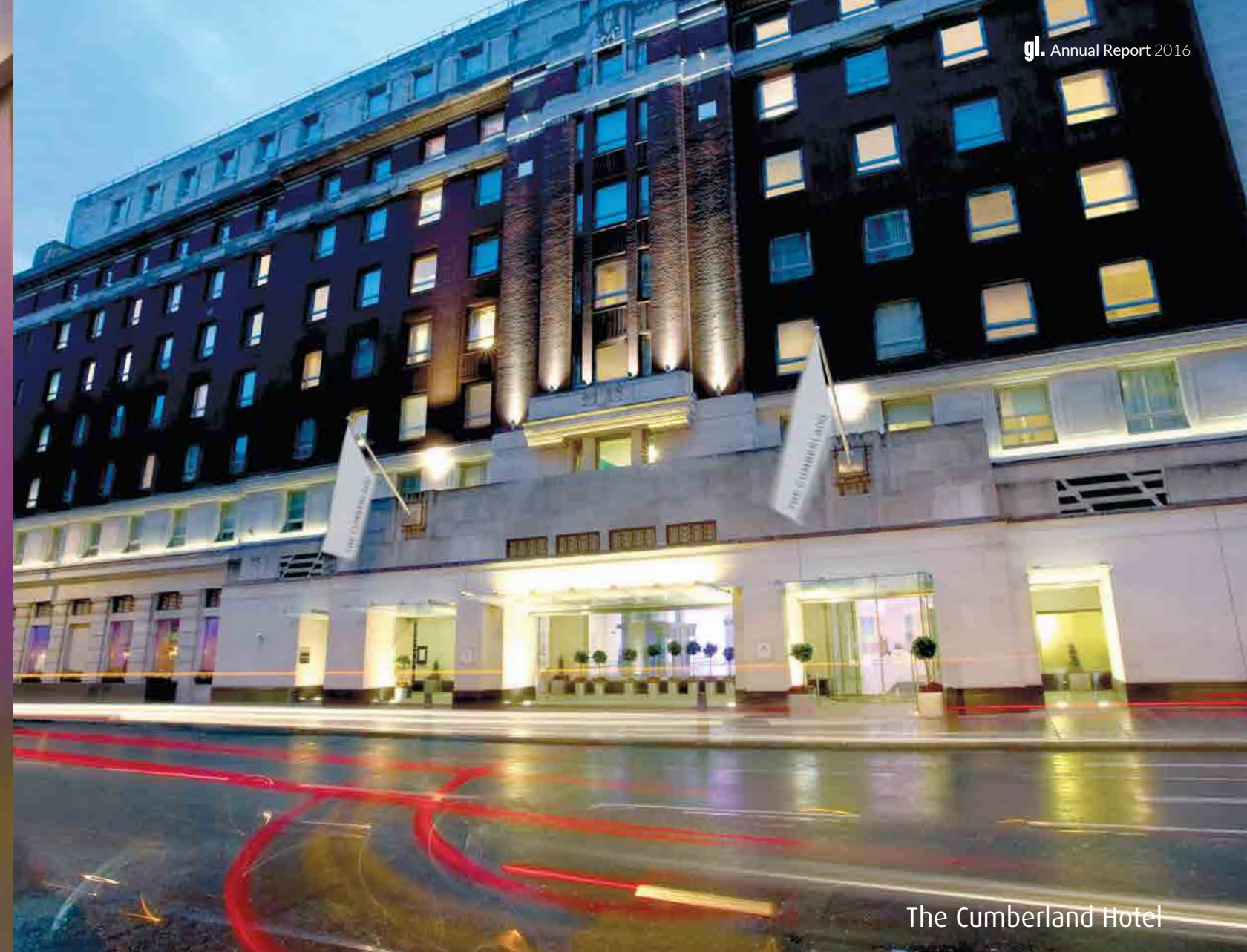


The background features a series of vertical blue bars of varying heights on the left side, creating a bar chart effect. Overlaid on this are several large, curved, semi-transparent shapes in shades of blue and grey, which sweep across the page from the left towards the right. The overall aesthetic is modern and corporate.

**gl.**



Meetings and Events Lobby Area at  
The Cumberland



The Cumberland Hotel

## gl. CONTENTS

- 01 Corporate Profile
- 02 GL History
- 04 Corporate Information
- 10 Group Financial Highlights  
5-Year Summary
- 14 Chairman's Statement
- 18 Board of Directors
- 21 Management Team
- 22 Corporate Governance Report
- 32 Corporate Social Responsibility
- 33 Financials
- 100 Statistics of Shareholdings
- 101 Directors' and Substantial Shareholders' Interests
- 102 Notice of Annual General Meeting

## gl. CORPORATE PROFILE

GL Limited ("GL"), formerly known as GuocoLeisure Limited, was founded in 1961. It is the holding company of an international hospitality and leisure group with its global head office in Singapore, and is listed on the Main Board of Singapore Exchange Securities Trading Limited.

GL's core hospitality business is operated out of GLH Hotels Limited ("GLH") in the United Kingdom. GLH owns and/or operates 16 hotels in the United Kingdom. With 15 hotels in top London locations, GLH is the largest owner-operator hotel company in London.

In addition to its core hospitality business, GL owns the prestigious Clermont Club in Mayfair, London, as well as real estate in Hawaii and rights to royalties from the production of oil and natural gas in the Bass Strait in Australia.

## gl. HISTORY

### 1961

GL Limited was established in New Zealand as Brierley Investments Limited (“**BIL**”) in 1961. Founded by Sir Ronald Brierley, BIL’s initial focus was to acquire substantial shareholdings in public companies in Australia and New Zealand.

### 1980

By the 1980s, BIL had made numerous global investments with shareholdings in over 300 companies. In the late 1980s, BIL began to realign its strategy by focusing on a smaller number of assets with a core of trading subsidiaries and associated companies.

### 2000

Year 2000 represented a significant milestone for BIL as it shifted its primary stock exchange listing from New Zealand to Singapore, and its management team proceeded to restructure the Company’s investment portfolio.

### 2001

In March 2001, Sir Ronald Brierley retired from the Board of Directors of BIL.

### 2007

In October 2007, the Company changed its name to GuocoLeisure Limited.

### 2015

In October 2015, the Company changed its name to GL Limited.

# gl. CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Kwek Leng Hai**  
Non-Independent  
Non-Executive Chairman

**Philip Burdon**  
Independent  
Non Executive Deputy Chairman

**Paul Brough**  
Independent  
Non-Executive Director

**Jennie Chua**  
Independent  
Non-Executive Director

**Timothy Teo Lai Wah**  
Independent  
Non-Executive Director

**Tang Hong Cheong**  
Non-Independent  
Executive Director  
Group Managing Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Timothy Teo Lai Wah, Chairman  
Kwek Leng Hai  
Paul Brough

## REMUNERATION COMMITTEE

Philip Burdon, Chairman  
Kwek Leng Hai  
Jennie Chua

## NOMINATING COMMITTEE

Philip Burdon, Chairman  
Kwek Leng Hai  
Jennie Chua

## GROUP COMPANY SECRETARY

Susan Lim

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda  
Tel : (441) 295 2244  
Fax : (441) 292 8666

## AUDITORS

**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner in charge: Linda Tan  
(since financial year ended  
30 June 2015)

## SHARE REGISTRARS AND TRANSFER OFFICES

### BERMUDA

**Estera Services (Bermuda) Limited**  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda  
Tel : (441) 295 1443  
Fax : (441) 292 8666

### SINGAPORE

**M & C Services Private Limited**  
112 Robinson Road #05-01  
Singapore 068902  
Tel : (65) 6227 6660  
Fax : (65) 6225 1452

## CORPORATE OFFICES

### SINGAPORE

**GL Limited**  
20 Collyer Quay #18-05  
Singapore 049319  
Tel : (65) 6438 0002  
Fax : (65) 6435 0040  
Email: info@gl-grp.com  
Website: www.gl-grp.com

### AUSTRALIA

**BIL Australia Pty Limited**  
22 Emerstan Drive  
Castle Cove, NSW 2069  
Australia  
Tel : (612) 9882 1255  
Fax : (612) 9882 1266

### FIJI

**Tabua Investments Limited**  
Box PD67 Port Denarau  
Nadi, Fiji  
Tel : (679) 675 0251  
Fax : (679) 675 0023

### NEW ZEALAND

**Brierley Holdings Limited**  
144 St Johns Road  
St Johns, Auckland  
New Zealand  
Tel : (6421) 927700

### UNITED KINGDOM

**Clermont Leisure (UK) Limited**  
Stephenson House  
75 Hampstead Road  
London  
NW1 2PL  
United Kingdom  
Tel : (44) 20 7138 0000  
Fax : (44) 845 040 5768  
Website: www.clermontleisure.com

### GLH Hotels Limited

Stephenson House  
75 Hampstead Road  
London  
NW1 2PL  
United Kingdom  
Tel : (44) 20 7554 3890  
Fax : (44) 845 040 5768  
Website: www.glhhotels.com

### GLH Hotels Management (UK) Limited

13 Albyn Terrace  
Aberdeen  
AB10 1YP  
Scotland  
Tel : (44) 20 7554 3890  
Fax : (44) 845 040 5768  
Website : www.glhhotels.com

### UNITED STATES OF AMERICA

**Molokai Properties Limited**  
100 Maunaloa Road, P.O. Box 259  
Maunaloa, Hawaii 96770  
United States of America  
Tel : 1 (808) 534 9523  
Fax : 1 (808) 521 2279



The Royal Horseguards Hotel



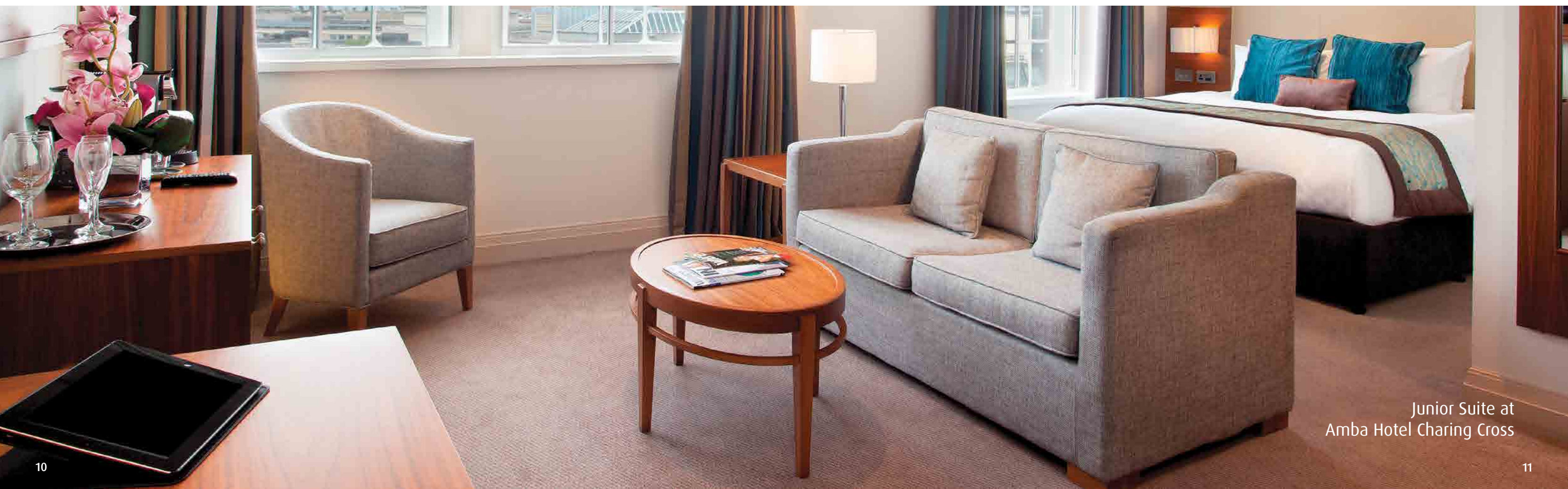
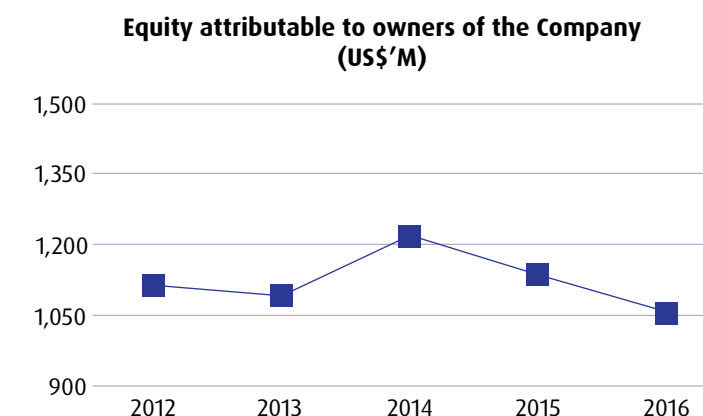
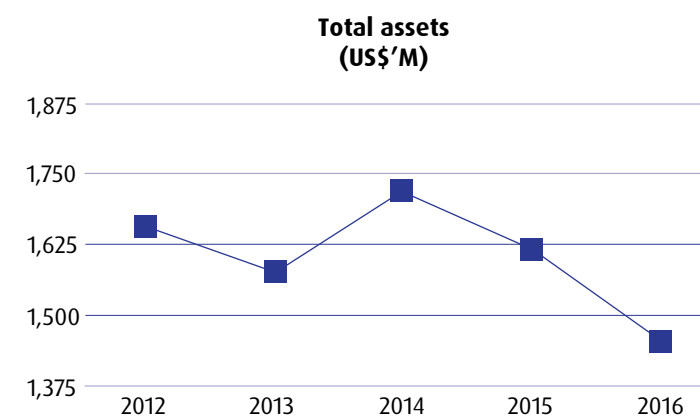
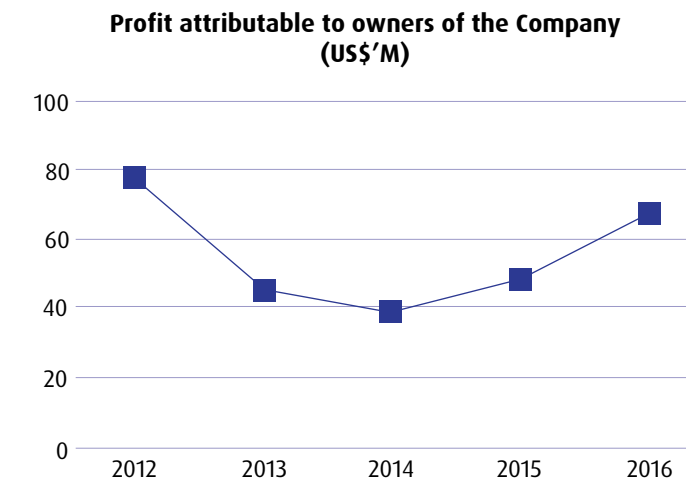
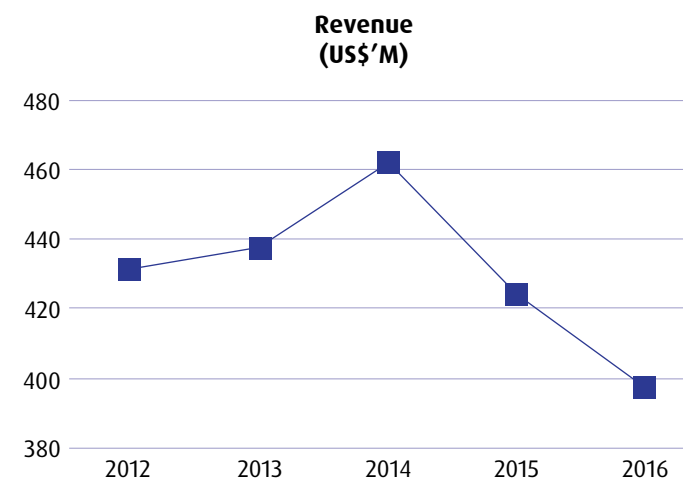
The Royal Horseguards Hotel



Amba Hotel Charing Cross

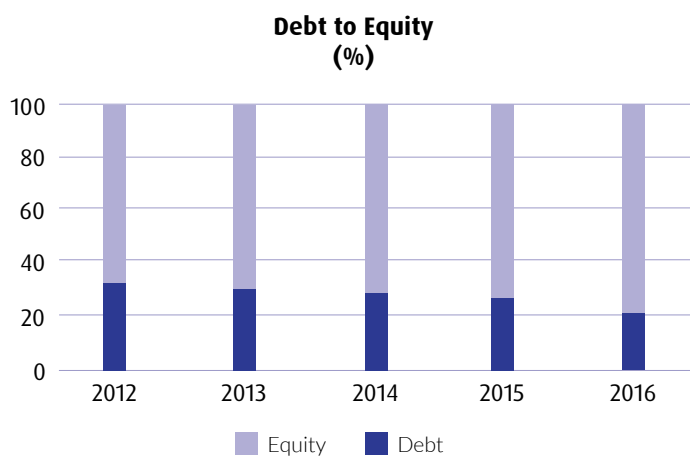
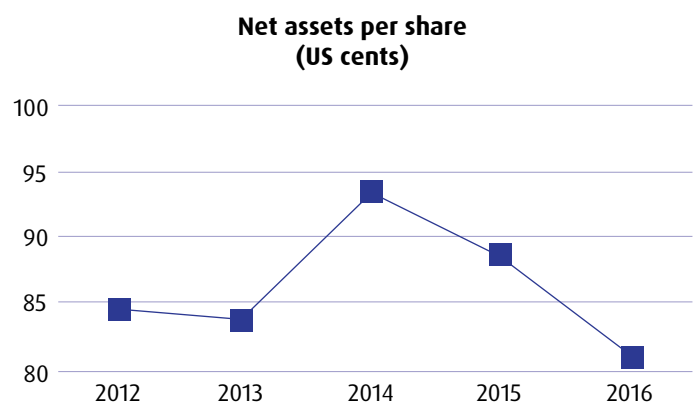
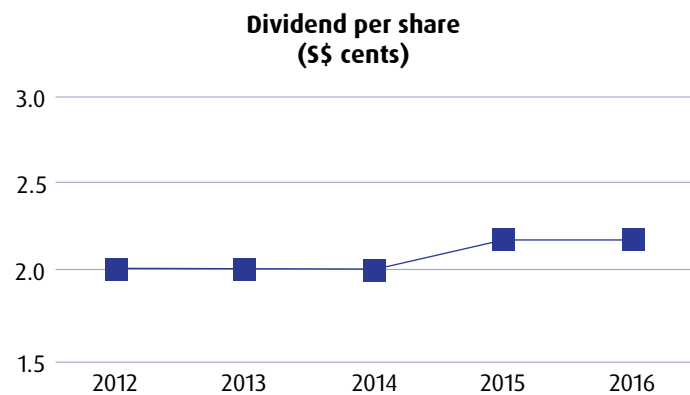
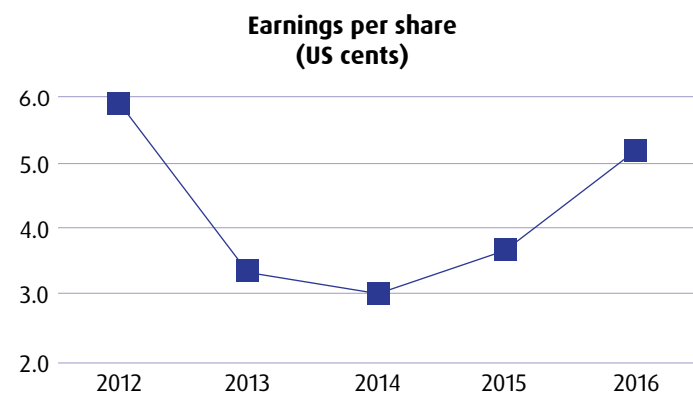
# gl. GROUP FINANCIAL HIGHLIGHTS 5-Year Summary

|  | 2012    | 2013    | 2014    | 2015    | 2016           |
|--|---------|---------|---------|---------|----------------|
| <b>Consolidated Income Statement</b>                       |         |         |         |         |                |
| Revenue (US\$million)                                      | 431.4   | 437.9   | 461.9   | 423.2   | <b>393.9</b>   |
| Profit attributable to owners of the Company (US\$million) | 77.7    | 44.0    | 39.0    | 47.9    | <b>67.6</b>    |
| <b>Consolidated Statement of Financial Position</b>        |         |         |         |         |                |
| Total assets (US\$million)                                 | 1,639.6 | 1,574.1 | 1,718.1 | 1,624.6 | <b>1,432.6</b> |
| Equity attributable to owners of the Company (US\$million) | 1,118.8 | 1,106.5 | 1,217.3 | 1,152.1 | <b>1,051.2</b> |
| <b>Ratios</b>  |         |         |         |         |                |
| Earnings per share (US cents)                              | 5.9     | 3.3     | 3.0     | 3.7     | <b>5.2</b>     |
| Dividend per share (SGD cents)                             | 2.0     | 2.0     | 2.0     | 2.2     | <b>2.2</b>     |
| Net assets per share (US cents)                            | 84.3    | 83.9    | 93.3    | 88.6    | <b>80.9</b>    |
| Debt to equity ratio (%)                                   | 31.6    | 29.7    | 28.0    | 26.7    | <b>20.6</b>    |



Junior Suite at  
Amba Hotel Charing Cross

# gl. GROUP FINANCIAL HIGHLIGHTS *Continued* 5-Year Summary



Breakfast selection at Thistle Kensington Gardens



The Bar at Thistle Kensington Gardens



Reunion Bar at  
The Grosvenor Hotel

## CHAIRMAN'S STATEMENT

The financial year ended 30 June 2016 ("FY2016") presented a challenging operating environment for GL Limited ("GL"). Events in Europe weighed down on the revenue performance of its core hospitality division, GLH. Oil prices fell to a ten-year low, impacting GL's oil and gas royalty income. Despite this, GL managed to record a substantial increase in profit with some non-operating and one-off gains driving sizeable year-on-year profit growth at GLH.

The GL Group continues to remain financially strong while maintaining a conservative equity-to-debt ratio.

On 1 July 2016, Mr Michael DeNoma stepped down as the Chief Executive Officer and a Director of GL as well as of GLH. On behalf of the Board, I wish to thank Mr DeNoma for his contributions over the past four years.

Mr Tang Hong Cheong has been appointed the Group Managing Director to fill the top executive position left vacant by Mr Denoma, and has been appointed a Director of the Company as well. Both appointments took effect on 15 September 2016.

### GLH Hotels

GLH continues to make progress in its transformation. It presently operates 16 hotels in the United Kingdom. In an exciting development, GLH has unveiled plans for a collaboration with Hard Rock International. The 900-room Hard Rock Hotel London, to be converted from the existing Cumberland Hotel, is scheduled to commence in the summer of 2018.

Performance of the London hotel market is expected to grow in the year ahead, albeit at a modest rate. GLH continues to maintain a cautious outlook following events in Europe which could negatively impact discretionary travel in the coming year. Uncertainty arising from such events may cause further weakness in the Sterling. This could provide a boost for inbound travel into the United Kingdom but, at the same time, adversely impact GLH and GL's gaming division's revenue growth in USD terms.

During FY2016, GLH was awarded the Best Small Hotel Company by the prestigious Business Travel Awards.

### Clermont Leisure

The Group's subsidiary, Clermont Leisure (UK) Limited, owns and operates The Clermont Club ("TCC"), an exclusive casino in Mayfair, London. In FY2016, TCC made significant progress in expanding its player base, resulting in a better performance compared to the previous financial year. However, the business environment remains challenging and management continues to hold fast to the principle of risk mitigation and strict observance of prudent trading practices. We continue to seek ways of increasing our player base in a sustainable manner.

### Bass Strait Oil Royalty

FY2016 royalty income was US\$20.7 million, 35% lower compared to US\$31.7 million in the previous financial year. Factors contributing to this decline are the depreciation of the AUD against USD and a significant drop in crude oil prices. Although we do not foresee oil prices returning to previous highs in the near term, this asset continues to be a significant profit contributor to the GL Group.

### Summary

The Board is recommending that a first and final dividend of SGD 2.2 cents per share be declared for FY2016.

The Board wishes to express its appreciation to the GL Group's management and employees their hard work and dedication in the past financial year. In addition, we thank our shareholders, customers, business partners and all other stakeholders for their continued support.

### Quek Leng Chan

Non-Executive Chairman  
29 August 2016



Equus - The Bar at  
The Royal Horseguards Hotel



The Boardroom at  
Amba Hotel Marble Arch

## BOARD OF DIRECTORS

### **KWEK LENG HAI, 63**

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

Mr Kwek was appointed to the Board on 17 May 2005 and was last re-elected as a Director at the Company's Annual General Meeting on 17 October 2014.

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

Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in financial services, investment services, manufacturing and real estate.

### **PHILIP BURDON, 77**

**Independent  
Non-Executive Deputy Chairman  
Chairman, Remuneration Committee and  
Nominating Committee**

Mr Burdon was appointed to the Board on 10 November 1998 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 24 October 2016.

Mr Burdon is respected as a successful businessman and distinguished politician in New Zealand. He was a senior Cabinet Minister in the New Zealand Government from 1990 to 1996 holding key trade and commerce portfolios.

He was previously a director of Superannuation Investments Limited, MFL Mutual Fund Limited, ING Property Trust Management Limited and IAG Ltd.

Mr Burdon graduated in law from Canterbury University, New Zealand.

### **PAUL BROUGH, 59**

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

Mr Brough was appointed to the Board on 1 July 2012 and was re-elected as a Director at the Company's Annual General Meeting on 16 October 2015.

Mr Brough is a non-executive director and chair of the Audit committee and member of the Risk & Compliance committee of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong based restricted licence bank. Mr Brough is also an independent

non-executive director of Noble Group Limited and a member of its Audit, Investment & Capital Markets and Remuneration & Options and Risk committees. Noble Group Limited is listed on the Singapore Stock Exchange.

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

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

### **JENNIE CHUA, 72**

**Independent  
Non-Executive Director  
Member, Remuneration Committee and  
Nominating Committee**

Ms Chua was appointed to the Board on 1 August 2012 and was re-elected as a Director at the Company's Annual General Meeting on 16 October 2015.

She is Chairman of Alexandra Health System Pte Ltd (Khoo Teck Puat Hospital/Yishun Community Hospital/Geriatric Education and Research Institute Limited/Woodlands Integrated Health Campus) and Chairman of Singapore Film Commission Advisory Committee. She is the Deputy Chairman of Temasek Foundation.

Ms Chua is a member of Singapore's Pro-Enterprise Panel and a Board Director of Ministry of Health Holdings Pte Ltd. She also sits on MOH Holdings Healthcare Infrastructure and Planning Committee.

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

Ms Chua is a Board Director of two other entities listed on the Singapore Stock Exchange - GuocoLand Limited and Far East Orchard Limited.

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

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

Awards and accolades which she has received include President's Special Recognition for Volunteerism &

## BOARD OF DIRECTORS *Continued*

Philanthropy, Singapore National Day Awards including the Meritorius Service Medal, Outstanding Contribution to Tourism Award, Women's World Excellence Awards, and Travel Personality of the Year Award, amongst others.

**TIMOTHY TEO LAI WAH, 64**  
Independent  
Non-Executive Director  
Chairman, Audit and Risk Management Committee

Mr Teo was appointed to the Board on 1 July 2013 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 24 October 2016.

Mr Teo serves on the boards of St Luke Elder Care and Jurong Health Fund.

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

Mr Teo was Director in charge of foreign exchange, money market, gold and commodities management in Government of Singapore Investment Corp, Singapore from 1998 to 2007.

Prior to this, he was Director of Nuri Holdings (S) Pte Ltd, Singapore as consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr Teo was also with JP Morgan for 20 years in various overseas locations at senior management level (Managing Director) in Global Markets.

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

**TANG HONG CHEONG, 61**  
Non-Independent  
Executive Director  
Group Managing Director

Mr Tang was appointed as a Director and the Group Managing Director of the Company on 15 September 2016. He is proposed for re-election as a Director at the Company's Annual General Meeting on 24 October 2016.

Mr Tang Hong Cheong has held various senior management positions in different companies within the Hong Leong Group. He was the President/Finance Director of HL Management Co Sdn Bhd, a Hong Leong Group subsidiary listed

on the Main Market of Bursa Malaysia Securities Berhad, as well as the non-executive chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

Since 1 September 2016, Mr Tang has been a director and the President & Chief Executive Officer of Guoco Group Limited and a non-executive director of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited, as well as a non-executive director of GuocoLand Limited which is listed on Singapore Exchange Securities Trading Limited.

Meeting room at  
Thistle London



## MANAGEMENT TEAM

**Neil Gallagher**  
Chief Executive Officer  
GLH Hotels Limited

Neil was appointed Chief Executive Officer of GLH Hotels Limited in July 2016. Prior to this Neil was the Chief Financial Officer since joining GLH Hotels Limited in September 2014. Neil has over 20 years' experience in the hospitality industry, having held senior Commercial and Financial roles at Marriott and IHG from 2001 to 2013. His experience in the industry extends beyond the United Kingdom with international experience gained in many foreign markets including 6 years living and working in North America with Marriott.

**Ho Kah Meng**  
Chief Financial Officer  
GL Limited

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

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

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

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

**Susan Lim**  
General Counsel/ Group Company Secretary  
GL Limited

Ms Susan Lim joined the Company in May 2013.

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

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

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

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



Cocktails - The Bar at  
Amba Hotel Marble Arch

# CORPORATE GOVERNANCE REPORT

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

The framework of the Company’s corporate governance is substantially in line with the principles and guidelines of the revised Singapore Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012 (“**Code**”).

This report describes the corporate governance practices adopted by the Company for the financial year ended 30 June 2016 (“**FY2016**”).

## (A) BOARD MATTERS

### Principle 1 Board Conduct of Its Affairs

The Company is headed by a Board whose role and responsibilities include setting the entrepreneurial leadership, business strategy of the Company and its subsidiaries (collectively “**Group**”), and oversight of the business affairs of the Group and the performance of the Group’s Management. The Board carries out its oversight function by assuming responsibility for effective stewardship and corporate governance of the Group and safeguarding the interests of the Group and its stakeholders.

The Board is also responsible for setting the Company’s values and standards. The Group has a strong corporate culture exemplified by its core values.

The Board’s approval is required for strategic matters, material transactions, and financing and banking transactions not in the ordinary course of the Company’s business.

The Board meets at least on a quarterly basis. Additional meetings may be convened as and when necessary. Where appropriate, decisions are also taken by way of circular resolutions. As provided in the Company’s Bye-Laws, Board meetings may be held via teleconference or videoconference.

The Board held five meetings and the Audit and Risk Management Committee (“**AC**”) held four meetings during FY2016. Each of the Remuneration Committee (“**RC**”) and the Nominating Committee (“**NC**”) met once during FY2016.

The Directors’ attendance at Board and Board Committee meetings for FY2016 is set out below.

|                                     | Attendance at Board and Board Committee Meetings during FY2016 |      |      |      |
|-------------------------------------|--|------|------|------|
|                                     | Board  | AC   | NC   | RC   |
| <b>No. of Meetings Held</b>         | 5  | 4    | 1    | 1    |
| <b>Board Members</b>                |  |      |      |      |
| Quek Leng Chan <sup>1</sup>         | 5  | N.A. | 1    | 1    |
| Philip Burdon                       | 4  | N.A. | 1    | 1    |
| Kwek Leng Hai                       | 5  | 3    | N.A. | N.A. |
| Paul Jeremy Brough                  | 4  | 4    | N.A. | N.A. |
| Jennie Chua                         | 5  | N.A. | 1    | 1    |
| Timothy Teo Lai Wah                 | 5  | 4    | N.A. | N.A. |
| Michael Bernard DeNoma <sup>2</sup> | 5  | N.A. | N.A. | N.A. |

Notes:

<sup>1</sup> Relinquished his positions as Non-Executive Chairman and Director of the Company on 15 September 2016.

<sup>2</sup> Resigned as Chief Executive Officer and Director of the Company on 1 July 2016.

A newly appointed Director receives an appointment letter which sets out his duties and obligations and encloses copies of the Company’s annual report, constitution, code of corporate governance, corporate and organisation charts, and, if applicable, charters of each Board Committee to which he is appointed.

All Directors are encouraged to attend, at the Company’s cost, seminars to keep abreast of relevant developments, particularly in the areas of leadership, industry-related matters and corporate governance. The Company’s external auditors brief and update the AC on developments in accounting and governance standards which have a direct impact on financial statements. Directors are also given summaries of regulatory updates, implications of regulatory changes/developments and the actions to be taken to ensure compliance.

### Principle 2 Board Composition and Guidance

The Board is assisted by the following Board Committees:

- AC;
- NC; and
- RC.

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

The NC reviews the size and composition mix of the Board and the Committees annually.

Throughout FY2016, the Board comprised seven well-qualified members who are business leaders or professionals with financial, banking or hospitality backgrounds. As a group, such Board members provided an appropriate balance and diversity of skills, experience and knowledge of the Company and its business, as well as the necessary core competencies.

Mr Michael DeNoma resigned as the Chief Executive Officer and a Director of the Company on 1 July 2016.

Mr Quek Leng Chan relinquished his positions as the Non-Executive Chairman of the Board and a Director of the Company on 15 September 2016 and, accordingly, ceased to be a member of the NC and RC on the same date. On 15 September 2016, Mr Kwek Leng Hai assumed the role of Non-Executive Chairman of the Board, and was appointed a member of the NC and RC.

On 15 September 2016, Mr Tang Hong Cheong was appointed the Group Managing Director of the Company to fill the top executive position left vacant by Mr DeNoma. Mr Tang was also appointed a Director of the Company on the same date.

The NC considers the Board’s present size of six Directors to be appropriate after taking into account the nature and scope of the Group’s operations. No individual or group of individuals dominates the Board’s decision-making process.

Profiles of the Directors are set out on pages 18 to 20. The majority of the Directors are non-executive and are considered independent by the NC. This is in line with the Code which provides that independent directors should make up at least half of the Board where the Chairman of the Board is not an independent Director.

During FY2016, the Company had one Executive Director, i.e., Mr Michael DeNoma. From 15 September 2016, Mr Tang Hong Cheong has been the Company’s sole Executive Director.

Based on Guideline 2.3 of the Code, the NC is of the view that four of the Company’s six Non-Executive Directors are independent. These Directors are Mr Philip Burdon, Mr Paul Brough, Ms Jennie Chua and Mr Timothy Teo. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him to be not independent.

## CORPORATE GOVERNANCE REPORT *Continued*

Mr Philip Burdon has served on the Board for more than nine years but the NC considers him independent. Mr Burdon continues to demonstrate independence of character and judgement in the discharge of his responsibilities as a Director of the Company, and there are no relationships or circumstances that could or are likely to affect his judgement and ability to discharge his duties as an independent Director. Mr Burdon actively expresses his independent opinions with regard to the Company and its business, and frequently makes suggestions and recommendations for the benefit of the Company. For these reasons, the NC takes the view that Mr Burdon is independent. While remaining committed to the progressive renewal of the Board, the Board notes the view of the NC and believes that Mr Burdon's in-depth knowledge of the Group is invaluable and Mr Burdon should therefore continue to act as a Director of the Company.

### Principle 3 Chairman and Chief Executive Officer/Group Managing Director

There is a clear division of responsibilities in the roles and functions of the Chairman and Chief Executive Officer/Group Managing Director. The Chairman and Chief Executive Officer positions were held by Messrs Quek Leng Chan<sup>1</sup> and Michael DeNoma<sup>2</sup> respectively during FY2016. Messrs Kwek Leng Hai and Tang Hong Cheong have been the Company's Chairman and Group Managing Director respectively since 15 September 2016.

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

The Chief Executive Officer/Group Managing Director 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 shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

Mr Michael DeNoma resigned as the Chief Executive Officer and a Director of the Company on 1 July 2016. On 15 September 2016, Mr Tang Hong Cheong was appointed the Group Managing Director of the Company and a Director of the Company. Mr Quek Leng Chan relinquished his positions as the Non-Executive Chairman and a Director of the Company on 15 September 2016. On the same date, Mr Kwek Leng Hai assumed the role of Non-Executive Chairman of the Board.

### Lead Independent Director

All independent Directors are well experienced, and regular and active interactions amongst them (including their attendance at Board and Board Committee meetings) provide sufficient opportunities for them to coordinate and to work together as a group.

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

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

### Principle 4 Board Membership

As mandated by its written terms of reference, the NC reviews and recommends all new Board appointments and also the re-appointment of Directors to the Board. In particular, the NC:

- Determines annually the independence of each Director;
- Assesses annually the effectiveness of the Board as a whole and Board Committees and the contributions made by each Director;
- Reviews the Board succession plan; and
- Reviews the training and professional development of the Directors.

<sup>1</sup> Relinquished his positions as Non-Executive Chairman and Director of the Company on 15 September 2016.

<sup>2</sup> Resigned as Chief Executive Officer and Director of the Company on 1 July 2016.

The composition of the NC with effect from 15 September 2016 is set out on page 4.

The NC has put in place a process for assessing the independence of the Directors as well as the effectiveness of the Board and Board Committees and the contributions of the Directors. The latter enables the NC to determine the training which each Director requires.

As prescribed by the Company's Bye-Laws, each Director retires from office and is subject to re-election by the shareholders at the Company's Annual General Meeting ("AGM") at least once in every three years.

In the selection and appointment of a new Director, candidates may be put forward or sought through contacts and recommendations. Candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board, including gender. Through the annual Board evaluation process, details of which are set out under Principle 5, the NC determines the competencies required to complement the skills and competencies of the existing Directors.

The Board has not prescribed a cap on the number of board memberships a Director may hold as it believes that each Director should personally determine the demands of his or her other directorships and commitments and assess how much time is available for serving effectively on the Board and Board Committees of the Company.

The NC has taken note of the other directorships held by each of the Directors and, based on the latest assessment of the contribution of each Director, the NC is satisfied that each of the Directors is able to devote sufficient time and attention to the affairs of the Company.

### Principle 5 Board Performance

On an annual basis, the NC assesses the effectiveness and performance of the Board as a whole and of the various Board Committees, and the contribution by each Director to the effectiveness of the Board.

This assessment takes into account the performance of the Company, the attendance and contributions of the Directors at meetings of the Board and Board Committees, the Directors' participation in the affairs of the Company, matters such as the independence of Directors and their individual skills, experience and time commitment (in particular, of Directors who serve on the boards of other listed companies) as well as overall Board size and composition. Each Director is required to evaluate the performance of the Board and of the Board Committee of which he is a member, and to carry out a self-assessment. The results of such evaluation are then collated and presented to the NC for consideration.

The results of such performance evaluation are then communicated by the NC to the Board.

On the basis of such evaluation, the NC is satisfied that, for FY2016, the Board and Board Committees have been effective in the conduct of their respective duties and each Director has contributed to the effectiveness of the Board and the Board Committees of which he or she is a member.

### Principle 6 Access to Information

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

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

# CORPORATE GOVERNANCE REPORT *Continued*

Directors have separate and independent access to Management and the Company Secretary, whose role includes ensuring that Board procedures as well as applicable rules and regulations are complied with. The Company Secretary attends all Board and Board Committee meetings, ensures good information flow from Management to the Board as well as individual Directors, and advises on corporate governance matters.

Prior to each Board or Board Committee meeting, Directors are provided with the agenda and papers which contain information to enable full deliberation at the meeting on relevant issues. Where a decision has to be made by the Board or a Board Committee without a meeting, a Directors' resolution is circulated for the signature of the Directors in accordance with the Bye-Laws of the Company, accompanied by such information as is necessary to enable them to make an informed decision on the proposed resolution.

Management keeps the Board apprised of the Company's operations and performance through updates and reports.

The Directors may seek independent professional advice at the Company's expense where appropriate.

## (B) REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

### Principle 8: Level and Mix of Remuneration

### Principle 9: Disclosure on Remuneration

The RC reviews and recommends to the Board a framework of remuneration for the Board and key executives.

The composition of the RC with effect from 15 September 2016 is set out on page 4.

The RC's duties are specified in its written terms of reference and include the following:

- Recommending to the Board a framework of remuneration for the Board and key executives, and specific remuneration packages for Executive Directors;
- Reviewing the terms of employment arrangements with Management to develop consistent group-wide employment practices subject to regional differences; and
- Administering the Company's Executives' Share Option Scheme ("**ESOS 2008**"), which was approved by the shareholders on 17 October 2008.

Directors who are not executive directors or salaried directors employed by the Company or its related corporations are paid Director fees which are based on corporate and individual responsibilities and in line with industry norm. Non-Executive Directors are paid additional fees if they serve on Board Committees. Aggregate Director fees for FY2016 amount to S\$341,000 and are subject to the approval of shareholders of the Company at its AGM.

Having considered the guidelines in the Code on disclosure of Directors' remuneration, the Company does not think it is in its interest to disclose the Directors' remuneration to the nearest thousand dollars. The Company takes into account the very sensitive nature of the matter, the highly competitive business environment in which the Group operates and the impact such disclosure would have on the Group, and is of the view that the current disclosure on a named basis and in bands of S\$250,000 (including the provision of a breakdown in percentage terms) is sufficient.

The breakdown (in percentage terms) of the remuneration of the Directors of the Company for FY2016 is as follows:

| Total Remuneration & Name of Director       | Breakdown of Remuneration in Percentage Terms |                     |        |          |                          |                       | Total |
|---|---|---------------------|--------|----------|--------------------------|-----------------------|-------|
|   | Director Fees                                 | Salary & Allowances | Bonus  | Benefits | Share-based Remuneration | Pension Contributions |       |
| <b>Between S\$2,000,000 to S\$2,500,000</b> |   |                     |        |          |                          |                       |       |
| Michael Bernard DeNoma <sup>1</sup>         | -   | 68.47%              | 23.31% | 0.51%    | -                        | 7.71%                 | 100%  |
| <b>Below S\$250,000</b>                     |   |                     |        |          |                          |                       |       |
| Philip Burdon                               | 100%  | -                   | -      | -        | -                        | -                     | 100%  |
| Paul Jeremy Brough                          | 100%  | -                   | -      | -        | -                        | -                     | 100%  |
| Jennie Chua                                 | 100%  | -                   | -      | -        | -                        | -                     | 100%  |
| Timothy Teo Lai Wah                         | 100%  | -                   | -      | -        | -                        | -                     | 100%  |

Notes:

<sup>1</sup> Resigned as Chief Executive Officer and Director of the Company on 1 July 2016.

Remuneration packages for Management comprise a fixed component (in the form of a base salary, a 13<sup>th</sup> month Annual Wage Supplement and, where applicable, fixed allowances and other benefits-in-kind in accordance with the Group's human resource policies) and a variable component (which includes variable bonuses) determined in each specific year by the Group's and the individual's respective performances as well as industry practice.

In reviewing and determining the remuneration packages of Management, the RC considers 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 talent.

The remuneration of the top five key executives who are not Directors of the Company or the Chief Executive Officer/Group Managing Director is disclosed in bands of S\$250,000 below, but the aggregate and the breakdown of such remuneration is not disclosed so as to maintain confidentiality of staff remuneration matters and to support the Company's efforts in attracting and retaining executive talent.

| Total Remuneration in Bands of S\$250,000 | Number of Key Executives who are not Directors of the Company |        |
|---|---|--------|
|   | FY2016  | FY2015 |
| S\$750,001 to S\$1,000,000                | 2   | -      |
| S\$500,001 to S\$750,000                  | 2   | 2      |
| S\$250,001 to S\$500,000                  | 1   | 3      |

During FY2016, the Company did not pay any termination, retirement or post-employment compensation or benefits to the Directors, the Chief Executive Officer, or the top five executives who are not the Directors or the Chief Executive Officer/Group Managing Director.

The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to confirmed employees (including executive directors) of the Group. Non-Executive Directors of GL, directors and employees of associated companies of GL, and directors and employees of Guoco Group Limited or GL's controlling shareholders or their subsidiaries and associates (excluding the Group) are not eligible to participate in the GL ESOS 2008.

The Company established ESOS 2008 as a long-term incentive scheme under which options for shares in the Company may be granted to employees of the Group, including executive directors of the Group. Details of ESOS 2008 are set out in Note 20 of the Notes to the Financial Statements on pages 76 to 79.

The Company and its principal subsidiaries do not have any employee who is an immediate family member of any of the Directors (including the Executive Director) and whose remuneration exceeded S\$50,000 during FY2016.

# CORPORATE GOVERNANCE REPORT *Continued*

## (C) ACCOUNTABILITY AND AUDIT

### Principle 10 Accountability

The Board is committed to providing the Company's shareholders with a balanced and understandable assessment of the Company's performance, position and prospects via announcements of its quarterly and annual financial results.

Management provides the Board with Company's accounts on a quarterly basis. Such reports enable the Directors to keep abreast of the Group's operating and financial performance and position, and to make a balanced and informed assessment of the performance, position and prospects.

### Principle 11 Risk Management & Internal Controls

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets, and to manage risks. The Board, through the AC, oversees and reviews the adequacy and effectiveness of the Group's internal controls, assesses financial risks and determines the Group's risk profile.

The AC ensures the effectiveness of internal controls through monitoring and checks by the Group's Internal Audit Department. The Internal Audit Department reports directly to the AC. The Internal Audit Department adheres to an audit plan approved by the AC in reviewing and testing the adequacy and effectiveness of the Group's internal controls.

On an annual basis, an Internal Audit and Risk Assurance Report is presented to the AC on significant risks and risk exposures impacting the Group's key businesses and the measures taken by Management to address them.

The Board recognises that no system of controls will provide absolute assurance against material misstatement or loss. However, based on reviews carried out by the Internal Audit Department, Management and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, are adequate and effective.

On 29 August 2016, the Board received assurance from Mr Quek Leng Chan, the Non-Executive Chairman of the Board, and Mr Ho Kah Meng, the Chief Financial Officer of the Company, that:

- (a) the financial records of the Company have been properly maintained and the financial statements for FY2016 give a true and fair view of the Company's operations and finances; and
- (b) the Company's system of risk management and internal controls is effective in addressing the material risks in its current business environment including financial, operational, compliance and information technology risks.

The assurance was given by the Non-Executive Chairman and the Chief Financial Officer as there was no Chief Executive Officer (or its equivalent, Group Managing Director) from 1 July to 14 September 2016.

### Principle 12 Audit Committee

The composition of the AC is set out on page 4. All the members of the AC are Non-Executive Directors. The majority of its members, including the AC Chairman, are independent.

All the AC members have recent and relevant accounting or related financial management expertise or experience, and the Board is satisfied that such members are appropriately qualified to discharge their responsibilities.

The AC has (a) explicit authority to investigate any matter within its terms of reference; (b) full access to and cooperation from Management; (c) the discretion to invite any Director or executive officer to attend its meetings; and (d) reasonable resources for the proper discharge of its functions.

The terms of reference of the AC are set out in the Company's Code of Corporate Governance.

Under the written terms of reference of the AC, the AC's duties include the following:

- Reviewing the Group's financial statements prior to their submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services (if any) provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors;
- Meeting with the Company's internal and external auditors in the absence of Management;
- Noting or reviewing interested person transactions; and
- Reviewing the Company's whistle-blowing policy which sets out the procedure for raising, responsibly and in confidence, concerns about possible improprieties.

During FY2016, the work performed by the AC included the following:

- Reviewing the Group's financial statements prior to submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors.;
- Meeting with the Company's internal and external auditors in the absence of Management; and
- Noting or reviewing interested person transactions.

For FY2016, an aggregate of US\$613,833, comprising audit fees of US\$508,694 and non-audit fees of US\$105,139, was paid/payable to the Company's external auditors. Non-audit fees amounted to 17% of the total fees paid/payable to the auditor of the Company and are not substantial.

In August 2006, the Company adopted a whistle-blowing policy under which the staff of the Group may raise concerns regarding fraud, theft and other improprieties at work to the AC Chairman or the Internal Audit Department for investigation. The policy provides reassurance to whistle-blowers that they will not be victimised if they act in good faith.

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

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

# CORPORATE GOVERNANCE REPORT *Continued*

## Principle 13 Internal Audit

The Group has an Internal Audit Department comprising qualified personnel, which assists the AC in discharging its responsibilities.

The Internal Audit Department reviews the effectiveness of the Group's internal controls. Material non-compliance and internal control weaknesses noted during such audit and the recommendations of the Internal Audit Department are reported to the AC quarterly.

Internal mitigating controls under the Group's risk management framework may not eliminate all risks of failure, but these control mechanisms seek to provide reasonable assurance against material misstatement or loss.

The Company's internal auditors meet or exceed the standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

## (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights Principle 15: Communication with Shareholders Principle 16: Conduct of Shareholder Meetings

The Company ensures timely and adequate disclosure of information on matters of material impact to its shareholders by providing information on the Company's financial performance, position and prospects by means of announcements released through SGXNet and through the Company's annual reports, press releases and the Company's website at <http://www.gl-grp.com>.

Management meets with investors and analysts on a regular basis. Such meetings provided a forum for explaining the Group's business strategy.

Shareholders are given opportunities to participate at the Company's general meetings. The Board, Management and the Company's external auditors are present at these meetings to address any questions that shareholders may have. If any shareholder is unable to attend a general meeting, he or she may appoint up to two proxies to attend and vote on his or her behalf at such general meeting.

Disclosures through SGXNET, meetings with investors and analysts at regular meetings and general meetings are the means by which the Company keeps shareholders informed of corporate developments.

Enquiries from shareholders, investors, analysts and the press are handled by designated members of senior management in lieu of a dedicated investor relations team. Such designated employees attend meetings with investors and analysts.

The Company has used the electronic poll voting system since its 2013 AGM and will do so at its forthcoming AGM in October 2016. Due to security concerns, the Company will not be implementing absentia voting methods such as voting by mail, e-mail or facsimile.

The Company does not have a fixed dividend policy. The frequency and amount of dividends depend on the Company's earnings, cash flow, capital requirements, general financial and business conditions and other factors as the Board deems appropriate. Declarations of dividend are clearly communicated to shareholders via announcements on SGXNET when the Company releases its annual financial results.

## (E) DEALINGS IN SECURITIES

The Company has in its Code of Corporate Governance provided guidelines to the Company's officers in relation to dealings in securities. These guidelines state, inter alia, that officers should refrain from dealing in any securities of the Company when they are in possession of unpublished price-sensitive information in relation to those securities, and during the Company's close period (defined as two weeks immediately preceding the announcement of the Company's quarterly or half yearly results, and one month preceding the announcement of annual results, in each case 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 have been disseminated to all Directors, officers and key employees of the Group.

## (F) INTERESTED PERSON TRANSACTIONS

The AC reviewed interested person transactions entered into by the Group during FY2016. The aggregate value of interested person transactions entered into during FY2016 is set out below.

| Name of interested person | Aggregate value of all Interested Person Transactions entered into during FY2016 under review (excluding transactions less than S\$100,000 each and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited) | Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (excluding transactions less than S\$100,000 each) |
|---------------------------|---|--|
| Hong Leong Group Malaysia | S\$3,980,407.16   | Not applicable   |

As the Company does not have any shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited, there is no interested person transaction associated therewith.

# CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Group is committed to meeting high standards of corporate citizenship as well as protecting the environment, and aims to ensure the health and safety of our employees and all who are affected by our operations.

Below are the areas of CSR on which the Group is currently focused:

## 1. ENVIRONMENTAL SUSTAINABILITY

Wherever possible, the Group’s environmental policy requires working with suppliers and partners to reduce energy and water consumption, increase recycling levels and incorporate renewable energy into its business practices to minimize operational expenses as well as its carbon footprint. This policy is regularly monitored and updated to reflect new initiatives and processes.

With the high cost of energy and the aim of promoting clean renewable energy, GL’s subsidiary, Molokai Properties Limited (“MPL”), is working with a third party to develop solar energy on the Hawaiian island of Molokai. This will decrease the importation of fossil fuel to the island, and is compliant with the recent State of Hawaii initiative mandating transition from imported fossil fuel to 100% use of renewable energy by 2045.

## 2. ENGAGING COMMUNITIES

GL’s subsidiary, GLH Hotels Limited, has a fundraising project, “Lite@Nite”, which engages the subsidiary’s workforce for the benefit of vulnerable children and to raise awareness of children’s issues. In the last 2 years, Lite@Nite has raised over £250,000 for recognised children’s charities through team based events such as a 10-mile sponsored walk, 1,400 mile hotel to hotel nationwide relay and 10K run and many hotel based fundraising activities. Lite@Nite also sponsors fun and engaging triathlons for children in challenging areas of London with the aim of encouraging them into sport and giving them a sense of purpose and achievement. For further information, please refer to [www.liteatnite.co.uk](http://www.liteatnite.co.uk).

MPL has supported and donated funds to causes within the Molokai community (including Molokai 4H, an agriculture club which promotes animal husbandry) and Molokai schools, and has assisted the less fortunate of the Molokai community. Recently, MPL donated time and resources to help repair a critical harbor link road to facilitate an annual paddle boat race from Molokai to Oahu.

## 3. HUMAN CAPITAL

In the workplace, the Group’s efforts go towards creating a conducive work environment which encourages employee development and involvement in its business. Its human resource management strives to foster continuous teamwork for a competitive business environment with emphasis on learning, workplace safety and employee engagement.

### (a) Learning & Development

GL seeks to maximise the potential of its employees via a combination of seminars, workshops and on-the-job training. Where appropriate, employees are required to enrol in courses and obtain certification relevant to their duties.

MPL continually supports employee education for retention of licenses which are relevant to their duties. In addition, employees attend classes to learn the newest methods so as to increase productivity.

### (b) Workplace Health & Safety

GL actively cultivates a strong safety culture in the workplace to achieve a safe and accident-free working environment via regular environment, health and safety training for employees.

### (c) Employee Engagement

In addition to surveying staff opinion, employee engagement includes medical officer advice telephone support, psychological (counselling) services, health promotion and wellness screening.

The Group continues to conduct its CSR practices in all the markets it operates in, in line with the CSR framework of the Hong Leong Group (the Malaysian conglomerate of which the Group is a part).

## FINANCIALS

|  |    |
|--|----|
| Report of the Auditors                         | 34 |
| Consolidated Income Statement                  | 36 |
| Consolidated Statement of Comprehensive Income | 37 |
| Consolidated Statement of Changes in Equity    | 38 |
| Consolidated Statement of Financial Position   | 42 |
| Consolidated Statement of Cash Flows           | 43 |
| Significant Accounting Policies                | 44 |
| Notes to the Financial Statements              | 56 |
| Company Statement of Comprehensive Income      | 97 |
| Company Statement of Changes in Equity         | 98 |
| Company Statement of Financial Position        | 99 |

## REPORT OF THE AUDITORS

to the Members of GL Limited  
(formerly known as GuocoLeisure Limited)

We have audited the accompanying financial statements of GL Limited (formerly known as GuocoLeisure 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 2016, the income statement of the Group, statements of comprehensive income and statements of changes in equity of the Group and of the Company and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 99.

### Management’s responsibility 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 Bermuda law and International Financial Reporting Standards, 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.

### Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

**KPMG LLP**

**KPMG LLP**  
Public Accountants and  
Chartered Accountants

### Singapore

29 August 2016

**CONSOLIDATED INCOME STATEMENT**

For the year ended 30 June 2016

|                                    | Note | 2016<br>US\$M  | 2015<br>US\$M |
|------------------------------------|------|----------------|---------------|
| Revenue                            | 2    | <b>393.9</b>   | 423.2         |
| Cost of sales                      |      | <b>(166.4)</b> | (179.6)       |
| <b>Gross profit</b>                |      | <b>227.5</b>   | 243.6         |
| Other operating income             | 3    | <b>13.0</b>    | 1.2           |
| Administrative expenses            |      | <b>(157.6)</b> | (168.4)       |
| Other operating expenses           |      | *              | (0.2)         |
| <b>Operating profit</b>            |      | <b>82.9</b>    | 76.2          |
| Finance income                     |      | <b>3.3</b>     | 4.4           |
| Finance costs                      |      | <b>(11.4)</b>  | (21.3)        |
| Net financing costs                | 4    | <b>(8.1)</b>   | (16.9)        |
| <b>Profit before tax</b>           | 5    | <b>74.8</b>    | 59.3          |
| Income tax expense                 | 6    | <b>(7.4)</b>   | (11.8)        |
| <b>Profit for the year</b>         |      | <b>67.4</b>    | 47.5          |
| <b>Profit attributable to:</b>     |      |                |               |
| Owners of the Company              |      | <b>67.6</b>    | 47.9          |
| Non-controlling interests          |      | <b>(0.2)</b>   | (0.4)         |
| <b>Profit for the year</b>         |      | <b>67.4</b>    | 47.5          |
| Basic earnings per share (cents)   | 7    | <b>5.2</b>     | 3.7           |
| Diluted earnings per share (cents) | 7    | <b>5.2</b>     | 3.7           |

\* Amount less than US\$0.1m

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2016

|  | 2016<br>US\$M  | 2015<br>US\$M |
|--|----------------|---------------|
| <b>Profit for the year</b>   | <b>67.4</b>    | 47.5          |
| <b>Other comprehensive income</b>  |                |               |
| <i>Items that will not be reclassified to profit or loss:</i>                  |                |               |
| Pension actuarial gains and losses, net of tax                                 | <b>(9.5)</b>   | 2.3           |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i>   |                |               |
| Net exchange differences from consolidation of foreign operations <sup>#</sup> | <b>(131.8)</b> | (89.1)        |
| Change in fair value of available-for-sale investments <sup>#</sup>            | *              | *             |
| Change in fair value on cash flow hedges, net of tax                           | <b>(5.9)</b>   | (2.9)         |
| <b>Other comprehensive income for the year, net of tax</b>                     | <b>(147.2)</b> | (89.7)        |
| <b>Total comprehensive income for the year, net of tax</b>                     | <b>(79.8)</b>  | (42.2)        |
| <b>Total comprehensive income attributable to:</b>                             |                |               |
| Owners of the Company  | <b>(80.0)</b>  | (42.0)        |
| Non-controlling interests  | <b>0.2</b>     | (0.2)         |
| <b>Total comprehensive income for the year</b>                                 | <b>(79.8)</b>  | (42.2)        |

<sup>#</sup> There are no income tax effects relating to these components of other comprehensive income

\* Amount less than US\$0.1m

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

|   | Share capital<br>US\$M | Contributed surplus<br>US\$M | Translation reserve<br>US\$M | Fair value reserve<br>US\$M | Hedging reserve<br>US\$M | Capital reserve-share based payment<br>US\$M | Equity compensation reserve<br>US\$M | ESOS reserve<br>US\$M | Retained earnings<br>US\$M | Total<br>US\$M | Non-controlling interests<br>US\$M | Total equity<br>US\$M |
|---|------------------------|------------------------------|------------------------------|-----------------------------|--------------------------|--|--------------------------------------|-----------------------|----------------------------|----------------|------------------------------------|-----------------------|
| <b>Balance at 1 July 2015</b>   | 273.6                  | 654.2                        | (99.7)                       | 0.6                         | (2.9)                    | (1.6)  | 4.3                                  | (46.2)                | 369.8                      | 1,152.1        | (2.7)                              | 1,149.4               |
| <b>Total comprehensive income for the year</b>  |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| <b>Profit/(loss) for the year</b>   | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | 67.6                       | 67.6           | (0.2)                              | 67.4                  |
| <b>Other comprehensive income</b>   |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| Net exchange differences from consolidation of foreign operations                         | -                      | -                            | (132.2)                      | -                           | -                        | -  | -                                    | -                     | -                          | (132.2)        | 0.4                                | (131.8)               |
| Change in fair value of available-for-sale investments                                    | -                      | -                            | -                            | *                           | -                        | -  | -                                    | -                     | -                          | *              | -                                  | *                     |
| Change in fair value on cash flow hedges, net of tax                                      | -                      | -                            | -                            | -                           | (5.9)                    | -  | -                                    | -                     | -                          | (5.9)          | -                                  | (5.9)                 |
| Pension actuarial losses, net of tax  | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | (9.5)                      | (9.5)          | -                                  | (9.5)                 |
| <b>Total other comprehensive income, net of tax</b>                                       | -                      | -                            | (132.2)                      | *                           | (5.9)                    | -  | -                                    | -                     | (9.5)                      | (147.6)        | 0.4                                | (147.2)               |
| <b>Total comprehensive income for the year, net of tax</b>                                | -                      | -                            | (132.2)                      | *                           | (5.9)                    | -  | -                                    | -                     | 58.1                       | (80.0)         | 0.2                                | (79.8)                |
| <b>Transactions with owners, recorded directly in equity</b>                              |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| Value of employee services received for issue of share options                            | -                      | -                            | -                            | -                           | -                        | -  | (0.7)                                | -                     | -                          | (0.7)          | -                                  | (0.7)                 |
| First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2015 | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | (20.2)                     | (20.2)         | -                                  | (20.2)                |
| <b>Total transactions with owners</b>   | -                      | -                            | -                            | -                           | -                        | -  | (0.7)                                | -                     | (20.2)                     | (20.9)         | -                                  | (20.9)                |
| <b>Balance at 30 June 2016</b>  | 273.6                  | 654.2                        | (231.9)                      | 0.6                         | (8.8)                    | (1.6)  | 3.6                                  | (46.2)                | 407.7                      | 1,051.2        | (2.5)                              | 1,048.7               |

\* Amount less than US\$0.1m

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *Continued*

For the year ended 30 June 2016

|   | Share capital<br>US\$M | Contributed surplus<br>US\$M | Translation reserve<br>US\$M | Fair value reserve<br>US\$M | Hedging reserve<br>US\$M | Capital reserve-share based payment<br>US\$M | Equity compensation reserve<br>US\$M | ESOS reserve<br>US\$M | Retained earnings<br>US\$M | Total<br>US\$M | Non-controlling interests<br>US\$M | Total equity<br>US\$M |
|---|------------------------|------------------------------|------------------------------|-----------------------------|--------------------------|--|--------------------------------------|-----------------------|----------------------------|----------------|------------------------------------|-----------------------|
| <b>Balance at 1 July 2014</b>   | 273.6                  | 654.2                        | (10.4)                       | 0.6                         | -                        | (1.6)  | 3.4                                  | (42.2)                | 339.7                      | 1,217.3        | (2.5)                              | 1,214.8               |
| <b>Total comprehensive income for the year</b>  |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| <b>Profit/(loss) for the year</b>   | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | 47.9                       | 47.9           | (0.4)                              | 47.5                  |
| <b>Other comprehensive income</b>   |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| Net exchange differences from consolidation of foreign operations                         | -                      | -                            | (89.3)                       | -                           | -                        | -  | -                                    | -                     | -                          | (89.3)         | 0.2                                | (89.1)                |
| Change in fair value of available-for-sale investments                                    | -                      | -                            | -                            | *                           | -                        | -  | -                                    | -                     | -                          | *              | -                                  | *                     |
| Change in fair value on cash flow hedges  | -                      | -                            | -                            | -                           | (2.9)                    | -  | -                                    | -                     | -                          | (2.9)          | -                                  | (2.9)                 |
| Pension actuarial gains, net of tax   | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | 2.3                        | 2.3            | -                                  | 2.3                   |
| <b>Total other comprehensive income, net of tax</b>                                       | -                      | -                            | (89.3)                       | *                           | (2.9)                    | -  | -                                    | -                     | 2.3                        | (89.9)         | 0.2                                | (89.7)                |
| <b>Total comprehensive income for the year, net of tax</b>                                | -                      | -                            | (89.3)                       | *                           | (2.9)                    | -  | -                                    | -                     | 50.2                       | (42.0)         | (0.2)                              | (42.2)                |
| <b>Transactions with owners, recorded directly in equity</b>                              |                        |                              |                              |                             |                          |  |                                      |                       |                            |                |                                    |                       |
| Purchase of shares of the Company for ESOS 2008   | -                      | -                            | -                            | -                           | -                        | -  | -                                    | (4.0)                 | -                          | (4.0)          | -                                  | (4.0)                 |
| Value of employee services received for issue of share options                            | -                      | -                            | -                            | -                           | -                        | -  | 0.9                                  | -                     | -                          | 0.9            | -                                  | 0.9                   |
| First and final dividend of 2.0 Singapore cents per share for the year ended 30 June 2014 | -                      | -                            | -                            | -                           | -                        | -  | -                                    | -                     | (20.1)                     | (20.1)         | -                                  | (20.1)                |
| <b>Total transactions with owners</b>   | -                      | -                            | -                            | -                           | -                        | -  | 0.9                                  | (4.0)                 | (20.1)                     | (23.2)         | -                                  | (23.2)                |
| <b>Balance at 30 June 2015</b>  | 273.6                  | 654.2                        | (99.7)                       | 0.6                         | (2.9)                    | (1.6)  | 4.3                                  | (46.2)                | 369.8                      | 1,152.1        | (2.7)                              | 1,149.4               |

\* Amount less than US\$0.1m

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2016

|  | Note | 2016<br>US\$M  | 2015<br>US\$M |
|--|------|----------------|---------------|
| <b>ASSETS</b>                                      |      |                |               |
| Hotels, property and equipment                     | 8    | 1,042.5        | 1,220.2       |
| Intangible assets                                  | 9    | 114.2          | 126.2         |
| Pensions surplus                                   | 16   | 2.6            | 10.3          |
| Other investments                                  | 10   | 2.2            | 2.5           |
| <b>TOTAL NON-CURRENT ASSETS</b>                    |      | <b>1,161.5</b> | 1,359.2       |
| Inventories  |      | 1.1            | 1.0           |
| Development properties                             | 11   | 175.7          | 177.0         |
| Trade and other receivables                        | 12   | 44.8           | 65.6          |
| Cash and cash equivalents                          | 13   | 49.5           | 21.8          |
| <b>TOTAL CURRENT ASSETS</b>                        |      | <b>271.1</b>   | 265.4         |
| <b>TOTAL ASSETS</b>                                |      | <b>1,432.6</b> | 1,624.6       |
| <b>LIABILITIES</b>                                 |      |                |               |
| Loans and borrowings                               | 14   | 4.3            | 20.7          |
| Trade and other payables                           | 15   | 91.8           | 112.1         |
| Corporate tax payable                              |      | 2.3            | 2.1           |
| Provisions   | 16   | 1.0            | 3.2           |
| <b>TOTAL CURRENT LIABILITIES</b>                   |      | <b>99.4</b>    | 138.1         |
| Loans and borrowings                               | 14   | 261.4          | 308.5         |
| Pensions obligations                               | 16   | 3.3            | 3.6           |
| Deferred tax liabilities                           | 17   | 9.1            | 22.1          |
| Derivative financial liability                     | 18   | 10.7           | 2.9           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>               |      | <b>284.5</b>   | 337.1         |
| <b>TOTAL LIABILITIES</b>                           |      | <b>383.9</b>   | 475.2         |
| <b>NET ASSETS</b>                                  |      | <b>1,048.7</b> | 1,149.4       |
| <b>SHARE CAPITAL AND RESERVES (pages 38 to 41)</b> | 19   |                |               |
| Equity attributable to owners of the Company       |      | 1,051.2        | 1,152.1       |
| Non-controlling interests                          |      | (2.5)          | (2.7)         |
| <b>TOTAL EQUITY</b>                                |      | <b>1,048.7</b> | 1,149.4       |

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

On behalf of the Board of Directors



**Quek Leng Chan**  
Non-Executive Chairman



**Timothy Teo Lai Wah**  
Director

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June 2016

|   | Note | 2016<br>US\$M | 2015<br>US\$M |
|---|------|---------------|---------------|
| <b>OPERATING ACTIVITIES</b>                         |      |               |               |
| Profit before financing costs                       |      | 82.9          | 76.2          |
| Adjustments for non-cash items                      |      |               |               |
| Depreciation of hotels, property and equipment      |      | 25.4          | 23.3          |
| Amortisation of intangible assets                   |      | 3.2           | 3.6           |
| Share option expenses and others                    |      | (0.7)         | 0.9           |
| Loss on distribution from other investments         |      | -             | 0.2           |
| Gain on disposal of casino licence                  |      | -             | (0.1)         |
| Net change in working capital items                 |      |               |               |
| Inventories / development properties                |      | 1.3           | (0.1)         |
| Trade and other receivables                         |      | 13.8          | 23.4          |
| Trade and other payables                            |      | (21.0)        | (1.7)         |
| Pension surplus and obligations / provisions        |      | 4.4           | (2.6)         |
| Income tax paid                                     |      | (14.5)        | (19.2)        |
| Purchase of shares of the Company for ESOS 2008     |      | -             | (4.0)         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      | <b>94.8</b>   | 99.9          |
| <b>INVESTING ACTIVITIES</b>                         |      |               |               |
| Proceeds from sale of property and equipment        |      | 0.1           | *             |
| Proceeds from sale of casino licence                |      | -             | 0.3           |
| Cash distribution from other investments            |      | 0.3           | 0.5           |
| Acquisition of hotels, property and equipment       |      | (19.2)        | (55.4)        |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>      |      | <b>(18.8)</b> | (54.6)        |
| <b>FINANCING ACTIVITIES</b>                         |      |               |               |
| Drawdown of short-term borrowings                   |      | -             | 1.5           |
| Repayment of short-term borrowings                  |      | -             | (2.0)         |
| Drawdown of long-term borrowings                    |      | -             | 217.1         |
| Redemption of mortgage debenture stock              |      | -             | (217.3)       |
| Interest received                                   |      | 0.4           | 0.1           |
| Interest paid                                       |      | (10.2)        | (21.4)        |
| Other financing costs                               |      | (0.2)         | (0.3)         |
| Realised exchange gains on financial derivatives    |      | 1.7           | 0.6           |
| Dividend paid to shareholders of the Company        |      | (20.2)        | (20.1)        |
| <b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>      |      | <b>(28.5)</b> | (41.8)        |
| <b>Net increase in cash and cash equivalents</b>    |      | <b>47.5</b>   | 3.5           |
| Cash and cash equivalents at beginning of the year  |      | 1.1           | (2.4)         |
| Effect of exchange rate fluctuations on cash held   |      | (3.4)         | *             |
| <b>Cash and cash equivalents at end of the year</b> | 13   | <b>45.2</b>   | 1.1           |

\* Amount less than US\$0.1m

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

## SIGNIFICANT ACCOUNTING POLICIES

GL Limited (formerly known as GuocoLeisure Limited) (the “**Company**”) is a company continued in Bermuda as an exempted company with its registered office at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia. The consolidated financial statements for the year ended 30 June 2016 relate to the Company and its subsidiaries (together, “**Group**”).

### (A) STATEMENT OF COMPLIANCE

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

The financial statements were authorised for issue by the Directors on 29 August 2016.

### (B) BASIS OF PREPARATION

#### (i) *Functional and presentation currency*

The financial statements are presented in United States Dollars (“**USD**”) which is the functional currency of the Company. In determining the functional currency of the Company, management considered the economic environment that the Company operates and exercised judgment that USD represent the economic effect of the underlying transactions, events and conditions.

#### (ii) *Basis of measurement*

All financial information is rounded to the nearest hundred thousand, unless otherwise stated. They are prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

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

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

The 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.

In addition to the Company’s critical judgment in determining its functional currency as described above, information about other significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Measurement of recoverable amount of hotels, property and equipment
- Note 9 – Measurement of recoverable amount of intangible assets
- Note 11 – Valuation of development properties

#### **Measurement of fair value**

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows (with Level 3 being the lowest):

### (B) BASIS OF PREPARATION *(Continued)*

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

##### **Measurement of fair value (Continued)**

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

If the inputs used to measure the fair value of an asset or a liability fall within different levels of the fair value hierarchy, then the applicable category of the fair value measurement is the fair value category into which the lowest level input that is significant to the entire measurement falls.

The Group recognises movement from one level of the fair value hierarchy to another as of the end of the reporting period during which the change occurs.

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

- Note 10 – Valuation of other investments
- Note 21 – Valuation of financial instruments

#### (iv) *Changes in accounting policy*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

### (C) BASIS OF CONSOLIDATION

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

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 consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation. With the existing casting vote power in joint operation, its assets and liabilities should be recognised in full with a non-controlling interest (“**NCI**”) of 50%.

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

## SIGNIFICANT ACCOUNTING POLICIES *Continued*

### (C) BASIS OF CONSOLIDATION *(Continued)*

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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

The Company has established a Trust for the GuocoLeisure Limited Executives' Share Options Scheme ("**ESOS 2008**") and the Trust is administered by a Trustee. Pursuant to the trust deed for the Trust ("**Trust Deed**"), the Trust acquires issued shares of the Company for the purpose of satisfying outstanding options granted to eligible employees under ESOS 2008. Subject to the determination that certain financial and performance targets are met by these employees, shares of the Company held under the Trust ("**ESOS Reserve**") will be transferred to these employees upon exercise of their share options. From the viewpoint of IFRS, the Company has control of the Trust as result of certain provisions in the Trust Deed (details of which are disclosed in Note 20 to the financial statements) and, accordingly, the Company has recognised the assets and liabilities of the Trust in its own financial statements.

### (D) FOREIGN CURRENCY

#### (i) Foreign currency transactions

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

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated 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 retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for the differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income ("**OCI**") are reclassified to profit and loss) and qualifying cash flow hedges to the extent the hedge is effective which are recognised in OCI.

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

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

### (E) NON-DERIVATIVE FINANCIAL ASSETS

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets 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.

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

#### (i) 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, excluding prepaid expenses.

#### (ii) Cash and cash equivalents

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

#### (iii) 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 recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items are recognised in OCI 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 shares in unlisted venture fund.

## SIGNIFICANT ACCOUNTING POLICIES *Continued*

### (F) NON-DERIVATIVE FINANCIAL LIABILITIES

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities 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 liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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.

The Group classifies non-derivative financial liabilities, into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus 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 loans and borrowings, bank overdraft, and trade and other payables.

### (G) DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the 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.

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 recognised initially 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.

### (G) DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING HEDGE ACCOUNTING *(Continued)*

#### *Cash flow hedges (Continued)*

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.

### (H) HOTELS, PROPERTY AND EQUIPMENT

#### (i) *Recognition and measurement*

Items of hotels, property 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.

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

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

#### (ii) *Depreciation*

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of items of hotels, property and equipment. Freehold land is not depreciated. Depreciation rates are:

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

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

### (I) INTANGIBLE ASSETS

#### (i) *Bass Strait oil and gas royalty*

Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 30 years.

Amortisation method and useful life are reviewed at each financial year-end and adjusted if appropriate. The remaining amortisation period of Bass Strait oil and gas royalty is 25 years.

## SIGNIFICANT ACCOUNTING POLICIES *Continued*

### (I) INTANGIBLE ASSETS *(Continued)*

#### (ii) Casino licences

The Group capitalises acquired casino licences. Management believes that licences have an indefinite life as there is no foreseeable limit to the period during which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is stated at cost and reviewed annually for impairment.

#### (iii) Hotel brand

The hotel brand is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 10 years.

#### (iv) Casino brand

The Group capitalises acquired casino brand. Management believes that the brand has an indefinite life as there is no foreseeable limit to the period during which the brand is expected to generate net cash inflows. The casino brand is stated at cost and reviewed annually for impairment.

### (J) DEVELOPMENT PROPERTIES

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

### (K) IMPAIRMENT

#### (i) Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

### (K) IMPAIRMENT *(Continued)*

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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.

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.

#### (ii) Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event 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 in the Group, 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 receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet been 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 probability of default, the 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 lesser 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.

## SIGNIFICANT ACCOUNTING POLICIES *Continued*

### (K) IMPAIRMENT *(Continued)*

#### (ii) Impairment of non-derivative financial assets *(Continued)*

##### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the 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, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

### (L) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets once classified as asset held for sale are not amortised.

### (M) EMPLOYEE BENEFITS

#### (i) Defined contribution plans

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

#### (ii) Defined benefit plans

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

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

### (M) EMPLOYEE BENEFITS *(Continued)*

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

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

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

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

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

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

The stock option programme allows Group's employees to acquire shares of the Company. The option exercise price equals 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares.

The Group accounts for the stock options as equity settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and spread over the period during which the options vest.

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

### (N) PROVISIONS

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

### (O) 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.

## SIGNIFICANT ACCOUNTING POLICIES *Continued*

### (P) PURCHASE OF SHARE CAPITAL FOR EQUITY AND EQUITY-RELATED COMPENSATION BENEFITS

Shares purchased for the purpose of ESOS 2008 are classified as ESOS Reserve and presented as a deduction from equity.

Equity is reduced by the costs associated with such purchase, comprising the purchase consideration plus costs incidental to the acquisition.

### (Q) REVENUE AND INCOME RECOGNITION

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

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

Revenue from gaming operations represents the net gaming wins and losses before deduction of gaming duty.

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

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

Interest income is recognised in the profit or loss as it accrues, using the effective interest rate method.

### (R) EXPENSES

#### (i) Operating 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.

#### (ii) Financing costs

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method. All other costs incurred in connection with borrowings are expensed as incurred as part of financing costs.

### (S) INCOME TAX

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

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.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

### (S) INCOME TAX *(Continued)*

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

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

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.

### (T) EARNINGS PER SHARE

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

### (U) SEGMENT REPORTING

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

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 1. SEGMENT REPORTING

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

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

|                       |  |
|-----------------------|--|
| Hotels:               | This segment owns, leases and manages a chain of hotels in the United Kingdom under the "Guoman", "Clermont", "Amba", "every" and "Thistle Express" brand names. |
| Oil and gas:          | This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.  |
| Property development: | This segment engages in development of land and properties in Fiji and Hawaii for sale.  |
| Gaming:               | This segment engages in the casino operations under The Clermont Club, an exclusive casino in Mayfair, London.   |
| Others:               | This segment covers the Group's other investments, treasury operations and corporate office.   |

### Geographical Segments

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

In presenting information geographically, segment revenue is based on the geographical location of the external customers. Segment assets are based on the geographical location of the assets.

### Major customer

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

## 1. SEGMENT REPORTING (Continued)

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

| 2016                              | Hotels<br>US\$M | Oil and<br>gas<br>US\$M | Property<br>development<br>US\$M | Gaming<br>US\$M | Others<br>US\$M | Total<br>US\$M |
|-----------------------------------|-----------------|-------------------------|----------------------------------|-----------------|-----------------|----------------|
| Revenue                           | 355.3           | 20.7                    | 9.4                              | 8.5             | -               | 393.9          |
| Cost of sales                     | (163.8)         | -                       | (0.9)                            | (1.7)           | -               | (166.4)        |
| <b>Gross profit</b>               | <b>191.5</b>    | <b>20.7</b>             | <b>8.5</b>                       | <b>6.8</b>      | -               | <b>227.5</b>   |
| Other operating income            | 12.5            | -                       | 0.4                              | -               | 0.1             | 13.0           |
| Administrative expenses           | (135.4)         | (3.7)                   | (4.8)                            | (8.8)           | (4.9)           | (157.6)        |
| Other operating expenses          | -               | -                       | *                                | -               | *               | *              |
| <b>Operating profit/(loss)</b>    | <b>68.6</b>     | <b>17.0</b>             | <b>4.1</b>                       | <b>(2.0)</b>    | <b>(4.8)</b>    | <b>82.9</b>    |
| Finance income                    | 1.0             | -                       | -                                | -               | 2.3             | 3.3            |
| Finance costs                     | (11.2)          | -                       | -                                | (0.2)           | *               | (11.4)         |
| Net financing (costs)/income      | (10.2)          | -                       | -                                | (0.2)           | 2.3             | (8.1)          |
| <b>Profit/(loss) before tax</b>   | <b>58.4</b>     | <b>17.0</b>             | <b>4.1</b>                       | <b>(2.2)</b>    | <b>(2.5)</b>    | <b>74.8</b>    |
| Income tax benefit/(expense)      | 0.8             | (6.8)                   | (0.9)                            | (0.3)           | (0.2)           | (7.4)          |
| <b>Profit/(loss) for the year</b> | <b>59.2</b>     | <b>10.2</b>             | <b>3.2</b>                       | <b>(2.5)</b>    | <b>(2.7)</b>    | <b>67.4</b>    |
| <b>2015</b>                       |                 |                         |                                  |                 |                 |                |
| Revenue                           | 384.3           | 31.7                    | 2.6                              | 4.6             | -               | 423.2          |
| Cost of sales                     | (178.7)         | -                       | -                                | (0.9)           | -               | (179.6)        |
| <b>Gross profit</b>               | <b>205.6</b>    | <b>31.7</b>             | <b>2.6</b>                       | <b>3.7</b>      | -               | <b>243.6</b>   |
| Other operating income            | 0.5             | -                       | 0.2                              | 0.1             | 0.4             | 1.2            |
| Administrative expenses           | (143.6)         | (4.2)                   | (4.9)                            | (10.9)          | (4.8)           | (168.4)        |
| Other operating expenses          | -               | -                       | -                                | -               | (0.2)           | (0.2)          |
| <b>Operating profit/(loss)</b>    | <b>62.5</b>     | <b>27.5</b>             | <b>(2.1)</b>                     | <b>(7.1)</b>    | <b>(4.6)</b>    | <b>76.2</b>    |
| Finance income                    | 3.9             | -                       | -                                | -               | 0.5             | 4.4            |
| Finance costs                     | (21.0)          | -                       | -                                | (0.1)           | (0.2)           | (21.3)         |
| Net financing (costs)/income      | (17.1)          | -                       | -                                | (0.1)           | 0.3             | (16.9)         |
| <b>Profit/(loss) before tax</b>   | <b>45.4</b>     | <b>27.5</b>             | <b>(2.1)</b>                     | <b>(7.2)</b>    | <b>(4.3)</b>    | <b>59.3</b>    |
| Income tax (expense)/benefit      | (2.7)           | (10.2)                  | -                                | 1.1             | -               | (11.8)         |
| <b>Profit/(loss) for the year</b> | <b>42.7</b>     | <b>17.3</b>             | <b>(2.1)</b>                     | <b>(6.1)</b>    | <b>(4.3)</b>    | <b>47.5</b>    |

\* Amount less than US\$0.1m

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 1. SEGMENT REPORTING *(Continued)*

#### (ii) Reportable segment asset and liability

| 2016                          | Hotels<br>US\$M | Oil and<br>gas<br>US\$M | Property<br>development<br>US\$M | Gaming<br>US\$M | Others<br>US\$M | Total<br>US\$M |
|-------------------------------|-----------------|-------------------------|----------------------------------|-----------------|-----------------|----------------|
| Segment assets                | 1,089.9         | 76.8                    | 179.3                            | 39.5            | 47.1            | 1,432.6        |
| Segment liabilities           | 359.4           | -                       | 0.6                              | 6.6             | 17.3            | 383.9          |
| Depreciation and amortisation | 25.1            | 3.1                     | 0.1                              | 0.2             | 0.1             | 28.6           |
| Capital expenditure           | 18.9            | -                       | -                                | 0.3             | -               | 19.2           |
| <b>2015</b>                   |                 |                         |                                  |                 |                 |                |
| Segment assets                | 1,299.4         | 82.5                    | 180.4                            | 45.7            | 16.6            | 1,624.6        |
| Segment liabilities           | 460.9           | -                       | 1.5                              | 4.7             | 8.1             | 475.2          |
| Depreciation and amortisation | 23.0            | 3.6                     | *                                | 0.2             | 0.1             | 26.9           |
| Capital expenditure           | 54.9            | -                       | 0.2                              | 0.1             | 0.2             | 55.4           |

\* Amount less than US\$0.1m

#### (iii) Geographical information

| 2016                | United<br>Kingdom<br>US\$M | Australasia<br>US\$M | United<br>States<br>of America<br>US\$M | Asia<br>US\$M | Total<br>US\$M |
|---------------------|----------------------------|----------------------|---|---------------|----------------|
| Revenue             | 363.8                      | 27.1                 | 3.0                                     | -             | 393.9          |
| Non-current assets  | 1,081.9                    | 76.8                 | 2.7                                     | 0.1           | 1,161.5        |
| Capital expenditure | 19.2                       | -                    | -                                       | -             | 19.2           |
| <b>2015</b>         |                            |                      |   |               |                |
| Revenue             | 388.9                      | 31.7                 | 2.6                                     | -             | 423.2          |
| Non-current assets  | 1,273.6                    | 82.5                 | 2.9                                     | 0.2           | 1,359.2        |
| Capital expenditure | 55.0                       | -                    | 0.2                                     | 0.2           | 55.4           |

### 2. REVENUE

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Revenue from hotel operations                | 355.3         | 384.3         |
| Revenue from Bass Strait oil and gas royalty | 20.7          | 31.7          |
| Revenue from property developments           | 9.4           | 2.6           |
| Revenue from gaming operations               | 8.5           | 4.6           |
|  | <b>393.9</b>  | 423.2         |

### 3. OTHER OPERATING INCOME

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Termination fee from hotel management contract | 12.5          | -             |
| Sundry income                                  | 0.5           | 1.1           |
| Gain on disposal of casino licences            | -             | 0.1           |
|  | <b>13.0</b>   | 1.2           |

### 4. NET FINANCING COSTS

|                       | 2016<br>US\$M | 2015<br>US\$M |
|-----------------------|---------------|---------------|
| Interest income       | 0.1           | 0.4           |
| Foreign exchange gain | 2.2           | 0.4           |
| Other finance income  | 1.0           | 3.6           |
| Finance income        | <b>3.3</b>    | 4.4           |
| Interest expense      | <b>(10.9)</b> | (21.0)        |
| Other financing costs | <b>(0.5)</b>  | (0.3)         |
| Finance costs         | <b>(11.4)</b> | (21.3)        |
| Net financing costs   | <b>(8.1)</b>  | (16.9)        |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 5. PROFIT BEFORE TAX

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

|                                       | Note | 2016<br>US\$M | 2015<br>US\$M |
|---------------------------------------|------|---------------|---------------|
| Audit fees paid to:                   |      |               |               |
| - auditors of the Company             |      | 0.2           | 0.2           |
| - other auditors                      |      | 0.3           | 0.3           |
| Non-audit fees paid to:               |      |               |               |
| - auditors of the Company             |      | -             | 0.1           |
| - other auditors                      |      | 0.1           | 0.1           |
| Operating lease expense               | 22   | 50.0          | 58.1          |
| Management fees paid to related party | 23   | 2.7           | 2.5           |
| Depreciation and amortisation         |      | 28.6          | 26.9          |
| Personnel expenses (see below)        |      | 98.8          | 109.7         |

#### Personnel expenses

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Wages, salaries and benefits               | 97.1          | 106.6         |
| Contribution to defined contribution plans | 1.6           | 1.5           |
| Contribution to defined benefit plans      | 0.3           | 0.4           |
| Share option (benefit)/expenses            | (0.5)         | 0.9           |
| Directors' fees                            | 0.3           | 0.3           |
|  | 98.8          | 109.7         |

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

|   | 2016<br>US\$M | 2015<br>US\$M |
|---|---------------|---------------|
| Directors of the Company  |               |               |
| - fees  | 0.3           | 0.3           |
| Senior management personnel of the Group  |               |               |
| - salaries, bonuses, contributions to defined contribution and benefit plans and other benefits | 2.7           | 2.6           |
| - share option expenses   | (1.0)         | 0.5           |

### 6. INCOME TAX EXPENSE

| Recognised in the income statement                | 2016<br>US\$M | 2015<br>US\$M |
|---|---------------|---------------|
| Current tax expense:                              |               |               |
| Current year                                      | 12.6          | 12.8          |
| Adjustment for prior years                        | 2.1           | (1.0)         |
|   | 14.7          | 11.8          |
| Deferred tax (benefit)/expense:                   |               |               |
| Origination and reversal of temporary differences | (4.9)         | 1.2           |
| Reduction in tax rate                             | (1.6)         | *             |
| Adjustment for prior years                        | (0.8)         | (1.2)         |
|   | (7.3)         | *             |
| Total income tax expenses in the income statement | 7.4           | 11.8          |

| Reconciliation of effective tax  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Profit before tax  | 74.8          | 59.3          |
| Effect of:   |               |               |
| Tax at the applicable rates <sup>#</sup> to profits in the countries concerned | 13.2          | 8.6           |
| Adjustment for prior years   | 1.3           | (2.2)         |
| Reduction in tax rate  | (1.6)         | *             |
| Non-deductible expenses  | 6.7           | 3.3           |
| Utilisation of deferred tax assets previously not recognised                   | (11.8)        | (0.5)         |
| Others   | (0.4)         | 2.6           |
|  | 7.4           | 11.8          |

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

<sup>#</sup> This mainly comprises the combined corporate tax rates of United Kingdom, Australia and Fiji at 20%, 30% and 20% (2015: 20.75%, 30%, 20%) respectively

\* Amount less than US\$0.1m

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 7. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of US\$67.6m (2015: US\$47.9m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

| Weighted average number of ordinary shares (basic)    | Note | 2016<br>M | 2015<br>M |
|---|------|-----------|-----------|
| Issued ordinary shares at 1 July                      | 19   | 1,368.1   | 1,368.1   |
| ESOS Reserve  | 19   | (68.3)    | (68.3)    |
| Weighted average number of ordinary shares at 30 June |      | 1,299.8   | 1,299.8   |

#### Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of US\$67.6m (2015: US\$47.9m) and the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential ordinary shares, calculated as follows:

| Weighted average number of ordinary shares (diluted)            | 2016<br>M | 2015<br>M |
|---|-----------|-----------|
| Weighted average number of ordinary shares (basic) at 30 June   | 1,299.8   | 1,299.8   |
| Effect of weighted average share options in issue               | -         | -         |
| Weighted average number of ordinary shares (diluted) at 30 June | 1,299.8   | 1,299.8   |

As at 30 June 2016, there were no outstanding dilutive potential ordinary shares.

### 8. HOTELS, PROPERTY AND EQUIPMENT

| 2016   | Freehold land<br>and buildings<br>US\$M | Leasehold land<br>and buildings<br>US\$M | Vehicles<br>and fittings<br>US\$M | Total<br>US\$M |
|--|---|--|-----------------------------------|----------------|
| <b>Cost</b>                                      |   |  |                                   |                |
| Balance at 1 July 2015                           | 416.7                                   | 765.9                                    | 471.2                             | 1,653.8        |
| Effect of movements in foreign exchange          | (59.9)                                  | (114.6)                                  | (61.1)                            | (235.6)        |
| Reclassification                                 | 3.6                                     | 37.8                                     | (41.4)                            | -              |
| Transfer from development properties/inventories | -                                       | -  | 0.4                               | 0.4            |
| Additions  | 3.0                                     | 3.6                                      | 12.6                              | 19.2           |
| Disposals/written off                            | -                                       | -  | (1.3)                             | (1.3)          |
| Balance at 30 June 2016                          | 363.4                                   | 692.7                                    | 380.4                             | 1,436.5        |
| <b>Accumulated depreciation</b>                  |   |  |                                   |                |
| Balance at 1 July 2015                           | 17.6                                    | 40.1                                     | 375.9                             | 433.6          |
| Effect of movements in foreign exchange          | (5.1)                                   | (13.2)                                   | (45.5)                            | (63.8)         |
| Reclassification                                 | 16.9                                    | 48.1                                     | (65.0)                            | -              |
| Depreciation charge                              | 2.2                                     | 7.3                                      | 15.9                              | 25.4           |
| Disposals/written off                            | -                                       | -  | (1.2)                             | (1.2)          |
| Balance at 30 June 2016                          | 31.6                                    | 82.3                                     | 280.1                             | 394.0          |
| Net Book Value at 30 June 2016                   | 331.8                                   | 610.4                                    | 100.3                             | 1,042.5        |
| <b>2015</b>                                      |   |  |                                   |                |
| <b>Cost</b>                                      |   |  |                                   |                |
| Balance at 1 July 2014                           | 436.3                                   | 801.9                                    | 493.4                             | 1,731.6        |
| Effect of movements in foreign exchange          | (33.5)                                  | (61.5)                                   | (37.7)                            | (132.7)        |
| Additions  | 13.9                                    | 25.5                                     | 16.0                              | 55.4           |
| Disposals  | -                                       | -  | (0.5)                             | (0.5)          |
| Balance at 30 June 2015                          | 416.7                                   | 765.9                                    | 471.2                             | 1,653.8        |
| <b>Accumulated depreciation</b>                  |   |  |                                   |                |
| Balance at 1 July 2014                           | 18.1                                    | 41.0                                     | 385.7                             | 444.8          |
| Effect of movements in foreign exchange          | (1.4)                                   | (3.1)                                    | (29.6)                            | (34.1)         |
| Depreciation charge                              | 0.9                                     | 2.2                                      | 20.2                              | 23.3           |
| Disposals  | -                                       | -  | (0.4)                             | (0.4)          |
| Balance at 30 June 2015                          | 17.6                                    | 40.1                                     | 375.9                             | 433.6          |
| Net Book Value at 30 June 2015                   | 399.1                                   | 725.8                                    | 95.3                              | 1,220.2        |
| Net Book Value at 1 July 2014                    | 418.2                                   | 760.9                                    | 107.7                             | 1,286.8        |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 8. HOTELS, PROPERTY AND EQUIPMENT *(Continued)*

The Group estimates the recoverable amount of hotels, property and equipment based on discounted cash flow projections of hotel properties. The principal assumptions underlying these projections include cash flow forecast, revenue growth, maintenance capital expenditure and discount rates.

As at 30 June 2016, the Group's secured borrowings totalling US\$77.6m (2015: US\$91.5m) (see Note 14) were secured on one hotel (2015: one hotel) owned by the Group with net book value of US\$122.7m (2015: US\$145.1m).

### 9. INTANGIBLE ASSETS

| 2016  | Bass Strait<br>oil and gas<br>royalty<br>US\$M | Casino<br>licences<br>US\$M | Casino/<br>Hotel<br>brand<br>US\$M | Total<br>US\$M |
|---|--|-----------------------------|------------------------------------|----------------|
| <b>Cost</b>   |  |                             |                                    |                |
| Balance at 1 July 2015                                | 145.4  | 37.8                        | 10.0                               | 193.2          |
| Effect of movements in foreign exchange               | (4.5)  | (5.4)                       | (1.3)                              | (11.2)         |
| Balance at 30 June 2016                               | 140.9  | 32.4                        | 8.7                                | 182.0          |
| <b>Accumulated amortisation and impairment losses</b> |  |                             |                                    |                |
| Balance at 1 July 2015                                | 62.9   | -                           | 4.1                                | 67.0           |
| Amortisation  | 3.1  | -                           | 0.1                                | 3.2            |
| Effect of movements in foreign exchange               | (1.9)  | -                           | (0.5)                              | (2.4)          |
| Balance at 30 June 2016                               | 64.1   | -                           | 3.7                                | 67.8           |
| Net Book Value at 30 June 2016                        | 76.8   | 32.4                        | 5.0                                | 114.2          |

### 9. INTANGIBLE ASSETS *(Continued)*

| 2015  | Bass Strait<br>oil and gas<br>royalty<br>US\$M | Casino<br>licences<br>US\$M | Casino/<br>Hotel<br>brand<br>US\$M | Total<br>US\$M |
|---|--|-----------------------------|------------------------------------|----------------|
| <b>Cost</b>   |  |                             |                                    |                |
| Balance at 1 July 2014                                | 177.9  | 40.9                        | 10.8                               | 229.6          |
| Effect of movements in foreign exchange               | (32.5)   | (3.1)                       | (0.8)                              | (36.4)         |
| Balance at 30 June 2015                               | 145.4  | 37.8                        | 10.0                               | 193.2          |
| <b>Accumulated amortisation and impairment losses</b> |  |                             |                                    |                |
| Balance at 1 July 2014                                | 72.8   | -                           | 4.4                                | 77.2           |
| Amortisation  | 3.6  | -                           | *                                  | 3.6            |
| Effect of movements in foreign exchange               | (13.5)   | -                           | (0.3)                              | (13.8)         |
| Balance at 30 June 2015                               | 62.9   | -                           | 4.1                                | 67.0           |
| Net Book Value at 30 June 2015                        | 82.5   | 37.8                        | 5.9                                | 126.2          |
| Net Book Value at 1 July 2014                         | 105.1  | 40.9                        | 6.4                                | 152.4          |

\* Amount less than US\$0.1m

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia.

An independent appraiser has estimated the recoverable amount for the Bass Strait oil and gas royalty based on the present value of future cash flows expected to be derived from the CGU (value in use method) using the post-tax discount rate of 10% (2015: 10%) and inflation rate of 2% (2015: 2%), and assuming production years up to 2040 (2015: 2040). The recoverable amount of the Bass Strait oil and gas royalty was estimated to be higher than its carrying amount as at 30 June 2016 and therefore, no impairment was required (2015: Nil).

The Board has estimated the recoverable amounts for the casino licence and casino/hotel brand based on the expected realisable amounts as at the reporting date, taking into account prevailing and expected market conditions. The recoverable amounts for these intangible assets exceeded their carrying amounts as at 30 June 2016 and therefore, no impairment was required (2015: Nil).

### 10. OTHER INVESTMENTS

|                                 | 2016<br>US\$M | 2015<br>US\$M |
|---------------------------------|---------------|---------------|
| Available-for-sale investment:  |               |               |
| Shares in unlisted venture fund | 2.2           | 2.5           |
|                                 | 2.2           | 2.5           |

Other investments carried at fair value are categorised within level 3 of the fair value hierarchy. The fair values are determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the venture fund. The assets held by the venture fund comprises mainly of non-publicly traded securities.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 10. OTHER INVESTMENTS *(Continued)*

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

The methods used to estimate fair value included (a) the market approach (fair value derived by reference to observable valuation measures), (b) the income approach (e.g. the discounted cash flow method) and (c) cost at acquisition or as indicated by the most recent round of financing. The estimated fair value of other investments would increase if net asset value was higher.

The following table show the significant unobservable input used in measuring the fair value of level 3:

| Unobservable input                 | Range         |
|------------------------------------|---------------|
| Revenue multiple                   | 2.3x - 6.3x   |
| Discount for lack of control       | 11.0%         |
| Discount for lack of marketability | 17.9% - 23.0% |
| Risk free rate                     | 0.96% - 1.31% |
| Time to exit                       | 1 - 3 years   |
| Volatility                         | 55.8% - 63.0% |

The venture fund is currently being extended for another year subject to the term and condition of the fund and will be liquidated thereafter.

The Group's exposure to credit and market risk and fair value information related to other investments are disclosed in Note 21.

### 11. DEVELOPMENT PROPERTIES

As at 30 June 2016, the Group's development properties, which are wholly owned, are located in the United States of America, being the 55,575 (2015: 55,575) acres land parcel on Molokai island in Hawaii.

As at 30 June 2015, the Group held development properties on the Denarau Island Resort and Port Denarau Retail Commercial Centre in Fiji. These properties were disposed for a consideration of US\$6.4 million during the year.

The Board has reviewed the cash flow projections and expected realisable amounts of the development properties, taking into account prevailing and expected market conditions as well as historical trends and performance. The estimated realisable value of the development properties in Molokai exceeded the carrying amount as at 30 June 2016, and thus, no write-down was required.

### 12. TRADE AND OTHER RECEIVABLES

|                      | 2016<br>US\$M | 2015<br>US\$M |
|----------------------|---------------|---------------|
| Trade receivables #  | 15.2          | 26.2          |
| Deposits             | *             | *             |
| Interest receivables | 0.5           | 0.3           |
| Other receivables    | 2.8           | 4.0           |
| Prepaid expenses     | 26.3          | 35.1          |
|                      | 44.8          | 65.6          |

# Trade receivables are stated net of allowance of doubtful debts of US\$0.3m (2015: US\$0.3m). Refer to Note 21 for more details.

\* Amount less than US\$0.1m

### 13. CASH AND CASH EQUIVALENTS

|  | Note | 2016<br>US\$M | 2015<br>US\$M |
|--|------|---------------|---------------|
| Bank balances  |      | 24.0          | 5.4           |
| Short-term deposits  |      | 24.8          | 11.1          |
| Cash in hand   |      | 0.7           | 5.3           |
| Cash and cash equivalents in the statement of financial position |      | 49.5          | 21.8          |
| Bank overdrafts  | 14   | (4.3)         | (20.7)        |
| Cash and cash equivalents in the statement of cash flows         |      | 45.2          | 1.1           |

Cash and cash equivalents are denominated in the following currencies:

|                       | 2016<br>US\$M | 2015<br>US\$M |
|-----------------------|---------------|---------------|
| United States Dollars | 26.4          | 12.3          |
| Singapore Dollars     | 0.9           | 0.5           |
| Pound Sterling        | 20.2          | 5.3           |
| Australian Dollars    | 0.9           | 1.3           |
| New Zealand Dollars   | 0.2           | 0.5           |
| Fiji Dollars          | 0.6           | 1.0           |
| Malaysian Ringgit     | 0.3           | 0.9           |
|                       | 49.5          | 21.8          |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 13. CASH AND CASH EQUIVALENTS *(Continued)*

Short-term deposits at the reporting date have contractual maturity periods ranging between overnight and one month with the following weighted average effective interest rates:

|                       | 2016<br>% | 2015<br>% |
|-----------------------|-----------|-----------|
| Australian Dollars    | 1.75      | 2.00      |
| New Zealand Dollars   | 2.25      | 3.25      |
| United States Dollars | 0.73      | 0.70      |

### 14. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to liquidity, interest rate and foreign currency risk, refer to Note 21.

| Group                              | 2016<br>US\$M | 2015<br>US\$M |
|------------------------------------|---------------|---------------|
| <b>CURRENT LIABILITIES</b>         |               |               |
| Bank overdrafts (unsecured)        | 4.3           | 20.7          |
|                                    | <b>4.3</b>    | 20.7          |
| <b>NON-CURRENT LIABILITIES</b>     |               |               |
| Bank loans (unsecured)             | 183.8         | 217.0         |
| Mortgage debenture stock (secured) | 77.6          | 91.5          |
|                                    | <b>261.4</b>  | 308.5         |
|                                    | <b>265.7</b>  | 329.2         |

As at 30 June 2016, the mortgage debenture stock is secured by one hotel (2015: one hotel) owned by the Group with net book value of US\$122.7m (2015: US\$145.1m) (see Note 8).

### 14. LOANS AND BORROWINGS *(Continued)*

#### Terms and debt repayment schedule

| Group                     | Total<br>US\$M | Under 1<br>year<br>US\$M | 1 - 2<br>years<br>US\$M | 2 - 5<br>years<br>US\$M | Over 5<br>years<br>US\$M |
|---------------------------|----------------|--------------------------|-------------------------|-------------------------|--------------------------|
| <b>2016</b>               |                |                          |                         |                         |                          |
| Bank overdraft            | 4.3            | 4.3                      | -                       | -                       | -                        |
| Bank loans:               |                |                          |                         |                         |                          |
| - Pound Sterling          | 183.8          | -                        | -                       | 183.8                   | -                        |
| Mortgage debenture stock: |                |                          |                         |                         |                          |
| - Pound Sterling          | 77.6           | -                        | -                       | -                       | 77.6                     |
|                           | <b>265.7</b>   | <b>4.3</b>               | -                       | <b>183.8</b>            | <b>77.6</b>              |
| <b>2015</b>               |                |                          |                         |                         |                          |
| Bank overdraft            | 20.7           | 20.7                     | -                       | -                       | -                        |
| Bank loans:               |                |                          |                         |                         |                          |
| - Pound Sterling          | 217.0          | -                        | -                       | 217.0                   | -                        |
| Mortgage debenture stock: |                |                          |                         |                         |                          |
| - Pound Sterling          | 91.5           | -                        | -                       | -                       | 91.5                     |
|                           | 329.2          | 20.7                     | -                       | 217.0                   | 91.5                     |

The Group's exposure to liquidity and market risk and fair value information related to loans and borrowings are disclosed in Note 21.

### 15. TRADE AND OTHER PAYABLES

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Trade payables                             | 31.3          | 39.8          |
| Management fees payable to a related party | 2.3           | 2.3           |
| Interest payable                           | 1.1           | 0.4           |
| Deposits received                          | 9.0           | 11.4          |
| Accrued rental                             | 17.5          | 21.1          |
| Accrued expenses                           | 9.9           | 12.1          |
| Other payables                             | 20.7          | 25.0          |
|  | <b>91.8</b>   | 112.1         |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 16. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS

| Group  | Pensions<br>US\$M | Provision for<br>legal claim<br>and others<br>US\$M | Total<br>US\$M |
|--|-------------------|---|----------------|
| Balance at 1 July 2015                         | (6.7)             | 3.2   | (3.5)          |
| Provisions made during the year (net)          | 11.6              | 1.4   | 13.0           |
| Provisions utilised during the year            | (5.2)             | (3.4)   | (8.6)          |
| Effect of movements in exchange rates          | 1.0               | (0.2)   | 0.8            |
| Balance at 30 June 2016                        | 0.7               | 1.0   | 1.7            |
| Pensions as at 30 June 2016 are classified as: |                   |   |                |
| Pensions surplus                               | (2.6)             |   |                |
| Pensions obligations                           | 3.3               |   |                |
|  | 0.7               |   |                |

| Group  | Pensions<br>US\$M | Provision for<br>legal claim<br>and others<br>US\$M | Total<br>US\$M |
|--|-------------------|---|----------------|
| Balance at 1 July 2014                         | 1.6               | 1.3   | 2.9            |
| Provisions made during the year (net)          | (2.5)             | 2.0   | (0.5)          |
| Provisions utilised during the year            | (5.0)             | -   | (5.0)          |
| Effect of movements in exchange rates          | (0.8)             | (0.1)   | (0.9)          |
| Balance at 30 June 2015                        | (6.7)             | 3.2   | (3.5)          |
| Pensions as at 30 June 2015 are classified as: |                   |   |                |
| Pensions surplus                               | (10.3)            |   |                |
| Pensions obligations                           | 3.6               |   |                |
|  | (6.7)             |   |                |

### 16. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

#### Pensions

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

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

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Present value of funded obligations        | 129.2         | 139.1         |
| Less: Fair value of plan assets            | (128.5)       | (145.8)       |
| Present value of net obligations/(surplus) | 0.7           | (6.7)         |

Changes in the present value of the defined benefit obligation:

|  |        |        |
|--|--------|--------|
| Opening defined benefit obligation     | 139.1  | 148.6  |
| Current service cost                   | 0.3    | 0.4    |
| Interest cost                          | 4.9    | 5.4    |
| Actuarial losses arising from:         |        |        |
| - demographic assumption               | (1.5)  | 1.4    |
| - financial assumption                 | 12.9   | 4.6    |
| - experience adjustment                | (1.5)  | (4.5)  |
| Benefits paid                          | (5.0)  | (4.8)  |
| Effects of movements in exchange rates | (20.0) | (12.0) |
| Closing defined benefit obligation     | 129.2  | 139.1  |

Changes in the fair value of plan assets:

|  |         |         |
|--|---------|---------|
| Opening fair value of plan assets      | (145.8) | (147.0) |
| Contributions from the Company         | (5.2)   | (5.0)   |
| Benefits paid                          | 5.0     | 4.8     |
| Actuarial gains                        | (3.5)   | (9.8)   |
| Effects of movements in exchange rates | 21.0    | 11.2    |
| Closing fair value of plan assets      | (128.5) | (145.8) |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 16. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

#### Pensions *(Continued)*

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

|   | 2016<br>US\$M | 2015<br>US\$M |
|---|---------------|---------------|
| Opening balance   | (6.7)         | 1.6           |
| Contributions paid  | (5.2)         | (5.0)         |
| Expense recognised in the income statement                        | 0.3           | 0.4           |
| Actuarial losses/(gains) recognised in other comprehensive income | 11.3          | (2.9)         |
| Effect of movements in exchange rates                             | 1.0           | (0.8)         |
| Closing balance   | 0.7           | (6.7)         |
| Expense recognised in the income statement:                       |               |               |
| Current service costs   | 0.3           | 0.4           |
| Net interest expense on obligation                                | *             | *             |
|   | 0.3           | 0.4           |
| Plan assets comprise of:  |               |               |
| Equity/Diversified growth fund                                    | 66.9          | 80.7          |
| Bond  | 61.0          | 64.4          |
| Cash  | 0.6           | 0.7           |
|   | 128.5         | 145.8         |

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

|   | 2016<br>%   | 2015<br>%   |
|---|-------------|-------------|
| Discount rate   | 3.05 – 4.00 | 3.85 – 4.00 |
| Rate of increase to pensions in payment (RPI maximum 5% pa)   | 2.80        | 3.20        |
| Rate of increase to pensions in payment (CPI maximum 3% pa)   | 1.70        | 2.00        |
| Rate of increase to pensions in payment (CPI maximum 2.5% pa) | 1.55        | 1.80        |
| Rate of increase in salaries                                  | 3.35        | 3.75        |

\* Amount less than US\$0.1m

### 16. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

#### Pensions *(Continued)*

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

|   | Increase<br>US\$M | Decrease<br>US\$M |
|---|-------------------|-------------------|
| <b>2016</b>   |                   |                   |
| Discount rate (1% movement)                           | (20.7)            | 20.8              |
| Rate of increase to pensions in payment (1% movement) | 5.6               | (5.6)             |
| Rate of increase in salaries (1% movement)            | 0.2               | (0.2)             |
| Future mortality (1% movement)                        | (6.9)             | 6.2               |
| <b>2015</b>   |                   |                   |
| Discount rate (1% movement)                           | (22.3)            | 22.3              |
| Rate of increase to pensions in payment (1% movement) | 6.0               | (6.0)             |
| Rate of increase in salaries (1% movement)            | 0.2               | (0.2)             |
| Future mortality (1% movement)                        | (7.4)             | 6.8               |

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

#### Provision for legal claim

As at 30 June 2016, a subsidiary (“**Subsidiary A**”) is subject to a legal claim in the United Kingdom (“**UK**”) in relation to a hotel property (“**Property**”) previously leased and operated by another subsidiary (“**Subsidiary B**”). Subsidiary A had provided a guarantee in favour of the claimant (“**Guarantee**”) when leases relating to the Property were assigned by the claimant to Subsidiary B in 1989. Subsidiary B assigned the leases to a third party in 2003, and was voluntarily dissolved in 2008.

Under UK law, a landlord may require the previous tenant of a property to assume liability under a lease for the property which came into existence prior to 1996 if the current tenant is insolvent.

The current tenant of the Property became insolvent, and the landlord of the Property made a claim against the claimant (the original tenant of the Property), requiring the claimant to pay rent and other amounts due under the leases. In turn, the claimant made a claim against Subsidiary A pursuant to the Guarantee for such rent and other amounts. The rent is about US\$0.5 million per annum, subject to fixed rent review at intervals, and the leases have a remaining term of approximately 51 years.

Subsidiary A continues to defend its position in relation to the claim and the directors do not anticipate the outcome of the appeal to have a material effect on the Group’s financial position and financial performance. The Group recognised a provision of US\$0.7 million in relation to the costs claimed by the claimant during the financial year in respect of the outstanding rent and other amounts due under the leases.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 17. DEFERRED TAX LIABILITIES

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

|                           | At<br>1 July<br>2015<br>US\$M | (Credited)/<br>Charged to<br>income<br>statement<br>US\$M | (Credited)/<br>Charged to<br>other<br>comprehensive<br>income<br>US\$M | Effect of<br>movements<br>in exchange<br>rates<br>US\$M | At<br>30 June<br>2016<br>US\$M |
|---------------------------|-------------------------------|---|--|---|--------------------------------|
| <b>2016</b>               |                               |   |  |   |                                |
| Property and equipment    | 22.6                          | (4.3)   | -  | (2.9)   | 15.4                           |
| Tax losses                | (3.5)                         | 0.5   | -  | 0.5   | (2.5)                          |
| Loans and borrowings      | (0.9)                         | 0.1   | -  | 0.1   | (0.7)                          |
| Employee benefits         | 2.1                           | -   | (1.3)  | (0.3)   | 0.5                            |
| Casino brand and licences | 1.8                           | 0.1   | -  | (0.2)   | 1.7                            |
| Derivative instrument     | -                             | -   | (1.9)  | -   | (1.9)                          |
| Other items               | -                             | (3.7)   | -  | 0.3   | (3.4)                          |
|                           | <b>22.1</b>                   | <b>(7.3)</b>  | <b>(3.2)</b>   | <b>(2.5)</b>  | <b>9.1</b>                     |
| <b>2015</b>               |                               |   |  |   |                                |
| Property and equipment    | 24.2                          | 0.3   | -  | (1.9)   | 22.6                           |
| Tax losses                | (2.0)                         | (1.7)   | -  | 0.2   | (3.5)                          |
| Loans and borrowings      | (2.2)                         | 1.1   | -  | 0.2   | (0.9)                          |
| Employee benefits         | 0.8                           | 0.8   | 0.6  | (0.1)   | 2.1                            |
| Casino brand and licences | 2.5                           | (0.5)   | -  | (0.2)   | 1.8                            |
|                           | <b>23.3</b>                   | <b>-</b>  | <b>0.6</b>   | <b>(1.8)</b>  | <b>22.1</b>                    |

#### Unrecognised deferred tax assets

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

|                                  | 2016<br>US\$M | 2015<br>US\$M |
|----------------------------------|---------------|---------------|
| Deductible temporary differences | 3.6           | 17.9          |
| Tax losses                       | 548.4         | 602.0         |
|                                  | <b>552.0</b>  | <b>619.9</b>  |

The deductible temporary differences and the tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

### 18. DERIVATIVE FINANCIAL LIABILITY

|                    | 2016<br>US\$M | 2015<br>US\$M |
|--------------------|---------------|---------------|
| Interest rate swap | 10.7          | 2.9           |
|                    | <b>10.7</b>   | <b>2.9</b>    |

During the previous year, the Group entered into a forward interest rate swap with a nominal value of GBP138.0 million over a 3-year tenor commencing from 16 December 2016 for hedging purpose. The forward interest rate swap is valued using valuation technique with market observable inputs. The valuation technique is swap model, using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

The Group's exposure to liquidity and market risk and fair value information related to derivative financial liability are disclosed in Note 21.

### 19. SHARE CAPITAL AND RESERVES

|   | Ordinary shares |               |
|---|-----------------|---------------|
|   | 2016            | 2015          |
| <b>Share capital – authorised</b>   |                 |               |
| Number of shares of par value of US\$0.20 each at beginning and end of the year | 5,000,000,000   | 5,000,000,000 |
| <b>Share capital – issued and fully paid</b>                                    |                 |               |
| Number of shares in issue at beginning and end of the year                      | 1,368,063,633   | 1,368,063,633 |

#### Contributed surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

#### Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 19. SHARE CAPITAL AND RESERVES *(Continued)*

#### Capital reserve – share based payment

The capital reserve comprises the gain or loss recognised when an employee exercises the share options granted under ESOS 2008.

#### Equity compensation reserve

The equity compensation reserve represents the cumulative value of services received from employees for the issue of shares under ESOS 2008.

#### ESOS reserve

The ESOS reserve comprises the cost of the Company's shares acquired and held by the Trustee for the purpose of satisfying outstanding share options granted to eligible employees under ESOS 2008. As at 30 June 2016, the number of shares of the Company held in the ESOS reserve amounted to 68.3 million (2015: 68.3 million).

#### Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity and the level of dividends to ordinary shareholders.

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

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

### 20. EMPLOYEE SHARE OPTION SCHEME

ESOS 2008 was approved by the shareholders of the Company on 17 October 2008 and by the shareholders of Guoco Group Limited on 21 November 2008 ("**GGL Approval Date**").

ESOS 2008 allows the grant of options over newly issued and/or existing shares of the Company to confirmed employees (including executive directors) of the Group ("**Employees**"). Non-Executive Directors of the Company, directors and employees of associated companies of the Company and directors and employees of Guoco Group Limited or the Company's controlling shareholders or their subsidiaries and associates (excluding the Group) are not eligible to participate in the ESOS 2008.

The aim of ESOS 2008 is to:

- (1) Align the long-term interests of Employees with those of the Company's shareholders and encourage Employees to assume greater responsibility for the performance of the businesses which they manage;
- (2) Motivate Employees towards achieving strategic business objectives;
- (3) Reward Employees with an equity stake in the success of the Group; and
- (4) Make the Company's compensation package more competitive in order to attract, retain and motivate high-calibre executives.

### 20. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

The Company has established a Trust for ESOS 2008 which is administered by a Trustee. The Trustee is appointed by and may be removed by the Company. The Trustee manages the Trust in accordance with a Trust Deed.

Pursuant to its powers under the Trust Deed, the Trust acquires existing shares of the Company for the purpose of satisfying outstanding options granted to Employees. To enable the Trustee to purchase such shares, the Trustee may from time to time accept financial assistance from the Company on terms and conditions agreed between the Trustee and the Company.

The Trust will terminate on 16 October 2031 or on a date determined by the Company, whichever is earlier. Upon the termination of the Trust, the Trustee will dispose of any remaining ESOS Reserve (i.e., any shares held under the Trust which are not applied in satisfaction of outstanding options granted to the Employees) in accordance with the instructions of the Company.

The Company's Remuneration Committee ("**RC**"), comprising Mr Philip Burdon, Mr Quek Leng Chan and Ms Jennie Chua (all of whom are not participants of ESOS 2008), administers ESOS 2008.

The aggregate of:

- (a) the number of shares over which the RC may grant options under ESOS 2008 on any date ("**Date**"); and
- (b) the number of shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted, pursuant to all options granted under ESOS 2008

shall not exceed 15% of the issued share capital of the Company on the day preceding the Date,

provided that the aggregate of:

- (i) the number of shares to be issued and allotted and over which the RC may grant options under ESOS 2008; and
- (ii) the number of shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the ESOS 2008

((i) and (ii) hereinafter collectively referred to as "**New Shares**"), shall not exceed 10% of the issued share capital of the Company as at the GGL Approval Date.

As at the date of this report, the number of New Shares is 136,806,363 (2015: 136,806,363), which represents 10% of the issued share capital of the Company as at the GGL Approval Date.

The maximum entitlement of any ESOS 2008 participant in respect of New Shares as a result of the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of the Company in issue as at the date of such grant.

The grant of an option to a participant shall be accepted within 30 days from the date on which such option is granted accompanied by a payment of S\$1 as consideration.

During the financial year ended 30 June 2016 ("**FY2016**"), the Company granted 19,500,000 options pursuant to the ESOS 2008.

As at 30 June 2016, the total number of the Company's shares comprised in the options granted under ESOS 2008 was 72,400,000 (2015: 58,400,000).

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 20. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

Details of movements in the options granted under ESOS 2008 during the financial year are as follow:

|  | 2016        | 2015         |
|--|-------------|--------------|
| Outstanding at the beginning of the financial year | 58,400,000  | 70,400,000   |
| Options granted during the financial year          | 19,500,000  | -            |
| Options cancelled/lapsed during the financial year | (5,500,000) | (12,000,000) |
| Outstanding at the end of the financial year       | 72,400,000  | 58,400,000   |

Details of the options granted to employees under ESOS 2008:

| Participants   | Aggregate options granted since commencement of ESOS 2008 to end of financial year | Aggregate options expired/lapsed since commencement of ESOS 2008 to end of financial year | Aggregate options outstanding as at end of financial year |
|--|--|---|---|
| Key management personnel <sup>Note (a) &amp; (b)</sup> | 30,300,000   | (5,300,000)   | 25,000,000  |
| Other employees  | 74,400,000   | (27,000,000)  | 47,400,000  |

a. Mr Michael Bernard DeNoma, who resigned as Chief Executive Officer and Director of the Company on 1 July 2016, was granted 25 million share options on 13 May 2013.

b. Mr Premod Paul Thomas retired as Chief Financial Officer and Executive Director of the Company on 1 August 2014 and the options granted to him lapsed upon his retirement.

Save as disclosed above, since the commencement of ESOS 2008, no options have been granted to any executive Director of the Company or of the controlling shareholders of the Company or their associates. Save as disclosed above, since the commencement of ESOS 2008, there is no participant who has received 5% or more of the total number of options available under ESOS 2008.

Since the commencement of ESOS 2008, no options have been granted at a discount and no options have been granted to any parent group Employee.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends.

### 20. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

The fair value and assumptions are set out below:

| Date of grant of options                           | 21 September 2015 | 13 May 2013  |
|--|-------------------|--------------|
| <b>Fair value of share options and assumptions</b> |                   |              |
| Fair value at measurement date                     | 0.09 - 0.17       | 0.17 - 0.227 |
| Share price at the date of grant                   | 0.795             | 0.83         |
| Exercise price                                     | 0.80              | 0.86         |
| Expected volatility (%)                            | 30.1              | 34.1         |
| Expected option life (year)                        | 1.3 - 6.3         | 3.6 - 8.6    |
| Expected dividend yield (%)                        | 2.75              | 2.41         |
| Risk-free interest rate (%)                        | 0.98              | 1.05         |

The exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the date of grant of the relevant options.

The options granted on 13 May 2013 and 21 September 2015 under ESOS 2008 are valid from 13 May 2013 and 21 September 2015 respectively, and will vest in two tranches:

- the first tranche of up to 20% – 35% will vest at the end of the financial year ended 30 June 2016 upon the achievement of the applicable performance targets; and
- the second tranche of up to 65% – 80% will vest within three months of the end of the financial year ended 30 June 2019 upon the achievement of the applicable performance targets.

Each tranche, once vested, is exercisable as follows:

- 40% of that tranche is exercisable within 6 months from vesting date;
- 40% of that tranche is exercisable from the commencement of the 13<sup>th</sup> month to the end of the 18<sup>th</sup> month from vesting date; and
- 20% of that tranche is exercisable from the commencement of the 25<sup>th</sup> month to the end of the 30<sup>th</sup> month from vesting date.

ESOS 2008 will continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from the GGL Approval Date.

A Trust has been established by the Company pursuant to which the Trustee holds 68.3 million (2015: 68.3 million) shares of the Company in the ESOS Reserve as at 30 June 2016, for the purpose of satisfying any outstanding options that may be exercised under ESOS 2008.

The Group recognised total (benefit)/expenses of (US\$0.5m) (2015: US\$0.9m) related to equity settled employee share option transactions during the year.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Group has a system of controls in place to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Audit and Risk Management Committee ("AC"), which reports to the Board, is charged with overseeing risk management practices and, in conjunction with the Internal Audit Department, seeks to identify areas of concern and implement plans to mitigate significant risks to the Company. The AC regularly reviews, assesses and monitors various risk factors and also guides management in forming policies and processes to identify, evaluate and manage risks and to safeguard shareholders' interests and Company assets.

#### (A) Credit risk

The Group's credit risks are primarily attributable to other investments, trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis.

Bank deposits are placed with financial institutions which are regulated. Financial transactions are restricted to those with counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. The Group monitors exposures to individual counterparty and country to manage concentration risk.

The Group's credit exposure in its property development business is minimal as customers mostly fund their purchases of commercial and residential units with mortgaged loans from independent financial institutions.

The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (A) Credit risk *(Continued)*

The ageing of trade receivables at the reporting date are:

| Group                     | Gross<br>2016<br>US\$M | Allowances for<br>doubtful debts<br>2016<br>US\$M | Gross<br>2015<br>US\$M | Allowances for<br>doubtful debts<br>2015<br>US\$M |
|---------------------------|------------------------|---|------------------------|---|
| Not past due nor impaired | 10.9                   | –   | 21.1                   | –   |
| Past due 0 – 30 days      | 4.0                    | 0.1   | 5.0                    | *   |
| Past due 31 – 180 days    | 0.4                    | 0.1   | 0.3                    | 0.2   |
| Past due 181 – 365 days   | 0.1                    | *   | –                      | –   |
| More than one year        | 0.1                    | 0.1   | 0.1                    | 0.1   |
|                           | 15.5                   | 0.3   | 26.5                   | 0.3   |

\* Amount less than US\$0.1m

The credit quality of trade receivables is assessed based on a credit policy established by the Risk Management Committee. The Group monitors customer credit risk by grouping trade receivables based on their characteristics. An analysis of the credit quality of trade receivables that were not past due nor impaired at the reporting date is as follows:

|                 | 2016<br>US\$M | 2015<br>US\$M |
|-----------------|---------------|---------------|
| Acceptable risk | 10.9          | 21.1          |
| High risk       | –             | –             |
|                 | 10.9          | 21.1          |

The change in allowances for doubtful debts during the year is as follows:

|  | 2016<br>US\$M | 2015<br>US\$M |
|--|---------------|---------------|
| Balance at the beginning of the financial year | 0.3           | 0.5           |
| Provision written back during the year (net)   | –             | (0.2)         |
| Balance at the end of the financial year       | 0.3           | 0.3           |

Based on historical default rates, the Group believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (B) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered. In addition, the Group maintains banking facilities at a reasonable level to meet its overall debt position.

As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with short-term funding so as to achieve overall cost effectiveness.

As at 30 June 2016, the Group has unutilised credit facilities amounting to US\$252.8m (2015: US\$268.2m).

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

#### Contractual Undiscounted Cash Flow

| Group                     | Carrying amount<br>US\$M | Total contractual undiscounted cash flow<br>US\$M | Within 1 year or on demand<br>US\$M | More than 1 year but less than 2 years<br>US\$M | More than 2 years but less than 5 years<br>US\$M | More than 5 years<br>US\$M |
|---------------------------|--------------------------|---|-------------------------------------|---|--|----------------------------|
| <b>2016</b>               |                          |   |                                     |   |  |                            |
| Bank loans and overdraft  | 188.1                    | 203.9   | 8.2                                 | 3.9   | 191.8  | -                          |
| Mortgage debenture stock  | 77.6                     | 109.9   | 5.9                                 | 5.9   | 17.6   | 80.5                       |
| Interest rate swap        | 10.7                     | 10.1  | 2.9                                 | 2.9   | 4.3  | -                          |
| Trade and other payables* | 82.8                     | 82.8  | 82.8                                | -   | -  | -                          |
|                           | <b>359.2</b>             | <b>406.7</b>                                      | <b>99.8</b>                         | <b>12.7</b>                                     | <b>213.7</b>                                     | <b>80.5</b>                |
| <b>2015</b>               |                          |   |                                     |   |  |                            |
| Bank loans and overdraft  | 237.7                    | 261.2   | 25.1                                | 5.5   | 230.6  | -                          |
| Mortgage debenture stock  | 91.5                     | 135.0   | 6.8                                 | 6.8   | 20.6   | 100.8                      |
| Interest rate swap        | 2.9                      | 6.3   | -                                   | 1.1   | 5.2  | -                          |
| Trade and other payables* | 100.7                    | 100.7   | 100.7                               | -   | -  | -                          |
|                           | <b>432.8</b>             | <b>503.2</b>                                      | <b>132.6</b>                        | <b>13.4</b>                                     | <b>256.4</b>                                     | <b>100.8</b>               |

\* Excludes deposits received

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (B) Liquidity risk *(Continued)*

| Company                  | Carrying amount<br>US\$M | Total contractual undiscounted cash flow<br>US\$M | Within 1 year or on demand<br>US\$M |
|--------------------------|--------------------------|---|-------------------------------------|
| <b>2016</b>              |                          |   |                                     |
| Trade and other payables | 1.0                      | 1.0   | 1.0                                 |
| <b>2015</b>              |                          |   |                                     |
| Trade and other payables | 1.5                      | 1.5   | 1.5                                 |

#### (C) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swap and other derivatives to manage its interest rate exposure as appropriate. As at 30 June 2016, the Group has a forward interest rate swap classified as cash flow hedges with notional contractual amounts of GBP138.0m (US\$186.0m) (2015: GBP138.0m (US\$217.0m)) which requires the Group to pay a fixed interest rate of 2.47% (2015: 2.47%) and allows them to receive a variable rate equal to LIBOR on the notional amount (refer Note 18).

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at the reporting date.

| Group   | 2016 Effective interest rate | 2016 US\$M     | 2015 Effective interest rate | 2015 US\$M     |
|---|------------------------------|----------------|------------------------------|----------------|
| <b>Floating rate financial assets/(liabilities)</b> |                              |                |                              |                |
| Deposits with banks                                 | 0.16%-2.45%                  | 48.8           | 0.70%-3.25%                  | 16.5           |
| Interest rate swap                                  | 2.47%                        | (10.7)         | 2.47%                        | (2.9)          |
| Bank loans and overdrafts                           | 1.74%-2.25%                  | (188.1)        | 2.25%-5.50%                  | (237.7)        |
|   |                              | <b>(150.0)</b> |                              | <b>(224.1)</b> |
| <b>Fixed rate financial liabilities</b>             |                              |                |                              |                |
| Mortgage debenture stock                            | 7.88%                        | (77.6)         | 7.88%                        | (91.5)         |
|   |                              | <b>(77.6)</b>  |                              | <b>(91.5)</b>  |
| Total   |                              | <b>(227.6)</b> |                              | <b>(315.6)</b> |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (C) Interest rate risk *(Continued)*

##### (ii) Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss of the Group.

As at 30 June 2016, it is estimated that a general increase/decrease of 50 (2015: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit and total equity by approximately US\$0.75m (2015: US\$1.12m). This takes into account the effect of interest-earning bank deposits and interest-bearing bank loans and other borrowings as at 30 June 2016.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date.

#### (D) Foreign currency risk

The Group operates mainly in Singapore, Australia, Fiji, Hawaii, New Zealand and the United Kingdom. Other than the respective functional currencies of the Group's subsidiaries, the foreign currencies which the Group has exposure to at the reporting date is the United States Dollar, Australian Dollar and Pound Sterling.

The Group maintains a natural hedge in relation to each investment, wherever possible, by borrowing in the currency of the country in which an investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimise net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (D) Foreign currency risk *(Continued)*

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

The Group's and Company's exposure to foreign currencies as at 30 June 2016 and 30 June 2015 are as follow:

| Group  | United States Dollars \$M | New Zealand Dollars \$M | Australian Dollars \$M | Singapore Dollars \$M | Pound Sterling \$M | Fiji Dollars \$M | Malaysian Ringgit \$M | Total \$M |
|--|---------------------------|-------------------------|------------------------|-----------------------|--------------------|------------------|-----------------------|-----------|
| <b>2016</b>  |                           |                         |                        |                       |                    |                  |                       |           |
| Other investments  | 2.2                       | -                       | -                      | -                     | -                  | -                | -                     | 2.2       |
| Trade and other receivables <sup>1</sup>   | 0.3                       | *                       | *                      | 0.1                   | 17.5               | 0.6              | -                     | 18.5      |
| Cash and cash equivalents  | 26.4                      | 0.2                     | 0.9                    | 0.9                   | 20.2               | 0.6              | 0.3                   | 49.5      |
| Trade and other payables <sup>2</sup>  | (2.4)                     | (0.1)                   | (0.3)                  | (0.9)                 | (79.1)             | *                | -                     | (82.8)    |
| Loans and borrowings   | -                         | -                       | -                      | -                     | (265.7)            | -                | -                     | (265.7)   |
| Derivative financial liability   | -                         | -                       | -                      | -                     | (10.7)             | -                | -                     | (10.7)    |
| Gross exposure arising from recognised assets/ (liabilities)   | 26.5                      | 0.1                     | 0.6                    | 0.1                   | (317.8)            | 1.2              | 0.3                   | (289.0)   |
| Notional amounts of forward exchange contracts at fair value through the income statement                      | -                         | -                       | (2.3)                  | -                     | -                  | -                | -                     | (2.3)     |
| Add/less:<br>Net financial (liabilities)/ assets denominated in the respective entities' functional currencies | (1.2)                     | (0.1)                   | (0.6)                  | (0.1)                 | 321.4              | (1.2)            | (0.3)                 | 317.9     |
| Overall net exposure   | 25.3                      | -                       | (2.3)                  | -                     | 3.6                | -                | -                     | 26.6      |

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

\* Amount less than US\$0.1m

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (D) Foreign currency risk *(Continued)*

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

| Group   | United States Dollars \$M | New Zealand Dollars \$M | Australian Dollars \$M | Singapore Dollars \$M | Pound Sterling \$M | Fiji Dollars \$M | Malaysian Ringgit \$M | Total \$M |
|---|---------------------------|-------------------------|------------------------|-----------------------|--------------------|------------------|-----------------------|-----------|
| <b>2015</b>   |                           |                         |                        |                       |                    |                  |                       |           |
| Other investments   | 2.5                       | -                       | -                      | -                     | -                  | -                | -                     | 2.5       |
| Trade and other receivables <sup>1</sup>  | 0.2                       | *                       | *                      | 0.1                   | 30.1               | 0.1              | -                     | 30.5      |
| Cash and cash equivalents   | 12.3                      | 0.5                     | 1.3                    | 0.5                   | 5.3                | 1.0              | 0.9                   | 21.8      |
| Trade and other payables <sup>2</sup>   | (0.9)                     | (0.4)                   | (0.2)                  | (0.9)                 | (97.3)             | (1.0)            | -                     | (100.7)   |
| Loans and borrowings  | -                         | -                       | -                      | -                     | (329.2)            | -                | -                     | (329.2)   |
| Derivative financial liability  | -                         | -                       | -                      | -                     | (2.9)              | -                | -                     | (2.9)     |
| Gross exposure arising from recognised assets/ (liabilities)                                      | 14.1                      | 0.1                     | 1.1                    | (0.3)                 | (394.0)            | 0.1              | 0.9                   | (378.0)   |
| Notional amounts of forward exchange contracts at fair value through the income statement         | -                         | -                       | -                      | -                     | -                  | -                | -                     | -         |
| Add/less:   |                           |                         |                        |                       |                    |                  |                       |           |
| Net financial (liabilities)/ assets denominated in the respective entities' functional currencies | (3.4)                     | (0.4)                   | (1.1)                  | 0.2                   | 394.0              | (0.1)            | (0.9)                 | 388.3     |
| Overall net exposure  | 10.7                      | (0.3)                   | -                      | (0.1)                 | *                  | -                | -                     | 10.3      |

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

\* Amount less than US\$0.1m

The Company does not have any exposure to foreign currency risk as at 30 June 2016.

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (D) Foreign currency risk *(Continued)*

##### (ii) Sensitivity analysis

A strengthening of the following foreign currencies against the major functional currencies of the Group entities at the reporting date would increase/(decrease) the profit before tax by the amounts shown below. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

| Geographical region               | Foreign Currencies | Increase in foreign exchange rates | Increase / (Decrease) in profit before tax US\$M |
|-----------------------------------|--------------------|------------------------------------|--|
| <b>2016</b>                       |                    |                                    |  |
| United Kingdom                    | SGD                | 5.00%                              | -  |
|                                   | SGD                | 5.00%                              | -  |
|                                   | GBP                | 5.00%                              | 0.2  |
| Asia and United States of America | AUD                | 5.00%                              | (0.1)  |
|                                   | MYR                | 5.00%                              | -  |
|                                   | USD                | 5.00%                              | 1.3  |
|                                   | NZD                | 5.00%                              | -  |
| Australasia                       | FJD                | 5.00%                              | -  |
| <b>2015</b>                       |                    |                                    |  |
| United Kingdom                    | SGD                | 5.00%                              | -  |
|                                   | SGD                | 5.00%                              | *  |
|                                   | GBP                | 5.00%                              | *  |
| Asia and United States of America | AUD                | 5.00%                              | -  |
|                                   | MYR                | 5.00%                              | -  |
|                                   | USD                | 5.00%                              | 0.5  |
|                                   | NZD                | 5.00%                              | *  |
| Australasia                       | FJD                | 5.00%                              | -  |

\* Amount less than US\$0.1m

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

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (E) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as other investments (see Note 10).

The Group maintains a diversified investment portfolio, which comprises of global and regional counters, listed and unlisted. Investments are chosen to enhance creation of capital value for trading purpose as well as for long-term potential growth.

As at 30 June 2016, it is estimated that an increase of 10% (2015: 10%) in the market value of the Group's available-for-sale equity securities, with all other variables held constant, would affect the Group's total equity by US\$0.2m (2015: US\$0.3m). It is assumed that the available-for-sale investment would be considered impaired as a result of relevant risk variables.

#### (F) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group and the Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty 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 recognized 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 realize the assets and settle the liabilities simultaneously.

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (F) Offsetting financial assets and financial liabilities *(Continued)*

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements:

| Group                      | Gross amounts of recognised financial assets/ (liabilities) US\$M | Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position US\$M | Net amounts of financial assets/ (liabilities) presented in the statement of financial position US\$M | Related amounts not offset in the statement of financial position US\$M | Net amount US\$M |
|----------------------------|---|---|---|---|------------------|
| <b>2016</b>                |   |   |   |   |                  |
| <b>Financial liability</b> |   |   |   |   |                  |
| Interest rate swap         | (10.7)  | -   | (10.7)  | -   | (10.7)           |
| <b>2015</b>                |   |   |   |   |                  |
| <b>Financial liability</b> |   |   |   |   |                  |
| Interest rate swap         | (2.9)   | -   | (2.9)   | -   | (2.9)            |

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

#### (G) Fair value estimation

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

##### (i) Derivative financial instrument

The fair value of an interest rate swap is based on the bank's quote. The quote is tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of the contract and using market interest rates for a similar instrument at the measurement date.

##### (ii) Mortgage debenture stock

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the government yield curve at the reporting date plus an adequate credit spread. The interest rate used to discount estimated cash flows at the reporting date is 2.25% (2015: 5.5%).

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (G) Fair value estimation *(Continued)*

##### (iii) Other non-derivative financial assets and liabilities

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amounts of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing.

#### (H) Classification and fair value of financial instruments

Financial assets and financial liabilities classification and carrying amount:

| Group                                    | Note | Loans and<br>receivables<br>US\$M | Available-<br>for-sale<br>US\$M | Other<br>financial<br>liabilities<br>US\$M | Fair value<br>– hedging<br>instrument<br>US\$M | Total<br>carrying<br>amount<br>US\$M |
|--|------|-----------------------------------|---------------------------------|--|--|--------------------------------------|
| <b>2016</b>                              |      |                                   |                                 |  |  |                                      |
| Available-for-sale investment            | 10   | –                                 | 2.2                             | –  | –  | 2.2                                  |
| Trade and other receivables <sup>1</sup> | 12   | 18.5                              | –                               | –  | –  | 18.5                                 |
| Cash and cash equivalents                | 13   | 49.5                              | –                               | –  | –  | 49.5                                 |
|  |      | <b>68.0</b>                       | <b>2.2</b>                      | –  | –  | <b>70.2</b>                          |
| Bank overdraft                           | 14   | –                                 | –                               | 4.3  | –  | 4.3                                  |
| Bank loans                               | 14   | –                                 | –                               | 183.8                                      | –  | 183.8                                |
| Mortgage debenture stock                 | 14   | –                                 | –                               | 77.6                                       | –  | 77.6                                 |
| Trade and other payables <sup>2</sup>    | 15   | –                                 | –                               | 82.8                                       | –  | 82.8                                 |
| Interest rate swap                       | 18   | –                                 | –                               | –  | 10.7   | 10.7                                 |
|  |      | –                                 | –                               | <b>348.5</b>                               | <b>10.7</b>                                    | <b>359.2</b>                         |
| <b>2015</b>                              |      |                                   |                                 |  |  |                                      |
| Available-for-sale investment            | 10   | –                                 | 2.5                             | –  | –  | 2.5                                  |
| Trade and other receivables <sup>1</sup> | 12   | 30.5                              | –                               | –  | –  | 30.5                                 |
| Cash and cash equivalents                | 13   | 21.8                              | –                               | –  | –  | 21.8                                 |
|  |      | 52.3                              | 2.5                             | –  | –  | 54.8                                 |
| Bank overdraft                           | 14   | –                                 | –                               | 20.7                                       | –  | 30.7                                 |
| Bank loans                               | 14   | –                                 | –                               | 217.0                                      | –  | 217.0                                |
| Mortgage debenture stock                 | 14   | –                                 | –                               | 91.5                                       | –  | 91.5                                 |
| Trade and other payables <sup>2</sup>    | 15   | –                                 | –                               | 100.7                                      | –  | 100.7                                |
| Interest rate swap                       | 18   | –                                 | –                               | –  | 2.9  | 2.9                                  |
|  |      | –                                 | –                               | 429.9                                      | 2.9  | 432.8                                |

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (H) Classification and fair value of financial instruments *(Continued)*

| Company                                  | Note | Loans and<br>receivables<br>US\$M | Available-<br>for-sale<br>US\$M | Other<br>financial<br>liabilities<br>US\$M | Fair value<br>– hedging<br>instrument<br>US\$M | Total<br>carrying<br>amount<br>US\$M |
|--|------|-----------------------------------|---------------------------------|--|--|--------------------------------------|
| <b>2016</b>                              |      |                                   |                                 |  |  |                                      |
| Trade and other receivables <sup>1</sup> |      | *                                 | –                               | –  | –  | *                                    |
|  |      | *                                 | –                               | –  | –  | *                                    |
| Trade and other payables <sup>2</sup>    |      | –                                 | –                               | 1.0  | –  | 1.0                                  |
|  |      | –                                 | –                               | 1.0  | –  | 1.0                                  |
| <b>2015</b>                              |      |                                   |                                 |  |  |                                      |
| Trade and other receivables <sup>1</sup> |      | *                                 | –                               | –  | –  | *                                    |
|  |      | *                                 | –                               | –  | –  | *                                    |
| Trade and other payables <sup>2</sup>    |      | –                                 | –                               | 1.5  | –  | 1.5                                  |
|  |      | –                                 | –                               | 1.5  | –  | 1.5                                  |

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

\* Amount less than US\$0.1m

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

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 21. FINANCIAL INSTRUMENTS *(Continued)*

#### (H) Classification and fair value of financial instruments *(Continued)*

##### Fair value of financial assets and liabilities

| Group                          | Level 1<br>US\$M | Level 2<br>US\$M | Level 3<br>US\$M | Total<br>US\$M |
|--------------------------------|------------------|------------------|------------------|----------------|
| <b>2016</b>                    |                  |                  |                  |                |
| Available-for-sale investment  | -                | -                | 2.2              | 2.2            |
| Bank loans                     | -                | (183.8)          | -                | (183.8)        |
| Mortgage debenture stock       | -                | (98.0)           | -                | (98.0)         |
| Derivative financial liability | -                | (10.7)           | -                | (10.7)         |
|                                | -                | (292.5)          | -                | (292.5)        |
| <b>2015</b>                    |                  |                  |                  |                |
| Available-for-sale investment  | -                | -                | 2.5              | 2.5            |
| Bank loans                     | -                | (217.0)          | -                | (217.0)        |
| Mortgage debenture stock       | -                | (98.8)           | -                | (98.8)         |
| Derivative financial liability | -                | (2.9)            | -                | (2.9)          |
|                                | -                | (318.7)          | -                | (318.7)        |

During the financial year, there was no movement between the various levels of fair value hierarchies.

The following table shows a reconciliation from the beginning balances to the ending balances for other investments falling within level 3 of the fair value hierarchy:

| Group              | 2016<br>US\$M | 2015<br>US\$M |
|--------------------|---------------|---------------|
| Opening balance    | 2.5           | 3.1           |
| Redemption of cost | (0.3)         | (0.6)         |
| Closing balance    | 2.2           | 2.5           |

### 22. COMMITMENTS

#### (A) Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | 2016<br>US\$M  | 2015<br>US\$M |
|----------------------------|----------------|---------------|
| Within one year            | 52.2           | 54.2          |
| Between one and five years | 216.9          | 236.0         |
| Over five years            | 994.3          | 1,174.2       |
|                            | <b>1,263.4</b> | 1,464.4       |

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by majority of the lease agreements.

Total operating lease expense payable for the year is US\$50.0m (2015: US\$58.1m) and is included in:

|                         | 2016<br>US\$M | 2015<br>US\$M |
|-------------------------|---------------|---------------|
| Cost of sales           | 47.4          | 55.3          |
| Administrative expenses | 2.6           | 2.8           |
|                         | <b>50.0</b>   | 58.1          |

Twelve areas / units within the leased properties have been subleased by the Group. These leases including subleases have varying remaining terms. Sublease payments of US\$3.2m (2015: US\$3.8m) are expected to be received in subsequent year. The total sublease payments of US\$55.7m (2015: US\$62.5m) are expected to be received up to the end of the sublease period.

#### (B) Commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

|                                | 2016<br>US\$M | 2015<br>US\$M |
|--------------------------------|---------------|---------------|
| Hotels, property and equipment | 13.3          | 26.6          |
| Other investments              | 0.4           | 0.4           |
|                                | <b>13.7</b>   | 27.0          |

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 23. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company as well as the party are subject to common control or joint control. Related parties may be individuals or entities.

#### The Group

During the financial year, no casino licence was disposed to any subsidiary of the intermediate holding company (2015: US\$0.2m), and a subsidiary of the Group purchased furniture for hotel refurbishment from a subsidiary of the ultimate holding company, valued at US\$0.003m (2015: US\$2.4m) during the year.

#### The Company

The Company has advances to subsidiaries of US\$479.6m (2015: US\$625.8m). The advances are unsecured, interest free and repayable on demand. The administration fee paid to a subsidiary was US\$1.6m (2015: US\$0.8m).

New loans were granted to the Trust for ESOS 2008 during the financial year. The loan balance as at 30 June 2016 was S\$59.0m (US\$43.7m) (2015: S\$60.4m (US\$44.9m)). No (2015: 4.4m) shares of the Company were acquired by the Trustee and added to the ESOS Reserve during the financial year.

In addition to the related party information disclosed elsewhere in the financial statements, fees paid under a Master Agreement for Services dated 2 July 2014 between GuoLine Group Management Co. Limited (“GGMC”, a company related to a Director and the controlling shareholder of the Group), GOMC Limited and Guoco Group Limited (“GGL”) for the provision of corporate management services during the financial year by GGMC to various GGL subsidiaries, including members of the Group, amounted to US\$2.7m (2015: US\$2.5m) (Note 5).

Except as disclosed above, there were no material contracts of the Company and its subsidiaries involving the interests of the Chief Executive Officer, any Director or any controlling shareholder subsisting as at 30 June 2016 or entered into since 30 June 2015.

### 24. SIGNIFICANT SUBSIDIARIES

|  | Auditors                    | Country of incorporation | Ownership interest |      |
|--|-----------------------------|--------------------------|--------------------|------|
|  |                             |                          | 2016               | 2015 |
| Subsidiaries held by:  |                             |                          |                    |      |
| <b>Company</b>   |                             |                          |                    |      |
| BIL NZ Treasury Limited  | KPMG New Zealand            | New Zealand              | 100%               | 100% |
| Ma Sing Investments Limited                                    | *                           | British Virgin Islands   | 100%               | 100% |
| Wayforward Services Limited                                    | *                           | British Virgin Islands   | 100%               | 100% |
| GLH Hotels Group Limited                                       | *                           | Bermuda                  | 100%               | 100% |
| Clermont Leisure International Limited                         | *                           | Jersey                   | 100%               | 100% |
| BIL Treasury Limited   | *                           | British Virgin Island    | 100%               | 100% |
| GLManagement Holdings Pte Ltd                                  | *                           | British Virgin Island    | 100%               | 100% |
| GL Management Pte Ltd<br>(fka GuocoLeisure Management Pte Ltd) | KPMG Singapore              | Singapore                | 100%               | 100% |
| BIL (Far East Holdings) Limited                                | KPMG Hong Kong              | Hong Kong                | 100%               | –    |
| <b>Group</b>   |                             |                          |                    |      |
| BIL Australia Pty Ltd  | KPMG Australia              | Australia                | 100%               | 100% |
| BIL (Far East Holdings) Limited                                | KPMG Hong Kong              | Hong Kong                | –                  | 100% |
| GLH Hotels Holdings Limited                                    | KPMG United Kingdom         | United Kingdom           | 100%               | 100% |
| Molokai Properties Limited                                     | *                           | United States of America | 100%               | 100% |
| Tabua Investments Limited                                      | PricewaterhouseCoopers Fiji | Fiji                     | 100%               | 100% |
| GLH Hotels Limited   | KPMG United Kingdom         | United Kingdom           | 100%               | 100% |
| Clermont Leisure (UK) Limited                                  | KPMG United Kingdom         | United Kingdom           | 100%               | 100% |

\* Not required to be audited by law in country of incorporation.

The number of companies within the Group as at 30 June 2016 was 73 (2015: 75). During the financial year, the Group undertook a restructuring and a subsidiary BIL (Far East Holdings) Limited was transferred from another subsidiary to the Company at its net book value.

During the year, the Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, no impairment (2015: Nil) was provided for investment in a subsidiary. Also, no impairment (2015: US\$39.8m) was provided for advances to a subsidiary. Management estimated the recoverable amounts in the investments in a subsidiaries based on fair value less cost to sell approach. Fair value less cost to sell at the reporting date has been determined based on the net asset value of the subsidiary at the reporting date as in the opinion of Management; the net asset value of the subsidiary approximates its fair value.

## NOTES TO THE FINANCIAL STATEMENTS *Continued*

### 25. DIVIDENDS

Subject to shareholders' approval, the Board has proposed a first and final dividend of S\$0.022 per share (2015: S\$0.022 per share) for the financial year ended 30 June 2016, amounting to US\$22.3m (2015: US\$22.4m). The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and the jurisdiction they are in.

### 26. COMPANY STATEMENT OF CASH FLOWS

No statement of cash flows is prepared for the Company as there were no cash inflows and outflows during the financial year and in the previous financial year.

### 27. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments which are mandatory for adoption by the Group on 1 July 2018 and IFRS 16 Leases which is mandatory for adoption by the Group on 1 July 2019.

- IFRS 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. When effective, IFRS 15 replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreement Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.
- IFRS 9 replaces most of the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
- IFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the IAS 17 operating lease and finance lease accounting models respectively. However, IFRS 16 requires more extensive disclosures to be provided by a lessor.

As IFRS 15, IFRS 9 and IFRS 16, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the Group and the Company. The Group is presently in the process of assessing the potential impact of these standards on the financial statements of the Group and the Company and does not plan to adopt these standards early.

### 28. CHANGE OF NAME

The Company changed its name from GuocoLeisure Limited to GL Limited with effect from 21 October 2015.

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

|  | Note | 2016<br>US\$M | 2015<br>US\$M |
|--|------|---------------|---------------|
| Dividend income from a subsidiary              |      | 43.1          | 284.8         |
| Sundry income                                  |      | 0.1           | 0.1           |
| Administration fees                            |      | (1.6)         | (0.8)         |
| Other expenses                                 |      | (1.0)         | (1.4)         |
| <b>Operating profit</b>                        |      | <b>40.6</b>   | 282.7         |
| Interest on borrowings                         |      | –             | *             |
| Net foreign exchange gains                     |      | 10.6          | 72.8          |
| Provision for loan advances to a subsidiary    |      | –             | (39.8)        |
| <b>Profit before tax</b>                       |      | <b>51.2</b>   | 315.7         |
| Income tax expense                             | 6    | –             | –             |
| <b>Profit for the year</b>                     |      | <b>51.2</b>   | 315.7         |
| <b>Other comprehensive income, net of tax</b>  |      | –             | –             |
| <b>Total comprehensive income for the year</b> |      | <b>51.2</b>   | 315.7         |

\* Amount less than US\$0.1m

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

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

|   | Share capital<br>US\$M | Contributed surplus<br>US\$M | Capital reserve share based payment<br>US\$M | Equity compensation reserve<br>US\$M | ESOS reserve<br>US\$M | Retained earnings<br>US\$M | Total<br>US\$M |
|---|------------------------|------------------------------|--|--------------------------------------|-----------------------|----------------------------|----------------|
| <b>Balance at 1 July 2015</b>   | 273.6                  | 654.2                        | (1.6)  | 2.7                                  | (46.2)                | 698.3                      | 1,581.0        |
| <b>Profit for the year</b>  | -                      | -                            | -  | -                                    | -                     | 51.2                       | 51.2           |
| <b>Other comprehensive income</b>   | -                      | -                            | -  | -                                    | -                     | -                          | -              |
| <b>Total comprehensive income for the year, net of tax</b>                                | -                      | -                            | -  | -                                    | -                     | 51.2                       | 51.2           |
| <b>Transactions with owners, recorded directly in equity</b>                              |                        |                              |  |                                      |                       |                            |                |
| First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2015 | -                      | -                            | -  | -                                    | -                     | (20.2)                     | (20.2)         |
| <b>Total transactions with owners</b>   | -                      | -                            | -  | -                                    | -                     | (20.2)                     | (20.2)         |
| <b>Balance at 30 June 2016</b>  | 273.6                  | 654.2                        | (1.6)  | 2.7                                  | (46.2)                | 729.3                      | 1,612.0        |
| <b>Balance at 1 July 2014</b>   | 273.6                  | 654.2                        | (1.6)  | 2.9                                  | (42.2)                | 402.7                      | 1,289.6        |
| <b>Profit for the year</b>  | -                      | -                            | -  | -                                    | -                     | 315.7                      | 315.7          |
| <b>Other comprehensive income</b>   | -                      | -                            | -  | -                                    | -                     | -                          | -              |
| <b>Total comprehensive income for the year, net of tax</b>                                | -                      | -                            | -  | -                                    | -                     | 315.7                      | 315.7          |
| <b>Transactions with owners, recorded directly in equity</b>                              |                        |                              |  |                                      |                       |                            |                |
| Purchase of shares of the Company for ESOS 2008   | -                      | -                            | -  | -                                    | (4.0)                 | -                          | (4.0)          |
| Value of employee services received for issue of share options                            | -                      | -                            | -  | (0.2)                                | -                     | -                          | (0.2)          |
| First and final dividend of 2.0 Singapore cents per share for the year ended 30 June 2014 | -                      | -                            | -  | -                                    | -                     | (20.1)                     | (20.1)         |
| <b>Total transactions with owners</b>   | -                      | -                            | -  | (0.2)                                | (4.0)                 | (20.1)                     | (24.3)         |
| <b>Balance at 30 June 2015</b>  | 273.6                  | 654.2                        | (1.6)  | 2.7                                  | (46.2)                | 698.3                      | 1,581.0        |

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

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

|                                   | Note | 2016<br>US\$M | 2015<br>US\$M |
|-----------------------------------|------|---------------|---------------|
| <b>ASSETS</b>                     |      |               |               |
| Investments in subsidiaries       | 24   | 1,133.2       | 956.5         |
| <b>TOTAL NON-CURRENT ASSETS</b>   |      | 1,133.2       | 956.5         |
| Trade and other receivables       |      | 0.2           | 0.2           |
| Advances to subsidiaries          | 23   | 479.6         | 625.8         |
| <b>TOTAL CURRENT ASSETS</b>       |      | 479.8         | 626.0         |
| <b>TOTAL ASSETS</b>               |      | 1,613.0       | 1,582.5       |
| <b>LIABILITIES</b>                |      |               |               |
| Trade and other payables          |      | 1.0           | 1.5           |
| <b>TOTAL CURRENT LIABILITIES</b>  |      | 1.0           | 1.5           |
| <b>TOTAL LIABILITIES</b>          |      | 1.0           | 1.5           |
| <b>NET ASSETS</b>                 |      | 1,612.0       | 1,581.0       |
| <b>SHARE CAPITAL AND RESERVES</b> |      | 1,612.0       | 1,581.0       |

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

On behalf of the Board of Directors



**Quek Leng Chan**  
Non-Executive Chairman



**Timothy Teo Lai Wah**  
Director

## STATISTICS OF SHAREHOLDINGS

As at 8 September 2016

|                                     |   |   |
|-------------------------------------|---|---|
| Issued and fully paid-up capital    | : | US\$273,612,727   |
| Number of issued and paid-up shares | : | 1,368,063,633   |
| Class of shares                     | : | Ordinary shares of US\$0.20 each with equal voting rights |

### (A) DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NUMBER OF SHAREHOLDERS | %          | NUMBER OF SHARES     | %          |
|-----------------------|------------------------|------------|----------------------|------------|
| 1 to 99               | 159                    | 0.74       | 4,117                | 0.00       |
| 100 to 1,000          | 12,516                 | 58.33      | 6,274,061            | 0.46       |
| 1,001 to 10,000       | 7,029                  | 32.76      | 23,931,747           | 1.75       |
| 10,001 to 1,000,000   | 1,720                  | 8.02       | 86,099,746           | 6.29       |
| 1,000,001 AND ABOVE   | 33                     | 0.15       | 1,251,753,962        | 91.50      |
| <b>TOTAL</b>          | <b>21,457</b>          | <b>100</b> | <b>1,368,063,633</b> | <b>100</b> |

### (B) TWENTY LARGEST SHAREHOLDERS

| NO.          | NAME OF SHAREHOLDER                        | NUMBER OF SHARES     | %            |
|--------------|--|----------------------|--------------|
| 1            | GuocoLeisure Assets Limited                | 920,368,734          | 67.27        |
| 2            | UOB Kay Hian Pte Ltd                       | 95,235,884           | 6.96         |
| 3            | DBS Nominees Pte Ltd                       | 54,291,466           | 3.97         |
| 4            | Citibank Nominees Singapore Pte Ltd        | 53,135,729           | 3.88         |
| 5            | United Overseas Bank Nominees Pte Ltd      | 17,772,331           | 1.30         |
| 6            | OCBC Securities Private Ltd                | 11,990,268           | 0.88         |
| 7            | Merrill Lynch (Singapore) Pte Ltd          | 9,818,942            | 0.72         |
| 8            | Raffles Nominees (Pte) Ltd                 | 9,057,079            | 0.66         |
| 9            | DBSN Services Pte Ltd                      | 8,343,600            | 0.61         |
| 10           | HSBC (Singapore) Nominees Pte Ltd          | 6,921,152            | 0.51         |
| 11           | CIMB Securities (Singapore) Pte Ltd        | 6,774,598            | 0.49         |
| 12           | DBS Vickers Securities (Singapore) Pte Ltd | 5,802,934            | 0.42         |
| 13           | Lim & Tan Securities Pte Ltd               | 5,633,350            | 0.41         |
| 14           | Phillip Securities Pte Ltd                 | 5,180,847            | 0.38         |
| 15           | Waterworth Pte Ltd                         | 5,000,000            | 0.37         |
| 16           | Maybank Kim Eng Securities Pte Ltd         | 4,460,284            | 0.33         |
| 17           | Heng Siew Eng                              | 3,891,400            | 0.28         |
| 18           | HL Bank Nominees (Singapore) Pte Ltd       | 3,650,000            | 0.27         |
| 19           | Hong Leong Finance Nominees Pte Ltd        | 3,248,300            | 0.24         |
| 20           | KGI Fraser Securities Pte Ltd              | 3,235,368            | 0.24         |
| <b>TOTAL</b> |  | <b>1,233,812,266</b> | <b>90.19</b> |

### (C) SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 8 September 2016, approximately 31.65% of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

### DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

According to the Register of Directors' shareholding, none of the Directors holding office at the end of the financial year had any interest in the shares or convertible securities of the Company except as follows:

| DIRECTORS   | ORDINARY SHARES OF US\$0.20 EACH                    |                     |                     |                                  |                            |                            |
|---|---|---------------------|---------------------|----------------------------------|----------------------------|----------------------------|
|   | DIRECT INTEREST<br>NO. OF SHARES                    |                     |                     | DEEMED INTEREST<br>NO. OF SHARES |                            |                            |
|   | AS AT<br>1 JULY 15                                  | AS AT<br>30 JUNE 16 | AS AT<br>21 JULY 16 | AS AT<br>1 JULY 15               | AS AT<br>30 JUNE 16        | AS AT<br>21 JULY 16        |
| Quek Leng Chan                                      | 735,000   | 735,000             | 735,000             | 912,076,434 <sup>(4)</sup>       | 921,994,834 <sup>(4)</sup> | 921,994,834 <sup>(4)</sup> |
| Timothy Teo Lai Wah                                 | -   | 500,000             | 500,000             | -                                | -                          | -                          |
| Michael Bernard DeNoma<br>(resigned on 1 July 2016) | 100,000   | 100,000             | 200,000             | -                                | -                          | -                          |
|   | OPTIONS TO ACQUIRE ORDINARY SHARES OF US\$0.20 EACH |                     |                     |                                  |                            |                            |
| Michael Bernard DeNoma<br>(resigned on 1 July 2016) | 25,000,000  | 25,000,000          | -                   | -                                | -                          | -                          |

The Directors' interests in the ordinary shares and convertible securities of the Company as at 21 July 2016 were the same as those as at 30 June 2016, except for Mr Michael Bernard DeNoma whose 25,000,000 options have lapsed following his resignation on 1 July 2016.

The substantial shareholders of the Company and their direct and deemed interests as per the Register of Substantial Shareholders as at 8 September 2016 are set out below:

| SUBSTANTIAL SHAREHOLDER                  | NO. OF SHARES   |                  |                            |                  |
|--|-----------------|------------------|----------------------------|------------------|
|  | DIRECT INTEREST | % <sup>(1)</sup> | DEEMED INTEREST            | % <sup>(1)</sup> |
| GuocoLeisure Assets Limited ("GLAL")     | 916,618,934     | 67.00            | -                          | -                |
| Guoco Group Limited                      | -               | -                | 916,618,934 <sup>(2)</sup> | 67.00            |
| GuoLine Capital Assets Limited           | -               | -                | 916,948,134 <sup>(3)</sup> | 67.02            |
| GuoLine Overseas Limited ("GOL")         | 1,415,000       | 0.1              | 915,533,134 <sup>(3)</sup> | 66.92            |
| HL Holdings Sdn Bhd                      | -               | -                | 916,548,134 <sup>(3)</sup> | 67.00            |
| Hong Leong Company (Malaysia) Berhad     | -               | -                | 916,548,134 <sup>(3)</sup> | 67.00            |
| Hong Leong Investment Holdings Pte. Ltd. | -               | -                | 930,422,825 <sup>(3)</sup> | 68.01            |
| Quek Leng Chan                           | 735,000         | 0.05             | 922,283,734 <sup>(4)</sup> | 67.42            |

#### Notes:

<sup>(1)</sup> Percentages are based on 1,368,063,633 Shares (excluding treasury shares) as at 8 September 2016. Percentage figures have been rounded to 2 decimal places.

<sup>(2)</sup> The deemed interests arise from their interests in GLAL by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

<sup>(3)</sup> The deemed interests arise from its interests in GLAL and companies in which it has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.

<sup>(4)</sup> The deemed interests arise from Mr Quek Leng Chan's interests in GLAL, GOL and a company in which he has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 55<sup>th</sup> Annual General Meeting (“**AGM**”) of GL Limited (“**Company**”) will be held at Orchard Hotel Singapore, Ballroom 3, Level 3, 442 Orchard Road, Singapore 238879 on Monday, 24 October 2016 at 11.00 a.m. for the following purposes:

### ORDINARY BUSINESS

1. To lay before the AGM the Audited Financial Statements of the Company together with the Auditors’ Report thereon for the financial year ended 30 June 2016 (“**FY2016**”).
2. To approve a first and final dividend of S\$0.022 per share for FY2016. **(Resolution 1)**
3. To re-elect the following Directors, each of whom will be retiring by rotation pursuant to Bye-Law 86 of the Company’s Bye-laws and who, being eligible, offer themselves for re-election:
  - (a) Mr Philip Burdon **(Resolution 2)**
  - (b) Mr Timothy Teo Lai Wah **(Resolution 3)**
4. To re-elect Mr Tang Hong Cheong, who will be retiring pursuant to Bye-Law 85(F) of the Company’s Bye-laws and who, being eligible, offers himself for re-election. **(Resolution 4)**
5. To approve the payment of Directors’ fees of S\$341,000 for FY2016 (FY2015: S\$331,000). **(Resolution 5)**
6. To re-appoint KPMG LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### SPECIAL BUSINESS

To consider and, if thought fit, to approve with or without modifications the following resolutions as Ordinary Resolutions:

7. THAT approval be and is hereby given to the Directors of the Company to: **(Resolution 7)**
  - (a) issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
  - (b) make or grant offers, agreements or options (collectively “**Instruments**”) which might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares as well as adjustments to such warrants, debentures or other instruments, notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time such Shares are issued,

in each case at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may at their absolute discretion deem fit,

Provided that:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued pursuant to the Instruments) (“**Aggregate Shares**”) does not exceed fifty per cent. (50%) of the Issued Shares (defined in sub-paragraph (3) below);

- (2) the number of the Aggregate Shares (excluding the Aggregate Shares to be issued on a pro-rata basis to shareholders of the Company) does not exceed twenty per cent. (20%) of the Issued Shares;
- (3) “**Issued Shares**” means the total number of issued Shares of the Company at the time at which this resolution is passed, excluding treasury Shares and:
  - (i) including new Shares arising from the conversion or exercise of any convertible securities at the time at which this resolution is passed;
  - (ii) including new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time at which this resolution is passed granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (iii) adjusting for any bonus issue, consolidation or sub-division of Shares;
- (4) in exercising the authority conferred by this resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
- (5) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

8. THAT approval be and is hereby given to the Directors to: **(Resolution 8)**
  - (a) offer and grant options (“**Options**”) in accordance with the provisions of “The GL Limited Executives’ Share Option Scheme 2008” (“**Scheme**”); and
  - (b) issue and allot from time to time such number of Shares as may be required to be issued and allotted pursuant to the exercise of the Options (notwithstanding that such exercise or such allotment and issue may occur after the conclusion of the next or any subsequent Annual General Meeting of the Company),

Provided that:

- (1) the aggregate of:
  - (i) Shares in respect of which the committee administering the Scheme (“**Committee**”) may on any date grant Options (“**Grant Date**”); and
  - (ii) Shares which are transferred and to be transferred, and new Shares which are issued and allotted and to be issued and allotted, pursuant to all Options under the Scheme

shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company (excluding treasury Shares) on the day preceding the Grant Date (“**Scheme Limit**”);

## NOTICE OF ANNUAL GENERAL MEETING *Continued*

(2) for so long as the Company is a subsidiary of Guoco Group Limited (“GGL”) and GGL is listed on the Hong Kong Stock Exchange (“HKSE”) but subject always to the Scheme Limit:

(i) the aggregate of:

(a) Shares to be issued and allotted and over which the Committee may on any date grant Options; and

(b) Shares issued and allotted and to be issued and allotted pursuant to all Options granted under the Scheme

shall not exceed ten per cent. (10%) of the total number of issued Shares as at 21 November 2008 (being the date of approval of the Scheme by the shareholders of GGL) or such other limit as may be prescribed or permitted by the HKSE (“HKSE Limit”) from time to time; and

(ii) the HKSE Limit may be increased in accordance with the HKSE Listing Rules; and

(3) the aggregate number of Shares to be offered under the Scheme to selected confirmed employees of the Company or any of its subsidiaries (including executive directors of the Company or any of its subsidiaries) (subject to adjustments, if any, made under the Scheme) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the Scheme.

9. To transact any other ordinary business that may be transacted at an Annual General Meeting.

### NOTICE OF BOOK CLOSURE DATE FOR FIRST AND FINAL DIVIDEND

**NOTICE IS HEREBY GIVEN THAT** subject to shareholders of GL Limited (“the Company”) approving the proposed payment of the first and final dividend of S\$0.022 per ordinary share (“Dividend”) at the Annual General Meeting to be held on 24 October 2016, the share transfer books and register of members of the Company will be closed on 8 November 2016 for the preparation of dividend warrants.

Duly completed instruments of transfer received by the Company’s share registrar in Singapore, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 7 November 2016 (Singapore time) will be registered to determine shareholders’ entitlements to the Dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 7 November 2016 will be entitled to the Dividend.

The Dividend, if so approved by shareholders, will be paid on 25 November 2016.

By Order of the Board

**SUSAN LIM**  
Group Company Secretary  
7 October 2016  
Singapore

### EXPLANATORY NOTES ON BUSINESSES TO BE TRANSACTED

- In relation to Ordinary Resolution 2, Mr Philip Burdon will, upon re-election, continue to serve as a Deputy Chairman and Chairman of both the Remuneration Committee and the Nominating Committee. Mr Burdon is an independent Director. Please refer to the section on the Board of Directors in the Annual Report for further details on Mr Burdon.
- In relation to Ordinary Resolution 3, Mr Timothy Teo Lai, upon re-election, continue to serve as a Chairman of the Audit and Risk Management Committee. Mr Teo is an independent Director. Please refer to the section on the Board of Directors in the Annual Report for further details on Mr Teo.
- In relation to Ordinary Resolution 4, Mr Tang Hong Cheong is and will continue to serve as the Group Managing Director of the Company. Please refer to the section on the Board of Directors in the Annual Report for further details on Mr Tang.
- Resolution 7, if passed, will empower the Directors from the date of this AGM until the date of the next AGM of the Company to allot and issue shares and convertible securities in the capital of the Company up to a number not exceeding 50% of the issued shares (excluding treasury shares) of the Company, provided the number of shares to be issued (excluding those to be issued on a pro rata basis to shareholders of the Company) does not exceed 20% of the issued shares (excluding treasury shares) of the Company.
- Resolution 8, if passed, will empower the Directors to allot and issue shares in the capital of the Company up to a number not exceeding 15% of the issued shares (excluding treasury shares) of the Company, provided the number of shares to be issued does not exceed:
  - 10% of the issued shares of the Company as at 21 November 2008, for as long as the Company is a subsidiary of Guoco Group Limited (“GGL”) and GGL is listed on the Hong Kong Stock Exchange, and
  - the limits under the Scheme.

### NOTES

- A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Proxy forms must be lodged at the office of the Company’s share registrar in Singapore, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 not later than 11.00 a.m. on 22 October 2016.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company or its agents for the purpose of the processing and administration by the Company or its agents of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company or its agents to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company or its agents, the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company or its agents of such personal data for the Purposes and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages suffered by the Company as a result of such Shareholder’s breach of such warranty.

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**gl.**

**GL Limited**

20 Collyer Quay, #18-05,  
Singapore 049319

Tel : (65) 6438 0002

Fax : (65) 6435 0040

[www.gl-grp.com](http://www.gl-grp.com)