



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

2004/2005 INTERIM ANNOUNCEMENT

RESULTS

The Board of Directors (the “Board”) of Guoco Group Limited (“the Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2004 together with comparative figures for the corresponding period last year as follows:

Consolidated Income Statement

		Six months ended 31 December 2004 (unaudited) HK\$'000	Six months ended 31 December 2003 (unaudited) HK\$'000	Change %
Turnover	2 & 3	5,001,474	4,061,951	23.1%
Cost of sales		(4,181,702)	(3,425,674)	
Other attributable costs		<u>(73,390)</u>	<u>(66,494)</u>	
		746,382	569,783	
Other revenue		21,457	14,695	
Other net income	4	933,876	744,014	
Administrative and other operating expenses		<u>(87,680)</u>	<u>(113,093)</u>	
Operating profit before finance cost	2	1,614,035	1,215,399	
Finance cost		<u>(31,704)</u>	<u>(15,502)</u>	
Operating profit	2	1,582,331	1,199,897	31.9%
Impairment loss write back on properties		5,745	22,061	
Impairment loss on investment securities		—	(166,275)	
Deficit on revaluation of investment properties		—	(68,109)	

		Six months ended 31 December 2004 (unaudited) HK\$'000	Six months ended 31 December 2003 (unaudited) HK\$'000	Change %
	<i>Notes</i>			
Net profit on disposal of investment properties		<u>8,567</u>	<u>2,406</u>	
Operating profit on ordinary activities		1,596,643	989,980	
Share of profits less losses of associates		<u>197,065</u>	<u>190,735</u>	
Profit from ordinary activities before taxation	5	1,793,708	1,180,715	
Taxation	6	<u>(133,595)</u>	<u>12,575</u>	
Profit after taxation		1,660,113	1,193,290	
Minority interests		<u>(97,149)</u>	<u>37,905</u>	
Profit attributable to shareholders		1,562,964	1,231,195	26.9%
Appropriations:				
Final dividend paid	7	<u>(853,908)</u>	<u>(230,386)</u>	
Retained profit for the period		<u>709,056</u>	<u>1,000,809</u>	
Earnings per share		<i>HK\$</i>	<i>HK\$</i>	
Basic	8	<u>4.75</u>	<u>3.76</u>	26.3%
Diluted	8	<u>4.75</u>	<u>3.75</u>	26.7%
Proposed interim dividend	7	<i>HK\$'000</i> <u>263,241</u>	<i>HK\$'000</i> <u>131,621</u>	

Consolidated Balance Sheet

	At 31 December 2004 (Unaudited) <i>HK\$'000</i>	At 30 June 2004 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS		
Fixed assets	1,953,007	1,920,165
Interest in associates	2,227,793	2,101,671
Interest in jointly controlled entities	(19,770)	(250)
Other non-current financial assets	886,103	596,731
Deferred tax assets	8,746	8,775
Goodwill	(99,170)	(114,715)
	4,956,709	4,512,377
CURRENT ASSETS		
Development properties	2,019,113	3,456,172
Properties held for sale	1,314,037	463,055
Other assets	836,300	1,852,336
Other investments in securities	7,045,915	5,018,122
Cash and short term funds	22,124,660	22,593,901
	33,340,025	33,383,586
CURRENT LIABILITIES		
Other payables and provisions	1,057,629	649,740
Current portion of bank loans and other borrowings	1,613,903	2,223,023
Insurance funds	24,093	29,180
Taxation	197,913	133,489
	2,893,538	3,035,432
NET CURRENT ASSETS	30,446,487	30,348,154
TOTAL ASSETS LESS CURRENT LIABILITIES	35,403,196	34,860,531
NON-CURRENT LIABILITIES		
Non-current portion of bank loans and other borrowings	2,099,352	2,222,516
Deferred tax liabilities	50,518	53,001
	2,149,870	2,275,517

	At 31 December 2004 (Unaudited) HK\$'000	At 30 June 2004 (Audited) HK\$'000
Minority interests	<u>1,900,570</u>	<u>1,902,895</u>
NET ASSETS	<u>31,352,756</u>	<u>30,682,119</u>
CAPITAL AND RESERVES		
Share capital	1,279,091	1,283,303
Reserves	<u>30,073,665</u>	<u>29,398,816</u>
	<u>31,352,756</u>	<u>30,682,119</u>

1. **Accounting policies**

The financial statements have been prepared under the historical cost method as modified for the revaluation of investment properties and land and buildings, and marking to market of certain investments.

The accounting policies adopted are consistent with those used in the preparation of the Group's annual financial statements for the year ended 30 June 2004.

2. Segment information

Business Segements

	Treasury, fund and investment management (Unaudited) <i>HK\$'000</i>	Property development (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Securities, commodities and brokerage (Unaudited) <i>HK\$'000</i>	Insurance (Unaudited) <i>HK\$'000</i>	Inter-segment elimination (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
For the six months ended 31 December 2004							
Turnover	3,946,947	957,005	29,395	21,652	46,475	—	5,001,474
Inter-segment turnover	<u>52,547</u>	—	<u>1,905</u>	<u>816</u>	—	<u>(55,268)</u>	—
	<u>3,999,494</u>	<u>957,005</u>	<u>31,300</u>	<u>22,468</u>	<u>46,475</u>	<u>(55,268)</u>	<u>5,001,474</u>
Contribution from operations	1,424,791	173,190	20,462	3,281	1,687		1,623,411
Unallocated income							42,650
Unallocated expenses							<u>(52,026)</u>
Operating profit before finance cost							<u>1,614,035</u>
For the six months ended 31 December 2003							
Turnover	3,265,811	669,229	46,273	32,968	47,670	—	4,061,951
Inter-segment turnover	<u>43,098</u>	—	<u>2,499</u>	<u>396</u>	—	<u>(45,993)</u>	—
	<u>3,308,909</u>	<u>669,229</u>	<u>48,772</u>	<u>33,364</u>	<u>47,670</u>	<u>(45,993)</u>	<u>4,061,951</u>
Contribution from operations	1,175,522	34,039	32,440	5,465	3,121		1,250,587
Unallocated income							21,231
Unallocated expenses							<u>(56,419)</u>
Operating profit before finance cost							<u>1,215,399</u>

Geographical Segments

	Turnover Six months ended 31 December		Operating profit Six months ended 31 December	
	2004 (Unaudited) <i>HK\$'000</i>	2003 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>	2003 (Unaudited) <i>HK\$'000</i>
Hong Kong	4,000,745	3,353,560	1,305,936	1,005,801
Singapore	449,827	693,324	97,561	152,240
The People's Republic of China	549,394	4,324	170,508	2,515
Others	<u>1,508</u>	<u>10,743</u>	<u>8,326</u>	<u>39,341</u>
	<u>5,001,474</u>	<u>4,061,951</u>	<u>1,582,331</u>	<u>1,199,897</u>

3. **Turnover**

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from sale of investments in securities	3,641,296	3,062,733
Income from sale of properties	957,005	669,230
Interest income	233,978	149,539
Dividend income from listed securities	75,101	48,182
Gross insurance premiums	45,799	47,468
Rental income from properties	28,221	45,349
Securities commission and brokerage	18,931	27,278
Other income	<u>1,143</u>	<u>12,172</u>
	<u>5,001,474</u>	<u>4,061,951</u>

4. **Other net income**

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net unrealised gains on other investments	553,786	386,476
Net exchange gains	295,473	343,254
Net realised gains on other investments	9,314	18,879
Profit on disposal of fixed assets	8	101
Others	<u>75,295</u>	<u>(4,696)</u>
	<u>933,876</u>	<u>744,014</u>

5. **Profit from ordinary activities before taxation**

Profit from ordinary activities before taxation is arrived at

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
after charging:		
Staff costs (including retirement scheme contributions of HK\$3,934,000 (2003: HK\$4,790,000))	63,455	73,589
Depreciation	7,487	9,470
Operating lease charges		
— properties	3,141	6,544
— others	23	39
Amortisation of positive goodwill included in share of profits less losses of associates	—	5,558
Auditors' remuneration	1,197	1,040
Impairment loss on investment securities	—	166,275
Donations	140	16
	<u>34,386</u>	<u>18,102</u>
and crediting:		
Amortisation of negative goodwill	34,386	18,102
Amortisation of negative goodwill included in share of profits less losses of associates	44,773	—
Impairment loss write back on properties	5,745	22,061
	<u>28,221</u>	<u>45,349</u>
Gross rental income from investment properties	28,221	45,349
Less: direct outgoings	(8,723)	(4,176)
	<u>19,498</u>	<u>41,173</u>
Net rental income	19,498	41,173
Share of profits less losses of associates:		
— Listed	173,174	188,662
— Unlisted	23,891	2,073
	<u>197,065</u>	<u>190,735</u>

6. Taxation

	Six months ended 31 December	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Hong Kong Profits Tax	28,983	(22,605)
Overseas taxation	68,391	(12,187)
Deferred taxation	<u>(3,102)</u>	<u>3,509</u>
	94,272	(31,283)
Share of associates' taxation	<u>39,323</u>	<u>18,708</u>
	<u>133,595</u>	<u>(12,575)</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 17.5% (2003: 17.5%) to the profits for the six months ended 31 December 2004. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant countries.

7. Dividends

	Six months ended 31 December	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
2004: Final dividend paid of HK\$2.60 per share (2003: HK\$0.70 per share)	<u>853,908</u>	<u>230,386</u>
2005: Proposed interim dividend of HK\$0.80 per share (2004: HK\$0.40 per share)	<u>263,241</u>	<u>131,621</u>

The proposed interim dividend for the year ending 30 June 2005 of HK\$263,241,000 is calculated based on 329,051,373 ordinary shares in issue as at 31 December 2004.

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 HK\$1,562,964,000 (2003: HK\$1,231,195,000) and the weighted average number of 329,051,373 ordinary shares (2003: 327,686,481 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 HK\$1,562,945,000 (2003: HK\$1,230,745,000) and the weighted average number of 329,051,373 ordinary shares (2003: 328,533,778 ordinary shares) in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

(c) *Reconciliations*

	2004	2003
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	329,051,373	327,686,481
Deemed issue of ordinary shares under share option scheme	<u>—</u>	<u>847,297</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>329,051,373</u>	<u>328,533,778</u>

9. **Hong Kong dollar amounts**

The financial statements of the Company are maintained in United States dollars. The accounting figures shown above have been translated from United States dollars into Hong Kong dollar equivalent at the rate ruling at the respective financial period ends for presentation purposes only (2004: US\$1 = HK\$7.7744, 2003: US\$1 = HK\$7.7626).

10. **Comparative figures**

The comparative figure for income from sale of investments in securities under Turnover has been adjusted to conform with the current period's presentation to better reflect the principal activities of the Group.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders of the Group for the six months ended 31 December 2004 was HK\$1,563.0 million, which represents an increase of approximately 26.9% over the corresponding period last year. Basic earnings per share increased by approximately 26.3% to HK\$4.75. Consolidated shareholders' funds have increased to approximately HK\$31.4 billion.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.80 per share amounting to approximately HK\$263.2 million (2003/2004 interim dividend: HK\$0.40 per share amounting to approximately HK\$131.6 million) for the financial year ending 30 June 2005 which will be payable on 18 March 2005 to the shareholders whose names appear on the Register of Members on 17 March 2005.

REVIEW OF OPERATIONS

Corporate Events

a. *Disposal of Dao Heng Insurance Co., Limited to Hong Leong Assurance Berhad*

The Group entered into a conditional sale and purchase agreement with Hong Leong Assurance Berhad ("HLAB") on 11 January 2005 for the disposal of its entire interest in Dao Heng Insurance Co., Limited ("DHI") at a cash consideration of approximately

HK\$152.6 million, representing 1.2 times of the adjusted net tangible assets value of DHI as at 30 June 2004, after deducting HK\$40 million of dividends paid or payable to the Group. HLAB is a wholly owned subsidiary of Hong Leong Credit Berhad (“HLCB”).

The purpose of the transaction is to pool together the relevant insurance business resources and expertise within the HLCB Group to create the synergy for the benefit of future business development of both DHI and HLAB. DHI will benefit from HLAB’s expertise on a wider range of products and long-term business as a diversification strategy. The Group would continue to have an indirect interest in DHI via its holding of 25.66% interests in HLCB which wholly owns HLAB. The Group will realise a net profit of approximately HK\$12.3 million upon completion of the transaction.

b. *Acquisition of 40.03% interest in Camerlin Group Berhad and mandatory general offer on the remaining securities held by public*

On 12 January 2005, the Group entered into a securities sale agreement with GuocoLand Limited, Hong Leong Computer Services Sdn Bhd and Hong Leong Industries Berhad and its subsidiary for the proposed acquisitions of approximately 40.03% of the total issued share capital in Camerlin Group Berhad (“CGB”) and approximately 72.25% of the outstanding nominal value of irredeemable convertible unsecured loan stock (“ICULS”) of CGB at a total consideration of approximately RM236.6 million (HK\$485.5 million). The consideration is calculated based on RM1.20 per CGB share and RM1.04 per CGB ICULS.

CGB is an investment holding company listed on the Bursa Malaysia Securities Berhad. The major asset of CGB is a 22.3% investment in its associated company, BIL International Limited (“BIL”) which is an investment holding company with primary listing on the Singapore Exchange and secondary listings on the London and New Zealand Stock Exchanges. BIL’s core operating assets comprise Thistle Hotels Group and other investment projects.

The proposed acquisitions will enable the Group to acquire substantial interests in CGB and become the single largest shareholder of CGB. Pursuant to the Malaysian Code on Take-overs and Mergers, the Group is obliged to undertake a mandatory general offer to acquire the remaining shares, outstanding ICULS and warrants of CGB not held by the Group at the respective prices of RM1.20 per share, RM1.04 per ICULS and RM0.01 per warrant, upon completion of the proposed acquisitions.

Treasury, Fund and Investment Management

The Company’s vision is to achieve superior, long-term sustainable shareholders return by investing in global capital markets and in core businesses and industries with an Asian focus where our management knowledge and competencies can create Prime Value. In pursuance of this strategy, the governing investment objectives of the Group at this juncture are to preserve capital, to provide sufficient liquidity as and when needed for the purpose of core investments, and to achieve an investment return that will enhance our long-term interests.

In support of the Management's mission to create an efficient investment organization to achieve this vision and in response to the anticipated growth in our treasury and investment activities, additional resources will continue to be allocated to strengthen our investment infrastructure which includes risk management and recruitment of the right talent.

Investment management teams had been organized regionally to harness group resources under three investment offices, namely Hong Kong, Singapore and Malaysia, to enable us to select and validate the appropriate investments that meet the Group's target valuation benchmarks and whose potentials satisfy its demanding investment criteria.

The Year 2004 ended with the US dollar trading near multi year lows. Focus was again shifted to the worsening US twin deficits and the increasing costs to fund those deficits. Against the low interest rate environment, we have taken measures to diversify its deposit base in different currencies from time to time. Our Treasury Division performed well to capture the swings in currency during the final quarter of the year as foreign currencies broke out of range trading that characterized the first 9 months of 2004.

We continued to actively manage the currency overlays of our equity investments in Japan, Australia, UK and Singapore. 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.

We also started looking more actively in Europe and the US. With markets generally trading at high levels in the US/European markets, the investment teams adopted a prudent approach in deploying funds.

The Group's treasury, fund and investment management sector contributed approximately HK\$1,424.8 million to the operating profit before finance cost for the period under review. The major items included:

- total interest income of about HK\$234.0 million;
- total exchange gain (mainly from foreign currency deposits) of about HK\$295.5 million;
- realized and unrealized gains on investments of about HK\$805.2 million; and
- dividend income of about HK\$75.1 million.

GuocoLand Limited ("GLL") — 62.4% owned by the Group

For the half year ended 31 December 2004, the GLL Group reported a net profit of S\$41.0 million compared to S\$29.8 million in the previous corresponding period.

The GLL Group's revenue and cost of sales increased by 36% and 23% to S\$213.8 million and S\$173.7 million respectively. This increase was attributable substantially to the GLL Group's project in Central Park, Shanghai. Neither revenue nor cost of sales were recognised from Central Park in the previous corresponding period. The GLL Group's gross profit for the six-month period registered a significant increase of 151% to S\$40.1 million.

The GLL Group reported an increase in other operating income from S\$6.2 million to S\$23.7 million mainly due to higher mark-to-market gains on the GLL Group's financial assets.

The GLL Group's finance costs increased by 98% to S\$6.8 million as the finance costs for certain property development projects which were previously capitalised as part of development costs are now charged to the profit and loss account after these projects obtained Temporary Occupation Permits.

The GLL Group's associates contributed a profit before tax of S\$6.0 million, a decrease of 48% over the previous corresponding period. As the interest in Benchmark Group Plc. had been sold in 2003, there was no more profit contribution from it for the half year ended 31 December 2004. This resulted in a lower profit contribution from the GLL Group's associate for the first half year. This decrease was partially offset by higher profit contribution from Razgrad Pte Ltd, a 40% owned associate engaged in The Ladyhill project.

The GLL Group's income tax expense was higher than the standard rate of 20% applied to the profit because of the higher income tax rate of 33% in China.

The GLL Group's net asset value per ordinary share increased from S\$1.44 as at 30 June 2004 to S\$1.54 as at 31 December 2004.

The GLL Group currently has eight launched residential developments in Singapore: Sanctuary Green, The Gardens at Bishan, Bishan Point, Le Crescendo, Leonie Studio, Nathan Place, The Ladyhill (in which the GLL Group has 40% interest) and The Boulevard Residence (in which the GLL Group has 40% interest).

In June 2004, the GLL Group had entered into a conditional collective sale and purchase agreement to acquire Greenacres condominium with the intention of redeveloping the site. The GLL Group recently tendered successfully for a residential site at Sengkang Central. The acquisitions of Greenacres condominium and Sengkang Central site are scheduled for completion in February and April 2005 respectively. These two acquisitions will add a gross floor area of approximately 910,000 sq. ft. to the GLL Group's existing landbank.

In Shanghai, the GLL Group received an overwhelming response for its 262-unit residential project, Central Park and as at 30 January 2005, total sales of 99% had been achieved. This project is expected to contribute significantly to the GLL Group's results for the current financial year ending 30 June 2005. In Beijing, resettlement is in progress at a GLL Group's recently acquired land parcel within the Second Ring Road in Feng Sheng, Xicheng District. Corporate Square was 70% sold and the majority of the remaining area had been leased out.

In Malaysia, the GLL Group has increased its interest in its associate, GuocoLand (Malaysia) Berhad (previously known as Hong Leong Properties Berhad) to 43.56%.

Hong Leong Credit Berhad (“HLCB”) — 25.7% owned by the Group

For the financial period ended 31 December 2004, the HLCB Group registered a profit before tax of RM383.7 million as compared to RM383.2 million in the previous corresponding period. This is mainly due to higher profit from banking division and savings in finance costs of RM6.2 million. However, profit after tax and minority interest stood at RM164.5 million, RM3.2 million lower as compared to the previous corresponding period as a result of higher minority interest contribution from the banking division’s better results.

The banking division recorded a profit before tax of RM376.8 million for the financial period ended 31 December 2004, an increase of RM17.6 million as compared to RM359.1 million in the previous corresponding period. The improved profitability was primarily due to increase in non-interest income of RM79.3 million as well as lower loan loss provision of RM22.0 million. The healthy growth in the non-interest income came from gains in treasury trading activities as well as higher commission earned from its personal financial services. Loan loss provision was lower due to absence of lumpy specific provisions which were made in previous corresponding period. Amidst the environment of excess liquidity and competitive pricing, the division’s net interest income excluding Islamic banking income declined by RM52.0 million.

The insurance division registered a profit before tax of RM10.9 million for the financial period ended 31 December 2004 as compared to a profit before tax of RM37.9 million in the previous corresponding financial period. The decrease is mainly due to lower investment income and underwriting profits in the current financial period. Higher investment income was registered in the previous corresponding period as a large portion of equity holdings were disposed off, taking advantage of the positive market sentiments in Bursa Malaysia.

The stockbroking division registered a profit before tax of RM9.5 million for the financial period ended 31 December 2004 as compared to a profit before tax of RM18.3 million in the previous corresponding period. The lower profit before taxation for the current financial period was due to less favourable stock market conditions compared to previous corresponding period.

FINANCIAL COMMENTARY

Borrowings

As at 31 December 2004, the Group had reduced its total borrowings by 16.5% to HK\$3,713.3 million from HK\$4,445.5 million as at 30 June 2004. Unsecured borrowings comprise 36.7% of total borrowings.

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

	Bank loans (Unaudited) <i>HK\$'000</i>	Other borrowings (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
On demand or within 1 year	1,233,160	380,743	1,613,903
After 1 year but within 2 years	1,276,618	322,661	1,599,279
After 2 years but within 5 years	—	500,073	500,073
	<u>1,276,618</u>	<u>822,734</u>	<u>2,099,352</u>
	<u>2,509,778</u>	<u>1,203,477</u>	<u>3,713,255</u>

The loans are secured by the following:

- a. legal mortgages on investment properties with a book value of HK\$585.8 million;
- b. legal mortgages on development properties with a book value of HK\$1,785.8 million;
- c. legal mortgages on properties held for sale with a book value of HK\$767.7 million; and
- d. certain equity investments with total market value of HK\$1,009.5 million.

As at 31 December 2004, the Group has net cash balance of HK\$18,411.4 million after netting off the total borrowings of HK\$3,713.3 million.

Contingent liabilities

As at 31 December 2004, there were no contingent liabilities in respect of guarantees given to bankers by the Company to secure banking facilities (30 June 2004: HK\$161.0 million) granted to group companies and certain investee companies of the Group.

Capital and finance

The Group's consolidated shareholders' funds as at 31 December 2004 amounted to HK\$31,352.8 million.

HUMAN RESOURCES AND TRAINING

The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to provide its staff with ongoing development programmes.

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 performance as incentives to optimise performance. Share options may also be granted in accordance with the share option scheme or plan adopted by the Company and its subsidiary to eligible employees to reward their contribution and foster loyalty towards the Group.

OUTLOOK

Despite gradual rate hikes in the US, record oil prices and continued slowdown in the Chinese economy, nearly all global and regional markets recorded gains during the period, attributable to generally better than expected earnings growth in most markets and abundant liquidity. After rallying before the end of 2004, most markets appear to be fairly valued and vulnerable to profit taking. Slower economic and earnings growth plus further rate hikes are expected to pose more challenges to global markets. Considering this combination of factors and the present outlook, caution should still prevail.

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

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Board Audit Committee ("BAC") currently comprises Messrs. Harry Richard Wilkinson (Chairman), Sat Pal Khattar and Volker Stoeckel, all being independent non-executive directors of the Company. The BAC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December 2004.

None of the Directors of the Company is aware of information which would reasonably indicate that the Company was not in compliance with the Code of Best Practice (the "Code"), as adopted by the Company, at any time during the six months ended 31 December 2004. The provisions in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") applying prior to 1 January 2005 are in principle incorporated in the Code, except that the independent non-executive directors are not appointed for a specific term but their terms of office are subject to retirement by rotation and re-election at the annual general meetings in accordance with the Company's Bye-Laws.

On 25 February 2005, the Board adopted the Code on Corporate Governance Practices (the "CGP Code") based on the principles set out in the new Appendix 14 to the Listing Rules. The Company's CGP Code would become effective for accounting periods commencing on or after 1 July 2005. The Board also established a Remuneration Committee, comprising Mr.

Quek Leng Chan as Chairman and independent non-executive Directors, Messrs. Harry Richard Wilkinson and Volker Stoeckel, with written terms of reference, effective from 1 July 2005. The terms of reference of the BAC were revised to align with the provisions of the CGP Code and would become effective from 1 July 2005.

STATUTORY ACCOUNTS

The information in this interim results is unaudited and does not constitute statutory accounts.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 14 March 2005 to 17 March 2005, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the interim dividend, all share transfers accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Investor Services Hong Kong Limited, at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 11 March 2005.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is accessible on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.guoco.com>). The interim report will also be published on both websites in due course .

As at the date of this announcement, the Board 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. Harry Richard Wilkinson and Mr. Volker Stoeckel as independent non-executive directors.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 25 February 2005