

For immediate release

22 February 2008

**GUOCO GROUP LIMITED**  
**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

**Guoco reports HK\$1.02 billion interim profit**

Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its 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%)
	<b>HK\$</b>	<b>HK\$</b>	
Earnings per share	3.14	4.90	(36%)
Dividend per share	1.00	1.00	-
	<b>As at</b>		
	<b>31 December</b>	<b>30 June</b>	
	<b>2007</b>	<b>2007</b>	<b>Increase/ (Decrease)</b>
	<b>HK\$</b>	<b>HK\$</b>	
Equity per share attributable to shareholders of the Company	123.65	123.20	-

**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.

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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.

**INTERIM DIVIDEND**

The Directors have declared an interim dividend of HK\$1.00 per share for the financial year ending 30 June 2008.

**GUOCO'S CORE BUSINESSES**

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.

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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 undervalued 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.

Property Development and Investment – GuocoLand Limited (“GLL”)

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.

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Hospitality and Leisure – GuocoLeisure Limited (“GL”, formerly known as BIL International Limited)

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.

Financial Services – Hong Leong Financial Group Berhad (“HLFG”)

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.

**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.

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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.

(Please visit [www.guoco.com](http://www.guoco.com) or [www.hkex.com.hk](http://www.hkex.com.hk) for Guoco's full interim results announcement.)

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Guoco Group Limited ("Guoco") (Stock Code: 53), listed on The Stock Exchange of Hong Kong Limited, is an investment holding and investment management company with the vision of achieving long term sustainable returns for its shareholders and creating prime capital value. Guoco's operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. Guoco has four core businesses, namely, Proprietary Asset Management; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

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