**(26.7)**
Consolidated Statement of Financial Position					
Total assets (US$million)	1,432.6	1,412.1	1,455.6	1,368.1	**1,838.4**
Equity attributable to owners of the Company (US$million)	1,051.2	1,049.8	1,102.6	1,076.3	**885.4**
Ratios					
Earnings per share (US cents)	5.2	3.8	4.5	3.9	**(2.1)**
Dividend per share (SG cents)	2.2	2.2	2.2	2.2	**–**
Net assets per share (US cents)	80.9	80.8	84.8	82.8	**68.1**
Debt to equity (%)	20.6	17.4	13.7	10.7	**10.6**

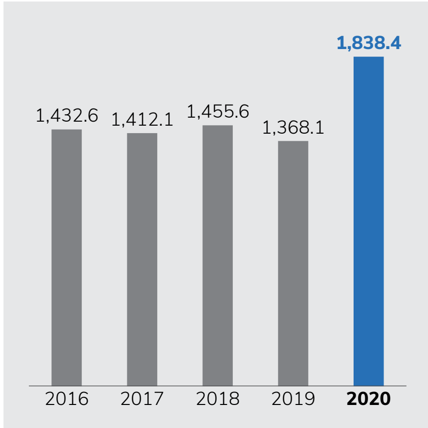
Revenue
(US$million)



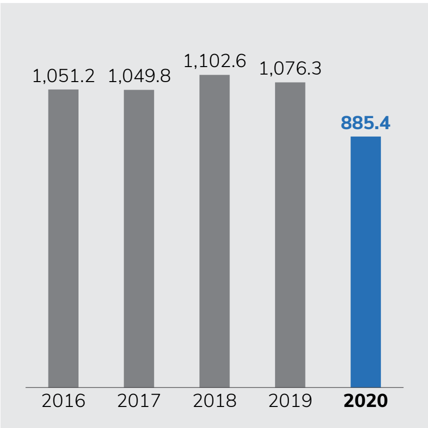
Profit / (loss) attributable to owners of the Company
(US$million)



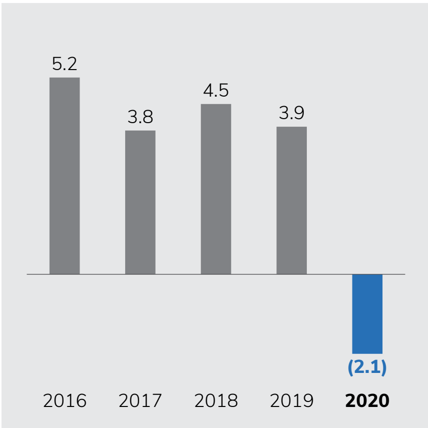
Total assets
(US$million)



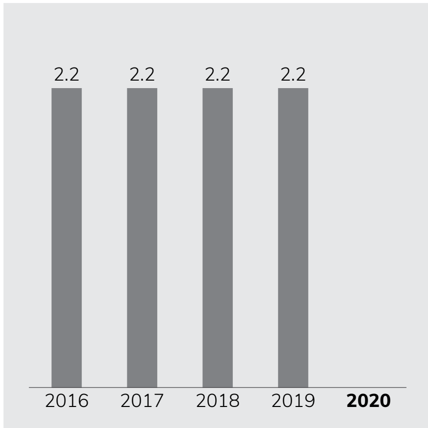
Equity attributable to owners of the Company
(US$million)



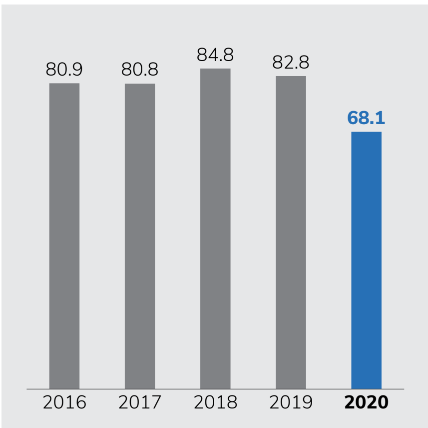
Earnings per share
(US cents)



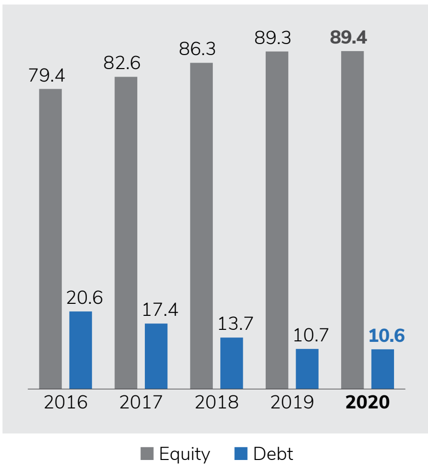
Dividend per share
(SG cents)



Net assets per share
(US cents)



Debt to Equity
(%)



CHAIRMAN'S STATEMENT

For GL Limited and its subsidiaries (collectively "**Group**"), the financial year ended 30 June 2020 ("**FY2020**") was an exceptionally challenging and unprecedented year. The emergence of COVID-19 at the beginning of 2020 cast a dark cloud over the global economy, with hospitality being one of the hardest hit sectors. The near term outlook for the hotel industry is grim due to a sharp global decline in demand for hotel rooms as widespread precautionary measures against COVID-19 discourage or prohibit travel.

Although the timeline for a recovery from the pandemic remains uncertain, the Group is confident that business and leisure travel will resume when the COVID-19 situation eases. This will translate into a recovery in the demand for hotel accommodation. Based on our cashflow projections, the Group is confident that it has sufficient available cash and credit facilities to sustain its business operations in the coming year. The Group will continue to monitor the situation and take appropriate actions to ensure that its long-term business prospects remain robust.

GLH HOTELS

The Group's hotel division GLH Hotels ("**GLH**") generated a loss after tax of US$21.7 million for FY2020 against a profit of US$29.6 million in FY2019. This was due largely to the temporary cessation of our hospitality operations in the last 4 months of FY2020 pursuant to the UK Government's guidance and impairment to the value of our hotel portfolio, in spite of the exceptional gain of US$15.8 million from the compulsory acquisition of our Euston hotel.

GLH's hotel revenue of US$176.5 million for the first half of FY2020 is higher compared to the previous corresponding period, primarily driven by improved average room rates. However, performance in the second half of FY2020 was materially and adversely impacted by COVID-19 due to the temporary closure of all GLH's hotels at the end of March 2020.

› The Royal Horseguards Hotel

During the closure of its hotels, GLH implemented various measures to mitigate the financial impact of the closure and to preserve working capital. These include cost reduction initiatives and deferment of non-critical capital expenditure. As the impact of COVID-19 on the hospitality industry is likely to be protracted, GLH has adopted a phased approach to the reopening of its hotels to align supply against levels of demand. GLH has also put in place new operating policies and procedures to ensure the safety and well-being of its guests and staff.

The refurbishment of The Grosvenor Hotel has been completed and the hotel was re-launched as Amba Hotel Grosvenor on 10 December 2019.

On 1 July 2019, GLH adopted IFRS 16, a new International Financial Reporting Standard which provides guidance on accounting for leases. Under IFRS 16, leasehold assets are recorded on the balance sheet as hotel assets. At 30 June 2020, GLH appraised the carrying value of its hotel assets and made impairments amounting to US$24.3 million to more correctly reflect the economic value of these assets. The impairments to the asset values reflect the reduced profitability of the hotels in the next 12 to 18 months and progressive recovery post COVID-19.

In the longer term, the Group believes that corporate and leisure hospitality demand in London will recover and will constantly look at ways to refresh its hotels so as to remain competitive and enrich customer experience.

BASS STRAIT OIL ROYALTY

Royalty income of US$25.2 million in FY2020 is significantly lower than in the previous financial year, largely due to lower crude oil prices which are partly attributable to a price war between major producers. The decline in global oil demand as a result of the COVID-19 pandemic contributed as well to the decline in oil prices.

This asset continues to be a significant profit contributor to the Group.

MOLOKAI PROPERTIES

The Group's investment on the island of Molokai in Hawaii is held through Molokai Properties Limited ("**MPL**"). MPL owns more than 54,000 acres of land, cattle ranching operations, and water and wastewater operations on Molokai. MPL's loss after tax for FY2020 amounts to US$14.4 million. Based on an external valuation, we have impaired the value of this asset by US$13.1 million in FY2020. We continue to explore options for monetising this asset while undertaking diligent cost management to contain operating losses.

The Tower Hotel

SUSTAINABILITY REPORT

The Group recognises the importance of sustainable business practices as our business grows. We remain committed to encouraging such practices, and to adhering to the sustainability reporting requirements of Singapore Exchange Securities Trading Limited.

TERMINATION OF QUARTERLY REPORTING

Following amendments to the Listing Manual of Singapore Exchange Limited which came into effect on 7 February 2020, the Company ceased the quarterly reporting from the 3rd quarter of FY2020 and has been releasing the financial results of the Group on a semi-annual basis.

The Company will continue to comply with its disclosure obligations under the Listing Manual and apprise its stakeholders of material developments relating to the Group.

DIVIDENDS

Although the fundamentals and balance sheet of the company remain strong, the Board has adopted a more prudent approach to conserve financial resources in light of the bleak economic outlook ahead and did not declare any dividends for FY2020.

WELCOME AND APPRECIATION

On behalf of the Board of Directors, I would like to extend a warm welcome to Ms Lim Suat Jien, who was appointed an Independent Non-Executive Director of GL Limited on 1 May 2020. With her knowledge and experience, Ms Lim will enhance and complement the competencies and skills of our other Board members.

Against the backdrop of the COVID-19 pandemic, I express my heartfelt gratitude to all our shareholders, valued customers and business partners for your continued support. To our management team and staff, I thank you for your unwavering dedication and hard work throughout the year as well as for initiating the operational changes and responding well during the COVID-19 crisis.

KWEK LENG HAI
Non-Executive Chairman
26 August 2020

BOARD OF DIRECTORS

The Royal Horseguards Hotel

KWEK LENG HAI, 67

Non-Independent Non-Executive Chairman
Member, Remuneration Committee
Member, Nominating Committee

Mr Kwek was appointed to the Board on 17 May 2005 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 23 October 2020.

Mr Kwek is the Executive Chairman of Guoco Group Limited and the Chairman of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE"). His directorships in other public listed companies include Hong Leong Bank Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB"), GuocoLand Limited which is listed on the Singapore Stock Exchange ("SGX") and Bank of Chengdu Co., Ltd which is listed on the Shanghai Stock Exchange ("SSE"). He is also a director and shareholder of Hong Leong Company (Malaysia) Berhad.

Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate.

Present directorships in other listed companies
- Guoco Group Limited, listed on HKSE
- Lam Soon (Hong Kong) Limited, listed on HKSE
- Hong Leong Bank Berhad, listed on BMSB
- GuocoLand Limited, listed on SGX
- Bank of Chengdu Co., Ltd., listed on SSE

Past directorships in listed companies held over the preceding 5 years
- Nil

PAUL JEREMY BROUGH, 63

Independent Non-Executive Director
Member, Audit and Risk Management Committee
Chairman, Remuneration Committee
Chairman, Nominating Committee

Mr Brough was appointed to the Board on 1 July 2012 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 23 October 2020.

Mr Brough was Chairman of Noble Group Limited, a company listed on the Singapore Stock Exchange, from 11 May 2017 and became Chairman of its successor company, Noble Group Holdings Limited, which is not listed on the Singapore Stock Exchange ("SGX"), on 21 December 2018. He stepped down as Chairman and from the board on 2 October 2019.

Mr Brough joined the board of Vitasoy International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited ("HKSE"), as a non-executive director, and assumed the chair of its audit committee in September 2016. He joined the board of Toshiba Corporation, a company listed on the Tokyo Stock Exchange ("TSE"), as a non-executive director in June 2019. He is also a non-executive director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong based restricted-licence bank, and chair of its audit and compliance committee, and a non-executive director of The Executive Centre Limited, a privately owned Hong Kong company, and chair of its audit committee.

Mr Brough joined KPMG Hong Kong in 1983 and held appointments as its Head of Consulting in 1995 and as Head of Financial Advisory Services in 1997. In 1999, he was appointed the Asia Pacific Head of KPMG's Financial Advisory Services and a member of its global advisory steering group. He held the position of Regional Senior Partner of KPMG Hong Kong from 2009 before retiring in March 2012.

Mr Brough is an associate of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Certified Public Accountants and an associate of the Hong Kong Securities Institute.

Present directorships in other listed companies
- Vitasoy International Holdings Limited, listed on HKSE
- Toshiba Corporation, listed on TSE

Past directorships in listed companies held over the preceding 5 years
- Noble Group Limited, listed on SGX
- China Fishery Group Limited, listed on SGX

The Royal Horseguards Hotel

CHUA KHENG YENG, JENNIE, 76

Independent Non-Executive Director
Member, Audit and Risk Management Committee
Member, Remuneration Committee
Member, Nominating Committee

Ms Chua was appointed to the Board on 1 August 2012 and was re-elected as a Director at the Company's Annual General Meeting held on 25 October 2018.

She is Chairman of Vanguard Healthcare, set up by the Ministry of Health and MOH Holdings to grow and support the development of eldercare facilities in Singapore. She is also Chairman of Woodlands Health Campus, the Singapore Film Commission Advisory Committee and Deputy Chairman of Temasek Foundation International. She is Pro-chancellor of the Nanyang Technological University.

Ms Chua is a board director of MOH Holdings Pte. Ltd. She also sits on MOH Holdings' Healthcare Infrastructure and Planning Committee.

Ms Chua is a Justice of the Peace and Singapore's Non-Resident Ambassador to The United Mexican States, and Non-Resident Ambassador Designate to The Kingdom of Spain.

Ms Chua is a board director of two other entities listed on the Singapore Stock Exchange ("SGX") – GuocoLand Limited and Far East Orchard Limited.

Previous positions held include Chairman of Raffles International, President and CEO of Raffles Holdings, CEO of The Ascott Limited. She was Chairman of the Community Chest and Sentosa Cove. She was also the first and only woman Chairman of the Singapore International Chamber of Commerce in its 179-year history.

Ms Chua holds a Bachelor of Science degree from the School of Hotel Administration, Cornell University, New York, USA.

Awards and accolades which she has received include the President's Special Recognition for Volunteerism and Philanthropy, Singapore National Day Awards including the Meritorious Service Medal, Outstanding Contribution to Tourism Award, Women's World Excellence Awards, Travel Personality of the Year Award, amongst others.

Present directorships in other listed companies
- GuocoLand Limited, listed on SGX
- Far East Orchard Limited, listed on SGX

Past directorships in listed companies held over the preceding 5 years
- Nil

BOARD OF DIRECTORS

TEO LAI WAH TIMOTHY, 68

Independent Non-Executive Director
Chairman, Audit and Risk Management Committee

Mr Teo was appointed to the Board on 1 July 2013 and was re-elected as a Director at the Company's Annual General Meeting held on 24 October 2019.

Mr Teo serves on the boards of St Luke's Elder Care, Jurong Health Fund and Singapore Arts School Ltd.

Besides these appointments, Mr Teo is also a board member of another listed company, GuocoLand Limited.

Mr Teo was director in charge of foreign exchange, money market, gold and commodities management in Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was director of Nuri Holdings (S) Pte Ltd, Singapore as consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr Teo was also with JP Morgan for 20 years in various overseas locations at senior management level (managing director) in global markets.

Mr Teo holds a Masters Degree in Business Administration from Macquarie University, Sydney, Australia.

Present directorships in other listed companies

- GuocoLand Limited, listed on Singapore Stock Exchange

Past directorships in listed companies held over the preceding 5 years

- Nil

TANG HONG CHEONG, 65

Non-Independent Director
Executive Director and Group Managing Director

Mr Tang was appointed as Executive Director and Group Managing Director of the Company on 15 September 2016 and was re-elected as a Director at the Company's Annual General Meeting held on 24 October 2019.

Mr Tang is the President and Chief Executive Officer of Guoco Group Limited and a non-executive director of Lam Soon (Hong Kong) Limited, both listed on the Main Board of

❯ Hard Rock Hotel London, GMT Bar

The Stock Exchange of Hong Kong Limited ("HKSE"). He is also a non-executive director of GuocoLand Limited which is listed on the Singapore Stock Exchange ("SGX"), and of The Rank Group Plc which is listed on the London Stock Exchange ("LSE").

Mr Tang has held various senior management positions in different companies within the Hong Leong Group. He was the president/finance director of HL Management Co Sdn Bhd. He was a director of Southern Steel Berhad, a Hong Leong Group subsidiary listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB"), as well as the non-executive chairman of GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust which is listed on the Main Market of BMSB.

Mr Tang is a member of the Malaysian Institute of Accountants and has more than 40 years' in-depth experience in the investment, manufacturing, financial services, property development, gaming and hospitality industries. In addition, he possesses broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning.

Present directorships in other listed companies
- Guoco Group Limited, listed on HKSE
- Lam Soon (Hong Kong) Limited, listed on HKSE
- GuocoLand Limited, listed on SGX
- The Rank Group Plc, listed on LSE

Past directorships in listed companies held over the preceding 5 years
- Southern Steel Berhad, listed on BMSB

LIM SUAT JIEN, 63

Independent Non-Executive Director

Ms Lim was appointed to the Board on 1 May 2020 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 23 October 2020.

Ms Lim has been an independent non-executive director of GuocoLand Limited since 15 May 2013. She is a member of GuocoLand's Audit and Risk Committee.

Ms Lim was the managing director as well as a board member of Mount Faber Leisure Group Pte Ltd from April 2017 to June 2018, and was the general manager of Sentosa Leisure Management Pte Ltd from 2014 to 2017. She held various positions in Mediacorp from 1990 to 2013 and was the managing director, TV of MediaCorp Pte Ltd until April 2013. She joined the Ministry of Community Development and Ministry of Health as director (Corporate Services) in 1999 and 2002 respectively. Ms Lim is a member of the Management Committee of the Singapore Turf Club, and was a member of the School of Business Advisory Committee of Temasek Polytechnic from March 2015 to April 2020.

Amba Hotel Marble Arch

Ms Lim holds a Bachelor of Science (First Class Honours) in Zoology and a Master of Science from the University of Malaya in Kuala Lumpur.

Present directorships in other listed companies
- GuocoLand Limited, listed on Singapore Stock Exchange

Past directorships in listed companies held over the preceding 5 years
- Nil

MANAGEMENT TEAM

ALAN MORGAN

Chief Executive Officer
GLH Hotels

Mr Morgan was appointed Chief Executive Officer of GLH Hotels in August 2019. He is responsible for all the departmental functions and setting the strategic agenda that will ensure future growth of GLH Hotels.

Mr Morgan's most recent role was Managing Director of Rank PLC where he led the transformation of the retail business.

Mr Morgan's passion has always been in the hospitality sector having held senior roles in pubs and hotels across Spirit Pub Company, Punch Taverns and Whitbread, a multinational hotel and restaurant company.

HO KAH MENG

Chief Financial Officer
GL Limited

Mr Ho joined the Group in July 2014 and was appointed CFO on 1 August 2014.

He began his career as an auditor at PriceWaterhouse before moving to Citibank Singapore. He has held senior finance and accounting positions with Singapore Marriott Hotel, Ssangyong Cement Limited, and various companies within the Raffles Holdings group.

Mr Ho has 10 years of experience in hotel investments and asset management in Asia Pacific with GIC Real Estate Pte Ltd and Kingdom Hotel Investments. Prior to joining the Group, he was Senior Vice President at GIC Real Estate.

Mr Ho holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

SUSAN LIM

General Counsel/Group Company Secretary
GL Limited

Ms Lim joined the Group in May 2013.

In the early years of her career, Ms Lim practiced as a litigator. She made the switch from private practice to an in-house position in 1993 when she joined the Pontiac Land Group, a real estate development and hospitality group.

In 2004, Ms Lim left Pontiac to join Pacific Star Holdings Pte. Ltd., which provides investment advisory and asset management services for Asian real estate and where she served as an Executive Vice President and headed the Legal Department.

From 2010 until April 2013, Ms Lim was Senior Director, Legal & Secretariat at KOP Properties Pte. Ltd., a company with real estate, hospitality and lifestyle business interests.

Ms Lim read law at the National University of Singapore and is called to the Singapore Bar.

Amba Hotel Grosvenor

❯ The Tower Hotel, Vicinity

SUSTAINABILITY REPORT

❯ Amba Hotel Grosvenor

CONTENTS

SUSTAINABILITY REPORT

MESSAGE FROM THE BOARD

The Board of GL Limited ("**GL**" and "**Company**") is pleased to present the Company's fourth annual sustainability report.

In the financial year ended 30 June 2020 ("**FY2020**"), the Company continued to build on its sustainability efforts, but the achievement of GL's targets for the year was impacted by the temporary closure of its hotels in the United Kingdom ("**UK**") from late March 2020 in compliance with a UK government directive issued in response to the COVID-19 pandemic. Since then, 3 of the Company's hotels have reopened and the remainder of its hotels will resume operations in phases should there be sufficient levels of demand.

As a result of the temporary closure of GL's hotels, data is available for the period of approximately 9 months from 1 July 2019 and this report has been prepared based on such data, save where otherwise indicated.

GL continues to rely on a dashboard to keep track of its hotels' consumption of energy and water and waste metrics. Through this initiative, GL can adjust its practices in real time for better alignment with its annual sustainability targets.

Building on its training and development of employees in previous years, GL took its training programme up a notch by launching a new on-line e-learning platform, FLOW, which is a hospitality-focused system and provides a greater range of content than the Learning Zone, GL's previous e-learning website. We are extremely pleased with the level of engagement from GL's employees during FLOW's first few months. Average hours of training per employee increased to 15.88 hours in FY2020, and we expect this to continue to grow with FLOW's successful launch.

Despite the disruption to GL's sustainability programme caused by COVID-19, we are pleased with the Company's achievements in the first 9 months of FY2020, the details of which are set out in this report.

ABOUT THIS REPORT

This is the fourth annual sustainability report of GL Limited ("**we**" and "**our**") in line with the sustainability reporting requirements of Singapore Exchange ("**SGX**") and Hong Kong Exchange ("**HKEX**").

This report presents data and information relating to our core hospitality business operated out of GLH Hotels Limited ("**GLH**") in the United Kingdom, for the first 9 months of the financial year ended 30 June 2020 ("**FY2020**") due to the temporary closure of our hotels as a result of the COVID-19 pandemic. GLH owns and/or operates hotels in the United Kingdom, and is the largest owner-operator hotel company in London. Our hotel portfolio includes 13 hotels in top London locations. Our primary brands include Amba, Guoman, Thistle and Thistle Express.

At the end of 2019, we successfully completed a full refurbishment and rebrand of the Grosvenor Hotel, which re-opened as Amba Hotel Grosvenor, as well as the premiumisation of rooms at Amba Hotel Charing Cross. In addition, we are pleased that our newest restaurants, Vicinity in Tower Hotel and the Soak in Amba Hotel Grosvenor, were gaining traction and recognition prior to the temporary closure of our hotels.

This report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core Level.

Although we have not obtained independent assurance for this year's data, we will consider it for future years. A softcopy of this report can be found on our website: www.gl-grp.com. Should you have any questions or feedback, please do not hesitate to reach us at info@gl-grp.com.

SUSTAINABILITY AT GL

Mission

In alignment with our intermediate holding company, Guoco Group Limited's mission "Guoco Sustainability Value Creation", we have adopted an integrated, four-pillar sustainability approach to our environmental, human and social capital and provide an overarching framework for our corporate governance. The pillars are:

Pillar 1 – Towards a Greener Future
Pillar 2 – Empowering our People
Pillar 3 – Conducting Business with Honour
Pillar 4 – Caring for our Community

These pillars will guide our teams in our corporate sustainability journey and inform the preparation of our sustainability reports.

Behaviours

In October 2020 we introduced a set of Behaviours to our employees which are integral to every part of our business. We assess these behaviours in our recruitment practices, in our appraisals and in the training we provide. The image below demonstrates how these behaviours influence our strategic priorities, how we measure our success and ultimately our vision and mission.

Vision

To be famous for our outstanding hospitality in incredible locations

Mission

To create memorable moments for our guests

MEASURE OF SUCCESS

Team

90% + of employees would recommend glh Hotels as a great place to work.

70% + of promotions are internal candidates.

Guest

90% + of guests would recommend glh Hotels as a great place to stay.

Triple number of repeat guests.

Investor

Triple the value of glh Hotels by 2022.

STRATEGIC PRIORITIES (AAMPS)

1. Brand Development
2. Best People
3. Operational Efficiency
4. F&B Development
5. M&E Development
6. RevPAR Maximisation
7. Invest Wisely
8. Use of Technology
9. Guest Experience
10. Estate Management

HOW WE BEHAVE

We **Respect** our guests, our environment and each other.

We have **Integrity**; we are trusted to do what is right.

We **Support** all our colleagues to deliver the best results.

We take **Ownership** of our goals and ambitions.

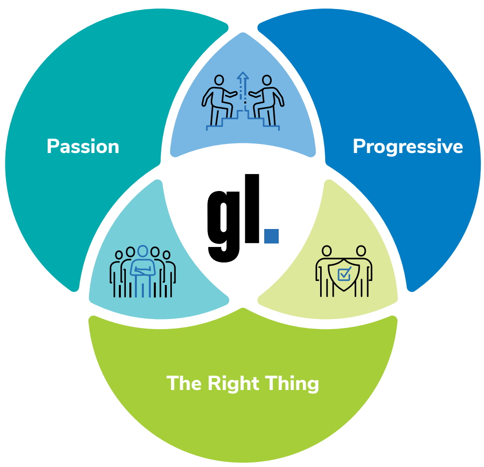
We work at **Pace** and aim for "right first time".

We are an **Energetic** and **Fun-loving** team.

Values

We continue to maintain three Core Values: ***having Passion***, ***being Progressive***, and ***doing the Right Thing***. We apply these internally with our staff, as much as we do externally with our customers. These values, together with the Behaviours, support our sustainability mission and are implemented on a day-to-day basis by our hotel teams.

We believe in delivering memorable experiences for our guests. Our staff strive to make an impact they can be proud of, whether behind the scenes, with one another or with our valued guests.

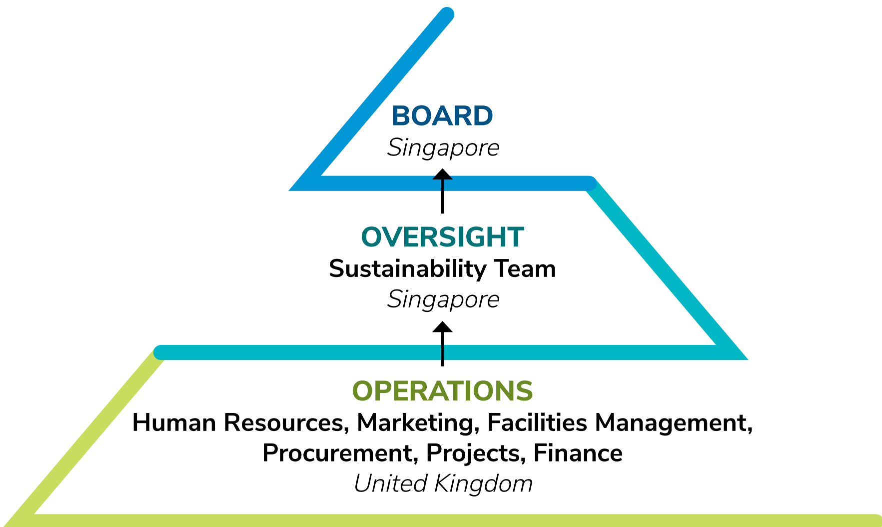


We aim to take incremental steps as much as we aim to take big, bold leaps forward. We want to find innovative solutions to problems, to approach each problem with a positive attitude, and constantly advocate progressive improvement.

Our staff are expected to make decisions that support our goals of demonstrating professionalism, strong ethics, team work and integrity.

SUSTAINABILITY REPORT

Sustainability Governance



In 2017, we carried out a materiality assessment to identify Environmental, Social and Governance areas that we have the greatest impact on and that have the greatest influence on our business and stakeholders. The material topics remain the same for FY2020. The chosen topics are summarised in the table below:

Material Topics	GRI Standard Reported	Geographical Boundary Reported for FY2020	Key Impacted Stakeholder Groups
Towards a Greener Future			
Climate Change and Resource Efficiency	Energy (302) Emissions (305) Water consumption (303) Effluents and Waste (306)	United Kingdom	Investors Community Suppliers
Empowering Our People			
Human Capital Management	Employment (401) Training and Education (404) Child Labour (408) Forced or Compulsory Labour (409) Occupational Health and Safety (403)	United Kingdom	Employees Suppliers
Conducting Business with Honour			
Anti-Corruption	Anti-Corruption (205)	United Kingdom, Singapore	Regulators Investors
Guest Satisfaction and Safety	Customer Privacy (418) Customer Health and Safety (416)	United Kingdom	Customers
Regulatory Compliance	Marketing and Labelling (417)	United Kingdom	Customers
Supply Chain	Supplier Social Assessment (414) Supplier Environmental Assessment (308)	United Kingdom	Suppliers
Intellectual Property	Not covered in GRI Standards	United Kingdom	Employees Customers
Caring for Our Community			
Local Communities	Local Communities (413)	United Kingdom	Employees Community

STAKEHOLDER ENGAGEMENT

We communicate regularly and in an open manner with our material stakeholders to ensure that we understand their needs and identify areas for growth and improvement. Material stakeholders are identified based on an assessment of their involvement in and influence on our business.

Stakeholder	Method and Frequency	Topics Raised	Our Response
Employees	• Monthly Employee Engagement Survey • Regular meetings between GL and hotel employees • Scorecard of each hotel published monthly and displayed in the hotel • Employee appraisal and performance review meetings currently two per year • Employee "listening groups" held regularly with employees and the HR Director and the Chief Operating Officer for our hotels • Internal announcements	• Career development • Transparency of strategy	Employees appreciate a greater understanding of our strategy and are able to understand how they influence this, thanks in part to the emphasis of the Behaviours in every aspect of their role.
Shareholders	• Annual general meeting • Annual report	• Financial performance • Risk management • Growth strategy	We are maintaining a cautious approach and in relation to our hotel strategy we are continuing our refurbishment at a moderate pace. We are conservatively geared and well positioned to maneuver the current environment and take advantage of any opportunities.
Guests/ Customers	• In-person feedback • Guest satisfaction surveys after each stay • Building user manuals	• Check-in experience • In room facilities at specific hotels • Housekeeping standards	We act on the feedback and address issues in collaboration with the hotels and hotel management teams to improve our performance and ensure guests return.
Regulators/ Government	• Regulatory filings • Responding to relevant public consultations	• Environmental compliance • Labour standard compliance • SGX listing requirements	We cooperate and engage with government and regulatory bodies. We stay abreast of regulatory changes that affect our business.
Suppliers	• In-person meetings • Online procurement platform • Supplier assessments	• Product quality • Timely delivery • Service standards	We will maintain an open dialogue with our suppliers to improve our working relationships.
Community	• Room to Reward • Local initiatives driven by our individual hotels including needs of local children and London homeless • Chefs Adopt a School programme • Employees surveyed to decide on dedicated charity for 2021	• Needs of local community including equal employment	We work with local bodies and charities to address issues that are both important to our communities as well as strategic to our business

SUSTAINABILITY REPORT

Memberships and External Initiatives

- British Hospitality Association
- Hotel Electronic Distribution Network Association, a "global forum to advance hospitality distribution through collaboration and knowledge sharing".
- Hotel Bookings Agents Association
- The Society of the Golden Keys – an exclusive society for concierges

TOWARDS A GREENER FUTURE

We aim to reduce waste and improve efficiency in energy and use of resources, starting from the humblest of steps and seek to entrench the philosophy into a Group-wide awareness and culture of caring for the environment as a community corporate citizen.

Climate Change and Resource Efficiency

In the previous decade, climate change has become a foremost and urgent global challenge, impacting many aspects of life and businesses. We believe every individual and organisation has a part to play in addressing this issue. That is why we are working to reduce our carbon footprint and our energy and water usage, and monitor the impact of our economic activities on the environment and to maintain sound environmental management standards.

As in FY2019, we carried out a GLH-wide Carbon Footprint Assessment and environmental surveys in FY2020 to comply with our energy assessment obligations under the UK Energy Saving Opportunity Scheme ("**Scheme**") and to track our resource consumption. Based on the information gathered, we will review our programmes on waste reduction, energy usage reductions and water usage reductions.

We maintain an online dashboard which displays real-time energy, water and waste consumption metrics and their associated costs and facilitates analysis of our consumption activities and track our progress on a granular level relative to our targets.

Energy and Emissions

We are dependent on multiple sources of energy for many aspects of our operations, including lighting, heating and cooling, refrigeration and cooking. Our reliance on energy and its consequences in the form of Scope 1 and 2 emissions mean that it is a key area of focus. We regularly monitor our energy consumption, and continually look for ways to improve the energy efficiency of our buildings and facilities, for example, through the installation of LED lights where possible.

We are looking to further improve our reporting and gain better visibility on our consumption. Towards this end, we have set up a new water consumption tracker.

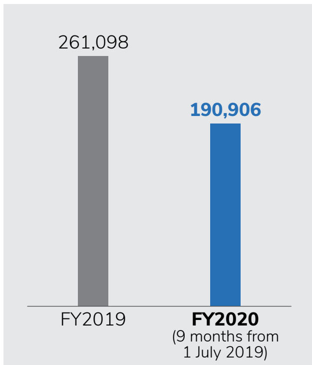
- The majority of the fuel we use is natural gas, which is used for ventilation and air-conditioning and particularly for heating. To reduce such energy use, we have optimised set points for heating after careful review of consumption patterns.

- Additionally, we are reviewing hotel equipment to determine whether we can make any repairs or upgrades to improve energy efficiency.

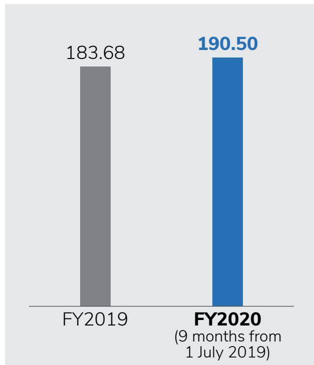
Performance

In the first 9 months of FY2020, we consumed 190,906 GJ of energy. Taking into consideration hotter weather in the final quarter of FY2020, we believe that our energy consumption for a full FY2020 (if our hotels could have remained opened throughout FY2020) would be similar to that for previous financial year.

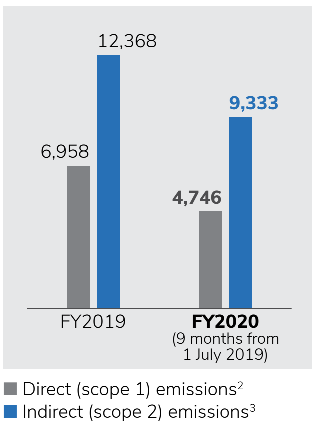
Total energy consumption within the organisation
(GJ)



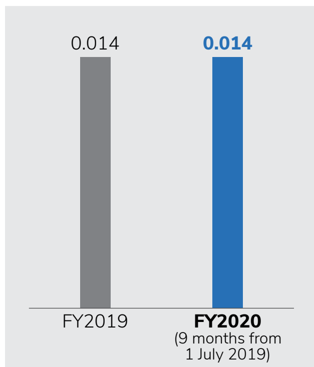
Energy intensity
(MJ/no. of rooms sold[1])



Emissions
(Metric Tonnes CO_2e)



Emissions intensity
(Metric Tonnes CO_2e/ no. of rooms sold)



1 The number of rooms sold in FY2020 (9 months from 1 July 2019) is 1,002,156.
2 Conversion factor used for scope 1 emissions: 0.0000511567 (natural gas); 0.000075268 (oil).
3 Conversion factor used for scope 2 emissions: 0.00035156.

Target

- Reduce energy intensity per room relative to the FY2019 baseline of 183.68 MJ/room in the financial year ending 30 June 2021 ("**FY2021**").
- Conduct Scheme surveys in line with mandatory reporting for FY2021.

Effluents and Waste

We generate waste throughout our operations, producing paper, food and other general waste, which is collected by waste contractors. Through our environmental surveys and using our dashboard, we are able to track our waste output across all of our hotels.

We are pleased that recycled waste has increased to 46% of total waste, from 43%[4] in the previous financial year. We continue to work towards our goal of increasing recycled waste to 60% by 2023, through diverting recyclable waste away from general waste streams, correct sorting and disposal of waste (including segregating food waste from general waste to send for composting), and a reduced reliance on single-use plastics by removing the use of plastic straws across our hotels. We have replaced plastic soap bottles in one of our hotels with dispensers and are looking to implement this in other hotels in FY2020 to further reduce our single use plastics. We will continue to place emphasis on food waste in FY2021. Our dashboard includes a recycling league table tracking the hotels' proportion of recycled waste, encouraging them to work harder to do better than their peers.

We are re-tendering our waste contract and are looking to improve waste reporting and set up a new tracker to closely monitor our waste.

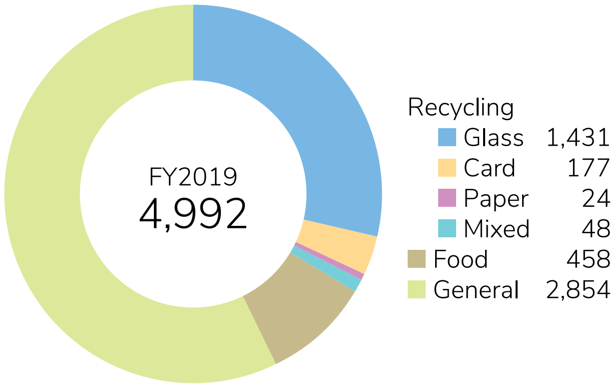
Performance

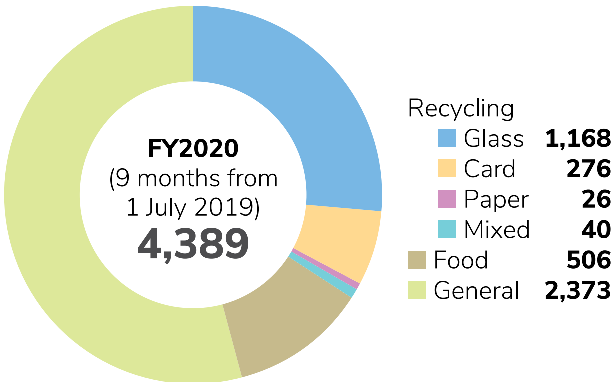
More of our hotel rooms were available in the first 9 months of FY2020 as compared to the preceding financial year, as our hotel refurbishment projects had been completed. This led to the increase in waste. Card waste has increased significantly as a result of the packaging received in connection with the refurbishment projects. However, recycled waste has increased in most areas, indicating that we are increasing our recycling and reducing our general waste. In the first six months of FY2020 alone, we saw a 1% increase in recycling.

Target

- Achieve zero waste to landfill by the financial year ending 30 June 2025.
- Remove all single-use plastics from our hotels by the financial year ending 30 June 2025.

Total Non-Hazardous Waste
(Metric Tonnes)





	FY2019	**FY2020** (9 months from 1 July 2019)
Hazardous Waste	0	**0**

Water Consumption

Our operations rely on water. Practicing responsible use of this critical resource is a key step we can take to improve our overall sustainability. We remind our guests to embody these sustainability values through informational materials in all of our in-stay rooms and bathrooms, for example, encouraging them to reuse their linens and be mindful when using water in bathrooms. These small measures can add up to significant resource and cost savings.

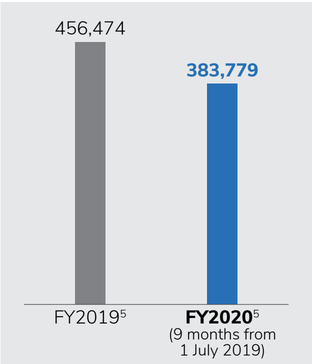
Performance

The availability of more of our hotel rooms in the first 9 months of FY2020 as compared to the preceding financial year led to higher water consumption in FY2020 on a pro-rated basis.

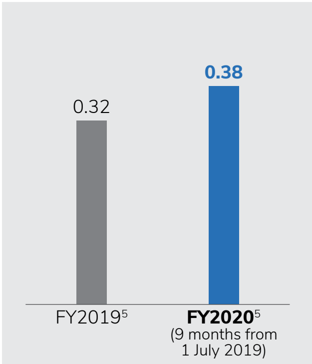
4 In our FY2019 report, we erroneously reported recycling 34% of total waste. The correct figure is 43% of total waste.

SUSTAINABILITY REPORT

Water consumption
(m^3)



Water intensity
(m^3/no. of rooms sold)



Target

- Achieve a 5% reduction in water consumption across the estate by the financial year ending 30 June 2022.
- Explore the use of tap diffusers, economical shower heads and lower toilet flush ratios to minimise water consumption.

EMPOWERING OUR PEOPLE

We aim to create a diverse, welcoming culture and a safe working environment in which our people are engaged, nurtured and empowered to reveal their full potential.

Human Capital Management

Our People

Our employees are pivotal to our operations and financial success. We work hard to ensure that our employees display the Behaviours we have defined as being integral to how we work. To this end, we seek to create a work and employee-friendly environment, providing our employees with the right tools, skills and support to deliver quality service, with meaningful career progression.

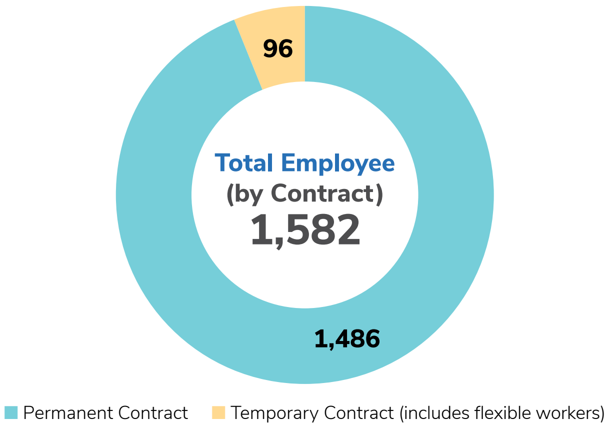
Our Employee Handbook outlines GL's employee code of conduct and provides guidelines on our behaviours, values and standard operating procedures. We will review our Employee Handbook in FY2021 to ensure it continues to reflect the way we operate our business.

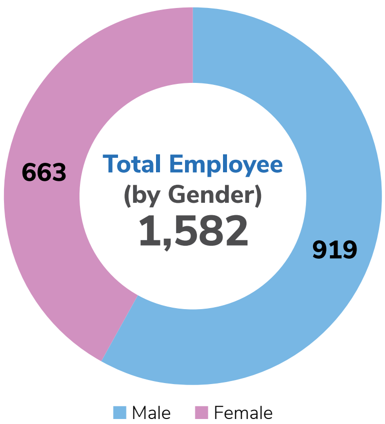
We have been working on our employer brand for GLH, specifically on Glassdoor and LinkedIn. This has resulted in significant improvements in our Glassdoor scores (from 2.4/5 to 3.7/5 as at February 2020). We will continue to work with LinkedIn to maximise the recruitment and employer branding opportunities it offers.

The Peakon employee engagement tool, which measures employee engagement and encourages frequent conversations with and feedback from employees and which we rolled out two years back, has enabled us to stay in touch with the needs of our employees and react quickly to common issues that are raised. We will be using another survey tool as our hotels reopen progressively, and this will link to a new employee app that will be launched in Autumn 2020.

Performance

In FY2020, we employed 1,582 staff in the UK. All employees are employed directly[6], with the exception of housekeeping staff, who are outsourced. To meet instances of increased business demand and short-term manpower requirements, we engage workers under mutually beneficial and temporary flexible working agreements. Employee numbers are subject to seasonal variations. Each temporary employee is forecasted on a Full-Time Equivalent (FTE) basis.





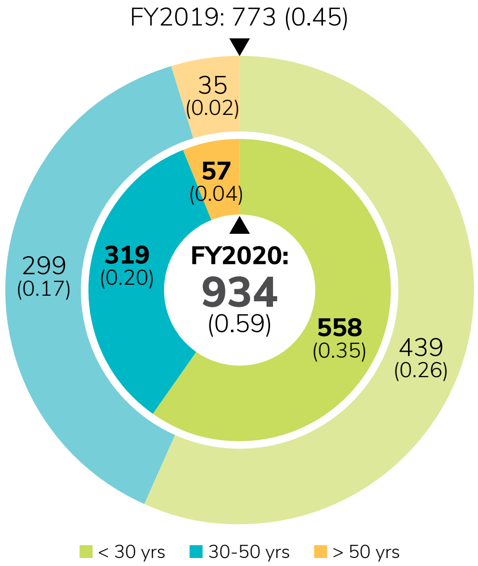
Target

We will continue our regular face to face employee forums during FY2021 when these become possible, as we continue to demonstrate our commitment to improving how we communicate with our teams.

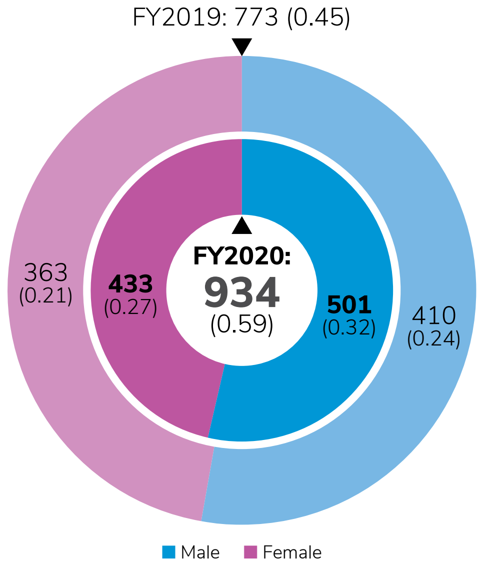
5 All water used comes from municipal water sources.
6 None of our employees participate in collective bargaining agreements.

Employee Hires

(by Age Group)

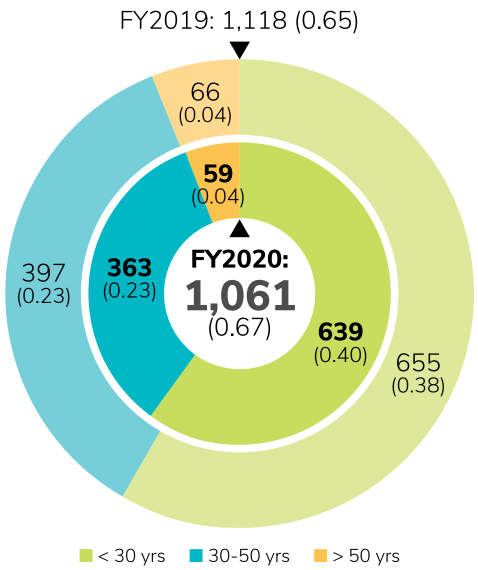


(by Gender)

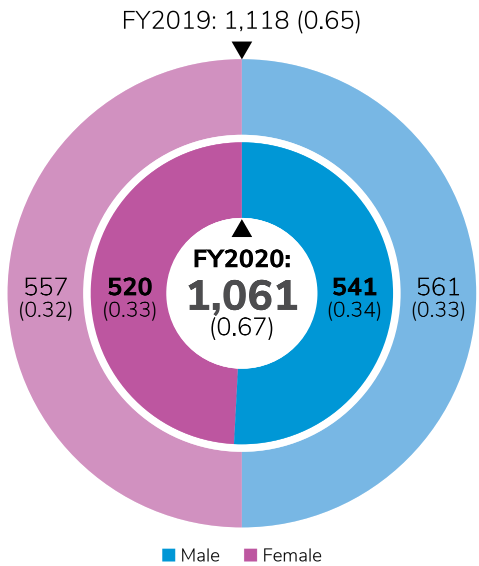


Employee Turnover

(by Age Group)



(by Gender)



Talent Management

We believe that talent management and succession planning are mutually beneficial to our employees and our business. With the challenges presented by the COVID-19 pandemic, the ability to maintain our high quality of service will stand us in good stead. Investing in the training and development of our teams is vital for a human resource strategy that meets the well-being and long-term interests of our employees as well as the needs of our business. To emphasise our commitment to this, we have employed a Head of Learning and Development.

Our focus is on 3 core areas: creating clear career pathways that support development resulting in increased internal promotions; having development in place that improves current performance and equips employees for future roles; and creating a highly attractive and meaningful workforce culture.

SUSTAINABILITY REPORT

In March 2020, we proudly introduced our new on-line e-learning platform, FLOW. We have partnered with FLOW to enable us to extend our previous e-learning offering. It is a hospitality-specific system that allows us to change content easily, add modules when required and supplement it with additional resources such as TED Conferences LLC talks. Engagement with the system has been very positive, despite launching at a critical time for the business.

In addition to launching our new platform there have been a variety of other training opportunities that our employees have enjoyed in FY2020:

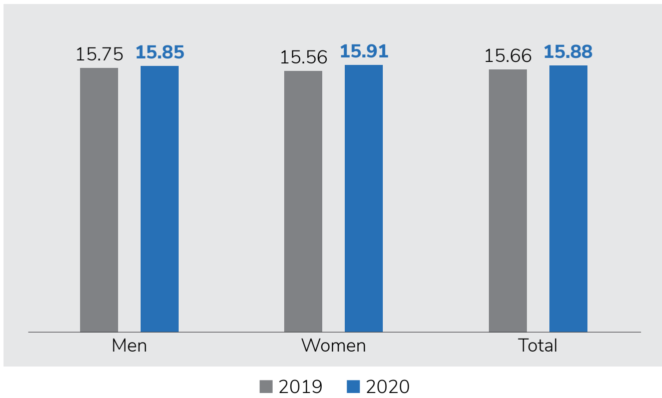
- GLH Apprenticeship scheme, launched in 2019 in partnership with HIT Training Limited training - currently there are 29 Learners on an apprenticeship scheme across the following levels:
    - Level 2 Hospitality Team Member
    - Level 3 Team Leader
    - Level 4 Hospitality Manager
    - Level 5 Operations/Department Manager
- 2-day Front Office training for all new employees working in our front office teams, which focuses on check-in and check-out experience and how to interact with our guests. These are facilitated by our dedicated in-house Trainer.
- Recruitment Training for all of our Recruiting Managers, with a focus on Behaviours.
- We continued with the bite-sized management workshops targeted at management level, with the introduction of new topics such as How to Manage Conflict, How to be Assertive, How to Think Strategically, How to Make the Perfect Presentation and How to Hold a Challenging Conversation. Due to the high-impact nature and 90-minute duration of each session, these workshops were well attended.
- We partnered with the Henley School of Executive Education to provide Leadership development for our senior management team members. Attendance on their courses has been disrupted by the COVID-19 pandemic but we look forward to learning how our teams have benefited from these courses over the course of FY2021.

Despite having to close our hotels due to the COVID-19 pandemic, we maintain a minimal staff structure and put a number of employees on furlough from late March 2020 onwards. This enables us to calibrate our staffing levels and recall them as our hotels reopen progressively and recall them as occupancy improves. We ensure that our employees remain connected as we continue to deal with the impact of the pandemic through central messaging on our Connect intranet about what is going on in our companies and sources of support (including the Employee Assistance Programme and Mental Health First Aiders). In addition, we educate our employees on measures and precautions against COVID-19 infection via the FLOW learning platform. Equipment like monitors, docking stations, keyboards and mice and IT support are available for those who are working from home and need it.

Performance

We successfully ensured that the average hours of training per employee continued to grow in FY2020. We fully expect this number to increase as our employees benefit from our continued dedication to their development.

Average hours of training
(per employee)

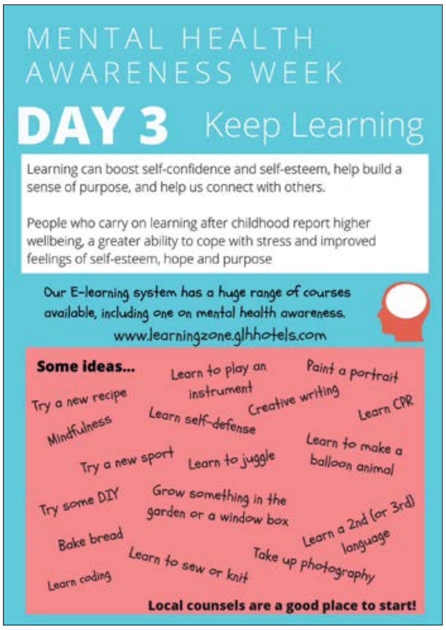


Target

In FY2021, we will continue to ensure that all new employees are fully compliant in all mandatory training within their first weeks with us and that each employee is provided with an annual refresh on key health and safety issues.

Employee Wellness and Well-Being

In FY2020, we continued our commitment to our employees' mental wellness and held our second Mental Health Awareness Week. A variety of activities took place across the business, including team sports, yoga classes, meditation classes, team walks and some of our employees chose to hold their meetings in the fresh air of some of London's wonderful parks.



Information based on the UK National Health Service's 5 steps (set out below) to mental well-being was sent out to all employees and was published on our intranet:

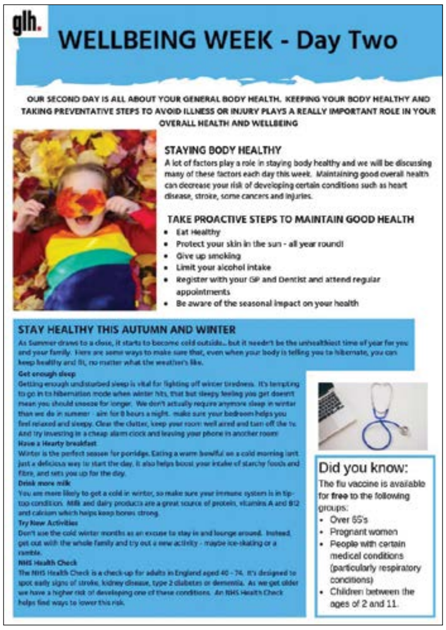
- Connect with others
- Be active
- Keep learning
- Give to others
- Be mindful

To consolidate our learning, we followed our Mental Health Awareness week with a well received visit from author and mental health advocate, Lis Cashin. Lis spoke to some of our Senior Managers about the business case for mental health, building a mentally healthy culture and how to have conversations about mental health.

Fair Working Practices

Respect for employee rights is fundamental to our human resource principles. We have strict non-discrimination policies to promote diversity and a fair working environment in our workplace.

SUSTAINABILITY REPORT



A fair working environment should be one that is free of discrimination, harassment, bullying and victimisation. We comply with applicable employment laws including the European Human Rights Legislation as reference points for policies. In particular, we have a UK Grievance Policy that outlines procedures for managing grievances privately and confidentially.

We, all our employees, regardless of seniority or role, and our service providers have a responsibility towards any child we interact with in our business affairs and to safeguard the welfare of children. As enshrined under both our Child Protection Policy, and an employee's contract of employment, if any employee or service provider has concerns that an employee, a service provider or a guest has harmed or may have harmed a child, or may have committed a criminal offence against or that is related to a child, the allegation or concern should be reported immediately to the Designated Senior Manager for dealing with such allegations and concerns, who will report the matter to the Local Authority Designated Officer appointed by the local authority, or the police.

We have mandatory e-learning modules which solidify our position on areas such as Child Protection and Modern Slavery, and there is a contractual obligation on our workforce to ensure that they have read, understood, and agreed to adhere to these policies. Any breach of policy would be dealt with in accordance with existing Disciplinary Procedures, and reported to the company as appropriate.

In addition to GL's statutory obligations under the UK Modern Slavery Act 2015, the Company currently circulates a Modern Slavery Policy for management and employees. The policy offers guidance in identifying suspected cases of forced labour, as well as human trafficking. For suppliers, we have a Code of Conduct which states that GL does not under any circumstances support slavery or human trafficking and we prohibit suppliers from using, participating in or benefitting from such practice.

Performance

In FY2020, there were no reported incidences of violation of the Child Protection or Modern Slavery policies.

Target

Maintain no instance of human rights violations.

Occupational Health and Safety

The health and safety of our employees is of utmost importance. GL has clear health and safety policies in place to provide a safe and supportive work environment that is compliant with all relevant legislation. All management are obliged to attend safety training on-site, while all employees have access to e-learning modules on safety and are required to complete on-line refresher training annually. GL's H&S policy is published online and in our employee handbook. We also regularly circulate health and safety information and best practices on our intranet, GLH Connect, including any updates to regulations.

Hotel employee concerns and views are represented and managed through on-site health and safety teams at each of our hotels. These teams also manage and oversee guest health and safety concerns. Risk assessments are carried out on roles that are identified as having a high risk of occupational disease, and routine monitoring and reporting. NSF also conducts audits twice a year, which help maintain high standards of risk assessments. All work-based accidents are recorded in the Hotel's Accident and Incident Reports in line with Company policy.

Notwithstanding the temporary closure of our hotels in compliance with a UK government directive issued in response to the COVID-19 pandemic and the capital projects were put on hold as a result, we continued with projects deemed essential to critical health and safety. A full facilities checklist and essential staffing plan was created to ensure that the hotel sites remained protected and safe during closure and customer enquiries were dealt with appropriately.

Performance

During the last financial year, we only had three instances of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable accidents, with one reported as an injury resulting in an absence of over 7 days. There were no fatalities in the past three years including FY2020.

Target

Maintain no serious injuries or fatalities to employees or guests as a result of work-related activities in FY2021.

CONDUCTING BUSINESS WITH HONOUR

We aim to uphold good business ethics and integrity and to develop long term relationships with our business partners based upon fairness, mutual trust and benefit.

Anti-Corruption

Our reputation is dependent on daily decisions made across the organisation. We are dedicated to upholding integrity and honesty in our operations, and have adopted a zero tolerance policy towards fraud, corruption and unethical actions. Issues that require whistleblowing are those that affect our ability to operate effectively and our reputation.

At present, we implement a Whistleblowing policy that promises all employees, workers and interested third parties the ability to raise concerns related to any immoral, illegal or unethical practices that may affect our hotels, our ability to operate or our reputation without fear that they will suffer repercussions.

The policy clearly states what steps need to be taken when someone has a concern, including who to contact, who to speak to if in doubt and how the law protects whistle-blowers. This policy is now published on our intranet and included in the new starter pack. Whistleblowing and anti-corruption updates continue to be made available to all staff annually.

Performance

There are 8 incidents of corruption in FY2020, comprising a scam involving agency staffing ghost hours and 7 employee-related thefts. All employees were dismissed.

Target

- Review and recirculate our Whistleblowing policy, and publish it on the intranet with a new starter pack in FY2021.
- Aim for no incidents of corruption in FY2021.

SUSTAINABILITY REPORT

Guest Satisfaction

We aim to be a leader in our field by providing our guests with memorable, seamless experiences, by valuing and respecting our employees, and by engaging with our communities as a responsible corporate citizen. Through a system of feedback, we seek to continuously evolve and improve our practices and policies, and set an example for our peers.

Excellent Service

Guest satisfaction is at the very core of our purpose. We place great emphasis on the comfort and safety of guests in our hotels so that guests have a memorable stay and return to stay with us. Our hotel employees are expected to adhere to the highest standards of ethics and professionalism as demonstrated in our ethical and equal opportunity policies and principles. In line with these principles, we are proud of our extensive guest satisfaction survey. We conscientiously track results over time and make a concerted effort to incorporate any feedback.

The survey follows the guest journey beginning with reservation and check-in to check-out and everything that falls in between, including front desk service, in-room experience, problem resolution, food and drink quality and satisfaction, facilities and overall service. The responses are collated along with online reviews from approximately 200 websites onto a single platform, ReviewPro. ReviewPro allows us to examine the consolidated feedback and inform each individual hotel's guest experience improvement plan.

Performance

We received 39,781 survey responses in the period from July 2019 to March 2020 with valuable feedback. Our Global Review Index score for the same period was 81.9%.

Target

Improve our guest satisfaction scores in FY2021.

Guest Safety

The safety and security of our guests and anyone who visits our properties is of utmost importance to us. In our hotel kitchens, we adhere strictly to regulatory food safety standards to deliver the highest levels of food safety. To protect customer and employee safety, we continue to undertake two audits per year through an external company, NSF, to maintain health and safety, hygiene, and fire safety compliance and to share and regularly review the results of such audits with the general managers of our hotels.

Performance

There were no reportable incidents of non-compliance concerning the health and safety of our guests.

Target

Maintain no reportable incidents of non-compliance concerning the health and safety of our guests.

Guest Data Privacy

To ensure that our data protection and privacy obligations are met, we have established a mission statement which enunciates the foundation for our data protection policies, a data protection framework and internal policies and processes which comply with applicable data protection laws, including the UK's Data Protection Act 1998 and The European General Data Protection Regulation (GDPR). The data protection policies are owned by the appointed Data Protection Officer and maintained on a company-wide intranet. We regularly review and revise our internal policies and processes in response to our operational needs and any regulatory changes.

Following implementation of the framework, we provided full training to employees and continue to monitor data activity and access closely. All employees are required to complete data protection training within their induction period.

Performance

In FY2020, we had no complaints concerning breaches of customer privacy and losses of customer data.

Target

Maintain the data protection programme and no breaches of customer data privacy in FY2021.

Regulatory Compliance

We are committed to acting in the best interests of our hotels and maintaining compliance with local and international laws and regulations and our codes, standards and policies. Employees are made aware of all relevant laws, regulations and policies through regular training.

Performance

Compliance with applicable laws, regulations, codes, standards and policies is tracked and any non-compliance is addressed. There was no non-compliance recorded in FY2020.

Target

Maintain a clean record with no incident of regulatory non-compliance for FY2021. Continue to stay abreast of all regulatory updates and changes and train staff accordingly.

Supply Chain Responsibility

We recognise that our operations are highly dependent on a reliable supply chain that ensures we are able to receive the goods and services we require. We engage with employees, various contractors and consultants across our supply chain. In fact, we have an extensive supplier base of more than 800 suppliers for food and beverages, supplies, fixtures and amenities.

As a responsible business, we are keen to safeguard our values including in relation to our supply chain. To protect our principles of ethics and lawfulness, our most critical suppliers undergo a high-level supplier assessment during which they are rated on several criteria. All suppliers are requested to sign up to our Code of Conduct during tenders as well as when suppliers log onto our online procurement platform. The Code stipulates our position on areas such as human rights, labour conditions, environmental protection and business ethics. For example, the Code prohibits suppliers using, participating in or benefiting from any form of forced, bonded, slave, compulsory or involuntary labour or any form of human trafficking. Some suppliers provide their own codes of practice as evidence of compliance as opposed to signing our Code of Conduct and these are reviewed on a case by case basis.

New procurement processes were launched in November 2019 and since then all new suppliers on the procurement platform have signed the code of conduct or have their own equivalent codes. 10% of existing suppliers have also signed the Code of Conduct.

Target

In FY2021, we aim to have 50% of suppliers sign up to our Code of Conduct or to have their own equivalent.

Intellectual Property

We protect our brands but, at the same time, we respect the intellectual property rights of other companies.

We use a number of trademarks in our business, comprising brands which we own and brands belonging to third parties which we are permitted to use pursuant to agreements with the brand owners.

The brands which we own are trademarked in markets in which we operate so that our brands are associated only with our hotels and our hospitality services and standards and are protected against non-authorised use by third parties. These trademarks are reviewed from time to time to ensure that they continue to meet the needs of our business, and that we maintain an appropriate intellectual property portfolio.

We are careful to respect the third party brands used in our business, and are required to inform the brand owners should we become aware of any infringement of the owners' rights in relation to such brands.

Target

In FY2021, to review and rationalise the trademark portfolio to ensure it remains relevant to the operation of the business.

CARING FOR OUR COMMUNITY

We aim to contribute for the betterment of society, to create collective advancement and harmonious community relationships.

Local Communities

We know that our success and the well-being of those who work in our hotels are closely linked. That is why we invest in the communities around us. We leverage our key resources, namely our properties and our human capital, to support our communities and create positive impact.

In December 2019, items were donated by our London and Heathrow Support teams to two charities in the run up to Christmas – The Childhood Trust (collection of gifts for children of all ages to be delivered by the Metropolitan Police to children in need in our local area) and c4ws Homeless Project (a charity which helps to support the homeless in the Kings Cross/Angel area of London, providing shelter and support to get them back in employment). We were overwhelmed by our teams' generosity and the charities were delighted with the support they received.

Just before the temporary closure of our hotels, we surveyed our teams and asked them which charities they would like to collectively fundraise for in FY2021. We will publish these results and begin our activities in January 2021.

Target

Develop a GLH hotels charity strategy in FY2021 that makes a difference to our chosen charity and helps bring our teams together for a shared cause.

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SUSTAINABILITY REPORT

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GL Limited ("**Company**" or "**GL**") is committed to maintaining high standards of corporate governance and endeavours to continuously keep abreast of developments and new practices in corporate governance.

The framework of the Company's corporate governance is substantially in line with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore ("**Code**"). The lynchpin of such framework is the Company's Corporate Governance Code ("**Company Code**"), which sets out its internal corporate guidelines.

During the financial year ended 30 June 2020 ("**FY2020**"), the Company complied with the Principles set out in the Code and complied substantially with the Code's Provisions, save for the areas which are set out and explained in the relevant sections below, and adopted a Dividend Policy and a Board Diversity Policy.

(A) BOARD MATTERS

Principle 1
Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company

The Function of the Board

The Company is headed by a Board which oversees the business affairs of the Company and its subsidiaries (collectively "**Group**"). The Board exercises independent judgment in dealing with the Group's business affairs.

The Board carries out its oversight function by assuming responsibility for effective stewardship and corporate governance of the Company and the Group.

Its principal role and responsibilities include the following:

(a) providing entrepreneurial leadership, setting the overall business strategy, policies and direction;

(b) ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

(c) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of the shareholders of the Company ("**Shareholders**") and the Company's assets;

(d) reviewing the Group's management ("**Management**") performance and holding Management accountable for performance;

(e) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and

(f) considering sustainability issues (including environmental and social factors) as part of the Company's strategic formulation.

The Directors Act Objectively in the Best Interests of the Company

All the directors of the Company ("**Directors**") must objectively discharge their duties and responsibilities in the best interests of the Group. This is in accord with the Company's requirement that all Directors shall demonstrate the highest level of integrity.

Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction are required to declare the nature of their interests and abstain from the decision-making on such transactions.

The Board sets the Company's values and ethical standards through corporate policies which are communicated to the Group's employees. The Group has a strong corporate culture which is exemplified by its core values, and the environmental, social and governance factors that are material to the Company and its stakeholders have been identified and are described in the Company's Sustainability Report. Taken together, these form a framework which guides the Group's employees in the conduct of the Group's business.

Board Orientation and Training

A Director who is newly appointed to the Board will be issued a letter of appointment by the Company and furnished with an induction package which includes the schedule of the Board and Committee meetings, the Company's latest Annual Report, the Company Code and other corporate materials.

Newly-appointed Directors with no prior experience as a director of a listed company will undergo training in the roles and responsibilities of a director of a listed company as prescribed by SGX-ST.

All Directors are provided with information on the Company's policies, procedures and practices relating to governance matters, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and declaration of interests relating to the Group's businesses.

To facilitate the further development of the competencies of the Directors so that they may effectively discharge their duties, all Directors are updated on regulatory and accounting changes, the implications of such and the actions to be taken to ensure compliance with the changes, as well as on developments in risk management.

All Directors are encouraged to attend, at the Company's cost, seminars to keep abreast of relevant developments, particularly in areas of leadership, industry-related matters and corporate governance.

Board Approval

The Company Code sets out the matters which require the Board's approval. These include approving strategic business and financial plans, individual investment and divestment decisions which should be referred to the Board before implementation, and material transactions which are not within the Company's ordinary course of business. During FY2020, the Board reviewed and approved the business plan and budget, the Directors' Statement and audited Financial Statements for FY2020, and the financial results announcements of the Company.

Delegation by the Board

The Board has delegated specific functions to the following Board Committees:

- Audit and Risk Management Committee ("**ARC**");
- Nominating Committee ("**NC**"); and
- Remuneration Committee ("**RC**").

Each Board Committee reviews the matters which fall within its terms of reference which are set out in the Company Code, and reports its decisions to the Board, which endorses such decisions and accepts ultimate responsibility on such matters.

Board and Board Committee Meetings

Meetings of the Board and its Committees are scheduled one year ahead. The Board meets at least on a quarterly basis to review, *inter alia*, the Company's financial results. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' circular resolutions. As provided in the Company's Constitution, the Directors may participate in a Board meeting via teleconferencing or videoconferencing means. During FY2020, the Board held five meetings. The attendance of Directors at meetings of the Board and the Board Committees as well as the Company's Annual General Meeting ("**AGM**") in FY2020 is set out in the table below:

	Attendance at Board and Board Committee Meetings during FY2020				
	Board	**ARC**	**NC**	**RC**	**AGM**
No. of Meetings Held	5	5	2	2	1
Board Members					
Kwek Leng Hai	5	N.A.	2	2	1
Paul Jeremy Brough	5	5	2	2	0[1]
Chua Kheng Yeng, Jennie	5	5	2	2	1
Teo Lai Wah Timothy	5	5	N.A.	N.A.	1
Tang Hong Cheong	5	N.A.	N.A.	N.A.	1
Lim Suat Jien[2]	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:
1. Mr Brough was unable to attend for personal reasons.
2. Ms Lim was appointed to the Board on 1 May 2020.

As stated in relation to Principle 4, in its review of a candidate's proposed appointment as a Director or the proposed re-appointment of a Director, the NC takes into consideration the candidate's or (as applicable) the Director's listed company directorships, principal commitments and duties. NC has determined, and on the basis of such determination, the Board is satisfied that the Directors are able to devote sufficient time and attention to the affairs of the Company.

Complete, Adequate and Timely Information

Management recognises the importance of providing the Directors with relevant, complete and adequate information in a timely manner, for the purpose of enabling the Directors to make informed decisions in the discharge of their duties and responsibilities. To facilitate the timely provision of information to the Board, the Directors are provided with electronic devices to enable them to read reports and materials in real time once these have been uploaded to a secured system accessible to all Directors.

Management furnishes the Board with reports of the Company's operations, performance, financial position (including mangement and audited accounts) and prospects for review at each Board meeting. Such reports enable the Directors to keep abreast of the Group's business activities and make an informed assessment of the Group's financial performance and prospects. In addition, Management keeps the Board apprised of the Company's operations and performance as and when necessary via email or other means of communication.

Directors are updated on key legislative and regulatory changes so that appropriate systems, procedures and/or policies may be established and implemented to ensure compliance.

Access to Management, Company Secretary and Independent Professional Advice

Directors have separate and independent access to Management as well as to the Company Secretary. The Company Secretary attends all Board and Board Committee meetings, and ensures that Board procedures and applicable rules and regulations are complied with. The Company Secretary also advises the Board on all governance matters, and coordinates the training and professional development of the Board members. The appointment and resignation of the Company Secretary must be approved by the Board.

Directors may, following consultation with the Group Managing Director of the Company ("**GMD**"), seek independent professional advice at the Company's expense.

Principle 2
Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

Board Independence

The Board currently consists of six well-qualified Directors with diversified skills and experience.

On an annual basis and as and when circumstances require, the NC determines the independence of the Directors taking into consideration the factors set out in the Code and the SGX-ST Listing Manual, including whether there is any circumstance or relationship that might impact a Director's independence or the perception of a Director's independence and a Director's tenure on the Board, in particular, the date on which an independent Director ("**ID**") would reach a tenure of nine years.

For the year under review, all the Directors made declarations of their respective status of independence which were submitted to the NC for review. The NC has determined that four out of the Company's six Directors, namely, Mr Paul Jeremy Brough, Ms Chua Kheng Yeng, Jennie, Mr Teo Lai Wah Timothy and Ms Lim Suat Jien, are independent. The Board has accepted the NC's determination, and is satisfied that there is a strong and independent element on the Board.

Board Composition and Diversity

All of the IDs and Mr Kwek Leng Hai, the Chairman of the Board ("**Chairman**"), are non-executive Directors ("**NEDs**"). The Company's sole executive Director is Mr Tang Hong Cheong ("**Executive Director**"). Therefore, majority of the Board members are NEDs.

The Company acknowledges that diversity on the Board will provide the Company with Board members whose varied perspectives, skills, industry discipline, business experience, background and other distinguishing qualities will enhance the effectiveness of the Board. Recognising that Board diversity is an essential element for supporting the attainment of its strategic objectives and sustainable and balanced development, the Company has adopted a Board Diversity Policy. The Directors possess a balanced mix of skills and core competencies in accounting, financial and business management, as well as industry experience in hospitality operations and real estate matters.

The Board Diversity Policy sets out the Company's approach to achieving diversity on the Board. The NC will monitor the implementation of this policy. It will review the policy as and when appropriate and, if necessary, recommend revisions to the policy for the Board's consideration and approval. The NC conducts an annual review on the composition of the Board.

There are currently two female Directors, who comprise one-third of the Board.

The Board considers its current composition and size appropriate for the nature, scope and needs of the Group's business.

Participation of IDs

The IDs meet for informal discussions without the presence of Management to promote free and open discussions on issues concerning the Company, and to provide feedback to the Board on such issues.

Principle 3
Chairman and GMD

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

Separate Roles of Chairman and Group Managing Director

The Chairman is Mr Kwek Leng Hai, who is a non-independent NED. The Chairman leads the Board and ensures its smooth and effective functioning.

The GMD, Mr Tang Hong Cheong, is responsible for the vision and strategic direction of the Group, initiating business ideas and corporate strategies to create a competitive edge and enhancing Shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress, and implementing the policies and decisions of the Board. The GMD holds regular meetings with the other members of Management and updates the Board on progress made on corporate strategies and operational targets.

There is a clear division of responsibilities between the Chairman and the GMD, and there is no familial relationship between Mr Kwek and Mr Tang. No one individual has unfettered powers of decision-making. This ensures an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

Lead ID

All IDs are well experienced, and regular and active interactions (including their attendance at Board and Board Committee meetings and informal discussions without the presence of Management) provide sufficient opportunity for free and open discussions among themselves.

The Directors and Management are accessible to the Shareholders, and the Company has always responded to the queries of the Shareholders. The absence of a Lead ID has not impacted and will not impact such accessibility or the Company's response to Shareholders' queries.

For the above reasons, the Board does not consider it necessary to appoint a Lead ID.

Principle 4
Board Membership
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board

Nominating Committee

The NC consists of the following three Directors, two of whom (including the NC Chairman) are independent NEDs ("**INEDs**"):

- Mr Paul Jeremy Brough (INED), NC Chairman;
- Mr Kwek Leng Hai (non-independent NED), NC Member; and
- Ms Chua Kheng Yeng, Jennie (INED), NC Member.

The terms of reference of the NC are set out in the Company Code and include the following:

- Review succession plans for the Directors, the GMD and key management personnel of the Company ("**KMP**");
- Review the size and composition of the Board and Board Committees;
- Review the appointment and re-appointment of Directors;
- Evaluate the performance of the Board, the Board Committees, individual Directors and the Chairman;
- Review training and professional development programmes for the Directors;
- Review and determine annually the independence of Directors; and
- Rigorously review the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment.

Selection of Directors and Determination of Independence

The Company has in place a process for the selection, appointment and re-appointment of Directors to the Board.

In the selection and appointment of a new Director, candidates may be put forward or sought through internal promotion, contacts and recommendations from Directors, substantial Shareholders and external sources.

Factors considered by the NC in reviewing the selection, appointment and re-appointment of a Director include whether a candiate possesses skills and expertise which are of benefit to or sought by the Company, such as strategic planning skills, business and/or management experience and industry knowledge.

Taking into account the Board Diversity Policy, the NC will review the profile of each candidate or Director, having regard to a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service on the Board.

In addition, the NC determines annually whether or not a Director is independent, as mentioned in relation to Principle 2.

As prescribed by the Company's Constitution and Rule 720(5) of the SGX-ST Listing Manual, each Director is required to retire at least once every three years. The NC will review the contributions and performance of the Directors who are retiring to determine their eligibility for re-election.

The NC will take into consideration the number of listed company directorships and principal commitments of each Director in determing whether that Director is able to and has been adequately carrying out his/her duties as a Director of the Company. In doing so, the NC will, among other things, assess the level of that Director's knowledge of the business and affairs of the Company, that Director's attendance at Board meetings and meetings of any Board Committee of which he or she is a member, the level of that Director's participation in deliberations during such meetings, and that Director's attendance at general meetings of the Company. On the basis of such determination by the NC, the Board is satisfied that the Directors' directorships in other listed companies and principal commitments did not affect their ability to diligently discharge their duties to the Company.

Key Information on Directors

Key information relating to each Director including the date of first appointment as a Director, date of last re-election, academic and professional qualifications, background and experience, current and past directorships in other listed companies and principal commitments, and other relevant information can be found in the "Board of Directors" section of this Annual Report.

Principle 5
Board Performance
The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors

On an annual basis, the NC assesses the performance and effectiveness of the Board as a whole, each Board Committee and each Director. The evaluations in the the completed assessment forms are then collated and presented to the NC for review, following which the NC reports its findings to the Board.

On the basis of such evaluations, the NC is satisfied that, in FY2020, the Board as a whole and each of the Board Committees were effective in the performance their respective duties, and each Director contributed to the effectiveness of the Board and the Board Committees of which he/she is a member or the chairman. The results of the NC's assessment were communicated to and accepted by the Board.

The Company did not use the services of an external facilitator for its FY2020 evaluations.

Evaluation of Individual Directors

Each Director carries out self-assessment on his own performance and effectiveness based on evaluation criteria such as his/her contributions to the functions of the Board, participation and attendance at Board Meetings, his/her competency, expertise and skills as well as knowledge of the Group's business and the industry in which the Group operates.

The NC also carried out an evaluation and review of the contributions of Directors at meetings of the Board and Board Committees and Directors' participation in the affairs of the Company, including a review of matters such as the independence of Directors, their individual skills, experience and time commitment, in particular for Directors who served on multiple boards as well as the overall Board size and composition.

Evaluation of the Board and Board Committees

Each Director evaluates the performance and effectiveness of the Board as a whole and of each Board Committee of which he is a member.

The criteria for such evaluation include criteria in respect of the Board's or, as applicable, the Board Committee's role and responsibilities, composition, integrity and competency, team dynamics and the contributions of its chairman and other members.

(B) REMUNERATION MATTERS

Principle 6
Procedures for Developing Remuneration Policies
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

Remuneration Committee

The RC comprises the following three Directors, two of whom (including the RC Chairman) are INEDs:

- Mr Paul Jeremy Brough (INED), RC Chairman;
- Mr Kwek Leng Hai (non-independent NED), RC Member; and
- Ms Chua Kheng Yeng, Jennie (INED), RC Member.

The RC's terms of reference are set out in the Company Code, and its duties include reviewing and recommending to the Board a remuneration framework for the Board and the KMP, reviewing and recommending for the Board's endorsement specific remuneration packages for the individual Directors as well as for the KMP, and administering the Company's Executive Share Scheme 2018.

Remuneration Framework

In its review and recommendation of the remuneration framework, the RC took into account industry practices and norms in remuneration for directors and key management personnel. Such remuneration framework is being reviewed on an annual basis to ensure that they remain relevant. When reviewing and recommending for the Board's endorsement remuneration packages for the Directors and the KMP, the RC considered the performance of the Group, the individual Directors and the KMP, linking rewards to corporate and individual performance to ensure that such remuneration packages are fair as well as competitive to attract, retain and motivate the Directors and the KMP for good stewardship and effective management of the Company.

No Director is involved in deciding his/her own remuneration.

The Company does not provide any termination, retirement or post-employment compensation or benefits to the Directors, the GMD or the KMP. During FY2020, the Company did not pay any termination, retirement or post-employment compensation or benefits to the Directors, the Executive Director or the KMP.

Access to Remuneration Consultants

The RC may seek remuneration consultants' advice on remuneration matters for Directors as it deems appropriate. For FY2020, the RC did not require the service of an external remuneration consultant.

Principle 7
Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

To attract, retain and motivate the Directors and the KMP for the purpose of ensuring good stewardship and the long-term successful management of the Company, the Company ensures that its remuneration structure for the Directors and the KMP is appropriate. Industry practices and norms in remuneration are taken into account to ensure that the Company's remuneration packages for the Directors and the KMP are competitive to attract, retain and motivate them, to provide continuing good stewardship and effective management for the Company. The remuneration framework is reviewed from time to time to ensure that they remain relevant.

Remuneration of NEDs

NEDs do not receive any salary. However, INEDs receive Director's fees that are based on corporate and individual responsibilities and which are in line with industry norm.

Remuneration of Executive Director and KMP

The remuneration structure for the KMP comprises both fixed and variable components to promote employee motivation and the long-term success of the Company. The fixed component includes a basic salary while the variable component includes performance-linked incentives which are described in more detail below.

In determining the remuneration packages of the KMP, the performance of the Group and the individual KMP are key considerations, linking rewards to corporate performance and individual behaviour and performance. Specific factors that are considered include their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract, retain and motivate executive talents.

The variable component is a mix of short-term and long-term incentives that are linked to performance, and takes into consideration the balance between profit and risk. Short-term incentives include a discretionary, performance-linked variable bonus and long-term incentive schemes include an executive share scheme (please refer to the section entitled "Employee Share Schemes" on page 37 of this Annual Report). For the purpose of assessing the performance of the KMP, specific key result areas which include financial and non-financial measures ("**KRA**") are set for each financial year. An annual appraisal, which takes into consideration the extent to which the KRA is achieved, is conducted to review the performance of the KMP.

It aligns the rewards with the individual's performance as well as the strategic objectives, sustained performance and enterprise risk management of the Company to ensure value creation. In turn, this aligns the variable component with the interests of the Shareholders and other stakeholders and promotes the long-term success of the Company.

The remuneration structure for the Executive Director comprises solely a fixed component.

The Company does not reclaim variable components of remuneration from the Executive Director and the KMP except as provided in malus and/or clawback provisions of its executive share scheme (please refer to the section entitled "Employee Share Schemes" on page 37 of this Annual Report).

Principle 8
Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

Directors and GMD

The remuneration of the Directors and the GMD of the Company for FY2020 is set out below:

Director	Directors Fees (S$)	Salary and Allowance (inclusive of Employer CPF) (S$)	Bonus (inclusive of Employer CPF) (S$)	Other Benefits (S$)	Total (S$)
Kwek Leng Hai[1] (Chairman)	–	–	–	–	–
Paul Jeremy Brough	111,000	–	–	–	111,000
Chua Kheng Yeng, Jennie	105,000	–	–	–	105,000
Teo Lai Wah Timothy	100,000	–	–	–	100,000
Lim Suat Jien[2]	10,000	–	–	–	10,000

Director and GMD	%	%	%	%	%
Below S$250,000					
Tang Hong Cheong	–	100	–	–	100

Notes:
1. Mr Kwek Leng Hai does not receive any Director's fees.
2. Ms Lim Suat Jien was appointed as a Director on 1 May 2020. Accordingly, her fees as a Director are calculated from 1 May 2020 to 30 June 2020, both dates inclusive.

Having considered the Provisions in the Code on the disclosure of the remuneration of Directors, the RC is of the view that it is appropriate to provide full disclosure of fees proposed to be paid to Directors for FY2020, which amount to S$326,000 in aggregate and will be tabled at the forthcoming AGM under Agenda Item No. 4 for the Shareholders' approval.

As regards the disclosure of the remuneration of the GMD who is also the Executive Director, the Company took into account the very sensitive nature of the matter, the highly competitive business environment in which the Group operates and the impact such disclosure would have on the Group, and is of the view that the current disclosure on a named basis and in bands of S$250,000 (including the provision of a breakdown in percentage terms) is sufficient.

Top Five KMP

The remuneration package of the top five KMP who are not Directors of the Company or the GMD, comprise mainly salaries and bonuses.

The Company is of the view that it would not be in its best interest to disclose the breakdown of such remuneration, including the forms of remuneration and other payment and benefits. In view of the competitive nature of the human resource environment and to support the Company's efforts in attracting and retaining executive talents, the Company believes it should maintain confidentiality on details relating to employee remuneration matters.

Accordingly, the remuneration of the top five KMP is disclosed below in bands of S$250,000:

Total Remuneration in Bands of S$250,000	No. of KMP who are not Directors or the GMD
S$750,001 to S$1,000,000	1
S$500,001 to S$750,000	2
S$250,001 to S$500,000	2

Remuneration of Employee Related to Directors, GMD or Substantial Shareholders

The Company and its principal subsidiaries do not have any employee who is a substantial Shareholder, or is an immediate family member of any of the Directors or the GMD or a substantial Shareholder, and whose remuneration exceeded S$100,000 for FY2020.

Employee Share Schemes

The Company established the GL Limited Executives' Share Option Scheme ("**ESOS**") in 2008 as a long-term incentive scheme to promote the Company's long-term success. Under ESOS, options for shares in the Company may be granted to confirmed employees and executive Directors of the Group. Employees and directors of Guoco Group Limited or the Company's controlling Shareholders or of their respective associates are not eligible to participate in ESOS.

The rules relating to ESOS provided that ESOS shall expire on 20 November 2018.

In Section 2.1 of the Addendum dated 8 October 2018 despatched to the Shareholders together with the Notice of the Company's 57th AGM held on 25 October 2018, the Company stated "[it] is proposed that on receipt of [approval of the Shareholders] or on receipt of approval from the shareholders of [Guoco Group Limited] (whichever is the later) for the adoption of [ESS (defined below)], [ESOS] will be terminated by the Directors or the [Committee (as defined in the ESOS rules)].".

The GL Limited Executives' Share Scheme 2018 ("**ESS**") was approved by the Shareholders on 25 October 2018 and by the shareholders of Guoco Group Limited on 12 December 2018. As the later of such approvals was obtained after the ESOS expiry date, ESOS expired on 20 November 2018 in accordance with its rules and did not need to be terminated.

Notwithstanding the termination of ESOS, options granted under ESOS which were outstanding on the date of such termination remain valid and will vest and may be exercised in accordance with their terms and the rules of ESOS.

Details of ESOS are set out in Note 24 of the Notes to the Financial Statements on pages 107 to 110 of this Annual Report.

Under ESS, options for newly issued and/or existing shares of the Company may be granted ("**Options**") and/or grants of shares in the Company may be awarded ("**Grants**") to eligible executives of the Group including executive Directors ("**Eligible Executives**"). The Group's NEDs, the Company's controlling Shareholders and their associates, and the directors and employees of the Company's controlling Shareholders, associated companies, holding company and such holding company's subsidiaries (excluding the Group) are not eligible to participate in ESS.

As at 30 June 2020, no option has been granted pursuant to ESS.

Other than ESS, the Company does not have any other employee share option scheme in place.

Pursuant to Rule 14 of the rules of ESS, ESS will expire on 11 December 2028 and the Company by resolution in general meeting, or the RC (which the Board has authorised to administer ESS), may prior to 11 December 2018 terminate ESS provided such termination is permitted by the SGX-ST Listing Manual of Singapore Exchange Securities Trading Limited (as amended or modified from time to time) and, if applicable, the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (as may be amended and modified from time to time).

Details of ESS are set out in Note 24 of the Notes to the Financial Statements on pages 111 to 112 of this Annual Report.

The shares received by the Eligible Executives upon the exercise of an option or upon the vesting of shares under a grant of the ESS may be subject to a retention period or restriction of transfer as determined by the RC at its absolute discretion. Further, the RC may at its absolute discretion determine such malus and/or clawback provisions to be applied to an option and/or a grant (as applicable) upon the occurrence of the applicable malus and/or clawback event(s) under the ESS.

(C) ACCOUNTABILITY AND AUDIT

Principle 9
Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

The Board recognises that it has overall responsibility of ensuring proper financial reporting for the Group and the need to establish a sound system of internal controls and risk management processes in order to safeguard Shareholders' interests and the Group's assets.

Significant Risks

The ARC has been tasked with overseeing the governance of risks and monitors such governance through an integrated approach of enterprise risk management, internal control and assurance systems, including determining the nature and extent of the significant risks the Company should take in achieving its strategic objectives and value creation. As part of the Group's enterprise risk management, risks faced by the Group on an enterprise-wide level as well as those faced by each of the Group's business units have been identified. A system of rating such risks has been established to identify the likelihood of occurrence of, and tolerance level for, each risk.

To ensure the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, the ARC reviews the Group Risk Register and causes the register to be updated on a regular basis. Notwithstanding such regular updates, ad hoc updates will be made when there are major movements on the risk ratings and presented at the next ARC meeting. The external auditors highlight any material internal control weaknesses that have come to their attention in the course of their audit and the Company's internal auditor team ("**IA**") validates the Group's internal controls and assurances as well as the risk treatment plans for each risk. The findings of the external auditors and the IA will be reported to the ARC, which will in turn highlight such findings to the Board together with the proposed update of the Group Risk Register.

Having regard to the Group's business operations as well as its existing risk management and internal control and assurance systems, the Board is of the view that a separate risk committee is not required for the time being.

Assurance from KMP

The Company has put in place robust processes which facilitate assurances from the GMD, the Chief Financial Officer of the Company ("**CFO**") and other KMP who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

The first is the process whereby each business unit provides a quarterly declaration to the GMD and CFO. Each declaration confirms, *inter alia*, that the accounts of the relevant business unit are correct and have been prepared in accordance with the Group's accounting policies and that the risk management and internal controls of that business unit are adequate and effective in addressing the material risks in its business environment.

The second is the annual report of the IA's findings and the assurance of the Head of Internal Audit regarding the adequacy and effectiveness of the Group's risk management and internal controls in addressing the risks faced by the Group and its business units.

The Board has received assurance from the GMD and the CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received assurance from the GMD and the KMP who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Having regard to the reviews carried out by the ARC, the findings of the IA and external auditors and assurances from the Head of Internal Audit, the GMD, the CFO and other KMP, the Board and the ARC concur that the Group's internal controls addressing financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at 30 June 2020.

Principle 10
Audit Committee
The Board has an Audit Committee which discharges its duties objectively

ARC

The ARC comprises the following INEDs:

- Mr Teo Lai Wah Timothy, ARC Chairman;
- Mr Paul Jeremy Brough, ARC Member; and
- Ms Chua Kheng Yeng, Jennie, ARC Member.

The majority of the ARC members have recent and relevant accounting or related financial management expertise or experience and the ARC Chairman has extensive global experience in the financial industry. None of the ARC members were previous partners or directors of the Company's external auditor, KPMG LLP, within the last 24 months or hold any financial interest in KPMG LLP. The profile of the ARC Chairman and its members are presented under the "Board of Directors" section of this Annual Report. The Board is satisfied that such members are appropriately qualified to discharge their responsibilities.

The terms of reference of the ARC are set out in the Company Code and include:

- reviewing significant financial reporting issues and judgements and announcements relating to the Company's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- reviewing the assurance from the GMD and the CFO on the financial records and financial statements;
- making recommendations to the Board on the proposals to the Shareholders on the appointment and removal of the external auditors and their fees and other terms of engagement;
- reviewing the adequacy, effectiveness, scope and results of the external audit and the Company's internal audit function;
- reviewing the independence of the external auditors and the IA;
- reviewing the Company's whistle-blowing policy to enable concerns regarding possible improprieties in matters of financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and
- reviewing interested person transactions which exceed the relevant threshold levels or as required by SGX-ST Listing Manual.

These terms of reference confer on the ARC the authority to investigate any matter within its terms of reference, direct and unrestricted access to Management, reasonable resources required for the proper discharge its functions, and the discretion to invite any Director, executive or other person as the ARC deems necessary to attend its meetings.

The ARC meets with the Company's external auditors, and meets with the Head of Internal Audit on a quarterly basis, without the presence of Management.

Interested Person Transactions ("**IPTs**")

The Company Code requires the ARC to review IPTs. The Directors are required to disclose their interest in IPTs, and to abstain from deliberations and voting on resolutions relating to these transactions. For each IPT to be reviewed by the ARC, the salient terms of the IPT and information as to the relationship between the parties are provided to the ARC. The ARC will review the IPT to ensure that the terms are fair and at arms' length, and not prejudicial to the interest of the Company and its minority shareholders. In the event one of the relevant thresholds as stipulated in the listing rules of SGX-ST is met, the IPT including the interested person(s) and its or their relationship with the Company will be announced via SGXNET or, as applicable, seek the approval of its disinterested shareholders for the IPT at a general meeting.

Internal Audit

The Group has its own in-house qualified internal audit team comprising the Head of Internal Audit and his team of qualified personnel. The Head of Internal Audit's primary line of reporting is to the ARC Chairman, although he reports administratively to the CFO. The ARC approves the employment, compensation, evaluation and removal of the Head of the Internal Audit.

The IA assists the ARC in reviewing and assessing the adequacy and effectiveness of the Group's internal controls based on the COSO Internal Control Integrated Framework to ensure there is no material weakness in such controls. The IA also audits the operations of the Group to ensure regulatory compliances as well as adherence to Group policies and procedures. The scope of the IA's reviews is set out in the annual IA work plan which is approved by the ARC. During FY2020, the Company's internal audit team carried out its function in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors (IIA). The IA reports on its reviews and findings on a quarterly basis for the ARC's review.

The IA has unfettered access to all the Group's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

The ARC reviews the adequacy and effectiveness of the IA function to ensure that internal audits are conducted effectively and Management provides the necessary cooperation to enable the IA to perform its function. Where any internal control weakness is identified, the ARC will review the remedial actions taken by Management.

External Auditors

The Company has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual in relation to the appointment of its external auditors.

In its review of the financial statements of the Group and the Company for FY2020, the ARC discussed with Management and the external auditors the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, key audit matters for FY2020 as reported by the external auditors. Detailed information on the key audit matters is set out in the Independent Auditors' Report.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11
Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects

Shareholder Rights

The Company believes in treating all Shareholders fairly and equitably by recognising, protecting and facilitating the exercise of Shareholders' rights, and continually reviews and updates such governance arrangements. The Company currently has one class of shares in issue, being ordinary shares which carry one vote for each share held.

The Company also believes in providing the Shareholders with information on the Company's business and financial performance that could materially affect the price or value of the Company's shares. Such information is made available through the Company's announcements of its financial results.

To facilitate Shareholders' participation at general meetings of the Company, detailed information is provided to Shareholders in reports and, where necessary, circulars or addendums. A notice of each general meeting which sets out the resolutions to be tabled together with a proxy form are sent to all Shareholders by post. In addition, each notice of general meeting is published in a local newspaper, announced via SGXNET and uploaded on the Company's website. Each general meeting is held at venue easily accessible to Shareholders. Relevant rules and procedures governing the general meeting(s) including, in particular, voting procedures are communicated to Shareholders. Resolutions tabled at general meetings are passed by a process of voting by poll.

A Shareholder may appoint one or two proxies to attend and vote on his/her behalf at each general meeting.

General Meetings

The principal forum for the Company's dialogues with Shareholders is its general meetings, during which Shareholders are given the opportunity to comment on and query matters relating to the Company. The Board, Management, the Company Secretary and the Company's external auditors are present at these meetings to address any questions that Shareholders may have.

The Directors' attendance at the Company's 2019 annual general meeting is disclosed on page 30 of this Annual Report.

The Company's external auditors were also present at the Company's AGM to assist the Board in addressing queries about the conduct of the audit and the preparation and content of the auditors' report.

At each general meeting, the Chairman invites Shareholders to participate and provides them with the opportunity to ask questions as well as communicate their views on matters of relevance to the Company.

Separate resolutions are proposed for approval at general meetings on each substantially separate issue. For example, a separate resolution is proposed for each of the following matters - payment of Director fees, the authorisation for issue of additional shares, re-appointment of the auditors and re-election of each Director. The rationale, information and explanation relating to each resolution are set out in the notice of the relevant general meeting. The proposed resolution for the re-election of a Director at a general meeting makes a cross-reference to the section "Additional Information – Directors Seeking Re-Election" in the Company's Annual Report relating to the relevant year.

Provision 11.4 of the Code provides that an issuer's Constitution should allow for absentia voting at general meetings. Due to security concerns, the Constitution of the Company currently does not permit Shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company is of the opinion that despite its deviation from Provision 11.4 of the Code, the Shareholders nevertheless are able to communicate their views on matters affecting the Company even when they are not in attendance at general meetings, as they may appoint one or two proxies to attend, speak and vote on their behalf at general meetings.

To promote effective Shareholder participation and enhance the transparency of the voting process at general meetings, the Company conducts electronic poll voting for all the resolutions proposed at its general meetings. The electronic voting procedure is presented to Shareholders before the start of each general meeting. An independent scrutineer is engaged to count and validate the votes cast for or against each resolution, and the votes are tallied and displayed live on screen to Shareholders immediately after each poll is conducted. The results of the votes cast on the resolutions proposed during, and the name of the independent scrutineer for, each general meeting are announced via SGXNET after the meeting.

Minutes of General Meetings

Minutes of each general meeting incorporating substantial and relevant comments or queries from Shareholders and responses from the Board and Management are prepared. From 2020 onwards, in compliance with Provision 11.5 of the Code, such minutes will be uploaded to the Company's website at http://www.gl-grp.com.

Dividend Policy

The Company has adopted a Dividend Policy which aims to create long-term value for its Shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements, and capturing future growth opportunities. Pursuant to the Dividend Policy, the Board will propose the payment of dividend(s) after taking into account the financial performance of the Company, the future financial requirements of the Company and any other factors as the Board deems relevant.

Due to the COVID-19 pandemic, all of the Company's hotels in the United Kingdom ("**UK**") were required to close during the UK lockdown which began on 23 March 2020 and was lifted on 4 July 2020. Three of the hotels re-opened in July and August 2020 and plans are in place for the rest of the hotels to resume operations at later dates subject to sufficiency of demand for accomodation in such hotels. The Board views this situation as a short-term disruption to the Group's business which should ease with the passing of the pandemic and believes that the Group's financial position remains robust and the Group has adequate liquidity to see it through this challenging period. However, the Board has decided to take a prudent approach and conserve financial resources, and has therefore recommended that no dividend be declared for FY2020.

Principle 12
Engagement with Shareholders
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company

Communication with Stakeholders

In compliance with the continuous disclosure obligations under the SGX-ST Listing Manual, the Company ensures timely and adequate disclosure of information on matters that may have a material impact on the Group.

To enhance communication with all stakeholders (which includes the Shareholders), the Company has established a corporate website, whose web address http://www.gl-grp.com is indicated in this Annual Report and in respect of which a web-link is provided on the SGX-ST website. Information available on the website includes the Group's corporate structure and profile, the principal investments of the Group, financial results, Annual Reports and announcements.

During FY2020, the Company announced its unaudited quarterly financial results for the first financial quarter and its unaudited semi-annual financial results within 30 days of the end of such quarter or (as applicable) half-year. The Company's audited full-year financial results for FY2020 was announced within 60 days of the end of FY2020. The Company ceased quarterly reporting of its financial results on 2 April 2020 following the abolition of quarterly reporting on 9 January 2020. The Company's financial results are available on its corporate website.

In line with the Company's sustainability efforts, the Company will continue to make its Annual Reports, circulars and addendums available on its corporate website, although Shareholders may request a printed copy of such documents. Notices will be sent to Shareholders to notify them of general meetings and the availability of Annual Reports, circulars and addendums on the corporate website.

The Company's general meetings are the principal forum for dialogues with its Shareholders, during which the Board and Management may address the Shareholders' concerns, if any. The Company may also solicit views or inputs from Shareholders during general meetings.

Investor Relations

The Company regularly conveys to its stakeholders (including the Shareholders) information on the Company's financial performance, position and prospects via the Company's Annual Reports and the Company's website. In addition, the Company keeps Shareholders apprised of the Group's corporate development by disseminating press releases to the media which are also uploaded on the Company's website and releasing announcements via SGXNET, when appropriate. Investors may also subscribe to receive the latest updates on the Group via the Company's website.

Stakeholders may at any time make enquiries and provide feedback to the Company via its corporate webpage at http://gl-grp.com/contact-us or via emails sent to info@gl-grp.com. Enquiries from Shareholders, investors, analysts and the press are handled by designated members of Management in lieu of a dedicated investor relations team. The Management team promptly attends to enquiries and endeavours to respond within one week. The Company believes this facilitates an exchange of views, and active engagement and fair communication, with its stakeholders.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13
Engagement with Stakeholders
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served

The Company has identified its material stakeholders, who the Shareholders, guests of GLH's hotels, communities in which the Group operates, employees and regulators, and determined the governance, social and environmental issues which are of importance to such stakeholders. The environmental, social and governance factors that are material to the Company and its stakeholders have been identified and are described in the Company's Sustainability Report, which can be found on pages 11 to 28 of this Annual Report.

Through regular interactions, the Company will manage its relationships with such stakeholders and keep apprised of their governance, social and environmental concerns. All these efforts are detailed in the Company's Sustainability Report.

The Company will consider stakeholder concerns as well as existing and emerging trends in the relevant areas to take advantage of opportunities that may be presented by such trends and identify and manage any associated business risks.

To further facilitate communication and engagement with stakeholders, the Company maintains a corporate website at https://www.gl-grp.com/.

(F) DEALINGS IN SECURITIES

The Company Code provides guidelines to its officers in relation to dealings in securities. These guidelines set out, *inter alia*, that officers who are Directors of the Company or its subsidiaries must give notice in writing to the Company of the particulars of any dealings in the securities of the Company within two business days of such dealing or of any change in such particulars of which notice had already been given.

The guidelines also provided that officers of the Group should refrain from dealing in any securities of the Company at any time when in possession of unpublished price-sensitive information in relation to those securities, and during the Company's close period which is defined as two weeks immediately preceding the announcement of the Company's quarterly results or half yearly results and one month preceding the announcement of the annual results, as the case may be, up to and including the date of announcement of the relevant results. Officers are also reminded to refrain from dealing in the Company's securities on short-term considerations. These guidelines are disseminated to all the Directors, officers and KMP of the Group on a quarterly basis to serve as reminder.

(G) INTERESTED PERSON TRANSACTIONS

The ARC has reviewed the interested person transactions entered into by the Group during FY2020. The aggregate value of interested person transactions entered into during FY2020 is set out below.

Name of interested person	Aggregate value of all Interested Person Transactions entered into during FY2020 (excluding transactions less than S$100,000 each and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all Interested Person Transactions conducted under Shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000 each)
Hong Leong Group Malaysia	S$1,383,671	Not applicable

As the Company does not have any Shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual, there is no interested person transaction associated therewith.

(H) WHISTLE-BLOWING POLICY

The Company is committed to conducting business with integrity and high standards of corporate governance and conduct as well as in compliance with applicable laws and regulations. In line with this commitment, the Company has adopted a whistle-blowing policy to provide proper avenues or channels for employees and external parties to raise or report concerns or issues about wrong doings, misconduct, malpractices or improprieties in matters relating to the Group. The whistle-blowing policy sets out the procedure under which employees and external parties may raise, responsibly and in confidence, such concerns and issues without fear of undue reprisals. Whistle-blowers may raise concerns and issues through a dedicated secured email address or contact the ARC Chairman directly. The ARC oversees the whistle-blowing policy to ensure that arrangements are in place for independent investigation of matters raised and for appropriate follow-up action. The identity of the whistle-blower and person(s) being reported on are kept confidential. The whistle-blowing policy also allows for concerns or issues raised anonymously to be considered, taking into account the seriousness and credibility of such concerns or issues.

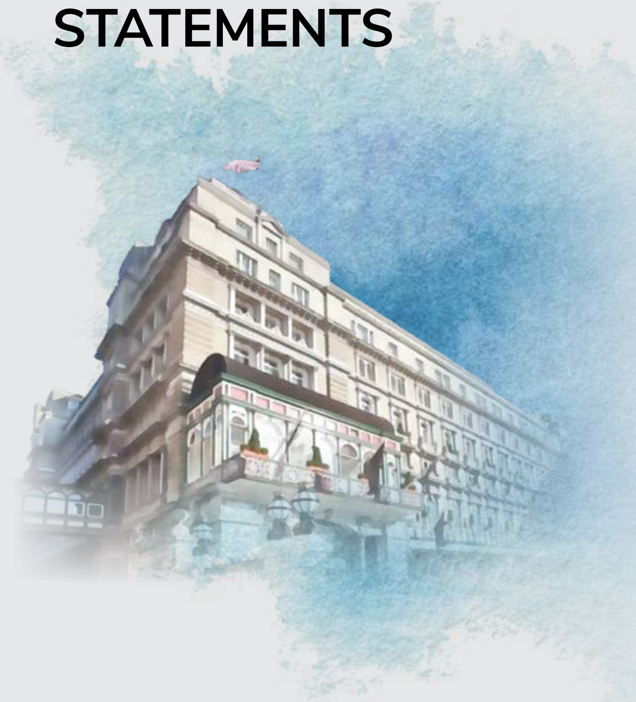
(I) MATERIAL CONTRACTS

No material contract was entered into by the Company or any of its subsidiaries involving the interest of the GMD, a Director or the controlling Shareholder of the Company which is either subsisting at the end of FY2020 or, if not then subsisting, entered into since the end of the financial year ended 30 June 2019.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

Hard Rock Hotel London

FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To The Members of GL Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of GL Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, the consolidated income statement of the Group, statements of comprehensive income and statements of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 138.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 June 2020 and the financial performance, changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date in accordance with the International Financial Reporting Standards ("**IFRSs**").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of hotels, property and equipment
(Refer to Note 10 to the financial statements)

Risk

As at 30 June 2020, the Group’s hotel portfolio comprise 15 hotels located in the United Kingdom with a carrying amount of US$949.3 million (2019: US$985.1 million) and the related right of use assets of US$528.8 million (2019: US$Nil). These assets account for 80% (2019: 72%) of the Group’s total assets. The Group’s hospitality business has been significantly impacted by COVID-19 pandemic.

Hotels, property and equipment are measured at cost less accumulated depreciation and impairment losses.

The process of identifying indicators of impairment and assessing the recoverable amount of hotel properties by management involves significant judgement and estimation. The recoverable amount is sensitive to key assumptions applied in deriving future cash flows, growth rate and discount rate, i.e. a small change in the assumptions can have a significant impact on the recoverable amount.

During the year, an impairment loss of US$24.3 million (2019: US$9.1 million) was recognised on certain hotels as their recoverable amounts using value in use were assessed to be lower than the carrying amounts.

Our response

We evaluated the Group’s process for identification of indicators of impairment of the hotels. For each hotel (being individual cash-generating unit) with an indicator of impairment, we tested the integrity of key assumptions applied in estimating the recoverable amount using value in use. We involved our valuation specialist to assess the reasonableness of key assumptions applied in the value in use computation of each hotel, including historical earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”), growth rate and discount rate of each hotel. Our assessment was primarily based on comparison of key assumptions against historical operating statistics and available industry data, taking into consideration comparability and market factors.

Our findings

The Group has a structured process in place to periodically identify indicators of impairment of the hotels. The basis and assumptions applied for computation of value in use of each hotel with an indicator of impairment are supported by historical operating statistics and relevant comparable industry data.

<u>Valuation of development properties</u>
(Refer to Note 14 to the financial statements)

Risk

The Group held the development properties, comprising land parcels in Hawaii since 1987. As at 30 June 2020, the carrying amount of the development properties was US$171.6 million (2019: US$184.7 million). Development properties are stated at the lower of their costs and their net realisable values.

In relation to the Group's net realisable value assessment, the Group had engaged an independent valuer to arrive at a market value as at 30 June 2020 from which estimated selling cost is deducted to arrive at an estimate of the net realisable value.

The valuer had used the direct comparison approach and where the properties were either income producing or have the benefit of improvements, the income capitalisation approach and the depreciated replacement cost approach was used, respectively. The valuation process involves significant judgement and estimation uncertainty in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied as disclosed in Note 14.

As at 30 June 2020, the estimated net realisable values of certain land plots were assessed as being lower than the carrying amounts. Accordingly, a write-down of US$13.1 million was recognised.

Our response

We evaluated the competence and objectivity of the independent valuer and held discussions with the valuer to understand their valuation methods and assumptions used. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also assessed the reasonableness of the key assumptions, which included the latest transaction prices of properties within the same vicinity in Hawaii used in the valuation and reasoned adjustments to the comparable data to reflect market conditions, quality, condition, access, services, position, and location of the properties.

Our findings

The valuer is a member of a recognised professional body for valuers and have considered their own independence in carrying out their work. We found that the valuation methodologies adopted by the valuer are in line with generally accepted market practices and the key assumptions used are within range of available market data. We observed that management estimate of selling costs to be within a reasonable market range.

Other information

Management is responsible for the other information contained in the annual report. The other information comprises Corporate Profile, Corporate Information, Group Financial Highlights, Chairman's Statement, Board of Directors, Management Team, Sustainability Report and Corporate Governance Report, which we obtained prior to the date of this auditors' report, and the Directors' and Substantial Shareholders' Interests and Statistics of Shareholdings which are expected to be made available to us after that date.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Directors' and Substantial Shareholders' Interests and Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Ronald Tay Ser Teck.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 August 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2020

	Note	2020 US$M	2019 US$M
Continuing operations			
Revenue	2	**258.2**	349.3
Cost of sales		**(160.0)**	(221.9)^
Gross profit		**98.2**	127.4
Other operating income	3	**24.3**	0.5
Administrative expenses		**(53.9)**	(58.4)^
Reversal of impairment loss / (impairment loss) on trade receivables		**0.1**	(0.7)
Other operating expenses	4	**(47.8)**	(16.3)
Operating profit		**20.9**	52.5
Finance income		**1.5**	1.6
Finance costs		**(48.0)**	(13.2)
Net financing costs	5	**(46.5)**	(11.6)
(Loss) / profit before tax	6	**(25.6)**	40.9
Income tax expense	7	**(1.1)**	(6.6)
(Loss) / profit for the year from continuing operations		**(26.7)**	34.3
Discontinued operation			
Profit from discontinued operation, net of tax	8	**–**	16.0
(Loss) / profit for the year		**(26.7)**	50.3
(Loss) / profit attributable to:			
Owners of the Company		**(26.7)**	50.3
Non-controlling interests		**–**	*
(Loss) / profit for the year		**(26.7)**	50.3
Earnings per share			
Basic earnings per share (cents)	9	**(2.1)**	3.9
Diluted earnings per share (cents)	9	**(2.1)**	3.9
Earnings per share – continuing operations			
Basic earnings per share (cents)	9	**(2.1)**	2.6
Diluted earnings per share (cents)	9	**(2.1)**	2.6

* Amount less than US$0.1m
^ Refer to Note 31 for details on the change in comparatives

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020 US$M	2019 US$M
(Loss) / profit for the year	**(26.7)**	50.3
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Pension actuarial losses, net of tax	**(2.8)**	(6.3)
Change in fair value equity investments at fair value through other comprehensive income#	*****	(0.1)
	(2.8)	(6.4)
Items that are or may be reclassified subsequently to profit or loss:		
Net exchange differences from consolidation of foreign operations#	**(21.4)**	(33.2)
Reclassification of exchange differences realised on disposal of subsidiaries to profit or loss#	**–**	(17.5)
Effective portion of changes in fair value of cash flow hedges, net of tax	**(1.3)**	0.7
Net change in fair value of cash flow hedges reclassified to profit or loss	**1.0**	0.3
Other comprehensive income for the year, net of tax	**(24.5)**	(56.1)
Total comprehensive income for the year, net of tax	**(51.2)**	(5.8)
Total comprehensive income attributable to:		
Owners of the Company		
– Continuing operations	**(51.3)**	(4.4)
– Discontinued operation	**–**	(1.5)
Non-controlling interests	**0.1**	0.1
Total comprehensive income for the year	**(51.2)**	(5.8)

There are no income tax effects relating to these components of other comprehensive income
* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital US$M	Contributed surplus US$M	Translation reserve US$M	Fair value reserve US$M
Balance at 1 July 2019	**273.6**	**654.2**	**(301.6)**	**(0.9)**
Adjustment on initial application of IFRS 16, net of tax	**–**	**–**	**2.3**	**–**
At 1 July 2019, as adjusted	**273.6**	**654.2**	**(299.3)**	**(0.9)**
Total comprehensive income for the year				
Loss for the year	–	–	–	–
Other comprehensive income				
Pension actuarial losses, net of tax	–	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–
Net exchange differences from consolidation of foreign operations	–	–	**(21.5)**	–
Change in fair value of equity investments at fair value through other comprehensive income	–	–	–	*
Reclassification of fair value reserve on liquidation of other investments to retained earnings	–	–	–	**0.9**
Total other comprehensive income, net of tax	–	–	**(21.5)**	**0.9**
Total comprehensive income for the year, net of tax	–	–	**(21.5)**	**0.9**
Transactions with owners, recorded directly in equity				
Value of employee services received for issue of share options	–	–	–	–
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2019	–	–	–	–
Total transactions with owners	–	–	–	–
Balance at 30 June 2020	**273.6**	**654.2**	**(320.8)**	–

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

Hedging reserve US$M	Capital reserve-share based payment US$M	Equity compensation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M	Non-controlling interests US$M	Total equity US$M
(2.5)	(1.6)	3.5	(46.2)	497.8	1,076.3	(2.5)	1,073.8
–	–	–	–	(120.2)	(117.9)	–	(117.9)
(2.5)	(1.6)	3.5	(46.2)	377.6	958.4	(2.5)	955.9
–	–	–	–	(26.7)	(26.7)	–	(26.7)
–	–	–	–	(2.8)	(2.8)	–	(2.8)
(1.3)	–	–	–	–	(1.3)	–	(1.3)
1.0	–	–	–	–	1.0	–	1.0
–	–	–	–	–	(21.5)	0.1	(21.4)
–	–	–	–	*	*	–	*
–	–	–	–	(0.9)	–	–	–
(0.3)	–	–	–	(3.7)	(24.6)	0.1	(24.5)
(0.3)	–	–	–	(30.4)	(51.3)	0.1	(51.2)
–	–	(0.7)	–	–	(0.7)	–	(0.7)
–	–	–	–	(21.0)	(21.0)	–	(21.0)
–	–	(0.7)	–	(21.0)	(21.7)	–	(21.7)
(2.8)	(1.6)	2.8	(46.2)	326.2	885.4	(2.4)	883.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the year ended 30 June 2020

	Share capital US$M	Contributed surplus US$M	Translation reserve US$M	Fair value reserve US$M
Balance at 1 July 2018	273.6	654.2	(250.8)	(0.8)
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Pension actuarial losses, net of tax	–	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–
Net exchange differences from consolidation of foreign operations	–	–	(33.3)	–
Reclassification of exchange differences realised on disposal of subsidiaries to profit or loss	–	–	(17.5)	–
Change in fair value of equity investments at fair value through other comprehensive income	–	–	–	(0.1)
Total other comprehensive income, net of tax	–	–	(50.8)	(0.1)
Total comprehensive income for the year, net of tax	–	–	(50.8)	(0.1)
Transactions with owners, recorded directly in equity				
Value of employee services received for issue of share options	–	–	–	–
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2018	–	–	–	–
Total transactions with owners	–	–	–	–
Balance at 30 June 2019	273.6	654.2	(301.6)	(0.9)

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

Hedging reserve US$M	Capital reserve-share based payment US$M	Equity compensation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M	Non-controlling interests US$M	Total equity US$M
(3.5)	(1.6)	3.0	(46.2)	474.7	1,102.6	(2.6)	1,100.0
–	–	–	–	50.3	50.3	*	50.3
–	–	–	–	(6.3)	(6.3)	–	(6.3)
0.7	–	–	–	–	0.7	–	0.7
0.3	–	–	–	–	0.3	–	0.3
–	–	–	–	–	(33.3)	0.1	(33.2)
–	–	–	–	–	(17.5)	–	(17.5)
–	–	–	–	–	(0.1)	–	(0.1)
1.0	–	–	–	(6.3)	(56.2)	0.1	(56.1)
1.0	–	–	–	44.0	(5.9)	0.1	(5.8)
–	–	0.5	–	–	0.5	–	0.5
–	–	–	–	(20.9)	(20.9)	–	(20.9)
–	–	0.5	–	(20.9)	(20.4)	–	(20.4)
(2.5)	(1.6)	3.5	(46.2)	497.8	1,076.3	(2.5)	1,073.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020 US$M	2019 US$M
ASSETS			
Hotels, property and equipment	10	**1,478.9**	985.5
Intangible assets	11	**59.0**	63.5
Pensions surplus	12	**6.2**	7.1
Deferred tax assets	19	**18.0**	–
TOTAL NON-CURRENT ASSETS		**1,562.1**	1,056.1
Other investments	13	**–**	0.1
Corporate tax recoverable		**–**	1.1
Inventories		**0.8**	1.3
Development properties	14	**171.6**	184.7
Trade and other receivables	15	**9.9**	29.4
Derivative financial assets	16	**–**	0.3
Cash and cash equivalents	17	**94.0**	95.1
TOTAL CURRENT ASSETS		**276.3**	312.0
TOTAL ASSETS		**1,838.4**	1,368.1
LIABILITIES			
Loans and borrowings	18	**187.3**	209.7
Lease liabilities	22	**699.7**	–
Pensions obligations	12	**2.1**	2.4
Deferred tax liabilities	19	**–**	13.9
Derivative financial liabilities	16	**3.5**	3.4
TOTAL NON-CURRENT LIABILITIES		**892.6**	229.4
Provisions	20	**14.5**	5.5
Trade and other payables	21	**41.4**	58.5
Lease liabilities	22	**6.4**	–
Corporate tax payable		**0.5**	0.9
TOTAL CURRENT LIABILITIES		**62.8**	64.9
TOTAL LIABILITIES		**955.4**	294.3
NET ASSETS		**883.0**	1,073.8
SHARE CAPITAL AND RESERVES (pages 52 to 55)	23		
Equity attributable to owners of the Company		**885.4**	1,076.3
Non-controlling interests		**(2.4)**	(2.5)
TOTAL EQUITY		**883.0**	1,073.8

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors

Tang Hong Cheong
Group Managing Director

Timothy Teo Lai Wah
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 US$M	2019 US$M
OPERATING ACTIVITIES			
(Loss) / profit before tax from continuing operations		**(25.6)**	40.9
Profit before tax from discontinued operation		**–**	15.9
Adjustments for non-cash items			
Depreciation of hotels, property and equipment		**32.7**	19.6
Amortisation of intangible assets		**2.9**	3.1
(Reversal of) impairment loss on trade receivables		**(0.1)**	0.7
Share option (benefits) / expenses		**(0.8)**	0.5
Impairment loss on other receivables and other provisions		**–**	1.0
Gain on disposal of discontinued operations		**–**	(17.2)
Impairment of hotels, property and equipment		**24.3**	9.1
Write down of development properties		**13.1**	–
Gain from additional proceeds from compulsory acquisition of a hotel property		**(15.8)**	–
Loss on disposal of hotels, property and equipment		**0.4**	2.1
Write-off of hotels, property and equipment		**–**	0.2
Net financing costs		**46.5**	11.6
Net change in working capital items			
Inventories and development properties		**0.5**	(1.2)
Trade and other receivables		**15.2**	12.0
Trade and other payables		**(8.3)**	(11.0)
Pension surplus and obligations		**(3.0)**	(3.6)
Provisions		**9.3**	4.5
Cash generated from operations		**91.3**	88.2
Interest received		**1.0**	1.1
Income tax paid		**(6.1)**	(12.7)
Cash flows from operating activities		**86.2**	76.6
Investing activities			
Proceeds from compulsory acquisition of a hotel property		**20.2**	*
Proceeds from disposal of discontinued operations, net of cash disposed of		**–**	30.1
Proceeds from liquidation of other investments		**0.1**	–
Acquisition of hotels, property and equipment		**(21.4)**	(44.2)
Cash flows used in investing activities		**(1.1)**	(14.1)
Financing activities			
Drawdown of long-term borrowings		**12.4**	–
Repayment of long-term borrowings		**(28.3)**	(36.8)
Interest paid		**(8.8)**	(11.3)
Upfront fees paid		**–**	(1.6)
Other finance costs paid		**(0.7)**	(0.1)
Payment of lease liabilities		**(37.6)**	–
Realised exchange (loss) / gains on financial derivatives		**(0.5)**	0.2
Dividend paid to shareholders of the Company		**(21.0)**	(20.9)
Cash flows used in financing activities		**(84.5)**	(70.5)
Net increase / (decrease) in cash and cash equivalents		**0.6**	(8.0)
Cash and cash equivalents at beginning of the year		**95.1**	105.4
Restricted cash		**0.4**	0.4
Effect of exchange rate fluctuations on cash held		**(2.1)**	(2.7)
Cash and cash equivalents at end of the year	17	**94.0**	95.1

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

GL Limited (the "**Company**") is a company continued in Bermuda as an exempted company with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The intermediate holding company is Guoco Group Limited ("**GGL**"), incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia. The consolidated financial statements for the year ended 30 June 2020 relate to the Company and its subsidiaries (together, "**Group**").

GL Limited is an investment holding company. The principal activities of its significant subsidiaries are in hotel management and operations, oil and gas and property development.

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") promulgated by the International Accounting Standards Board ("**IASB**"), and the requirements of Bermuda law.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in note B (v).

The financial statements were authorised for issue by the Directors on 26 August 2020.

(B) BASIS OF PREPARATION

(i) *Functional and presentation currency*

These financial statements are presented in United States Dollars ("**USD**") which is the Company's functional currency. In determining the functional currency of the Company, management considered the economic environment that the Company operates and exercised judgment that USD represent the economic effect of the underlying transactions, events and conditions. All financial information have been rounded to the nearest hundred thousand, unless otherwise stated.

(ii) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

Going concern

The Group's performance has been significantly impacted by the COVID-19 pandemic ("**COVID-19**") with the Group hospitality segment being most affected. For the financial year ended 30 June 2020, the Group incurred a net loss of approximately US$26.7m. The directors of the Company have considered the following key factors in evaluating the going concern basis of the Group and the Company:

(a) Management has forecasted cash flows for the Group for the financial year ending 30 June 2021 ("**FY2021**"). The directors have considered the uncertainty as to the possible future impacts of COVID-19 on its forecasts.

(b) Lower forecasted royalty income which reflects a lower expectation of crude oil prices and production for the Group's oil and gas segment.

(c) At the date of the approval of the financial statements, some hotels within the Group remained temporarily closed as a result of COVID-19. In a plausible downside scenario considered in relation to COVID-19, management has assumed that the Group hospitality business will generate limited revenue for the first six months FY2021, with a gradual improvement in performance in the second half FY2021. Variable costs will generally follow the same trend as revenue and fixed costs will continue to be incurred as normal.

(d) The forecast has included expected interest on the Group's borrowings; mitigating actions under the control of the Group, including the deferral of substantially all non-essential capital expenditure and cost containment measures; and government support that has been substantively enacted at the date of approval of these financial statements. In relation to the Group's borrowings as at 30 June 2020, no principal amounts are due for repayment till September 2021.

(B) BASIS OF PREPARATION (Continued)

(ii) *Basis of measurement* (Continued)

Going concern (Continued)

(e) The cash flow forecast indicate that the Group's hospitality business is expected, over the cash flow forecast period, to have a net cash outflows before consideration of its available cash and cash equivalents and credit facilities. Management intends to fund the net cash outflows using a combination of:

- Cash and cash equivalents of US$94.0m as at 30 June 2020; and
- the Group's unutilised committed and uncommitted credit facilities of approximately US$36.8m and US$113.8m, respectively as at 30 June 2020. Management expect that, if required, the uncommitted facilities will be available in sufficient amounts and at the appropriate times to allow the Group to meet its liabilities as they fall due.

Based on the above, the Group believes it remains appropriate to prepare the financial statements on a going concern basis which assumes that the Group and the Company will continue in operation and is able to settle its liabilities as when they fall due over a period of twelve months from 30 June 2020. This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet.

(iii) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 10 – Measurement of recoverable amount of hotels, property and equipment
- Note 11 – Measurement of recoverable amount of intangible assets
- Note 12 – Measurement of pension assets and liabilities
- Note 14 – Valuation of development properties
- Note 26 – Lease term: whether the Group is reasonably certain to exercise extension options

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

(B) BASIS OF PREPARATION (Continued)

(iii) ***Use of estimates and judgements*** (Continued)

Measurement of fair value (Continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with level 3 being the lowest).

The Group recognises transfer between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 25 – Valuation of financial instruments

(iv) ***Significant accounting policies***

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note B(v), which addresses changes in accounting policies.

(v) ***Changes in accounting policies***

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 July 2019:

- IFRS 16 *Leases*
- INT IFRS 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Previously Held Interest in a Joint Operation* (Amendments to IFRS 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to IAS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19)

Other than IFRS 16, the application of these IFRSs, amendments to standards and interpretations does not have a material effect on the financial statements.

IFRS 16 *Leases*

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for FY2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC INT 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(B) BASIS OF PREPARATION (Continued)

(v) *Changes in accounting policies* (Continued)

New standards and amendments (Continued)

IFRS 16 *Leases* (Continued)

As a lessee

As a lessee, the Group leases many assets including hotels, property and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 July 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group applied this approach to its largest property lease.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its hotels, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in 'hotels, property and equipment', and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

(B) BASIS OF PREPARATION (Continued)

(v) ***Changes in accounting policies*** (Continued)

New standards and amendments (Continued)

IFRS 16 *Leases* (Continued)

Impact on financial statements

Impact on transition*

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019 Group US$M
Right-of-use assets – hotels, property and equipment	**570.3**
Deferred tax asset	**26.0**
Lease liabilities	**(723.2)**
Trade and other payables	**9.0**
Retained earnings	**120.2**
Translation reserve	**(2.3)**

* For the impact of IFRS 16 on profit or loss for the year, see Note 26. For the impact of IFRS 16 on segment information, see Note 1. For the details of accounting policies under IFRS 16 and IAS 17, see Note L.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the incremental borrowing rates at 1 July 2019. The weighted-average rate applied for the Group is 5.19%.

	1 July 2019 Group US$M
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	**903.9**
Discounted using the incremental borrowing rate at 1 July 2019	**446.9**
(Less): Recognition exemption for leases of low-value assets	**(0.6)**
(Less): Recognition exemption for leases with less than 12 months of lease term at transition	**(0.4)**
Add: Extension options reasonably certain to be exercised	**277.3**
Lease liabilities recognised at 1 July 2019	**723.2**

(B) BASIS OF PREPARATION (Continued)

(v) *Changes in accounting policies* (Continued)

New standards and amendments (Continued)

Early adoption of Interest Rate Reform – Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*

In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*, effective for annual reporting periods beginning on or after 1 January 2020 with early adoption permitted. This change arose from the fundamental reform of major interest rate benchmarks undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). These amendments provide temporary relief from specific hedge accounting requirements affected by IBOR reform. These amendments replace the need for specific judgements to determine whether certain hedge accounting relationships that hedge the variability of cash flows or interest rate risk exposures for periods after the interest rate benchmarks are expected to be reformed or replaced continue to qualify for hedge accounting. The IASB is expected to provide further guidance on the implication for hedge accounting during the reform process and after the reform uncertainty is resolved.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 July 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income that existed at 1 July 2019. The details of the accounting policies are disclosed in Note G. See also Note 16 for related disclosures about hedge accounting.

(C) BASIS OF CONSOLIDATION

(i) *Business combinations*

Business combinations are accounted for using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("**NCI**") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

(C) BASIS OF CONSOLIDATION (Continued)

(i) *Business combinations* (Continued)

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) *Accounting for subsidiaries of the Company*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(D) FOREIGN CURRENCY

(i) *Foreign currency transactions*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "**functional currency**").

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

(D) FOREIGN CURRENCY (Continued)

(i) *Foreign currency transactions* (Continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, the foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("**OCI**"):

- an investment in equity instruments designated as at fair value through other comprehensive income ("**FVOCI**");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

(E) NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Non-derivative financial assets

(ii) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(E) NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Non-derivative financial assets (Continued)

(ii) *Classification and subsequent measurement* (Continued)

(a) *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) *Equity investments at FVOCI*

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

(c) *Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(E) NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Non-derivative financial assets (Continued)

(ii) ***Classification and subsequent measurement*** (Continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

(a) ***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) ***Equity investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(c) ***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(E) NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Non-derivative financial liabilities

(iii) ***Classification, subsequent measurement and gains and losses***

The Group classifies non-derivative financial liabilities as other financial liabilities categories. Such financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise loans and borrowings, lease liabilities and trade and other payables.

(iv) ***Derecognition***

Non-derivative financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Non-derivative financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) ***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(G) DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING HEDGE ACCOUNTING

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

The Group early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform* issued in September 2019 as part of its project on interest rate benchmark reform. Under the temporary exemptions from applying specific hedge accounting requirements, Interbank Offered Rates ("**IBOR**") are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform. The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. However, as at 30 June 2020, the uncertainty continued to exist and so the temporary exemptions apply to all of the Group's hedge accounting relationships that reference benchmarks subject to reform or replacement.

(H) HOTELS, PROPERTY AND EQUIPMENT

(i) *Recognition and measurement*

Items of hotels, property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of hotels, property and equipment have different useful lives, they are accounted for as separate items (major components) of hotels, property and equipment.

Any gain and loss on disposal of an item of hotels, property and equipment is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of hotels, property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of hotels, property and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of hotels, property and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

Depreciation is recognised from the date that the hotels, property, and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation rates for the current and comparative years are as follows:

Core elements of freehold building and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease
Vehicles and fittings	4% to $33\frac{1}{3}$%
Right-of-use assets	Remaining lease terms from 3 to 150 years

Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(I) INTANGIBLE ASSETS

(i) *Bass Strait oil and gas royalty*

Bass Strait oil and gas royalty is measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 30 years.

Amortisation method and useful life are reviewed at each financial year-end and adjusted if appropriate.

(I) INTANGIBLE ASSETS (Continued)

(ii) *Hotel brand*

The hotel brand is stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over its estimated useful life of 10 years.

Amortisation method and useful life are reviewed at each financial year-end and adjusted if appropriate.

(J) DEVELOPMENT PROPERTIES

Development properties are measured at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and other cost incurred bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(K) INVENTORIES

Inventories comprise food, beverages, and retail vouchers for resale and are measured at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. The cost of inventories is based on the first-in first-out principle, and include expenditure incurred in acquiring the inventories and other cost incurred bringing them to their existing location and condition.

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

(L) LEASES

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(L) LEASES (Continued)

Policy applicable from 1 July 2019 (Continued)

As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'hotels, property and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT and other office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(L) LEASES (Continued)

Policy applicable from 1 July 2019 (Continued)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 19 to the net investment in the lease (see note M). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as 'revenue from hotel operations'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(L) LEASES (Continued)

Policy applicable before 1 July 2019 (Continued)

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as 'revenue from hotel operations'.

(M) IMPAIRMENT

(i) *Impairment of non-derivative financial assets*

The Group recognises loss allowances for expected credit losses ("**ECLs**") on all financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

(M) IMPAIRMENT (Continued)

(i) *Impairment of non-derivative financial assets* (Continued)

General approach (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(M) IMPAIRMENT (Continued)

(ii) *Impairment of non-financial assets*

The carrying amounts of the Group's non-financial assets, other than development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("**CGU**") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(N) EMPLOYEE BENEFITS

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) *Defined benefit plans*

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

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

(N) EMPLOYEE BENEFITS (Continued)

(ii) ***Defined benefit plans*** (Continued)

A formal actuarial valuation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

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

(iii) ***Share-based payment transactions***

The stock option programme allows Group's employees to acquire shares of the Company. The option exercise price equals 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares ("**Market Price**"), or to the Market Price or to the Market Price discounted by not more than 20%.

The Group accounts for the stock options as equity settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and spread over the period during which the options vest. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period, where necessary.

(iv) ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(O) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) *Restructuring*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(P) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(Q) REPURCHASE, DISPOSAL AND REISSUE OF SHARE CAPITAL FOR EQUITY AND EQUITY-RELATED COMPENSATION BENEFITS

When share capital recognised as equity is repurchased for the purpose of Executives' Share Options Scheme ("**ESOS**") and Executives' Share Scheme 2018 ("**ESS**"), the amount of the consideration paid, which includes directly attributable costs, is and recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account, i.e. the ESOS reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(R) REVENUE AND INCOME RECOGNITION

Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

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

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

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

(R) REVENUE AND INCOME RECOGNITION (Continued)

Revenue from hotel operations is recognised in the profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes income earned from sales of food and beverages, rendering of laundry services, sublease rental income and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Revenue from oil and gas royalty is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenue from property development relates to utility and lease income. Utility income is recognised in the profit or loss on an accrual basis, upon water being generated. Lease income is recognised in the profit or loss on an accrual basis in accordance with the substance of the lease agreements.

(S) GOVERNMENT GRANTS

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

(T) FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(U) INCOME TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and joint operations to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(V) DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(W) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(X) SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("**CODM**") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire hotels, property and equipment, and intangible assets.

(Y) OPERATING PROFIT (RESULTS FROM OPERATING ACTIVITIES)

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

Except where stated to refer to the Company, all notes refer to the Group.

1. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of strategic decision making, resource allocation and performance assessment, the Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately.

The following summary describes the operations in each of the Group's reportable segments:

Hotels:	This segment owns, leases and manages a chain of hotels in the United Kingdom under the "Amba", "Guoman", "Thistle", "Thistle Express" and "Hard Rock" brand names.
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.
Property development:	This segment engages in development of land and properties in Hawaii for sale.
Gaming:	This segment engaged in casino operations under The Clermont Club, an exclusive casino in Mayfair, London, and was discontinued in prior year and disposed during the year ended 30 June 2019.
Others:	This segment covers the Group's other investments, treasury operations and corporate office. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2020 or 2019.

Geographical Segments

The geographical segments are United Kingdom, Australasia, United States of America and Asia.

In presenting information geographically, segment revenue is based on the geographical location of the external customers. Segment assets are based on the geographical location of the assets. There are no transactions between reportable segments.

Major customer

There is no major customer contributing 10 per cent or more to the revenue of the Group.

1. SEGMENT REPORTING (Continued)

(i) *Reportable segment revenue and profit and loss*

	Hotels US$M	Oil and gas US$M	Property development US$M	Others US$M	Total continuing operations US$M	Gaming – discontinued operation US$M	Grand total US$M
2020							
Revenue	**230.0**	**25.2**	**3.0**	**–**	**258.2**	**–**	**258.2**
Cost of sales	**(157.1)**	**(2.9)**	*****	**–**	**(160.0)**	**–**	**(160.0)**
Gross profit	**72.9**	**22.3**	**3.0**	**–**	**98.2**	**–**	**98.2**
Other operating income	**22.6**	**0.2**	**1.0**	**0.5**	**24.3**	**–**	**24.3**
Administrative expenses	**(43.7)**	**(1.1)**	**(5.3)**	**(3.8)**	**(53.9)**	**–**	**(53.9)**
Reversal of impairment loss on trade receivables	**0.1**	**–**	*****	**–**	**0.1**	**–**	**0.1**
Other operating expenses	**(34.7)**	**–**	**(13.1)**	**–**	**(47.8)**	**–**	**(47.8)**
Operating profit / (loss)	**17.2**	**21.4**	**(14.4)**	**(3.3)**	**20.9**	**–**	**20.9**
Finance income	**0.9**	**–**	**–**	**0.6**	**1.5**	**–**	**1.5**
Finance costs	**(46.5)**	**–**	**–**	**(1.5)**	**(48.0)**	**–**	**(48.0)**
Net financing costs	**(45.6)**	**–**	**–**	**(0.9)**	**(46.5)**	**–**	**(46.5)**
(Loss) / profit before tax	**(28.4)**	**21.4**	**(14.4)**	**(4.2)**	**(25.6)**	**–**	**(25.6)**
Income tax benefit / (expense)	**6.7**	**(7.8)**	**–**	**–**	**(1.1)**	**–**	**(1.1)**
(Loss) / profit for the year	**(21.7)**	**13.6**	**(14.4)**	**(4.2)**	**(26.7)**	**–**	**(26.7)**
2019 (re-presented)							
Revenue	317.0	29.2	3.1	–	349.3	–	349.3
Cost of sales	(218.8)^	(3.1)^	*	–	(221.9)^	–	(221.9)^
Gross profit	98.2	26.1	3.1	–	127.4	–	127.4
Other operating income	0.2	–	–	0.3	0.5	17.2	17.7
Administrative expenses	(47.7)^	(1.2)^	(5.2)	(4.3)	(58.4)^	(1.3)	(59.7)^
Impairment loss on trade receivables	(0.7)	–	*	–	(0.7)	–	(0.7)
Other operating expenses	(11.4)	–	(4.9)	–	(16.3)	–	(16.3)
Operating profit / (loss)	38.6	24.9	(7.0)	(4.0)	52.5	15.9	68.4
Finance income	1.1	–	–	0.5	1.6	*	1.6
Finance costs	(12.6)	–	–	(0.6)	(13.2)	*	(13.2)
Net financing costs	(11.5)	–	–	(0.1)	(11.6)	*	(11.6)
Profit / (loss) before tax	27.1	24.9	(7.0)	(4.1)	40.9	15.9	56.8
Income tax benefit / (expense)	2.5	(9.3)	0.2	*	(6.6)	0.1	(6.5)
Profit / (loss) for the year	29.6	15.6	(6.8)	(4.1)	34.3	16.0	50.3

* Amount less than US$0.1m
^ Refer to Note 31 for details on the change in comparatives

1. SEGMENT REPORTING (Continued)

(ii) *Reportable segment asset and liability*

	Hotels US$M	Oil and gas US$M	Property development US$M	Others US$M	Total continuing operations US$M	Gaming – discontinued operation US$M	Grand total US$M
2020							
Segment assets	**1,538.7**	**59.3**	**173.1**	**67.3**	**1,838.4**	**–**	**1,838.4**
Segment liabilities	**945.1**	**0.4**	**5.3**	**4.6**	**955.4**	**–**	**955.4**
Depreciation and amortisation	**32.4**	**2.9**	**0.1**	**0.2**	**35.6**	**–**	**35.6**
Capital expenditure	**21.4**	**–**	**–**	*****	**21.4**	**–**	**21.4**
2019							
Segment assets	1,048.6	64.0	186.2	69.3	1,368.1	–	1,368.1
Segment liabilities	282.2	1.2	5.5	5.4	294.3	–	294.3
Depreciation and amortisation	19.5	3.1	0.1	*	22.7	*	22.7
Capital expenditure	43.9	–	0.2	0.1	44.2	–	44.2

(iii) *Geographical information*

	United Kingdom US$M	Australasia US$M	United States of America US$M	Asia US$M	Total US$M
2020					
Revenue	**230.0**	**25.2**	**3.0**	**–**	**258.2**
Non-current assets@	**1,478.3**	**58.8**	**0.2**	**0.6**	**1,537.9**
Capital expenditure	**21.4**	**–**	**–**	*****	**21.4**
2019					
Revenue#	317.0	29.2	3.1	–	349.3
Non-current assets@	985.3	63.3	0.3	0.1	1,049.0
Capital expenditure	43.9	–	0.2	0.1	44.2

* Amount less than US$0.1m
# Comprises revenue from continuing and discontinued operations
@ Non-current assets exclude deferred tax assets and pension surplus

2. REVENUE

	2020 US$M	2019 US$M
Revenue from hotel operations#	**230.0**	317.0
Revenue from Bass Strait oil and gas royalty	**25.2**	29.2
Revenue from property development	**3.0**	3.1
	258.2	349.3

Includes sub-lease income of US$3.2m (2019: US$2.7m)

3. OTHER OPERATING INCOME

	2020 US$M	2019 US$M
Sundry income	**1.5**	0.5
Government grants	**7.0**	–
Gain from additional proceeds from compulsory acquisition of a hotel property	**15.8**	–
	24.3	0.5

4. OTHER OPERATING EXPENSES

	Note	2020 US$M	2019 US$M
Impairment of hotels, property and equipment	10	**(24.3)**	(9.1)
Write down of development properties	14	**(13.1)**	–
Loss on disposal of hotels, property and equipment		**(0.4)**	(2.1)
Provision for legacy hotel lease claims, redundancy and others	20	**(10.0)**	–
Provision for legal claims under property development	20	**–**	(4.9)
Write off of hotels assets		**–**	(0.2)
		(47.8)	(16.3)

5. NET FINANCING COSTS

	2020 US$M	2019 US$M
Interest income	**1.0**	1.1
Other finance income	**0.5**	0.5
Finance income	**1.5**	1.6
Interest expense	**(9.4)**	(11.3)
Lease liabilities measured at amortised cost – interest expenses+	**(36.7)**	–
Foreign exchange loss	**(1.5)**	(0.6)
Cash flow hedge – ineffective portion of changes in fair value	**–**	(0.3)
Net fair value change in derivative financial instruments	**0.3**	–
Other finance costs	**(0.7)**	(1.0)
Finance costs	**(48.0)**	(13.2)
Net financing costs	**(46.5)**	(11.6)

+ See note B(v). The Group initially applied IFRS 16 on 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	2020 US$M	2019 US$M
Audit fees paid to:			
– auditors of the Company		**0.2**	0.2
– other auditors		**0.6**	0.6
Non-audit fees paid to:			
– auditors of the Company		*****	*
– other auditors		**–**	*
Lease expenses (2019: Operating lease expense)^	26	**2.4**	45.9
Management fees paid to related party	27	**0.7**	1.8
Depreciation and amortisation@		**35.6**	22.7
Personnel expenses (see below)		**77.8**	86.7
Impairment loss on other receivables and other provisions		**–**	1.0
Write off of trade receivables		**0.4**	–

Personnel expenses		
Wages, salaries and benefits	**76.5**	84.1
Contribution to defined contribution plans	**1.8**	1.4
Contribution to defined benefit plans	**0.1**	0.4
Share option (benefit) / expenses (equity-settled)	**(0.8)**	0.5
Directors' fees	**0.2**	0.3
	77.8	86.7
Less: amount attributable to discontinued operation	**–**	(*)
Amount attributable to continuing operations#	**77.8**	86.7

^ Included US$1.9m (2019: US$44.1m) in 'costs of sales' and US$0.5m (2019: US$1.8m) in 'administrative expenses'
@ Includes US$33.5m (2019: US$20.3m) in 'cost of sales' and US$2.1m (2019: US$2.4m) in 'administrative expenses'
# Includes US$43.9m (2019: US$53.0m) in 'cost of sales' and US$33.9m (2019: US$33.7m) in 'administrative expenses'
* Amount less than US$0.1m

6. PROFIT BEFORE TAX (Continued)

Included in personnel expenses is compensation to key management personnel of the Group as follows:

	2020 US$M	2019 US$M
Directors of the Company		
– fees	**0.2**	0.3
Senior management personnel of the Group		
– salaries, bonuses, and other benefits	**1.5**	1.8
– contributions to defined contribution	*****	*
– expenses related to defined benefit plans	*****	0.1
– share option (benefit) / expenses (equity-settled)	**(0.2)**	0.4

* Amount less than US$0.1m

7. INCOME TAX EXPENSE

Recognised in the income statement

	2020 US$M	2019 US$M
Current tax expense:		
Current year	**9.1**	16.7
Adjustments for prior years	**(1.9)**	(8.7)
	7.2	8.0
Deferred tax (benefit) / expense:		
Origination and reversal of temporary differences	**(5.3)**	(1.6)
Reduction in tax rate	**(1.8)**	0.2
Adjustments for prior years	**1.0**	*
	(6.1)	(1.4)
Total income tax expenses on continuing operations	**1.1**	6.6

Reconciliation of effective tax

	2020 US$M	2019 US$M
(Loss) / profit before tax from continuing operations	**(25.6)**	40.9
Effect of:		
Tax at the applicable tax rates# to profits in the countries concerned	**(3.9)**	10.0
Adjustments for prior years	**(0.9)**	(8.7)
Change in tax rate	**(1.8)**	0.2
Non-taxable income	**(2.6)**	(1.9)
Non-deductible expenses	**6.9**	4.4
Changes in unrecognised temporary differences	**3.0**	2.7
Others	**0.4**	(0.1)
	1.1	6.6

There is no tax payable by the Company as it is not liable for income tax in Bermuda.

\# This mainly comprises the combined corporate tax rates of United Kingdom, Australia and Fiji at 19%, 30% and 20% (2019: 19%, 30% and 20%) respectively.
* Amount less than US$0.1m

7. INCOME TAX EXPENSE (Continued)

Tax recognised in OCI

Group	2020 Before tax US$M	2020 Tax (expense) benefit US$M	2020 Net of tax US$M	2019 Before tax US$M	2019 Tax (expense) benefit US$M	2019 Net of tax US$M
Items that will not be reclassified to profit or loss						
Pension actuarial gain / (losses)	**(3.5)**	**0.7**	**(2.8)**	(7.6)	1.3	(6.3)
Change in fair value equity investments at fair value through other comprehensive income	*****	**–**	*****	(0.1)	–	(0.1)
	(3.5)	**0.7**	**(2.8)**	(7.7)	1.3	(6.4)
Items that are or may be reclassified subsequently to profit or loss						
Net exchange differences from consolidation of foreign operations	**(21.4)**	**–**	**(21.4)**	(33.2)	–	(33.2)
Reclassification of exchange differences realised on disposal of subsidiaries to profit or loss#	**–**	**–**	**–**	(17.5)	–	(17.5)
Effective portion of changes in fair value of cash flow hedges, net of tax	**(1.6)**	**0.3**	**(1.3)**	0.9	(0.2)	0.7
Net change in fair value of cash flow hedges reclassified to profit or loss	**1.2**	**(0.2)**	**1.0**	0.3	*	0.3
	(21.8)	**0.1**	**(21.7)**	(49.5)	(0.2)	(49.7)
	(25.3)	**0.8**	**(24.5)**	(57.2)	1.1	(56.1)

* Amount less than US$0.1m

8. DISCONTINUED OPERATION

On 29 March 2018, the Group ceased its gaming operation and reclassified its casino licence to assets held for sale. The gaming operation was disposed during the year ended 30 June 2019.

	2020 US$M	2019 US$M
Results of discontinued operation		
Revenue	**–**	–
Expenses	**–**	(1.3)
Operating loss before tax	**–**	(1.3)
Income tax expense		
– Deferred tax benefit	**–**	0.1
Operating loss for the year	**–**	(1.2)
Gain on sale of discontinued operation, net of tax	**–**	17.2
Profit from discontinued operation for the year	**–**	16.0
Basic earnings (loss) per share (cents)	**–**	1.2
Diluted earnings (loss) per share (cents)	**–**	1.2

8. DISCONTINUED OPERATION (Continued)

Gain on sale of discontinued operation, net of tax:

	2020 US$M	2019 US$M
Sales consideration	–	30.9
Less: Net assets disposed off	–	(30.2)
Less: Transaction related costs	–	(0.5)
Less: Impairment	–	(0.5)
Add: Reclassification of foreign currency translation reserve on disposal of subsidiaries	–	17.5
Gain on sale of discontinued operation	–	17.2

The profit from discontinued operation of US$nil (2019: profit of US$16.0m) is attributable entirely to the owners of the Company. Of the loss from continuing operations of US$26.7m (2019: profit of US$34.3m), an amount of US$26.7m (2019: profit of US$34.3m) is attributable to the owners of the Company.

	2020 US$M	2019 US$M
Cash flows (used in) / from discontinued operation		
Net cash used in operating activities	–	(1.6)
Net cash from investing activities	–	30.1
Net cash used in financing activities	–	–
Net cash flows for the year	–	28.5

Effect of disposal on the financial position of the Group

Group	2020 US$M	2019 US$M
Intangible asset	–	30.7
Property and equipment	–	0.2
Trade and other receivables, net of impairment loss	–	0.5
Cash and cash equivalents	–	0.8
Deferred tax liabilities	–	(1.6)
Trade and other payables	–	(0.4)
Net assets and liabilities	–	30.2
Consideration received, satisfied in cash	–	30.9
Cash and cash equivalents disposed of	–	(0.8)
Net cash inflow	–	30.1

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the net loss attributable to ordinary shareholders of US$26.7m (2019: net profit of US$50.3m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

	Continuing operations US$M	Discontinued operation US$M	Group US$M
Profit attributable to ordinary shareholders			
2020			
Loss for the year	**(26.7)**	**–**	**(26.7)**
2019			
Profit for the year	34.3	16.0	50.3

	Note	2020 M	2019 M
Weighted average number of ordinary shares (basic)			
Issued ordinary shares at 1 July	23	**1,368.1**	1,368.1
ESOS reserve	23	**(68.3)**	(68.3)
Weighted average number of ordinary shares at 30 June		**1,299.8**	1,299.8

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2020 was based on the net loss attributable to ordinary shareholders of US$26.7m (2019: net profit of US$50.3m) and the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential ordinary shares, calculated as follows:

	2020 M	2019 M
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic) at 30 June	**1,299.8**	1,299.8
Effect of weighted average share options in issue	**–**	–
Weighted average number of ordinary shares (diluted) at 30 June	**1,299.8**	1,299.8

As the Group was making losses for the financial year ended 30 June 2020, no changes were made to the diluted loss per share.

As at 30 June 2020, there were no outstanding dilutive potential ordinary shares (2019: Nil).

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

10. HOTELS, PROPERTY AND EQUIPMENT

Group	Freehold land and buildings US$M	Leasehold land and buildings US$M	Vehicles and fittings US$M	Right-of-use assets US$M	Total US$M
2020					
Cost					
Balance at 1 July 2019	**393.8**	**643.3**	**361.8**	**–**	**1,398.9**
Recognition of right-of-use asset on initial application of IFRS 16	**–**	**–**	**–**	**570.3**	**570.3**
Adjusted balance at 1 July 2019	**393.8**	**643.3**	**361.8**	**570.3**	**1,969.2**
Additions	**0.6**	*****	**20.8**	**8.2**	**29.6**
Disposals / written off	**(0.2)**	**(0.2)**	**(0.6)**	**–**	**(1.0)**
Effect of movements in foreign exchange	**(12.9)**	**(21.0)**	**(11.6)**	**(18.5)**	**(64.0)**
Balance at 30 June 2020	**381.3**	**622.1**	**370.4**	**560.0**	**1,933.8**
Accumulated depreciation and impairment losses					
Balance at 1 July 2019	**42.1**	**95.1**	**276.2**	**–**	**413.4**
Recognition of right-of-use asset on initial application of IFRS 16	**–**	**–**	**–**	**–**	**–**
Adjusted balance at 1 July 2019	**42.1**	**95.1**	**276.2**	**–**	**413.4**
Depreciation charge	**3.2**	**6.4**	**10.4**	**12.7**	**32.7**
Impairment loss	**0.1**	**3.9**	**1.5**	**18.8**	**24.3**
Disposals / written off	**(0.1)**	**(0.1)**	**(0.4)**	**–**	**(0.6)**
Effect of movements in foreign exchange	**(1.4)**	**(3.6)**	**(9.1)**	**(0.8)**	**(14.9)**
Balance at 30 June 2020	**43.9**	**101.7**	**278.6**	**30.7**	**454.9**
Carrying amounts at 30 June 2020	**337.4**	**520.4**	**91.8**	**529.3**	**1,478.9**
2019					
Cost					
Balance at 1 July 2018	380.2	667.0	370.7	–	1,417.9
Additions	29.6	1.2	13.4	–	44.2
Disposals / written off	(2.0)	(0.2)	(8.8)	–	(11.0)[#]
Effect of movements in foreign exchange	(14.0)	(24.7)	(13.5)	–	(52.2)
Balance at 30 June 2019	393.8	643.3	361.8	–	1,398.9
Accumulated depreciation and impairment losses					
Balance at 1 July 2018	35.5	92.2	281.0	–	408.7
Depreciation charge	2.8	6.5	10.3	–	19.6
Impairment loss	6.2	0.1	2.8	–	9.1
Disposals / written off	(0.9)	(*)	(7.6)	–	(8.5)[#]
Effect of movements in foreign exchange	(1.5)	(3.7)	(10.3)	–	(15.5)
Balance at 30 June 2019	42.1	95.1	276.2	–	413.4
Carrying amounts at 30 June 2019	351.7	548.2	85.6	–	985.5

Including equipment with carrying amount of US$0.2m relating to the gaming operation and the disposal loss was recognised within 'gain on sale of discontinued operation' (see Note 8)

* Amount less than US$0.1m

10. HOTELS, PROPERTY AND EQUIPMENT (Continued)

Hotels, property and equipment includes right-of-use assets of US$529.3m related to lease properties.

Hotels, property and equipment are reviewed for impairment based on each hotel property being an individual cash generating unit ("**CGU**"). The Group estimates the recoverable amount of hotels, property and equipment using the value in use derived from discounted cash flow projections of hotel properties. The estimation of value in use of hotels involves the projection of EBITDA forecast, long term revenue growth of 1.5% (2019: 3%) and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 9.78% (2019: 9.81%).

During the year, the management impaired the Thistle London Heathrow, Thistle City Barbican, Thistle Express Luton and Thistle Express Swindon as their recoverable amount using value in use were assessed to be lower than the carrying amount. The impairment loss of US$24.3m (2019: US$9.1m) was included in 'other operating expenses'.

Except for these four (2019: two) hotels, the recoverable amounts of the remaining hotels were estimated to be higher than their carrying amount as at 30 June 2020, and therefore, no impairment (2019: US$Nil) was recognised during the year.

As at 30 June 2020, the Group's secured borrowings totalling US$69.1m (2019: US$71.9m) (Note 18) were secured on one hotel (2019: one hotel) owned by the Group with carrying amount of US$122.3m (2019: US$115.8m).

11. INTANGIBLE ASSETS

Group	Bass Strait oil and gas royalty US$M	Casino/ Hotel brand US$M	Total US$M
2020			
Cost			
Balance at 1 July 2019	**132.7**	**0.3**	**133.0**
Effect of movements in foreign exchange	**(3.1)**	*****	**(3.1)**
Balance at 30 June 2020	**129.6**	**0.3**	**129.9**
Accumulated amortisation			
Balance at 1 July 2019	**69.4**	**0.1**	**69.5**
Amortisation	**2.9**	*****	**2.9**
Effect of movements in foreign exchange	**(1.5)**	*****	**(1.5)**
Balance at 30 June 2020	**70.8**	**0.1**	**70.9**
Carrying amounts at 30 June 2020	**58.8**	**0.2**	**59.0**

* Amount less than US$0.1m

11. INTANGIBLE ASSETS (Continued)

Group	Bass Strait oil and gas royalty US$M	Casino/ Hotel brand US$M	Total US$M
2019			
Cost			
Balance at 1 July 2018	139.9	8.5	148.4
Disposals / written off	–	(8.3)	(8.3)
Effect of movements in foreign exchange	(7.2)	0.1	(7.1)
Balance at 30 June 2019	132.7	0.3	133.0
Accumulated amortisation			
Balance at 1 July 2018	70.0	8.3	78.3
Amortisation	3.1	*	3.1
Disposals / written off	–	(8.3)	(8.3)
Effect of movements in foreign exchange	(3.7)	0.1	(3.6)
Balance at 30 June 2019	69.4	0.1	69.5
Carrying amounts at 30 June 2019	63.3	0.2	63.5

* Amount less than US$0.1m

The amortisation of intangible assets is included in 'cost of sales'.

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia. The independent appraiser has estimated the recoverable amount for the Bass Strait oil and gas royalty based on the present value of the future cash flows expected to be derived from the CGU (value in use method) using the pre-tax discount rate of 10% (2019: 10%) and inflation rate of 2% (2019: 2%), and assuming production years up to 2036 (2019: 2043). The recoverable amount of the Bass Strait oil and gas royalty was estimated to be higher than its carrying amount as at 30 June 2020, and therefore, no impairment was required (2019: US$Nil).

In 2019, in conjunction to the disposal of the gaming operations, the Group wrote off the Clemont casino brand, which had been fully amortised and carrying amount of US$Nil (see Note 8). No loss was recognised as a result of the write-off.

12. PENSIONS SURPLUS AND OBLIGATIONS

Group	2020 US$M	2019 US$M
Balance at 1 July 2019	**(4.7)**	(8.9)
Provisions made during the year (net)	**3.6**	8.0
Provisions utilised during the year	**(3.1)**	(4.1)
Effect of movements in exchange rates	**0.1**	0.3
Balance at 30 June 2020	**(4.1)**	(4.7)

	2020 US$M	2019 US$M
Pensions as at 30 June are classified as:		
Pensions surplus	**(6.2)**	(7.1)
Pensions obligations	**2.1**	2.4
	(4.1)	(4.7)

For details on the related employee benefit expenses, see Note 6.

The Group has several defined contribution and defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the scheme. The Group expects to pay US$2.9m in contributions to its defined benefit plans in 2021.

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

Group	2020 US$M	2019 US$M
Present value of funded obligations	**136.4**	123.1
Less: Fair value of plan assets	**(140.5)**	(127.8)
Present value of net assets	**(4.1)**	(4.7)
Opening defined benefit obligation	**123.1**	120.6
Current service cost	**0.2**	0.4
Interest cost	**2.8**	3.3
Actuarial losses / (gains) arising from:		
– demographic assumption	**0.5**	(2.6)
– financial assumption	**13.4**	9.6
– insurance adjustment	**6.5**	–
– experience adjustment	**(0.6)**	0.3
Benefits paid	**(5.1)**	(3.9)
Effects of movements in exchange rates	**(4.4)**	(4.6)
Closing defined benefit obligation	**136.4**	123.1

12. PENSIONS SURPLUS AND OBLIGATIONS (Continued)

Group	2020 US$M	2019 US$M
Changes in the fair value of plan assets:		
Opening fair value of plan assets	**(127.8)**	(129.5)
Contributions from the Company	**(3.1)**	(4.1)
Benefits paid	**5.1**	3.9
Actuarial gains	**(19.3)**	(3.0)
Effects of movements in exchange rates	**4.6**	4.9
Closing fair value of plan assets	**(140.5)**	(127.8)

Movements in the net assets for defined benefit pension scheme obligations recognised in the statement of financial position:

Group	2020 US$M	2019 US$M
Opening balance	**(4.7)**	(8.9)
Contributions paid	**(3.1)**	(4.1)
Expense recognised in the income statement	**0.1**	0.4
Actuarial losses recognised in other comprehensive income	**3.5**	7.6
Effect of movements in exchange rates	**0.1**	0.3
Closing balance	**(4.1)**	(4.7)
Expense recognised in the income statement:		
Current service costs	**0.2**	0.4
Net interest expense on obligation	**(0.1)**	(*)
	0.1	0.4
Plan assets comprise:		
Equity / Diversified growth fund	**84.5**	65.8
Bond	**45.2**	61.2
Insurance policy	**6.5**	–
Cash	**4.3**	0.8
	140.5	127.8

* Amount less than US$0.1m

12. PENSIONS SURPLUS AND OBLIGATIONS (Continued)

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

Group	2020 %	2019 %
Discount rate	**1.45 – 3.00**	2.30 – 3.00
Rate of increase to pensions in payment (RPI maximum 5% pa)	**2.75**	3.00
Rate of increase to pensions in payment (CPI maximum 3% pa)	**1.95**	1.80
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	**1.80**	1.65
Rate of increase in salaries	**1.00**	3.70

As at 30 June 2020, the weighted-average duration of the defined benefit obligation was range from 7 to 17 years (2019: 7 to 17 years).

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

Group	Increase US$M	Decrease US$M
2020		
Discount rate (1% movement)	**(22.0)**	**22.0**
Rate of increase to pensions in payment (1% movement)	**7.1**	**(7.1)**
Rate of increase in salaries (1% movement)	**0.1**	**(0.1)**
Future mortality (1% movement)	**4.6**	**(4.4)**
2019		
Discount rate (1% movement)	(19.9)	19.9
Rate of increase to pensions in payment (1% movement)	5.7	(5.7)
Rate of increase in salaries (1% movement)	0.1	(0.1)
Future mortality (1% movement)	4.2	(4.1)

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

13. OTHER INVESTMENTS

The Group designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for strategic purposes and not for trading.

Group	2020 US$M	2019 US$M
Equity instrument at FVOCI:		
Shares in unlisted venture fund (current)	**–**	0.1
	–	0.1

No dividend income was recognised during the year in relation to these equity investments (2019: US$Nil).

13. OTHER INVESTMENTS (Continued)

Other investments carried at fair value are categorised within level 3 of the fair value hierarchy. The fair values were 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 venture fund. The assets held by the venture fund comprise mainly non-publicly traded securities.

Non-publicly traded securities for which observable market prices in active markets do not exist are reported at estimated fair value, determined based on the best information available and by reference to information including, but not limited to, the following: projected net earnings before interest, taxes, depreciation and amortisation (EBITDA); financial position; comparable public or private sales transactions; subsequent rounds of financing; valuations for publicly traded comparable companies and/or other measures; and consideration of any other information, including the types of securities held and restrictions on disposition of the securities.

The methods used to estimate fair value included (a) the market approach (fair value derived by reference to observable valuation measures) or (b) the income approach (e.g. the discounted cash flow method). The estimated fair value of other investments would increase if net asset value was higher.

During the year, the venture fund was liquidated, and there was a transfer of cumulative loss of US$0.9m (2019: US$Nil) from relating to the venture fund 'fair value reserve' to 'retained earnings' following the liquidation.

The Group's exposure to credit and market risk and fair value information related to other investments are disclosed in Note 25.

14. DEVELOPMENT PROPERTIES

As at 30 June 2020, the Group's development properties, which are wholly owned, are located in the United States of America, comprising 54,486 (2019: 54,486) acres of land parcels on Molokai island in Hawaii. The Group continues to explore the sales of the development properties.

In relation to the Group's net realisable value assessment, the Group had engaged an independent valuer to arrive at a market value as at 30 June 2020 from which estimated selling cost is deducted to arrive an estimate of the net realisable value. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. The valuer had considered the latest transaction prices of properties within the same vicinity in Hawaii and made reasoned adjustments to the comparable data to reflect market conditions, quality, condition, access, services, position, and location of the properties. The economic impacts arising from the COVID-19 has heightened the degree of judgement and estimation uncertainty.

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

The estimated net realisable value of certain land parcels of the development properties were lower than the carrying amount as at 30 June 2020, and a write-down of US$13.1m (2019:US$Nil) was recognised and included in 'Other operating expenses'.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US$M	2019 US$M	2020 US$M	2019 US$M
CURRENT RECEIVABLES				
Trade receivables#	**1.2**	11.5	**–**	–
Deposits	**0.2**	0.1	**–**	–
Interest receivables	*****	*	**–**	*
Grant receivables	**2.2**	–	**–**	–
Other receivables	**1.6**	6.1	**–**	–
Prepaid expenses	**4.7**	11.7	**0.3**	0.3
	9.9	29.4	**0.3**	0.3

Trade receivables are stated net of allowance for impairment loss of US$1.0m (2019: US$1.1m). Refer to Note 25 for more details.
* Amount less than US$0.1m

The Group's exposure to credit and foreign currency risks, and impairment losses for trade and other receivables are disclosed in Note 25.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2020 US$M	2019 US$M	2020 US$M	2019 US$M
Derivative financial assets – Current				
Forward exchange contract	**–**	0.3	**–**	0.3
	–	0.3	**–**	0.3
Derivative financial liabilities – Non-current				
Interest rate swaps	**3.5**	3.4	**–**	–
	3.5	3.4	**–**	–

Forward exchange contract

As at 30 June 2020, the Group did not have any outstanding forward exchange contract. As at 30 June 2019, the Group had a forward exchange contract with a notional amount of US$18.0m to sell United States dollars and receive Singapore dollars with maturity date on 8 August 2019.

16. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Interest rate swaps

For purpose of hedging the change in interest rates in respect of the variable-rate bank loan, the Group has entered into the following hedges:

- An interest rate swap with total nominal value of GBP138.0m (2019: GBP138.0m (US$175.0m)) which requires the Group to pay a fixed interest of 2.43% (2019: 2.47% till 15 June 2019 and 2.43% till 15 December 2019) and allows it to receive a variable rate equal to LIBOR on the notional amount. The interest rate swap has a 3-year tenor commencing from 16 December 2016 and is valued based on the swap model valuation approach using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve. The interest rate swap expired on 16 December 2019 (2019: GBP110.0m (US$139.5m)) of the total nominal value of the interest rate swap was designated for hedge accounting).

- During last financial year, the Group made a partial repayment of the bank loan of GBP 28.0m (US$36.8m) and concurrently entered into an interest rate swap with total nominal value of GBP28.0m (US$35.5m) to hedge the existing interest rate swap which may be exposed to interest rate volatility as a result of the loan repayment. The interest rate swap requires the Group to receive a fixed interest 0.88% and to pay a variable rate equal to LIBOR on the notional amount. The interest rate swap has a 15 months tenor commencing from 16 September 2018 and is valued based on the swap model valuation approach using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve. The interest rate swap expired on 16 December 2019.

- As result of extension of loan maturity date from 16 December 2019 to September 2023, two forward interest rate swaps with total nominal value of GBP75.0m (US$92.0m) (2019: GBP75.0m (US$95.1m)) and matching tenors to repayment due dates of the last two tranches of the loan (i.e. tenors of 33 months and 45 months) were entered into by the Group. These forward interest rate swaps require the Group to pay a fixed interest and receive a variable rate equal to LIBOR on the notional amount. The interest rate swaps are valued using valuation technique with market observable inputs. The valuation technique is swap model, using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

The Group's exposure to credit, liquidity, interest rate and foreign currency risks and fair value information related to derivative financial instruments are disclosed in Note 25.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 US$M	**2019 US$M**	**2020 US$M**	**2019 US$M**
Bank balances	**61.7**	44.5	**–**	–
Short-term deposits	**31.9**	50.2	**30.4**	38.3
Cash in hand	*****	*	**–**	–
Restricted cash#	**0.4**	0.4	**–**	–
Cash and cash equivalents in the statement of financial position and cash flows	**94.0**	95.1	**30.4**	38.3

Restricted cash relate to rent deposit monies held on behalf of the tenants under certain lease arrangements in segregated bank accounts and are not available for use.

* Amount less than US$0.1m

17. CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2020 US$M	2019 US$M	2020 US$M	2019 US$M
United States Dollars	**39.0**	25.2	**10.2**	9.1
Singapore Dollars	**2.1**	0.2	**–**	–
Pound Sterling	**51.9**	68.4	**20.2**	29.2
Australian Dollars	**0.4**	0.7	**–**	–
New Zealand Dollars	**0.5**	0.5	**–**	–
Fiji Dollars	**0.1**	0.1	**–**	–
	94.0	95.1	**30.4**	38.3

18. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to liquidity, interest rate and foreign currency risks, refer to Note 25.

Group	2020 US$M	2019 US$M
NON-CURRENT LIABILITIES		
Promissory note (unsecured)	**0.2**	–
Bank loan (unsecured)	**118.0**	137.8
Mortgage debenture stock (secured)	**69.1**	71.9
	187.3	209.7

Terms and conditions of outstanding loans and borrowings are as follows:

				2020		2019	
Group	**Currency**	**Nominal %**	**Year of maturity**	**Face value US$M**	**Carrying amount US$M**	**Face value US$M**	**Carrying amount US$M**
Promissory note (unsecured)	**USD**	**1.00%**	**2025**	**0.2**	**0.2**	–	–
Bank loan (unsecured)	**GBP**	**3 month LIBOR + 1.12%**	**2023**	**119.0**	**118.0**	139.5	137.8
Mortgage debenture stock (secured)	**GBP**	**7.88%**	**2022**	**67.7**	**69.1**	70.0	71.9
Total interest-bearing liabilities				**186.9**	**187.3**	209.5	209.7

As at 30 June 2020, the mortgage debenture stock is secured by one hotel (2019: one hotel) owned by the Group with carrying amount of US$122.3m (2019: US$115.8m) (see Note 10).

18. LOANS AND BORROWINGS (Continued)

Terms and debt repayment schedule

Group	Total US$M	Under 1 year US$M	1 – 2 years US$M	2 – 5 years US$M
2020				
Promissory note:				
– United States Dollar	**0.2**	**–**	**–**	**0.2**
Bank loan:				
– Pound Sterling	**118.0**	**–**	**7.4**	**110.6**
Mortgage debenture stock:				
– Pound Sterling	**69.1**	**–**	**69.1**	**–**
	187.3	**–**	**76.5**	**110.8**
2019				
Bank loan:				
– Pound Sterling	137.8	–	19.0	118.8
Mortgage debenture stock:				
– Pound Sterling	71.9	–	–	71.9
	209.7	–	19.0	190.7

The Group's unsecured bank loan with a carrying amount of US$118.0m at 30 June 2020 (2019: US$137.8m) is repayable in three tranches between September 2021 and September 2023. The loan contains three covenants stating that at the end of each year, namely – (i) the Group's debt (defined in the covenant as the Group's loans and borrowings and trade and other payables) cannot exceed 1.5 times the Group's equity, (ii) the ratio of earnings before interest, tax, depreciation and amortisation expenses to interest expense cannot be less than 1.2 times, and (iii) equity to be maintained at least at GBP400.0m (US$490.7m).

18. LOANS AND BORROWINGS (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Liabilities			Derivative financial liabilities	
	Loans and borrowings	Lease liabilities	Interest payables (Note 21)	Interest rate swaps used for hedging – liabilities (Note 16)	Total
	US$M	US$M	US$M	US$M	US$M
Balance as at 1 July 2019	**209.7**	**723.2**	**0.3**	**3.4**	**936.6**
Changes from financing cash flows:					
Proceeds from loans and borrowings	**12.4**	**–**	**–**	**–**	**12.4**
Repayment of loans and borrowings	**(28.3)**	**–**	**–**	**–**	**(28.3)**
Payment of lease liabilities	**–**	**(37.6)**	**–**	**–**	**(37.6)**
Interest paid	**–**	**–**	**(8.8)**	**–**	**(8.8)**
Other finance costs paid	**–**	**–**	**(0.7)**	**–**	**(0.7)**
Total changes from financing cash flows	**(15.9)**	**(37.6)**	**(9.5)**	**–**	**(63.0)**
Change in fair value	**–**	**–**	**–**	**0.2**	**0.2**
Other changes:					
New lease	**–**	**8.2**	**–**	**–**	**8.2**
Interest expenses	**–**	**36.7**	**9.4**	**–**	**46.1**
Reversal of prepaid commitment fees	**0.7**	**–**	**–**	**–**	**0.7**
Reversal of debenture fair value	**(0.4)**	**–**	**–**	**–**	**(0.4)**
Effect of changes in foreign exchange rates	**(6.8)**	**(24.4)**	**–**	**(0.1)**	**(31.3)**
Total other changes	**(6.5)**	**20.5**	**9.4**	**(0.1)**	**23.3**
Balance as at 30 June 2020	**187.3**	**706.1**	**0.2**	**3.5**	**897.1**
Balance as at 1 July 2018	255.8	–	0.4	4.3	260.5
Changes from financing cash flows:					
Repayment of loans and borrowings	(36.8)	–	–	–	(36.8)
Interest paid	–	–	(11.3)	–	(11.3)
Upfront fees paid	(1.6)	–	–	–	(1.6)
Other finance costs paid	–	–	(0.1)	–	(0.1)
Total changes from financing cash flows	(38.4)	–	(11.4)	–	(49.8)
Change in fair value	–	–	–	(0.8)	(0.8)
Other changes:					
Interest expenses	–	–	11.3	–	11.3
Reversal of prepaid commitment fees	1.0	–	–	–	1.0
Reversal of debenture fair value	(0.5)	–	–	–	(0.5)
Effect of changes in foreign exchange rates	(8.2)	–	–	(0.1)	(8.3)
Total other changes	(7.7)	–	11.3	(0.1)	3.5
Balance as at 30 June 2019	209.7	–	0.3	3.4	213.4

19. DEFERRED TAX (ASSETS) / LIABILITIES

Movement in deferred tax liabilities/(assets) during the year are as follows:

Group	At 1 July 2019 US$M	Adjustment on initial application of IFRS 16 US$M	(Credited)/ Charged to income statement (Notes 7 and 8) US$M	(Credited)/ Charged to other comprehensive income US$M	Effect of movement in exchange rates US$M	At 30 June 2020 US$M
2020						
Hotels, property and equipment	**8.0**	**(26.0)**	**(0.3)**	**–**	**0.6**	**(17.7)**
Tax losses	**(0.5)**	**–**	**(9.2)**	**–**	**0.3**	**(9.4)**
Loans and borrowings	**(0.3)**	**–**	**0.1**	**–**	*****	**(0.2)**
Employee benefits	**1.1**	**–**	**0.3**	**(0.3)**	*****	**1.1**
Derivative financial instruments	**(0.5)**	**–**	**0.2**	**(0.3)**	*****	**(0.6)**
Other items	**6.1**	**–**	**2.8**	**–**	**(0.1)**	**8.8**
	13.9	**(26.0)**	**(6.1)**	**(0.6)**	**0.8**	**(18.0)**

Group	At 1 July 2018 US$M	(Credited)/ Charged to income statement (Notes 7 and 8) US$M	(Credited)/ Charged to other comprehensive income US$M	Effect of movement in exchange rates US$M	At 30 June 2019 US$M
2019					
Hotels, property and equipment	10.8	(2.5)	–	(0.3)	8.0
Tax losses	(0.5)	*	–	*	(0.5)
Loans and borrowings	(0.4)	0.1	–	*	(0.3)
Employee benefits	1.9	*	(0.7)	(0.1)	1.1
Casino brand and licence	1.7	(1.6)#	–	(0.1)	–
Derivative financial instruments	(0.7)	–	0.2	*	(0.5)
Other items	5.3	1.0	–	(0.2)	6.1
	18.1	(3.0)	(0.5)	(0.7)	13.9

Relating to the gaming operation and recognised recognised within 'gain on sale of discontinued operation' (see Note 8)
* Amount less than US$0.1m

Unrecognised deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

19. DEFERRED TAX (ASSETS) / LIABILITIES (Continued)

Unrecognised deferred tax assets (Continued)

The Group has not recognised any deferred tax assets in respect of the following items because it is not probable that future tax profit will be available in certain jurisdictions against which the Group can utilise the benefits therefrom:

(i) *Deductible temporary differences*

The Group has deductible temporary differences of US$17.9m (2019: US$81.8m) at the balance sheet date which can be carried forward and used to offset against future taxable income. These deductible temporary differences do not expire under the current tax legislation.

(ii) *Unrecognised tax losses*

As at 30 June 2020, the Group has unrecognised tax losses of US$168.3m (2019: US$0.5m) available for offset against future taxable income. Tax losses which do not expire under current tax legislation, are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

20. PROVISIONS

Group	Legal claim US$M	Restructuring US$M	Legacy lease US$M	Others US$M	Total US$M
Balance at 1 July 2019	**4.7**	**–**	**–**	**0.8**	**5.5**
Provisions made during the year	**–**	**2.6**	**6.6**	**0.8**	**10.0**
Provisions reversed during the year	**(0.2)**	**–**	**–**	**(0.2)**	**(0.4)**
Provisions utilised during the year	**(0.3)**	**–**	**–**	**–**	**(0.3)**
Effect of movements in exchange rates	*****	**(0.1)**	**(0.2)**	*****	**(0.3)**
Balance at 30 June 2020	**4.2**	**2.5**	**6.4**	**1.4**	**14.5**

* Amount less than US$0.1m

Provision for legal claim

The Hawaii Second Circuit Court issued a judgment, which became enforceable on 2 July 2019, to confirm an arbitration award requiring certain actions to be taken in respect of a property on the island of Molokai in Hawaii owned by the Group.

The arbitration was commenced by The West Molokai Resort Association of Apartment Owners ("**AOAO**"), in relation to a Cross Easement Declaration dated 2 April 1976 as amended by the First Amendment dated 1 May 1996 (collectively "**CED**").

In 2001, the Group acquired various properties on Molokai. Among such properties is a parcel of land ("**Hotel Lot**") with a hotel that was no longer in operation, and which is subject to the CED. The Hotel Lot is owned by Kaluakoi Poolside, LLC ("**KPL**"), a Hawaii subsidiary of the Company.

The land adjacent to the Hotel Lot ("**Condo Lot**") was developed as West Molokai Resort Condominium. The condominium units on the Condo Lot are owned by individual owners. The AOAO represents the owners of the condominium units. Pursuant to the CED, residents of the Condo Lot have the right to use designated areas of the Hotel Lot, excluding the buildings; and the Hotel Lot owner is required to maintain such designated areas.

The AOAO claimed that KPL failed to maintain such designated areas. The arbitrator found in favour of the AOAO. The Group has accrued for legal and other related costs of US$Nil (2019: US$0.4m) and no new provision was made (2019: US$4.5m), being the estimated costs required to satisfy the judgment.

20. PROVISIONS (Continued)

Provision for restructuring

On 24 April 2020, the Group announced its intention to implement a cost-reduction programme and to take measures to reduce costs. In order to adapt to current market conditions, the Group planned to move to a reduced and more flexible workforce by the third quarter of 2020. A restructuring provision of US$2.6m has been recognised at the end of the financial year to cater the above restructuring programme. Amounts provided relate only to the direct costs arising from the restructuring.

Provision for legacy lease

During the year, the Group's subsidiary ("**Subsidiary A**") received demands under guarantee obligations for two hotel leases which were assigned out of the Group in previous years. The relevant properties were leased to another subsidiary of the Group ("**Subsidiary B**"). The claimant is a previous lessee of the relevant properties and had assigned the lease to Subsidiary B in 1989. Subsidiary A provided a guarantee in favour of the claimant ("**Guarantee**") when leases were assigned by the claimant to Subsidiary B.

Subsidiary B assigned the leases to third parties in 2003 and was voluntarily dissolved in 2008. The Guarantee remains valid.

Under UK law, a landlord may require the previous tenant of a property to assume liability under a lease for the property which came into existence prior to 1996 if the current tenant does not perform its obligations.

The current tenant of the Properties has ceased to pay rent and other amounts due under the leases, and the landlord has demanded that the claimant to pay such rent and other amounts due under the leases. In turn, the claimant made a claim against Subsidiary A under the Guarantee for such rent and other amounts. The rent is about US$0.6m per annum, subject to fixed rent review at intervals, and the leases have remaining term of approximately 47 years.

As Subsidiary A may be required to meet rent and other amounts payable under the leases, the Group has provided US$6.6m for all future rents on these leases.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US$M	**2019 US$M**	**2020 US$M**	**2019 US$M**
Trade payables	**4.3**	5.0	**0.1**	–
Management fees payable to a related party	**0.7**	1.6	**–**	–
Interest payable	**0.2**	0.3	**–**	–
Deposits received	**4.2**	7.9	**–**	–
Accrued rental	**0.4**	9.7	**–**	–
Accrued expenses	**9.1**	8.3	**0.6**	0.8
Other payables#	**22.5**	25.7	**–**	*
	41.4	58.5	**0.7**	0.8

* Amount less than US$0.1m

\# Includes rent deposit monies held on behalf of the tenants under certain lease arrangements in segregated bank accounts and are not available for use (see Note 17).

The Group's exposure to foreign currency risk and liquidity risks are disclosed in Note 25.

Outstanding balances with the related party are unsecured and interest free.

22. LEASE LIABILITIES

Group	2020 US$M	2019 US$M
Non – current liabilities	**699.7**	–
Current liabilities	**6.4**	–
	706.1	–

The weighted-average incremental borrowing rates of the Group's lease liabilities was 5.19% (2019: Nil) per annum during the year.

The Group's exposure to foreign currency risk and liquidity risks are disclosed in Note 25.

23. SHARE CAPITAL AND RESERVES

	Ordinary Shares	
Share capital – authorised	**2020**	**2019**
Number of shares of par value of US$0.20 each at beginning and end of the year	**5,000,000,000**	5,000,000,000

	Ordinary Shares	
Share capital – issued and fully paid	**2020**	**2019**
Number of shares in issue at beginning and end of the year	**1,368,063,633**	1,368,063,633

Share capital

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Contributed surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income financial assets until the investments are derecognised or impaired.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet to mature.

Capital reserve – share based payment

The capital reserve comprises the gain or loss recognised when an employee exercises the share options granted under ESOS.

23. SHARE CAPITAL AND RESERVES (Continued)

Equity compensation reserve

The equity compensation reserve represents the cumulative value of services received from employees for the issue of shares under ESOS.

ESOS reserve

The ESOS reserve comprises the cost of the Company's shares acquired and held by the Trustee for the purpose of satisfying outstanding share options granted to eligible employees under ESOS. As at 30 June 2020, the number of shares of the Company held in the ESOS reserve amounted to 68.3 million (2019: 68.3 million).

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24. EMPLOYEE SHARE OPTION SCHEME

i. GL Limited Executives' Share Options Scheme ("ESOS")

ESOS was approved by the shareholders of the Company on 17 October 2008 and by the shareholders of Guoco Group Limited ("**GGL**") on 21 November 2008 ("**GGL Approval Date**"). The ESOS expired on 20 November 2018 in accordance with its rules. Notwithstanding the termination of the ESOS, options granted under the ESOS which were outstanding on the date of such termination remain valid and will vest and may be exercised in accordance with their terms and the rules of the ESOS.

ESOS allowed the grant of options over newly issued and/or existing shares of the Company to confirmed employees (including executive directors) of the Group ("**Employees**"). Non-Executive Directors of the Company, directors and employees of associated companies of the Company and directors and employees of GGL or the Company's controlling shareholders or their subsidiaries and associates are not eligible to participate in the ESOS.

The aim of ESOS is to:

(1) Align the long-term interests of Employees with those of the Company's shareholders and encourage Employees to assume greater responsibility for the performance of the businesses which they manage;

(2) Motivate Employees towards achieving strategic business objectives;

(3) Reward Employees with an equity stake in the success of the Group; and

(4) Make the Company's compensation package more competitive in order to attract, retain and motivate high-calibre executives.

The Company has established a Trust for ESOS which is administered by a Trustee. The Trustee is appointed by and may be removed by the Company. The Trustee manages the Trust in accordance with a Trust Deed.

24. EMPLOYEE SHARE OPTION SCHEME (Continued)

i. GL Limited Executives' Share Options Scheme ("ESOS") (Continued)

Pursuant to its powers under the Trust Deed, the Trust acquires existing shares of the Company for the purpose of satisfying outstanding options granted to Employees. To enable the Trustee to purchase such shares, the Trustee may from time to time accept financial assistance from the Company on terms and conditions agreed between the Trustee and the Company.

The Trust will terminate on 16 October 2031 or on a date determined by the Company, whichever is earlier. Upon the termination of the Trust, the Trustee will dispose of any remaining ESOS reserve (i.e., any shares held under the Trust which are not applied in satisfaction of outstanding options granted to the Employees) in accordance with the instructions of the Company.

The Company's Remuneration Committee ("**RC**"), comprising directors of the Company who are not participants of ESOS, administers ESOS.

The aggregate of:

(a) the number of shares over which the RC may grant options under ESOS on any date ("**Date**"); and

(b) the number of shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted, pursuant to all options granted under ESOS

shall not exceed 15% of the issued share capital of the Company on the day preceding the Date,

provided that the aggregate of:

(i) the number of shares to be issued and allotted and over which the RC may grant options under ESOS; and

(ii) the number of shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the ESOS

((i) and (ii) hereinafter collectively referred to as "**New Shares**"), shall not exceed 10% of the issued share capital of the Company as at the GGL Approval Date.

As at the date of this report, the number of New Shares is 136,806,363 (2019: 136,806,363), which represents 10% of the issued share capital of the Company as at the GGL Approval Date.

The maximum entitlement of any Employee in respect of New Shares as a result of the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of the Company in issue as at the date of such grant.

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

During the financial year ended 30 June 2020 ("**FY2020**"), no (2019: 2,000,000) share options were granted pursuant to the ESOS.

As at 30 June 2020, the total number of the Company's shares comprised in the options granted under ESOS was 6,250,000 (2019: 26,250,000).

24. EMPLOYEE SHARE OPTION SCHEME (Continued)

i. GL Limited Executives' Share Options Scheme ("ESOS") (Continued)

Details of movements in the options granted under ESOS during the financial year are as follow:

	Weighted average exercise price 2020	Number of options 2020	Weighted average exercise price 2019	Number of options 2019
Outstanding at the beginning of the financial year	**S$0.741**	**26,250,000**	S$0.747	37,250,000
Options granted during the financial year	**–**	**–**	S$0.741	2,000,000
Options cancelled / lapsed during the financial year	**S$0.741**	**(20,000,000)**	S$0.759	(13,000,000)
Outstanding at the end of the financial year	**S$0.741**	**6,250,000**	S$0.741	26,250,000

The options outstanding at 30 June 2020 have an exercise price of S$0.741 (2019: S$0.741) and a weighted average contractual life of 1.0 year (2019: 2.0 years).

Details of the options granted to employees under ESOS:

Participants	Aggregate options granted since commencement of ESOS to end of financial year	Aggregate options expired/ lapsed since commencement of ESOS to end of financial year	Aggregate options outstanding as at end of financial year
Key management personnel	**48,050,000**	**(45,300,000)**	**2,750,000**
Other employees	**93,900,000**	**(90,400,000)**	**3,500,000**

Save as disclosed above, since the commencement of ESOS, no options have been granted under ESOS to any executive Director of the Company or of the controlling shareholders of the Company or their associates. Save as disclosed above, since the commencement of ESOS, there is no participant who has received 5% or more of the total number of options available under ESOS.

Since the commencement of ESOS, 37,250,000 options have been granted under ESOS at a discount and no options have been granted under ESOS to any parent group Employee.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends.

24. EMPLOYEE SHARE OPTION SCHEME (Continued)

i. GL Limited Executives' Share Options Scheme ("ESOS") (Continued)

The fair value and assumptions are set out below:

Date of grant of options	3 April 2018	21 September 2015	13 May 2013
Fair value of share options and assumptions			
Fair value at measurement date (S$)	0.10 – 0.12	0.09 – 0.17	0.17 – 0.227
Share price at the date of grant (S$)	0.78	0.795	0.83
Exercise price (S$)	0.74	0.80	0.86
Expected volatility (%)	21.4	30.1	34.1
Expected option life (year)	2.2 – 4.2	1.3 – 6.3	3.6 – 8.6
Expected dividend yield (%)	2.73	2.75	2.41
Risk-free interest rate (%)	1.72	0.98	1.05

For options granted on 13 May 2013 and 21 September 2015, the exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the respective date of grant for which there was trading in the shares.

For options granted on 3 April 2018, the exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares, discounted by 5.7%.

The options granted on 21 September 2015 and 13 May 2013 under ESOS expired/lapsed as at 30 June 2019.

The options granted on 13 May 2013 and 21 September 2015 under ESOS are valid from 13 May 2013 and 21 September 2015 respectively, and will vest in two tranches:

- the first tranche of up to 20% – 35% will vest at the end of the financial year ended 30 June 2016 upon the achievement of the applicable performance targets; and
- the second tranche of up to 65% – 80% will vest within three months of the end of the financial year ended 30 June 2019 upon the achievement of the applicable performance targets.

Each tranche, once vested, is exercisable as follows:

- 40% of that tranche is exercisable within 6 months from vesting date;
- 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and
- 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

The options granted on 3 April 2018 are valid from 3 April 2018 and will vest upon the Board's decision.

Once vested, the option is exercisable as follows:

- 40% of that total vested option is exercisable up to 2 months from vesting date;
- 40% of that total vested option is exercisable within 2 months from the 1st anniversary of the vesting date; and
- 20% of that total vested option is exercisable within 2 months from the 2nd anniversary of the vesting date.

ESOS expired on 20 November 2018.

24. EMPLOYEE SHARE OPTION SCHEME (Continued)

ii. GL Limited Executives' Share Scheme 2018 ("ESS")

ESS was approved by the shareholders of the Company on 25 October 2018 and by the shareholders of GGL on 12 December 2018 ("**ESS Effective Date**").

Under ESS, options for newly issued and/or existing shares of the Company may be granted ("**Options**") or grants of shares of the Company may be awarded ("**Grants**") to eligible executives including directors and executives ("**Eligible Executives**") of the Group. The Group's non-executive directors, the Company's controlling shareholders and their associates, and the directors and employees of the Company's controlling shareholders, associated companies, holding company and such holding company's subsidiaries (excluding the Group) are not eligible to participate in ESS.

The purposes of ESS are as follows:

(1) to align the long-term interests of Eligible Executives with those of the shareholders of the Company and to encourage such Eligible Executives to assume greater responsibility for the performance of the businesses that they manage;

(2) to motivate Eligible Executives towards strategic business objectives;

(3) to reward Eligible Executives with an equity stake in the success of the Group; and

(4) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

The aggregate number of the Company's shares comprised in (a) exercised Options; (b) unexercised Options; (c) Option offers and Grant offers which are unexpired and pending acceptance by the Eligible Executives; (d) outstanding Grants; (e) completed Grants; and (f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting (collectively the "**Aggregate**"), shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares) at the relevant time, provided that, for so long as the Company has a holding company listed on The Stock Exchange of Hong Kong Limited, (i) the Aggregate shall not exceed 10% of the issued and paid-up share capital of the Company (excluding treasury shares) at the relevant time and (ii) the total number of the Company's shares which may be issued upon the exercise of Options or vesting of Grants must not in aggregate exceed 10% of the issued and paid-up share capital of the Company as at the ESS Effective Date. As at the date of this report, the total number of the Company's shares available for issue under ESS is 136,806,363, which represents 10% of the issued share capital of the Company.

The maximum entitlement for each Eligible Executive in respect of the total number of the Company's shares to be issued upon the exercise of Options granted to him in any 12-month period must not exceed 1% of the total number of issued and paid-up the Company's shares. The number of the Company's shares to be issued upon the vesting of any Grant is not subject to the aforesaid limit.

An Option offer and/or Grant offer to an Eligible Executive must be accepted within 30 days from the date of offer accompanied by a payment of S$1 as consideration.

The RC may at its discretion determine the exercise price of the Options, provided that the exercise price so fixed shall be the 5-day weighted average market price of the Company's shares immediately preceding the date of offer ("**Market Price**") or, if discounted, shall not be at a discount of more than 20% to the Market Price. The exercise price shall in no event be less than the nominal value of the Company's share and, where the exercise price determined according to the Market Price or discounted Market Price is less than the nominal value of the Company's share, such exercise price shall be the nominal value.

The minimum period which must elapse before the exercise of any (i) Option granted at a discount to the Market Price shall be at least 2 years from the date of offer; and (ii) any other Option shall be at least 1 year from the date of offer.

24. EMPLOYEE SHARE OPTION SCHEME (Continued)

ii. GL Limited Executives' Share Scheme 2018 ("ESS") (Continued)

ESS shall continue to be in force until 11 December 2028.

As at 30 June 2020, no option has been granted pursuant to ESS.

A Trust has been established by the Company pursuant to which the Trustee holds 68.3 million (2019: 68.3 million) shares of the Company in the ESOS reserve as at 30 June 2020, for the purpose of satisfying any outstanding options that may be exercised under ESS.

The Group recognised total benefit of US$0.8m (2019: expense of US$0.5m) related to equity settled employee share option transactions during the year.

25. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has exposure to the following risks arising from financial instruments:

i. credit risk
ii. liquidity risk
iii. market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Group has a system of controls in place to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

Risk management framework

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Audit and Risk Management Committee ("**ARC**"), which reports to the Board, is charged with overseeing risk management practices and, in conjunction with the Internal Audit Department, seeks to identify areas of concern and implement plans to mitigate significant risks to the Company. The ARC regularly reviews, assesses and monitors various risk factors and also guides management in forming policies and processes to identify, evaluate and manage risks and to safeguard shareholders' interests and Company assets.

(A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's credit risks are primarily attributable to other investments, trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis.

The hotel business has its own credit policy to allow credit period of up to 60 days for certain of its customers. The Group monitors exposures to individual counterparty and country to manage concentration risk. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

25. FINANCIAL INSTRUMENTS (Continued)

(A) Credit risk (Continued)

Bank deposits are placed with financial institutions which are regulated. Financial transactions are restricted to those with counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis.

The carrying amounts of financial assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

Group	2020 US$M	2019 US$M
(Reversal of) / Impairment loss on trade receivables	**(0.1)**	0.7

Company	Note	2020 US$M	2019 US$M
Reversal of impairment loss advances to subsidiaries	28	**–**	(52.7)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance, these being spread across the various currencies and jurisdictions in which the Group operates.

The credit quality of trade receivables is assessed based on a credit policy established by the Audit and Risk Management Committee. The Group monitors customer credit risk by grouping trade receivables based on their characteristics. An analysis of the credit quality of trade receivables that were not impaired at the reporting date is as follows:

	2020		2019	
Group	Not credit-impaired US$M	Credit-impaired US$M	Not credit-impaired US$M	Credit-impaired US$M
Acceptable risk	**1.2**	**1.0**	2.7	9.9
Total gross carrying amount	**1.2**	**1.0**	2.7	9.9
Allowances for impairment loss	**–**	**(1.0)**	–	(1.1)
	1.2	**–**	2.7	8.8

Expected credit loss ("ECL")

The Group applied the simplified approach to measure expected credit loss, i.e., the lifetime expected loss allowance for its trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. The Group uses an allowance matrix to measure the ECLs of trade receivables. The expected loss rates are calculated based on historical credit losses, which are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

25. FINANCIAL INSTRUMENTS (Continued)

(A) Credit risk (Continued)

Expected credit loss ("ECL") (Continued)

In view of the COVID-19 pandemic, the Group has considered the following in its ECL computation for the year ended 30 June 2020:

- The Group revisits its segmentation approach as the Group believes that certain sectors may have higher liquidity risk as compared to others which may not be impacted significantly. The Group reviews on a customer by customer basis and assessed those without payment plans or promises as higher risk than those with these in place.

Considering the lockdown period and the operational restrictions faced by its customers, the Group believes that >90 days is still an appropriate default bucket for customers categorised in the high impact category.

On that basis, the loss allowances based on the ageing of trade receivables at the reporting date are as follows:

Group	Gross 2020 US$M	Allowances for impairment loss 2020 US$M	Gross 2019 US$M	Allowances for impairment loss 2019 US$M
Not past due nor impaired	*	–	6.0	*
Past due 0 – 30 days	**0.2**	*	3.3	*
Past due 31 – 180 days	**1.9**	**0.9**	1.9	0.4
Past due 181 – 365 days	**0.1**	**0.1**	1.4	0.7
More than one year	–	–	*	*
	2.2	**1.0**	12.6	1.1

* Amount less than US$0.1m

Based on historical default rates and adjusted forward-looking macroeconomic data, the Group believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The movement in allowances for impairment in respect of trade receivables during the year was as follows:

Group	Lifetime ECL US$M
At 1 July 2018	0.6
Impairment loss recognised during the year (net)	0.7
Disposal of subsidiary	(0.2)
At 30 June 2019	**1.1**
Reversal of impairment loss during the year (net)	**(0.1)**
At 30 June 2020	**1.0**

25. FINANCIAL INSTRUMENTS (Continued)

(A) Credit risk (Continued)

Expected credit loss ("ECL") (Continued)

The Group and the Company held cash and cash equivalents of US$94.0m (2019: US$95.1m) and US$30.4m (2019: US$38.3m), respectively. The cash and cash equivalents are mainly placed with banks which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

The Group and the Company enter into derivatives with reputable bank counterparties which have strong credit ratings by external rating agencies.

The Company held non-trade receivables from its subsidiaries of US$76.3m (2019: US$72.0m). These balances are lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have insignificant credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is negligible.

(B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered. In addition, the Group maintains banking facilities at a reasonable level to meet its overall debt position.

As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with short-term funding so as to achieve overall cost effectiveness.

In addition, the Group maintains the following lines of credit:

- US$86.8m multi-currency revolving credit facility that is unsecured. Interest would be payable at the rate of LIBOR plus 100 to 130 basis points (2019: LIBOR plus 75 to 130 basis points).
- US$245.4m term loan and revolving credit facility that is unsecured and can be drawn down to meet short-term financing needs. The facility has a 30-day maturity that renews automatically at the option of the Group. Interest would be payable at a rate of LIBOR plus 112 basis points (2019: LIBOR plus 115 basis points).

As at 30 June 2020, the Group has unutilised credit facilities amounting to US$150.6m (2019: US$192.0m), of which US$36.8m (2019: US$38.0m) relates to committed credit facilities.

25. FINANCIAL INSTRUMENTS (Continued)

(B) Liquidity risk (Continued)

The following are the remaining contractual maturities at the reporting date of the Group's and the Company's financial liabilities. The amounts are based on gross and contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date which the Group and the Company can be required to pay:

Group	Carrying amount US$M	Contractual Undiscounted Cash Flow Total contractual undiscounted cash flow US$M	Within 1 year or on demand US$M	More than 1 year but less than 2 years US$M	More than 2 years but less than 5 years US$M	More than 5 years US$M
2020						
Non-derivative financial liabilities						
Promissory note	**0.2**	**(0.2)**	*****	*****	**(0.2)**	**–**
Bank loan	**118.0**	**(123.3)**	**(1.5)**	**(8.8)**	**(113.0)**	**–**
Mortgage debenture stock	**69.1**	**(78.6)**	**(5.3)**	**(73.3)**	**–**	**–**
Lease liabilities	**706.1**	**(2,373.6)**	**(42.2)**	**(42.2)**	**(126.9)**	**(2,162.3)**
Trade and other payables#	**37.2**	**(37.2)**	**(37.2)**	**–**	**–**	**–**
	930.6	**(2,612.9)**	**(86.2)**	**(124.3)**	**(240.1)**	**(2,162.3)**
Derivative financial instruments						
Interest rate swaps used for hedging (net settled)	**3.5**	**(3.5)**	**(1.4)**	**(1.1)**	**(1.0)**	**–**
	3.5	**(3.5)**	**(1.4)**	**(1.1)**	**(1.0)**	**–**
	934.1	**(2,616.4)**	**(87.6)**	**(125.4)**	**(241.1)**	**(2,162.3)**
2019						
Non-derivative financial liabilities						
Bank loan	137.8	(148.1)	(2.7)	(21.4)	(124.0)	–
Mortgage debenture stock	71.9	(86.8)	(5.5)	(5.5)	(75.8)	–
Trade and other payables#	50.6	(50.6)	(50.6)	–	–	–
	260.3	(285.5)	(58.8)	(26.9)	(199.8)	–
Derivative financial instruments						
Interest rate swaps used for hedging (net settled)	3.4	(3.4)	(1.7)	(0.6)	(1.1)	–
Forward exchange contract (gross-settled)	(0.3)					
– Outflow		(18.0)	(18.0)	–	–	–
– Inflow		18.0	18.0	–	–	–
	3.1	(3.4)	(1.7)	(0.6)	(1.1)	–
	263.4	(288.9)	(60.5)	(27.5)	(200.9)	–

\# Excludes deposits received
* Amount less than US$0.1m

25. FINANCIAL INSTRUMENTS (Continued)

(B) Liquidity risk (Continued)

Company	Carrying amount US$M	Contractual Undiscounted Cash Flow: Total contractual undiscounted cash flow US$M	Contractual Undiscounted Cash Flow: Within 1 year or on demand US$M
2020			
Non-derivative financial liabilities			
Trade and other payables	**0.7**	**(0.7)**	**(0.7)**
2019			
Non-derivative financial liabilities			
Trade and other payables	0.8	(0.8)	(0.8)
Derivative financial instruments			
Forward exchange contract (gross-settled)	(0.3)		
– Outflow		(18.0)	(18.0)
– Inflow		18.0	18.0
	0.5	(0.8)	(0.8)

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

As disclosed in Note 18, the Group has an unsecured bank loan which contain debt covenants. Breach of a covenant may require the Group to repay the loan earlier than indicated in the table above. The covenant is monitored on a regular basis and regularly reported to management to ensure compliance.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

(C) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

25. FINANCIAL INSTRUMENTS (Continued)

(C) Market risk (Continued)

Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swaps and other derivatives to manage its interest rate exposure as appropriate. As at 30 June 2020, the Group has interest rate swaps classified as cash flow hedges with total notional contractual amounts of GBP75.0m (US$92.0m) (2019: GBP185.0m (US$234.6m)) which requires the Group to pay fixed interest rate range from 1.35% to 1.40% (2019: range from 1.35% to 2.47%) and allows it to receive a variable rate equal to LIBOR on the notional amounts (refer Note 16). In prior year, the Group had an interest rate swap which was not designated as a cash flow hedge with a notional contractual amounts of GBP28.0m (US$35.5m). It required the Group to receive fixed interest rate range of 0.88% and allows it to pay a variable rate equal to LIBOR on the notional amounts (refer Note 16). The interest rate swap contract matured on 19 December 2019.

(i) ***Interest rate profile***

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities (including the effects of interest rate swaps) at the reporting date.

	2020		2019	
Group	**Effective interest rate**	**Amount US$M**	**Effective interest rate**	**Amount US$M**
Floating rate financial assets/(liabilities)				
Bank loan	**1.82%**	**(118.0)**	1.95%	(137.8)
Effect of interest rate swaps	**0.51% – 0.79%**	**92.0**	0.63% – 0.91%	234.6
		(26.0)		96.8
Fixed rate financial assets/(liabilities)				
Deposits with banks	**0.05% – 1.71%**	**92.8**	0.20% – 1.70%	93.9
Promissory note	**1.00%**	**(0.2)**	–	–
Mortgage debenture stock	**7.88%**	**(69.1)**	7.88%	(71.9)
Effect of interest rate swaps	**1.35% – 1.40%**	**(92.0)**	0.88% – 2.47%	(234.6)
		(68.5)		(212.6)
Total		**(94.5)**		(115.8)

(ii) ***Sensitivity analysis***

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rate at the reporting date would not affect the profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2020, it is estimated that an increase/decrease of 50 (2019: 50) basis points in interest rates, with all other variables in particular foreign currency exchange rates, held constant, would decrease/increase the Group's profit or loss and total equity by approximately US$0.1m (2019: US$0.5m).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date.

25. FINANCIAL INSTRUMENTS (Continued)

(C) Market risk (Continued)

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

Group	Maturity 1-6 months	6-12 months	More than one year but less than 2 years	More than 2 years by less than 5 years
2020				
Interest rate risk				
Interest rate swaps				
Net exposure (in US$M)	**–**	**–**	**–**	**92.0**
Average fixed interest rate	**–**	**–**	**–**	**1.38%**
2019				
Interest rate risk				
Interest rate swaps				
Net exposure (in US$M)	–	139.5	–	95.1
Average fixed interest rate	–	1.66%	–	1.38%

The amounts at the reporting date relating to items designated as hedged items were as follows.

Group	Change in value used for calculating hedge ineffectiveness US$M	Cash flow hedge reserve US$M	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US$M
30 June 2020			
Interest rate risk			
Variable-rate instruments – Bank loan	**–**	**(2.8)**	**–**
30 June 2019			
Interest rate risk			
Variable-rate instruments – Bank loan	0.3	(2.5)	–

25. FINANCIAL INSTRUMENTS (Continued)

(C) Market risk (Continued)

Hedge accounting (Continued)

Cash flow hedges (Continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Group	2020				During the period – 2020				
	Nominal amount US$M	Carrying amount – assets US$M	Carrying amount – liabilities US$M	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI US$M	Hedge ineffective-ness recognised in profit or loss US$M	Line item in profit or loss that includes hedge ineffective-ness	Amount reclassified from hedging reserve to profit or loss US$M	Line item in profit or loss affected by the reclassifi-cation
Interest rate risk									
Interest rate swaps	**92.0**	**–**	**3.5**	**Derivative financial liabilities**	**(1.3)**	**–**	**–**	**1.0**	**–**

Group	2019				During the period – 2019				
	Nominal amount US$M	Carrying amount – assets US$M	Carrying amount – liabilities US$M	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI US$M	Hedge ineffective-ness recognised in profit or loss US$M	Line item in profit or loss that includes hedge ineffective-ness	Amount reclassified from hedging reserve to profit or loss US$M	Line item in profit or loss affected by the reclassifi-cation
Interest rate risk									
Interest rate swaps	234.6	–	3.4	Derivative financial liabilities	0.7	0.3	Finance costs	–	–

25. FINANCIAL INSTRUMENTS (Continued)

(C) Market risk (Continued)

Hedge accounting (Continued)

Cash flow hedges (Continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	Hedging reserve US$M
Balance at 1 July 2019	**(2.5)**
Cash flow hedges	
Change in fair value:	
Interest rate risk	**(1.6)**
Amount reclassified to profit or loss:	
Interest rate risk	**1.2**
Tax on movements on reserves during the year	**0.1**
Effect of movements in foreign exchange	*****
Balance at 30 June 2020	**(2.8)**
Balance at 1 July 2018	(3.5)
Cash flow hedges	
Change in fair value:	
Interest rate risk	0.9
Amount reclassified to profit or loss:	
Interest rate risk	0.3
Tax on movements on reserves during the year	(0.2)
Effect of movements in foreign exchange	*
Balance at 30 June 2019	(2.5)

* Amount less than US$0.1m

(D) Foreign currency risk

The Group operates mainly in Singapore, Australia, Fiji, Hawaii, New Zealand and the United Kingdom. The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. Other than the respective functional currencies of the Group's subsidiaries, the foreign currencies which the Group has net exposure to at the reporting date are the United States Dollar and Pound Sterling.

The Group maintains a natural hedge in relation to each investment, wherever possible, by borrowing in the currency of the country in which an investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group uses forward exchange contracts to hedge and minimises net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

25. FINANCIAL INSTRUMENTS (Continued)

(D) Foreign currency risk (Continued)

(i) *Exposure to foreign currency risk*

The Group's and Company's exposure to foreign currencies as at 30 June 2020 and 30 June 2019 are as follow:

Group	Note	United States Dollars $M	New Zealand Dollars $M	Australian Dollars $M	Singapore Dollars $M	Pound Sterling $M	Fiji Dollars $M	Total $M
2020								
Trade and other receivables[1]	15	**0.6**	**–**	**–**	**0.1**	**4.5**	*****	**5.2**
Cash and cash equivalents	17	**39.0**	**0.5**	**0.4**	**2.1**	**51.9**	**0.1**	**94.0**
Trade and other payables[2]	21	**(1.8)**	**(0.1)**	**(0.6)**	**(0.4)**	**(34.3)**	*****	**(37.2)**
Loans and borrowings	18	**(0.2)**	**–**	**–**	**–**	**(187.1)**	**–**	**(187.3)**
Lease liabilities	22	**–**	**–**	**–**	**(0.6)**	**(705.5)**	**–**	**(706.1)**
Derivative financial liabilities	16	**–**	**–**	**–**	**–**	**(3.5)**	**–**	**(3.5)**
Gross exposure arising from recognised assets / (liabilities)		**37.6**	**0.4**	**(0.2)**	**1.2**	**(874.0)**	**0.1**	**(834.9)**
Forward exchange contracts at fair value through the income statement	16	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Add / less:								
Net financial (liabilities) / assets denominated in the respective entities' functional currencies		**(9.5)**	**(0.4)**	**0.2**	**(1.2)**	**899.6**	**(0.1)**	**888.6**
Overall net exposure		**28.1**	**–**	**–**	**–**	**25.6**	**–**	**53.7**
2019								
Other investments	13	0.1	–	–	–	–	–	0.1
Trade and other receivables[1]	15	0.3	–	–	0.1	17.3	–	17.7
Cash and cash equivalents	17	25.2	0.5	0.7	0.2	68.4	0.1	95.1
Trade and other payables[2]	21	(2.6)	(0.1)	(0.8)	(0.6)	(46.5)	–	(50.6)
Loans and borrowings	18	–	–	–	–	(209.7)	–	(209.7)
Derivative financial liabilities	16	–	–	–	–	(3.4)	–	(3.4)
Gross exposure arising from recognised assets / (liabilities)		23.0	0.4	(0.1)	(0.3)	(173.9)	0.1	(150.8)
Forward exchange contracts at fair value through the income statement	16	(18.0)	–	–	18.3	–	–	0.3
Add / less:								
Net financial assets / (liabilities) denominated in the respective entities' functional currencies		10.2	(0.4)	0.1	0.3	217.1	(0.1)	227.2
Overall net exposure		15.2	–	–	18.3	43.2	–	76.7

1 Excludes prepaid expenses
2 Excludes deposits received
* Amount less than US$0.1m

25. FINANCIAL INSTRUMENTS (Continued)

(D) Foreign currency risk (Continued)

(i) *Exposure to foreign currency risk* (Continued)

Company	Note	United States Dollars $M	Singapore Dollars $M	Pound Sterling $M	Total $M
2020					
Trade and other receivables[1]	15	**–**	**–**	**–**	**–**
Advances to subsidiaries	27	**76.3**	**–**	**–**	**76.3**
Cash and cash equivalents	17	**10.2**	**–**	**20.2**	**30.4**
Trade and other payables	21	**(0.7)**	**–**	**–**	**(0.7)**
Advances from subsidiaries	27	**(19.6)**	**–**	**–**	**(19.6)**
Gross exposure arising from recognised assets		**66.2**	**–**	**20.2**	**86.4**
Less: Net financial liabilities denominated in the Company's functional currency		**(66.2)**	**–**	**–**	**(66.2)**
Overall net exposure		**–**	**–**	**20.2**	**20.2**
2019					
Trade and other receivables[1]	15	*	–	–	*
Advances to subsidiaries	27	72.0	–	–	72.0
Cash and cash equivalents	17	9.1	–	29.2	38.3
Trade and other payables	21	(0.8)	–	–	(0.8)
Gross exposure arising from recognised assets		80.3	–	29.2	109.5
Forward exchange contracts at fair value through the income statement	16	(18.0)	18.3	–	0.3
Less: Net financial liabilities denominated in the Company's functional currency		(62.3)	–	–	(62.3)
Overall net exposure		–	18.3	29.2	47.5

1 Excludes prepaid expenses
* Amount less than US$0.1m

25. FINANCIAL INSTRUMENTS (Continued)

(D) Foreign currency risk (Continued)

(ii) *Sensitivity analysis*

A strengthening of the following foreign currencies against the major functional currencies of the Group entities at the reporting date would increase the profit before tax by the amounts shown below. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

Geographical region	Foreign currencies	Increase in foreign exchange rates	Group Increase in profit before tax US$M	Company Increase in profit before tax US$M
2020				
United Kingdom	**SGD**	**5.00%**	**–**	**–**
Asia and United States of America	**SGD**	**5.00%**	**–**	**–**
	GBP	**5.00%**	**1.3**	**1.0**
	AUD	**5.00%**	**–**	**–**
	MYR	**5.00%**	**–**	**–**
	USD	**5.00%**	**1.4**	**–**
	NZD	**5.00%**	**–**	**–**
Australasia	**FJD**	**5.00%**	**–**	**–**
2019				
United Kingdom	SGD	5.00%	–	–
Asia and United States of America	SGD	5.00%	0.9	0.9
	GBP	5.00%	2.2	1.5
	AUD	5.00%	–	–
	MYR	5.00%	–	–
	USD	5.00%	0.8	–
	NZD	5.00%	–	–
Australasia	FJD	5.00%	–	–

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

25. FINANCIAL INSTRUMENTS (Continued)

(E) Equity price risk

The Group was exposed to equity price changes arising from equity investments at FVOCI classified as other investments (see Note 13).

During the year, the venture fund was liquidated and thus the Group is not exposed to equity price changes arising from equity investments as at 30 June 2020.

(F) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and the Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("**ISDA**") Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

25. FINANCIAL INSTRUMENTS (Continued)

(F) Offsetting financial assets and financial liabilities (Continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements:

Group	Note	Gross amounts of recognised financial assets/ (liabilities) US$M	Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position US$M	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$M	Related amounts not offset in the statement of financial position US$M	Net amount US$M
2020						
Financial assets						
Forward exchange contract	16	**–**	**–**	**–**	**–**	**–**
Financial liabilities						
Interest rate swaps	16	**(3.5)**	**–**	**(3.5)**	**–**	**(3.5)**
2019						
Financial assets						
Forward exchange contract	16	0.3	–	0.3	–	0.3
Financial liabilities						
Interest rate swaps	16	(3.4)	–	(3.4)	–	(3.4)

Company	Note	Gross amounts of recognised financial assets/ (liabilities) US$M	Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position US$M	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$M	Related amounts not offset in the statement of financial position US$M	Net amount US$M
2020						
Financial assets						
Forward exchange contract	16	**–**	**–**	**–**	**–**	**–**
2019						
Financial assets						
Forward exchange contract	16	0.3	–	0.3	–	0.3

The gross amounts of financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

25. FINANCIAL INSTRUMENTS (Continued)

(G) Fair value estimation

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

(i) *Derivative financial instruments*

The fair values of the interest rate swaps and forward exchange contracts are based on the broker quotes. The quotes are derived using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

(ii) *Mortgage debenture stock*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market borrowing rate at the reporting date plus an adequate credit spread. The interest rate used to discount estimated cash flows at the reporting date is 1.82% (2019: 1.95%).

(iii) *Other non-derivative financial assets and liabilities*

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, advances to subsidiaries and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amounts of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing.

25. FINANCIAL INSTRUMENTS (Continued)

(H) Classification and fair value of financial instruments

Financial assets and financial liabilities classification and carrying amount:

Group	Note	Mandatorily at FVTPL US$M	Financial assets at amortised cost US$M	FVOCI – equity instruments US$M	Other financial liabilities US$M	Fair value – hedging instrument US$M	Total carrying amount US$M
2020							
Financial assets measured at fair value							
Derivative financial assets	16	–	–	–	–	–	–
Financial assets not measured at fair value							
Trade and other receivables[1]	15	–	**5.2**	–	–	–	**5.2**
Cash and cash equivalents	17	–	**94.0**	–	–	–	**94.0**
		–	**99.2**	–	–	–	**99.2**
Financial liabilities measured at fair value							
Derivative financial liabilities	16	–	–	–	–	**3.5**	**3.5**
Financial liabilities not measured at fair value							
Promissory note	18	–	–	–	**0.2**	–	**0.2**
Bank loan	18	–	–	–	**118.0**	–	**118.0**
Mortgage debenture stock	18	–	–	–	**69.1**	–	**69.1**
Trade and other payables[2]	21	–	–	–	**37.2**	–	**37.2**
		–	–	–	**224.5**	**3.5**	**228.0**
2019							
Financial assets measured at fair value							
Other investments	13	–	–	0.1	–	–	0.1
Derivative financial assets	16	0.3	–	–	–	–	0.3
Financial assets not measured at fair value							
Trade and other receivables[1]	15	–	17.7	–	–	–	17.7
Cash and cash equivalents	17	–	95.1	–	–	–	95.1
		0.3	112.8	0.1	–	–	113.2
Financial liabilities measured at fair value							
Derivative financial liabilities	16	–	–	–	–	3.4	3.4
Financial liabilities not measured at fair value							
Bank loan	18	–	–	–	137.8	–	137.8
Mortgage debenture stock	18	–	–	–	71.9	–	71.9
Trade and other payables[2]	21	–	–	–	50.6	–	50.6
		–	–	–	260.3	3.4	263.7

1 Excludes prepaid expenses
2 Excludes deposits received

25. FINANCIAL INSTRUMENTS (Continued)

(H) Classification and fair value of financial instruments (Continued)

Company	Note	Mandatorily at FVTPL US$M	Financial assets at amortised cost US$M	FVOCI – equity instruments US$M	Other financial liabilities US$M	Fair value – hedging instrument US$M	Total carrying amount US$M
2020							
Financial assets measured at fair value							
Derivative financial assets	16	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets not measured at fair value							
Trade and other receivables[1]	15	**–**	**–**	**–**	**–**	**–**	**–**
Advances to subsidiaries	27	**–**	**76.3**	**–**	**–**	**–**	**76.3**
Cash and cash equivalents	17	**–**	**30.4**	**–**	**–**	**–**	**30.4**
		–	**106.7**	**–**	**–**	**–**	**106.7**
Financial liabilities not measured at fair value							
Trade and other payables	21	**–**	**–**	**–**	**0.7**	**–**	**0.7**
Advances from a subsidiary	27	**–**	**19.6**	**–**	**–**	**–**	**19.6**
		–	**19.6**	**–**	**0.7**	**–**	**20.3**
2019							
Financial assets measured at fair value							
Derivative financial assets	16	0.3	–	–	–	–	0.3
Financial assets not measured at fair value							
Trade and other receivables[1]	15	–	*	–	–	–	*
Advances to subsidiaries	27	–	72.0	–	–	–	72.0
Cash and cash equivalents	17	–	38.3	–	–	–	38.3
		0.3	110.3	–	–	–	110.6
Financial liabilities not measured at fair value							
Trade and other payables	21	–	–	–	0.8	–	0.8

1 Excludes prepaid expenses
* Amount less than US$0.1m

25. FINANCIAL INSTRUMENTS (Continued)

(H) Classification and fair value of financial instruments (Continued)

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

Fair value of financial assets and liabilities

Group	Note	Level 1 US$M	Level 2 US$M	Level 3 US$M	Total US$M
2020					
Derivative financial assets	16	**–**	**–**	**–**	**–**
		–	**–**	**–**	**–**
Promissory note	18	**–**	**–**	**(0.2)**	**(0.2)**
Mortgage debenture stock	18	**–**	**(76.0)**	**–**	**(76.0)**
Derivative financial liabilities	16	**–**	**(3.5)**	**–**	**(3.5)**
		–	**(79.5)**	**(0.2)**	**(79.7)**
2019					
Other investments	13	–	–	0.1	0.1
Derivative financial assets	16	–	0.3	–	0.3
		–	0.3	0.1	0.4
Mortgage debenture stock	18	–	(82.2)	–	(82.2)
Derivative financial liabilities	16	–	(3.4)	–	(3.4)
		–	(85.6)	–	(85.6)

Company	Note	Level 1 US$M	Level 2 US$M	Level 3 US$M	Total US$M
2020					
Derivative financial assets	16	**–**	**–**	**–**	**–**
2019					
Derivative financial assets	16	–	0.3	–	0.3

During the financial year, there was no movement between the various levels of fair value hierarchies (2019: US$Nil).

The following table shows a reconciliation from the beginning balances to the ending balances for other investments falling within level 3 of the fair value hierarchy:

Group	2020 US$M	2019 US$M
Opening balance	**0.1**	0.2
Unrealised losses recognised in OCI	*****	(0.1)
Liquidation	**(0.1)**	–
Closing balance	**–**	0.1

* Amount less than US$0.1m

26. LEASES

Leases as lessee (IFRS 16)

The Group leases hotels and office premises. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are generally renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The hotels and office premises were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in profit or loss

Group	2020 US$M
2020 – Leases under IFRS 16	
Interest on lease liabilities	**36.7**
Income from sub-leasing right-of-use assets presented in ‘revenue from hotel operations’	**3.2**
Expenses relating to short-term leases	**1.5**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**0.9**
2019 – Operating leases under IAS 17	
Lease expense	**45.9**
Sub-lease income presented in ‘revenue from hotel operations’	**2.7**

Amounts recognised in statement of cash flows

Group	2020 US$M
Total cash outflow for leases	**(37.6)**

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of US$50.4m.

26. LEASES (Continued)

Leases as lessor

The Group leases out its hotel properties consisting of its owned properties as well as leased property (see note 10). All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out 17 (2019: 20) areas/units within the leased properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from property sublease recognised by the Group during the year ended 30 June 2020 was US$3.2m (2019: US$2.7m) and has been included in 'revenue from hotel operations'.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2020 – Operating leases under IFRS 16	US$M
Within one year	**2.5**
One to two years	**2.2**
Two to three years	**2.2**
Three to four years	**2.1**
Four to five years	**2.0**
Over five years	**35.2**
Total	**46.2**

2019 – Operating leases under IAS 17	US$M
Within one year	2.7
Between one and five years	9.6
Over five years	39.3
Total	51.6

Commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

	2020 US$M	2019 US$M
Hotels, property and equipment	**5.5**	14.8
Other investments	**–**	0.4
	5.5	15.2

27. RELATED PARTY TRANSACTIONS

The Group

During the financial year, one of the subsidiaries of the Group leased office space from a subsidiary of the intermediate holding company. The total rental payment for the year ended 30 June 2020 amounts to US$0.2m (2019: rental expenses US$0.2m).

In addition to the related party information disclosed elsewhere in the financial statements, fees paid under a Master Agreement for Services dated 7 July 2017 between GuoLine Group Management Co. Limited ("**GGMC**"), a company related to a Director and the controlling shareholder of the Group, GOMC Limited and GGL for the provision of corporate management services during the financial year by GGMC to various GGL subsidiaries, including members of the Group, amounted to US$0.7m (2019: US$1.8m) (Note 6).

The Company

The Company has advances to subsidiaries of US$76.3m (2019: US$72.0m) and advances from a subsidiary of US$19.6m (2019: US$Nil). The advances are unsecured, interest free and repayable on demand. The administration fee paid to a subsidiary was US$1.2m (2019: US$1.2m).

Except as disclosed above, there were no material contracts of the Company and its subsidiaries involving the interests of the Group Managing Director, any Director or any controlling shareholder subsisting as at 30 June 2020 or entered into since 30 June 2019 (2019: Nil).

28. SIGNIFICANT SUBSIDIARIES

Name of subsidiaries	Auditors	Country of incorporation	Ownership interest 2020	Ownership interest 2019
Subsidiaries held by:				
Company				
Ma Sing Investments Limited	*	British Virgin Islands	**100%**	100%
GLH Hotels Group Limited	KPMG United Kingdom	Bermuda	**100%**	100%
Clermont Leisure International Limited	*	Jersey	**100%**	100%
GL Management Pte Ltd	KPMG Singapore	Singapore	**100%**	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	**100%**	100%
Group				
BIL Australia Pty Ltd	KPMG Australia	Australia	**100%**	100%
GLH Hotels Holdings Limited	KPMG United Kingdom	United Kingdom	**100%**	100%
Molokai Properties Limited	*	United States of America	**100%**	100%
GLH Hotels Limited	KPMG United Kingdom	United Kingdom	**100%**	100%

* Not required to be audited by law in country of incorporation.

The Company has established a Trust for ESOS and the Trust is administered by a Trustee. Pursuant to the trust deed for the Trust ("**Trust Deed**"), the Trust acquires issued shares of the Company for the purpose of satisfying outstanding options granted to eligible employees under ESOS. Subject to the determination that certain financial and performance targets are met by these employees, shares of the Company held under the Trust ("**ESOS reserve**") will be transferred to these employees upon exercise of their share options. The Company has control of the Trust as result of certain provisions in the Trust Deed (details of which are disclosed in Note 24 to the financial statements) and, accordingly, the Company has recognised the assets and liabilities of the Trust in its own financial statements.

The number of companies within the Group as at 30 June 2020 was 63 (2019: 67).

28. SIGNIFICANT SUBSIDIARIES (Continued)

In the prior year, the Company waived advances to subsidiaries of US$55.6m in aggregate, and accordingly, these amounts were recognised as capital contribution to the respective subsidiaries.

At the reporting date, the Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, an impairment of US$8.9m (2019: US$55.6m) was provided for investment in subsidiaries. No impairment (2019: reversal of impairment loss of US$52.7m) was recorded for advances to subsidiaries. Management estimated the recoverable amounts of the investments based on fair value less cost to sell approach. Fair value less cost to sell at the reporting date has been determined based on the net asset value of the subsidiary at the reporting date as management is of the opinion that net asset value of the subsidiary approximates its fair value.

29. DIVIDENDS

The Board has not proposed a first and final dividend (2019: S$0.022 per share) for the financial year ended 30 June 2020 (2019: US$22.3m). The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and the jurisdiction they are in.

30. IMPACT OF POST-BREXIT ARRANGEMENT

The UK left European Union ("**EU**") in January 2020 and transition period will end on 31 December 2020. Until further clarity is known regarding the terms in which the UK will exit, there is overall uncertainty over the impact on the Group. However, in terms of impact on revenue and profitability, the UK's exit has potential to impact in three primary ways:

(1) Changes in the GBP exchange rate may result in overseas travel to the UK being more or less attractive.

(2) UK domestic travel (both in terms of the corporate and leisure markets) may be impacted by overall economic growth predictions, and overall confidence.

(3) Should it become more difficult to visit the UK if legislation were to restrict movement into the country there would be an obvious impact on overseas demand.

In terms of the Group's cost base, the largest impact is on our workforce. Similar to nearly all other businesses concentrated in London hospitality, the Group's current workforce contains a diverse mix of nationalities. Whilst the wider impact of the UK's exit from the EU remains far from certain, any legislation that restricts freedom of movement of labour is likely to adversely impact both the availability and cost of labour. A negative impact on the Group's revenue and profitability will also have a direct impact on the valuation of the hotels, property, and equipment, recoverability of company's investment in subsidiaries and other areas that depend on performance of the Group's hotel properties.

The Group operates a diverse range of brands, with hotels in the 3, 4 and 5 star markets. These brands have been designed to have international appeal, and the customer base is not concentrated in any specific geographical region. Although there may be a short period of hesitation with respect of tourism in the UK, the Group expects this not to have a significant impact on the Group's operations due to the reasons mentioned above. The Group retains a proactive focus on costs and in the event of a down-turn this enhanced competitiveness allows us to protect the Group's margins.

30. IMPACT OF POST-BREXIT ARRANGEMENT (Continued)

The Group's Procurement team has a specific Brexit risk mitigation plan in place. Contingency plans for the Group's supply chain include:

- Joint business plans with key suppliers, to mitigate risks caused by currency fluctuations and potential changes in import procedures;
- Implementation of risk management procedures including contingency planning;
- Where there is a potential risk of increased costs in the supply chain due to a shortage of raw and/or manpower, price fixes/ price caps are being negotiated; and
- For high risk products, alternative suppliers and products are being identified and alternative menus developed for high risk products to ensure business continuity.

The Group constantly reviews its approach to being a compelling employer of choice for UK nationals and overseas nationals alike. This includes focusing on creating a great place to work, career development opportunities, employee engagement as well as competitive compensation and benefits.

31. COMPARATIVE INFORMATION

During 2020, the Group reclassified certain depreciation expenses relating to its hotel operations and amortisation expenses of the Group's intangible assets from 'administrative expenses' to 'cost of sales' to more appropriately reflect its nature. Accordingly, depreciation expense and amortisation expenses for 2019 of US$17.0m and US$3.1m, respectively were reclassified from 'administrative expenses' to 'cost of sales' in the consolidated income statement to conform to the presentation adopted in the current year's financial statements. The reclassification did not have any effect on the consolidated statements of financial position, comprehensive income, changes in equity and cash flows.

32. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business* (Amendments to IFRS 3)
- *Definition of Material* (Amendments to IAS 1 and IAS 8)
- IFRS 17 *Insurance contracts*

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020 US$M	2019 US$M
Dividend income from a subsidiary	**–**	18.6
Sundry income	**0.3**	0.4
Administration fees	**(1.2)**	(1.2)
Other expenses*	**(10.1)**	(4.1)
Operating (loss) / profit	**(11.0)**	13.7
Net foreign exchange (loss) / gains	**(0.4)**	0.5
(Loss) / profit before tax	**(11.4)**	14.2
Income tax expense	**–**	–
(Loss) / profit for the year	**(11.4)**	14.2
Other comprehensive income, net of tax	**–**	–
Total comprehensive income for the year	**(11.4)**	14.2

* Comprising mainly impairment losses on investment in subsidiaries of US$8.9m (2019: US$55.6m) and reversal of impairment loss on advances to a subsidiary of US$Nil (2019: reversal of impairment loss of US$52.7m) (see Note 28)

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital US$M	Contributed surplus US$M	Capital reserve share based payment US$M	Equity compen-sation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M
Balance at 1 July 2019	**273.6**	**654.2**	**(1.6)**	**2.7**	**(46.2)**	**453.0**	**1,335.7**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(11.4)**	**(11.4)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**–**	**(11.4)**	**(11.4)**
Transactions with owners, recorded directly in equity							
Value of employee services received for issue of share options	**–**	**–**	**–**	**0.1**	**–**	**–**	**0.1**
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2019	**–**	**–**	**–**	**–**	**–**	**(21.0)**	**(21.0)**
Total transactions with owners	**–**	**–**	**–**	**0.1**	**–**	**(21.0)**	**(20.9)**
Balance at 30 June 2020	**273.6**	**654.2**	**(1.6)**	**2.8**	**(46.2)**	**420.6**	**1,303.4**
Balance at 1 July 2018	273.6	654.2	(1.6)	2.7	(46.2)	459.7	1,342.4
Profit for the year	–	–	–	–	–	14.2	14.2
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year, net of tax	–	–	–	–	–	14.2	14.2
Transactions with owners, recorded directly in equity							
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2018	–	–	–	–	–	(20.9)	(20.9)
Total transactions with owners	–	–	–	–	–	(20.9)	(20.9)
Balance at 30 June 2019	273.6	654.2	(1.6)	2.7	(46.2)	453.0	1,335.7

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 US$M	2019 US$M
ASSETS			
Investments in subsidiaries	28	**1,216.7**	1,225.6
TOTAL NON-CURRENT ASSETS		**1,216.7**	1,225.6
Trade and other receivables	15	**0.3**	0.3
Derivative financial assets	16	**–**	0.3
Advances to subsidiaries	27	**76.3**	72.0
Cash and cash equivalents	17	**30.4**	38.3
TOTAL CURRENT ASSETS		**107.0**	110.9
TOTAL ASSETS		**1,323.7**	1,336.5
LIABILITIES			
Trade and other payables	21	**0.7**	0.8
Advances from a subsidiary	27	**19.6**	–
TOTAL CURRENT LIABILITIES		**20.3**	0.8
TOTAL LIABILITIES		**20.3**	0.8
NET ASSETS		**1,303.4**	1,335.7
SHARE CAPITAL AND RESERVES	23	**1,303.4**	1,335.7

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors

Tang Hong Cheong
Group Managing Director

Timothy Teo Lai Wah
Director

SHAREHOLDING STATISTICS

As at 7 September 2020

Issued and Fully Paid-Up Capital	:	US$273,612,727
No. of Issued and Paid-Up Shares	:	1,368,063,633
Class of Shares	:	Ordinary Shares of US$0.20 Each with Equal Voting Rights

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 99	161	0.78	4,337	0.00
100 to 1,000	12,383	59.84	6,186,527	0.45
1,001 to 10,000	6,551	31.66	21,631,834	1.58
10,001 to 1,000,000	1,572	7.59	83,303,073	6.09
1,000,001 and above	27	0.13	1,256,937,862	91.88
Total	20,694	100	1,368,063,633	100

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	GuocoLeisure Assets Limited	968,688,634	70.81
2	UOB Kay Hian Pte Ltd	103,956,702	7.60
3	Citibank Nominees Singapore Pte Ltd	37,967,838	2.77
4	DBS Nominees Pte Ltd	31,486,880	2.30
5	Lim & Tan Securities Pte Ltd	13,163,450	0.96
6	CGS-CIMB Securities (Singapore) Pte Ltd	12,180,954	0.89
7	Raffles Nominees (Pte) Limited	11,449,760	0.84
8	United Overseas Bank Nominees (Private) Limited	11,228,817	0.82
9	Maybank Kim Eng Securities Pte. Ltd.	9,642,100	0.70
10	Phillip Securities Pte Ltd	9,128,390	0.67
11	OCBC Securities Private Limited	6,963,207	0.51
12	Haw Par Securities (Private) Limited	6,925,717	0.51
13	Merrill Lynch (Singapore) Pte. Ltd.	6,309,419	0.46
14	Heng Siew Eng	5,664,900	0.41
15	Waterworth Pte Ltd	5,000,000	0.37
16	BPSS Nominees Singapore (Pte.) Ltd.	2,152,944	0.16
17	Prima Portfolio Pte Ltd	1,942,500	0.14
18	Lew Wing Kit	1,776,500	0.13
19	Teo Chiang Song	1,600,000	0.12
20	Tan Jee Meng or Alicia Tan May Sien	1,560,000	0.11
	Total	1,248,788,712	91.28

SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 7 September 2020, approximately 27.71% of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

According to the Register of Directors' Shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares or convertible securities of the Company except as follows:

	Ordinary Shares of US$0.20 each			
	Direct Interest No. of Shares		Deemed Interest No. of Shares	
	As at 1 July 2019	As at 30 June 2020	As at 1 July 2019	As at 30 June 2020
Kwek Leng Hai	300,000	300,000	–	–
Timothy Teo Lai Wah	500,000	500,000	–	–
Tang Hong Cheong	2,500,000	2,500,000	–	–

There were no changes in any of the above-mentioned Directors' interests in the Company between the end of the financial year and 21 July 2020.

The Substantial Shareholders of the Company and their direct and deemed interests as per the Register of Substantial Shareholders as at 7 September 2020 are set out below:

	No. of Shares			
Substantial Shareholders	Direct Interest	%[1]	Deemed Interest	%[1]
GuocoLeisure Assets Limited ("**GLAL**")	957,832,934	70.01	–	–
Guoco Group Limited	–	–	957,832,934[2]	70.01
GuoLine Overseas Limited ("**GOL**")	1,415,000	0.10	956,452,934[3]	69.91
GuoLine Capital Assets Limited	–	–	957,867,934[3]	70.01
Hong Leong Company (Malaysia) Berhad	–	–	971,453,634[3]	71.01
HL Holdings Sdn Bhd	–	–	971,453,634[3]	71.01
Hong Leong Investment Holdings Pte. Ltd.	–	–	971,305,525[3]	71.00
Quek Leng Chan	735,000	0.05	970,652,634[4]	70.95

Notes:

(1) Percentages are based on 1,368,063,633 Shares (excluding treasury shares) as at 7 September 2020. Percentage figures have been rounded to 2 decimal places.

(2) The deemed interests arise from their interests in GLAL by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

(3) The deemed interests arise from its interests in GLAL and companies in which it has an interest by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

(4) The deemed interests arise from Mr Quek Leng Chan's interests in GLAL, GOL and a company in which he has an interest by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following information relating to Mr Kwek Leng Hai, Mr Paul Jeremy Brough and Ms Lim Suat Jien, each of whom is standing for re-election as a Director at the 2020 Annual General Meeting of the Company, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Date of first appointment as a Director	17 May 2005	1 July 2012	1 May 2020
Date of last re-election as a Director	19 October 2017	19 October 2017	Not applicable
Age	67	63	63
Country of principal residence	Hong Kong Special Administrative Region of the People's Republic of China	Hong Kong Special Administrative Region of the People's Republic of China	Singapore
The Board's comments on the re-election	The re-election of Mr Kwek as Non-Independent Non-Executive Chairman of the Company was recommended by the Nominating Committee. The Board has accepted this recommendation after taking into consideration Mr Kwek's qualifications, expertise, experience and overall contribution since he was first appointed a Director of the Company.	The re-election of Mr Brough as an Independent Non-Executive Director of the Company was recommended by the Nominating Committee. The Board has accepted the recommendation after taking into consideration Mr Brough's qualifications, expertise, experience and overall contribution since he was first appointed a Director of the Company.	Ms Lim was appointed an Independent Non-Executive Director of the Company on 1 May 2020. The re-election of Ms Lim was recommended by the Nominating Committee. The Board is of the view that Ms Lim has the requisite experience and capability to act as a Director of the Company and that her appointment will be beneficial to the Board and the Company, and has accepted the recommendation of the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job title	• Non-Independent Non-Executive Chairman • Remuneration Committee (Member) • Nominating Committee (Member)	• Independent Non-Executive Director • Audit and Risk Management Committee (Member) • Remuneration Committee (Chairman) • Nominating Committee (Chairman)	Independent Non-Executive Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Professional qualifications	Chartered Accountant of the Institute of Chartered Accountants in England and Wales	• Associate of the Institute of Chartered Accountants in England and Wales • Associate of the Hong Kong Institute of Certified Public Accountants • Associate of the Hong Kong Securities Institute	• Bachelor of Science (First Class Honours) in Zoology, University of Malaya • Master of Science, University of Malaya
Working experience and occupation(s) during the past 10 years	Please refer to the section "Other Principal Commitments including Directorships" below	Please refer to the section "Other Principal Commitments including Directorships" below	• Held various positions, including Managing Director (TV), in Mediacorp Pte Ltd • Director (Corporate Services) of Ministry of Community Development and Ministry of Health • Please refer to the section "Other Principal Commitments including Directorships" below
Shareholding interest in the listed issuer and its subsidiaries	300,000 ordinary shares in GL Limited	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	Brother of Quek Leng Chan, a substantial shareholder of the Company	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Other Principal Commitments including Directorships			
Past (for the last 5 years)	Director of: • Asset Nominees Limited • Clermont Leisure International Limited • Dynamic Talent Limited • Fresco Resources Limited • GGAM Holdings Limited • GL Holdings Limited • Great Insight Limited • Guoco Assets Sdn. Bhd. • GuocoCapital Bullion Limited • GuocoCapital Futures Limited • GuocoCapital Limited • GuocoLand (China) Limited • GuoLine Equities Limited • GuoSon Investment Company Limited • Lam Soon Food Industries Limited • Shanghai Xinhaojia Property Development Co., Ltd • Shanghai Xinhaolong Property Development Co., Ltd. • Stock Nominees Limited • Supreme Goal Investments Limited	• Executive Director, and Chief Restructuring Officer of China Fishery Group Limited • Noble Group Holdings Limited – Chairman of Board – Chairman of Strategic Review Committee – Chairman of Investment and Capital Markets Committee – Member of Board Risk Oversight Committee – Member of Remuneration and Options Committee • Noble Group Limited – Chairman of Board – Chairman of Strategic Review Committee – Member of Risk Committee – Member of Nominations Committee – Member of Remuneration and Options Committee – Member of Governance Committee • Director of Sailability Hong Kong Limited • Chairman of South Island School Council, Hong Kong	• Member of Attractions and Leisure Management Industry Skills and Training Council, WDA • Managing Director and Board Member of Mount Faber Leisure Group Pte Ltd • General Manager of Sentosa Leisure Management Pte Ltd • Member of School of Business Advisory Committee of Temasek Polytechnic

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Other Principal Commitments including Directorships (Continued)			
Present	• Guoco Group Limited – Executive Chairman – Member of Board Remuneration Committee – Chairman of Board Nomination Committee • GuocoLand Limited – Non-Independent Non-Executive Director – Member of Nominating Committee • Lam Soon (Hong Kong) Limited – Chairman – Member of Board Remuneration Committee – Chairman of Board Nomination Committee Director of: • Asia Fountain Investment Company Limited • Bank of Chengdu Co., Ltd. • Beihai Limited • Cheyney Limited • Chongqing Xin Hao Ren Real Estate Development Co., Ltd. • Chongqing Yuzhong Xin Hao Jun Real Estate Development Co., Ltd. • Davos Investment Holdings Private Limited • GLH Hotels Group Limited • GLH Hotels Limited • GOMC Limited • Guoco Investments (China) Limited • Guoco Management Company Limited • GuocoEquity Assets Limited	• Director and Chief Executive Officer of Blue Willow Limited • Director of Darwin Holdings Limited • Habib Bank Zurich (Hong Kong) Limited – Independent Non-Executive Director – Chairman of Audit and Compliance Committee – Member of Risk Committee • Director of Run Hong Kong Limited • The Executive Centre Limited – Independent Non-Executive Director – Chairman of Audit Committee • The Hong Kong Club – Member of General Committee – Chairman of Building Management Sub-Committee • Director of The Hong Kong Club Foundation Limited • Independent Non-Executive Director of Toshiba Corporation • Vitasoy International Holdings Limited – Independent Non-Executive Director – Chairman of Audit Committee – Member of Remuneration Committee – Member of Nomination Committee • Director of Wentworth Developments Limited	• GuocoLand Limited – Independent Non-Executive Director – Member of Audit and Risk Committee • Member of Management Committee of the Singapore Turf Club

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Other Principal Commitments including Directorships (Continued)			
Present (Continued)	Director of: • GuocoLand Assets Pte. Ltd. • GuocoLeisure Assets Limited • GuoLine (Singapore) Pte Ltd • GuoLine Capital Assets Limited • GuoLine Capital Limited • GuoLine Group Management Company Pte Ltd • GuoLine International Limited • GuoLine Overseas Limited • Guoson Assets China Limited • Hong Leong Bank Berhad • Hong Leong Company (Malaysia) Berhad • Hong Leong Insurance (Asia) Limited • Hong Leong Islamic Bank Berhad • Rank Assets Limited		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Information Required Disclosure on the following matters concerning the Director:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Information Required Disclosure on the following matters concerning the Director: (Continued)			
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Information Required Disclosure on the following matters concerning the Director: (Continued)			
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Information Required Disclosure on the following matters concerning the Director: (Continued)			
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Kwek Leng Hai	Mr Paul Jeremy Brough	Ms Lim Suat Jien
Information Required Disclosure on the following matters concerning the Director: (Continued)			
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Kwek Leng Hai
Non-Independent
Non-Executive Chairman

Paul Jeremy Brough
Independent
Non-Executive Director

Chua Kheng Yeng, Jennie
Independent
Non-Executive Director

Teo Lai Wah Timothy
Independent
Non-Executive Director

Tang Hong Cheong
Non-Independent
Executive Director and
Group Managing Director

Lim Suat Jien
Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Teo Lai Wah Timothy (Chairman)
Paul Jeremy Brough
Chua Kheng Yeng, Jennie

REMUNERATION COMMITTEE

Paul Jeremy Brough (Chairman)
Kwek Leng Hai
Chua Kheng Yeng, Jennie

NOMINATING COMMITTEE

Paul Jeremy Brough (Chairman)
Kwek Leng Hai
Chua Kheng Yeng, Jennie

COMPANY SECRETARY

Susan Lim

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Partner in charge: Ronald Tay Ser Teck
(Appointed since financial year ended 30 June 2020)

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