



Guoco Group Limited

國浩集團有限公司

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

The Board of Directors of Guoco announces that GuocoLand, whose shares are listed on the Stock Exchange of Singapore, and of which Guoco holds approximately 61.49% of the issued share capital, made an announcement on 19 September 2003 in respect of its audited results for the year ended 30 June 2003. This announcement is issued pursuant to Paragraph 2(2) of the Listing Agreement.

The Board of Directors of Guoco Group Limited ("Guoco") announces that GuocoLand Limited ("GuocoLand"), whose shares are listed on the Stock Exchange of Singapore, and of which Guoco holds approximately 61.49% of the issued share capital, made an announcement on 19 September 2003 in respect of its audited results for the year ended 30 June 2003. This announcement is issued pursuant to Paragraph 2(2) of the Listing Agreement.

GuocoLand Limited

(Incorporated in the Republic of Singapore)

Announcement of Audited Results for the Year ended 30 June 2003

The audited results of GuocoLand for the year ended 30 June 2003 are as follows (note: the expressions "Group", "Company" and "\$" means "GuocoLand group", "GuocoLand" and "Singapore dollars" respectively):-

1. PROFIT & LOSS ACCOUNT

	Group	
	2003 \$'000	2002 \$'000
Revenue	364,854	234,130
Cost of sales	(338,460)	(363,928)
Gross profit/(loss)	26,394	(129,798)
Other operating income	84,181	15,151
Administrative expenses	(6,908)	(6,695)
Other operating expenses	(684)	(52,044)
Profit/(Loss) from operations	102,983	(173,386)
Finance costs	(10,275)	(31,330)
Share of profit from associated companies	24,392	33,100
Profit/(Loss) from ordinary activities before taxation	117,100	(171,616)
Taxation	(18,662)	(15,115)
Profit/(Loss) from ordinary activities after taxation	98,438	(186,731)
Minority interests	(4,233)	6,806
Net profit/(loss) for the year	94,205	(179,925)

2. BALANCE SHEET

	Group		Company	
	As at 30/06/2003 \$'000	As at 30/06/2002 \$'000	As at 30/06/2003 \$'000	As at 30/06/2002 \$'000
Non-Current Assets				
Plant and Equipment	1,865	1,886	–	–
Investment Properties	318,000	353,000	–	–
Interests in Subsidiaries	–	–	1,113,839	966,999
Interests in Associated Companies	365,338	546,969	10,767	207,830
Amounts due from Minority Shareholders of Subsidiaries	18,221	19,021	–	–
Investment Securities	130,191	132,511	–	–
	833,615	1,053,387	1,124,606	1,174,829
Current Assets				
Development Properties	1,024,262	838,159	–	–
Trade and Other Receivables	90,740	60,381	452	685
Investment Securities	15,000	134,129	–	–
Cash and Cash Equivalents	139,666	250,796	20,423	272
	1,269,668	1,283,465	20,875	957
Less : Current Liabilities				
Trade and Other Payables	55,136	73,562	6,113	6,962
Interest Bearing Bank Loans and Borrowings - Current Portion	675,415	619,093	125,561	298,632
Provision for Taxation	36,685	18,669	24,357	15,962
Preference Dividend Payable	384	891	384	891
	767,620	712,215	156,415	322,447
Net Current Assets / (Liabilities)	502,048	571,250	(135,540)	(321,490)
Less : Non-Current Liabilities				
Amounts due to Minority Shareholders of Subsidiaries	17,181	16,460	–	–
Amount due to a Related Party (non-trade)	–	16,536	–	–
Interest Bearing Bank Loans and Borrowings	380,282	784,929	107,582	157,629
Deferred Taxation	15,696	11,051	–	–
Deferred Profit	–	19,500	–	19,500
	413,159	848,476	107,582	177,129
Less : Minority Interests	39,882	26,394	–	–
Net Assets	882,622	749,767	881,484	676,210
Capital and Reserves				
Share Capital	516,137	369,162	516,137	369,162
Reserves	366,485	380,605	365,347	307,048
	882,622	749,767	881,484	676,210

3. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

	2003	Group 2002
Earnings per ordinary share for the year based on the Group's net profit/(loss) derived at after deducting provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue (cents)	19.91	(49.41)
(ii) On a fully diluted basis (cents)	17.58	(43.81)
Net asset value per ordinary share based on existing issued share capital (\$)	1.52	1.92

4. GROUP'S BORROWINGS

	As at 30/6/2003		As at 30/6/2002	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	456,300	219,115	320,461	298,632
Amount repayable after one year	199,200	181,082	422,700	362,229

5. SEGMENTAL RESULTS

	Group Revenue		Group Profit/(Loss) Before Interest and Tax	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
By Business Segments:-				
Property development	338,111	192,327	30,154	(147,115)
Property investment	17,161	19,059	40,207	19,181
Insurance	–	13,381	–	(4,468)
Fund management & investment trading	696	(3,162)	738	(3,975)
Equity investment	4,641	11,355	25,592	(2,651)
Other operations	132,030	136,300	43,171	54,553
Eliminations	(127,785)	(135,130)	(19,799)	(53,379)
Unallocated income	–	–	8,204	551
Unallocated expenses	–	–	(892)	(2,983)
	364,854	234,130	127,375	(140,286)

6. BREAKDOWN OF SALES

	2003 \$'000	Group 2002 \$'000
Sales reported for first half year	127,107	133,713
Operating profit/(loss) after tax before deducting minority interests reported for first half year	11,339	(189,237)
Sales reported for second half year	237,747	100,417
Operating profit after tax before deducting minority interests reported for second half year	87,099	2,506

7. REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's turnover increased by 56% to \$364.9 million for the financial year ended 30 June 2003. Turnover was mainly attributable to units sold in Sanctuary Green and The Gardens at Bishan.

For the financial year under review, the Group reported a net profit of \$94.2 million compared to a net loss of \$179.9 million in the previous corresponding year. The net profit was mainly due to:-

- profit of \$16 million on the residential development properties in Singapore;
- profit of \$25 million arising from the disposal of its interest in Century Square Holding Pte Ltd ("CSH");
- net profit of \$25 million arising from the disposal of the Group's interest in a development site at Suzhou; and
- unrealised mark-to-market gains of \$22 million on the Group's financial assets arising from fair value accounting under SAS 33.

The Group also made a net provision for foreseeable losses of \$15 million on its residential projects in Singapore.

The Group's associated companies contributed a profit of \$24.4 million, a decrease of 26% over the previous corresponding year, mainly due to the Group's share of the decline in value of an overseas investment. The profit contribution for the current financial year was mainly from its 34.54% associate, Benchmark Group PLC ("Benchmark"), which is listed on the London Stock Exchange and from its 40% associate, Razgrad Pte Ltd, which owns The Ladyhill, a residential development project in Singapore. Profit contribution from Benchmark included profit recognised from the dilution of Benchmark's interest in The West End of London Property Unit Trust ("WELPUT") from 73% to 55.3% during the financial year.

During the financial year, the Group divested its 97.7% interest in its insurance subsidiary for \$54 million and its 9.6% interest in Overseas Union Enterprise Limited ("OUE") for \$118.6 million.

The Group's borrowings decreased by \$348 million from \$1,404 million to \$1,056 million as at 30 June 2003 mainly from the proceeds from disposal of its interests in its insurance subsidiary, OUE, CSH and in a development site in Suzhou. The reduction in the Group's borrowings coupled with the lower interest rate environment, has resulted in a 67% decrease in the Group's interest costs charged to the profit and loss account, from \$31.3 million to \$10.3 million.

In November 2002, the Company issued 101,671,676 new ordinary shares and 101,671,676 new 4.5% non-redeemable convertible cumulative preference shares. Out of the net proceeds of \$203 million, \$155 million was used to acquire a 55% interest in Guoco Properties Limited which is now a wholly owned subsidiary for the Group's property activities in China, and also a 30% interest in Guoman Hotel & Resort Holdings Sdn Bhd which owns a portfolio of assets comprising mainly prime residential and commercial properties in Malaysia.

For the financial year under review, the Group recognised a deficit of \$139 million in the revaluation reserve. The Group's revaluation reserve surplus as at 30 June 2003 stands at \$5.9 million. Any subsequent deficit resulting from the revaluation of the investment properties of the Group and its associate may have an impact on the Group's profitability.

The net asset value per ordinary share decreased from \$1.92 as at 30 June 2002 to \$1.52 as at 30 June 2003 mainly as a result of the enlarged share capital base arising from the rights issue and the decrease in the revaluation reserve.

Current developments

In Singapore, the Group currently has seven launched residential developments on the market: Sanctuary Green, The Gardens at Bishan, Bishan Point, Le Crescendo, Leonie Studio, The Ladyhill (in which the Group has 40% interest) and The Boulevard Residence (in which the Group has 40% interest). As at 18 September 2003, the Group has achieved sales of 52% in Sanctuary Green, 83% in The Gardens at Bishan, 88% in Bishan Point, 40% in Le Crescendo, 5% in Leonie Studio, 44% in The Ladyhill and 22% in the Boulevard Residence.

In China, Corporate Square, the Group's commercial project in Beijing, is currently 63% sold. Central Park, a prestigious residential project located parallel to Huai Hai Middle Road, Shanghai, is expected to be launched for sale around early 2004.

8. COMMENTARY ON CURRENT YEAR PROSPECTS

The Group's focus continues to be centred on the property business in its key investment countries of Singapore, China and the United Kingdom. The profitability of the Group in the current financial year is dependent primarily on development sales from Singapore and China and contributions from its associate, Benchmark.

The Group expects the operating environment in Singapore to remain challenging as the domestic economy is restructuring rapidly in response to the reorganisation of the global economy. In a move to increase Singapore's cost competitiveness, the Government has recently announced changes to the Central Provident Fund scheme including a lowering of the employer's contribution rate. In the short term, consumer spending especially for high value items such as housing may be affected. Nonetheless, the Group expects to be able to recognise revenue from sales of units in its launched projects, which for the quarter ending September 2003, is expected to come mainly from Sanctuary Green and The Gardens at Bishan.

In China, the Group expects to recognise sales revenue when the sale of Central Park residential development in Shanghai is launched around early 2004.

The Group's associate in London had recently sold 3 properties in the City of London so as to further reduce its exposure to the City market and concentrate on the West End market where there is greater potential in capital and rental growth.

The Group still has financial assets comprising equities and derivatives such as equity, and interest rate swaps. These include a \$65 million ongoing cash settled equity swap, for which the underlying securities are BIL International Limited shares. The equity swap is a synthetic transaction resulting in a financial adjustment whereby payments are calculated and determined by reference to the price of the underlying securities with no powers or rights in the underlying securities. As required by SAS 33, all these financial assets including the equity swap are marked to market and any market price movements in these financial assets would have an impact on the Group's reserves or profitability.

9. DIVIDEND

- The Board has recommended a first and final dividend of 8 cents (2002 : 5 cents) per ordinary share less 22.0% income tax.
- Total Annual Dividend Net of Tax

	2003 \$'000	2002 \$'000
Ordinary	32,145	15,863
Preference	2,392	2,250
Total	<u>34,537</u>	<u>18,113</u>

19 September 2003

By order of the Board
Guoco Group Limited
Stella Lo Sze Man
Company Secretary

Hong Kong, 19 September 2003

Remarks: Details of the annual results of GuocoLand for the year ended 30 June 2003 could be accessed at the website of the Stock Exchange of Singapore: <http://www.sgx.com.sg>

Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Journal.