

For immediate release

17 February 2009

GUOCO GROUP LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Six months ended 31 December		
	2008	2007	Decrease
	HK\$'M	HK\$'M (Restated)	
Turnover	8,973	14,482	38%
Revenue	4,499	5,825	23%
(Loss)/profit from operations before finance cost	(2,385)	1,970	N/A
(Loss)/profit attributable to shareholders of the Company	(2,505)	1,021	N/A
	HK\$	HK\$	
(Loss)/earnings per share	(7.71)	3.14	N/A
Dividend per share	0.50	1.00	50%
	As at		
	31 December	30 June	
	2008	2008	
	HK\$	HK\$	
Equity per share attributable to shareholders of the Company	107.96	125.17	14%

(17 February 2009, Hong Kong) Guoco Group (Guoco Group Limited, Stock Code: 53) announced today its interim results for the six months ended 31 December 2008.

FINANCIAL RESULTS

The unaudited consolidated loss attributable to shareholders for the six months ended 31 December 2008, after taxation and minority interests amounted to HK\$2,505 million, primarily arising from its principal investment business which was adversely affected by the financial turmoil during the period. For the six months ended 31 December 2008, there were realised gains of approximately HK\$61 million and unrealised losses of approximately HK\$1,081 million on trading financial assets. Total realised and unrealised losses on derivative financial instruments primarily entered into for acquiring equity for strategic investment purpose amounted to approximately HK\$84 million and HK\$322 million respectively. There were also total realised and unrealised foreign exchange losses of approximately HK\$593 million and HK\$1,346 million respectively which mainly represented exchange losses on foreign currency deposits.

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The Group continued to generate profit (before finance cost and taxation) totalling HK\$1,071 million from the following sources:

- hospitality and leisure business of HK\$259 million;
- property operations of HK\$153 million;
- contributions from associates and jointly controlled entities of HK\$221 million;
- total interest income of HK\$387 million; and
- dividend income of HK\$51 million.

Revenue decreased by 23% to HK\$4.5 billion. The decrease was mainly attributable to the decrease in principal investment sector of HK\$505 million (53%), property development sector of HK\$424 million (15%) and hotel and gaming sector of HK\$348 million (18%).

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.50 per share for the financial year ending 30 June 2009.

GUOCO'S CORE BUSINESSES

Principal Investment

The six months period to December 2008 represented an unprecedented volatile period for global financial markets. The turmoil in the credit market, triggered initially by a downturn in the U.S. housing market and associated failure of complicated financial products, finally led to a severe worldwide financial crisis. In response, government authorities undertook massive fiscal stimulus and bailout measures combined with aggressive interest rate cuts to prevent a full-blown global financial meltdown. Nevertheless, volatility across asset classes continued to hit extreme levels and the financial world experienced large-scale wealth evaporation.

Under such an extremely adverse environment, we remained cautious in managing our investment portfolio during this period. We opted to stay largely in cash and were able to minimise overall negative returns. The losses arose mainly from short term mark-to-market differences on our strategic holdings. We will continue to identify more strategic investment opportunities which generate better returns.

On our liquid funds, the Treasury team had adopted a balanced portfolio approach in diversifying the currency base of deposits. However, the rapid appreciation of USD versus other currencies during the review period resulted in substantial unrealised foreign exchange losses.

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

For the half year ended 31 December 2008, GLL reported a net loss of S\$2.0 million compared to a net profit of S\$60.6 million in the previous corresponding period. There was an unrealised translation loss of S\$22.1 million arising primarily from the revaluation of US\$300 million bank loans as the USD appreciated against the SGD.

GLL’s revenue and cost of sales decreased by 38% and 37% to S\$247.7 million and S\$195.9 million respectively compared to the previous corresponding period mainly due to lower sales for property development projects in China offset by higher sales in Singapore.

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

GL registered a profit of US\$29.1 million for the first half-year ended 31 December 2008. This was a marginal dip of 3.3% as compared to the corresponding period in the previous year. There were two key factors that contributed to this overall decrease, namely one-off income items that were recognised in the previous corresponding period as well as the depreciation of GBP and AUD against USD. Excluding these two factors, GL’s profit after tax registered an increase of 63% as compared to the previous corresponding period.

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

HLFG recorded a profit before tax of RM652.3 million for the six months ended 31 December 2008 as compared to RM580.1 million in the previous corresponding period, an increase of RM72.2 million or 12.4%. This was mainly due to higher contributions from the banking division.

The banking division recorded a profit before tax of RM656.0 million for the six months ended 31 December 2008 as compared to RM548.8 million in the previous corresponding period, an increase of RM107.2 million or 19.5%. This was mainly due to higher foreign exchange gain coupled with share of profit from the Bank of Chengdu which was effective from 1 July 2008.

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OUTLOOK

The current financial crisis will be remembered as a watershed event in modern financial history. A number of the major variables remain uncertain at this stage including the severity of this economic downturn and the pace of the eventual recovery. Over the next few months, the global macro environment will be dominated by continuation of the de-leveraging process and responses of the various government agencies. Any recovery is likely to be a prolonged process. Our core businesses will respond to the increasing economic uncertainty by intensifying cash flow management and cost control so as to remain resilient in the face of volatilities in market conditions and to take on opportunities that arise from the severe market corrections.

(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.

Contacts :

Ms. Stella Lo

Group Company Secretary

Tel: (852) 2283 8710

Fax: (852) 2285 3210

E-mail: stella.lo@guoco.com