



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

Announcement of Interim Results for the Six Months Ended 31 December 2007

	Six months ended 31 December		
	2007 HK\$'M	2006 HK\$'M	Increase/ (Decrease)
Turnover	14,482	8,750	66%
Profit from operations before finance cost	1,970	1,696	16%
Profit attributable to shareholders of the Company	1,021	1,593	(36%)
	HK\$	HK\$	
Earnings per share	3.14	4.90	(36%)
Dividend per share	1.00	1.00	-
	As at		
	31 December 2007 HK\$	30 June 2007 HK\$	Increase/ (Decrease)
Equity per share attributable to shareholders of the Company	123.65	123.20	-

RESULTS

The unaudited consolidated results of Guoco Group Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 31 December 2007 together with the comparative figures for the corresponding period last year are as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007 – Unaudited

		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
	Note		
Turnover	2 & 3	14,482,457	8,750,109
Cost of sales		(11,746,182)	(6,564,337)
Other attributable costs		<u>(90,701)</u>	<u>(117,756)</u>
		2,645,574	2,068,016
Other revenue		228,980	146,147
Other net income	4	160,652	388,268
Administrative and other operating expenses		<u>(1,065,572)</u>	<u>(906,773)</u>
Profit from operations before finance cost	2	1,969,634	1,695,658
Finance cost	5(a)	<u>(593,898)</u>	<u>(263,856)</u>
Profit from operations	2	1,375,736	1,431,802
Impairment loss written back on properties		11,023	49,488
Profit on disposal of investment properties		33,520	-
Share of profits of associates	5(c)	179,631	182,937
Share of profits less losses of jointly controlled entities	5(c)	<u>11,335</u>	<u>5,280</u>
Profit for the period before taxation	5	1,611,245	1,669,507
Tax (expenses) / income	6	<u>(296,122)</u>	<u>10,101</u>
Profit for the period		<u><u>1,315,123</u></u>	<u><u>1,679,608</u></u>
Attributable to :			
Shareholders of the Company		1,020,982	1,592,887
Minority interests		<u>294,141</u>	<u>86,721</u>
Profit for the period		<u><u>1,315,123</u></u>	<u><u>1,679,608</u></u>
		HK\$	HK\$
Earnings per share			
Basic	8	<u><u>3.14</u></u>	<u><u>4.90</u></u>
Diluted	8	<u><u>3.12</u></u>	<u><u>4.89</u></u>
		HK\$'000	HK\$'000
Proposed interim dividend	7	<u><u>329,051</u></u>	<u><u>329,051</u></u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		At 31 December 2007 (Unaudited) HK\$'000	At 30 June 2007 (Audited) HK\$'000
	Note		
NON-CURRENT ASSETS			
Fixed assets			
- Investment properties		2,138,508	2,173,268
- Other property, plant and equipment		12,085,061	12,117,878
Interest in associates		2,549,888	3,789,005
Interest in jointly controlled entities		801,956	767,824
Available-for-sale financial assets		328,660	325,443
Deferred tax assets		9,267	9,302
Intangible assets		1,477,093	1,469,963
Goodwill		265,129	228,187
		<u>19,655,562</u>	<u>20,880,870</u>
CURRENT ASSETS			
Development properties		21,663,084	9,721,278
Properties held for sale		209,353	267,950
Trade and other receivables	9	5,667,681	4,492,357
Trading financial assets		5,864,093	9,188,121
Cash and short term funds		24,850,711	24,732,712
		<u>58,254,922</u>	<u>48,402,418</u>
CURRENT LIABILITIES			
Trade and other payables	10	5,824,316	3,383,699
Current portion of bank loans and other borrowings		3,348,248	1,921,615
Taxation		387,510	255,092
Provisions and other liabilities		31,469	46,424
		<u>9,591,543</u>	<u>5,606,830</u>
NET CURRENT ASSETS		<u>48,663,379</u>	<u>42,795,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>68,318,941</u>	<u>63,676,458</u>
NON-CURRENT LIABILITIES			
Non-current portion of bank loans and other borrowings		17,064,859	14,031,074
Provisions and other liabilities		163,008	189,048
Deferred tax liabilities		1,124,718	1,104,968
		<u>18,352,585</u>	<u>15,325,090</u>
NET ASSETS		<u>49,966,356</u>	<u>48,351,368</u>
CAPITAL AND RESERVES			
Share capital		1,283,451	1,286,059
Reserves		39,404,702	39,252,092
Equity attributable to shareholders of the Company		<u>40,688,153</u>	<u>40,538,151</u>
Minority interests		9,278,203	7,813,217
TOTAL EQUITY		<u>49,966,356</u>	<u>48,351,368</u>

Notes:

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006/07 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007/08 annual financial statements as described below.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes HKASs and Interpretations, that are first effective or available for early adoption for the current accounting period of the Group. The adoption of the new standards, amendments and interpretations had no material impact on the Group's results and financial position whereas the adoption of Amendment to HKAS 1, Presentation of financial statements: capital disclosures and HKFRS 7, Financial instruments: disclosures require additional disclosures to be made in the annual report. Accordingly, no prior period adjustment is required.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
HK(IFRIC) - INT 14, HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
HKFRS 8, Operating Segments	1 January 2009

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006/07 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2007 included in the interim financial report is extracted from the Company's statutory financial statements. Statutory financial statements for the year ended 30 June 2007 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website www.guoco.com. The auditors have expressed an unqualified opinion on those financial statements in their report dated 14 September 2007.

2. SEGMENT INFORMATION

Business Segments (Unaudited)

	Proprietary asset management HK\$'000	Property development HK\$'000	Property investment HK\$'000	Securities, commodities and brokerage HK\$'000	Hotel and gaming operations HK\$'000	Oil and gas HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
For the six months ended 31 December 2007								
Turnover	9,603,345	2,845,682	66,620	84,164	1,882,646	-	-	14,482,457
Inter-segment turnover	1,241,592	-	3,744	538	-	-	(1,245,874)	-
	<u>10,844,937</u>	<u>2,845,682</u>	<u>70,364</u>	<u>84,702</u>	<u>1,882,646</u>	<u>-</u>	<u>(1,245,874)</u>	<u>14,482,457</u>
Contribution from operations	795,645	767,375	34,597	48,381	307,395	83,961	-	2,037,354
Unallocated expenses								(67,720)
Profit from operations before finance cost								<u>1,969,634</u>
For the six months ended 31 December 2006								
Turnover	6,487,243	600,980	52,466	35,118	1,574,302	-	-	8,750,109
Inter-segment turnover	174,414	-	3,196	1,268	-	-	(178,878)	-
	<u>6,661,657</u>	<u>600,980</u>	<u>55,662</u>	<u>36,386</u>	<u>1,574,302</u>	<u>-</u>	<u>(178,878)</u>	<u>8,750,109</u>
Contribution from operations	1,367,096	34,379	23,235	14,293	252,222	55,997	-	1,747,222
Unallocated income								1,454
Unallocated expenses								(53,018)
Profit from operations before finance cost								<u>1,695,658</u>

Geographical Segments (Unaudited)

	Turnover		Profit from operations	
	Six months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	HKD'000	HKD'000	HKD'000	HKD'000
Hong Kong	9,282,868	6,450,843	416,646	1,312,647
United Kingdom	1,828,874	1,512,947	116,405	71,573
Singapore	486,332	475,028	Note 81,824	43,073
The People's Republic of China ("PRC") & others	2,884,383	311,291	Note 760,861	4,509
	14,482,457	8,750,109	1,375,736	1,431,802

Note:

In accordance with applicable Hong Kong Financial Reporting Standards, the Group has recognised revenue arising from the pre-sale of properties upon completion of development projects instead of using the percentage of completion method adopted by GuocoLand Limited ("GLL") as permitted under the relevant Singapore Accounting Standards. Accordingly, operating profits of GLL for the period amounting to HK\$79.6 million (2006: HK\$16.3 million) and HK\$6.2 million (2006: HK\$51.3 million) in Singapore and PRC & other regions respectively have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GLL which have been deferred in previous years amounting to HK\$nil (2006: HK\$27.2 million) and HK\$354.9 million (2006: HK\$4.7 million) in Singapore and PRC & other regions respectively for those development projects completed during the period. Up to 31 December 2007, accumulated operating profits of GLL totalling HK\$151.3 million (2006: HK\$17.9 million) in Singapore and HK\$10.1 million (2006: HK\$51.3 million) in PRC & other regions have been deferred for recognition, which will only be recognised by the Group upon completion of the relevant development projects in subsequent years.

3. TURNOVER

An analysis of the amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 31 December	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Proceeds from sale of investments in securities	8,657,056	5,769,822
Revenue from sale of properties	2,845,683	600,980
Revenue from hotel and gaming operations	1,882,646	1,574,302
Interest income	865,229	695,477
Dividend income from listed securities	99,165	32,147
Rental income from properties	66,035	49,154
Securities commission and brokerage	55,589	23,025
Others	11,054	5,202
	<u>14,482,457</u>	<u>8,750,109</u>

4. OTHER NET INCOME

	Six months ended 31 December	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net unrealised (losses) / gains on trading financial assets	(82,971)	260,939
Realised gains on disposal of available-for-sale financial assets	25,244	-
Net realised and unrealised (losses) / gains on derivative financial instruments	(12,700)	58,050
Net exchange losses on foreign exchange contracts	(103,861)	(25,444)
Other exchange gains	307,114	85,733
Net (losses) / gains on disposal of fixed assets	(70)	467
Cash distributions from investments	-	1,835
Others	27,896	6,688
	<u>160,652</u>	<u>388,268</u>

5. PROFIT FOR THE PERIOD BEFORE TAXATION

Profit for the period before taxation is arrived at after charging / (crediting):

(a) Finance cost	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on bank advances and other borrowings wholly repayable within five years	473,390	139,646
Other borrowing costs	241,087	188,924
Total borrowing costs	714,477	328,570
Less: borrowing costs capitalised into development properties (Note)	(120,579)	(64,714)
	<u>593,898</u>	<u>263,856</u>

Note: These borrowing costs have been capitalised at rates of 3.1% to 6.1% per annum (2006: 3.2% to 6.0%).

(b) Staff cost	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Salaries, wages and other benefits	648,497	561,189
Retirement scheme contributions	20,571	14,884
	<u>669,068</u>	<u>576,073</u>

(c) Other items	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Depreciation	140,206	121,434
Amortisation of Bass Strait oil and gas royalty	25,915	22,753
Operating lease charges		
- properties	13,028	6,952
- others	10,445	5,202
Auditors' remuneration	5,110	4,028
Donations	1,412	638
Recognition of negative goodwill	-	(894)
Gross rental income from investment properties	(65,450)	(25,195)
Less: direct outgoings	28,606	3,196
Net rental income	<u>(36,844)</u>	<u>(21,999)</u>
Share of profits of associates:		
- listed	(157,477)	(114,840)
- unlisted	(22,154)	(68,097)
	<u>(179,631)</u>	<u>(182,937)</u>
Share of profits less losses of jointly controlled entities:		
- unlisted	<u>(11,335)</u>	<u>(5,280)</u>

6. TAXATION

Tax (expenses) / income in the consolidated income statement represents:

	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Hong Kong Profits Tax	(4,454)	(13,165)
Overseas taxation	(268,694)	34,449
Deferred taxation	(22,974)	(11,183)
	<u>(296,122)</u>	<u>10,101</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 17.5% (2006: 17.5%) to the profits for the six months ended 31 December 2007. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant countries.

Overseas taxation for the six months ended 31 December 2006 primarily represented the write-back of tax provision in prior years.

7. DIVIDENDS

	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Year 2006/2007: Final dividend paid of HK\$3.30 per share (Year 2005/2006: HK\$3.00 per share)	<u>1,074,504</u>	<u>974,216</u>
Year 2006/2007: Nil special dividend paid (Year 2005/2006: HK\$1.00 per share)	<u>-</u>	<u>324,736</u>
Year 2007/2008: Proposed interim dividend of HK\$1.00 per share (Year 2006/2007: HK\$1.00 per share)	<u>329,051</u>	<u>329,051</u>

The proposed interim dividend for the year ending 30 June 2008 of HK\$329,051,000 (2007: HK\$329,051,000) is calculated based on 329,051,373 ordinary shares (2006: 329,051,373 ordinary shares) in issue as at 31 December 2007.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK\$1,020,982,000 (2006: HK\$1,592,887,000) and the weighted average number of 325,024,511 ordinary shares (2006: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK\$1,015,663,000 (2006: HK\$1,590,380,000) and the weighted average number of 325,024,511 ordinary shares (2006: 325,024,511 ordinary shares) in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	At 31 December 2007 (Unaudited) HK\$'000	At 30 June 2007 (Audited) HK\$'000
Trade debtors	2,267,433	2,788,297
Deposits and prepayments	3,345,119	1,600,628
Derivative financial instruments, at fair value	2,660	16,705
Interest receivables	52,469	86,727
	<u>5,667,681</u>	<u>4,492,357</u>

Included in the trade and other receivables are amounts of HK\$84.2 million (30 June 2007: HK\$158.7 million) which are expected to be recovered after more than one year.

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	At 31 December 2007 (Unaudited) HK\$'000	At 30 June 2007 (Audited) HK\$'000
Current	2,095,658	2,607,894
1 to 3 months overdue	127,209	78,465
More than 3 months overdue but less than 12 months overdue	40,853	101,938
Over 12 months	3,713	-
	<u>2,267,433</u>	<u>2,788,297</u>

10. TRADE AND OTHER PAYABLES

	At 31 December 2007 (Unaudited) HK\$'000	At 30 June 2007 (Audited) HK\$'000
Trade creditors	561,782	671,686
Other payables and accrued operating expenses	5,113,950	2,561,666
Derivative financial instruments, at fair value	102,434	7,723
Amounts due to fellow subsidiaries	37,561	134,518
Amounts due to associates	265	258
Amounts due to jointly controlled entities	8,324	7,848
	<u>5,824,316</u>	<u>3,383,699</u>

Included in trade and other payables are amounts of HK\$71.8 million (30 June 2007: HK\$94.6 million) which are expected to be settled after more than one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	At 31 December 2007 (Unaudited) HK\$'000	At 30 June 2007 (Audited) HK\$'000
Due within 1 month or on demand	428,714	566,284
Due after 1 month but within 3 months	22,771	41,937
Due after 3 months but within 6 months	3,198	3,260
Over 6 months	107,099	60,205
	<u>561,782</u>	<u>671,686</u>

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

11. HONG KONG DOLLAR AMOUNTS

The financial statements of the Group are expressed in the United States dollars ("USD"), which are the functional currency of the Company. The accounting figures shown above have been translated from United States dollars into Hong Kong dollar equivalent at the rates ruling at the respective financial period ends for presentation purposes only (31 December 2007: US\$1 = HK\$7.80090, 30 June 2007: US\$1 = HK\$7.81675, 31 December 2006: US\$1 = HK\$7.77625).

12. Review by Board Audit Committee

The unaudited interim results for the six months ended 31 December 2007 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders for the six months ended 31 December 2007, after taxation and minority interests amounted to HK\$1,021 million, representing a decrease of 36% over that of last year. Earnings per share amounted to HK\$3.14.

The major profit contributions (before finance cost and taxation) arose from the following:

- total interest income of HK\$865 million;
- property operations of HK\$802 million;
- hospitality and leisure business of HK\$307 million;
- total net exchange gain (including foreign exchange contracts) of HK\$203 million;
- contribution from associates and jointly controlled entities of HK\$191 million;
- dividend income of HK\$99 million; and offset by
- total realised and unrealised losses on investments of HK\$225 million.

Overall turnover increased by 66% to HK\$14.5 billion due mainly to the increase of HK\$3.1 billion from proprietary asset management.

The turnover for property development segment also increased by HK\$2.2 billion.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$1.00 per share amounting to approximately HK\$329 million (2006/2007 interim dividend: HK\$1.00 per share amounting to approximately HK\$329 million) for the financial year ending 30 June 2008 which will be payable on 17 March 2008 to the shareholders whose names appear on the Register of Members on 14 March 2008.

REVIEW OF OPERATIONS

Proprietary Asset Management

The second half of 2007 was an extremely volatile period for global financial markets. Continued correction in US home prices and the resulting pressure on the subprime mortgage valuation triggered a global credit market squeeze from late summer. Monetary authorities around the globe were quick to inject massive liquidity into the financial system and interest rates were cut in a number of countries. Financial markets initially reacted favourably to these moves but selling re-emerged in the last two months of 2007 when there was clear evidence that financial losses had not been contained and global economic growth could be adversely affected.

Our investment teams exercised caution when managing the investment process during the period. The portfolio size was cut substantially with most of the selling related to our trading positions, as we believed that markets could face further downside risk in coming months. In China and Hong Kong, we also gradually reduced our exposures given ongoing economic tightening measures introduced by the authorities as well as expensive valuation commanded by most counters. We continued to put a major focus on identifying under-valued and defensive counters that were less likely to be affected by movements in the general markets.

The current credit market turmoil poses a serious threat to global economic growth and financial system stability. While central banks in developed countries have already taken a proactive approach to counter the negative impact from the credit market turmoil, including aggressive interest rate cuts implemented by the Fed, it is still too early to expect the market volatility to subside. However, it should be recognised that the current correction presents long-term buying potential, as value is starting to emerge in selected sectors and individual stock situations. We will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

The Group has an investment in Pepsi-Cola Products Philippines, Inc (“PCPPI”), a licensed bottler of PepsiCo beverages in the Philippines which manufactures a range of carbonated and non-carbonated beverages and distributes them to retail outlets throughout the Philippines. On 1 February 2008, PCPPI has successfully launched an IPO exercise to list its shares on the Philippine Stock Exchange, Inc. The Group has sold part of its stake for proceeds of approximately US\$18 million. The Group’s shareholding in PCPPI has decreased from 40.3% to 30.1% after the exercise.

We continue to actively manage the currency overlays of our equity investments in various countries. Forex forward contracts as well as currency borrowings were used to hedge the currency exposures of the various equity portfolios. Also, appropriate financial instruments are utilized to manage its interest rate and foreign currency exposures including standard interest rate and currency swaps.

Property Development and Investment

GuocoLand Limited (“GLL”) – 64.1% controlled by Guoco

For the half year ended 31 December 2007, the GLL Group reported a net profit of S\$60.6 million, an increase of 15% compared to the previous corresponding period.

The GLL Group’s revenue and cost of sales increased by 114% and 83% respectively compared to the previous corresponding period mainly due to higher revenue and cost of sales recognised for the GLL Group’s property development projects in Singapore and China.

Gross profit increased from S\$17.5 million to S\$91.1 million primarily due to strong profit contribution from sales of West End Point in Beijing.

Other income decreased from S\$48.6 million to S\$45.1 million mainly due to a non-recurring profit of S\$19.3 million arising from the sale of the GLL Group’s long-term investment in the previous corresponding period. The decrease in other income was offset by higher net foreign exchange gains of S\$22.5 million from revaluation of USD bank loans. Other expenses increased from S\$7.2 million to S\$16.9 million principally

due to higher mark-to-market losses of S\$12.6 million on the forward contracts entered into by the GLL Group to hedge its USD bank loans. Finance costs increased by 47% to S\$21.1 million due to increase in bank loans and convertible bonds.

Singapore

The GLL Group has three launched developments on the market in Singapore: Le Crescendo, The View @ Meyer and The Quartz.

In October 2007, the GLL Group entered into a conditional collective sale and purchase agreement to acquire the freehold property known as Toho Garden condominium located at Yio Chu Kang Road. The acquisition is expected to be completed in March 2008.

In November and December 2007, the GLL Group completed the enbloc acquisitions of Palm Beach Garden and Leedon Heights respectively. In December 2007, the GLL Group also sold the entire Phase 1 comprising 46% of 210 units in Goodwood Residence, a luxurious freehold development located in the vicinity of the prime Orchard Road area.

The GLL Group has in the pipeline prestigious residential developments in the prime districts which will be built on the sites of the existing Sophia Court and Leedon Heights.

The estimate for real GDP growth released by the Ministry of Trade and Industry indicated a GDP growth rate of 6.0% in the fourth quarter of 2007 and 7.5% for 2007. Flash estimates by Urban Redevelopment Authority showed that private property prices increased by 6.6% in the fourth quarter of 2007, compared with 8.3% increase in the third quarter of 2007. Despite the slower pace of growth in the fourth quarter of 2007, private property prices rose 31% in 2007, compared to 10% increase in 2006.

In the fourth quarter of 2007, the government withdrew the deferred payment scheme for sale of uncompleted private properties in a bid to discourage speculative buying. Buyers are turning more cautious in view of the downside risks arising from the continuing global credit fallout, high oil prices, weak equity market sentiments and rising inflation. As Singapore has repositioned itself as a key business, financial and tourist hub with upcoming mega projects such as the Integrated Resorts and high profile international events which will be staged, the economy is expected to continue to register economic growth in 2008, though at a more moderate pace.

China

West End Point, a 810-unit development located within the Second Ring Road in Feng Sheng, Xicheng District of Beijing is almost fully sold. In December 2007, the GLL Group launched the first phase of its project called Ascot Park in Nanjing.

Some directors of GLL have received from the vendors of the Beijing Dongzhimen project a notice containing various allegations in relation to GLL's ownership in the subsidiary which owns the Beijing Dongzhimen project. We are investigating these matters and will in any event strongly defend our position. We will inform our shareholders further after we have reviewed the matters and consulted our advisers.

China's annual GDP growth eased slightly to 11.5% in the third quarter of 2007, compared to 11.9% in the second quarter of 2007. However, property prices registered a strong acceleration from 5% at the beginning of 2007 to 11% by the end of 2007. In 2007, the government has tightened its monetary policies, through higher interest rates and other measures to prevent the economy from overheating and to curb real-estate speculation. However, with the demand for housing units and higher disposable income due to rapid urbanisation of the population in China, the GLL Group expects the property market sentiment to stay positive for well-located and good quality private housing.

Malaysia

The GLL Group's 64.98% subsidiary, GuocoLand (Malaysia) Berhad ("GLM"), currently has eight ongoing mixed residential development projects in the Klang Valley, located in the northern growth corridors in Rawang and Sungai Buloh, the southern growth corridors in Cheras, Kajang and Sepang and at Old Klang Road near Kuala Lumpur.

In October 2007, GLM completed the acquisition of 100% equity interests in Titan Debut Sdn Bhd which had entered into sale and purchase agreements to purchase the entire 140 units of serviced apartments with respective accessory parcels in the Oval Apartments, a development situated on freehold land along Jalan Binjai in Kuala Lumpur City Centre. The Oval Apartments is approximately 44% completed and is expected to be fully completed by the end of 2008. GLM is preparing to launch the Oval Apartments for sale in the financial year ending 30 June 2008.

In January 2008, GLM through a wholly-owned subsidiary entered into a conditional sale and purchase agreement to acquire a piece of freehold land of approximately 3,030 square metres together with two separate residential buildings erected thereon, situated at Changkat Kia Peng, Kuala Lumpur for a cash consideration of approximately RM55.5 million. The acquisition is expected to be completed by May 2008.

Malaysia's GDP expanded by 6.7% in the third quarter of 2007 and the full year GDP is expected to remain within the official target of 6% in 2007. The government expects the economic growth to be 6%-6.5% in 2008, supported by the planned expenditure under the Ninth Malaysia Plan as well as the economic corridor programmes. With the gradual liberalisation of the property market to make home ownership more attractive through allowing the use of Employee Provident Funds for mortgage repayments and relaxation of the Foreign Investment Committee rules for foreign ownership of properties, the GLL Group believes that the property outlook for Malaysia will remain positive.

Vietnam

The GLL Group broke ground on its maiden project, The Canary, located next to Vietnam Singapore Industrial Park in Binh Duong Province, 17 kilometres north of Ho Chi Minh City in November 2007. The GLL Group is preparing to launch Phase 1 of the residential component in the first quarter of 2008.

Vietnam, one of the fastest developing economies in Asia, achieved a GDP growth of about 8.5% in 2007, compared to 8.2% in 2006. Ho Chi Minh City achieved a GDP growth of 12.6% in 2007, the fastest rate of growth in the past decade. The government has targeted a GDP growth of 9% in 2008. The GLL Group expects to benefit from the demand for quality housing in 2008 resulting from the strong economic growth, increasing affluence of urban population and the relaxation of property ownership by foreigners in Vietnam.

General

Although the spectre of recession is looming over the US economy, the major economies of China and India are nonetheless expected to remain resilient. Therefore, barring unforeseen circumstances, the GLL Group expects to report satisfactory results for the financial year ending 30 June 2008.

Hospitality and Leisure Business

GuocoLeisure Limited (“GL”, formerly known as BIL International Limited) – 59.3% controlled by Guoco

The profit after tax of GL for the financial period ended 31 December 2007 was US\$30.1 million compared to US\$8.5 million in the previous financial period.

Revenue has increased by 46.8% to US\$295.7 million for the first half of the financial year, principally due to better hotel business in the UK and higher sales of properties in Denarau.

For the hotel segment, occupancy rate and average room rate respectively have enjoyed growth. In addition, the strength of the British pound has contributed to the improved revenue.

Other operating income has increased to US\$13.6 million in the first half of the financial year, or 61.9% above that of last corresponding period, chiefly attributable to higher management fee in the hotel operation. The GL Group also recorded a gain on sale of investment of US\$3.3 million during the period, primarily from the completion of sale of one of its investments.

With the expiry of the ordinary units of the Bass Strait Oil Trust in April 2007, the GL Group is now entitled to the full royalty distribution. This has contributed to an increase in royalty income in the first half of 2007/08.

Camerlin Group Berhad (“CGB”) – 61.3% controlled by Guoco

CGB recorded a profit before tax of RM24.1 million for the six months ended 31 December 2007 as compared with that of RM6.6 million recorded in the last corresponding period. The profit was mainly due to its share of profits of RM23.0 million from its 22.3% interests in GL.

CGB announced in January 2008 a proposed capital repayment to its shareholders via a cash distribution at an entitlement date to be determined later via reduction of share capital and share premium which will result in the reduction of the par value of CGB shares from RM1.00 to RM0.01. The aforesaid proposals are subject to, among others, the approvals of relevant regulatory authorities, shareholders of CGB and the sanction of the High Courts.

Upon completion of the aforesaid proposals, CGB will surrender its listing status and proceed to wind-up the company and return all its remaining cash balances (after deducting all expenses and liabilities) to its shareholders.

Financial Services

Hong Leong Financial Group Berhad (“HLFG”) – 25.4% owned by Guoco

The HLFG Group recorded a profit before tax of RM580.1 million for the six months ended 31 December 2007 as compared to RM443.9 million in the previous corresponding period, an increase of RM136.2 million or 30.7%. This was mainly due to higher contributions from the banking division and stockbroking and asset management divisions.

The banking division recorded a profit before tax of RM548.8 million for the six months ended 31 December 2007 as compared to RM410.8 million in the previous corresponding period, an increase of RM138.0 million or 33.6%. This was primarily due to higher net income arising from strong growth in business volumes.

The insurance division recorded a profit before tax of RM22.5 million for the six months ended 31 December 2007 as compared to RM34.2 million in the previous corresponding period, a decrease of RM11.7 million or 34.2%. The decrease was mostly due to lower net insurance premium and one-off change in accounting estimate for unearned premium reserves calculation of RM4.2 million.

The stockbroking and asset management divisions recorded a profit before tax of RM20.8 million for the six months ended 31 December 2007 as compared to RM12.0 million in the previous corresponding period, an increase of RM8.8 million or 73.3%. The increase was principally due to higher brokerage income arising from higher Bursa Malaysia trading volumes experienced during the period.

GROUP FINANCIAL COMMENTARY

Capital and Finance

- The Group's consolidated total equity (including minority interests) as at 31 December 2007 amounted to HK\$50.0 billion, an increase of 3.3% comparing to the total equity as at 30 June 2007.
- The Group's consolidated total equity attributable to shareholders of the Company as at 31 December 2007 amounted to HK\$40.7 billion, an increase of HK\$150 million comparing to the figure as at 30 June 2007.

Total Cash and Liquid Funds

As at 31 December 2007, the Group has net liquid funds of HK\$10.3 billion, comprising total cash balance of HK\$24.8 billion and marketable securities of HK\$5.9 billion and after netting off the total borrowings of HK\$20.4 billion.

Total Borrowings

The increase in total borrowings from HK\$16.0 billion as at 30 June 2007 was primarily due to the drawdown of new bank loans by GLL to finance the property development segment in Singapore and Malaysia. The Group's total borrowings are mainly denominated in Singapore dollars (61%), British pounds (23%) and US dollars (12%).

The Group's bank loans and other borrowings are repayable as follows:

	Bank loans	Mortgage debenture stock	Convertible bonds	Other borrowings	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
On demand or within 1 year	2,154	-	-	1,194	3,348
After 1 year but within 2 years	2,601	-	-	217	2,818
After 2 years but within 5 years	6,048	-	3,449	624	10,121
After 5 years	13	4,113	-	-	4,126
	8,662	4,113	3,449	841	17,065
	10,816	4,113	3,449	2,035	20,413

The loans are secured by the following:

- legal mortgages on investment properties with an aggregate book value of approximately HK\$87 million;
- legal mortgages on development properties with an aggregate book value of approximately HK\$13.0 billion; and
- legal mortgages on property, plant and equipment with an aggregate book value of approximately HK\$8.4 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2007 amounted to approximately HK\$5.5 billion.

Interest Rate Exposure

As at 31 December 2007, approximately 49% of the Group's borrowings were at floating rates and the remaining 51% were at fixed rates. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group may use interest rate swap contracts to manage the interest rate exposure.

Foreign Currency Exposure

The Group may, from time to time, enter into foreign exchange rate related contracts for the purpose of hedging the foreign currency exposures. The Group may also raise foreign currency loans to hedge our foreign currency investments.

For the six months ended 31 December 2007, there were "Net exchange losses on foreign exchange contracts" of HK\$104 million which primarily related to foreign exchange forward contracts used to hedge the Group's foreign currency bank loans. The gains on the conversion of the related bank loans were included under "Other exchange gains" amounting to HK\$307 million.

Contingent Liabilities

A subsidiary of the Group, GuocoLeisure Limited ("GuocoLeisure"), had contingent liabilities of HK\$40 million as at 30 June 2007 in relation to the guarantees of investment performance which were nil as at 31 December 2007.

GuocoLeisure has given a guarantee to the owner of the 20 (30 June 2007: 28) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than HK\$430 million (30 June 2007: HK\$512 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was HK\$430 million (30 June 2007: HK\$512 million) and the maximum aggregate liability under the guarantee was approximately HK\$860 million (30 June 2007: HK\$1,024 million). Based on past performance, GuocoLeisure's expectation is that the future annual EBITDA will be able to meet the guaranteed amount.

GuocoLand (China) Limited ("GLC"), the Group's subsidiary, had signed a conditional share acquisition agreement with Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations to acquire a 90% interest in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("Project Co") which owns the land use and development rights to a prime land parcel of 106,000 square meters located along Dongzhimen Road on the East Second Ring Road in the Dong Cheng District of Beijing for a purchase consideration of RMB5.8 billion. The balance purchase consideration of RMB2.58 billion will be paid in accordance with the agreement with the vendors, of which a sum of RMB580 million is payable only after satisfactory settlement of all outstanding and valid claims by Shenzhen Development Bank ("SDB") against the Project Co.

The status of the claims by SDB is reported as follows:

The People's High Court of Beijing had in December 2007 dismissed SDB's suit against the guarantor (Beijing Dong Hua Guang Chang Zhi Ye Co Ltd, "Zhiye") of certain alleged loans granted by SDB to certain borrowers ("guarantee") wherein the Project Co was a co-defendant. SDB has however initiated another civil suit against the Project Co for RMB1.5 billion being the principal amount under the guarantee. GLC will contest this action vigorously and has been advised by its PRC lawyers that the SDB suit has no merits and the Project Co has strong grounds to seek a dismissal of this civil suit.

Further, the Project Co has just received documents of legal proceedings commenced by Agricultural Bank of China ("ABC") against, inter alia, the Project Co and its holding company, Hainan Jing Hao Asset Limited, for a loan of about RMB2 billion owing to ABC by Zhiye. A sum of RMB2 billion has been withheld by GLC from the balance purchase consideration of RMB2.58 billion as mentioned above. GLC is currently seeking legal advice from its PRC lawyers.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 3,200 employees as at 31 December 2007. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed by management on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share options may also be granted in accordance with the approved share option schemes or plans adopted by the Company and its subsidiaries to eligible employees to reward their contribution and foster loyalty towards the Group.

OUTLOOK

We believe the effect of this current precedent setting credit crisis will have both positive and negative global consequences. Multiple asset classes in various markets will be adversely affected in varying degrees. Therein lies the proverbial challenge and opportunity.

It is heartening in this age of globalization, to see governments including their central banks and sovereign wealth funds as well as a variety of responsible institutions undertaking responsive short term initiatives to mitigate the negative consequences to avoid a hard landing. We expect longer term market and regulatory structural changes will eventually result in greater global economic and financial stability.

Nevertheless under these circumstances, one cannot predict with confidence the total impact or duration of the current crisis. We will therefore be particularly circumspect in our asset management and be vigilant for significant opportunities that we are confident will inevitably arise.

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

During the period the Company did not redeem any of its listed securities. Neither did the Company nor any of its other subsidiaries purchase or sell any of the Company's listed securities.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the period, the Company has complied with the relevant provisions set out in the Code on Corporate Governance Practices (the “CGP Code”) based on the principles set out in Appendix 14 to the Listing Rules, save that non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting pursuant to the Company’s Bye-Laws. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the CGP Code.

Model Code for Securities Transactions by Directors

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions.

All directors of the Company, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Model Code throughout the period.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 11 March 2008 to 14 March 2008, both days inclusive, during which period no share transfers will be registered.

To qualify for the interim dividend, all share transfers, 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, for registration not later than 4:30 p.m. on 10 March 2008.

As at the date of this announcement, the board of directors of the Company comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng and Mr. James Eng, Jr. as executive directors; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Volker Stoeckel and Mr. Ding Wai Chuen as independent non-executive directors.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 22 February 2008