

REPORT OF THE DIRECTORS

The directors of the Company present their report together with the audited financial statements of the Group for the year ended 30 June 2017 (the “Financial Statements”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and investment management. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure business. The principal activities of the associates which materially affected the results of the Group during the year include commercial banking business, Islamic banking services, insurance and takaful business, investment banking, futures and stockbroking and asset management business.

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in note 16 to the Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 June 2017 are provided in the Chairman’s Statement, Management Discussion and Analysis and Environmental, Social and Governance Report sections of this annual report.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 16 to the Financial Statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2017 and the state of the Company’s and the Group’s affairs as at that date are set out in the Financial Statements on pages 82 to 177.

DIVIDENDS

An interim dividend of HK\$1.00 (2016: HK\$1.00) per share totalling HK\$329,051,000 (2016: HK\$329,051,000) was paid on 27 March 2017. The directors are recommending payment of a final dividend of HK\$3.00 per share (2016: HK\$3.00 per share) in respect of the year ended 30 June 2017 totalling HK\$987,152,000 (2016: HK\$987,154,000).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ right to attend and vote at the forthcoming annual general meeting:

Closure dates of Register of Members (both days inclusive)	6 November 2017 (Monday) to 8 November 2017 (Wednesday)
Latest time to lodge transfers	4:30 p.m. on 3 November 2017 (Friday)
Record date	8 November 2017 (Wednesday)
Annual General Meeting	15 November 2017 (Wednesday)

CLOSURE OF REGISTER OF MEMBERS (cont'd)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Closure date of Register of Members	22 November 2017 (Wednesday)
Latest time to lodge transfers	4:30 p.m. on 21 November 2017 (Tuesday)
Record date	22 November 2017 (Wednesday)
Proposed final dividend payment date	4 December 2017 (Monday)

(*subject to shareholders' approval at the forthcoming annual general meeting)

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before the relevant latest time to lodge transfers.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the total turnover of the Group and the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US\$876,000 (2016: US\$1,023,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES AND WARRANTS

The Company did not issue any new share, convertible securities and warrants during the year. Details of the share capital of the Company are shown in note 32 to the Financial Statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company as disclosed in this Directors' Report, no equity-linked agreement was entered into by the Company subsisted at the end of the year or at any time during the year ended 30 June 2017.

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

Neither the Company, nor any of its other subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2017.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 178 to 180.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda.

DIRECTORS

The directors during the year and up to the date of this report are:

Quek Leng Chan – *Chairman* ^{Note 1}

Kwek Leng Hai – *Executive Chairman* ^{Note 2}

Tang Hong Cheong – *President, CEO* ^{Note 3}

Kwek Leng San*

Tan Lim Heng*

Volker Stoeckel**

Roderic N. A. Sage**

David Michael Norman**

* Non-executive director

** Independent non-executive director

Note:

1. Mr. Quek Leng Chan relinquished his position as a director and the Chairman of the Board with effect from 1 September 2016.
2. Mr. Kwek Leng Hai was re-designated from President & CEO to the Executive Chairman of the Board with effect from 1 September 2016.
3. Mr. Tang Hong Cheong was appointed as an executive director and the President & CEO of the Company with effect from 1 September 2016.

In accordance with Bye-Law 99 and Code A.4.2 of the Code of Corporate Governance Practices of the Company, Messrs Kwek Leng San, Volker Stoeckel and David Michael Norman will retire from office by rotation at the forthcoming annual general meeting of the Company to be held on 15 November 2017 (the “AGM”). All of them, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS’ SERVICE CONTRACTS

None of the directors has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the continuing connected transactions and material related party transactions are set out in this Directors’ Report and note 39 to the Financial Statements respectively. Save as disclosed, no other transaction, arrangement or contract that is significant in relation to the Group’s business to which the Company or any of its holding company, subsidiaries or fellow subsidiaries was a party and in which a director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year ended 30 June 2017.

MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business was entered into or existed during the year ended 30 June 2017.

INDEMNITY OF DIRECTORS

Pursuant to the Bye-Laws of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

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

As at 30 June 2017, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Certain information herein is based on additional information of the relevant events on or before 30 June 2017 with the disclosure deadlines under the SFO falling after 30 June 2017.

(A) The Company

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of the Company
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%
Tang Hong Cheong	130,000	–	130,000	0.04% Note
Kwek Leng San	209,120	–	209,120	0.06%
Tan Lim Heng	566,230	–	566,230	0.17%
David Michael Norman	4,000	–	4,000	0.00%

* Ordinary shares unless otherwise specified in the Notes

Note:

The total interests of 130,000 shares/underlying shares comprised 10,000 ordinary shares of the Company and an option in respect of 120,000 underlying shares of the Company pursuant to an executive option scheme of a Hong Leong Group company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations

a) Hong Leong Company (Malaysia) Berhad ("HLCM")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCM
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	420,500	–	420,500	2.61%
Kwek Leng San	160,895	–	160,895	1.00%

* Ordinary shares

b) GuocoLand Limited ("GLL")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLL
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	35,290,914	–	35,290,914	2.98%
Tang Hong Cheong	865,000	–	865,000	0.07% Note
Tan Lim Heng	1,337,777	–	1,337,777	0.11%
Volker Stoeckel	1,461,333	–	1,461,333	0.12%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 865,000 shares/underlying shares comprised 65,000 ordinary shares of GLL and an option of 800,000 underlying shares of GLL pursuant to an executive option scheme of a Hong Leong Group company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

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

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HLFG
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,526,000	–	2,526,000	0.22%
Tang Hong Cheong	249,146	–	249,146	0.02% Note
Kwek Leng San	654,000	–	654,000	0.06%
Tan Lim Heng	267,813	–	267,813	0.02%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 249,146 shares/underlying shares comprised 178,000 ordinary shares of HLFG and an option of 71,146 underlying shares of HLFG pursuant to an executive option scheme of a Hong Leong Group company.

d) GuocoLand (Malaysia) Berhad ("GLM")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLM
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	226,800	–	226,800	0.03%
Tang Hong Cheong	300,000	–	300,000	0.04% Note
Tan Lim Heng	326,010	–	326,010	0.05%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 300,000 shares/underlying shares comprised 90,000 ordinary shares of GLM and an option of 210,000 underlying shares of GLM pursuant to an executive option scheme of a Hong Leong Group company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

e) GL Limited ("GL")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GL
	Personal interests	Corporate interests	Total interests	
Tang Hong Cheong	430,000	–	430,000	0.03% Note
Tan Lim Heng	1,100,000	–	1,100,000	0.08%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 430,000 shares/underlying shares comprised 300,000 ordinary shares of GL and an option of 130,000 underlying shares of GL pursuant to an executive option scheme of a Hong Leong Group company.

f) The Rank Group Plc ("Rank")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of Rank
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	1,026,209	–	1,026,209	0.26%
Tang Hong Cheong	200,000	–	200,000	0.05% Note
Kwek Leng San	56,461	–	56,461	0.01%
Tan Lim Heng	152,882	–	152,882	0.04%

* Ordinary shares unless otherwise specified in the Note

Note:

The interests represented an option of 200,000 underlying shares of Rank pursuant to an executive option scheme of a Hong Leong Group company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

g) Hong Leong Industries Berhad ("HLI")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLI
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	190,000	–	190,000	0.06%
Tang Hong Cheong	300,000	15,000	315,000	0.10%
Kwek Leng San	2,300,000	–	2,300,000	0.72%

* Ordinary shares

h) Hong Leong Bank Berhad ("HLB")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLB
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	5,510,000	–	5,510,000	0.26%
Kwek Leng San	536,000	–	536,000	0.03%

* Ordinary shares

i) Malaysian Pacific Industries Berhad ("MPI")

Director	Number of *shares (Long Position)			Approx. % of the issue share capital of MPI
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	71,250	–	71,250	0.04%
Kwek Leng San	1,260,000	–	1,260,000	0.63%

* Ordinary shares

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(B) Associated Corporations (cont'd)

j) Lam Soon (Hong Kong) Limited ("LSHK")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of LSHK
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tan Lim Heng	274,000	–	274,000	0.11%

* Ordinary shares

k) Hume Industries Berhad ("HIB")

Director	Number of *shares/underlying shares (Long Position)				Approx. % of the issued share capital of HIB
	Personal interests	Family interests	Corporate interests	Total interests	
Kwek Leng Hai	205,200	–	–	205,200	0.04%
Tang Hong Cheong	1,405,600	16,200	–	1,421,800	0.30% Note
Kwek Leng San	3,921,600	–	–	3,921,600	0.82%

* Ordinary shares unless otherwise specified in the Note.

Note:

The personal interests of 1,405,600 shares/underlying shares comprised 1,275,600 ordinary shares of HIB and an option of 130,000 underlying shares of HIB pursuant to an executive option scheme of a Hong Leong Group company.

l) Southern Steel Berhad ("SSB")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HIB
	Personal interests	Corporate interests	Total interests	
Tang Hong Cheong	131,000	–	131,000	0.03% Note

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 131,000 shares/underlying shares comprised 1,000 ordinary shares of SSB and an option of 130,000 underlying shares of SSB pursuant to an executive option scheme of a Hong Leong Group company.

Save as disclosed above, as at 30 June 2017, none of the directors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the directors of the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SHARE OPTIONS

The Company

Executive Share Option Scheme 2012 (the “ESOS 2012”)

The ESOS 2012 was approved by the shareholders of the Company at the special general meeting on 14 November 2012 (the “Approval Date”) and took effect on 16 November 2012 (the “Effective Date”) for grant of options over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries (the “Eligible Executives”) from time to time. The ESOS 2012 provides an opportunity for the executives or directors of the Company and all its subsidiaries (the “Eligible Executives”) to participate in the equity of the Company and aligning the Company’s long term interests with those of the shareholders.

A trust (the “ESOS Trust”) is in place for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the ESOS 2012. A wholly owned subsidiary of the Company as the trustee is responsible for administering the ESOS Trust.

The number of new shares of the Company that may be issued upon exercise of all share options to be granted under the ESOS 2012 shall not in aggregate exceed 10% of the issued share capital of the Company as at the Approval Date, i.e. 32,905,137 which represents 10% of the shares in issue of the Company as at the date of this report. The maximum entitlement for any Eligible Executives in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12-month period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

The option price per share payable upon exercise of any share option will be determined by the directors upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such share option; (b) the closing price of a share as stated in the Stock Exchange’s daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK\$1 is payable on acceptance of the share option within 30 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer.

The life of the ESOS 2012 is 10 years from the Effective Date. The ESOS 2012 shall remain valid and effective till 15 November 2022.

No option has ever been granted to any Eligible Executives pursuant to the ESOS 2012 up to 30 June 2017.

SHARE OPTIONS (cont'd)

GuocoLand Limited ("GLL")

GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008")

The GLL ESOS 2008 was approved by the shareholders of GLL on 17 October 2008 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 21 November 2008 (the "GLL ESOS Effective Date"). Under the GLL ESOS 2008, options may be granted over newly issued and/or existing shares of GLL to eligible participants including employees and executive directors of GLL and its subsidiaries (collectively the "GLL Group") who are not GLL's controlling shareholders or their associates.

The GLL ESOS 2008 provides an opportunity for the employees of the GLL Group who have contributed to the growth and development of the GLL Group to participate in the equity of GLL.

During the financial year, the administration of the GLL ESOS 2008 has been delegated to GLL Remuneration Committee. The GLL Remuneration Committee shall select confirmed employees (including executive directors) of the GLL Group to become participants in the GLL ESOS 2008.

The number of GLL shares over which the GLL Remuneration Committee may grant options under the GLL ESOS 2008 on any date shall not in aggregate exceed 15% of the issued share capital of GLL on the day preceding that date, provided that the maximum aggregate number of new GLL shares over which the GLL Remuneration Committee may grant options when added to the number of new GLL shares issued and issuable in respect of all options granted under the GLL ESOS 2008, shall not exceed 10% of the issued share capital of GLL as at the GLL ESOS Effective Date. As at the date of this report, the total number of new GLL shares available for issue under the GLL ESOS 2008 is 118,337,327, which represents approximately 10% of the issued share capital of GLL.

The maximum entitlement of any participant in respect of the total number of new GLL shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GLL in issue as at any date of grant.

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

The exercise price per GLL share shall be a price equal to the 5-day weighted average market price of the GLL shares immediately prior to the date of grant of the option. An option shall be exercisable within such period commencing on the date after (a) the second anniversary of the date of grant (for participants who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other participants) and ending on a date not later than 10 years after the date of grant.

The GLL ESOS 2008 shall continue to be in force at the discretion of the GLL Remuneration Committee, subject to a maximum period of 10 years commencing on the GLL ESOS Effective Date till 20 November 2018.

There was no outstanding option at any time during the year ended 30 June 2017.

SHARE OPTIONS (cont'd)

GL Limited ("GL")

The GL Executives' Share Option Scheme 2008 (the "GL ESOS 2008")

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008, and by the shareholders of the Company on 21 November 2008 (the "GGL Approval Date") for the purpose of compliance with Chapter 17 of the Listing Rules. 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 GL and its subsidiaries (collectively the "GL Group"). Non-executive directors of GL, directors and employees of associated companies of GL, and directors and employees of GL's controlling shareholders or their associates are not eligible to participate in the GL ESOS 2008.

The primary aim of the GL ESOS 2008 is to align the long-term interests of GL employees with those of the shareholders of GL and to encourage such employees to assume greater responsibility for the performance of the businesses which they manage.

GL's Remuneration Committee ("RC"), comprising directors of GL who are not participants of GL ESOS 2008, as the administrators the GL ESOS 2008.

The aggregate of: (a) the number of GL shares over which the RC may grant options under the GL ESOS 2008 on any date (the "Date"); and (b) the number of GL shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted pursuant to all options granted under the GL ESOS 2008, shall not exceed 15% of the issued share capital of GL on the day preceding the Date, provided that the aggregate of: (i) the number of new GL shares to be issued and allotted and over which the RC may grant options under the GL ESOS 2008; and (ii) the number of new GL shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the GL ESOS 2008, shall not exceed 10% of the issued share capital of GL as at the GGL Approval Date. As at the date of this report, the total number of new GL Shares available for issue under GL ESOS 2008 is 136,806,363, which represents 10% of the issued share capital of GL.

The maximum entitlement of any participant in respect of the new GL shares issued and allotted and to be issued and allotted upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of GL 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.

The exercise price per GL share shall be a price equal to the 5-day weighted average market price of GL shares immediately prior to the date of grant of the relevant option for which there was trading in the GL shares. An option shall be exercisable within such period commencing on the date after (a) the second anniversary of the date of grant (for participants who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other participants) and ending on a date not later than 10 years after the date of grant.

The GL ESOS 2008 shall 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 (i.e. 20 November 2018).

SHARE OPTIONS (cont'd)

GL Limited ("GL") (cont'd)

The GL Executives' Share Option Scheme 2008 (the "GL ESOS 2008") (cont'd)

Details of the options outstanding for the financial year ended 30 June 2017 are as follows:

Grantees	Date of grant	No. of GL shares comprised in options				As at 30 Jun 2017	Note	Exercise price per GL share
		As at 1 Jul 2016	Granted during the year	Exercised during the year	Lapsed during the year			
Michael DeNoma	13 May 2013	25,000,000	-	-	25,000,000	-	Note 1&2	S\$0.86
Eligible employees	13 May 2013	27,900,000	-	-	17,900,000	10,000,000	Note 2	S\$0.86
Eligible employees	21 September 2015	19,500,000	-	-	10,000,000	9,500,000	Note 3	S\$0.80
		72,400,000	-	-	52,900,000	19,500,000		

Note:

1. Mr. Michael DeNoma is an option holder under Rule 17.07(ii) of the Listing Rules. The options lapsed following his resignation on 1 July 2016.
2. The options that were granted on 13 May 2013 will vest in 2 tranches:
 - i. First tranche – up to 35% of the relevant GL shares will vest upon achievement of applicable performance targets at the end of the financial year ended 30 June 2016.
 - ii. Second tranche – up to 65% of the relevant GL shares will vest within 3 months after the end of the financial year ending 30 June 2019 upon achievement of applicable performance targets.

Each tranche, once vested, is exercisable as follows:

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

3. The options that were granted on 21 September 2015 will vest in 2 tranches:

- i. First tranche – up to 20% of the relevant GL shares will vest upon achievement of applicable performance targets at the end of 30 June 2016; and
- ii. Second tranche – up to 80% of the relevant GL shares will vest within 3 months after 30 June 2019 upon achievement of applicable performance targets.

Each tranche, once vested, is exercisable as follows:

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

SHARE OPTIONS (cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme (the "GLM ESS")

The Executive Share Option Scheme of GLM (the "GLM ESOS") was approved by the shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 25 November 2011 (the "Approval Date"). The GLM ESOS which took effect on 21 March 2012 (the "Effective Date") allows the grant of options over newly issued and/or existing shares of GLM to eligible executives and/or directors of GLM and its subsidiaries ("Eligible Participants"). It provides an opportunity for the Eligible Participants who have contributed to the growth and development of the GLM and its subsidiaries to participate in the equity of GLM.

The shareholders of GLM and the Company had subsequently on 21 October 2013 and 19 November 2013 respectively, approved the amendments to the Bye-Laws of the GLM ESOS to incorporate an executive share grant scheme (the "GLM ESGS"). While the GLM ESGS is not subject to Chapter 17 of the Listing Rules, the GLM ESOS remains in compliance with the said Listing Rules. The GLM ESGS together with the GLM ESOS have been combined and renamed as the GLM ESS.

The number of GLM shares over which the GLM's Board of Directors ("GLM Board") may grant options under the GLM ESOS and any other executive share option schemes shall not in aggregate exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of GLM from time to time provided that the total number of new GLM shares which may be issued upon exercise of options to be granted under the GLM ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of GLM as at the Approval Date. Accordingly, the maximum number of new GLM shares available for issue over which options under the GLM ESOS may be granted is 70,045,851, which represents approximately 10% of the issued and paid-up ordinary share capital of GLM as at the date of this report.

The maximum entitlement of any Eligible Participant in respect of the total number of new GLM shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% in nominal value of the issued and paid-up ordinary share capital of GLM as at any date of grant.

The grant of an option to an Eligible Participant shall be accepted within 30 days from such date of offer (or such longer period of time as may be permitted by the GLM Board at its discretion) accompanied by a payment of RM1.00 as non-refundable consideration.

The GLM Board may at its discretion determine the exercise price for each GLM share provided that such exercise price so fixed shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of GLM shares preceding the date of offer. An option shall be exercisable during the option period which shall be determined by the GLM Board provided that such period shall not be more than 10 years from the Effective Date.

The GLM ESS shall continue to be in force until 20 March 2022.

There was no outstanding option during the financial year ended 30 June 2017.

SHARE OPTIONS (cont'd)

The Rank Group Plc ("Rank")

The Long Term Incentive Plan ("LTIP")

The rules of LTIP were approved by Rank's shareholders on 22 April 2010 with amendments thereto approved on 22 April 2015. It was further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 24 November 2015 (the "Approval Date"). The LTIP is an equity-based incentive scheme pursuant to which executive directors and other senior executives (the "Eligible Participants") of Rank and its subsidiaries may be granted awards (the "Awards"), including, among others, ordinary shares of Rank ("Rank Shares"), options ("Options") and Company Share Option Plan ("CSOP") options or cash. It provides an opportunity for the Eligible Participants to participate in the equity of Rank with the aim of aligning their interests with those of Rank's shareholders through the creation of shareholder value over the long term. Pursuant to the LTIP, the exercise of the Options or CSOP options shall be satisfied through issue of new Rank Shares and/or transfer of existing Rank Shares out of treasury or otherwise. The rules of the LTIP pertaining to the grant of Options and CSOP options, the exercise of which are to be satisfied by issue of new Rank Shares, are subject to Chapter 17 of the Listing Rules.

The total number of unissued Rank Shares in respect of which Awards may be granted under the LTIP shall not, when aggregated with (a) the number of Rank Shares issued, or capable of issue, pursuant to the Options or CSOP options; and (b) other awards or rights granted under any other Employees' Share Scheme adopted by Rank, exceed 10% of Rank's ordinary share capital as at the Approval Date. As at the date of this report, the total number of new Rank Shares which can be issued pursuant to the Awards granted under LTIP or any other Employees' Share Scheme adopted by Rank is 39,068,352, which represents 10% of the issued share capital of Rank.

Subject to the approval by the shareholders of the Company in accordance to the Listing Rules, no Eligible Participant may be granted an Option or a CSOP Option or other Awards if such grant would entitle that Eligible Participant to acquire a number of Rank Shares in any 12-month period that represents more than 1% of the ordinary share capital of Rank from time to time.

Subject to the directors of Rank having determined the extent to which any performance target has been satisfied, an Option or a CSOP option shall vest on or as soon as practicable following the date or dates set out in the award certificate (or in the absence of any such date or dates being expressed in the award certificate, the third anniversary of the date of grant). Following its vesting, an Option or a CSOP option shall remain exercisable so long as the Option holder or CSOP option holder is an Eligible Participant at any time until the day before the tenth anniversary of the date of grant unless otherwise determined by the directors of Rank on or before the date of grant. An Option or a CSOP option shall lapse automatically, if it remains unexercised on its expiry.

In respect of an Option, the exercise price per Rank Share to be paid by the Option holder on the exercise of the Option (subject to any subsequent adjustment pursuant to any variation of capital of Rank) shall be: (a) nil; (b) the nominal value of a Rank Share; or (c) such other price at the discretion of the directors of Rank, save that if and to the extent that the Option is to be satisfied by the issue of new Rank Shares directly to the Option holder, the exercise price of the Options shall be not less than the nominal value of a Rank Share. In respect of a CSOP option, the exercise price per Rank Share under CSOP option to be paid by the CSOP option holder shall be not less than the market value of a Rank Share on the date of grant. If and to the extent that the exercise of the CSOP option is to be satisfied by the issue of new Rank Shares, such exercise price shall be not less than the nominal value of a Rank Share.

The LTIP shall continue to be in force for a period of 10 years commencing from the date on which the LTIP was approved by Rank until 21 April 2020.

Since the establishment of the LTIP up to 30 June 2017, no Option or CSOP option had ever been granted pursuant to the LTIP.

Others

During the year, Mr. Tang Hong Cheong held shares of certain subsidiaries of HLCM acquired under an executive option scheme maintained by a Hong Leong Group Company.

Apart from disclosed in the Directors' Report, at no time during the year was the Company, any of its subsidiary undertakings, holding companies or subsidiaries of its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2017, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows.

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of the issued share capital
Quek Leng Chan ("QLC")	Personal interests	1,056,325 (Long Position)	1	
	Interest of controlled corporations	249,425,792 (Long Position)		
	Total interests	250,482,117		
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	248,825,792 (Long Position)	2 & 3	75.62%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 4	75.62%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 5	75.62%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 6	75.62%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	248,825,792 (Long Position)	3 & 7	75.62%
Elliott Capital Advisors, L.P. ("ECA")	Interest of controlled corporations	29,635,716 (Long Position)	8	9.01%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	23,042,704 (Long Position)	9	7.00%
Credit Suisse Group AG ("CS")	Interest of controlled corporations	20,408,099 (Long Position)	10	6.20%
		2,084 (Short Position)		0.00%

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (cont'd)

Notes:

- The interest of controlled corporation of QLC comprised 242,208,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
GuoLine International Limited ("GIL")	3,074,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL, GCL and GIL were wholly owned by GuoLine Capital Assets Limited which in turn was wholly owned by HLCM. HLCM was 49.27% owned by QLC as to 2.424% under his personal name, 46.534% via HLH which was wholly owned by him and 0.311% via Newton (L) Limited ("NLL"). NLL was wholly owned by Newton Capital Group Limited which was 2.424% owned by QLC and 46.534% owned by HLH. CL was wholly owned by QLC.

- The interests of HLCM comprised 240,551,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GCL, GIL and AFCW as set out in Note 1 above.
- The interests of HLCM, HLH, HLInv, Davos and KLK are duplicated.
- HLH was deemed to be interested in these interests through its controlling interests of 46.534% in HLCM. Its controlling shareholder and the percentage control are shown in Note 1 above.
- HLInv was deemed to be interested in these interests through its controlling interests of 34.69% in HLCM.
- Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInv.
- KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.
- ECA was deemed to be interested in these interests comprising 19,263,215 shares held by Elliott International, L.P. ("EILP") and 10,372,501 shares held by The Liverpool Limited Partnership ("LLP"). EILP was 100% controlled by Hambledon Inc. which in turn was 100% controlled by ECA. LLP was 100% controlled by Liverpool Associates, Ltd. which in turn was 100% controlled by Elliott Associates, L.P. which was controlled by ECA.
- FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it. The Company was subsequently notified by FEIM that, as at 30 June 2017, FEIM was deemed to be interested in 23,277,846 shares of the Company (held by various management accounts and funds controlled by it), representing approximately 7.07% of the total issued share capital of the Company.
- These interests comprised (i) long position in 20,407,499 shares and 600 underlying shares of physically settled unlisted derivatives; and (ii) short position in 1,000 shares and 1,084 underlying shares of physically settled unlisted derivatives. Among these interests 277,600 shares (long position) and 1,084 underlying shares (short position) were directly held by Credit Suisse Securities (USA) LLC and 20,130,499 shares (long position) and 1,000 shares (short position) were directly held by Credit Suisse Securities (Europe) Limited, both indirect wholly owned subsidiaries of CS. CS was therefore deemed to be interested in these interests.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

Master Services Agreements

The following master services agreements dated 2 July 2014 were entered into by the Company (together with its subsidiaries, the “Group”) with certain Hong Leong group companies for the provision by the latter of management services including overview of businesses and operations, investment management and financial management disciplines, treasury and risk management, key managerial recruitment and retention, as well as other operating practices and procedures, accounting, corporate advisory, legal, company secretarial and other services (the “Services”):

1. the master services agreement entered into by the Company with GuoLine Group Management Co. Limited (“GGMC”) and GOMC Limited (“GOMC”) for provision of the Services by GGMC or GOMC to the Company and/or the subsidiaries of the Company from time to time excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (“Malaysian Subsidiaries”) (hereinafter referred to as “GGMC/GOMC Agreement”); and
2. the master services agreement entered into by the Company with HL Management Co Sdn Bhd (“HLMC”) for provision of the Services by HLMC to the Malaysian Subsidiaries (hereinafter referred to as “HLMC Agreement”)

(collectively, the “Master Services Agreements”).

The Master Services Agreements are for a term of three financial years from 1 July 2014 to 30 June 2017.

The fees payable under the respective Master Services Agreements comprise a monthly fee (the “Monthly Fee”) as agreed from time to time between the Company or such service recipient and the relevant service provider and an annual fee (the “Annual Fee”) equal to three per cent of the annual profit before tax of such service recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (for example, to avoid double counting of profit), if any.

The total fees, being the sum of the Monthly Fee, the Annual Fee and the total amount of any fees paid or payable by the Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK\$475,000,000 (the “Annual Cap”) for each of the three financial years ended 30 June 2017.

GGMC, GOMC and HLMC are indirect wholly-owned subsidiaries of HLCM and thus they are associates of connected persons of the Company under the Listing Rules. The Master Services Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Master Services Agreements (cont'd)

The independent non-executive directors of the Company had reviewed the transactions under the Master Services Agreements during the year and confirmed that:

- a. the transactions under the Master Services Agreements for the year were entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms; and
 - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b. the total services fees paid and payable by the Group under the respective Master Services Agreements for the year were as follows:

	Services fees paid and payable by the Group HK\$'000
GGMC/GOMC Agreement	172,187
HLMC Agreement	668
Total:	172,855
	(<HK\$475 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK\$172.9 million which did not exceed the Annual Cap of HK\$475 million as disclosed in the Company's announcement dated 3 July 2014.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions

The Group has from time to time entered into, and may in future enter into, among others, the following transactions with the authorised financial institutions within Hong Leong Group from time to time during the year including Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Vietnam Limited, Hong Leong Bank (Cambodia) PLC and Hong Leong Investment Bank Berhad (collectively, "Hong Leong Financial Institutions"):

1. placing of deposits by the Group with Hong Leong Financial Institutions; and
2. purchase of and/or subscription for debt securities issued by Hong Leong Financial Institutions by the Group,

(collectively, the "Banking Transactions").

The Banking Transactions are part of the treasury activities of the Group in the ordinary and usual course of its business. The treasury functions involve the management of cashflows and cash resources, which the Group conducts with various financial institutions.

Hong Leong Financial Institutions are associates of connected person (as defined under the Listing Rules) of the Company by virtue of the fact that they are indirect subsidiaries of HLCM, the ultimate holding company and a deemed substantial shareholder of the Company. The Banking Transactions constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From time to time during the year, the Group entered into deposit transactions which involved placing of deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). The Deposit Transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. The interest rate for the savings and time deposits for various currencies placed by the Group with the Hong Leong Financial Institutions ranged from 0% to 5.3% per annum. The tenor of the time deposits ranged from overnight to 4 months. As at 30 June 2017, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US\$31.2 million.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Continuing Connected Transactions (cont'd)

Banking Transactions (cont'd)

The independent non-executive directors of the Company had reviewed the Banking Transactions during the year and confirmed that:

- a. during the year, there is no subscription for or purchase by the Group of debt securities issued by Hong Leong Financial Institutions;
- b. during the year, the maximum aggregate outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US\$75.4 million which did not exceed the cap amount of US\$190 million or its equivalent as disclosed in the announcement of the Company dated 19 June 2015; and
- c. the Deposit Transactions were entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - in accordance with the relevant documents governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Auditor's Review

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 71 to 74 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Connected Transaction

Proposed issuance of shares in GLL Chengdu Pte. Ltd.

GuocoLand Limited ("GuocoLand"), the Company's 65.24% owned subsidiary listed on SGX-ST, announced that it has entered into the Memorandum with Hong Leong Holdings (China) Pte. Ltd. ("HLHC") with the intention that HLHC would participate in the acquisition and property development (the "Development Project") of the land parcels (see details below) through the proposed subscription for and the issuance of new shares representing 25% of the enlarged issued share capital in GLL Chengdu Pte. Ltd. ("GLL Chengdu"). GuocoLand and HLHC shall share in accordance with the respective proportion of 75:25 in GLL Chengdu, the profits and losses (if any) of the Development Project, and pay, contribute, fund or undertake all obligations and expenses thereof accordingly.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

Connected Transaction (cont'd)

Proposed issuance of shares in GLL Chengdu Pte. Ltd. (cont'd)

GLL Chengdu won the construction land use right for the land parcels (the "Land Parcels") for mixed development comprising retail, office and residential components in a tender by the Land Resources and Housing Management Bureau of Chongqing Municipality at the bid price of RMB3,640,560,000 (equivalent to approximately HK\$4,097,814,000). The Land Parcels, with a land area of approximately 48,961 square metres and a total above ground gross floor area of 513,600 square metres, are located within the Jiefangbei (Liberation Square) Commercial Belt in the Yuzhong District, a key district of Chongqing, PRC.

HLHC is a wholly owned subsidiary of Hong Leong Holdings Ltd. which in turn is 61.75% held by Hong Leong Investment Holdings Pte. Ltd., a deemed substantial shareholder of the Company, and thus an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The Transaction therefore constituted a connected transaction of the Company.

Apart from the above, no other transaction, arrangement or contract that is significant in relation to the Group's business, to which the Company or any of its holdings companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company or his connected entity had directly or indirectly material interest, subsisted at the end of the year or at any time during the year, and no other contract of significance between the Company and the controlling shareholders or any of their subsidiaries subsisted during the year ended 30 June 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Kwek Leng Hai is a director of HLCM, the ultimate holding company of the Company, which is a conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investment as well as hospitality and leisure. Mr. Tang Hong Cheong is a director of HL Holdings Sdn Bhd, a deemed substantial shareholder of the Company by virtue of its controlling interest in HLCM.

The above directors are considered as having interests in business apart from the Group's business, which is likely to compete, directly or indirectly, with the Group's business under Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company maintained sufficient public float at all times during the year.

AUDITOR

A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Tang Hong Cheong
President & CEO

Hong Kong, 29 August 2017