

For immediate release

1 March 2010

GUOCO GROUP LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Six months ended 31 December		Increase/ (Decrease)
	2009 HK\$'M	2008 HK\$'M	
Turnover	6,245	8,973	(30%)
Revenue	3,383	4,499	(25%)
Profit/(loss) from operations before finance cost	1,391	(2,385)	N/A
Profit/(loss) attributable to shareholders of the Company	1,063	(2,505)	N/A
	HK\$	HK\$	
Earnings/(loss) per share	3.27	(7.71)	N/A
Dividend per share	0.80	0.50	60%
	As at		
	31 December	30 June	
	2009	2009	
	HK\$	HK\$	
Equity per share attributable to shareholders of the Company	126.45	120.63	5%

(1 March 2010, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its interim results for the six months ended 31 December 2009.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders for the six months ended 31 December 2009, after taxation and non-controlling interests, amounted to HK\$1,063 million as compared to a loss of HK\$2,505 million for the previous corresponding period. Earnings per share amounted to HK\$3.27.

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

- property operations of HK\$467 million;
- hospitality and leisure business of HK\$171 million;
- total net exchange gain (including foreign exchange contracts) of HK\$459 million;
- total interest income of HK\$155 million;
- total realised and unrealised gain on trading financial assets and derivative financial instruments of HK\$121 million;
- dividend income of HK\$84 million; and
- contributions from associates and jointly controlled entities of HK\$213 million.

Revenue decreased by 25% to HK\$3.4 billion. The decrease was mainly attributable to the decrease in property development and investment sector of HK\$715 million (29%), principal investment sector of HK\$251 million (57%) and hospitality and leisure sector of HK\$165 million (11%).

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.80 per share for the financial year ending 30 June 2010.

GUOCO'S CORE BUSINESSES

Principal Investment

Global markets and major world economies continued their recoveries. Rallies in asset prices, which started in the first half of 2009, gained further momentum as the year progressed on the back of massive monetary and fiscal stimuli as well as unprecedented recapitalization in the Western banking sector. The rebound was very broad based despite ongoing concerns such as persistent high unemployment, weak property markets and emergence of government debt woes in several countries. On the other hand, emerging economies such as China exhibited remarkable resilience and contributed greatly to this milder-than-expected global downturn.

We took advantage of market opportunities in the past few months as they arose. We increased the size of our investments during periods of price weakness. Our focus remained on identifying undervalued investments for their long-term recovery potential. Core positions were established in a number of key markets concentrating on some battered stocks.

The treasury team continued to actively manage the currency overlays of our equity investments in various countries and adopted a balanced portfolio approach in diversifying our liquid funds. This has contributed foreign exchange gains to group results for the period.

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

For the half year ended 31 December 2009, GLL reported a net profit of S\$72.8 million, compared to a net loss of S\$2.0 million in the previous corresponding period. Gross profit increased from S\$51.8 million to S\$144.9 million. Revenue and cost of sales were higher at S\$459.4 million and S\$314.6 million respectively.

The higher profit was mainly due to the strong performance of property development projects in China, especially from Ascot Park in Nanjing and Changfeng project in Shanghai. Following the successful launch of Phase 1 in Ascot Park, GLL launched all remaining units and received an overwhelming response from buyers. The 1,112 unit development is fully sold. In Shanghai, GLL has sold about 70% of SOHO units in Changfeng project. GLL also sold an office block in this project for Rmb1 billion in November 2009. Both Phase 1 in Ascot Park and the SOHO units in Changfeng project were handed over to buyers in December 2009.

As economic conditions in Asia continue to improve, private home sales in Singapore and China rebounded strongly in the second half of 2009. However, concern has been raised on potential overheating of economies and possible asset price bubbles. GLL has enjoyed healthy sales in its property development projects in Singapore and China. As part of the on-going review of its strategies, GLL will continuously source for new land for development, and prime its launch-ready projects for sale at the right time.

Hospitality and Leisure Business – GuocoLeisure Limited (“GL”)

GL recorded a profit after tax for the half year ended 31 December 2009 at US\$17.5 million, a decrease of 39.9% as compared to US\$29.1 million in the previous corresponding period.

Revenues stood at US\$170.8 million, which was 15.4% below that of the previous corresponding period. This was mainly due to lower revenues from the gaming and property development segments. The other component of the decline in revenues was as a result of lower GBP against USD as compared to the previous corresponding period.

GL established presence in Asia by expanding its hotel management business under the Thistle brand into two hotels belonging to GLL in Malaysia. GL will continue to work with GLL in relation to the hotel components of GLL’s development projects in China under the Guoman and Thistle brands.

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

HLFG recorded a profit before tax of RM604.1 million for the half year ended 31 December 2009 as compared to RM652.3 million in the previous corresponding period, a decrease of RM48.2 million or 7.4%. This was mainly due to lower contributions from commercial banking division which recorded a profit before tax of RM580.1 million for the period, a decrease of RM75.9 million as compared to RM656.0 million in the previous corresponding period. The decrease was due to lower net interest income and non-interest income as well as higher operating expenses. This was however mitigated by higher share of profit from associate, higher net income from Islamic banking business and writeback of impairment provision.

The balance of our financial year ahead is expected to remain challenging due to increased competition and a high degree of uncertainty and volatility in the global markets. Along with tightening risk controls and maintaining asset quality and strengthening balance sheet, HLFG will continue to prudently grow its core financial businesses. It will stay focused on enhancing competitive position and increasing market share in the targeted customer segments in various financial services sectors.

OUTLOOK

Underpinned by continued economic recovery, low inflation and lower global interest rates as well as ample liquidity, the macro investment environment has improved from twelve months ago. However, the economic climate remains fraught with uncertainty. The global economy has responded positively to government stimuli but has remained heavily dependent on it. A number of global imbalances are still unresolved and speculation when these will end can trigger market volatility. As such, we will continue to exercise prudence in managing our core businesses so as to remain resilient to take on new opportunities when they arise.

(Please visit www.guoco.com or www.hkexnews.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, Principal Investment; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

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