GuocoLand Limited

A Member of the Hong Leong Group

Annual Report 2019

Meyer Mansion showflat

CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited since 1978, GuocoLand Limited ("GuocoLand") is a premier property company with operations in the geographical markets of Singapore, China, Malaysia and Vietnam. In 2017, GuocoLand marked its expansion beyond Asia into the new markets of the United Kingdom and Australia through a strategic partnership with Eco World Development Group Berhad in Eco World International Berhad. Headquartered in Singapore, the principal business activities of GuocoLand and its subsidiaries ("the Group") are property development, property investment, hotel operations and property management, and it is focused on achieving scalability, sustainability and growth in its core markets.

The Group's portfolio comprises residential, hospitality, commercial, retail, mixed-use and integrated developments spanning across the region. In recognition of its portfolio of quality, innovative developments and commitment to business excellence, the Group has been honoured with numerous awards and accolades both in Singapore and internationally. As at 30 June 2019, the Group's total assets amounted to $10.0 billion.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of GuocoLand Limited and its subsidiaries ("the Group") for the financial year ended 30 June 2019 ("the Year").

FINANCIAL PERFORMANCE

For the Year, the Group delivered a satisfactory set of results, recording revenue of $927.0 million which was a decrease of 19% year-on-year in the face of a challenging operating environment. The lower revenue was mainly due to lower contributions from completed residential projects in Singapore, as the inventory of completed unsold units has been substantially reduced in the previous year. Revenue from the healthy sales of Martin Modern in Singapore and Emerald developments in Malaysia has only been partially recognised in the Year as the projects are still under construction. Revenue from investment properties, particularly the Group's flagship integrated development Guoco Tower which is fully occupied, remained stable.

Profit attributable to equity holders decreased 38% year-on-year to $255.7 million. The lower profit attributable was mainly due to lower share of profit of associates and joint ventures, partially offset by higher net fair value gain from investment properties of $197.4 million. The higher share of profit of associates and joint ventures in the previous year was largely due to contributions from the joint venture Changfeng Residence project in Shanghai.

As a result of profit recorded for the Year, equity attributable to ordinary equity holders and net asset value per share grew 2% to $3.83 billion and $3.45 respectively as at 30 June 2019. The increase was partially offset by translation losses arising mainly from a weaker Chinese Renminbi and the payment of $77.7 million of dividends to shareholders in November 2018.

DIVIDEND

The Board has proposed a first and final one-tier tax exempt ordinary dividend of 7 cents per share for the Year. This is unchanged from the ordinary dividend of 7 cents per share for the last two years, and higher than the ordinary dividend of 5 cents per share for the financial year 2016. The Board has arrived at the proposed dividend after taking into consideration the Group's working capital requirements, future investment plans and the generally soft market outlook. Subject to shareholders' approval at the Company's Annual General Meeting to be held on 24 October 2019, the dividend will be paid to shareholders on 21 November 2019.

STRATEGY

The Group's strategic plans to diversify the income stream and grow the recurring income for sustainable growth remain on track. There is a healthy and balanced pipeline of mixed-use, commercial and residential developments in Singapore, China and Malaysia, which are in varying stages of development. These projects will boost the Group's recurrent income and contribute to profitability in future.

The Group continues to be on the lookout for suitable investment opportunities but we remain selective and disciplined. In this regard, the Group recently participated in and was awarded the land tender for a site at Tan Quee Lan Street. This residential site with a small commercial component in Singapore adds to our growing development pipeline.

Guoco Tower, our crown asset, continues to be recognised as a best-in-class development. Amongst the awards received in the past Year, we are proud to share that Guoco Tower was honoured with the prestigious 2019 Urban Land Institute Global Awards for Excellence and was the only project from Singapore amongst the 11 winners. We are encouraged by the new awards and I am confident that the Group is able to leverage on its solid foundation and real estate development expertise to deliver quality projects that are sought after by tenants and buyers alike.

As a result of profit recorded for the Year, equity attributable to ordinary equity holders and net asset value per share grew 2% to $3.83 billion and $3.45 respectively as at 30 June 2019.

PRUDENT CAPITAL MANAGEMENT

The Group continues to manage our capital structure prudently to maintain a healthy financial position. Mainly due to repayments made over the Year, the Group's net debt has reduced to $3.67 billion, and the gearing level has decreased to 0.9 times as at 30 June 2019. The Group's gearing is defined as net debt divided by equity attributable to equity holders.

SUSTAINABILITY

The Group published its first Sustainability Report last year, based on the Singapore Exchange's Sustainability Reporting Guide and in accordance with international standards. We made a number of commitments to the environment, our employees and the community as a whole, and our progress is reported in this year's Sustainability Report. We believe in the importance of responsible business sustainability to ensure long-term growth, to create value for shareholders and to build a strong relationship with our customers, business partners and other stakeholders for a resilient business.

OUTLOOK

The Ministry of Trade and Industry has further downgraded Singapore's GDP growth forecast for 2019 to "0.0 to 1.0% with growth expected to come in at around the mid-point of the forecast range", in view of the economy's flat performance in the first half of 2019 and headwinds in the global and domestic economic environment[1]. China's economy is expected to slow in 2019; the International Monetary Fund expects GDP growth to weaken from the 6.6% recorded in 2018 to 6.2% in 2019[2]. The Bank Negara Malaysia expects the Malaysian economy to expand by 4.3% - 4.8% in 2019[3].

Since the new property cooling measures were announced in July 2018 in Singapore, property buyers have remained selective and with a healthy supply of new launches, sale transactions have moderated. While private residential property prices rose by 1.5% in the second quarter of 2019, after declining for two consecutive quarters, the government has signalled that property cooling measures are unlikely to be lifted in the near term. Developers have been active in recent government land tenders, however bidding prices submitted have been fairly cautious.

In view of the above subdued market sentiment and weaker global growth outlook, operational challenges are expected to remain. Nonetheless, the Group will continue to participate selectively in land bids in its core markets of Singapore, China and Malaysia, to add to its pipeline of development projects. We will also remain focused on delivering our current pipeline of mixed-use and residential developments successfully, as well as the sales and leasing of our projects.

A NOTE OF APPRECIATION

On behalf of the Board, we would like to extend our sincere appreciation to our shareholders, customers, tenants, business associates and investors for their unwavering support through the years. To the management and staff of GuocoLand, we thank you for your continued hard work and commitment to excellence. Last, but certainly not least, I would like to extend my thanks to my fellow Board members for their wise counsel and guidance.

MOSES LEE KIM POO
Chairman
16 September 2019

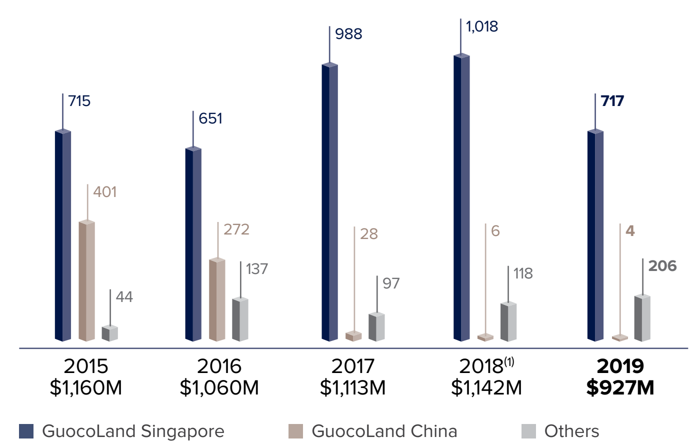
1 "MTI Expects GDP Growth to be '0.0 to 1.0 Per Cent' in 2019", Ministry of Trade and Industry, 13 August 2019.
2 International Monetary Fund, World Economic Outlook Update, July 2019.
3 "Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2019", Bank Negara Malaysia, 16 August 2019.

FINANCIAL HIGHLIGHTS

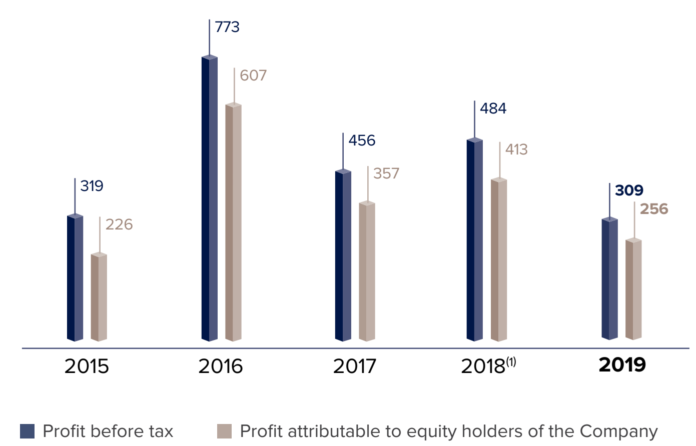
YEAR ENDED 30 JUNE	2019	2018[1]	2017[1]	2016	2015
	$'000	$'000	$'000	$'000	$'000
STATEMENTS OF PROFIT OR LOSS					
Revenue by operating segments					
GuocoLand Singapore	**716,542**	1,018,367	988,168	651,319	714,682
GuocoLand China	**3,721**	5,807	27,638	272,374	400,995
GuocoLand Malaysia	**114,530**	56,427	94,506	131,082	39,799
GuocoLand Vietnam	**19,178**	2,552	2,828	4,965	4,416
Others[2]	**72,986**	58,516	51	30	29
Total revenue	**926,957**	1,141,669	1,113,191	1,059,770	1,159,921
Profit before tax	**309,020**	484,044	455,800	773,158	318,661
Profit attributable to equity holders of the Company	**255,674**	413,207	357,185	606,687	226,352
Proposed dividends in respect of ordinary shares[3]	**77,684**	77,684	77,684	99,879	55,488
STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	**592,263**	618,054	623,806	494,780	435,227
Investment properties	**4,877,319**	4,623,436	3,053,287	2,711,193	2,486,915
Associates and joint ventures	**543,969**	894,090	676,249	427,945	461,540
Inventories and deposits for land	**2,982,227**	2,858,134	3,114,290	2,410,452	4,711,235
Cash and cash equivalents	**823,718**	884,934	1,118,483	1,430,249	663,073
Other assets	**211,953**	541,870	222,170	431,986	753,768
Total assets	**10,031,449**	10,420,518	8,808,285	7,906,605	9,511,758
Equity attributable to ordinary equity holders of the Company	**3,825,698**	3,759,063	3,417,662	3,276,147	2,936,448
Perpetual securities	**405,949**	404,976	-	-	200,295
	4,231,647	4,164,039	3,417,662	3,276,147	3,136,743
Non-controlling interests	**410,866**	394,456	291,279	166,059	159,502
Loans and borrowings	**4,489,796**	4,923,804	4,344,508	3,830,296	5,280,009
Other liabilities	**899,140**	938,219	754,836	634,103	935,504
Total equity and liabilities	**10,031,449**	10,420,518	8,808,285	7,906,605	9,511,758
RATIOS					
Net asset value per share ($)	**3.45**	3.39	3.08	2.95	2.65
Basic earnings per share[4] (cents)	**21.30**	36.53	32.19	53.85	19.50
Dividend per ordinary share (cents)	**7**	7	7	9[5]	5

(1) Statements of Profit or Loss and Financial Position for 2018 and Statement of Financial Position for 2017 were restated to take into account retrospective adjustments arising from the adoption of Singapore Financial Reporting Standards (International).
(2) For the year ended 30 June 2019 and 2018, "Others" included hotel operations and investment in property development projects in the United Kingdom and Australia. During the year ended 30 June 2018, the Group undertook an internal restructuring exercise for which certain hotels, held by and owned by different subsidiaries within the Group were consolidated under a distinct strategic business unit.
(3) The amount is derived after deducting dividends to be paid in respect of ordinary shares of the Company which were held by the Trust for Executive Share Scheme.
(4) The calculation was based on the profit attributable to equity holders of the Company less profit attributable to perpetual securities holders (if any), and the weighted average number of ordinary shares of the Company in issue, after adjusting for the shares held by the Trust during the year.
(5) Included a special dividend of 4 cents per ordinary share.

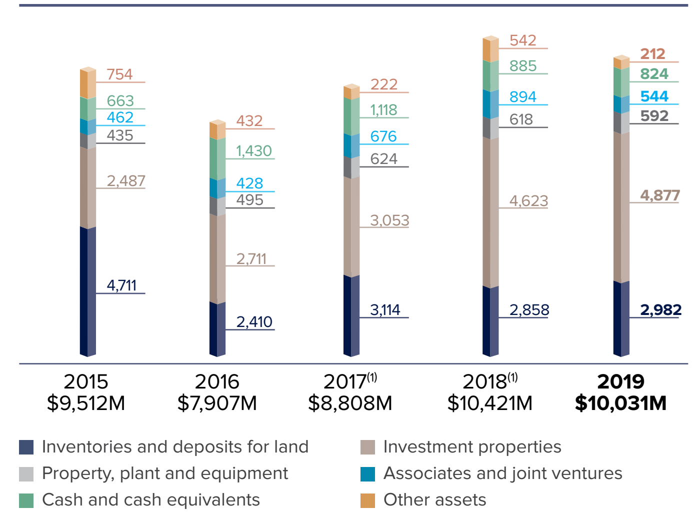
GROUP REVENUE ($ MILLION)



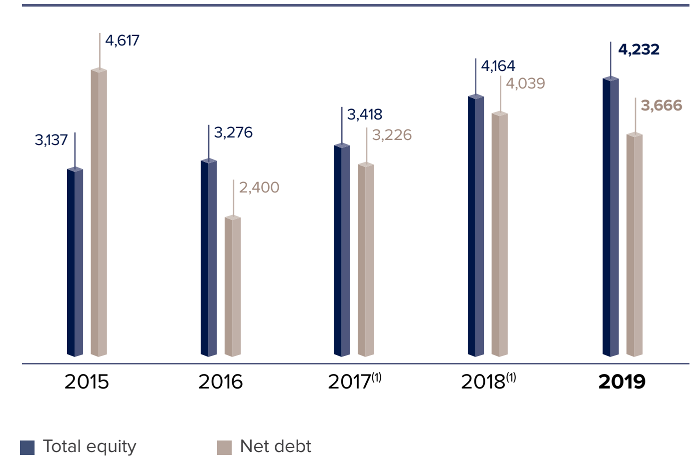
GROUP PERFORMANCE ($ MILLION)



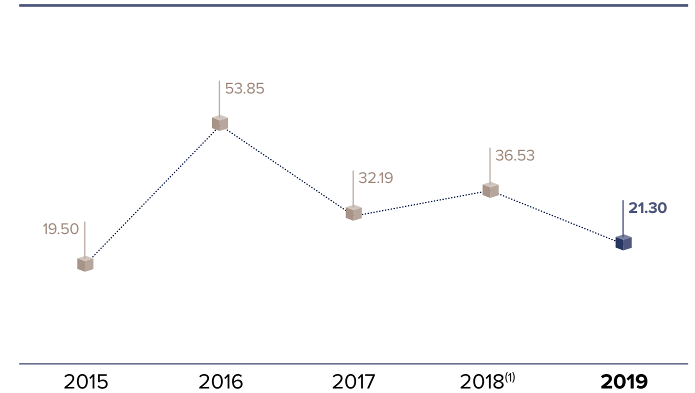
GROUP TOTAL ASSETS ($ MILLION)



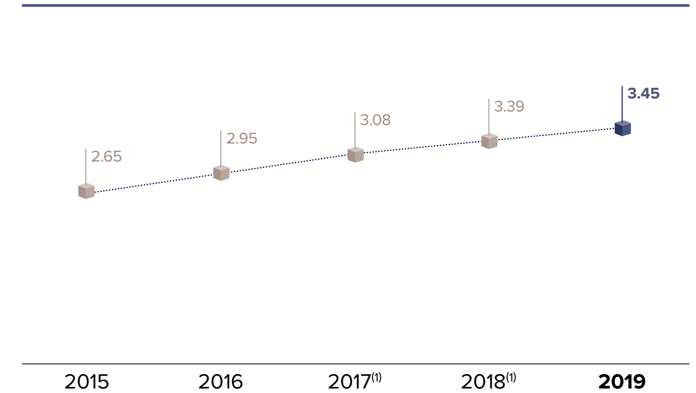
TOTAL EQUITY[6] AND NET DEBT[7] ($ MILLION)



BASIC EARNINGS PER SHARE[4] (CENTS)

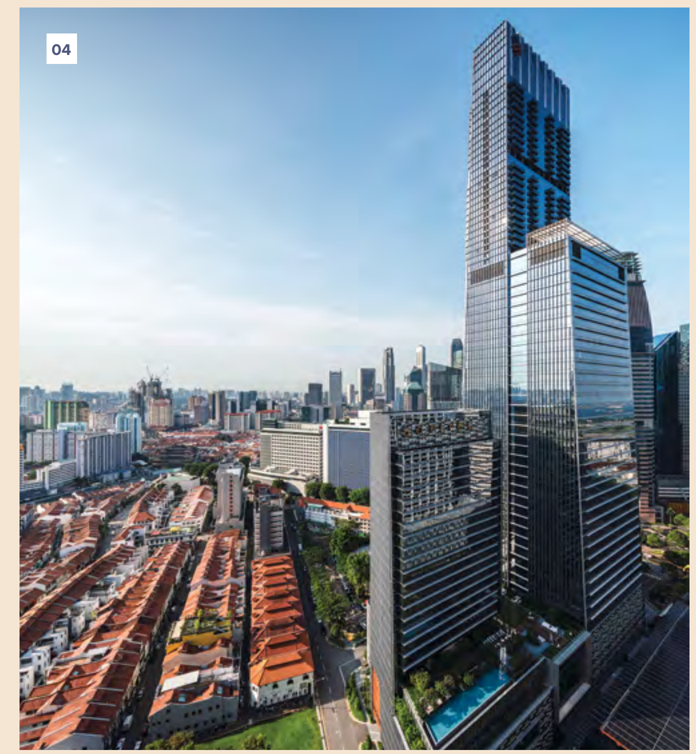


NET ASSET VALUE PER SHARE ($)



(6) Total equity is defined as equity attributable to ordinary equity holders of the Company and perpetual securities (if any).
(7) Net debt is defined as loans and borrowings less cash and cash equivalents.

With the successful completion of Guoco Tower, we have demonstrated our development capabilities that go beyond well-designed physical spaces to include proactive property management. We will be leveraging on our real estate expertise to create exciting new developments that will contribute to future earnings and entrench our position as a developer of quality urban spaces.



01 Guoco Midtown, Singapore
02 Emerald 9 Cheras, Malaysia
03 Guoco Changfeng City, Shanghai China
04 Guoco Tower, Singapore

BUSINESS REVIEW

For the financial year ended 30 June 2019 ("the Year"), we are pleased to report on the healthy sales and performance of our residential developments and investment properties, as well as the progress made on our development project pipeline.

SINGAPORE

GuocoLand is honoured that our quality developments continue to be recognised by both the international and local communities. Guoco Tower clinched the 2019 Urban Land Institute (ULI) Global and Asia Pacific Awards for Excellence – a notable achievement as Guoco Tower was the only project from Singapore amongst 11 winners. Beyond the development's physical architecture, design and construction, the award recognised GuocoLand's continual placemaking efforts to build a dynamic community, create a positive impact on the surrounding environment and transform the urban landscape at Tanjong Pagar.

In addition, Guoco Tower was an Award of Excellence winner in the Urban Habitat: Single-Site Scale category by The Council on Tall Buildings and Urban Habitat (CTBUH); and the Best Design Land Transport Integration winner awarded by the Land Transport Authority. Both awards recognise Guoco Tower's efforts in creating seamless connections between the development, neighbourhood and various transport nodes; as well as enhancing the lifestyle and convenience for tenants, residents and visitors.

Besides Guoco Tower, our other developments such as Martin Modern and Sims Urban Oasis received the BCA Green Mark (Gold^{Plus}) and BCA Construction Excellence Award respectively at the BCA Awards 2019 in May.

GUOCO TOWER

Guoco Tower, the Group's flagship integrated mixed-use development at Tanjong Pagar, continues to enjoy a high committed occupancy rate of 100% as at 30 June 2019. The property's prime location in the Central Business District ("CBD") directly above the Tanjong Pagar MRT station, premium Grade A office specifications and convenient access to dining, retail services and lifestyle amenities within the development has made it a sought-after premium address for tenants from a broad range of industries.

A Tanjong Pagar business association has also been formed to promote and bring additional events and programmes into the Tanjong Pagar area.

01 Guoco Tower
02 Martin Modern crown artist impression

BUSINESS REVIEW

GUOCO MIDTOWN

During the Year, we unveiled the development concept of Guoco Midtown, GuocoLand's next flagship integrated mixed-use development in Singapore, following the success of Guoco Tower. Construction has also commenced. The approximately 950,600 square feet ("sqf") development is located in the CBD at the intersection of two key development corridors along Beach Road and Ophir/Rochor Road, and will be the key connector of the three major office micro-markets of City Hall, Marina Centre and Bugis. Guoco Midtown will comprise 770,000 sqf of premium Grade A office space, the first-ever urban social and business club Midtown Hub, retail and community spaces, and 219 luxury urban homes known as Midtown Bay.

A new office leasing concept will be introduced at Guoco Midtown to cater to companies' growing demands for flexibility in their leases, as well as facilities for networking and meetings. Amenities for the health and well-being of tenants such as a swimming pool, an outdoor gym and a jogging track will also be provided.

The emphasis on placemaking continues at Guoco Midtown, where open plazas will serve as a gathering point for large-scale public events and landscaped gardens will provide quiet spaces to rest and recharge. Guoco Midtown is estimated to complete construction in 2022.

A new office leasing concept will be introduced at Guoco Midtown to cater to companies' growing demands for flexibility in their leases, as well as facilities for networking and meetings.

20 COLLYER QUAY

Located in a prime spot in Raffles Place overlooking the Marina Bay waterfront, 20 Collyer Quay is an approximate five-minute walk along a sheltered walkway from Raffles Place MRT interchange station which offers connectivity to the North-South and East-West train lines. Through proactive asset and lease management strategies, the majority-owned 24-storey office building achieved 100% occupancy as at 30 June 2019 with positive rental reversions for renewed and replaced leases. To further enhance the property's vibrancy and provide flexible work space options and common facilities for current tenants, a co-working space offering shared workspaces and community areas was introduced at levels one and two.

WALLICH RESIDENCE

Wallich Residence, Singapore's tallest residential development reaching a height of 290 metres, is part of the iconic Guoco Tower integrated mixed-use landmark in the heart of the CBD. This luxury development offers unparalleled sea and city views starting from 180 metres in the sky and is conveniently located above the Tanjong Pagar MRT station. More than 45% of a limited collection of 181 apartments have been sold. Marketing and sales activities are ongoing, and prices have remained firm.

01

MARTIN MODERN

The Group's 450-unit residential development in Robertson Quay in prime District 9 continues to be well-received by buyers, with more than 75% of units sold. The development is conveniently located close to Singapore's premier shopping belt Orchard Road, the CBD, the Civic District and Marina Bay. With two MRT stations serving the River Valley area in the vicinity – the current Fort Canning MRT station on the Downtown Line and the upcoming Great World MRT station on the Thomson-East Coast line, residents will also enjoy greater connectivity in the future. Recognition of revenue from this project is on a progressive basis and the construction of this project is on track for completion in 2020.

SIMS URBAN OASIS

We are pleased to report that all residential units at Sims Urban Oasis have been sold.

The city-fringe residential development at Sims Drive, with a total of 1,024 residential units, has proven to be popular with both owner-occupiers and investors. Conveniently located just a five-minute walk from Aljunied MRT station on the East-West line and a 10-minute drive from the CBD, its popularity can be attributed to its good location, easy connectivity to the upcoming Paya Lebar Sub-Regional Centre, future Bidadari Estate and Kallang Riverside, as well as the development's generous green spaces and extensive facilities for active community living.

02

03

Guoco Midtown
~950,600 sqf
gross floor area

Martin Modern
> 75%
of 450 units sold

01 Guoco Midtown market place artist impression
02 Wallich Residence function room
03 Martin Modern dining lounge artist impression

BUSINESS REVIEW

CHINA

The Group has two large-scale development projects in the pipeline. They are located in Shanghai and Chongqing, two of the largest and fastest-growing cities in China with an increasing urban population.

GUOCO CHANGFENG CITY

During the Year, we commenced the construction of Guoco Changfeng City, a large-scale mixed-use project strategically located on a prime site in Changfeng, Putuo District in Shanghai. Comprising two 18-storey Grade A office towers, two low-rise office buildings and a supporting retail, entertainment and cultural centre to provide a variety of dining and lifestyle options to tenants and residents working and living in the vicinity, Guoco Changfeng City will provide a total gross floor area of approximately 2.1 million sqf in one of Shanghai's growing decentralised office submarkets.

Scheduled to be completed in 2021, Guoco Changfeng City is positioned to offer new Grade A office space with high specifications, a healthy workplace environment, convenient transportation links, and complete with ample retail and lifestyle amenities to attract demand from multinational corporations and domestic companies. In line with the Group's commitment to develop environmentally-friendly buildings, Guoco Changfeng City is the first commercial project in Shanghai's Putuo District designed to meet the internationally-renowned LEED (Leadership in Energy and Environmental Design) Platinum Precertification by the U.S. Green Building Council. In addition, it is the first commercial project in Shanghai to meet WELL Gold Certification, a standard for buildings seeking to implement features that support and advance human health and wellness.

The first commercial project in Shanghai to meet WELL Gold Certification, a standard for buildings seeking to implement features that support and advance human health and wellness.

The development will enjoy excellent connectivity as it will be directly connected to the upcoming Changfeng Park metro station of Shanghai's Metro Line 15, which the local authorities have targeted to complete in 2020. The site is also currently well-served by several major roads and public transportation networks, providing easy access to key destinations in Shanghai such as the Hongqiao Transportation Hub, Nanjing West Road, People's Square and Shanghai Disneyland. Moreover, with the completion of the new Shanghai North Cross Passage expressway in 2019, which has an entrance situated approximately one kilometre away and provides a second link for west and east Shanghai, it will further boost the development's accessibility.

CHONGQING 18 STEPS PROJECT

The Group's other development project is well located in Chongqing's central Yuzhong district, in the vicinity of the Jiefangbei (Liberation Square) CBD. Sited close to the riverfront, the development will offer splendid views of the Yangtze River and is in one of Chongqing's historical neighbourhoods named 18 Steps that is currently being redeveloped and revitalised into a new urban attraction. Well connected via key thoroughfares running through the Yuzhong peninsula, as well as the adjacent metro station of the No. 1 and No. 2 metro lines, the development comprises 4 separate land plots which will be developed in phases into prime residential and commercial properties. We expect to commence the construction of the first phase in the last quarter of 2019.

Guoco Changfeng City
2.1 mil sqf
gross floor area

01 Guoco Changfeng City sunken plaza artist impression
02 Guoco Changfeng City artist impression
03 Chongqing 18 Steps artist impression of conserved buildings
04 Chongqing 18 Steps artist impression of street shops

BUSINESS REVIEW

MALAYSIA

While the challenging operating conditions in Malaysia remained, the Group's branding and marketing efforts to differentiate itself from other developers and focus on strengthening the Emerald brand has met with some success. The two recent major projects, Emerald Hills and Emerald 9, have seen strong interest and achieved good take-up rates.

EMERALD HILLS

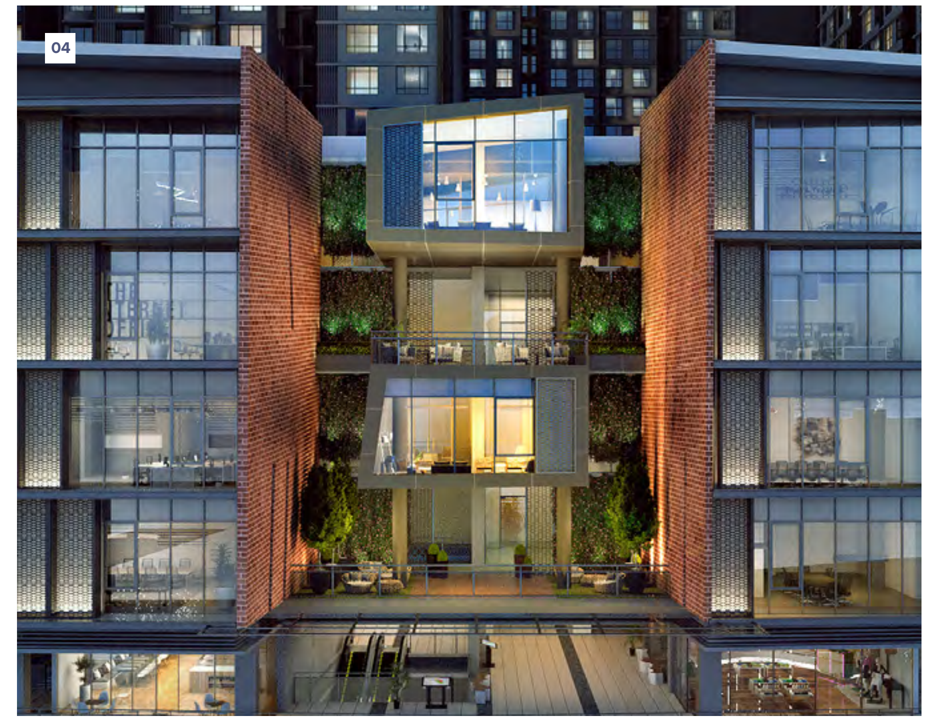
The first phase of this gated and guarded 47-acre freehold development was launched in April 2018 and the project has performed well. Comprising two blocks of lakefront condominiums in the first phase, more than 75% of 592 units have been sold currently. The second phase of 181 garden terraces was launched during the Year and the take-up rate is more than 75% currently.

Located in Alam Damai, in the mature township of Cheras, the development's popularity can be attributed to its freehold status in a good location and well-thought design offering generous open space in a serene and green environment for families. In addition to clubhouse facilities such as an Olympic-length swimming pool, gymnasium and multipurpose hall, Emerald Hills will have 21 acres of open space with a central lake that is surrounded by a jogging and cycling track. The development is also close to several major highways and expressways and residents can expect to benefit from the good connectivity and easy access to Kuala Lumpur.

EMERALD 9

A RM 1.2 billion integrated mixed-use development comprising residential towers, a hotel, office spaces, urban street shops and green community spaces, the Group successfully launched the first residential tower for sale during the Year. Since its recent launch in May 2019, more than 55% of 477 units available currently have been sold.

With a prime location in Cheras 9th Mile and a direct link to the Taman Suntex MRT station, Emerald 9 is a transit-oriented development which provides the convenience to commute via public transport. It also offers a wide range of facilities and amenities that appeals to young owner-occupiers and investors. With the design intent to create a work-live-play environment that caters to modern lifestyles, Emerald 9 will also feature 48 leisure and social facilities under one roof such as five pools, a jogging track, boxing pavilions, shared kitchens and an amphitheatre.



Emerald Hills
> 75%
of 592 units sold

Emerald 9
> 55%
of 477 units sold

01 Emerald Hills infinity pool and clubhouse
02 Emerald Hills artist impression
03 Emerald 9 artist impression
04 Emerald 9 artist impression of offices

BUSINESS REVIEW

LOOKING AHEAD

The global economic growth outlook continues to be weighed down by uncertainties and downside risks. Business conditions are also expected to continue to be challenging in the countries in which the Group operates. However, we remain focused on the quality execution of our development project pipeline, monetisation of the development inventory, as well as driving the operational performance of our investment properties.

In Singapore, the Group has launched the 200-unit luxury residential development Meyer Mansion in September 2019. Located along the prime Meyer Road, Meyer Mansion offers a rare seafront freehold location along the East Coast of Singapore. Besides easy access to East Coast Park, Meyer Mansion is also a 10-minute drive to the CBD and the airport. Units on the higher floors of the 25-storey tower will have unblocked panoramic views of the sea, the city including the signature skyline of Marina Bay and Beach Road, or the open views above the landed housing area of Meyer and Mountbatten. To maximise the views, units have been designed with floor-to-ceiling windows of at least three metres in height. When the Thomson-East Coast MRT line opens in 2023, residents will benefit from the improved accessibility and connectivity as the Katong Park MRT station is only a short walk away. Meyer Mansion is targeted to be completed in 2024.

The Group is also preparing for the launch of Midtown Bay, the residential component of Guoco Midtown offering just 219 exclusive units. Located in the vibrant Beach Road district, close to an exciting mix of shopping, culture and entertainment within City Hall, Marina Centre and Bugis, residents will enjoy the convenience of city life right at their doorstep, while still having a private living space to retreat to easily and unwind at the end of a busy day.

Recently, the Group has been awarded the land tender for a site at Tan Quee Lan Street in Singapore. This 99-year leasehold residential site with a small commercial component on the first storey is in a prime location above the Bugis MRT interchange station, which is served by the East-West and Downtown lines. Residents will be living amidst an exciting mix of shopping, culture, entertainment, and prime corporate offices, just across the road from Guoco Midtown. We will

capitalise on both projects to derive synergies and enhance the transformation that the two projects will bring to the district.

With the recent successful launches of the initial phases of Emerald Hills and Emerald 9 in Malaysia, the Group also intends to launch the subsequent phases in the coming months. With their prime locations, quality design and easy accessibility via public transportation, we are confident that these projects will draw keen interest and meet the demands of young professionals and families in Malaysia.

Construction of the three mixed-use integrated developments, namely Guoco Midtown in Singapore, Guoco Changfeng City in Shanghai and Emerald 9 in Malaysia is currently underway. With the successful completion of Guoco Tower, we have demonstrated our development capabilities that go beyond well-designed physical spaces to include proactive property management to contribute to placemaking. We will be leveraging on our real estate expertise in mixed-use and integrated developments to create exciting new developments that will contribute to future earnings and entrench our position as a developer of quality urban spaces and a leader in urban rejuvenation.

RAYMOND CHOONG YEE HOW
Group President & Chief Executive Officer
16 September 2019

Meyer Mansion
Rare
seafront
freehold location

01 Midtown Bay views artist impression
02 Guoco Midtown public spaces artist impression
03 Meyer Mansion artist impression

BOARD OF DIRECTORS

MOSES LEE KIM POO, 68
Chairman
Independent Non-Executive Director

Mr Lee was appointed as Chairman of the Board and the Company on 1 November 2013, and was re-elected as Director at the Company's Annual General Meeting ("AGM") held on 24 October 2016. Mr Lee is proposed for re-election at the Company's AGM to be held on 24 October 2019.

Mr Lee is concurrently the Chairman of Singapore Totalisator Board and Chairman of Special Needs Trust Company Limited. He had served as the Commissioner of Inland Revenue Authority of Singapore and Permanent Secretary in the Ministries of Labour, Community Development and Health. He was awarded the Public Administration Medal (Gold) in 1996.

Mr Lee holds a Bachelor of Engineering (Mech & Production) (Hons-Class I) from the University of Singapore and obtained a Master in Public Administration from Harvard University, USA.

Present directorships in other listed companies
- Nil

Past directorships in listed companies held over the preceding 3 years
- M1 Limited, listed on the Singapore Exchange Securities Trading Limited ("SGX-ST")

RAYMOND CHOONG YEE HOW, 63
Group President & Chief Executive Officer
Non-Independent Executive Director

Mr Choong was appointed as Group President & Chief Executive Officer of the Group, and as Executive Director to the Board on 1 September 2015. He was re-elected as Director at the Company's AGM held on 25 October 2018.

Mr Choong has over 30 years of experience in banking, of which 23 years were with Citibank in Malaysia. He had held various senior positions within the Citibank Group with the last being President & Chief Executive Officer of Citibank Savings Inc, Philippines. Prior to joining the Company, Mr Choong was the President & Chief Executive Officer of Hong Leong Financial Group Berhad, which is listed on Bursa Malaysia. Mr Choong had also served as the Chairman of Hong Leong Asset Management Bhd and Hong Leong Bank (Cambodia) PLC, as well as a Director of Hong Leong Assurance Berhad, Hong Leong MSIG Takaful Berhad and Hong Leong Investment Bank Berhad, all public companies. Mr Choong's present and past directorships in listed companies are set out below.

Mr Choong obtained a Bachelor of Science in Biochemistry (Honours) degree in 1979 and a Master of Business Administration in 1981 from the University of Otago, New Zealand.

Present directorships in other listed companies
- GuocoLand (Malaysia) Berhad, an indirect subsidiary of the Company
- Eco World International Berhad, a joint venture between the Group and 2 other parties

The above companies are all listed on Bursa Malaysia.

Past directorships in listed companies held over the preceding 3 years
- Nil

QUEK LENG CHAN, 76
Non-Independent Non-Executive Director

Mr Quek was appointed to the Board on 19 December 1988, and was re-elected as Director at the Company's AGM held on 25 October 2018. He is a member of the Remuneration Committee.

Mr Quek is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad.

Mr Quek qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Present directorships in other listed companies
- Hong Leong Financial Group Berhad
- Hong Leong Bank Berhad

Mr Quek is the Non-Executive Chairman of the above companies, all listed on Bursa Malaysia.

Past directorships in listed companies held over the preceding 3 years
- Hong Leong Capital Berhad
- GuocoLand (Malaysia) Berhad

KWEK LENG HAI, 66
Non-Independent Non-Executive Director

Mr Kwek was appointed to the Board on 28 November 1988, and was re-elected as Director at the Company's AGM held on 19 October 2017. He is a member of the Nominating Committee.

Mr Kwek is the Executive Chairman of Guoco Group Limited, listed on The Stock Exchange of Hong Kong Limited ("HKSE"). He was the President, CEO of Guoco Group Limited from 1995 to 1 September 2016. Mr Kwek is also a Director of Hong Leong Company (Malaysia) Berhad. His present and past directorships in listed companies are set out below.

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
- GL Limited, listed on SGX-ST
- Hong Leong Bank Berhad, listed on Bursa Malaysia
- Bank of Chengdu Co., Ltd., listed on The Shanghai Stock Exchange

Past directorships in listed companies held over the preceding 3 years
- Nil

TIMOTHY TEO LAI WAH, 67
Independent Non-Executive Director

Mr Teo was appointed to the Board on 18 November 2008, and was re-elected as Director at the Company's AGM held on 24 October 2016. He is Chairman of the Audit and Risk Committee and a member of the Nominating Committee. Mr Teo is proposed for re-election at the Company's AGM to be held on 24 October 2019.

Mr Teo also serves on charities such as St Luke's ElderCare Ltd and Jurong Health Fund. He was Director in charge of foreign exchange, money market, gold and commodities management in the Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was a 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 Master of Business Administration from Macquarie University, Sydney, Australia.

Present directorships in other listed companies
- GL Limited, listed on SGX-ST

Past directorships in listed companies held over the preceding 3 years
- Nil

FRANCIS SIU WAI KEUNG, 65
Independent Non-Executive Director

Mr Siu was appointed to the Board on 1 December 2010, and was re-elected as Director at the Company's AGM held on 19 October 2017. He is a member of the Audit and Risk Committee.

Mr Siu is concurrently a director of BHG Retail Trust Management Pte. Ltd., which manages BHG Retail REIT listed on SGX-ST. He was a Senior Partner of KPMG Beijing Office, and Senior Partner of Northern Region, KPMG China from 2002 to 2010. Prior to this, Mr Siu was a Senior Partner of KPMG Shanghai Office and Audit Partner in Hong Kong. His present and past directorships in other listed companies are set out below.

Mr Siu holds a Bachelor of Arts in Accounting and Economics Degree from the University of Sheffield, United Kingdom and he is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as a Fellow of the Hong Kong Institute of Certified Public Accountants.

Present directorships in other listed companies
- CITIC Limited
- China Communications Services Corporation Limited
- CGN Power Co., Ltd
- China International Capital Corporation Ltd

Mr Siu is an Independent Non-Executive Director of the above companies, all listed on HKSE.

Past directorships in listed companies held over the preceding 3 years
- Nil

ABDULLAH BIN TARMUGI, 75
Independent Non-Executive Director

Mr Abdullah was appointed to the Board on 1 March 2012, and was re-elected as Director at the Company's AGM held on 25 October 2018. He is the Chairman of the Nominating Committee and Remuneration Committee.

Mr Abdullah also serves on the boards of Goodhope Asia Holdings Ltd, Summit Power International Pte Ltd and iShine Cloud Limited. He is a member of the Presidential Council for Minority Rights, National University of Singapore Board of Trustees, Tsao Foundation, The Courage Fund, SR Nathan Educational Upliftment Fund Board and Jazz Association (Singapore). He was the Speaker of Parliament from 2002 to 2011 and was the Member of Parliament for Siglap (now within the East Coast Group Representation Constituency) from 1984 to 2011. Prior to this, he held various ministerial positions in the Ministry of Environment, Ministry of Home Affairs and Ministry of Community Development and Sports from 1993 to 2002. During the period 1970 to 1993, Mr Abdullah has held various appointments as an urban sociologist, senior statistician and planning analyst in the Ministry of National Development, a feature writer and associate news editor with The Straits Times and was the research manager of Singapore Press Holdings Ltd.

Mr Abdullah holds an Honours Degree in Social Science from the University of Singapore. He also holds a Postgraduate Diploma (Merit) in Urban Studies from the University of London under the Commonwealth Scholarship.

Present directorships in other listed companies
- Nil

Past directorships in listed companies held over the preceding 3 years
- Nil

BOARD OF DIRECTORS

LIM SUAT JIEN, 62
Independent Non-Executive Director

Ms Lim was appointed to the Board on 15 May 2013, and was re-elected as Director at the Company's AGM held on 24 October 2016. She is a member of the Audit and Risk Committee. Ms Lim is proposed for re-election at the Company's AGM to be held on 24 October 2019.

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 School of Business Advisory Committee, Temasek Polytechnic and a Member of the Management Committee of Singapore Turf Club.

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
- Nil

Past directorships in listed companies held over the preceding 3 years
- Nil

JENNIE CHUA KHENG YENG, 75
Independent Non-Executive Director

Ms Chua was appointed to the Board on 5 August 2013, and was re-elected as Director at the Company's AGM held on 19 October 2017. She is a member of the Remuneration Committee.

In the public service and community related sector, Ms Chua is the Chairman of Woodlands Health Campus Development Committee and Chairman of Vanguard Healthcare, the latter set up by the Ministry of Health and MOH Holdings to grow and support the development of eldercare facilities in Singapore. She is a Committee Member of MOH Holdings and MOHH Healthcare Infrastructure and Planning Committee. She is also Chairman of the Singapore Film Commission Advisory Committee and Deputy Chairman of Temasek Foundation International CLG Limited. Ms Chua is a Justice of the Peace and Singapore's Non-Resident Ambassador to The United Mexican States. She is the Trustee Emeritus as well as the Pro-chancellor of Nanyang Technological University.

Awards that Ms Chua has received include the Meritorious Service Medal (PJG), President's Special Recognition for Volunteerism & Philanthropy, Outstanding Contribution to Tourism Award, amongst others.

Previous positions held by Ms Chua were General Manager and Chairman of Raffles Hotel, President & CEO of Raffles Holdings, Chairman of Raffles International, President & CEO of The Ascott Group. Ms Chua was also Chairman of Community Chest, Singapore International Chamber of Commerce, Sentosa Cove and The Arts House.

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

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

Past directorships in listed companies held over the preceding 3 years
- Nil

TANG HONG CHEONG, 64
Non-Independent Non-Executive Director

Mr Tang was appointed to the Board on 1 September 2016, and was re-elected as Director at the Company's AGM held on 24 October 2016. Mr Tang is proposed for re-election at the Company's AGM to be held on 24 October 2019.

Mr Tang is a Director and the President & CEO of Guoco Group Limited, listed on HKSE. He is also the Group Managing Director of GL Limited which is listed on SGX-ST. Mr Tang's present and past directorships in listed companies are set out below.

Mr Tang 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 and the Non-executive Chairman of GLM REIT Management Sdn Bhd, an indirect subsidiary of the Company and the Manager of Tower Real Estate Investment Trust ("Tower REIT"). Tower REIT, which is listed on Bursa Malaysia, is an associate of the Company.

Mr Tang is a member of the Malaysian Institute of Accountants and has over 40 years of in-depth experience in investment, manufacturing, financial services, property development, gaming and hospitality industry. 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
- GL Limited, listed on SGX-ST
- The Rank Group Plc, listed on London Stock Exchange

Past directorship in listed companies held over the preceding 3 years
- Southern Steel Berhad, listed on Bursa Malaysia

KEY SENIOR MANAGEMENT

GUOCOLAND SINGAPORE

MR CHENG HSING YAO
Country Head

Mr Cheng Hsing Yao is the Group Managing Director of GuocoLand Singapore. He joined the Group as Chief Operating Officer of GuocoLand Singapore, before becoming Managing Director, Group Project Office in GuocoLand Limited. Prior to joining GuocoLand, he was with the Singapore public service, where he held leadership positions at the Centre for Liveable Cities and the Urban Redevelopment Authority. He is a board member of the National Parks Board, and a member of the Urban Redevelopment Authority's Design Advisory Committee as well as Heritage and Identity Partnership. He is also a member of the Urban Land Institute Singapore Executive Committee. He holds a Bachelor of Architecture from Newcastle University, United Kingdom and a Master in Design Studies from Harvard University.

GUOCOLAND CHINA

MR HOON TECK MING
Country Head

Mr Hoon Teck Ming is the Group Managing Director of GuocoLand China. He joined the Group in May 2016. Mr Hoon has over 33 years of experience in the property development and construction industry, of which 20 years were in China holding various senior management positions. Prior to joining GuocoLand, he was Property Director cum President China in Wing Tai Property Management from 2013 to 2016 and was Regional General Manager, Southwest China in CapitaLand China from 2007 to 2013. Prior to these, he had also worked with other property development companies and construction companies in Dubai, China and Singapore. Mr Hoon holds a Master of Science in Civil Engineering and a Bachelor of Civil Engineering (1st Class Honours) from the National University of Singapore. He is a senior member of The Institute of Engineers, Singapore, and is also a Professional Engineer of the Professional Engineers Board Singapore.

GUOCOLAND MALAYSIA

DATUK EDMUND KONG
Country Head

Datuk Edmund Kong is the Group Managing Director of GuocoLand Malaysia. He joined the Group in January 2016. Datuk Kong has more than 29 years of experience in the property development and construction industry, starting after he returned to Malaysia in 1994 where he joined a renowned architecture firm and subsequently worked with several reputable property developers holding various senior management positions. Datuk Kong holds a Bachelor of Architecture (Honours) from University of Wales Institute of Science and Technology, Wales, United Kingdom. He is a corporate member of Pertubuhan Akitek Malaysia.

GROUP CHIEF FINANCIAL OFFICER

MR MICHAEL LIM

Mr Michael Lim is the Group Chief Financial Officer ("CFO"). He joined the Group in August 2018. In this capacity, he is overall responsible for all financial matters of the Group including financial reporting and operations, corporate finance, treasury, tax, investor relations, corporate communications, financial planning and analysis, performance and risk management. Mr Lim has more than 25 years of experience in various industries in China, Hong Kong and Malaysia. Prior to joining GuocoLand, he was the CFO of Lafarge Malaysia Berhad. Other previous senior management positions held include Group CFO of The Lion Group, CFO of CP Lotus Corporation, and CFO (China) of Sun Hung Kai Properties. Mr Lim holds a Master of Science in Management from the London Business School, a Master of Business Administration from the University of Strathclyde, United Kingdom and a Bachelor of Laws from the University of London. He is a fellow member of the Chartered Institute of Management Accountants, United Kingdom and the Hong Kong Institute of Certified Public Accountants; and a member of the Malaysian Institute of Accountants.

SUSTAINABILITY OVERVIEW

GuocoLand believes in the importance of responsible business sustainability to ensure long-term growth, to create value for shareholders and to build a strong relationship with our customers, business partners and other stakeholders for a resilient business.

A Sustainability Report is published annually to present and share our commitment to sustainability with our varied and valued stakeholders, and to discuss our sustainability performance for the financial year. Prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option, the report covers selected performance measures from GuocoLand's five Singapore and two China assets as listed on the right. Our subsidiary GuocoLand (Malaysia) Berhad, which is separately listed on Bursa Malaysia Berhad, publishes its own separate report.

GuocoLand has not obtained any independent assurance of the information being reported for the financial year ended 30 June 2019, but may consider to do so in future.

In line with the Group's sustainability efforts, the full Sustainability Report is published exclusively online and is available for download from the corporate website at www.guocoland.com.sg/sustainabilityreports.shtml.

Assets in Singapore and China covered in the Sustainability Report:

Singapore	China
Guoco Tower	Guoco Changfeng City
Sofitel Singapore City Centre	Guoman Hotel Shanghai
20 Collyer Quay	
Guoco Midtown	
Martin Modern	

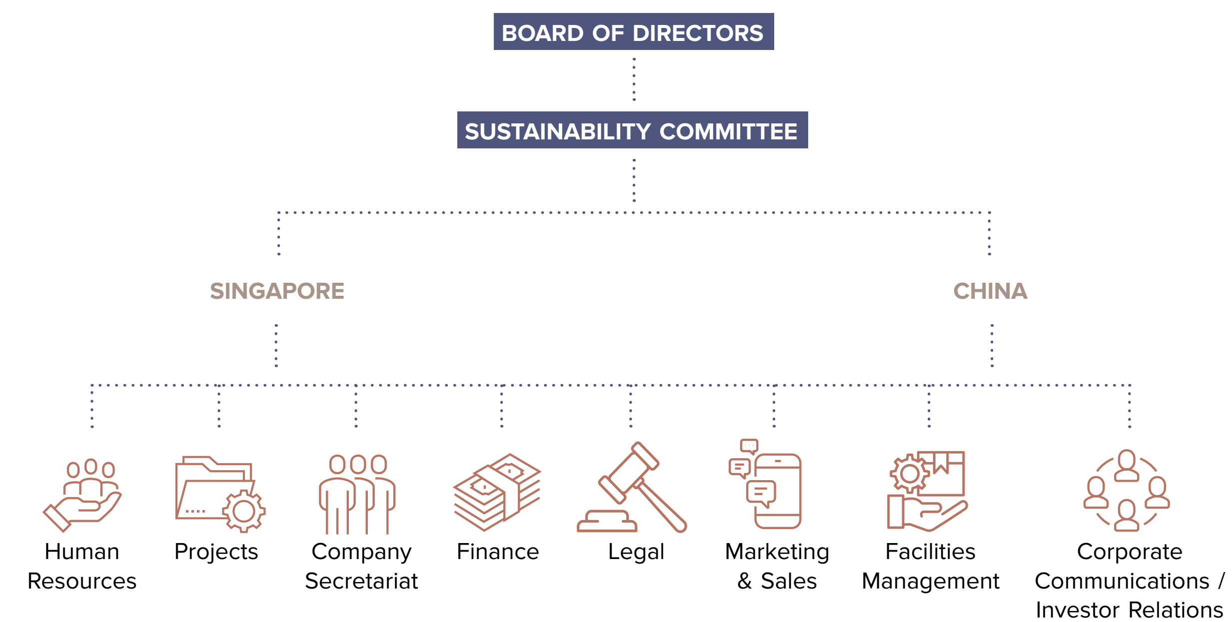
STAKEHOLDER ENGAGEMENT

We identified our key stakeholders by assessing their dependence on, involvement in, as well as influence on our business. Understanding our stakeholders through ongoing engagement, is fundamental to improving our business operations and performance. With regular stakeholder engagement to understand their expectations and interests, the right strategies can be implemented with informed decisions.

The table below lays out our engagement approach with our key stakeholders.

Stakeholder	Frequency	Engagement Platforms	Key Topics Raised	Our Response
Employees	Throughout the year	• Festive celebrations • Management meetings • Performance review discussions • Lunch talks • Knowledge sharing sessions • Staff excursion • Internal newsletters and e-communications	• Welfare • Health and well-being • Performance	Refer to Our People in the Sustainability Report
Investors	Throughout the year	• Annual General Meeting • Investor meetings • Conferences • Company and site visits • Corporate website • Email and phone channels	• Long term value creation • Strategy for growth • Transparency and timely information • Corporate governance practices	Refer to Chairman's Statement; Business Review; and Corporate Governance in the Annual Report, and Business Ethics & Anti-Corruption in the Sustainability Report
Customers – Tenants/Shoppers/ Home Buyers	Throughout the year	• Tenant meetings • Networking tea/lunch sessions • Customer service teams • Email and phone channels • Social media channels	• Lease terms and facilities management • Quality of product and timely delivery • Customer experience	Refer to Business Ethics & Anti-Corruption; Product Quality, Health and Safety in the Sustainability Report
Regulators / Government	Throughout the year	• On-site inspections • In-person meetings • Email and phone channels	• Environmental compliance • Labour standard compliance • SGX listing requirements	Refer to Sustainable Developments; Occupational Health and Safety; Product Quality, Health and Safety; Business Ethics & Anti-Corruption in the Sustainability Report
Suppliers	Throughout the year	• On-site inspections • In-person meetings	• Occupational health and safety • Product quality, health and safety • Environmental compliance	Refer to Occupational Health and Safety; Product Quality, Health and Safety; Sustainable Developments in the Sustainability Report

SUSTAINABILITY GOVERNANCE STRUCTURE



SUSTAINABILITY OVERVIEW

MATERIALITY

The materiality principle guides GuocoLand to determine which relevant topics are sufficiently important such that it is essential to report on them.

A materiality assessment was conducted in the previous financial year ended 30 June 2018 to determine the key material topics that reflect GuocoLand's significant environmental, economic and social impacts. A list of material topics that are most relevant to GuocoLand was identified through feedback from stakeholders and by reviewing our peers. The material topics were then prioritised according to the significance of the impact created and the importance to stakeholders. At a workshop attended by senior management, the materiality matrix was reviewed and validated.

The material topics, together with the Sustainability Report, are reviewed on an annual basis, and the Sustainability Committee is satisfied that there are no significant changes in key material topics in the financial year ended 30 June 2019.

MATERIAL TOPIC	GRI STANDARD REPORTED	IMPACT BOUNDARY
Energy Consumption	Energy (GRI 402)	Managed properties and hotels
Environmental Compliance	Environmental Compliance (GRI 307)	All construction projects
Human Capital Development & Relations	Employment (GRI 401) Training and Education (GRI 404)	Employees
Occupational Health & Safety	Occupational Health and Safety (GRI 403)	• Employees • Workers • Tenants • Visitors
Business Ethics & Anti-Corruption	Anti-Corruption (GRI 205) Customer Privacy (GRI 418)	All business operations
Product Quality, Health & Safety	Customer Health and Safety (GRI 416)	All construction projects and managed properties

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CORPORATE GOVERNANCE

GuocoLand Limited (the "Company") is committed to maintaining high standards of corporate governance and endeavours to continuously keep abreast of new developments and practices in corporate governance. During the financial year ended 30 June 2019 ("FY2019"), the Company continued to support the Corporate Governance – Statement Of Support 2018 (organised by the Securities Investors Association Singapore) to demonstrate its commitment to uphold high standards of corporate governance to enhance shareholders value.

On 6 August 2018, the Monetary Authority of Singapore issued the revised Code of Corporate Governance 2018 ("Code 2018") which will apply to annual reports of listed issuers covering financial years commencing from 1 January 2019. Code 2018 will be applicable to the Company's annual report for its financial year ending 30 June 2020 whilst Code of Corporate Governance 2012 ("Code 2012") will continue to apply to the Company's annual report for FY2019.

During the FY2019, the Company has adhered to the principles and guidelines of Code 2012 as presented in this report. The Company will progressively apply and has updated certain aspects of its corporate governance practices to be in line with those of Code 2018. This included *inter alia*, the Company's own Code of Corporate Governance ("Company Code") comprising the terms of reference for the Board of Directors and its Committees which has been updated to be in line with the principles and provisions of Code 2018. The Board has also established 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 oversees the business affairs of the Group. The Board carries out this 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 for the Company and the Group;

(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 of shareholders' interests and the Company's assets;

(d) reviewing Management's performance;

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

(f) considering sustainability issues including environmental, social and governance factors as part of the Company's overall strategy.

The Board also sets the Company's value and standards through codes of conduct and corporate policies and procedures handbook which are being emphasized regularly to serve as constant reminders to its executives. The Company has a strong corporate culture exemplified by its core values which are set out in the Company's intranet and readily accessible by employees.

In accordance with the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company has issued its Sustainability Report for FY2019 ("SR 2019") which describes *inter alia*, the Company's sustainability governance and practices in the Group's business operations and dealings with its stakeholders. The environmental, social and governance factors that are material to the Company and its stakeholders have been identified and are also described in the SR 2019.

The Board exercises independent judgment in dealing with the business affairs of the Group and objectively discharges its duties and responsibilities in the interest of the Group. To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

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

Each Board committee reviews the matters that fall within its respective terms of reference and reports its decisions to the Board which endorses and accepts ultimate responsibility on such matters.

The Company Code sets out the matters which require the Board's approval. During the year, the Board reviewed and approved the business plan and budget, major investments including joint venture transactions, Directors' Statement and audited Financial Statements for FY2019, the financial results announcements of the Company and interested person transactions which required announcements to be made.

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 quarterly 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' Circulating Resolutions. As provided in the Company's Constitution, Directors may convene Board meetings by teleconferencing or videoconferencing. During the FY2019, the Board held four meetings. The attendance of Directors at meetings of the Board and the Board Committees as well as Annual General Meeting ("AGM") is set out in the table below:

2018/2019 Meetings Attendance	**Board**	**ARC**	**NC**	**RC**	**AGM**
Total Number of Meetings	**4**	**4**	**2**	**2**	**1**
Moses Lee Kim Poo	4	2	-	-	1
Raymond Choong Yee How	4	3	-	1	1
Quek Leng Chan	4	-	-	2	1
Kwek Leng Hai	4	-	2	-	1
Timothy Teo Lai Wah	4	4	2	-	1
Francis Siu Wai Keung	4	4	-	-	1
Abdullah Bin Tarmugi	4	-	2	2	1
Lim Suat Jien	4	4	-	-	1
Jennie Chua Kheng Yeng	4	-	-	1	1
Tang Hong Cheong	4	-	-	-	1

Newly appointed Director(s) to the Board will be issued a formal letter by the Company and furnished with an induction package comprising meeting schedules of the Board and its Committees, the Company's latest Annual Report, Company Code, materials on corporate overview such as corporate structure, strategic business units, Guidebook on being an Effective Director and Guidebook setting out the duties and obligations of Directors of the Company, etc.

When a Director is appointed to a Board Committee, it is the Company's practice to highlight the relevant terms of reference to such Director and provide a copy of the related Guidebook for the Committee. New Directors will also be encouraged to attend the Listed Company Director programmes (where appropriate) conducted by the Singapore Institute of Directors ("SID"); and Director Financial Reporting Essentials co-organised by SID and the Institute of Singapore Chartered Accountants and supported by Accounting and Corporate Regulatory Authority ("ACRA"), where relevant. Newly appointed Director(s) with no prior experience as Director(s) of a listed company will undergo training in the roles and responsibilities of Director of a listed company as prescribed by SGX-ST.

All Directors are provided with relevant 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.

CORPORATE GOVERNANCE

Training for Directors

The Company will arrange for new Directors to attend the training in the relevant areas as appropriate. To facilitate each Director to develop his/her competencies to effectively discharge his/her duties, all Directors are updated regularly on key regulatory and accounting changes and risk management from time to time. Directors are also informed of training programmes and seminars organised by SID, SGX-ST, ACRA and KPMG LLP. During the FY2019, Directors attended training programmes and seminars organised by SID such as Rebooting Globalisation and Governance in an Era of Disruption, Cyber Security Threats & Data Breaches, Director Financial Reporting Fundamentals: What the Director Must Know?, Annual Corporate Governance Roundup, Nominating Committee Chairmen's Conversation, Remuneration Committee Essentials, and Ethics & Corruption. The NC has reviewed the training and professional development programmes attended by Directors and supported by the Company.

Principle 2
Board Composition and Guidance

Board Independence

The Board currently consists of ten Directors. On an annual basis, the NC determines the independence of the Directors taking into consideration the circumstances as set out in the SGX-ST Listing Manual, as well as whether there was any circumstance or relationship that might impact on a Director's independence or perception of independence. For the year under review, all Directors had made declarations on their respective status of independence which were submitted to the NC for review. The NC had determined that Mr Moses Lee Kim Poo, Mr Timothy Teo Lai Wah, Mr Francis Siu Wai Keung, Mr Abdullah Bin Tarmugi, Ms Lim Suat Jien and Ms Jennie Chua Kheng Yeng are independent.

Mr Timothy Teo Lai Wah, who is also a member of the NC and had served on the Board for more than 9 years, was subjected to particular rigorous review of his independence by the remaining NC members. The NC had after due and careful rigorous review determined that Mr Teo remained independent, taking into account that Mr Teo continued to demonstrate strong independence in character and judgment in the discharge of his responsibilities as an independent Director. He had also actively expressed his independent opinions as well as made suggestions and recommendations for the benefit of the Company. Mr Teo who has in-depth understanding of the Group's business continued to contribute to the Company based on his experience and knowledge of the industry in which the Group operates and markets that it competes in. Based on Mr Teo's declaration of independence, he has no relationships or circumstances that could or were likely to affect his independent judgment and ability to discharge his duties as an independent Director. During the review, Mr Teo had recused himself and abstained from all deliberations and discussions.

The Board had accepted the assessment of Directors' independence by the NC. Based on the NC's review of independence, the Board is satisfied that there is a strong and independent element on the Board with six out of ten Directors, constituting more than 50% of the Board, being independent.

Board Size

The Board, having taken into account the review by the NC, considers its present size of ten Directors to be adequate to facilitate effective decision making for the current nature and scope of the Group's business operations.

Board Competencies

The NC conducted its annual review on the composition of the Board which comprises ten well-qualified Directors with diversified skills, experience, knowledge, gender and providing core competencies in the areas of accounting, financial, banking, legal, business management and industry experiences such as property development and hotel operations.

The Board considers its current composition with a balanced mix of skills as appropriate for the existing needs and demands of the Group's businesses. The NC which is being tasked with the review of the succession and renewal plans for Board continuation, also took into account *inter alia* each Board member's tenure of directorship in the Company, in particular, the date on which each independent Director would reach their respective 9-year tenures on the Board.

There are currently two female Directors which make up 20% of the total Board size of ten Directors. The Company recognises the importance and benefits of diversity on the Board as this would enhance the effectiveness of the Board in terms of varied perspectives, skills, industry discipline, business experience, gender, background and other distinguishing factors/qualities. Recognising that diversity on the Board is an essential element to support the attainment of the Company's strategic objectives and the Company's sustainable and balanced development, the Company has adopted a Board Diversity Policy. The Board Diversity Policy sets out the approach to achieve diversity on the Board and has stated that the NC is responsible to review and monitor its implementation.

Non-Executive Directors are encouraged to constructively challenge and help develop proposals on strategy. During the FY2019, Non-Executive Directors had met without the presence of Management.

Principle 3
Chairman and Chief Executive Officer

Separate Role of Chairman and Chief Executive Officer ("CEO")

The Board Chairman, Mr Moses Lee Kim Poo is an independent Director. There is clear division of responsibilities in the respective roles and functions of the Chairman, Mr Lee and the CEO, Mr Raymond Choong Yee How. There is no familial relationship between Mr Lee and Mr Choong.

The Chairman leads the Board and ensures its smooth and effective functioning.

The CEO is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholders wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress. The CEO also holds regular meetings with senior management and on a quarterly basis, updates the Board on progress made on corporate strategies and operational targets that were pre-set.

Lead Independent Director

As the Chairman is independent from the Company's officers, related corporations and major shareholder(s); and the Directors and Management are accessible by the Company's shareholders, the appointment of a lead independent director is deemed to be not necessary.

Principle 4
Board Membership

Nominating Committee

The NC consists of the following three Directors, all of whom are non-executive with the majority, including its Chairman, being independent:

- Mr Abdullah Bin Tarmugi, Chairman (Independent Non-Executive Director);
- Mr Timothy Teo Lai Wah, Member (Independent Non-Executive Director); and
- Mr Kwek Leng Hai, Member (Non-Independent Non-Executive Director).

The terms of reference of the NC are set out in the Company's Code and include, *inter alia*, the following:

- review the structure, size and composition of the Board and its Committees;
- review and recommend to the Board all new Board appointments (including alternate Directors, if applicable) and re-election of Directors at AGM;
- determine annually whether or not, a Director is independent;
- rigorously review, as appropriate, the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment;

CORPORATE GOVERNANCE

- evaluate the performance of the Board as a whole, the Board Committees, individual Directors and the Board Chairman;
- review training and professional development programmes for Directors; and
- review Board succession plans for Directors and key management personnel.

Selection of Directors

The Company has in place a process for the selection and appointment of new Directors to the Board which has been followed by the NC. Factors considered by the NC include the relevant skills that the Company sought such as strategic planning, business and management experience, industry knowledge e.g. real estate, hotel operations, etc.

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 or external sources, when appropriate. Taking into account the Board Diversity policy, the NC will review the profile of the candidate proposed for appointment, having regard to the range of diversity perspectives including but not limited to gender, age, competencies, skills, professional expertise, experiences, background and track record, and make recommendation to the Board on the appointment of new Director.

As prescribed by the Company's Constitution and recommended by the Code 2012, one-third of the Directors for the time being are required to retire from office and are individually subject to re-election by shareholders at the Company's AGM. Every Director is required to retire from his/her office and is subject to re-election at least once in every three years. The NC will review the contributions and performance of the Directors who are retiring at the AGM to determine their eligibility for re-nomination.

The NC also took into consideration Directors' number of listed company board representations and other principal commitments, and is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The Board has reviewed and is satisfied that Directors' current directorships in other listed company boards and their other principal commitments did not affect their time commitment to the affairs of the Company and has accordingly not made a determination of the maximum number of board representations a Director may hold.

Directorship/Chairmanship of Directors

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

Principle 5
Board Performance

Evaluation of Board Chairman, Individual Directors and Board Committees

On an annual basis, the NC assesses the effectiveness and performance of each individual Director, the Board Chairman, the Board as a whole and each Board Committee.

Each Director carried out a self-assessment on his/her performance 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/Company's business and the industry in which the Group/Company operates in.

The Chairman has also carried out a self-assessment of his performance with particular emphasis on his role and responsibilities as a Chairman based on criteria drawn from the guidelines as set out in SID's NC Guide, including conduct of meetings of the Board and shareholders, leadership, communication and interaction with Directors, shareholders and other stakeholders, possession of high level of ethics/values, etc.

Each Board Committee Chairman evaluated his respective Board Committees, taking into account the respective Board Committees' roles and responsibilities as well as the contributions of members to the functions of these Committees.

All Directors participated in the assessment process and submitted their respective completed and signed assessment forms to the Company Secretary for collation and presentation to the NC for evaluation.

Evaluation of the Board as a whole

The NC had evaluated the collective Board performance, taking into account the self-assessment conducted by individual Directors and the Board Chairman as well as the performance of each Board Committee. In assessing the Board's performance as a whole, the NC had considered the Board's integrity, competency, responsibilities, governance and organisation as well as team dynamics. 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.

On the basis of the aforesaid evaluation, the NC is satisfied that for the FY2019, the Board and its Committees had been effective in the conduct of their respective duties and the Directors have each contributed to the effectiveness of the Board and its Committees (as applicable). The results of the NC's assessment had been communicated to and accepted by the Board.

Principle 6
Access to Information

In order to enable the Directors to make informed decisions in the discharge of their duties and responsibilities, Management recognizes the importance of providing the Board with relevant, complete and adequate information in a timely manner.

Management furnished the Board with reports of the Company's operations and performance, financial position and prospects for review at each Board meeting. Management also keeps the Board apprised of the Company's operations and performance through separate meetings and discussions. To facilitate participation at meetings, Directors are provided with electronic devices to enable them to read reports/materials in real time once these are being uploaded to a secured system accessible by all Directors.

Directors have separate and independent access to the Company Secretary, whose role includes, *inter alia*, ensuring that Board procedures as well as applicable rules and regulations are complied with. The incumbent Company Secretary, Ms Mary Goh, has more than two decades of corporate secretarial experience in professional consultancy firms and public listed companies. Ms Goh is a Fellow of the Chartered Secretaries Institute of Singapore. She holds a Master of Business Administration Degree from the University of South Australia and a Master of Laws in Commercial Law from the Singapore Management University.

The Company Secretary attends all Board and Board Committee meetings; and ensures that board procedures are followed and that applicable rules and regulations prescribed by, *inter alia*, the Companies Act (Chapter 50) and the SGX-ST Listing Manual are complied with. She also advises the Board on all governance matters, as well as assisting with the co-ordination of training and professional development for Board members.

Directors have access to independent professional advice at the Company's expense, in consultation with the CEO of the Company.

(B) REMUNERATION MATTERS

Principle 7
Procedures for Developing Remuneration Policies

The RC comprises the following three Directors all of whom are non-executive, with the majority, including the Chairman, being independent:

- Mr Abdullah Bin Tarmugi, Chairman (Independent Non-Executive Director);
- Mr Quek Leng Chan, Member (Non-Independent Non-Executive Director); and
- Ms Jennie Chua Kheng Yeng, Member (Independent Non-Executive Director).

CORPORATE GOVERNANCE

No member of the RC was involved in deciding his/her own remuneration.

The terms of reference of the RC are set out in the Company Code and its duties include, *inter alia*, reviewing and recommending to the Board a framework of remuneration for the Board and key management personnel, reviewing and recommending to the Board for the Board's endorsement with the specific remuneration packages for each Director as well as for the key management personnel; and the administration of the Company's Executive Share Scheme 2018 ("ESS"). In its review and recommendation for the remuneration framework, the RC took into account the performance of the Group, the individual Directors and key management personnel, linking rewards to corporate and individual performance.

The RC also took into account industry practices and norms in remuneration to ensure that the remuneration packages for Directors and key management personnel are competitive to attract, retain and motivate Directors and key management personnel to provide good stewardship and effective management for the Company. Such remuneration framework is being reviewed on an annual basis to ensure that they remain relevant.

The RC may seek remuneration consultants' advice on remuneration matters for Directors as it deems appropriate. For the FY2019, the RC did not require the service of an external remuneration consultant.

As regards the Company's obligations arising in the event of termination of service contracts, the Company does not provide any termination, retirement or post-employment benefits to its Directors, CEO and key management personnel (who are not Directors of the Company or the CEO).

Principle 8
Level and Mix of Remuneration

The Company's remuneration structure for key management personnel comprises both fixed and variable components. Fixed component includes, *inter alia*, a basic salary whilst variable component includes performance-linked incentives which are described in more details below.

The performance-related remuneration scheme takes into consideration the balance between profit and risk, and is aligned with the long-term interest and risk framework of the Company. The scheme is symmetrical with risk outcomes and sensitive to the risk time horizon with the rewards commensurate with the business performance; and pay-out schedule is determined considering the nature and time horizon of risks generated.

To promote staff motivation, the Company established a remuneration framework comprising both short-term and long-term incentives that are linked to performance. Short-term incentives include performance-linked variable bonus. For the purpose of assessing the performance of the CEO and key management personnel of the Group, specific Key Result Areas ("KRA") including both financial and non-financial measures are set for each financial year. An annual appraisal is conducted taking into consideration the achievements of the pre-set KRA for the CEO and each key management personnel.

To promote long-term success of the Company, long-term incentive scheme such as executive share scheme is also incorporated in the remuneration framework of key management personnel.

Non-Executive Directors do not receive any salary. However, Non-Executive independent Directors receive Director fees that are based on corporate and individual responsibilities and which are in line with industry norm.

The Company does not have any contractual provisions to reclaim incentive components of remuneration from Executive Director(s) and the key management personnel in any circumstances. However, upon the exercise of an option or upon the vesting of shares under the grant of the performance-linked ESS, the shares received by the Executive Director(s) and the key management personnel may be subject to 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 the case may be) upon the occurrence of the applicable malus and/or clawback event(s) under the performance-linked ESS.

Principle 9
Disclosure on Remuneration

Directors and CEO

The breakdown of remuneration of Directors and CEO of the Company for the FY2019 is set out below:

Name of Directors	Fixed Salary (inclusive of Employer CPF) S$	Variable Bonus (inclusive of Employer CPF) S$	Director Fees S$	Other Benefits S$	Total S$
Moses Lee Kim Poo	-	-	110,000	44,806	154,806
Quek Leng Chan	-	-	-	-	-
Kwek Leng Hai	-	-	-	-	-
Timothy Teo Lai Wah	-	-	125,000	-	125,000
Francis Siu Wai Keung	-	-	110,000	-	110,000
Abdullah Bin Tarmugi	-	-	86,000	-	86,000
Lim Suat Jien	-	-	110,000	-	110,000
Jennie Chua Kheng Yeng	-	-	75,000	-	75,000
Tang Hong Cheong	-	-	-	-	-
				Total	660,806
CEO	**%**	**%**	**%**	**%**	**%**
S$3.75 million to S$4 million					
Raymond Choong Yee How	41.7	57.6	-	0.7	100

Having considered the guidelines in the Code 2012 on the disclosure of remuneration of Directors and CEO, the RC is of the view that it is appropriate to provide full disclosure of fees proposed to be paid to Directors for the FY2019 which aggregate to S$660,806 and will be tabled at the forthcoming AGM under Agenda Item No. 3 for shareholders' approval.

As regards the disclosure of remuneration of the CEO who is also an Executive Director of the Company, for the financial year under review, the Company took into account the very sensitive nature of the matter and 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 Key Management Personnel

In determining the remuneration packages of the Group's top key management personnel, factors that were taken into consideration included 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 and retain executive talents.

On the disclosure of remuneration of the Group's top key management personnel, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis in bands of S$250,000 with breakdowns of each key management personnel's remuneration earned through base/fixed salary, variable bonuses, benefits in kind, etc. Accordingly, such details are not disclosed as the Company believes that in view of the competitive nature of the human resource environment and to support the Company's efforts in attracting and retaining executive talents, it should maintain confidentiality on employee remuneration matters.

CORPORATE GOVERNANCE

The remuneration package of the top five key management personnel (who are not Directors of the Company or the CEO), comprising mainly salaries and bonuses, aggregated to a total remuneration of S$4,572,657 for the FY2019. The number of key management personnel (who are not Directors of the Company or the CEO) under each remuneration bands of $250,000 is set out below:

Total Remuneration in Bands of S$250,000	Number of Key Management Personnel (who are not Directors or the CEO)
S$1,250,001 to S$1,500,000	2
S$750,001 to S$1,000,000	1
S$250,001 to S$500,000	2

As regards the Company's ESS, the details are set out in the Directors' Statement and Note 29 to the Financial Statements.

During the financial year, there was no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO).

The Company and its principal subsidiaries do not have any employees who are the immediate family members of any of the Directors or the CEO and whose remuneration exceeded $50,000 for the FY2019.

(C) ACCOUNTABILITY AND AUDIT

Principle 10
Accountability

The Board is committed to provide shareholders with a balanced and understandable assessment of the Company's financial performance, position, and prospects. Such information are furnished through the Company's announcements of its quarterly, interim and annual financial results and press releases (where appropriate) to the SGX-ST.

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

In addition, the Board is provided with management accounts explaining the Group's financial performance and operations update on a regular basis. Such reports enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects, and Directors are kept abreast of the Group's business activities.

Principle 11
Risk Management and Internal Controls

The Board recognizes the importance of risk management and the need to establish a sound system of internal controls to safeguard shareholders' interests/investments and the Group's assets. The ARC has been tasked to assist the Board to oversee the governance of risks and monitors the Group's risks through an integrated approach of enterprise risk management, internal controls and assurance systems. As part of the Group's enterprise risk management, the key risks faced by the Group on an enterprise wide level as well as those faced by each key strategic business unit had been identified.

Key Risks

Key risks faced by the Group include competition risks, investment and divestment risks, timely completion and delivery of projects, property management, etc. Financial risks are set out in Note 33 to the Financial Statements. A system of rating such potential risks has been established to identify tolerance level for the various classes of risks and determine the likelihood of the occurrences of such risks. The requisite internal controls and strategy to mitigate potential risks such as risks relating to information technology, disruption and cyber security risks, are also recorded and tracked in the Group Risk Register. A Business Continuity Plan which outlines the potential disaster scenarios that may have material adverse impact to the business operations as well as the mitigating recovery process supported by information technology disaster recovery plan, had been drawn up as part of the enterprise risk management of the Group.

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 on a quarterly basis with key risks profile update on a half-yearly basis. The internal auditors ("IA") and risk manager will validate the internal controls and risk treatment plans respectively for each of the key risks while the external auditors will highlight any material internal control weaknesses that had come to their attention in the course of their audit. The findings of the IA and external auditors as well as the risk manager will be brought up to the ARC which will in turn highlight to the Board, any issues or matters arising from the Group Risk Register and update on key risks report.

A robust process had been put in place whereby each business unit provided a quarterly financial status declaration to the CEO and Group Chief Financial Officer ("CFO"). Such declaration would confirm, *inter alia*, that the consolidated accounts of the business units were correct and had been prepared in accordance with the Group's accounting policies and on a basis consistent with that of the preceding quarter. This process together with the findings and assurance from the IA with regard to the adequacy and effectiveness of the Group's internal controls to address financial, operational, compliance and information technology controls and risk management systems, had facilitated the CEO and CFO to provide the assurance as stated in the paragraph below, to the Board.

The Board has received assurance from the CEO 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 CEO and key management personnel 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, findings raised by IA and external auditors and assurance from the Management and IA, the Board, with the concurrence of the ARC, is of the opinion 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 2019. During the FY2019, there are no material weaknesses being identified in the Group's internal controls or risk management systems.

Principle 12
Audit and Risk Committee

The ARC comprises the following Directors, all of whom are non-executive and independent:

- Mr Timothy Teo Lai Wah, Chairman (Independent Non-Executive Director);
- Mr Francis Siu Wai Keung, Member (Independent Non-Executive Director); and
- Ms Lim Suat Jien, Member (Independent Non-Executive Director).

A majority of the ARC members have recent and relevant accounting or related financial management expertise or experience and the Chairman of the ARC 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 which provided, *inter alia*, that the ARC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE

In accordance with the written terms of reference of the ARC, it had undertaken and performed, *inter alia*, the following functions during the financial year:

- reviewed the Company's draft announcements of its quarterly, interim and full-year results prior to submission to the Board. During the year, the ARC reported to the Board on a quarterly basis, highlighting significant issues and judgements that the ARC considered in relation to the financial statements, and how these issues were addressed;
- assisted the Board to oversee the Company's risk management framework and policies;
- reviewed the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls, and risk management systems);
- reviewed the adequacy, effectiveness, scope and results of the external audit and the Company's internal audit function;
- met with the Company's external auditors and IA, without the presence of Management;
- reviewed the independence of the Company's external auditors and IA. The aggregate amount of fees paid to the external auditors, and a breakdown of the fees paid in total for audit and non-audit services are disclosed in Note 26 to the Financial Statements; the ARC is satisfied with the independence and objectivity of the external auditors and IA;
- made recommendations to the Board on the re-appointment of the external auditors. In this regard, the ARC had assessed the independence and objectivity of the external auditors taking into consideration the requirements under the Accountants Act (Chapter 2) of Singapore, including the fees paid for audit and non-audit services and the co-operation extended by Management to allow an effective audit. The ARC had also assessed the quality of work carried out by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework.
- reviewed the assurance from the CEO and CFO on the financial records and financial statements;
- reviewed the Company's whistle-blowing policy to ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters raised by staff of the Company or external parties, and that appropriate follow up action has been taken; and
- reviewed interested person transactions where they exceeded the relevant threshold levels or as required by SGX-ST Listing Manual.

In its review of the financial statements of the Group and the Company for the FY2019, the ARC had discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the following key audit matters as reported by the external auditors for the FY2019. Detailed information on the key audit matters is set out in the Independent Auditors' Report.

Key audit matters	**How these issues were addressed by the ARC**
Valuation of development properties	The ARC was periodically briefed on the development of key projects and the selling prices achieved on units sold during the period under review. It also discussed with Management about the market trends and the strategies to sell the inventories focusing on projects with slower-than-expected sales or with low margins. The ARC considered the findings from the external auditors on their assessment of the estimation of net realisable value and allowances for foreseeable losses to form a view on the appropriateness of the level of allowance set aside by Management. The ARC was satisfied with the estimation of net realisable value for development projects as adopted and disclosed in the financial statements.
Valuation of investment properties	The ARC reviewed the outcomes of the yearly valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains / losses during the period under review. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements.

Interested Person Transactions ("IPT")

The Company's internal policy requires the ARC to note and review IPT, as recorded in the Company's Register of IPT. Directors are required to disclose their interest and any conflict of interest in such transactions, and will accordingly abstain from the deliberation and voting in resolutions relating to these transactions. For each material/significant IPT, key information pertaining to the IPT together with the identification of relationship of each party is provided to the ARC for review and evaluation. 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 that the relevant threshold 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 put to vote by disinterested shareholders at the Company's general meeting as the case may be. The type, nature and value of significant related party transactions during the financial year under review are listed in Note 31 to the Financial Statements.

The external auditors keep the ARC apprised of any changes to the accounting standards and issues which have a direct impact on the Company's Financial Statements periodically at the ARC meeting.

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

CORPORATE GOVERNANCE

Principle 13
Internal Audit

The Company has its own in-house qualified internal audit team comprising the Head, Internal Audit, Mr Jason Ho, and his team of qualified personnel. The Head, Internal Audit's primary line of reporting is to the Chairman of the ARC, although he reports administratively to the CEO. IA assists the ARC to review and assess the adequacy and effectiveness of the Group's internal controls based on the COSO Internal Control Integrated Framework to ensure no material weaknesses in respect of financial, operational, compliance and information technology.

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 IA's reviews is set out in IA's annual work plan which is approved by the ARC. During the FY2019, IA had carried out its function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors (IIA).

The ARC reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audits are conducted effectively and the Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA reports and remedial actions taken by Management to address any internal control weaknesses that had been identified.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14
Shareholder Rights

The Company believes in treating all shareholders fairly and equitably by recognizing, 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 one share held.

The Company also believes in providing sufficient and regular information to its shareholders on the development of the Company's business and financial performance that could materially affect the price or value of the Company's shares.

To facilitate shareholders' participation at general meetings of the Company, detailed information is provided to shareholders in reports/circulars. Notices of general meetings which set out the resolutions to be tabled to shareholders for approval together with proxy forms are sent to all shareholders by post, published in a local newspaper, announced via SGXNET and uploaded on the Company's website. General meetings are held at venue easily accessible by shareholders. Relevant rules and procedures governing the general meeting(s) including, in particular, the voting procedures are communicated to shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll.

A registered shareholder may appoint one or two proxies to attend and vote on his/her behalf at the Company's general meetings. A relevant intermediary, as defined in the Companies Act (Chapter 50), may appoint more than two proxies to attend, speak and vote at the Company's general meetings.

Principle 15
Communication with Shareholders

In compliance with the continuous disclosure obligations provided in the listing rules of SGX-ST, the Company ensures timely and adequate disclosure of information on matters that may have material impact to the Group.

Corporate Website

To enhance communication with all stakeholders, the Company has established a corporate website http://www.guocoland.com which is indicated in the Annual Report and a web-link is provided on the SGX-ST website. Information available on the Company's website includes, *inter alia*, corporate structure and profile, development projects of the Group, financial results, Annual Reports, etc.

Investor Relations Policy

The Company has a Corporate Communications & Investor Relations department, and regularly conveys to shareholders, information on the Company's financial performance, position and prospects in the Company's Annual Reports and on 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.

To facilitate access to pertinent information, a clearly dedicated "Investors & Media" link is provided on the Company's website and its Corporate Communications & Investor Relations contacts e.g. email link is also available to facilitate communication. The Company's Corporate Communications & Investor Relations team promptly attends to calls/email enquiries on the Group and endeavours to respond within one week.

Release of Financial Results

During the FY2019, the Company announced its unaudited quarterly results within thirty days for its first and third quarter ended. Its full-year audited financial results were announced within sixty days of the FY2019. The Company's financial results are readily available on its website.

In addition, a press release on the Company's full-year audited financial results was disseminated to the media which was accordingly uploaded on the Company's website and posted on SGXNET to ensure equality of information for all stakeholders. The CFO, together with the Corporate Communications & Investor Relations team carried out meetings with investors and analysts, where appropriate. As the Company embraces openness and transparency in the conduct of its affairs, it also ensures safeguarding of its commercial interest.

Release of Annual Report

In line with the Company's sustainability efforts towards environmental conservation, the Company will continue to make available its Annual Report and Circular(s)/Addendum(s) ("AGM Document") on its corporate website. The Notice of AGM, Proxy Form and Request Form will be sent to shareholders to, *inter alia*, notify them of the AGM and the availability of the AGM Document on the Company's website. Shareholders may, if they prefer, request for a printed copy of the AGM Document.

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

Dividend

The Company has 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. The Dividend Policy provides for the Board to propose/declare the payment of dividend(s) after taking into account the current financial performance of the Company, the future financial requirements of the Company and any other factors as the Board may deem relevant. Embracing the consistent approach as in previous years, the Board will be proposing at the forthcoming AGM in October 2019, the declaration of a first and final tax exempt one-tier dividend of 7 cents per ordinary share in respect of the FY2019. The proposed dividend, when approved by shareholders at the AGM, shall be paid on 21 November 2019.

CORPORATE GOVERNANCE

Principle 16
Conduct of Shareholder Meetings

At the Company's general meetings, the Chairman invites shareholders to participate and provides them with the opportunity to ask questions as well as communicate their views on various matters of relevance to the Company.

Separate resolutions are proposed for approval at general meetings on each substantially separate issue, for example, resolutions relating to payment of Director fees, the authorisation for issue of additional shares, re-appointment of the auditors and re-election of each Director, are separately proposed for shareholders' approval. The rationale, information and explanation relating to each resolution are set out in the Notice of AGM. The profiles of each Director proposed for re-election as stated in the Notice of AGM are cross-referenced to the "Board of Directors" page in the Company's Annual Report. Due to security concerns, the Company will not be implementing absentia voting methods such as by mail, e-mail or facsimile.

<u>Voting Process & Appointment of Independent Scrutineer</u>

To promote effective shareholders' participation and enhance 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 procedures are presented to shareholders before the start of the AGM. Independent scrutineer has been engaged to count and validate the votes cast for or against each resolution which are tallied and displayed live on screen to shareholders immediately after each poll is conducted at the AGM. The results of the votes cast on the resolutions as well as the name of the independent scrutineer are also announced via SGXNET after the AGM.

<u>Minutes of AGM</u>

Minutes of the AGM which incorporated substantial comments or queries from shareholders and responses from the Board and Management are prepared and are available to shareholders upon request.

<u>Attendance of Directors, CEO and Committees Chairmen at AGM</u>

All Directors, including the Chairman of the Board, the CEO and the respective Chairmen of the ARC, NC and RC as well as senior Management were present at the AGM to address any questions that shareholders may have. The Company's external auditors were also present at the Company's AGM to assist the Board in addressing any queries raised by shareholders.

(E) 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 Directors, officers and key management personnel of the Group on a quarterly basis to serve as reminder.

(F) CODE OF CONDUCT

The Company has established a Code of Conduct which is made available for easy access in the Company's intranet. The Company's Code of Conduct provides guidance to employees' conduct in areas such as integrity in conducting business, prohibition on disclosure of confidential information relating to the Group, avoidance of conflict of interest, prohibition on accepting gifts/benefits from business associates, etc. The relevant information is presented to all new employees during the induction programme and the Company notifies employees of subsequent updates.

The Board emphasizes the importance of professionalism and integrity when conducting business. Employees are required to embrace and practice these values in the course of performing their duties at work, and to act in the best interest of the Group at all time.

(G) WHISTLE-BLOWING POLICY

The Company is committed to conduct business with integrity and high standards of corporate governance and conduct as well as compliance with applicable laws and regulatory requirements. In line with this commitment, the whistle-blowing policy is adopted to provide proper avenues or channels for employees and any other persons to raise or report any concerns/issues about serious wrong doings, misconduct, malpractices or improprieties in matters relating to the Group.

The whistle-blowing policy sets out procedures and rules for employees and external parties to raise responsibly, in confidence, concerns about possible improprieties in the Group, without fear of undue reprisals. Whistle-blowers may raise potential 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 to be taken. The identity of the whistle-blower and person(s) being reported on are kept confidential. The whistle-blowing policy also allows for concerns or irregularities expressed anonymously to be considered, taking into account the seriousness and credibility of the issues raised. The Company's whistle-blowing policy is published on its website.

DIRECTORS' STATEMENT

For The Year Ended 30 June 2019

We are pleased to present this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2019.

In our opinion:

a. the financial statements set out on pages 57 to 152 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The Directors in office at the date of this statement are as follows:

Moses Lee Kim Poo, *Chairman*
Raymond Choong Yee How, *Group President & Chief Executive Officer*
Quek Leng Chan
Kwek Leng Hai
Timothy Teo Lai Wah
Francis Siu Wai Keung
Abdullah Bin Tarmugi
Lim Suat Jien
Jennie Chua Kheng Yeng
Tang Hong Cheong

DIRECTORS' INTERESTS

According to the registers kept by the Company for the purposes of Section 164 of the Act, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Shareholdings in which Directors have a Direct Interest		**Shareholdings in which Directors are Deemed to have an Interest**	
	As at 1 July 2018	**As at 30 June 2019**	**As at 1 July 2018**	**As at 30 June 2019**
Company	Fully Paid Ordinary Shares[1]			
Quek Leng Chan	13,333,333	13,333,333	819,266,530	819,310,430
Kwek Leng Hai	35,290,914	35,290,914	-	-
Tang Hong Cheong	65,000	65,000	-	-
	Medium-Term Notes*			
Moses Lee Kim Poo	750,000	750,000	-	-
	Options to subscribe for Ordinary Shares			
Raymond Choong Yee How	20,000,000	20,000,000	-	-
Tang Hong Cheong	800,000	800,000	-	-
Intermediate Holding Company				
Guoco Group Limited	Ordinary Shares of US$0.50 each fully paid			
Quek Leng Chan	1,056,325	1,056,325	241,151,792	241,081,792
Kwek Leng Hai	3,800,775	3,800,775	-	-
Tang Hong Cheong	10,000	94,000	-	-
	Options to subscribe for Ordinary Shares			
Tang Hong Cheong	120,000	36,000	-	-
Ultimate Holding Company				
Hong Leong Company (Malaysia) Berhad	Fully Paid Ordinary Shares[2]			
Quek Leng Chan	390,000	390,000	7,487,100	7,487,100
Kwek Leng Hai	420,500	420,500	-	-
Subsidiary				
GuocoLand (Malaysia) Berhad	Fully Paid Ordinary Shares[2]			
Quek Leng Chan	19,506,780	19,506,780	455,574,796	455,574,796
Kwek Leng Hai	226,800	226,800	-	-
Tang Hong Cheong	195,000	195,000	-	-
	Options to subscribe for Ordinary Shares			
Tang Hong Cheong	105,000	-	-	-

* Please refer to Note 19 to the Financial Statements.

DIRECTORS' STATEMENT

For The Year Ended 30 June 2019

DIRECTORS' INTERESTS (CONT'D)

			Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Nominal Value per share	Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stock^			
			As at 1 July 2018	As at 30 June 2019	As at 1 July 2018	As at 30 June 2019
Interests of Quek Leng Chan in Related Corporations						
Hong Leong Financial Group Berhad	(2)		5,438,664	5,438,664	893,706,226	893,706,226
Hong Leong Capital Berhad	(2)		-	-	200,805,058	200,805,058
Hong Leong Bank Berhad	(2)		-	-	1,346,237,169	1,346,237,169
	(2)		-	-	400,000,000[7]	800,000,000[7]
	(2)		-	-	500,000,000[8]	1,500,000,000[8]
Hong Leong MSIG Takaful Berhad	(2)		-	-	65,000,000	130,000,000
Hong Leong Assurance Berhad	(2)		-	-	140,000,000	140,000,000
Hong Leong Industries Berhad	(2)		-	-	242,665,670	242,665,670
Hong Leong Yamaha Motor Sdn Bhd	(2)		-	-	17,352,872	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	(2)		-	-	19,600,000	19,600,000
Century Touch Sdn Bhd (In members' voluntary liquidation)	(2)		-	-	6,545,001	-[9]
Varinet Sdn Bhd (In members' voluntary liquidation)	(2)		-	-	10,560,627	-[9]
Malaysian Pacific Industries Berhad	(2)		-	-	108,715,257	108,853,457
Carter Resources Sdn Bhd	(2)		-	-	5,640,607	5,640,607
Carsem (M) Sdn Bhd	(2)		-	-	84,000,000	84,000,000
	(2)		-	-	22,400 (Redeemable Preference Shares)	22,400 (Redeemable Preference Shares)
Hume Industries Berhad	(2)		-	-	349,421,658	349,421,658
	(2)		-	-	-	194,500,814^
Southern Steel Berhad	(2)		-	-	292,169,709	292,169,709
	(2)		-	-	140,076,337^	140,076,337^
Southern Pipe Industry (Malaysia) Sdn Bhd	(2)		-	-	124,964,153	124,964,153
TPC Commercial Pte. Ltd.	(1)		-	-	189,600,000	189,600,000
TPC Hotel Pte. Ltd.	(1)		-	-	62,400,000	62,400,000
Wallich Residence Pte. Ltd.	(1)		-	-	24,000,000	24,000,000
GLL A Pte. Ltd.	(1)		-	-	10	10
GLL Chongqing 18 Steps Pte. Ltd. (formerly known as GLL Chengdu Pte. Ltd.)	(1)		-	-	149,597,307	149,597,307
Guoco Midtown Pte. Ltd. (formerly known as GLL Prosper Pte. Ltd.)	(1)		-	-	184,000,000	184,000,000
Midtown Bay Pte. Ltd. (formerly known as GLL Thrive Pte. Ltd.)	(1)		-	-	32,000,000	32,000,000
Beijing Ming Hua Property Co., Ltd	(3)		-	-	150,000,000	3,750,000
Shanghai Xinhaojia Property Development Co., Ltd	(3)		-	-	3,150,000,000	315,000,000
Shanghai Xinhaozhong Holding Co., Ltd	(3)		-	-	490,000	490,000
JB Parade Sdn Bhd	(2)		-	-	28,000,000	28,000,000
	(2)		-	-	97,390,000 (Cumulative Redeemable Preference Shares)	97,390,000 (Cumulative Redeemable Preference Shares)
Lam Soon (Hong Kong) Limited	(5)		-	-	140,008,659	140,008,659
Guangzhou Lam Soon Food Products Limited	(4)		-	-	6,570,000	6,570,000
Guoman Hotel & Resort Holdings Sdn Bhd	(2)		-	-	277,000,000	277,000,000
GLM Emerald Industrial Park (Jasin) Sdn Bhd	(2)		-	-	34,408,000	34,408,000
	(2)		-	-	123,502,605 (Redeemable Preference Shares)	123,502,605 (Redeemable Preference Shares)
GL Limited		US$0.20	735,000	735,000	922,283,734	943,669,134
The Rank Group Plc		GBP13 8/9p	285,207	285,207	219,477,221	219,477,221
Interests of Kwek Leng Hai in Related Corporations						
Hong Leong Bank Berhad	(2)		5,510,000	5,510,000	-	-
Lam Soon (Hong Kong) Limited	(5)		2,300,000	2,300,000	-	-
Hong Leong Industries Berhad	(2)		190,000	190,000	-	-
Hong Leong Financial Group Berhad	(2)		2,526,000	2,526,000	-	-
Hume Industries Berhad	(2)		205,200	205,200	-	-
			-	105,571 ^[6]	-	-
Malaysian Pacific Industries Berhad	(2)		71,250	71,250	-	-
The Rank Group Plc		GBP13 8/9p	1,026,209	1,026,209	-	-
GL Limited		US$0.20	-	300,000	-	-
Interests of Raymond Choong Yee How in Related Corporations						
Hong Leong Financial Group Berhad	(2)		3,000,000	3,000,000	-	-
Interests of Timothy Teo Lai Wah in Related Corporations						
GL Limited		US$0.20	500,000	500,000	-	-

DIRECTORS' STATEMENT

For The Year Ended 30 June 2019

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stock^			
		As at 1 July 2018	As at 30 June 2019	As at 1 July 2018	As at 30 June 2019
Interests of Tang Hong Cheong in Related Corporations					
GL Limited	US$0.20	300,000	2,500,000	-	-
		130,000 (Options to subscribe for Ordinary Shares)	-	-	-
Hong Leong Industries Berhad	[2]	300,000	300,000	15,000	15,000
Hong Leong Financial Group Berhad	[2]	249,146	174,146	-	-
Hume Industries Berhad ("Hume")	[2]	1,275,600	2,448,100	16,200	16,200
		130,000 (Options to subscribe for Ordinary Shares)	-	-	-
		-	1,328,570^[6]	-	9,999^[6]
Southern Steel Berhad	[2]	71,000	71,000	-	-
		60,000 (Options to subscribe for Ordinary Shares)	60,000 (Options to subscribe for Ordinary Shares)	-	-
The Rank Group Plc	GBP$13^{8/9}$p	70,000	70,000	-	-
		130,000 (Options to subscribe for Ordinary Shares)	-	-	-
Lam Soon (Hong Kong) Limited	[5]	700,000	700,000	-	-

Legend
[1] Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.
[2] Concept of par value was abolished with effect from 31 January 2017 pursuant to the Companies Act 2016, Malaysia.
[3] Capital contribution in RMB.
[4] Capital contribution in HKD.
[5] Concept of par value was abolished with effect from 3 March 2014 pursuant to the Companies Ordinance (Chapter 622), Hong Kong.
[6] The redeemable convertible unsecured loan stocks ("RCULS") are convertible into ordinary shares of Hume at the conversion price of RM0.70 RCULS for 1 Hume share.
[7] Nominal value in Ringgit Malaysia of Additional Tier 1 capital securities.
[8] Nominal value in Ringgit Malaysia of Tier 2 subordinated notes.
[9] Dissolved during the year.

DIRECTORS' INTERESTS (CONT'D)

By virtue of Section 7 of the Act, Mr Quek Leng Chan is deemed to have an interest in all of Hong Leong Company (Malaysia) Berhad's direct and indirect interests in its subsidiaries and associates, at the beginning and at the end of the financial year.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

According to the Register of Directors' Shareholding, Mr Tang Hong Cheong has a direct shareholding in 345,000 Ordinary Shares and 520,000 Options to subscribe for Ordinary Shares in the Company as at 21 July 2019. Save as disclosed above, 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 2019.

Except as disclosed under "Share Scheme(s)" of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Transactions entered into by the Company and/or its related corporations with connected or related parties in which certain of the Directors are deemed to have an interest comprised deposits, lease of properties and payments for professional, financial and management services. All such transactions were carried out in the normal course of business of the Group and on commercial terms.

Except as disclosed in this statement and in the Notes to the Financial Statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE SCHEME(S)

The GuocoLand Limited Executive Share Scheme

(a) The GuocoLand Limited Executive Share Scheme was approved by shareholders of the Company on 25 October 2018 and further approved by shareholders of Guoco Group Limited (an intermediate holding company of the Company) on 12 December 2018 ("ESS 2018") in place of the GuocoLand Limited Executives' Share Option Scheme ("ESOS 2008") which had since expired on 20 November 2018. ESS 2018 shall continue to be in force for a maximum period of 10 years from 12 December 2018 to 11 December 2028.

(b) The ESS 2018 shall be administered by the Remuneration Committee comprising Mr Abdullah Bin Tarmugi (Chairman), Mr Quek Leng Chan and Ms Jennie Chua Kheng Yeng who are non-participants.

(c) Under the ESS 2018, newly issued and/or existing issued ordinary shares of the Company ("Shares") may be offered to selected key executives of the Group ("Eligible Executives") via the executive share option scheme or the executive share grant scheme, or a combination of both.

DIRECTORS' STATEMENT

For The Year Ended 30 June 2019

SHARE SCHEME(S) (CONT'D)

(d) During the financial year, no grant has been made under ESS 2018.

The termination of the ESOS 2008 does not affect options which had been granted thereunder and accepted but which remained unexercised (whether fully or partially) on termination and participants would still be able to exercise such options granted under ESOS 2008. The details relating to options granted to participants which have remained unexercised pursuant to the ESOS 2008 are as follows:

Participant(s)	Options granted during the financial year	Aggregate options granted since the commencement of ESOS 2008 to end of financial year	Aggregate options exercised since the commencement of ESOS 2008 to end of financial year	Aggregate options lapsed since the commencement of ESOS 2008 to end of financial year	Aggregate options outstanding under ESOS 2008 to end of financial year
Executive Director					
Raymond Choong Yee How	-	20,000,000	-	-	20,000,000
Executives	-	32,521,725	-	(14,621,725)	17,900,000
Total	-	52,521,725	-	(14,621,725)	37,900,000*

* The options under ESOS 2008 were granted at the exercise price of S$1.984 per Share which was set at a discount of 5.8% to the market price of the Shares based on the 5-day weighted average market price of the Shares immediately prior to 8 December 2017 being the date of grant. The options will be valid from the date of grant till the date of vesting and exercise. All the options granted had been accepted by the participants and each option shall be exercisable, in whole or in part, subject to certain performance targets being met following the end of the performance period concluding in the financial year 2018/19 and 2020/21. The options may be exercisable and valid up to 30 months from the date of vesting.

Save as disclosed, there was no participant who has received 5% or more of the total number of options available under the ESOS 2008. No new Shares were issued by virtue of the exercise of option under ESOS 2008. During the financial year, no option was exercised and 1,800,000 options had lapsed.

(e) Other information regarding the ESS 2018 is as follows:

(i) Eligibility
Eligible Executives must be at least 18 years of age on the date when an offer is made and has been confirmed in service. Non-executive directors, the Company's controlling shareholders or their associates, directors and employees of the Company's controlling shareholders, directors and employees of associated companies of the Company and directors and employees of the Company's holding company and its subsidiaries (excluding the Company and its subsidiaries) shall not participate in ESS 2018.

(ii) Maximum Entitlement
The maximum entitlement for each Eligible Executive in respect of the total number of new Shares to be issued upon exercise of options granted in any 12-month period shall not exceed 1% of the total number of issued Shares immediately before such option offer. For the avoidance of doubt, to the extent the exercise of any option granted to an Eligible Executive is satisfied by the transfer of existing issued Shares (including treasury Shares), such option and number of existing issued Shares (including treasury shares) shall not be subject to or taken into account for purposes of such limit.

SHARE SCHEME(S) (CONT'D)

(iii) Grant of Options

(a) The exercise price per Share shall be a price equal to the 5-day weighted average market price of the Shares immediately preceding the date of offer of the option ("Market Price") or, if discounted, shall not be at a discount of more than 20% (or such other discount as the relevant authority shall permit) to the Market Price.

(b) Option granted to an Eligible Executive may be exercisable by that Eligible Executive only during his employment, within the option exercise period and subject to any other terms and conditions as may be contained in the option certificate. The minimum period which an option must be held before it can be exercised:

(1) where the option is granted at a discount to the Market Price, shall be at least 2 years from the date of offer; and

(2) where the option is granted without any discount, shall be at least 1 year from the date of offer.

(c) Eligible Executives to whom the options have been granted do not have the right to participate, by virtue of the option, in a share issue of any other company, except in the share scheme(s) of companies within the Group.

(iv) Grant of Shares ("Grant Offer")

(a) Grant Offer to Eligible Executives may be made upon such terms and conditions including the number of Shares to be vested pursuant to a grant at the end of the performance period based on the achievement of the prescribed financial and performance targets or criteria.

(b) Grant Offer must be accepted by the Eligible Executive who has been made a Grant Offer ("Offeree") within 30 days from the date of offer accompanied by a payment of S$1 as consideration.

(c) The Offeree may be vested Shares only during his employment or directorship within the Group and subject to any other terms and conditions as may be contained in the grant certificate.

(f) Since the commencement of the ESS 2018, there was no grant of options or Shares made to controlling shareholders of the Company and their associates or parent group employees.

(g) In relation to the Company's subsidiary, GuocoLand (Malaysia) Berhad ("GLM"), options of 20,000,000 GLM shares were granted pursuant to the GLM's Value Creation Incentive Plan during the last financial year ended 30 June 2018. During the financial year, there were no new options granted. As at 30 June 2019, the balance options is 18,000,000. Please refer to Note 29 to the Financial Statements for the details.

Except as disclosed above, there were no unissued Shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

DIRECTORS' STATEMENT

For The Year Ended 30 June 2019

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee ("ARC") during the financial year and at the date of this statement are as follows:

Timothy Teo Lai Wah, *Chairman*
Francis Siu Wai Keung
Lim Suat Jien

The ARC performs the functions under its terms of reference including those specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The ARC held four meetings during the financial year. In performing its functions, the ARC had met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The ARC also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Board of Directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);
- whistle-blowing policy of the Company; and
- the Group Risk Register.

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings.

The ARC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company, subsidiaries and significant associated companies, the Company has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

The details of the functions carried out by the ARC are set out under "Corporate Governance" in the Company's Annual Report 2019.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

MOSES LEE KIM POO
Director

RAYMOND CHOONG YEE HOW
Director

Singapore
23 August 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
GuocoLand Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of GuocoLand Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 57 to 152.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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 INVESTMENT PROPERTIES ($4.9 BILLION)
(Refer to Note 5 to the financial statements)

Risk

The Group owns a portfolio of investment properties in Singapore, Malaysia and China. As at 30 June 2019, the investment properties represent the single largest asset category on the consolidated statement of financial position.

The investment properties are stated at their fair values based on independent external valuations. 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 valuations are sensitive to key assumptions applied, including those relating to capitalisation rate and comparable sales price, i.e. a small change in assumptions may have a significant impact to the valuation.

Our response

We evaluated the competence and objectivity of the external valuers and held discussions with the valuers 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 assessed the reasonableness of the projected cash flows used in the valuations by comparing to supporting leases and externally available industry data. We also assessed the reasonableness of the key assumptions, which included capitalisation rate, gross development value and comparable sales price used in the valuations by comparing them to available industry data, taking into consideration relevant market factors.

We also assessed whether the disclosures in the financial statements appropriately described the judgements inherent in the valuations.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies adopted by the valuers are in line with generally accepted market practices and the key assumptions used are within the range of market data for comparable properties. We found the disclosures in the financial statements to be appropriate in their description of the inherent judgement and estimation involved.

INDEPENDENT AUDITORS' REPORT

Members of the Company
GuocoLand Limited

VALUATION OF DEVELOPMENT PROPERTIES ($3.0 BILLION)
(Refer to Note 10 to the financial statements)

Risk

The Group's development properties comprise mainly residential properties in Singapore, Malaysia and China. Development properties are stated at the lower of their cost and their estimated net realisable value ("NRV").

The determination of the estimated NRV is largely dependent on the forecast selling price for the property. Future trends in selling prices may depart from known trends based on past experience. There is therefore a risk that the estimated NRV exceeds future selling price, resulting in losses when the properties are eventually sold.

Our response

We focused on development projects with slower-than-expected sales or low margins. We assessed the reasonableness of the forecast selling prices by comparing to recent transacted sales prices for the same project and/or comparable properties.

Our findings

In making its estimates of the forecast selling prices, the Group takes into account the macroeconomic and real estate price trend for the respective location. We found the judgement exercised and estimates applied in the determination of the net realisable values of development properties to be balanced.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have not obtained any other information prior to the date of this auditors' report except for the Directors' Statement. The remaining other information is 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 identified above when it becomes available 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 remaining other information, 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 of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls 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 the 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
GuocoLand Limited

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 to 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 regulations preclude 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lee Sze Yeng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 August 2019

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2019

		Group			Company		
	Note	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Non-current assets							
Property, plant and equipment	4	**592,263**	618,054	623,806	**-**	-	-
Investment properties	5	**4,877,319**	4,623,436	3,053,287	**-**	-	-
Subsidiaries	6	**-**	-	-	**2,215,738**	1,970,630	1,966,514
Associates and joint ventures	7	**543,969**	894,090	676,249	**-**	-	-
Other receivables, including derivatives	13	**891**	-	-	**-**	-	-
Other investments	8	**-**	-	507	**-**	-	-
Deferred tax assets	9	**29,795**	37,291	22,641	**-**	-	-
		6,044,237	6,172,871	4,376,490	**2,215,738**	1,970,630	1,966,514
Current assets							
Inventories	10	**2,982,227**	2,858,134	2,647,397	**-**	-	-
Deposits for land	11	**-**	-	466,893	**-**	-	-
Contract assets	22	**35,113**	197,318	42,282	**-**	-	-
Trade and other receivables, including derivatives	12	**146,154**	307,261	156,740	**3**	7,021	6
Cash and cash equivalents	15	**823,718**	884,934	1,118,483	**214**	225	206
		3,987,212	4,247,647	4,431,795	**217**	7,246	212
Total assets		**10,031,449**	10,420,518	8,808,285	**2,215,955**	1,977,876	1,966,726
Equity							
Share capital	16	**1,926,053**	1,926,053	1,926,053	**1,926,053**	1,926,053	1,926,053
Reserves	17	**1,899,645**	1,833,010	1,491,609	**258,598**	20,315	8,438
Equity attributable to ordinary equity holders of the Company		**3,825,698**	3,759,063	3,417,662	**2,184,651**	1,946,368	1,934,491
Perpetual securities	18	**405,949**	404,976	-	**-**	-	-
		4,231,647	4,164,039	3,417,662	**2,184,651**	1,946,368	1,934,491
Non-controlling interests	6	**410,866**	394,456	291,279	**-**	-	-
Total equity		**4,642,513**	4,558,495	3,708,941	**2,184,651**	1,946,368	1,934,491
Non-current liabilities							
Other payables, including derivatives	21	**610,771**	550,907	342,560	**30,352**	30,528	31,298
Loans and borrowings	19	**4,204,356**	3,291,844	2,254,031	**-**	-	-
Deferred tax liabilities	9	**22,874**	61,685	19,386	**-**	-	-
		4,838,001	3,904,436	2,615,977	**30,352**	30,528	31,298
Current liabilities							
Trade and other payables, including derivatives	20	**204,033**	274,675	377,287	**903**	933	859
Contract liabilities	22	**21,171**	33,613	42	**-**	-	-
Loans and borrowings	19	**285,440**	1,631,960	2,090,477	**-**	-	-
Current tax liabilities		**40,291**	17,339	15,561	**49**	47	78
		550,935	1,957,587	2,483,367	**952**	980	937
Total liabilities		**5,388,936**	5,862,023	5,099,344	**31,304**	31,508	32,235
Total equity and liabilities		**10,031,449**	10,420,518	8,808,285	**2,215,955**	1,977,876	1,966,726

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue	22	**926,957**	1,141,669
Cost of sales		**(631,102)**	(790,054)
Gross profit		**295,855**	351,615
Other income	23	**238,798**	164,004
Administrative expenses		**(93,290)**	(90,620)
Other expenses	24	**(37,441)**	(25,507)
Finance costs	25	**(107,691)**	(122,400)
Share of profit of associates and joint ventures (net of tax)	7	**12,789**	206,952
Profit before tax	26	**309,020**	484,044
Tax expense	27	**(21,404)**	(61,539)
Profit for the year		**287,616**	422,505
Profit attributable to:			
Equity holders of the Company		**255,674**	413,207
Non-controlling interests		**31,942**	9,298
Profit for the year		**287,616**	422,505
Earnings per share (cents)	28		
Basic		**21.30**	36.53
Diluted		**21.30**	36.48

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 June 2019

	2019 $'000	2018 $'000
Profit for the year	**287,616**	422,505
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:-		
Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	**(117,400)**	47,867
Effective portion of changes in fair value of cash flow hedges	**2,407**	(1,703)
Effective portion of changes in fair value of net investment hedges	**6,763**	(14,880)
Net change in fair value of available-for-sale securities	**-**	(239)
Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal	**-**	(1,101)
Total other comprehensive income for the year, net of tax	**(108,230)**	29,944
Total comprehensive income for the year, net of tax	**179,386**	452,449
Attributable to:		
Equity holders of the Company	**160,969**	434,452
Non-controlling interests	**18,417**	17,997
Total comprehensive income for the year, net of tax	**179,386**	452,449

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2019

	←Attributable to ordinary equity holders of the Company→							
	Share Capital $'000	Other Reserves $'000	Accumulated Profits $'000	Total Ordinary Equity $'000	Perpetual Securities $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
At 1 July 2018	**1,926,053**	**(138,217)**	**1,971,227**	**3,759,063**	**404,976**	**4,164,039**	**394,456**	**4,558,495**
Total comprehensive income for the year								
Profit for the year	-	-	**255,674**	**255,674**	-	**255,674**	**31,942**	**287,616**
Other comprehensive income								
Items that are or may be reclassified subsequently to profit or loss:-								
Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	**(103,875)**	-	**(103,875)**	-	**(103,875)**	**(13,525)**	**(117,400)**
Effective portion of changes in fair value of cash flow hedges	-	**2,407**	-	**2,407**	-	**2,407**	-	**2,407**
Effective portion of changes in fair value of net investment hedges	-	**6,763**	-	**6,763**	-	**6,763**	-	**6,763**
Total other comprehensive income, net of tax	-	**(94,705)**	-	**(94,705)**	-	**(94,705)**	**(13,525)**	**(108,230)**
Total comprehensive income for the year, net of tax	-	**(94,705)**	**255,674**	**160,969**	-	**160,969**	**18,417**	**179,386**
Transactions with equity holders, recorded directly in equity								
Contributions by and distributions to equity holders								
Accrued distribution for perpetual securities	-	-	**(19,272)**	**(19,272)**	**19,272**	-	-	-
Distribution payment for perpetual securities	-	-	-	-	**(18,299)**	**(18,299)**	-	**(18,299)**
Dividends (note 30)	-	-	**(77,684)**	**(77,684)**	-	**(77,684)**	**(1,749)**	**(79,433)**
Capital reduction of a subsidiary with non-controlling interests	-	-	-	-	-	-	**(258)**	**(258)**
Share-based payments	-	**2,622**	-	**2,622**	-	**2,622**	-	**2,622**
Total contributions by and distributions to equity holders	-	**2,622**	**(96,956)**	**(94,334)**	**973**	**(93,361)**	**(2,007)**	**(95,368)**
Total transactions with equity holders	-	**2,622**	**(96,956)**	**(94,334)**	**973**	**(93,361)**	**(2,007)**	**(95,368)**
At 30 June 2019	**1,926,053**	**(230,300)**	**2,129,945**	**3,825,698**	**405,949**	**4,231,647**	**410,866**	**4,642,513**

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

	←Attributable to ordinary equity holders of the Company→							
	Share Capital $'000	Other Reserves $'000	Accumulated Profits $'000	Total Ordinary Equity $'000	Perpetual Securities $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
At 1 July 2017	1,926,053	(160,872)	1,652,481	3,417,662	-	3,417,662	291,279	3,708,941
Total comprehensive income for the year								
Profit for the year	-	-	413,207	413,207	-	413,207	9,298	422,505
Other comprehensive income								
Items that are or may be reclassified subsequently to profit or loss:-								
Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	39,066	-	39,066	-	39,066	8,801	47,867
Effective portion of changes in fair value of cash flow hedges	-	(1,703)	-	(1,703)	-	(1,703)	-	(1,703)
Effective portion of changes in fair value of net investment hedges	-	(14,880)	-	(14,880)	-	(14,880)	-	(14,880)
Net change in fair value of available-for-sale securities	-	(163)	-	(163)	-	(163)	(76)	(239)
Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal	-	(1,075)	-	(1,075)	-	(1,075)	(26)	(1,101)
Total other comprehensive income, net of tax	-	21,245	-	21,245	-	21,245	8,699	29,944
Total comprehensive income or the year, net of tax	-	21,245	413,207	434,452	-	434,452	17,997	452,449
Transactions with equity holders, recorded directly in equity								
Contributions by and distributions to equity holders								
Issue of perpetual securities (note 18)	-	-	-	-	397,218	397,218	-	397,218
Accrued distribution for perpetual securities	-	-	(7,758)	(7,758)	7,758	-	-	-
Dividends (note 30)	-	-	(77,684)	(77,684)	-	(77,684)	(1,553)	(79,237)
Capital reduction of a subsidiary with non-controlling interests	-	-	-	-	-	-	(686)	(686)
Capitalisation of shareholder's loan from non-controlling interests	-	-	-	-	-	-	78,400	78,400
Share-based payments	-	1,410	-	1,410	-	1,410	-	1,410
Total contributions by and distributions to equity holders	-	1,410	(85,442)	(84,032)	404,976	320,944	76,161	397,105
Changes in ownership interests in subsidiaries								
Acquisition of interests in subsidiaries without a change in control (note 32b)	-	-	(9,019)	(9,019)	-	(9,019)	9,019	-
Total changes in ownership interests in subsidiaries	-	-	(9,019)	(9,019)	-	(9,019)	9,019	-
Total transactions with equity holders	-	1,410	(94,461)	(93,051)	404,976	311,925	85,180	397,105
At 30 June 2018	1,926,053	(138,217)	1,971,227	3,759,063	404,976	4,164,039	394,456	4,558,495

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before tax		**309,020**	484,044
Adjustments for:-			
Allowance for foreseeable loss on development properties		**1,035**	-
Allowance for impairment loss on property, plant and equipment		**-**	2,289
Credit loss allowance on trade and other receivables		**775**	261
Depreciation of property, plant and equipment		**16,807**	16,061
Dividend income from equity securities		**-**	(50)
Finance costs		**107,691**	122,400
Gain on disposal of equity securities		**-**	(1,340)
Interest income		**(19,877)**	(10,902)
Loss/(Gain) on disposal of property, plant and equipment		**1**	(33)
Loss on disposal of interests in a subsidiary	32c	**-**	11,931
Loss on liquidation of subsidiaries		**-**	890
Net fair value gain from investment properties		**(197,413)**	(142,465)
Net fair value loss on derivative financial instruments		**25,988**	1,207
Share of profit of associates and joint ventures (net of tax)		**(12,789)**	(206,952)
Share-based payments		**2,622**	1,410
Unrealised exchange (gain)/loss		**(5,464)**	8,249
		228,396	287,000
Changes in:-			
Inventories		**(140,096)**	673,335
Deposits for land		**-**	(482,539)
Contract assets		**155,993**	(155,036)
Trade and other receivables		**161,955**	27,835
Trade and other payables		**(48,003)**	(82,178)
Contract liabilities		**(11,987)**	33,571
Balances with holding companies and related corporations		**3,203**	(36,995)
Cash used in operating activities		**349,461**	264,993
Tax paid		**(27,993)**	(33,984)
Net cash from operating activities		**321,468**	231,009
Cash flows from investing activities			
Additions to investment properties		**(42,017)**	(1,426,013)
Additions to property, plant and equipment		**(7,957)**	(27,805)
Balances with associates and joint ventures		**(112,971)**	6,972
Capital reduction of a joint venture	7	**281,293**	-
Dividends received from associates and joint ventures	7	**162,875**	1,201
Dividends received from equity securities		**-**	50
Interest received		**16,783**	13,269
Investment in equity-accounted investee	7	**-**	(1,600)
Proceeds from disposal of equity securities		**-**	506
Proceeds from disposal of property, plant and equipment		**-**	438
Net cash from/(used in) investing activities		**298,006**	(1,432,982)

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

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Capital reduction from non-controlling interests		**(258)**	(686)
Dividends paid		**(77,684)**	(77,684)
Dividends paid to non-controlling interests	6	**(1,749)**	(1,553)
Distribution payment for perpetual securities		**(18,299)**	-
Increase in fixed deposits pledged		**(435)**	(1,853)
Interest paid		**(156,111)**	(151,015)
Proceeds from issuance of perpetual securities	18	**-**	397,218
Proceeds from loans and borrowings		**1,543,923**	4,220,337
Proceeds from loans from non-controlling interests		**17,655**	240,197
Repayment of loans and borrowings		**(1,968,820)**	(3,664,955)
Net cash (used in)/from financing activities		**(661,778)**	960,006
Net decrease in cash and cash equivalents		**(42,304)**	(241,967)
Cash and cash equivalents at beginning of the year		**870,340**	1,105,927
Exchange differences on translation of balances held in foreign currencies		**(19,162)**	6,380
Cash and cash equivalents at end of the year	15	**808,874**	870,340

Significant non-cash transactions

In 2018, certain subsidiaries capitalised loans from non-controlling interests of $78.4 million through the issuance of shares by these subsidiaries to the non-controlling interests.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 August 2019.

1. DOMICILE AND ACTIVITIES

GuocoLand Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 1 Wallich Street #31-01 Guoco Tower, Singapore 078881.

The financial statements of the Group as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are those relating to:-

- investment holding;
- property development and investment;
- hotel operations; and
- provision of management, property management, marketing and maintenance services.

The immediate holding company is GuocoLand Assets Pte. Ltd., incorporated in the Republic of Singapore. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia.

2. BASIS OF PREPARATION

a. Statement of Compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 37.

b. Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

c. Functional and Presentation Currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

d. Use of Estimates and Judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, 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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:-

Note 5 – determination of fair value of investment properties
Note 7 – impairment assessment of investment in associates and joint ventures
Note 10 – estimation of the percentage of completion relating to revenue and costs recognised on development properties and allowance for foreseeable losses on development properties

e. Measurement of Fair Values

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.

The Group has an established control framework with respect to the measurement of fair values. All valuations are reviewed by the Group's Chief Financial Officer ("CFO"), who has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The CFO reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuers, broker quotes or pricing services, is used to measure fair value, then the finance team assesses the evidence obtained from the third party to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy which the resulting fair value estimate should be classified.

When measuring the fair value of an asset or 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 within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 recognised transfers 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 5 – Investment properties
Note 33 – Financial instruments

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 July 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

a. Basis of Consolidation

(i) *Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 July 2017

For acquisitions from 1 July 2017, the Group measures goodwill at the date of acquisition as:-
- the fair value of the consideration transferred; plus
- the recognised amount of any 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.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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 SFRS(I)s.

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 transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Basis of Consolidation (cont'd)

(i) *Business combinations (cont'd)*

Acquisitions before 1 July 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 July 2017.

(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 control 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 non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) *Investments in associates and joint ventures (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Basis of Consolidation (cont'd)

(vi) *Joint operations*

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(vii) *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.

(viii) *Subsidiaries, associates and joint ventures in the separate financial statements*

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

(ix) *Trust for Executive Share Scheme*

The Company has established a separate trust for its Executive Share Scheme. The assets and liabilities of the trust are accounted for as assets and liabilities of the Company.

b. Foreign Currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at 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.

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 cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation of:-

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Foreign Currency (cont'd)

(ii) *Foreign operations*

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, 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 non-controlling interests. 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 non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 other comprehensive income and are presented in the translation reserve in equity.

(iii) *Hedge of a net investment in foreign operation*

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

c. Property, Plant and Equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:-

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Property, Plant and Equipment (cont'd)

(i) *Recognition and measurement (cont'd)*

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant 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 property, plant 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 property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Assets under construction are stated at cost and are not depreciated.

Depreciation is recognised from the date that the property, plant 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.

The estimated useful lives for the current and comparative years are as follows:-

Freehold buildings	50 years
Leasehold land	Remaining lease period
Leasehold buildings	Remaining lease period or 50 years
Furniture and fittings and other equipment	2 – 20 years
Motor vehicles	5 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

e. Leased Assets

Leases in which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

f. Financial Instruments

(i) *Non-derivative financial assets – Policy applicable from 1 July 2018*

Classification and measurement

The Group classifies its financial assets in the following measurement categories:-
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(i) *Non-derivative financial assets – Policy applicable from 1 July 2018 (cont'd)*

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(1) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

(2) Financial assets at FVOCI

The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI if these are strategic investments and the Group considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

(3) Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income".

(ii) *Non-derivative financial assets – Policy applicable before 1 July 2018*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(ii) *Non-derivative financial assets – Policy applicable before 1 July 2018 (cont'd)*

The Group classifies non-derivative financial assets into the following categories:-
- loans and receivables; and
- available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date 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, pledged deposits are excluded whilst 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (note 3h) are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(iii) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and 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 offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(iv) *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.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where 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.

(v) *Perpetual securities*

The perpetual securities do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(vi) *Derivative financial instruments and hedge accounting – Policy applicable from 1 July 2018*

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 the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

On initial designation of the derivative as the hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedging relationships designated under FRS 39 as at 30 June 2018 are treated as continuing hedges and hedge documentation are aligned with the requirements of SFRS(I) 9.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(vi) *Derivative financial instruments and hedge accounting – Policy applicable from 1 July 2018 (cont'd)*

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. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised as OCI is included in the initial cost of the non-financial item.

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.

Fair value hedges

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

Net investment hedge

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss on disposal of the foreign operation.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(vi) *Derivative financial instruments and hedge accounting – Policy applicable from 1 July 2018 (cont'd)*

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

(vii) *Derivative financial instruments, including hedge accounting – Policy applicable before 1 July 2018*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised immediately in profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are initially measured at fair value; any 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 accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(viii) *Intra-group financial guarantees in separate financial statements*

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the terms of a debt instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Financial Instruments (cont'd)

(viii) *Intra-group financial guarantees in separate financial statements (cont'd)*

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

g. Inventories

(i) *Development properties for sale*

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs (applicable to construction of a development for which revenue is to be recognised at a point in time) and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(ii) *Others*

Other inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

h. Impairment

(i) *Non-derivative financial assets*

Policy applicable from 1 July 2018

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI, contract assets and financial guarantee contracts. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

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 borrower or issuer;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h. Impairment (cont'd)

(i) *Non-derivative financial assets (cont'd)*

Policy applicable before 1 July 2018

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale investment in equity securities are recognised by reclassifying losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h. Impairment (cont'd)

(i) *Non-derivative financial assets (cont'd)*

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3h(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories 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 asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related 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 assets 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.

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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Employee Benefits

(i) *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 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.

(ii) *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 employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) *Share-based payments transactions*

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. 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. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

j. 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 a 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.

A provision for levies is recognised when the condition that triggers the payment of the levy, as identified by the legislation, is met.

k. Income Recognition

(i) *Sale of development properties*

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Income Recognition (cont'd)

(i) *Sale of development properties (cont'd)*

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

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

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

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

The customer is invoiced on a payment schedule and are typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract, Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(ii) *Hotel income*

Revenue for hotel operations is recognised upon rendering of the relevant services.

(iii) *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Rental income from subleased property is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Income Recognition (cont'd)

(iv) *Management fee income*

Management fee income is recognised in the profit or loss when services are rendered.

(v) *Dividends*

Dividend income is recognised on the date that the Group's right to receive payment is established.

(vi) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

l. Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

m. Finance Costs

Borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

n. Tax

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

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.

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 or taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n. Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amounts will be recovered through sale has not been rebutted, except where the investment properties are held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time. In such cases, 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.

A deferred tax asset is recognised for unused tax losses, 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 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.

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.

o. 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 equity holders 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 equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

p. 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 Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets, liabilities and expenses relating to the Group's corporate office and treasury operations.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture, fittings and other equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost						
At 1 July 2017	736	141,338	496,984	40,456	2,908	682,422
Additions	-	1,483	-	12,537	273	14,293
Reversals	-	-	(10,142)	-	-	(10,142)
Disposals	-	-	-	(1,451)	(195)	(1,646)
Disposal of subsidiary	-	-	-	(120)	-	(120)
Written off	-	-	-	(17)	-	(17)
Translation differences	31	6,092	3,435	626	9	10,193
At 30 June 2018	767	148,913	490,277	52,031	2,995	694,983
At 1 July 2018	**767**	**148,913**	**490,277**	**52,031**	**2,995**	**694,983**
Additions	**-**	**212**	**-**	**7,884**	**3**	**8,099**
Reversals	**-**	**(3,230)**	**(3,961)**	**-**	**-**	**(7,191)**
Disposals	**-**	**-**	**-**	**(20)**	**-**	**(20)**
Written off	**-**	**(61)**	**-**	**(80)**	**-**	**(141)**
Translation differences	**(25)**	**(4,719)**	**(6,480)**	**(1,330)**	**(49)**	**(12,603)**
At 30 June 2019	**742**	**141,115**	**479,836**	**58,485**	**2,949**	**683,127**
Accumulated Depreciation						
At 1 July 2017	-	4,380	26,842	25,538	1,856	58,616
Depreciation charge for the year	-	2,742	7,983	4,855	481	16,061
Disposals	-	-	-	(1,062)	(194)	(1,256)
Disposal of subsidiary	-	-	-	(119)	-	(119)
Written off	-	-	-	(2)	-	(2)
Translation differences	-	256	645	450	(11)	1,340
At 30 June 2018	-	7,378	35,470	29,660	2,132	74,640
At 1 July 2018	**-**	**7,378**	**35,470**	**29,660**	**2,132**	**74,640**
Depreciation charge for the year	**-**	**2,719**	**6,745**	**6,938**	**405**	**16,807**
Disposals	**-**	**-**	**-**	**(19)**	**-**	**(19)**
Written off	**-**	**(61)**	**-**	**(80)**	**-**	**(141)**
Translation differences	**-**	**(268)**	**(1,248)**	**(1,048)**	**(45)**	**(2,609)**
At 30 June 2019	**-**	**9,768**	**40,967**	**35,451**	**2,492**	**88,678**
Accumulated Impairment Losses						
At 1 July 2017	-	-	-	-	-	-
Impairment loss	-	-	2,289	-	-	2,289
At 30 June 2018	-	-	2,289	-	-	2,289
At 1 July 2018	**-**	**-**	**2,289**	**-**	**-**	**2,289**
Translation difference	**-**	**-**	**(103)**	**-**	**-**	**(103)**
At 30 June 2019	**-**	**-**	**2,186**	**-**	**-**	**2,186**
Carrying Amounts						
At 1 July 2017	736	136,958	470,142	14,918	1,052	623,806
At 30 June 2018	767	141,535	452,518	22,371	863	618,054
At 30 June 2019	**742**	**131,347**	**436,683**	**23,034**	**457**	**592,263**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a. The Group's property, plant and equipment with a carrying amount of $480.7 million (2018: $506.3 million) have been mortgaged to secure loan facilities granted to the Group (note 19).

b. The depreciation charge for the Group is recognised in the following items:-

	2019 $'000	2018 $'000
Administrative expenses	**16,807**	16,061

c. The Group has assessed its property, plant and equipment for impairment and no impairment loss was recognised during the year. In 2018, an impairment loss of $2.3 million with respect to leasehold land and building based on independent valuation obtained was recognised.

5. INVESTMENT PROPERTIES

	Note	Group 2019 $'000	2018 $'000	1 July 2017 $'000
At 1 July		**4,623,436**	3,053,287	2,711,193
Additions		**67,265**	1,418,655	91,339
Changes in fair values recognised in other income (unrealised)	23	**197,413**	142,465	254,451
Translation differences recognised in other comprehensive income		**(10,795)**	9,029	(3,696)
At 30 June		**4,877,319**	4,623,436	3,053,287
Comprising:-				
Completed investment properties		**3,309,519**	3,186,236	3,053,287
Investment properties under development		**1,567,800**	1,437,200	-
		4,877,319	4,623,436	3,053,287

Investment properties comprise commercial properties, commercial properties under development and reversionary interests in freehold land and commercial properties.

a. The Group's investment properties with a carrying value of $4,244.5 million (2018: $4,020.5 million; 1 July 2017: $2,484.8 million) have been mortgaged to secure loan facilities granted to the Group (note 19).

b. During the financial year, interest expense capitalised as cost of investment properties amounted to $41.7 million (2018: $22.9 million; 1 July 2017: $12.1 million) (note 25) and is included in additions.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

5. INVESTMENT PROPERTIES (CONT'D)

c. The commercial properties of the Group are held mainly for use by tenants under operating lease. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:-

	Group	
	2019	**2018**
	$'000	**$'000**
Within 1 year	**95,012**	121,642
Between 1 and 5 years	**141,082**	268,776
After 5 years	**-**	14,565
	236,094	404,983

d. Fair value hierarchy

Investment properties are stated at fair value based on independent valuations. The fair value of investment properties are determined by external independent property valuers, which have appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair values of the Group's investment property portfolio annually. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value measurement for the investment properties have been categorised as Level 3 fair values based on the inputs to the valuation techniques used (note 2e).

Independent valuations were carried out by the following valuers on the dates stated below:-

Valuer	2019 Valuation Date	2018 Valuation Date	2017 Valuation Date
CBRE	June 2019	June 2018	June 2017
Rahim & Co	-	June 2018	June 2017
Savills	June 2019	June 2018	June 2017
First Pacific Valuers	June 2019	-	-

The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties, taking into consideration the location, tenure, age of development, trade mix, lettable area, condition, facilities within the development, standard of finishes and fittings as well as date of transaction.

The income capitalisation approach is an investment approach whereby the gross passing income has been adjusted to reflect anticipated operating costs and an ongoing vacancy to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the date of valuation at an appropriate investment yield which reflects the nature, location and tenancy profile of the property together with current market investment criteria.

5. INVESTMENT PROPERTIES (CONT'D)

d. Fair value hierarchy (cont'd)

The residual land method involves the deduction of the estimated total development and related costs, together with developer's profit margin, from the gross development value assuming it was completed as at the date of valuation. In estimating the gross development value, the valuer has considered the sale of comparable properties and adjustments are made to reflect the differences in location, tenure, size, standard of finishes and fittings as well as the dates of transactions.

e. Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties and the key unobservable inputs used:-

Type of investment properties	Valuation Method	Key unobservable inputs: Singapore	Key unobservable inputs: China	Key unobservable inputs: Malaysia	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties	• Direct comparison method	• Sales prices of $1,878 to $3,450 (2018: $2,100 to $3,550) per square feet (psf)	• Sales prices of $604 to $914 (2018: $407 to 497) psf	• Sales prices of $347 to $360 (2018: $345 to $400) psf	The estimated fair value increases when the sales price increases
	• Income capitalisation method	• Capitalisation rate of 3.4% to 4.5% (2018: 3.5% to 4.8%)		• Capitalisation rate of 5.5% to 6.3% (2018: 5.5% to 6.3%)	The estimated fair value increases when the capitalisation rate decreases
Commercial properties under development	• Residual land method	• Gross development value of $3,000 to $4,000 (2018: $3,000 to $4,000) psf			The estimated fair value increases when the gross development value increases
Reversionary interest in freehold land and commercial properties	• Direct comparison method	• Sales prices of $168 to $686 (2018: $142 to $626) psf			The estimated fair value increases when the sales price and gross development value increases
	• Residual land method	• Gross development value of $3,000 (2018: $2,750) psf			

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

6. SUBSIDIARIES

	Note	Company 2019 $'000	Company 2018 $'000
a. Unquoted shares, at cost		**572,596**	568,564
Less: Impairment loss		**(13,503)**	(13,503)
		559,093	555,061
Amounts due from subsidiaries		**1,658,230**	1,417,154
Less: Credit loss allowance		**(1,585)**	(1,585)
		1,656,645	1,415,569
		2,215,738	1,970,630
Non-current amounts due to subsidiaries	21	**(30,352)**	(30,528)

The amounts due from/to subsidiaries are unsecured, interest-free and not expected to be repaid in the next 12 months from 30 June 2019.

The impairment loss on investments in subsidiaries are made mainly in respect of subsidiaries which have completed or substantially completed their respective developments.

The investments in and amounts due from these subsidiaries were written down to their respective recoverable amounts, determined using the net asset values of the subsidiaries. The net asset values, which take into consideration the fair values of the underlying properties held by the subsidiaries, approximate the fair values of the subsidiaries. The fair values were categorised as Level 3 fair value measurements. Costs of disposal were assessed as insignificant.

In 2018, impairment loss on the investments in subsidiaries of $53.1 million was utilised by the Company following the liquidation of the subsidiaries.

The Company's exposure to credit risk on amounts due from subsidiaries is disclosed in note 33.

b. The details of significant subsidiaries in the Group are as follows:-

	Country of incorporation/ Principal place of business	Ownership interest/Voting rights held by the Group 2019 %	2018 %
(i) **Directly held by the Company**			
GLL IHT Pte. Ltd.	Singapore	**100.00**	100.00
GuocoLand (Singapore) Pte. Ltd.	Singapore	**100.00**	100.00
GuocoLand (China) Limited	Bermuda	**100.00**	100.00
GuoSon Assets China Limited	Hong Kong	**100.00**	100.00
GLL Chongqing 18 Steps Pte. Ltd. (formerly known as GLL Chengdu Pte. Ltd.)	Singapore	**75.00**	75.00
GLL (Malaysia) Pte. Ltd.	Singapore	**100.00**	100.00
GuocoLand Vietnam (S) Pte. Ltd.	Singapore	**100.00**	100.00
GuocoLand Hotels Pte. Ltd.	Singapore	**100.00**	100.00

6. SUBSIDIARIES (CONT'D)

b. The details of significant subsidiaries in the Group are as follows:- (cont'd)

	Country of incorporation/ Principal place of business	Ownership interest/Voting rights held by the Group 2019 %	2018 %
(ii) **Directly held by GuocoLand (Singapore) Pte. Ltd.**			
TPC Commercial Pte. Ltd.	Singapore	**80.00**	80.00
Sims Urban Oasis Pte. Ltd.	Singapore	**100.00**	100.00
GLL Land Pte. Ltd.	Singapore	**100.00**	100.00
GuocoLand Property Maintenance Services Pte. Ltd.	Singapore	**100.00**	-
GuocoLand Property Management Pte. Ltd.	Singapore	**100.00**	100.00
TPC Hotel Pte. Ltd.*	Singapore	**-**	-
Leedon Residence Development Pte. Ltd.	Singapore	**100.00**	100.00
Wallich Residence Pte. Ltd.	Singapore	**80.00**	80.00
Martin Modern Pte. Ltd.	Singapore	**100.00**	100.00
Midtown Bay Pte. Ltd. (formerly known as GLL Thrive Pte. Ltd.)	Singapore	**70.00**	70.00
Guoco Midtown Pte. Ltd. (formerly known as GLL Prosper Pte. Ltd.)	Singapore	**70.00**	70.00
Meyer Mansion Pte. Ltd. (formerly known as First Meyer Development Pte. Ltd.)	Singapore	**100.00**	100.00
(iii) **Directly held by GuocoLand (China) Limited**			
Beijing Jiang Sheng Property Development Co., Ltd	The People's Republic of China	**100.00**	100.00
(iv) **Directly and indirectly held by GuoSon Assets China Limited**			
GuoSon Changfeng China Limited	Hong Kong	**100.00**	100.00
GuoSon Investment Company Limited	The People's Republic of China	**100.00**	100.00
Shanghai Xinhaolong Property Development Co., Ltd	The People's Republic of China	**100.00**	100.00
(v) **Directly held by GLL Chongqing 18 Steps Pte. Ltd.**			
Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd	The People's Republic of China	**75.00**	75.00

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

6. SUBSIDIARIES (CONT'D)

b. The details of significant subsidiaries in the Group are as follows:- (cont'd)

	Country of incorporation/ Principal place of business	Ownership interest/Voting rights held by the Group 2019 %	2018 %
(vi) **Directly and indirectly held by GLL (Malaysia) Pte. Ltd.**			
@ GLM Emerald Industrial Park (Jasin) Sdn Bhd	Malaysia	**46.24**	46.24
@ Damansara City Sdn Bhd	Malaysia	**68.00**	68.00
@ DC Hotel Sdn Bhd	Malaysia	**68.00**	68.00
@ DC Offices Sdn Bhd	Malaysia	**68.00**	68.00
@ DC Parking Sdn Bhd	Malaysia	**68.00**	68.00
@ DC Town Square Sdn Bhd	Malaysia	**68.00**	68.00
@ GuocoLand (Malaysia) Berhad	Malaysia	**68.00**	68.00
▲ GLM Oval Sdn Bhd	Malaysia	**68.00**	68.00
▲ Titan Debut Sdn Bhd	Malaysia	**68.00**	68.00
@ GLM Emerald Hills (Cheras) Sdn Bhd	Malaysia	**68.00**	68.00
@ GLM Emerald Square (Cheras) Sdn Bhd	Malaysia	**68.00**	68.00
▲ GLM Property Services Sdn Bhd	Malaysia	**68.00**	68.00
@ GLM IHM Sdn Bhd (formerly known as GLM IHT Sdn Bhd)	Malaysia	**68.00**	68.00
@ JB Parade Sdn Bhd*	Malaysia	**-**	-
▲ PD Resort Sdn Bhd*	Malaysia	**-**	-
GLL EWI (HK) Limited	Hong Kong	**100.00**	100.00
(vii) **Directly held by GuocoLand Vietnam (S) Pte. Ltd.**			
# GuocoLand Binh Duong Property Co., Ltd	Vietnam	**100.00**	100.00
(viii) **Directly held by GuocoLand Hotels Pte. Ltd.**			
TPC Hotel Pte. Ltd.*	Singapore	**80.00**	80.00
@ JB Parade Sdn Bhd*	Malaysia	**70.00**	70.00
▲ PD Resort Sdn Bhd*	Malaysia	**100.00**	100.00

KPMG LLP is the auditors of all significant Singapore incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for the following:-

@ Audited by Ernst & Young, Malaysia.
▲ Audited by Ling Kam Hoong & Co.
Audited by RSM Vietnam Auditing & Consulting Company Limited.
* The entities were transferred within the Group arising from the internal restructuring exercise undertaken by the Group in 2018 (note 32).

6. SUBSIDIARIES (CONT'D)

c. Non-controlling interests in subsidiaries

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:-

	Ownership interest held by NCI 2019 %	2018 %
TPC Commercial Pte. Ltd.	**20.00**	20.00
Guoco Midtown Pte. Ltd.	**30.00**	30.00
GuocoLand (Malaysia) Berhad Group	**32.00**	32.00

The following table summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	TPC Commercial Pte. Ltd.		Guoco Midtown Pte. Ltd. (note 31c)		GuocoLand (Malaysia) Berhad Group		Other individually immaterial subsidiaries		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets	**2,503,061**	2,398,025	**1,567,800**	1,437,200	**409,044**	424,435				
Current assets	**84,563**	127,450	**19,748**	115,784	**533,889**	578,323				
Non-current liabilities	**(1,844,187)**	(1,858,438)	**(1,357,917)**	(285,937)	**(354,865)**	(372,350)				
Current liabilities	**(29,383)**	(58,122)	**(12,281)**	(1,080,197)	**(161,674)**	(177,627)				
Net assets	**714,054**	608,915	**217,350**	186,850	**426,394**	452,781				
Net assets attributable to NCI	**142,801**	121,773	**65,205**	56,055	**149,469**	159,300	**53,391**	57,328	**410,866**	394,456
Revenue	**90,731**	91,363	**-**	-	**137,230**	84,275				
Profit/(Loss)	**105,139**	106,310	**30,500**	2,849	**(10,824)**	7,381				
Other comprehensive income	**-**	-	**-**	-	**(15,830)**	21,254				
Total comprehensive income	**105,139**	106,310	**30,500**	2,849	**(26,654)**	28,635				
Profit/(Loss) attributable to NCI	**21,028**	21,262	**9,150**	855	**(3,336)**	3,506				
Other comprehensive income attributable to NCI	**-**	-	**-**	-	**(5,072)**	6,802				
Total comprehensive income attributable to NCI	**21,028**	21,262	**9,150**	855	**(8,408)**	10,308	**(3,353)**	(14,428)	**18,417**	17,997
Cash flows from/(used in) operating activities	**43,176**	192	**101,798**	(94,673)	**7,805**	(9,241)				
Cash flows from/(used in) investing activities	**11,762**	26,421	**(43,894)**	(1,411,357)	**510**	66,840				
Cash flows (used in)/from financing activities	**(83,736)**	(54,042)	**(62,104)**	1,526,177	**(3,082)**	(70,617)				
Net (decrease)/ increase in cash and cash equivalents	**(28,798)**	(27,429)	**(4,200)**	20,147	**5,233**	(13,018)				
Dividends paid to NCI during the year	**-**	-	**-**	-	**1,422**	1,553				

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7. ASSOCIATES AND JOINT VENTURES

	Group 2019 $'000	Group 2018 $'000
Investments in associates		
- quoted	**38,209**	39,786
- unquoted	**38,256**	39,295
Investments in joint ventures		
- quoted	**238,237**	246,876
- unquoted	**89,426**	568,133
Amounts due from a joint venture	**139,841**	-
	543,969	894,090

During the year, the Group received dividends of $162.9 million (2018: $1.2 million) from its investments in associates and joint ventures.

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

Name of Associates/Joint Ventures	Principal activities	Country of incorporation/ Principal place of business	Ownership interest/ Voting rights held by the Group 2019 %	2018 %
Associates				
*§ Tower Real Estate Investment Trust ("Tower REIT")	Investment in real estate and real estate related assets	Malaysia	**14.73**	14.73
@ GLM Emerald (Sepang) Sdn Bhd (formerly known as Vintage Heights Sdn Bhd) ("Emerald Sepang")	Property development and operation of an oil palm estate	Malaysia	**32.20**	32.20
Joint Ventures				
* Shanghai Xinhaojia Property Development Co., Ltd ("Shanghai Xinhaojia")	Property development	The People's Republic of China	**50.00**	50.00
* EcoWorld International Berhad ("EWI")	Property development	Malaysia/ United Kingdom & Australia	**27.00**	27.00
▲ Carmel Development Pte. Ltd. ("Carmel")	Property development	Singapore	**40.00**	40.00

* Audited by other member firms of KPMG International.
@ Audited by Ernst & Young, Malaysia.
▲ Audited by KPMG LLP.
§ Considered to be an associate as the Group has significant influence over the financial and operating policy decisions of the investee, through its subsidiary, GuocoLand (Malaysia) Berhad.

7. ASSOCIATES AND JOINT VENTURES (CONT'D)

At the reporting date, the associates and joint ventures do not have any contingent liabilities. The Group has not recognised losses totally $2.4 million (2018: Nil) in relation to its interests in joint ventures, because the Group has no obligation in respect of these losses.

The following tables summarise the financial information of each of the Group's associates and material joint ventures based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Associates

Percentage of interest	Tower REIT 21.66%* 2019 $'000	Tower REIT 2018 $'000	Emerald Sepang 45.00%# 2019 $'000	Emerald Sepang 2018 $'000	Total 2019 $'000	Total 2018 $'000
Non-current assets	**183,760**	189,787	**69,719**	81,154		
Current assets	**2,782**	1,980	**17,652**	5,057		
Non-current liabilities	**(9,166)**	(6,404)	**(4,027)**	(4,422)		
Current liabilities	**(971)**	(1,675)	**(5,560)**	(1,936)		
Net assets	**176,405**	183,688	**77,784**	79,853		
Group's share of net assets	**38,209**	39,786	**35,003**	35,934		
Goodwill	**-**	-	**3,253**	3,361		
Group's carrying amount	**38,209**	39,786	**38,256**	39,295	**76,465**	79,081
Revenue	**11,227**	9,528	**1,233**	4,819		
Profit from continuing operations	**2,434**	5,182	**1,027**	3,582		
Other comprehensive income	**(5,913)**	7,567	**(3,337)**	3,400		
Total comprehensive income	**(3,479)**	12,749	**(2,310)**	6,982		
Group's interest in net assets of investee at beginning of year	**39,786**	38,226	**39,295**	36,153	**79,081**	74,379
Group's share of profit	**528**	1,122	**462**	1,612	**990**	2,734
Group's share of other comprehensive income	**(1,281)**	1,639	**(1,501)**	1,530	**(2,782)**	3,169
Share of other comprehensive income attributable to the Group	**(753)**	2,761	**(1,039)**	3,142	**(1,792)**	5,903
Dividends received during the year	**(824)**	(1,201)	**-**	-	**(824)**	(1,201)
Carrying amount of interest in investee at end of the year	**38,209**	39,786	**38,256**	39,295	**76,465**	79,081

* The Group has a 68.00% (2018: 68.00%); equity interest in a subsidiary, GuocoLand (Malaysia) Berhad, which in turn holds a 21.66% (2018: 21.66%); equity interest in Tower REIT. The Group's effective equity interest in Tower REIT is 14.73% (2018: 14.73%).

\# Emerald Sepang is 40.00% (2018: 40.00%) and 5.00% (2018: 5.00%) owned by GuocoLand (Malaysia) Berhad and a wholly owned subsidiary of the Group respectively. The Group's effective equity interest in Emerald Sepang is 32.20% (2018: 32.20%).

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7. ASSOCIATES AND JOINT VENTURES (CONT'D)

Associates (cont'd)

None of the Group's associates are publicly listed entities except for Tower REIT, which is listed on the Malaysia Stock Exchange. Based on its closing price per unit of RM0.88 (2018: RM0.99); (Level 1 in the fair value hierarchy) at the reporting date, the fair value of the Group's investment is $17.5 million (2018: $19.8 million). The Group undertook an impairment assessment of its investment in Tower REIT and estimated its recoverable amount, taking into consideration the fair value of the underlying properties held by Tower REIT. Based on the assessment, the recoverable amount of the investment approximates its carrying amount.

Joint Ventures

Shanghai Xinhaojia is an unlisted joint arrangement in which the Group has joint control via a joint venture agreement and 50.00% ownership interest. Shanghai Xinhaojia was incorporated by the Group and its related corporation and is based in The People's Republic of China, principally engaged in property development. This entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in this entity as a joint venture, which is equity accounted. In 2018, the residential project in Shanghai Xinhaojia was completed and contributed to a profit of $209.4 million for the year ended 30 June 2018.

EWI is a listed joint arrangement in which the Group has joint control via a shareholders' agreement with two other shareholders and 27.00% ownership interest in EWI via an initial public offering on the Malaysia Stock Exchange. EWI is principally engaged in property development in international markets outside of Malaysia, mainly in the United Kingdom and Australia. The entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in this entity as a joint venture, which is equity accounted.

Carmel is an unlisted joint venture in which the Group has joint control via agreements with two other shareholders and 40.00% ownership interest. Carmel was incorporated by the Group and its related corporations in 2018 for the enbloc acquisition and development of a site in Singapore. The entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in this entity as a joint venture, which is equity accounted. In 2018, the Group made an equity injection of $1.6 million and advanced shareholder's loan of $33.7 million to Carmel for the payment of deposits for the enbloc acquisition (note 12b). During the year, the Group further advanced shareholder's loan of $103.0 million to Carmel for the acquisition. The acquisition was completed during the year. The shareholder's loan bear interest of 4.0% (2018: Nil) per annum and are repayable at the discretion of the Board of Carmel. The amounts are subordinated to external bank loans of Carmel.

7. ASSOCIATES AND JOINT VENTURES (CONT'D)

Joint Ventures (cont'd)

	Shanghai Xinhaojia		EWI		Carmel		Other immaterial joint ventures		Total	
Percentage of interest	**50.00%**		**27.00%**		**40.00%**					
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Non-current assets	**782**	3,971	**677,306**	562,446	**265**	-				
Current assets	**173,132**	1,139,362	**466,497**	256,625	**1,031,517**	88,185				
Non-current liabilities	**-**	-	**(364,095)**	(86,496)	**(1,035,603)**	(84,185)				
Current liabilities	**(69,502)**	(84,321)	**(92,775)**	(10,660)	**(3,546)**	-				
Non-controlling interest	**-**	-	**(2,446)**	(5,432)	**-**	-				
Net assets	**104,412**	1,059,012	**684,487**	716,483	**(7,367)**	4,000				
Cash and cash equivalents	**154,422**	1,023,206	**223,222**	90,963	**5,215**	-				
Non-current financial liabilities (excluding trade and other payables and provision)	**-**	-	**(363,452)**	(85,851)	**(1,035,603)**	(84,185)				
Current financial liabilities (excluding trade and other payables and provision)	**-**	-	**(75,706)**	-	**(1,411)**	-				
Group's share of net assets	**52,205**	529,506	**184,811**	193,450	**-**	1,600				
Goodwill	**-**	-	**53,426**	53,426	**-**	-				
Shareholder's loan	**-**	-	**-**	-	**139,841**	-				
Group's carrying amount	**52,205**	529,506	**238,237**	246,876	**139,841**	1,600	**37,221**	37,027	**467,504**	815,009
Revenue	**105,654**	1,541,447	**-**	15	**-**	-				
Depreciation	**(4)**	(4)	**(729)**	(1,038)	**-**	-				
Interest income	**14,784**	22,801	**2,681**	7,604	**37**	-				
Interest expense	**-**	-	**(11,246)**	(1,113)	**(9,806)**	-				
Income tax expense	**(7,031)**	(145,145)	**1,219**	1,455	**-**	-				
Profit/(loss) for the year	**15,864**	418,811	**15,052**	(18,396)	**(10,074)**	-				
Other comprehensive income	**6,518**	8,658	**(47,047)**	6,104	**-**	-				
Total comprehensive income	**22,382**	427,469	**(31,995)**	(12,292)	**(10,074)**	-				
Group's share of profit/(loss) for the year	**7,932**	209,406	**4,064**	(4,967)	**(1,600)**	-	**1,403**	(221)	**11,799**	204,218
Group's share of other comprehensive income	**3,259**	4,329	**(12,703)**	1,648	**-**	-	**(1,209)**	1,344	**(10,653)**	7,321
Group's share of total comprehensive income	**11,191**	213,735	**(8,639)**	(3,319)	**(1,600)**	-	**194**	1,123	**(1,146)**	211,539
Group's interest in net assets of investee at beginning of year	**529,506**	315,771	**246,876**	250,195	**1,600**	-	**37,027**	35,904	**815,009**	601,870
Addition during the year	**-**	-	**-**	-	**139,841**	1,600	**-**	-	**139,841**	1,600
Capital reduction during the year	**(296,921)**	-	**-**	-	**-**	-	**-**	-	**(296,921)**	-
Dividends received/receivable during the year	**(191,571)**	-	**-**	-	**-**	-	**-**	-	**(191,571)**	-
Total comprehensive income attributable to the Group	**11,191**	213,735	**(8,639)**	(3,319)	**(1,600)**	-	**194**	1,123	**1,146**	211,539
Carrying amount of interest in investee at end of the year	**52,205**	529,506	**238,237**	246,876	**139,841**	1,600	**37,221**	37,027	**467,504**	815,009

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

7. ASSOCIATES AND JOINT VENTURES (CONT'D)

Joint Ventures (cont'd)

At the reporting date, the Group's share of the commitment in respect of capital expenditure contracted but not provided for in the financial statements by the joint ventures relating to development properties was $7.3 million (2018: $480.9 million).

None of the Group's joint ventures are publicly listed entities except for EWI, which is listed on the Malaysia Stock Exchange. Based on its closing price per share of RM0.67 (2018: RM0.92); (Level 1 in the fair value hierarchy) at the reporting date, the fair value of the Group's investment is $140.8 million (2018: $201.3 million). The Group undertook an impairment assessment of its investment in EWI and estimated its recoverable amount, taking into consideration the expected profits from the sold properties and the expected selling prices of the remaining properties held by EWI through its investees. Based on the assessment, the recoverable amount of the investment exceeded its carrying amount.

8. OTHER INVESTMENTS

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Available for sale financial assets			
- Equity securities	-	-	507

9. DEFERRED TAX

a. Deferred Tax Assets and Liabilities

The movements in deferred tax assets and liabilities during the financial year are as follows:-

Group	At 1 July $'000	Recognised in profit or loss $'000	Translation differences $'000	At 30 June $'000
2019				
Deferred tax liabilities				
Property, plant and equipment	**2,731**	**328**	**(5)**	**3,054**
Investment properties	**8,251**	**6,492**	**(422)**	**14,321**
Development properties	**29,375**	**(23,099)**	**(173)**	**6,103**
Investment in joint ventures	**21,328**	**(18,450)**	**(800)**	**2,078**
Deferred tax liabilities	**61,685**	**(34,729)**	**(1,400)**	**25,556**
Set off of tax	**-**	**(2,721)**	**39**	**(2,682)**
Net Deferred tax liabilities	**61,685**	**(37,450)**	**(1,361)**	**22,874**
Deferred tax assets				
Unutilised tax losses	**4,769**	**(2,048)**	**(39)**	**2,682**
Development properties	**32,305**	**(2,760)**	**(695)**	**28,850**
Share options	**-**	**370**	**-**	**370**
Loans and borrowings	**217**	**358**	**-**	**575**
Deferred tax assets	**37,291**	**(4,080)**	**(734)**	**32,477**
Set off of tax	**-**	**(2,721)**	**39**	**(2,682)**
Net Deferred tax assets	**37,291**	**(6,801)**	**(695)**	**29,795**
2018				
Deferred tax liabilities				
Property, plant and equipment	334	2,390	7	2,731
Investment properties	10,688	(2,605)	168	8,251
Development properties	2,096	27,019	260	29,375
Investment in joint ventures	6,268	15,047	13	21,328
Total	19,386	41,851	448	61,685
Deferred tax assets				
Unutilised tax losses	3,810	959	-	4,769
Development properties	18,831	13,184	290	32,305
Loans and borrowings	-	217	-	217
Total	22,641	14,360	290	37,291

Tax assets and liabilities are recognised based on estimates made. There may be situations where certain positions may not be fully sustained upon review by tax authorities or new information may become available which impacts the judgement or estimates made.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

9. DEFERRED TAX (CONT'D)

a. Deferred Tax Assets and Liabilities (cont'd)

As at 30 June 2019, the temporary differences relating to the undistributed profits of subsidiaries amounted to $134.2 million (2018: $155.3 million; 1 July 2017: $368.1 million). Deferred tax liabilities of $13.4 million (2018: $15.5 million; 1 July 2017: $36.8 million) have not been recognised in respect of the tax that would be payable on the distribution of these accumulated profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

b. Unrecognised Deferred Tax Assets

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

	Group	
	2019 $'000	2018 $'000
Deductible temporary differences	**255**	1,008
Tax losses	**228,363**	227,160
Unutilised capital allowances	**112,502**	98,594
	341,120	326,762

The tax losses with expiry dates are as follows:-

	Group	
	2019 $'000	2018 $'000
Expiry date:-		
Within 1 year	**7,142**	-
After 1 year but less than 5 years	**7,085**	15,881
	14,227	15,881

Deferred tax assets have not been recognised in respect of these items because it is not certain as to when the Group can utilise the benefits therefrom. The unutilised tax losses and capital allowances are available for set-off against future profits subject to tax conditions prevailing in the respective countries of the subsidiaries and agreement by the respective tax authorities.

10. INVENTORIES

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Development properties	**2,980,693**	2,856,238	2,646,778
Consumable stocks	**1,534**	1,896	619
	2,982,227	2,858,134	2,647,397

Development properties

During the financial year, cost of development properties included in cost of sales in profit or loss amounted to $503.1 million (2018: $649.7 million).

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
a. Properties under development, for which revenue is to be recognised over time	**1,360,552**	1,012,920	1,916,609
Properties under development for which revenue is to be recognised at a point in time	**1,019,119**	982,518	122,209
	2,379,671	1,995,438	2,038,818
b. Completed development properties	**586,751**	846,762	607,960
c. Contract costs	**14,271**	14,038	-
Total development properties	**2,980,693**	2,856,238	2,646,778

The following were capitalised as cost of development properties during the financial year:-

		Group	
	Note	2019 $'000	2018 $'000
Interest expense	25	**40,293**	24,019
Interest income		**(125)**	(686)

Certain development properties with a carrying amount of $1,799.9 million (2018: $1,597.0 million; 1 July 2017: $2,450.9 million) are under legal mortgages with banks (note 19).

The Group adopts the percentage of completion method of revenue recognition for residential projects under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in note 3k, the Group relies on the experience and work of specialists.

Contract costs mainly relates to commission fees paid to property agents for securing sale contracts for the Group's development properties. During the year, $9.9 million of commission fees paid were capitalised as contract costs. Capitalised commission fees are amortised when the related revenue is recognised. During the year, $9.7 million was amortised. There was no impairment loss in relation to such costs.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

10. INVENTORIES (CONT'D)

Development properties (cont'd)

The Group recognises an allowance for foreseeable losses on development properties taking into consideration the selling prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods. During the financial year, allowance for foreseeable losses of $1.0 million (2018: Nil) has been made in respect of the Group's development properties.

11. DEPOSITS FOR LAND

The deposits for land of $466.9 million as at 1 July 2017 were related to the progressive payment made for the acquisition of four land parcels within Yuzhong District of Chongqing, the People's Republic of China. The acquisition was completed in 2018.

12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

		Group			Company		
	Note	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade receivables	a	**77,586**	246,012	123,379	**-**	-	-
Other receivables, deposits and prepayments	13	**65,926**	26,441	25,810	**3**	7,021	6
Amounts due from:-	b						
Joint ventures		**1,786**	34,379	7,310	**-**	-	-
Related corporations		**856**	429	241	**-**	-	-
		146,154	307,261	156,740	**3**	7,021	6

12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (CONT'D)

a. The maximum exposure to credit risk for trade receivables at the reporting date by operating segments is:-

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
GuocoLand Singapore	**55,944**	212,353	94,461
GuocoLand China	**525**	757	2,057
GuocoLand Malaysia	**11,197**	30,848	26,545
GuocoLand Vietnam	**7,785**	436	316
Others	**2,135**	1,618	-
	77,586	246,012	123,379

The ageing of trade receivables at the reporting date is:-

	Gross	Credit loss allowance	Gross	Credit loss allowance	Gross	Allowance for doubtful receivables
	2019 $'000	2019 $'000	2018 $'000	2018 $'000	1 July 2017 $'000	1 July 2017 $'000
Group						
Not past due	**70,875**	**-**	221,839	-	115,764	-
Past due 1 – 30 days	**4,384**	**-**	10,454	-	2,883	-
Past due 31 – 90 days	**1,711**	**-**	11,427	-	2,945	-
Past due more than 90 days	**1,937**	**(1,321)**	2,859	(567)	2,160	(373)
	78,907	**(1,321)**	246,579	(567)	123,752	(373)

The group and the Company's exposure to credit risk and currency risks and expected credit loss for trade and other receivables are disclosed in note 33.

b. The non-trade amounts due from joint ventures and related corporations are unsecured, interest-free and repayable on demand. No credit loss allowance is recognised on these amounts. As at 30 June 2018, the non-trade amounts due from joint ventures included $33.7 million (1 July 2017: Nil) in relation to the payment of deposits for the enbloc acquisition of a site in Singapore on behalf of the joint venture. This amount was reclassified to investment in joint venture during the financial year when the acquisition was completed (note 7).

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
Non-Current							
Derivatives	14	**891**	-	-	**-**	-	-
Current							
Deposits		**2,326**	2,787	3,958	**-**	-	-
Interest receivable		**1,097**	927	2,607	**-**	-	-
Prepayments		**13,956**	6,890	3,561	**-**	-	-
Tax recoverable		**3,162**	4,552	7,834	**-**	-	-
Derivative assets	14	**1,352**	-	38	**-**	-	-
Other receivables		**44,711**	11,979	8,478	**3**	7,021	6
Credit loss allowance		**(678)**	(694)	(666)	**-**	-	-
		44,033	11,285	7,812	**3**	7,021	6
	12	**65,926**	26,441	25,810	**3**	7,021	6

As at 30 June 2019, the other receivables included $28.0 million (2018 and 1 July 2017: Nil) in relation to dividend receivable from a joint venture.

14. DERIVATIVE ASSETS AND LIABILITIES

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000
Derivative assets				
Non-current				
Cross currency interest rate swaps	13	**891**	-	-
Current				
Interest rate swaps		**-**	-	38
Forward exchange contracts		**1,352**	-	-
	13	**1,352**	-	38
Derivative liabilities				
Non-current				
Interest rate swaps		**28,488**	-	-
Cross currency interest rate swaps		**6,777**	17,787	-
	21	**35,265**	17,787	-
Current				
Interest rate swaps		**-**	-	33
Cross currency interest rate swaps		**-**	-	6,188
Forward exchange contracts		**66**	1,214	11
	21	**66**	1,214	6,232

14. DERIVATIVE ASSETS AND LIABILITIES (CONT'D)

As at the reporting date, the Group had entered into interest rate swaps, cross currency interest rate swaps and forward exchange contracts with a notional amount of $1,601.0 million (2018: Nil; 1 July 2017: $40.8 million), $326.2 million (2018: $340.9 million; 1 July 2017: $197.2 million) and $218.9 million (2018: $67.7 million; 1 July 2017: $97.1 million) respectively to hedge the Group's interest rate and foreign exchange exposure.

The Group has designated a cross currency interest rate swap with notional amount of $135.0 million (2018: $141.1 million; 1 July 2017: Nil) as a cash flow hedge against interest rate exposures. The fair value gain of the cross currency interest rate swap as at reporting date is $0.9 million (2018: fair value loss $1.7 million; 1 July 2017: Nil).

The Group has designated certain cross currency interest rate swaps with notional amount of $191.2 million (2018: $199.8 million; 1 July 2017: $197.2 million) as a net investment hedge against fluctuations in foreign currency risks. The fair value loss of these cross currency interest rate swaps as at reporting date is $6.8 million (2018: $16.1 million; 1 July 2017: $6.2 million).

Master netting or similar arrangements

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 that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being 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.

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14. DERIVATIVE ASSETS AND LIABILITIES (CONT'D)

Master netting or similar arrangements (cont'd)

The tables below set out financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments presented in the statement of financial position $'000	Related financial instruments that are offset $'000	Net amount $'000
2019					
Financial assets					
Cross currency interest rate swaps	**891**	**-**	**891**	**-**	**891**
Forward exchange contracts	**1,352**	**-**	**1,352**	**-**	**1,352**
	2,243	**-**	**2,243**	**-**	**2,243**
Financial liabilities					
Interest rate swaps	**28,488**	**-**	**28,488**	**-**	**28,488**
Cross currency interest rate swaps	**6,777**	**-**	**6,777**	**-**	**6,777**
Forward exchange contracts	**66**	**-**	**66**	**-**	**66**
	35,331	**-**	**35,331**	**-**	**35,331**
2018					
Financial liabilities					
Cross currency interest rate swaps	17,787	-	17,787	-	17,787
Forward exchange contracts	1,214	-	1,214	-	1,214
	19,001	-	19,001	-	19,001
1 July 2017					
Financial assets					
Interest rate swaps	38	-	38	(24)	14
Financial liabilities					
Interest rate swaps	33	-	33	(24)	9
Cross currency interest rate swaps	6,188	-	6,188	-	6,188
Forward exchange contracts	11	-	11	-	11
	6,232	-	6,232	(24)	6,208

15. CASH AND CASH EQUIVALENTS

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
Short-term deposits with banks		**644,319**	676,621	1,014,217	**-**	-	-
Cash and bank balances		**179,399**	208,313	104,266	**214**	225	206
Cash and cash equivalents		**823,718**	884,934	1,118,483	**214**	225	206
Bank overdrafts	19	**-**	(185)	-			
Cash collaterals	c	**(14,844)**	(14,409)	(12,556)			
Cash and cash equivalents in the statement of cash flows		**808,874**	870,340	1,105,927			

Included in the Group's cash and cash equivalents are:-

a. Amounts held under the Singapore Housing Developers (Project Account) Rules (the "Rules") totalling $86.7 million (2018: $220.8 million; 1 July 2017: $250.6 million), the use of which is subject to restrictions imposed by the Rules;

b. Amounts held in Malaysia pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 totalling $4.2 million (2018: $2.8 million; 1 July 2017: $1.5 million), the use of which is restricted from other operations; and

c. Cash collaterals comprised deposits of $14.8 million (2018: $14.4 million; 1 July 2017: $12.6 million) pledged with financial institutions in Singapore for bank loans.

16. SHARE CAPITAL

	Company 2019 No. of shares	Company 2018 No. of shares
Issued and fully paid ordinary shares, with no par value		
At 1 July and 30 June	**1,183,373,276**	1,183,373,276

a. 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 ordinary shares rank equally with regard to the Company's residual assets.

b. As at 30 June 2019, the Trust for GuocoLand Limited Executive Share Scheme 2018 (the "ESS") held an aggregate of 73,604,933 (2018: 73,604,933) shares in the Company which had been acquired from the market for the purpose of satisfying outstanding share options granted or to be granted to participants under the ESS (note 29).

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16. SHARE CAPITAL (CONT'D)

Capital Management

The Group'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 Group monitors the return on capital, which the Group defines as total equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group also monitors the net debt to equity ratio, which is defined as net borrowings divided by total equity, excluding non-controlling interests. The Group's net debt to equity ratio at the reporting date was as follows:-

	Group		
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Total loans and borrowings	**4,489,796**	4,923,804	4,344,508
Cash and cash equivalents	**(823,718)**	(884,934)	(1,118,483)
Net debt	**3,666,078**	4,038,870	3,226,025
Total equity	**4,231,647**	4,164,039	3,417,662
Net debt to equity ratio	**0.87**	0.97	0.94

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In addition, from time to time, the Group may purchase shares in the Company from the market. Share purchase allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased may be held as treasury shares which the Company or the Trust may transfer to participants for the purposes of or pursuant to the ESS. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Company are required to maintain a minimum paid-up capital of $1,000,000. These entities complied with the requirement throughout the year.

Other than as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group has operations in The People's Republic of China. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the government.

There were no changes in the Group's approach to capital management during the financial year.

17. RESERVES

		Group			Company		
	Note	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Reserve for own shares	a	**(157,034)**	(157,034)	(157,034)	**(157,034)**	(157,034)	(157,034)
Capital reserve	b	**(4,923)**	(4,923)	(4,923)	**(5,013)**	(5,013)	(5,013)
Translation reserve	c	**(72,926)**	24,186	-	**-**	-	-
Hedging reserve	d	**704**	(1,703)	-	**-**	-	-
Revaluation reserve	e	**8,341**	8,341	8,341	**-**	-	-
Share option reserve	f	**4,032**	1,410	-	**4,032**	1,410	-
Fair value reserve	g	**-**	-	1,238	**-**	-	-
Merger reserve	h	**(8,494)**	(8,494)	(8,494)	**-**	-	-
Other reserves		**(230,300)**	(138,217)	(160,872)	**(158,015)**	(160,637)	(162,047)
Accumulated profits		**2,129,945**	1,971,227	1,652,481	**416,613**	180,952	170,485
		1,899,645	1,833,010	1,491,609	**258,598**	20,315	8,438

The movement of other reserves is as follows:-

	Reserve for own shares $'000	Capital reserve $'000	Translation reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Share option reserve $'000	Fair value reserve $'000	Merger reserve $'000	Total $'000
Group									
At 1 July 2018	**(157,034)**	**(4,923)**	**24,186**	**(1,703)**	**8,341**	**1,410**	**-**	**(8,494)**	**(138,217)**
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss:-									
Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	**(103,875)**	-	-	-	-	-	**(103,875)**
Effective portion of changes in fair value of cash flow hedges	-	-	-	**2,407**	-	-	-	-	**2,407**
Effective portion of changes in fair value of net investment hedges	-	-	**6,763**	-	-	-	-	-	**6,763**
Total other comprehensive income, net of tax	-	-	**(97,112)**	**2,407**	-	-	-	-	**(94,705)**
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to equity holders									
Share-based payments	-	-	-	-	-	**2,622**	-	-	**2,622**
Total contributions by and distributions to equity holders	-	-	-	-	-	**2,622**	-	-	**2,622**
Total transactions with equity holders	-	-	-	-	-	**2,622**	-	-	**2,622**
At 30 June 2019	**(157,034)**	**(4,923)**	**(72,926)**	**704**	**8,341**	**4,032**	**-**	**(8,494)**	**(230,300)**

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For The Year Ended 30 June 2019

17. RESERVES (CONT'D)

The movement of other reserves is as follows:- (cont'd)

	Reserve for own shares $'000	Capital reserve $'000	Translation reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Share option reserve $'000	Fair value reserve $'000	Merger reserve $'000	Total $'000
Group									
At 1 July 2017	(157,034)	(4,923)	-	-	8,341	-	1,238	(8,494)	(160,872)
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss:-									
Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures	-	-	39,066	-	-	-	-	-	39,066
Effective portion of changes in fair value of cash flow hedges	-	-	-	(1,703)	-	-	-	-	(1,703)
Effective portion of changes in fair value of net investment hedges	-	-	(14,880)	-	-	-	-	-	(14,880)
Net change in fair value of available-for-sale securities	-	-	-	-	-	-	(163)	-	(163)
Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal	-	-	-	-	-	-	(1,075)	-	(1,075)
Total other comprehensive income, net of tax	-	-	24,186	(1,703)	-	-	(1,238)	-	21,245
Transactions with equity holders, recorded directly in equity									
Contributions by and distributions to equity holders									
Share-based payments	-	-	-	-	-	1,410	-	-	1,410
Total contributions by and distributions to equity holders	-	-	-	-	-	1,410	-	-	1,410
Total transactions with equity holders	-	-	-	-	-	1,410	-	-	1,410
At 30 June 2018	(157,034)	(4,923)	24,186	(1,703)	8,341	1,410	-	(8,494)	(138,217)

a. Reserve for Own Shares

This comprises the purchase consideration for issued shares of the Company acquired by the Trust for the ESS for the purpose of satisfying outstanding share options granted or to be granted to participants under the ESS (note 29).

b. Capital Reserve

This comprises the gain or loss recognised when a participant exercises the share options granted under the ESS.

c. Translation Reserve

This comprises the foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company, and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

17. RESERVES (CONT'D)

d. Hedging Reserve

This comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

e. Revaluation Reserve

This comprises the revaluation surplus on property, plant and equipment.

f. Share Option Reserve

This comprises the cumulative value of employee services received for the issue of share options.

g. Fair Value Reserve

This comprises the cumulative net changes in fair value of available-for-sale investments until the investments are derecognised or impaired.

h. Merger Reserve

The merger reserve of the Group arose as a result of business combinations involving entities under common control accounted for by applying the merger method of accounting.

18. PERPETUAL SECURITIES

In 2018, GLL IHT Pte Ltd ("issuer"), a wholly owned subsidiary of the Group, issued subordinated perpetual securities (the "Perpetual Securities"), guaranteed by the Company, with an aggregate principal amount of $400 million (1 July 2017: Nil). Transaction costs incurred amounting to $2.8 million (1 July 2017: Nil) were recognised in equity as a deduction from the proceeds.

The Perpetual Securities bear distributions at a rate of 4.6% per annum for the period from 23 January 2018 to 22 January 2025. Distributions are cumulative and payable semi-annually at the option of the issuer, subject to certain restrictions as stipulated in the Programme Memorandum.

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

As at 30 June 2019, distribution payment of $8.0 million (2018: $7.8 million; 1 July 2017: Nil) was accrued for the relevant period relating to the semi-annual period 23 January 2019 to 30 June 2019 (2018: 23 January 2018 to 30 June 2018) as the Group had not elected to defer the payment.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

19. LOANS AND BORROWINGS

	Note	Group 2019 $'000	2018 $'000	1 July 2017 $'000
Non-current Liabilities				
Secured bank loans		**3,326,625**	2,236,679	1,182,076
Unsecured bank loans		**229,609**	232,805	49,441
Unsecured medium-term notes		**648,122**	822,360	1,022,514
		4,204,356	3,291,844	2,254,031
Current Liabilities				
Unsecured bank overdrafts	15	**-**	185	-
Secured bank loans		**45,376**	1,329,090	1,590,157
Unsecured bank loans		**65,305**	102,833	225,380
Unsecured medium-term notes		**174,759**	199,852	274,940
		285,440	1,631,960	2,090,477
Total loans and borrowings		**4,489,796**	4,923,804	4,344,508

Maturity of loans and borrowings:-

	Group 2019 $'000	2018 $'000	1 July 2017 $'000
Within 1 year	**285,440**	1,631,960	2,090,477
After 1 year but within 5 years	**4,204,356**	3,287,906	1,973,289
After 5 years	**-**	3,938	280,742
Total loans and borrowings	**4,489,796**	4,923,804	4,344,508

The secured loans and borrowings are secured on the following assets:-

	Note	Group 2019 $'000	2018 $'000	2017 $'000
Property, plant and equipment	4	**480,671**	506,262	504,808
Investment properties	5	**4,244,548**	4,020,517	2,484,793
Development properties	10	**1,799,882**	1,596,988	2,450,923
		6,525,101	6,123,767	5,440,524

At the reporting date, the Group's loans from banks bore interest ranging from 2.6% to 5.2% (2018: 1.8% to 7.5%; 1 July 2017: 1.6% to 4.8%) per annum.

19. LOANS AND BORROWINGS (CONT'D)

Medium-Term Notes

The unsecured fixed rate medium-term notes are issued by GLL IHT Pte Ltd ("IHT") with a tenor of between 1 to 6 years (2018 and 1 July 2017: 1 to 6 years). The interest rates at the reporting date ranged from 3.6% to 4.2% (2018: 3.4% to 4.2%; 1 Jul 2017: 3.4% to 4.4%) per annum.

During the year, IHT redeemed medium-term notes with an aggregate principal amount of $200 million (2018: $275 million; 1 July 2017: $285 million). The medium-term notes are guaranteed by the Company.

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

	Liabilities				Derivatives (assets)/liabilities held to hedge long-term borrowings		
	Bank overdrafts $'000	Other loans and borrowings $'000	Interest payable $'000	Amounts due to non-controlling interests $'000	Interest rate swap used for hedging - assets $'000	Interest rate swap and cross currency interest rate swaps used for hedging - liabilities $'000	Total $'000
At 1 July 2018	185	4,923,619	14,794	503,031	-	17,787	5,459,416
Changes from financing cash flows							
Proceeds from borrowings	-	1,543,923	-	-	-	-	1,543,923
Repayment of borrowings	-	(1,968,820)	-	-	-	-	(1,968,820)
Proceeds from loans from non-controlling interests	-	-	-	17,655	-	-	17,655
Interest paid	-	-	(156,111)	-	-	-	(156,111)
Total changes from financing cash flows	-	(424,897)	(156,111)	17,655	-	-	(563,353)
The effect of changes in foreign exchange rates	-	(3,908)	-	(6,999)	-	-	(10,907)
Change in fair value	-	-	-	-	-	28,488	28,488
Other changes							
Liability-related							
Change in bank overdraft	(181)	-	-	-	-	-	(181)
Capitalised borrowing costs	-	5,033	60,677	16,269	-	-	81,979
Interest expense	-	3,360	93,375	10,956	-	-	107,691
Total liability-related other changes	(181)	8,393	154,052	27,225	-	-	189,489
Total equity-related other changes	(4)	(13,411)	6,120	-	(891)	(11,010)	(19,196)
At 30 June 2019	-	4,489,796	18,855	540,912	(891)	35,265	5,083,937

NOTES TO THE FINANCIAL STATEMENTS

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19. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities				Derivatives (assets)/liabilities held to hedge long-term borrowings		
	Bank overdrafts	**Other loans and borrowings**	**Interest payable**	**Amounts due to non-controlling interests**	**Interest rate swap used for hedging - assets**	**Interest rate swap and cross currency interest rate swaps used for hedging - liabilities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2017	-	4,344,508	19,404	316,446	(38)	6,221	4,686,541
Changes from financing cash flows							
Proceeds from borrowings	-	4,220,337	-	-	-	-	4,220,337
Repayment of borrowings	-	(3,664,955)	-	-	-	-	(3,664,955)
Proceeds from loans from non-controlling interests	-	-	-	240,197	-	-	240,197
Interest paid	-	-	(151,015)	-	-	-	(151,015)
Total changes from financing cash flows	-	555,382	(151,015)	240,197	-	-	644,564
The effect of changes in foreign exchange rates	-	(615)	-	1,343	-	-	728
Change in fair value	-	-	-	-	38	(33)	5
Other changes							
Liability-related							
Capitalisation of shareholder's loan from non-controlling interests	-	-	-	(78,400)	-	-	(78,400)
Change in bank overdraft	181	-	-	-	-	-	181
Capitalised borrowing costs	-	1,092	35,091	10,731	-	-	46,914
Interest expense	-	5,079	105,618	11,703	-	-	122,400
Total liability-related other changes	181	6,171	140,709	(55,966)	-	-	91,095
Total equity-related other changes	4	18,173	5,696	1,011	-	11,599	36,483
At 30 June 2018	185	4,923,619	14,794	503,031	-	17,787	5,459,416

20. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

		Group			Company		
	Note	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Trade payables and accrued operating expenses		**119,967**	156,819	265,710	**903**	882	847
Amounts due to:-							
Associates		**45**	46	44	**-**	-	-
Related corporations		**10,362**	7,172	10,128	**-**	-	-
Non-controlling interests		**255**	257	261	**-**	-	-
Other payables	21	**73,404**	110,381	101,144	**-**	51	12
		204,033	274,675	377,287	**903**	933	859

Trade payables and accrued operating expenses included $4.2 million (2018: $4.4 million; 1 July 2017: $5.0 million) of accrued management fees to the intermediate holding company (note 26).

The amounts due to associates, related corporations and non-controlling interests are non-trade, unsecured, interest-free and repayable on demand except for $9.1 million (2018: $5.3 million; 1 July 2017: Nil) of amount due to a related corporation which is interest bearing at 4.8% per annum (2018: 4.8%; 1 July 2017: Nil).

21. OTHER PAYABLES, INCLUDING DERIVATIVES

		Group			Company		
	Note	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Non-current							
Amounts due to non-controlling interests	31c,d	**540,912**	503,031	316,446	**-**	-	-
Rental deposits		**34,594**	30,089	26,114	**-**	-	-
Amounts due to subsidiaries	6	**-**	-	-	**30,352**	30,528	31,298
Derivatives liabilities	14	**35,265**	17,787	-	**-**	-	-
		610,771	550,907	342,560	**30,352**	30,528	31,298
Current							
Deposits received		**18,385**	44,617	35,442	**-**	-	-
Interest payable		**18,855**	14,794	19,404	**-**	-	-
Rental deposits		**1,546**	9,714	4,952	**-**	-	-
Real estate tax payable		**2,172**	3,620	3,651	**-**	-	-
Employee benefits payable		**8,036**	8,661	9,190	**-**	-	-
Derivative liabilities	14	**66**	1,214	6,232	**-**	-	-
Others		**24,344**	27,761	22,273	**-**	51	12
		73,404	110,381	101,144	**-**	51	12

The amounts due to non-controlling interests are non-trade, unsecured, bear interest ranging from 4.0% to 7.3% (2018 and 1 July 2017: 4.0% to 7.3%) per annum and are repayable at the discretion of the Boards of the borrowing subsidiaries. The amounts are subordinated to external bank loans.

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22. REVENUE

	Group 2019 $'000	Group 2018 $'000
Revenue recognised at a point in time:-		
Sale of development properties	**19,178**	3,339
Revenue recognised over time:-		
Sale of development properties	**714,205**	962,215
Hotel operations	**72,956**	58,444
Rental and related income from investment properties	**116,992**	114,908
Management fee income from:-		
Related corporations	**240**	181
Third parties	**3,386**	2,582
	926,957	1,141,669

The following table provides information about contract assets and contract liabilities for contracts with customers.

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000
Contract assets	a	**35,113**	197,318	42,282
Contract liabilities	b	**(21,171)**	(33,613)	(42)
		13,942	163,705	42,240

a. Contract assets

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

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

b. Contract liabilities

Contract liabilities relate primarily to:-

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The changes in contract liabilities are due to the differences between the agreed payment schedule and progress of the construction work.

23. OTHER INCOME

	Group 2019 $'000	Group 2018 $'000
Dividend income from equity securities	**-**	50
Fair value gain on investment properties	**197,413**	142,465
Gain on disposal of property, plant and equipment	**-**	33
Income from forfeiture of deposit	**2,494**	413
Interest income from fixed deposits with banks	**16,827**	10,902
Interest income from a joint venture	**3,050**	-
Net foreign exchange gain	**12,759**	-
Rental income	**3,202**	3,222
Others	**3,053**	6,919
	238,798	164,004

24. OTHER EXPENSES

	Group 2019 $'000	Group 2018 $'000
Fair value loss on derivative financial instruments	**25,988**	1,207
Impairment loss on property, plant and equipment	**-**	2,289
Loss on disposal of property, plant and equipment	**1**	-
Loss on disposal of interests in a subsidiary	**-**	11,931
Loss on liquidation of subsidiaries	**-**	890
Net foreign exchange loss	**-**	2,634
Others	**11,452**	6,556
	37,441	25,507

25. FINANCE COSTS

	Note	Group 2019 $'000	Group 2018 $'000
Interest expense:-			
Financial institutions		**118,438**	97,362
Medium-term notes		**44,007**	49,518
Non-controlling interests	31c,d	**27,225**	22,434
		189,670	169,314
Less: Interest expense capitalised in:-			
Investment properties	5	**(41,686)**	(22,895)
Development properties	10	**(40,293)**	(24,019)
		(81,979)	(46,914)
		107,691	122,400

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For The Year Ended 30 June 2019

26. PROFIT BEFORE TAX

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

	Note	Group 2019 $'000	Group 2018 $'000
Credit loss allowance on trade and other receivables		**775**	261
Depreciation of property, plant and equipment	4	**16,807**	16,061
Direct operating expenses of investment properties		**28,284**	30,634
Net allowance for foreseeable losses on development properties		**1,035**	-
Operating lease expenses		**572**	421
Management fees paid and payable to:-			
Intermediate holding company	31b	**4,201**	4,424
Related corporations		**1,117**	596
		5,318	5,020
Auditors' remuneration:-			
Auditors of the Company		**514**	466
Other auditors		**401**	346
		915	812
Non-audit fees:-			
Auditors of the Company		**-**	-
Other auditors		**53**	34
		53	34
Staff costs:-			
Wages, salaries and benefits		**65,243**	62,837
Contributions to defined contribution plans		**6,359**	5,875
Equity compensation benefits		**2,622**	1,410
Liability for short-term accumulating compensated absences		**(68)**	203
		74,156	70,325

b. Key Management Personnel Remuneration

The key management personnel remuneration included as part of staff costs is as follows:-

	Group 2019 $'000	Group 2018 $'000
Wages, salaries and benefits	**9,516**	10,258
Contributions to defined contribution plans	**169**	173
Equity compensation benefits	**2,622**	1,410
	12,307	11,841
Directors' fees	**647**	647

27. TAX EXPENSE

	Group 2019 $'000	Group 2018 $'000
Current tax		
Current year	**41,976**	28,171
Over provision in respect of prior years	**(1,084)**	(159)
	40,892	28,012
Foreign withholding tax paid	**11,161**	6,036
	52,053	34,048
Deferred tax		
Movements in temporary differences	**(30,649)**	27,491
	21,404	61,539

A reconciliation of the effective tax rate is as follows:-

	Group 2019 $'000	Group 2018 $'000
Profit before tax	**309,020**	484,044
Less: Share of profit of associates and joint ventures	**(12,789)**	(206,952)
Profit before share of profit of associates, joint ventures and tax	**296,231**	277,092
Tax calculated using the Singapore tax rate of 17% (2018: 17%)	**50,359**	47,106
Effect of different tax rates in foreign jurisdictions	**1,388**	2,046
Effect of unrecognised tax losses and other deductible temporary differences	**9,175**	7,145
Expenses not deductible for tax purpose	**8,298**	8,301
Foreign withholding tax	**(7,289)**	21,083
Income not subject to tax	**(39,425)**	(24,327)
Over provision in respect of prior years	**(1,084)**	(159)
Effect of taxable distributions from associate	**198**	288
Others	**(216)**	56
	21,404	61,539

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

28. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share ("EPS") was based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of the Company in issue, after adjusting for the shares acquired by the Trust during the financial year.

Profit attributable to ordinary equity holders of the Company used in the computation of basic EPS is calculated as follows:-

	Group	
	2019	**2018**
	$'000	**$'000**
Profit attributable to equity holders of the Company	**255,674**	413,207
Less: Profit attributable to perpetual securities holders	**(19,272)**	(7,758)
Profit attributable to ordinary equity holders of the Company	**236,402**	405,449

	'000	**'000**
Issued ordinary shares at 30 June	**1,183,373**	1,183,373
Effect of own shares held by the Trust	**(73,605)**	(73,605)
Weighted average number of ordinary shares used in the computation of basic EPS	**1,109,768**	1,109,768

Diluted EPS is calculated on the same basis as that of EPS except that the Group's weighted average number of ordinary shares have been adjusted for the dilution effects of all dilutive potential ordinary shares as shown below:-

	Group	
	2019	**2018**
	$'000	**$'000**
Profit attributable to ordinary equity holders of the Company	**236,402**	405,449

	'000	**'000**
Weighted average number of ordinary shares used in the computation of basic and diluted EPS	**1,109,768**	1,109,768
Assumed exercise of share options	**-**	1,680
Weighted average number of ordinary shares used in the computation of diluted EPS	**1,109,768**	1,111,448

For the year ended 30 June 2019, diluted EPS was the same as the basic EPS as there were no dilutive potential ordinary shares in issue.

29. EMPLOYEE BENEFITS

a. Company

GuocoLand Limited Executive Share Scheme

(i) The GuocoLand Limited Executive Share Scheme was approved by shareholders of the Company on 25 October 2018 and further approved by shareholders of Guoco Group Limited ("GGL") (an intermediate holding company of the Company) on 12 December 2018 ("ESS 2018") in place of the GuocoLand Limited Executives' Share Option Scheme ("ESOS 2008") which had since expired on 20 November 2018. ESS 2018 shall continue to be in force for a maximum period of 10 years from 12 December 2018 to 11 December 2028.

(ii) The ESS 2018 shall be administered by the Remuneration Committee comprising Mr Abdullah Bin Tarmugi (Chairman), Mr Quek Leng Chan and Ms Jennie Chua Kheng Yeng who are non-participants.

(iii) Under the ESS 2018, newly issued and/or existing issued ordinary shares of the Company ("Shares") may be offered to selected key executives of the Group ("Eligible Executives") via the executive share option scheme or the executive share grant scheme, or a combination of both.

(iv) During the financial year, no grant has been made under ESS 2018.

The termination of the ESOS 2008 does not affect options which had been granted thereunder and accepted but which remained unexercised (whether fully or partially) on termination and participants would still be able to exercise such options granted under ESOS 2008. The details relating to options granted to participants which have remained unexercised pursuant to the ESOS 2008 are as follows:-

Participant(s)	Options granted during the financial year	Aggregate options granted since the commencement of ESOS 2008 to end of financial year	Aggregate options exercised since the commencement of ESOS 2008 to end of financial year	Aggregate options lapsed since the commencement of ESOS 2008 to end of financial year	Aggregate options outstanding under ESOS 2008 to end of financial year
Executive Director					
Raymond Choong Yee How	-	20,000,000	-	-	20,000,000
Executives	-	32,521,725	-	(14,621,725)	17,900,000
Total	-	52,521,725	-	(14,621,725)	37,900,000*

* The options under ESOS 2008 were granted at the exercise price of $1.984 per Share which was set at a discount of 5.8% to the market price of the Shares based on the 5-day weighted average market price of the Shares immediately prior to 8 December 2017 being the date of grant. The options will be valid from the date of grant till the date of vesting and exercise. All the options granted had been accepted by the participants and each option shall be exercisable, in whole or in part, subject to certain performance targets being met following the end of the performance period concluding in the financial year ended 30 June 2019 and ending 30 June 2021. The options may be exercisable and valid up to 30 months from the date of vesting.

Save as disclosed, there was no Participant who has received 5% or more of the total number of options available under the ESOS 2008. No new Shares were issued by virtue of the exercise of option under ESOS 2008. During the financial year, no option was exercised and 1,800,000 options had lapsed.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

29. EMPLOYEE BENEFITS (CONT'D)

a. Company (cont'd)

GuocoLand Limited Executive Share Scheme (cont'd)

(v) Other information regarding the ESS 2018 is as follows:-

1. Eligibility
Eligible Executives must be at least 18 years of age on the date when an offer is made and has been confirmed in service. Non-executive directors, the Company's controlling shareholders or their associates, directors and employees of the Company's controlling shareholders, directors and employees of associated companies of the Company and directors and employees of the Company's holding company and its subsidiaries (excluding the Company and its subsidiaries) shall not participate in ESS 2018.

2. Maximum Entitlement
The maximum entitlement for each Eligible Executive in respect of the total number of new Shares to be issued upon exercise of options granted in any 12-month period shall not exceed 1% of the total number of issued Shares immediately before such option offer. For the avoidance of doubt, to the extent the exercise of any option granted to an Eligible Executive is satisfied by the transfer of existing issued Shares (including treasury shares), such option and number of existing issued Shares (including treasury shares) shall not be subject to or taken into account for purposes of such limit.

3. Grant of Options

(a) The exercise price per Share shall be a price equal to the 5-day weighted average market price of the Shares immediately preceding the date of offer of the option ("Market Price") or, if discounted, shall not be at a discount of more than 20% (or such other discount as the relevant authority shall permit) to the Market Price.

(b) Option granted to an Eligible Executive may be exercisable by that Eligible Executive only during his employment, within the option exercise period and subject to any other terms and conditions as may be contained in the option certificate. The minimum period which an option must be held before it can be exercised:-

(1) where the option is granted at a discount to the Market Price, shall be at least 2 years from the date of offer; and

(2) where the option is granted without any discount, shall be at least 1 year from the date of offer.

(c) Eligible Executives to whom the options have been granted do not have the right to participate, by virtue of the option, in a share issue of any other company, except in the share scheme(s) of companies within the Group.

4. Grant of Shares ("Grant Offer")

(a) Grant Offer to Eligible Executives may be made upon such terms and conditions including the number of Shares to be vested pursuant to a grant at the end of the performance period based on the achievement of the prescribed financial and performance targets or criteria.

(b) Grant Offer must be accepted by the Eligible Executive who has been made a Grant Offer ("Offeree") within 30 days from the date of offer accompanied by a payment of $1 as consideration.

(c) The Offeree may be vested Shares only during his employment or directorship within the Group and subject to any other terms and conditions as may be contained in the grant certificate.

29. EMPLOYEE BENEFITS (CONT'D)

a. Company (cont'd)

GuocoLand Limited Executive Share Scheme (cont'd)

(vi) Since the commencement of the ESS 2018, there was no grant of options or Shares made to controlling shareholders of the Company and their associates or parent group employees.

Except as disclosed above, there were no unissued Shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Measurement of Fair Value of Options

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 is based on the historical volatility for the expected option life period prior to the date of the grant. The expected dividend yield is based on the past one year's historical dividend payout over the market share price of the Company on the ex-dividend date.

Date of grant of options	**8 December 2017**
Fair value of share options and assumptions	
Fair value at grant date	$0.241 to $0.285
Share price at grant date	$2.18
Exercise price	$1.984
Expected volatility	12.96% to 16.35%
Expected option life	1.94 years to 5.94 years
Expected dividend yield	2.95%
Risk-free interest rate	1.51% to 1.79%

Shares held by Trust

In October 2004, the Company established a Trust in respect of the Executive Share Scheme ("ESS"). Pursuant to a trust deed between the Company and the Trust, the Trust had acquired Shares from the market for the purpose of satisfying options granted or to be granted to participants under the ESS. Subject to financial performance and other targets being met by these participants, Shares held under the Trust may be transferred to them upon exercise of their share options. As at 30 June 2019, the Trust held an aggregate of 73,604,933 (2018 and 1 July 2017: 73,604,933) Shares. For accounting purposes, the assets and liabilities of the Trust are recognised as assets and liabilities of the Company and Shares held by the Trust are accounted for as treasury shares of the Company.

b. GuocoLand (Malaysia) Berhad ("GLM")

GLM Executive Share Scheme

(i) At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of GLM had approved the establishment of a new executive share option scheme ("GLM ESOS" The GLM ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date"). The GLM ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The GLM ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of GLM Group to participate in the equity of GLM.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

29. EMPLOYEE BENEFITS (CONT'D)

b. GuocoLand (Malaysia) Berhad ("GLM") (cont'd)

GLM Executive Share Scheme (cont'd)

Subsequently, at an EGM held on 21 October 2013, the shareholders of GLM had approved the establishment of an executive share grant scheme ("ESGS"). The ESGS was established on 28 February 2014. The ESGS would reward the eligible executives for their contribution to GLM Group with grants without any consideration payable by the eligible executives.

The GLM ESOS, together with the ESGS, have been renamed as the Executive Share Scheme ("GLM ESS"). For ease of administration, the Bye-Laws of the GLM ESOS were amended to incorporate the ESGS to form the consolidated Bye-Laws of the GLM ESS ("GLM Bye-Laws").

The main features of the GLM ESS are, *inter alia*, as follows:-

1. Eligible executives are those executives of GLM Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of GLM and its subsidiaries. The Board of Directors of GLM (the "GLM Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

2. The aggregate number of shares to be issued under the ESS and any other ESOS established by GLM shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of GLM at any one time ("Maximum Aggregate"). The Maximum Aggregate shall be subjected to the provision that the total number of new shares of GLM which may be issued upon exercise of options under the GLM ESS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of GLM as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

3. The ESS shall be in force until 20 March 2022.

4. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of GLM preceding the date of offer and shall in no event be less than the par value of the shares of GLM.

5. No consideration is required to be payable by eligible executives for shares of GLM to be vested pursuant to share grants.

6. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with the GLM Group and within the option exercise period subject to any maximum limit as may be determined by the GLM Board under the GLM Bye-Laws.

7. Shares of GLM granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with the GLM Group subject to any maximum limit as may be determined by the GLM Board under the GLM Bye-Laws.

8. The exercise of options and the vesting of shares of GLM may, at the discretion of the GLM Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the GLM ESS ("GLM ESS Trust"); or a combination of both new shares or existing shares.

The GLM ESS Trust did not acquire any ordinary shares of GLM during the financial years ended 30 June 2019 and 30 June 2018.

Except as disclosed above, no option or shares in GLM have been granted under the ESS during the financial years ended 30 June 2019 and 30 June 2018.

29. EMPLOYEE BENEFITS (CONT'D)

b. GuocoLand (Malaysia) Berhad ("GLM") (cont'd)

GLM Executive Share Scheme (cont'd)

(ii) On 22 August 2011, GLM has established a Value Creation Incentive Plan ("VCIP") for selected key executives of the GLM Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the GLM ESS Trust.

As the VCIP does not involve any issuance of new GLM shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of GLM and GGL.

During the financial year, no share option was granted or lapsed pursuant to the GLM's VCIP. As at 30 June 2019, the balance options is 18,000,000. In 2018, options of 20,000,000 GLM shares were granted pursuant to the GLM's VCIP, of which 2,000,000 options had lapsed. The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ended 30 June 2019 and ending 30 June 2021. The achievement of the performance targets and the number of GLM shares (if any) to be vested shall be determined following the end of the respective performance periods.

The GLM Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management of GLM pursuant to the GLM ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

30. DIVIDENDS

	2019 $'000	**2018 $'000**
Paid by the Company to ordinary equity holders of the Company		
Final one-tier ordinary dividend paid of 7 cents (2018: 7 cents) per ordinary share in respect of the previous financial year*	**77,684**	77,684
Paid by subsidiaries to non-controlling interests	**1,749**	1,553

After the reporting date, the Directors proposed a one-tier final dividend of 7 cents (2018: one-tier final dividend of 7 cents) per ordinary share amounting to $77.7 million (2018: $77.7 million). The dividends have not been provided for.

* Dividend payments in respect of 73,604,933 (2018: 73,604,933) ordinary shares of the Company which were held by the Trust for the ESS were eliminated.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions between the Group and related parties based on terms agreed between the parties during the financial year:-

a. Rental income of $2.2 million was received for the financial year ended 30 June 2019 (2018: $2.2 million) and will continue to be receivable by the Group pursuant to lease agreements entered into with companies in which two of the directors have an interest.

b. On 26 July 2017, the Company signed a renewal of the Management Agreement with an intermediate holding company, Guoco Group Limited ("GGL"), in relation to the provision of services to the Group for a further period of 3 years to 30 June 2020, on the same terms and conditions as the previous Agreement which expired on 30 June 2017. The payment of the annual fee will be based on the equivalent of 3% of the profit before tax of its subsidiaries. The aggregate fees payable by the Group in each financial year to GGL shall in any event not exceed 2% of the audited consolidated net tangible assets of the Company for the relevant financial year. Two directors of the Company are also directors and shareholders of GGL (note 26).

c. The Group has entered into shareholder's agreements with its immediate holding company, GuocoLand Assets Pte. Ltd., for the acquisition and development of a commercial site in Singapore through its subsidiaries, Guoco Midtown Pte. Ltd. (formerly known as GLL Prosper Pte. Ltd.) and Midtown Bay Pte. Ltd. (formerly known as GLL Thrive Pte. Ltd.). As at 30 June 2019, $71.0 million (2018: $65.7 million) of non-controlling interests and $128.7 million (2018: $105.2 million) of amount due to non-controlling interests were in relation to contributions by the immediate holding company for its equity interests in the projects. During the year, $5.8 million (2018: $4.4 million) of interests payable were accrued in the amount due to non-controlling interests.

d. The Group has entered into shareholder's agreement with a related corporation, Hong Leong Holdings (China) Pte. Ltd., for the acquisition and development of four land parcels within Yuzhong District of Chongqing, the People's Republic of China through its subsidiary, GLL Chongqing 18 Steps Pte. Ltd. (formerly known as GLL Chengdu Pte. Ltd.). As at 30 June 2019, $41.2 million (2018: $43.0 million) of non-controlling interests and $161.4 million (2018: $156.8 million) of amount due to non-controlling interests were in relation to contributions by the related corporation for its equity interests in the projects. During the year, $11.6 million (2018: $9.5 million) of interests payable were accrued in the amount due to non-controlling interests.

e. The Group has entered into agreements with related corporations, Intrepid Investments Pte. Ltd. and Hong Realty Pte. Ltd., for the acquisition and development of a residential site in Singapore through its joint venture, Carmel Development Pte. Ltd. ("Carmel"). As at 30 June 2019, included in the Group's investment in joint ventures was $138.4 million of share capital and shareholder's loan injected into Carmel by the Group for its equity interest in the joint venture project (note 7). During the year, $3.1 million (2018: Nil) of interests receivable were accrued in investments in joint venture.

f. In 2018, a subsidiary of the Group sold a unit in Martin Modern, a residential development in Singapore to a relative of certain directors of the Company for a sale consideration of $4.4 million in the ordinary course of its business.

32. CHANGES IN INTERESTS IN SUBSIDIARIES

2018

a. Internal restructuring

In 2018, the Company has undertaken an internal restructuring exercise for which certain hotels in the Group, held by and owned by different subsidiaries within the Group in Singapore and Malaysia were consolidated under a distinct strategic business unit, GuocoLand Hotels Pte. Ltd. ("GLL Hotels"). Consequently, TPC Hotel Pte. Ltd. ("TPC Hotel") was transferred from GuocoLand (Singapore) Pte. Ltd. to GLL Hotels during the year with the Group's interest in TPC Hotel remains unchanged at 80%.

b. Acquisition of non-controlling interests

As described above, arising from the internal restructuring exercise for GLL Hotels, the Group was deemed to have acquired additional interest of 15.68% and 22.4% in JB Parade Sdn Bhd ("JB Parade") and PD Resort Sdn Bhd ("PD Resort") respectively in 2018. As a result of the internal restructuring exercise, the Group's interest in JB Parade is 70.00% and 100.00% in PD Resort.

The following summarises the effect of changes in the Group's ownership interest in JB Parade and PD Resort on the equity attributable to owners of the Company:-

	2018 $'000
Carrying amount of non-controlling interests acquired	5,515
Deemed consideration attributable to non-controlling interests	(14,534)
Decrease in equity attributable to owners of the Company	(9,019)

c. Disposal of interests in a subsidiary

In 2018, the Group disposed its investment in a subsidiary, Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd ("TJZX"), for a consideration of $118.4 million (RMB581.4 million). The consideration was set off against an equivalent amount of debts owing by a wholly-owned subsidiary of the Group to TJZX, by way of novation of the debts to the buyer.

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

	2018 $'000
Property, plant and equipment	1
Inventories	1,724
Other net current receivables	10,206
Amount owing by a wholly-owned subsidiary of the Group	108,968
Cash and cash equivalents	9,441
Net assets disposed	130,340
Loss on disposal of a subsidiary	(11,931)
Sale consideration	118,409
Cash balances of a subsidiary disposed	(9,441)
Novation of amount owing by a wholly-owned subsidiary of the Group	(108,968)
Net cash flow on disposal of a subsidiary	-

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The Group operates and generates a substantial part of its business from Singapore, China, Malaysia and Vietnam. The Group's activities expose it to market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management program seeks to minimise the adverse effects caused by the unpredictability of financial markets on the financial performance of the Group.

Risk management is carried out by the Treasury Department of the Group under policies approved by the Executive Committee. The Executive Committee provides principles and guidelines for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investing excess liquidity.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates or interest rates. While these are subject to the risks of market rates changing subsequent to the execution of the derivative financial instruments, such changes are generally offset by opposite effects on the exposure being hedged.

The Group's accounting policy in relation to the derivative financial instruments are set out in note 3f.

b. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 on risk.

(i) Foreign Currency Risk

The Group has overseas investments in China, Malaysia and Vietnam. Currency exposure to the Group's overseas investments is managed primarily at the Group level. Hedging strategies are included in the monthly reporting to the Executive Committee of the Company.

The Group generally hedges its foreign exchange exposure using forward exchange contracts with external parties where appropriate. The contracts used in its hedging program have terms of 12 months or less. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Company does not have significant exposure to foreign currency risk.

33. FINANCIAL INSTRUMENTS (CONT'D)

b. Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from intercompany balances which are considered to be in the nature of interests in subsidiaries and derivatives entered into as net investment hedge (note 14) are excluded.

	US Dollar $'000	Chinese Renminbi $'000	Hong Kong Dollar $'000	Malaysian Ringgit $'000
Group				
2019				
Other receivables	**224**	**28,046**	**-**	**19**
Cash and cash equivalents	**168,842**	**290**	**-**	**10,604**
Other payables	**-**	**(161,541)**	**(817)**	**(13)**
Loans and borrowings	**-**	**(80,607)**	**(69,280)**	**-**
Net exposure in the statement of financial position	**169,066**	**(213,812)**	**(70,097)**	**10,610**
Forward exchange contracts	**(163,561)**	**218,942**	**-**	**-**
Cross currency interest rate swaps	**-**	**(135,006)**	**-**	**-**
Total exposure	**5,505**	**(129,876)**	**(70,097)**	**10,610**
2018				
Cash and cash equivalents	5,703	359	-	272
Other payables	-	(156,953)	(808)	-
Loans and borrowings	-	(84,275)	(69,520)	-
Net exposure in the statement of financial position	5,703	(240,869)	(70,328)	272
Forward exchange contracts	-	(67,697)	-	-
Cross currency interest rate swaps	-	(141,148)	-	-
Total exposure	5,703	(449,714)	(70,328)	272

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

b. Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Sensitivity Analysis

A strengthening of the following foreign currencies against the functional currencies at the reporting date would increase or (decrease) the profit or loss 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 and does not take into account the associated tax effects and share of non-controlling interests.

Functional Currencies	Foreign Currencies	Rate of Increase in Foreign Currencies	Profit Before Tax $'000
Group			
2019			
RMB	**USD**	**0.23%**	**13**
SGD	**RMB**	**0.79%**	**(1,026)**
SGD	**HKD**	**0.39%**	**(273)**
SGD	**MYR**	**0.07%**	**7**
2018			
RMB	USD	2.92%	167
SGD	RMB	0.32%	(1,439)
SGD	HKD	2.78%	(1,955)
SGD	MYR	0.27%	1

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

(ii) Interest Rate Risk

The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of changes in market interest rates. The Treasury Department evaluates, recommends and carries out hedge strategies that have been approved by the Executive Committee. The management of interest rate risk is reported and reviewed by the Executive Committee on a monthly basis. To obtain the most favourable overall finance cost, the Group may use interest rate swaps to hedge its interest rate exposure. Apart from cash and cash equivalents, the Group has no other significant interest-bearing assets.

33. FINANCIAL INSTRUMENTS (CONT'D)

b. Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:-

	Group Nominal amount		
	2019 $'000	2018 $'000	1 July 2017 $'000
Fixed rate instruments			
Financial assets	**644,319**	676,621	1,014,217
Financial liabilities	**(1,445,798)**	(1,561,926)	(1,852,446)
Interest rate swaps	**(1,601,000)**	-	(40,799)
	(2,402,479)	(885,305)	(879,028)
Variable rate instruments			
Financial liabilities	**(3,612,220)**	(3,777,855)	(2,819,777)
Interest rate swaps	**1,601,000**	-	40,799
	(2,011,220)	(3,777,855)	(2,778,978)

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 assets and liabilities, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase in the interest rates of 10 (2018: 54) basis points at the reporting date would decrease the Group's profit before income tax and accumulated profits by $3.2 million (2018: $18.2 million). The impact on the Group's profit and accumulated profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests. A decrease in the interest rates would have an equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

c. 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 and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Cash and cash equivalents are subject to immaterial credit loss.

Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each businesses.

Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group generally considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when the Group assesses that the debtor fails to make contractual payments. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(i) The movements in credit loss allowance on trade and other receivables of the Group are as follows:-

	Trade receivables $'000	Other receivables $'000	Total $'000
Group			
At 1 July 2018	567	694	1,261
Allowance during the year	1,061	-	1,061
Reversal of allowance during the year	(286)	-	(286)
Translation differences	(21)	(16)	(37)
At 30 June 2019	1,321	678	1,999

(ii) The movements in credit loss allowance on amounts due from subsidiaries of the company are as follows:-

	Amounts due from subsidiaries $'000
Company	
At 1 July 2018 and 30 June 2019	1,585

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 30 June 2019 are current. The Group assesses that no credit loss allowance on other receivables is required during the year.

33. FINANCIAL INSTRUMENTS (CONT'D)

c. Credit Risk (cont'd)

The Company's credit risk exposure to trade and other receivables as at 30 June 2019 is immaterial.

Previous accounting policy for impairment of trade and other receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model.

(i) The movement in allowance for doubtful receivables in respect of trade receivables during the financial year is as follows:-

	2018 $'000	1 July 2017 $'000
Group		
At 1 July	373	191
Allowance made during the financial year	261	189
Translation differences	(67)	(7)
At 30 June	567	373

(ii) The movement in allowance for doubtful receivables in respect of other receivables during the financial year is as follows:-

	2018 $'000	1 July 2017 $'000
Group		
At 1 July	666	683
Allowance written back	-	(5)
Translation differences	28	(12)
At 30 June	694	666

The Group limits its exposure to credit risk on investments in securities by dealing exclusively with high credit rating counterparties.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. It is the Group's policy to enter into financial instruments with a diversity of creditworthy local and international financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

c. Credit Risk (cont'd)

Cash is placed with regulated financial institutions.

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantees is set out in note 35b. At reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

d. 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. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by actively managing its debt portfolio and operating cash flows to ensure that all refinancing, repayments and funding requirements of the Group's operations are met. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements.

The Group has contractual commitments to incur capital expenditure on its property, plant and equipment, investment properties and development properties (note 34).

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:-

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group					
2019					
Non-derivative financial liabilities					
Trade and other payables*	**(238,561)**	**(238,561)**	**(175,147)**	**(61,871)**	**(1,543)**
Loans and borrowings	**(4,489,796)**	**(4,966,189)**	**(428,281)**	**(4,537,908)**	**-**
	(4,728,357)	**(5,204,750)**	**(603,428)**	**(4,599,779)**	**(1,543)**
Derivative financial instruments					
Interest rate swaps	**(28,488)**	**(13,065)**	**(3,077)**	**(9,988)**	**-**
Cross currency interest rate swaps	**(6,777)**	**(9,911)**	**(6,183)**	**(3,728)**	**-**
Forward exchange contracts	**(66)**	**(66)**	**(66)**	**-**	**-**
	(35,331)	**(23,042)**	**(9,326)**	**(13,716)**	**-**
	(4,763,688)	**(5,227,792)**	**(612,754)**	**(4,613,495)**	**(1,543)**

33. FINANCIAL INSTRUMENTS (CONT'D)

d. Liquidity Risk (cont'd)

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:- (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
2018					
Non-derivative financial liabilities					
Trade and other payables*	(303,550)	(303,550)	(221,488)	(81,890)	(172)
Loans and borrowings	(4,923,804)	(5,322,904)	(1,753,118)	(3,565,790)	(3,996)
	(5,227,354)	(5,626,454)	(1,974,606)	(3,647,680)	(4,168)
Derivative financial instruments					
Cross currency interest rate swaps	(17,787)	(39,696)	(10,647)	(29,049)	-
Forward exchange contracts	(1,214)	(1,216)	(1,216)	-	-
	(19,001)	(40,912)	(11,863)	(29,049)	-
	(5,246,355)	(5,667,366)	(1,986,469)	(3,676,729)	(4,168)
1 July 2017					
Non-derivative financial liabilities					
Trade and other payables*	(397,169)	(397,169)	(313,687)	(75,906)	(7,576)
Loans and borrowings	(4,344,508)	(4,639,320)	(2,199,254)	(2,153,515)	(286,551)
	(4,741,677)	(5,036,489)	(2,512,941)	(2,229,421)	(294,127)
Derivative financial instruments					
Interest rate swaps	(33)	(21)	(21)	-	-
Cross currency interest rate swaps	(6,188)	(27,950)	(6,520)	(21,430)	-
Forward exchange contracts	(11)	(11)	(11)	-	-
	(6,232)	(27,982)	(6,552)	(21,430)	-
	(4,747,909)	(5,064,471)	(2,519,493)	(2,250,851)	(294,127)

* Excludes derivatives.

The amounts due to non-controlling interests have not been included in the above table as the repayment is at the discretion of the Boards of the borrowing subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

d. Liquidity Risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000
Company			
2019			
Non-derivative financial liabilities			
Trade and other payables	**(903)**	**(903)**	**(903)**
2018			
Non-derivative financial liabilities			
Trade and other payables	(933)	(933)	(933)
1 July 2017			
Non-derivative financial liabilities			
Trade and other payables	(859)	(859)	(859)

The maturity analysis shows the contractual undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible 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 e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans. Except for these financial liabilities and the cash flows arising from the derivatives, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instrument.

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group					
2019					
Derivative financial instruments					
Cross currency interest rate swaps	**891**	**(1,138)**	**(2,969)**	**1,831**	**-**
2018					
Derivative financial instruments					
Cross currency interest rate swaps	(1,703)	(13,280)	(3,876)	(9,404)	-

33. FINANCIAL INSTRUMENTS (CONT'D)

e. Accounting Classifications and Fair Values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The carrying amounts of the Company's assets and liabilities approximate its fair value.

	Carrying amount				Fair value			
	Fair value through profit or loss $'000	At amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
2019								
Financial assets measured at fair value								
Derivative financial assets	**2,243**	**-**	**-**	**2,243**	**-**	**2,243**	**-**	**2,243**
	2,243	**-**	**-**	**2,243**				
Financial assets not measured at fair value								
Trade and other receivables[#]	**-**	**130,846**	**-**	**130,846**				
Cash and cash equivalents	**-**	**823,718**	**-**	**823,718**				
	-	**954,564**	**-**	**954,564**				
Financial liabilities measured at fair value								
Derivative financial liabilities	**35,331**	**-**	**-**	**35,331**	**-**	**35,331**	**-**	**35,331**
	35,331	**-**	**-**	**35,331**				
Financial liabilities not measured at fair value								
Loans and borrowings	**-**	**-**	**4,489,796**	**4,489,796**	**-**	**4,494,731**	**-**	**4,494,731**
Trade and other payables*	**-**	**-**	**779,473**	**779,473**				
	-	**-**	**5,269,269**	**5,269,269**				

[#] Excludes prepayments and derivatives.
* Excludes derivatives.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

e. Accounting Classifications and Fair Values (cont'd)

	Carrying amount				Fair value			
	Fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
2018								
Financial assets not measured at fair value								
Trade and other receivables#	-	300,371	-	300,371				
Cash and cash equivalents	-	884,934	-	884,934				
	-	1,185,305	-	1,185,305				
Financial liabilities measured at fair value								
Derivative financial liabilities	19,001	-	-	19,001	-	19,001	-	19,001
	19,001	-	-	19,001				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	4,923,804	4,923,804	-	4,912,371	-	4,912,371
Trade and other payables*	-	-	806,581	806,581				
	-	-	5,730,385	5,730,385				

Excludes prepayments and derivatives.
* Excludes derivatives.

33. FINANCIAL INSTRUMENTS (CONT'D)

e. Accounting Classifications and Fair Values (cont'd)

	Carrying amount					Fair value			
	Fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
1 July 2017									
Financial assets measured at fair value									
Other investments	-	-	507	-	507	507	-	-	507
Derivative financial assets	38	-	-	-	38	-	38	-	38
	38	-	507	-	545				
Financial assets not measured at fair value									
Trade and other receivables#	-	153,141	-	-	153,141				
Cash and cash equivalents	-	1,118,483	-	-	1,118,483				
	-	1,271,624	-	-	1,271,624				
Financial liabilities measured at fair value									
Derivative financial liabilities	6,232	-	-	-	6,232	-	6,232	-	6,232
	6,232	-	-	-	6,232				
Financial liabilities not measured at fair value									
Loans and borrowings	-	-	-	4,344,508	4,344,508	-	4,345,450	-	4,345,450
Trade and other payables*	-	-	-	713,615	713,615				
	-	-	-	5,058,123	5,058,123				

Excludes prepayments and derivatives.
* Excludes derivatives.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

33. FINANCIAL INSTRUMENTS (CONT'D)

e. Accounting Classifications and Fair Values (cont'd)

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group	
Forward exchange contracts, cross currency interest rate swaps and interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Loans and borrowings	*Discounted cash flow method:* The valuation model considers the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(ii) Transfers between Level 1 and 2

There were no transfers between levels during the financial year.

34. COMMITMENTS

a. The future minimum lease rentals payable under non-cancellable operating leases as at reporting date are as follows:-

	Group	
	2019	**2018**
	$'000	**$'000**
Within 1 year	**478**	222
Between 1 and 5 years	**251**	170
	729	392

The leases relate to offices and office equipment and are generally for one to five years, with options to renew.

b. The Group had the following commitments as at the reporting date:-

	Group	
	2019	**2018**
	$'000	**$'000**
Capital expenditure contracted but not provided for in the financial statements:-		
- property, plant and equipment	**37**	119
- investment properties	**283,338**	14,039
- development properties	**240,640**	249,527
	524,015	263,685

35. CONTINGENT LIABILITIES

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

b. The Company has issued financial guarantees to financial institutions in connection with banking facilities granted to a subsidiary. The periods in which the financial guarantees expire are as follows:-

	Company	
	2019	**2018**
	$'000	**$'000**
Within 1 year	**175,000**	250,000
Between 1 and 5 years	**879,887**	1,058,795
	1,054,887	1,308,795

At the reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantee contracts. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

36. OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer ("CEO") that are used to make strategic decisions. The Group's reportable operating segments are as follows:-

a. GuocoLand Singapore – development of residential, commercial and integrated properties, and property investment (holding properties for rental income) in Singapore.

b. GuocoLand China – development of residential, commercial and integrated properties in China.

c. GuocoLand Malaysia – development of residential, commercial and integrated properties, and property investment (holding properties for rental income) in Malaysia.

d. GuocoLand Vietnam – development of residential, commercial and integrated properties in Vietnam.

e. Others – include GuocoLand Hotels which is in the management and operation of hotels in Singapore, China and Malaysia, and EWI, which is in the investment in property development projects in United Kingdom and Australia.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

36. OPERATING SEGMENTS (CONT'D)

	GuocoLand Singapore $'000	GuocoLand China $'000	GuocoLand Malaysia $'000	GuocoLand Vietnam $'000	Others $'000	Sub-Total $'000	Unallocated $'000	Total $'000
2019								
Revenue								
External revenue	716,542	3,721	114,530	19,178	72,956	926,927	30	926,957
Results								
Segment profit/ (loss) before tax	383,974	2,226	12,063	7,127	(9,643)	395,747	(11,702)	384,045
Share of profit/ (loss) of associates and joint ventures (net of tax)	(1,600)	7,933	2,393	-	4,063	12,789	-	12,789
Interest income	4,886	2,712	1,909	449	857	10,813	9,064	19,877
Finance costs	(63,258)	(1,151)	(16,684)	-	(6,322)	(87,415)	(20,276)	(107,691)
Profit/(loss) before tax	324,002	11,720	(319)	7,576	(11,045)	331,934	(22,914)	309,020
Tax (expense)/ credit	(18,833)	7,153	(2,687)	(1,861)	(1,647)	(17,875)	(3,529)	(21,404)
Profit/(loss) for the year	305,169	18,873	(3,006)	5,715	(12,692)	314,059	(26,443)	287,616
Segment assets	6,498,095	1,400,554	813,535	34,415	864,779	9,611,378	420,071	10,031,449
Segment liabilities	3,422,551	199,336	360,038	3,291	327,237	4,312,453	1,076,483	5,388,936
Other segment items:-								
Associates and joint ventures	139,841	52,205	113,686	-	238,237	543,969	-	543,969
Depreciation	(468)	(175)	(966)	(19)	(14,094)	(15,722)	(1,085)	(16,807)
Fair value gain/ (loss) from investment properties	183,744	11,981	(212)	-	-	195,513	1,900	197,413
Capital expenditure	72,620	737	(2,282)	-	(3,416)	67,659	514	68,173

36. OPERATING SEGMENTS (CONT'D)

	GuocoLand Singapore $'000	GuocoLand China $'000	GuocoLand Malaysia $'000	GuocoLand Vietnam $'000	Others $'000	Sub-Total $'000	Unallocated $'000	Total $'000
2018								
Revenue								
External revenue	1,018,367	5,807	56,427	2,552	58,483	1,141,636	33	1,141,669
Results								
Segment profit/ (loss) before tax	445,561	(40,748)	7,500	(172)	(13,697)	398,444	(9,854)	388,590
Share of profit/ (loss) of associates and joint ventures (net of tax)	-	209,406	2,514	-	(4,968)	206,952	-	206,952
Interest income	2,767	3,709	1,412	504	554	8,946	1,956	10,902
Finance costs	(56,486)	(4,066)	(16,874)	-	(4,863)	(82,289)	(40,111)	(122,400)
Profit/(loss) before tax	391,842	168,301	(5,448)	332	(22,974)	532,053	(48,009)	484,044
Tax expense	(34,965)	(22,147)	(1,774)	(426)	(1,919)	(61,231)	(308)	(61,539)
Profit/(loss) for the year	356,877	146,154	(7,222)	(94)	(24,893)	470,822	(48,317)	422,505
Segment assets	6,589,369	1,888,261	892,616	27,338	909,114	10,306,698	113,820	10,420,518
Segment liabilities	3,565,304	214,258	406,626	763	339,762	4,526,713	1,335,310	5,862,023
Other segment items:-								
Associates and joint ventures	1,600	529,506	116,108	-	246,876	894,090	-	894,090
Depreciation	(430)	(353)	(593)	(8)	(13,724)	(15,108)	(953)	(16,061)
Impairment of property, plant and equipment	-	(2,289)	-	-	-	(2,289)	-	(2,289)
Fair value gain from investment properties	135,276	2,123	2,966	-	-	140,365	2,100	142,465
Capital expenditure	1,418,686	151	860	-	3,077	1,422,774	32	1,422,806

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For The Year Ended 30 June 2019

36. OPERATING SEGMENTS (CONT'D)

Geographical information

	External Revenue $'000	Non-current Assets# $'000
2019		
Singapore	**744,000**	**5,057,626**
China	**20,261**	**258,341**
Malaysia	**143,518**	**460,235**
Others	**19,178**	**238,240**
	926,957	**6,014,442**
2018		
Singapore	1,031,919	4,670,701
China	24,981	734,673
Malaysia	82,217	487,330
Others	2,552	242,876
	1,141,669	6,135,580

Excludes deferred tax assets.

Major customers

There are no customers contributing more than 10 percent to the revenue of the Group.

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 July 2018.

As stated in note 2a, these are the first financial statements of the Group prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 30 June 2019, the comparative information presented in these financial statements for the year ended 30 June 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value issued by the IASB* in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Group's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's financial positions as at 1 July 2017, 30 June 2018 and 1 July 2018 and the Group's profit or loss and other comprehensive income for the year ended 30 June 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 30 June 2018 and the Company's financial positions as at 1 July 2017, 30 June 2018 and 1 July 2018 arising on the transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's equity
Statement of financial position for the Group

	Note	30 June 2018 / 1 July 2018 FRS framework $'000	SFRS(I)1 $'000	SFRS(I)15 $'000	SFRS(I) framework $'000
Non-current assets					
Associates and joint ventures	B(i)	890,121	-	3,969	894,090
Deferred tax assets	B(i),(iii), (iv)	21,440	-	15,851	37,291
Others		5,241,490	-	-	5,241,490
		6,153,051	-	19,820	6,172,871
Current assets					
Inventories	B(i),(ii), (iii),(iv)	2,957,876	-	(99,742)	2,858,134
Contract assets	B(i),(v)	-	-	197,318	197,318
Trade and other receivables, including derivatives	B(v)	503,376	-	(196,115)	307,261
Cash and cash equivalents		884,934	-	-	884,934
		4,346,186	-	(98,539)	4,247,647
Total assets		10,499,237	-	(78,719)	10,420,518
Equity					
Share capital		1,926,053	-	-	1,926,053
Other reserves	A(i)	(267,500)	129,283	-	(138,217)
Accumulated profits	A(i),B(i), (ii),(iii),(iv)	2,169,049	(129,283)	(68,539)	1,971,227
Perpetual securities		404,976	-	-	404,976
Non-controlling interests	B(i),(iii), (iv)	408,916	-	(14,460)	394,456
Total equity		4,641,494	-	(82,999)	4,558,495
Non-current liabilities					
Deferred tax liabilities	B(iii),(iv)	62,263	-	(578)	61,685
Others		3,842,751	-	-	3,842,751
		3,905,014	-	(578)	3,904,436
Current liabilities					
Trade and other payables, including derivatives	B(i),(iii),(v)	301,113	-	(26,438)	274,675
Contract liabilities	B(i),(v)	-	-	33,613	33,613
Loans and borrowings		1,631,960	-	-	1,631,960
Current tax liabilities	B(iv)	19,656	-	(2,317)	17,339
		1,952,729	-	4,858	1,957,587
Total liabilities		5,857,743	-	4,280	5,862,023
Total equity and liabilities		10,499,237	-	(78,719)	10,420,518

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's equity (cont'd)
Statement of financial position for the Group

	Note	1 July 2017 FRS framework $'000	SFRS(I)1 $'000	SFRS(I)15 $'000	SFRS(I) framework $'000
Non-current assets					
Associates and joint ventures	B(i)	675,616	-	633	676,249
Deferred tax assets	B(iv)	19,557	-	3,084	22,641
Others		3,677,600	-	-	3,677,600
		4,372,773	-	3,717	4,376,490
Current assets					
Inventories	B(iv)	2,798,504	-	(151,107)	2,647,397
Contract assets	B(v)	-	-	42,282	42,282
Trade and other receivables, including derivatives	B(v)	199,022	-	(42,282)	156,740
Others		1,585,376	-	-	1,585,376
		4,582,902	-	(151,107)	4,431,795
Total assets		8,955,675	-	(147,390)	8,808,285
Equity					
Share capital		1,926,053	-	-	1,926,053
Other reserves	A(i)	(278,431)	117,559	-	(160,872)
Accumulated profits	A(i),B(i),(iv)	1,882,240	(117,559)	(112,200)	1,652,481
Non-controlling interests	B(i),(iv)	303,571	-	(12,292)	291,279
Total equity		3,833,433	-	(124,492)	3,708,941
Non-current liabilities					
Deferred tax liabilities	B(iv)	33,717	-	(14,331)	19,386
Others		2,596,591	-	-	2,596,591
		2,630,308	-	(14,331)	2,615,977
Current liabilities					
Trade and other payables, including derivatives	B(v)	377,329	-	(42)	377,287
Contract liabilities	B(v)	-	-	42	42
Current tax liabilities	B(iv)	24,128	-	(8,567)	15,561
Loans and borrowings		2,090,477	-	-	2,090,477
		2,491,934	-	(8,567)	2,483,367
Total liabilities		5,122,242	-	(22,898)	5,099,344
Total equity and liabilities		8,955,675	-	(147,390)	8,808,285

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's profit or loss
Consolidated statement of profit or loss

	Note	Year ended 30 June 2018 FRS framework $'000	SFRS(I)1 $'000	SFRS(I)15 $'000	SFRS(I) framework $'000
Revenue	B(i)	1,160,181	-	(18,512)	1,141,669
Cost of sales	B(i),(ii),(iii),(iv)	(880,090)	-	90,036	(790,054)
Gross profit		280,091	-	71,524	351,615
Other income	A(i)	164,478	(474)	-	164,004
Administrative expenses		(90,620)	-	-	(90,620)
Other expenses	A(i)	(14,257)	(11,250)	-	(25,507)
Finance costs	B(iv)	(96,247)	-	(26,153)	(122,400)
Share of profit of associates and joint ventures (net of tax)	B(i)	203,598	-	3,354	206,952
Profit before tax		447,043	(11,724)	48,725	484,044
Tax expense	B(i),(iv)	(54,307)	-	(7,232)	(61,539)
Profit for the year		392,736	(11,724)	41,493	422,505
Profit attributable to:					
Equity holders of the Company		381,270	(11,724)	43,661	413,207
Non-controlling interests	B(i),(iii),(iv)	11,466	-	(2,168)	9,298
Profit for the year		392,736	(11,724)	41,493	422,505

Notes to the reconciliations

A. *SFRS(I) 1*

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 30 June 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassified the cumulative FCTR of $117.6 million as at 1 July 2017 determined in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before that date of transition.

By electing this optional exemption, the cumulative FCTR increased by $117.6 million as at 1 July 2017 and accumulated profits decreased by the same amount.

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (cont'd)

B. *SFRS(I) 15*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients used for completed contracts, and the comparative information for 2018 has been restated. Under these practical expedients, completed contracts that began and ended in the same annual reporting period in 30 June 2018 and contracts completed at 1 July 2017 are not restated.

The impact upon the adoption of SFRS(I) 15 are described below.

(i) Revenue recognition of development properties

The Group recognises revenue on its Malaysia development properties over time instead of a point in time previously. Revenue will be recognised upon transfer of control and significant risks and rewards to buyers.

	Group 2018 $'000	1 July 2017 $'000
Statements of financial position		
Increase in associates and joint ventures	3,969	633
Increase in deferred tax assets	1,670	-
Increase in inventories	6,547	-
Increase in contract assets	1,203	-
Increase in trade and other payables	(112)	-
Increase in contract liabilities	(18,015)	-
(Decrease)/Increase in accumulated profits	(1,934)	444
(Decrease)/Increase in non-controlling interests	(2,804)	189

	Group 2018 $'000
Consolidated statement of profit or loss	
Decrease in revenue	(18,512)
Decrease in cost of sales	8,145
Increase in share of profit of associates and joint ventures (net of tax)	3,354
Decrease in tax expense	1,642
Decrease in non-controlling interests	2,993
Decrease in profit attributable to equity holders of the Company	(2,378)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (cont'd)

B. *SFRS(I) 15 (CONT'D)*

(ii) Sales commissions

The Group capitalises sales commission paid to property agents on the sale of property which were previously recognised as expenses if these costs are recoverable. Sales commission will be amortised to profit or loss as the Group recognises the related revenue.

	Group	
	2018 $'000	1 July 2017 $'000
Statements of financial position		
Decrease in deferred tax assets	(2,386)	-
Increase in inventories	14,038	-
Increase in accumulated profits	11,652	-

	Group 2018 $'000
Consolidated statement of profit or loss	
Decrease in cost of sales	14,038
Increase in tax expense	(2,386)
Increase in profit attributable to equity holders of the Company	11,652

(iii) Amortisation of development costs

The Group previously recognised cost of sales on the sold units in its development projects by applying the percentage of completion on the relevant projects' total estimated construction costs. On adoption of SFRS(I) 15, the Group recognises such costs in profit or loss when incurred to the extent of units sold in a development project.

	Group	
	2018 $'000	1 July 2017 $'000
Statements of financial position		
Increase in deferred tax assets	257	-
Decrease in inventories	(6,719)	-
Increase in deferred tax liabilities	(396)	-
Increase in current tax liabilities	(2)	-
Decrease in trade and other payables	10,952	-
Increase in accumulated profits	2,892	-
Increase in non-controlling interests	1,200	-

	Group 2018 $'000
Consolidated statement of profit or loss	
Decrease in cost of sales	4,232
Increase in tax expense	(140)
Increase in non-controlling interests	(1,200)
Increase in profit attributable to equity holders of the Company	2,892

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (cont'd)

B. *SFRS(I) 15 (CONT'D)*

(iv) Borrowing costs

Arising from the Agenda Decision issued by the IFRS Interpretation Committee relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development, the Group has ceased capitalisation of certain borrowing costs on its development properties.

	Group	
	2018 $'000	1 July 2017 $'000
Statements of financial position		
Increase in deferred tax assets	16,310	3,084
Decrease in inventories	(113,608)	(151,107)
Decrease in deferred tax liabilities	974	14,331
Decrease in current tax liabilities	2,319	8,567
Decrease in accumulated profits	(81,149)	(112,644)
Decrease in non-controlling interests	(12,856)	(12,481)

	Group 2018 $'000
Consolidated statement of profit or loss	
Decrease in cost of sales	63,621
Increase in finance cost	(26,153)
Increase in tax expense	(6,348)
Decrease in non-controlling interests	375
Increase in profit attributable to equity holders of the Company	31,495

(v) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:-

(a) Contract assets in respect of property development business which relate primarily to the Group's right to consideration for work completed but have not been billed at the reporting date.

As at 30 June 2018, $196.1 million (1 July 2017: $42.3 million) which was presented as "trade and other receivables" under FRS has been reclassified to contract assets.

(b) Contract liabilities in respect of property development business which relate to progress billings in excess of the Group's right to consideration.

As at 30 June 2018, $15.6 million (1 July 2017: $42,000) which was presented as "trade and other payables" under FRS has been reclassified to contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

C. *SFRS(I) 9*

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 July 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 30 June 2018. Accordingly, the information presented for 30 June 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. There were no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 as at 1 July 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 July 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS39 at 30 June 2018 met the criteria for hedge accounting under SFRS(I) 9 at 1 July 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3f and 3h.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

37. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

C. *SFRS(I) 9 (CONT'D)*

(i) Classification of financial assets and financial liabilities (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 July 2018.

			1 July 2018	
	Original classification under FRS 39	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'000**	**New carrying amount under SFRS(I) 9 $'000**
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	300,371	300,371
Cash and cash equivalents	Loans and receivables	Amortised cost	884,934	884,934
Total financial assets			1,185,305	1,185,305

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under SFRS(I) does not affect the carrying amount of intra-group financial guarantee contracts at 1 July 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 9 is higher than the estimated ECL amount.

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

Additional information about how the Group measure the allowance for impairment is described in note 3h.

(iii) Hedging accounting

The Group adopted the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under SFRS(I) 9, see note 3f(vi).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2019

38. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 July 2018 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 SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 July 2018:

Applicable to 2020 financial statements
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)

Applicable to 2021 financial statements
- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases,* SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group plan to apply SFRS(I) 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. The Group as lessee

The Group expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

No significant impact is expected for the Group as it does not have significant finance leases as a leasee.

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for leases in which the Group is a lessor.

OTHER INFORMATION

MAJOR PROPERTIES

The details of the major properties held by the Group are as follows: -

Singapore	Tenure	Stage of Completion	Expected Date of Completion	Site Area (sq m)	Gross Floor Area (sq m)	Group's Effective Interest (%)
Integrated Development						
Guoco Tower Comprises a 37-Storey Office Block, 6-Storey of Retail & F&B Space, 181 Residential Units (Wallich Residence) and a Business Hotel (Sofitel Singapore City Centre) Located at 1/3/5/7/9 Wallich Street	99-Year Lease With Effect From 21.02.2011	N/A	Completed	15,023	157,738	80.00
Guoco Midtown Comprises a 30-Storey Office Block, Network Centre, Retail and Community Spaces, and 219 Residential Units (Midtown Bay) Located at Beach Road	99-Year Lease With Effect From 02.01.2018	Piling Works	December 2022	22,202	90,029	70.00
Commercial Properties						
20 Collyer Quay 24-Storey Office Block^ Located at Singapore 049319	999-Year Lease With Effect From 05.11.1862	N/A	Completed	2,273	23,248	100.00
Reversionary Interests in Freehold Land Located at Lots 99951A, 99952K and 99953N Part of 61 Robinson Road Singapore 068893	#	N/A	Completed	1,405	15,738	100.00
Residential						
Martin Modern Located at Martin Place	99-Year Lease With Effect From 28.09.2016	Structural and Architectural Works	June 2020	15,936	49,084	100.00
Meyer Mansion Located at Meyer Road	Freehold	Tendering Stage	June 2024	7,920	22,175	100.00

OTHER INFORMATION

MAJOR PROPERTIES (CONT'D)

The details of the major properties held by the Group are as follows: - (cont'd)

Malaysia	Tenure	Stage of Completion	Expected Date of Completion	Site Area (sq m)	Gross Floor Area (sq m)	Group's Effective Interest (%)
Integrated Development						
Damansara City Comprises two Condominium Blocks (DC Residensi), an Office Tower (Menara Guoco), a Mall (DC Mall) and a Hotel (Sofitel Kuala Lumpur Damansara) Located at Lot 58303 Bukit Damansara, Kuala Lumpur	Freehold	N/A	Completed	32,450	237,421	68.00
Emerald 9 @ Cheras Comprises Serviced Apartments, a Hotel, Offices and Retail Space Located at Lot 809 and 810, Cheras Batu 8 ¼ and 8 ½, Jalan Cheras, Daerah Hulu Langat, Selangor	Freehold	Plot 1: Works In Progress Plot 2: Planning	April 2023 *	47,930	287,705	68.00
Commercial Properties						
PJ Corporate Park Located at Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling Selangor	Leasehold Till 12.12.2107	Planning	*	12,974	38,053	68.00
Residential						
Emerald Hills @ Cheras Located at Lot 7585 to 7589, 7597 to 7600 and PT 15231, Mukim Petaling Wilayah Persekutuan, Kuala Lumpur	Freehold	Works In Progress	September 2022	172,023	172,023	68.00
Oval Kuala Lumpur Located at Seksyen 63, Bandar & Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Freehold	N/A	Completed	7,080	19,172	68.00
Others						
Vacant Agriculture Land Located at Mukim of Jasin, Melaka Darul Amin	Freehold	Planning	*	15,657,341	15,657,341	46.24

MAJOR PROPERTIES (CONT'D)

The details of the major properties held by the Group are as follows: - (cont'd)

The People's Republic Of China	Tenure	Stage of Completion	Expected Date of Completion	Site Area (sq m)	Gross Floor Area (sq m)	Group's Effective Interest (%)
Integrated Development						
Guoco Changfeng City Comprises two 18-Storey Office Towers, two Low-Rise Office Buildings and a Retail, Entertainment and Cultural Centre Located in Putuo District, Shanghai	50-Year Land Use Rights With Effect From 11.12.2005	Works In Progress	June 2021	143,845	195,233	100.00
Guoman Hotel Shanghai Located in Putuo District, Shanghai		N/A	Completed		45,775	
Chongqing 18 Steps Comprises Residential Units and Commercial Units Located in Yuzhong District, Chongqing	Residential: 50-Year Land Use Rights Till 29.06.2067 Commercial: 40-Year Land Use Rights Till 29.06.2057	Plot 1 & 2: Works In Progress Plot 3: Planning Plot 4: Planning	December 2022 July 2023 November 2023	33,097 6,572 9,292	227,705 36,225 77,150	75.00

OTHER INFORMATION

MAJOR PROPERTIES (CONT'D)

The details of the major properties held by the Group are as follows: - (cont'd)

Vietnam	Tenure	Stage of Completion	Expected Date of Completion	Site Area (sq m)	Gross Floor Area (sq m)	Group's Effective Interest (%)
Integrated Development						
The Canary Comprises Residential Units and Commercial Units Located in Thuan An District, Binh Duong Province	Residential: 70-Year Land Use Rights Till 22.09.2076 Commercial: 50-Year Land Use Rights Till 22.09.2056	Phases 3 & 4: Planning	Phase 2 Completed	75,111	138,000	100.00

N/A: Not applicable.

^ The Group disposed of its interests in a 50-year lease (with effect from 29 January 1985) in 7 office units and a 99-year lease (with effect from 1 March 1985) in 3 office units to third parties. Accordingly, the Group recognised its reversionary interests in these office units.

The Group disposed of its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

* Not available as these developments have not commenced construction or have not been launched yet.

SHAREHOLDING STATISTICS

As at 11 September 2019

NUMBER OF ISSUED SHARES	:	1,183,373,276
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
NUMBER OF TREASURY SHARES HELD	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS HELD	:	NIL

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	251	4.51	5,853	0.00
100 - 1,000	762	13.69	583,768	0.05
1,001 - 10,000	3,473	62.38	16,253,439	1.37
10,001 - 1,000,000	1,061	19.06	42,965,275	3.63
1,000,001 & ABOVE	20	0.36	1,123,564,941	94.95
TOTAL	5,567	100.00	1,183,373,276	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	GUOCOLAND ASSETS PTE. LTD.	772,032,426	65.24
2	RAFFLES NOMINEES (PTE) LIMITED	120,641,391	10.20
3	CITIBANK NOMINEES SINGAPORE PTE LTD	44,348,215	3.75
4	KWEK LENG HAI	35,290,914	2.98
5	CITIGROUP GM SINGAPORE SECURITIES PTE LTD	26,760,700	2.26
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	23,536,741	1.99
7	DBS NOMINEES PTE LTD	20,248,787	1.71
8	KGI SECURITIES (SINGAPORE) PTE LTD	20,219,390	1.71
9	HSBC (SINGAPORE) NOMINEES PTE LTD	15,356,665	1.30
10	DB NOMINEES (SINGAPORE) PTE LTD	11,423,531	0.97
11	DBSN SERVICES PTE LTD	7,552,606	0.64
12	UOB KAY HIAN PTE LTD	5,966,164	0.51
13	LIM AND TAN SECURITIES PTE LTD	4,300,033	0.36
14	DBS VICKERS SECURITIES (S) PTE LTD	4,072,399	0.34
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,942,521	0.25
16	MAYBANK KIM ENG SECURITIES PTE LTD	2,734,016	0.23
17	LEE YUEN SHIH	1,779,000	0.15
18	TAN KAH BOH ROBERT@ TAN KAH BOO	1,550,000	0.13
19	OCBC NOMINEES SINGAPORE PTE LTD	1,461,942	0.12
20	ANG JWEE HERNG	1,347,500	0.11
	TOTAL	1,123,564,941	94.95

SHAREHOLDING IN THE HANDS OF THE PUBLIC

The percentage of shareholding in the hands of the public was approximately 20.40% of the total number of the issued and fully paid-up ordinary shares of the Company. Accordingly, Rules 723 and 1207(9)(e) of the SGX-ST Listing Manual have been complied with.

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest No. of Shares	Deemed Interest No. of Shares
1. GuocoLand Assets Pte. Ltd.	772,032,426	-
2. Fairbury Pte. Ltd.[1]	73,604,933	-
3. Guoco Group Limited	-	772,032,426[2]
4. GuoLine Overseas Limited	-	772,032,426[2]
5. GuoLine Capital Assets Limited	-	804,493,744[3]
6. Hong Leong Company (Malaysia) Berhad	-	804,693,744[4]
7. HL Holdings Sdn Bhd	-	804,693,744[4]
8. Hong Leong Investment Holdings Pte. Ltd.	-	804,693,744[4]
9. Quek Leng Chan	13,333,333	819,310,430[5]

1 Trust established in respect of the Company's share scheme for its executives.

2 Deemed interest arising through GuocoLand Assets Pte. Ltd. by virtue of the operation of Section 7 of the Companies Act, Cap 50.

3 Deemed interest arising through GuocoLand Assets Pte. Ltd. and a company in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

4 Deemed interest arising through GuocoLand Assets Pte. Ltd. and 2 companies in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

5 Deemed interest arising through GuocoLand Assets Pte. Ltd. and 3 companies in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

INTERESTED PERSON TRANSACTIONS

The Audit and Risk Committee reviewed interested person transactions entered into by the Group during the financial year ended 30 June 2019. The aggregate value of interested person transactions entered into during the financial year is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 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)
Hong Leong Group Malaysia	S$16,714,000	N.A. [3]
Guoco Group	S$23,924,000 [1]	N.A. [3]
Singapore Hong Leong Group	S$168,730,000 [2]	N.A. [3]

1 Include a sum of S$19.42 million being the aggregate value of joint venture with GuocoLand Assets Pte. Ltd. which falls within the exemption stipulated under SGX-ST Listing Manual Rule 916 as announced via SGXNet on 3 October 2017.

2 Include a sum of S$62.40 million being the aggregate value of joint venture with Hong Leong Holdings (China) Pte. Ltd. which falls within the exemption stipulated under SGX-ST Listing Manual Rule 916 as announced via SGXNet on 23 May 2017.

3 The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Moses Lee Kim Poo,
Chairman

Raymond Choong Yee How,
Group President &
Chief Executive Officer

Quek Leng Chan

Kwek Leng Hai

Timothy Teo Lai Wah

Francis Siu Wai Keung

Abdullah Bin Tarmugi

Lim Suat Jien

Jennie Chua Kheng Yeng

Tang Hong Cheong

AUDIT AND RISK COMMITTEE
Timothy Teo Lai Wah,
Chairman

Francis Siu Wai Keung

Lim Suat Jien

NOMINATING COMMITTEE
Abdullah Bin Tarmugi,
Chairman

Kwek Leng Hai

Timothy Teo Lai Wah

REMUNERATION COMMITTEE
Abdullah Bin Tarmugi,
Chairman

Quek Leng Chan

Jennie Chua Kheng Yeng

GROUP COMPANY SECRETARY
Mary Goh Swon Ping

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http://www.guocoland.com

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KPMG LLP
Public Accountants and
Chartered Accountants
Partner-in-charge: Lee Sze Yeng
(since FY ended June 2018)
Auditor's Registration No.: 01037

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

STOCK EXCHANGE LISTING
Singapore Exchange Securities
Trading Limited

DATE OF INCORPORATION
31 March 1976

DATE OF CONVERSION TO A PUBLIC COMPANY
30 September 1978

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(Reg. No. 197600660W)

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