Guoco Group Limited
國浩集團有限公司

(Incorporated in Bermuda with limited liability)

2001/2002 INTERIM ANNOUNCEMENT

RESULTS

The Board of Directors of Guoco Group Limited ("the Company" or "the Group") is pleased to announce the unaudited consolidated net profit of the Group, after taxation and minority interests, for the six months ended 31 December 2001 together with comparative figures for the corresponding period last year as follows:

Consolidated Income Statement

	Note	**Six months ended 31 December 2001 *(unaudited)* *HK$'000***	Six months ended 31 December 2000 *(unaudited)* *HK$'000* Restated	Change %
Turnover				
Continuing operations	*2*	**1,116,017**	801,794	+39
Discontinued operations	*2*	–	5,364,761	
		1,116,017	6,166,555	
Cost of property sold		**(638,300)**	(477,665)	
Interest expenses of discontinued operations		–	(3,269,843)	
Other attributable costs		**(102,631)**	(77,392)	
		375,086	2,341,655	
Other revenue		**4,047**	8,220	
Other net income	*3*	**162,524**	84,918	
Administrative expenses		**(125,385)**	(964,250)	
Other operating expenses		**(7,182)**	(15,255)	
Provisions for bad and doubtful loans and advances for discontinued operations		–	(159,424)	
Operating profit before finance cost	*2*	**409,090**	1,295,864	
Finance cost for non-banking operations		**(109,345)**	(233,767)	
Operating profit				
Continuing operations		**299,745**	(24,053)	
Discontinued operations		–	1,086,150	
		299,745	1,062,097	
Impairment loss on properties		**(77,898)**	–	
Net loss on disposal of investment properties		**(94,288)**	–	
Operating profit on ordinary activities		**127,559**	1,062,097	
Share of profits less losses of associates		**238,239**	164,533	
Share of profits less losses of jointly controlled entities		**(1,037)**	22,493	
Profit from ordinary activities before taxation	*4*	**364,761**	1,249,123	
Taxation	*5*	**(121,369)**	(271,554)	
Profit after taxation		**243,392**	977,569	
Minority interests		**302,553**	(347,168)	
Profit attributable to shareholders		**545,945**	630,401	-13
Appropriations:				
Final dividend paid	*6*	**(194,449)**	(234,647)	
Retained profit for the period		**351,496**	395,754	
Earnings per share				
Basic	*7*	**HK$1.33**	HK$1.48	-10
Diluted	*7*	**HK$1.27**	HK$1.46	-13
		HK$'000	*HK$'000*	
Proposed interim dividend	*6*	**129,633**	85,326	

Consolidated Balance Sheet

	At 31 December 2001 *(unaudited)* *HK$'000*	At 30 June 2001 *(audited)* *HK$'000*
NON-CURRENT ASSETS		
Investment properties	**2,062,826**	1,910,775
Fixed assets	**206,495**	66,040
Interest in associates	**3,518,184**	3,382,213
Interest in jointly controlled entities	**(14,800)**	(7,269)
Other non-current financial assets	**665,965**	642,536
Goodwill	**(6,011)**	–
	6,432,659	5,994,295
CURRENT ASSETS		
Development properties	**4,532,248**	4,975,624
Properties held for resale	**559,833**	587,688
Other assets	**457,747**	430,921
Other investments in securities	**11,104,639**	10,969,373
Cash and short term funds	**13,695,063**	23,350,954
	30,349,530	40,314,560
CURRENT LIABILITIES		
Other payables and provision	**1,386,194**	1,632,581
Current portion of bank loans and other borrowings	**2,666,848**	5,453,336
Insurance funds	**23,424**	22,073
Taxation	**103,934**	102,699
	4,180,400	7,210,689
Net current assets	**26,169,130**	33,103,871
TOTAL ASSETS LESS CURRENT LIABILITIES	**32,601,789**	39,098,166
NON-CURRENT LIABILITIES		
Non-current portion of bank loans and other borrowings	**3,884,786**	4,995,755
Deferred taxation	**24,757**	54,731
	3,909,543	5,050,486
Minority interests	**1,564,344**	1,937,451
NET ASSETS	**27,127,902**	32,110,229
CAPITAL AND RESERVES		
Share capital	**1,263,522**	1,665,605
Reserves	**25,864,380**	30,444,624
	27,127,902	32,110,229

1. Accounting policies

The financial statements have been prepared under the historical cost convention 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 followed in the preparation of the Group's annual financial statements for the year ended 30 June 2001, except as described below.

Segment reporting

In the current period, the Group has adopted, for the first time, a new SSAP 26 "Segment reporting" and has changed the basis of identifying reportable segments. Segment disclosures for the six months ended 31 December 2000 have been amended so that they are presented on a consistent basis.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

i. Business Segments

The Group comprises the following main business segments:

Property development	:	Development of residential and commercial properties
Property investment	:	Holding properties for rental income
Insurance	:	Insurance and reinsurance of all classes of general insurance risk
Securities, commodities & brokerage	:	Stock and commodity broking
Treasury, fund and investment management	:	Provision of fund management services, treasury and investment management

ii. Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

2. Segmental information

Business segments

	Turnover Six months ended 31 December **2001** ***(unaudited)*** ***HK$'000***	2000 *(unaudited)* *HK$'000*	**Segment results** Six months ended 31 December **2001** ***(unaudited)*** ***HK$'000***	2000 *(unaudited)* *HK$'000* Restated
Continuing operations				
Property development	**507,636**	477,088	**(140,527)**	(1,802)
Property investment	**89,157**	93,809	**66,841**	57,636
Insurance	**89,017**	78,117	**624**	(1,724)
Securities, commodities & brokerage	**36,220**	49,978	**858**	12,244
Treasury, fund and investment management	**393,987**	102,802	**484,288**	158,441
	1,116,017	801,794	**412,084**	224,795
Discontinued operations				
Banking and financing	–	5,364,761	–	1,086,150
	1,116,017	6,166,555	**412,084**	1,310,945
Unallocated income			**2,347**	5,655
Unallocated expenses			**(5,341)**	(20,736)
Operating profit before finance cost			**409,090**	1,295,864

Geographical segments

	Turnover Six months ended 31 December **2001** ***(unaudited)*** ***HK$'000***	2000 *(unaudited)* *HK$'000*	**Segment results** Six months ended 31 December **2001** ***(unaudited)*** ***HK$'000***	2000 *(unaudited)* *HK$'000* Restated
Continuing operations				
Hong Kong	**475,581**	99,908	**754,959**	16,987
Asia (excluding Hong Kong)	**636,771**	697,503	**(342,836)**	207,870
Others	**3,665**	4,383	**(39)**	(62)
	1,116,017	801,794	**412,084**	224,795
Discontinued operations				
Hong Kong	–	5,165,038	–	1,083,857
Asia (excluding Hong Kong)	–	85,277	–	(7,113)
Others	–	114,446	–	9,406
	–	5,364,761	–	1,086,150
	1,116,017	6,166,555	**412,084**	1,310,945
Unallocated income			**2,347**	5,655
Unallocated expenses			**(5,341)**	(20,736)
Operating profit before finance cost			**409,090**	1,295,864

3. Other net income

	Six months ended 31 December 2001 *(Unaudited)* *HK$'000*	2000 *(Unaudited)* *HK$'000*
Net profits from dealing investments	**2,370**	23
Gain / (loss) on disposal of fixed assets	**351**	(694)
Written back of provision on held-to-maturity securities and investment securities	–	515
Net realised gains on other investments	**422,120**	8,829
Net unrealised (losses) / gains on other investments	**(176,209)**	39,589
Gain on foreign exchange dealing	**11,650**	2,987
Net exchange (losses) / gains	**(3,969)**	38,622
Unrealised losses on other dealing activities	**(98,000)**	(16,667)
Others	**4,211**	11,714
	162,524	84,918

4. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation of the Group is arrived at

	Six months ended 31 December 2001 *(Unaudited)* *HK$'000*	2000 *(Unaudited)* *HK$'000*
after charging:		
Staff costs (including retirement scheme contributions of HK$2,589,000 (2000: HK$17,626,000))	**77,024**	514,509
Depreciation	**8,390**	130,528
Operating lease charges		
– properties	**11,696**	34,231
– others	**62**	62
Amortisation of goodwill	**109**	12,712
Auditors' remuneration	**827**	3,900
Donation	–	234
and crediting:		
Gross rental income from investment properties	**70,950**	72,057
Less: direct outgoings	**(6,605)**	(3,291)
Net rental income	**64,345**	68,766
Share of profits less losses of associates:		
Listed	**235,510**	193,952
Unlisted	**2,729**	(29,419)
	238,239	164,533

5. Taxation

Taxation in the consolidated income statement represents :

	Six months ended 31 December 2001 *(Unaudited)* *HK$'000*	2000 *(Unaudited)* *HK$'000*
Hong Kong taxation	**990**	162,497
Overseas taxation	**16,180**	15,068
Deferred taxation	**(29,872)**	9,913
	(12,702)	187,478
Share of associates' taxation	**134,071**	79,950
Share of jointly controlled entities' taxation	–	4,126
	121,369	271,554

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16% (2000: 16%) to the profits for the six months ended 31 December 2001. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant countries.

6. Dividends

	Six months ended 31 December 2001 *(Unaudited)* *HK$'000*	2000 *(Unaudited)* *HK$'000*
2001: Final dividend paid of HK$0.60 per share (2000: HK$0.55 per share)	**194,449**	234,647
2002: Proposed interim dividend of HK$0.40 per share (2001: HK$0.20 per share)	**129,633**	85,326

The proposed interim dividend for the year ending 30 June 2002 of HK$129,633,000 is calculated based on 324,081,373 ordinary shares in issue as at 31 December 2001.

7. 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$545,945,000 (2000 as restated: HK$630,401,000) and on the weighted average number of 409,424,452 ordinary shares (2000: 426,631,086 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$524,370,000 (2000 as restated: HK$623,504,000) and the weighted average number of 414,035,797 ordinary shares (2000: 426,631,086 ordinary shares) in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

(c) Reconciliations

	2001 Number of shares	2000 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**409,424,452**	426,631,086
Deemed issue of ordinary shares under share option scheme	**4,611,345**	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	**414,035,797**	426,631,086

8. Hong Kong dollar amounts

The accounts 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 equivalents at the rates ruling at the respective financial period ends for presentation purposes only (2001: US$1:HK$7.79755; 2000: US$1:HK$7.79925).

9. Comparative figures

Certain comparative figures relating to the consolidated income statement for the six months ended 31 December 2000 have been reclassified to conform with the current period's presentation including restatement of amortisation of goodwill and dividend paid in accordance with SSAP 30 and SSAP 9 respectively.

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders of the Group for the six months ended 31 December 2001 is HK$546 million, which represents a decrease of approximately 13% over the corresponding period last year. Basic earnings per share decreased by approximately 10% to HK$1.33. Consolidated shareholders' funds after share repurchase of HK$5.35 billion have decreased to HK$27.1 billion, representing a decrease of approximately 16% over the last financial year end of 30 June 2001.

SHARE REPURCHASE

A share repurchase offer was proposed by the Company in September 2001 to purchase by way of conditional cash offer of up to 86,000,000 outstanding shares (subject to the exercise of over-allocation right to increase up to 107,000,000 shares) at between HK$50.00 and HK$55.00 per share. The offer was approved by the independent shareholders of the Company at a Special General Meeting held on 14 November 2001.

On 26 November 2001, with the exercise of the over-allocation right, a total of 106,999,713 shares, representing approximately 24.82% of the total issued share capital of the Company were repurchased by the Company at the lower range of the price of HK$50.00 per share. Total consideration paid by the Company was approximately HK$5.35 billion.

The share repurchase exercise has provided a good opportunity and liquidity for those shareholders who sold the shares at a premium to receive cash while the remaining shareholders who held on their shares benefited from the enhanced value of their shares. Moreover, it is also in the best interest of the Company that a more efficient capital structure for the Company is achieved whilst maintaining a strong balance sheet which may be used to enhance the Company's financial performance.

REVIEW OF OPERATIONS

Treasury, Fund and Investment Management

During the period under review, the Treasury, Fund and Investment Management segment generated a profit before interest, taxation and minority interests of about HK$484 million, representing an increase of approximately 206% over the corresponding period last year. The Company continued to operate as an investment holding company and to seek opportunities to reinvest the cash proceeds arising from the disposal of Dao Heng Bank Group into assets that are consistent with the Company's objective of generating superior returns. However, we believe that, with the tragic events in America and the challenging economic conditions for the entire global community, there is still downward pressure on asset prices. We had therefore adopted a conservative cash management process so as to conserve funds until appropriate investment opportunities arise.

First Capital Corporation Ltd ("FCC") – 54.69% owned by the Group

For the six months ended 31 December 2001, the FCC Group recorded an after tax loss of S$183.3 million against an after tax profit of S$29.3 million in the previous corresponding period. This loss is mainly attributable to:–

- Realised losses and provisions for foreseeable losses aggregating S$110 million on its Singapore residential development projects;
- A realised loss of S$22 million on the sale of A-Z Building;
- Unrealised mark-to-market losses on the FCC Group's financial assets (such as equities, bonds, and derivatives) of S$57 million due to fair value accounting under SAS 33 as the market prices of many of the FCC Group's financial assets as at 31 December 2001 were below the benchmark market prices as at 1 July 2001.

The FCC Group's associates in London and China contributed positively to the FCC Group and a profit before tax of S$31.7 million was derived from associated companies.

The FCC Group continued to focus on its core competency in property development and property investment. Progress has been made in the divestment of non-core property assets with the sales of A-Z Building and its remaining 5 office units in Parkway Parade in July 2001 and January 2002 respectively. First Capital Fund Management Pte Ltd, FCC's wholly-owned subsidiary, had ceased its fund management and advisory services on 31 December 2001 and the FCC Group has been actively selling down its investment in trading securities.

The FCC Group currently has four launched developments on the market: Aquarius By The Park, Sanctuary Green, The Gardens at Bishan and The Ladyhill (in which the FCC Group has 40% interest). Temporary Occupation Permit for Phase 2 of Aquarius By The Park was obtained during the financial period. As at 7 March 2002, the FCC Group has achieved sales of 99% in Aquarius By The Park, 43% in Sanctuary Green and 56% in The Gardens at Bishan.

imGO Limited ("imGO") – owned as to 17.61% by the Group and 6.64% by FCC

imGO continued to develop and prudently expanded its investment portfolio in the wireless communication sector during the period under review. Maximizing an economic climate that offers favourable pricing, imGO has applied its investment strategies to companies that are both innovative and market leaders in system design and technology research and development for specific target markets.

In November 2001, imGO had exercised its option ("Put Option") to require the Company to purchase all of imGO's interests in the shares in the property owning companies at an aggregate consideration of about HK$606.7 million. The properties subject to this Put Option are located at The Center, Wu Chung House and Overseas Trust Bank Building in Hong Kong.

Guoco Properties Limited ("GPL") – 55% owned by the Group and 45% owned by FCC

GPL has a 75% interest in Corporate Square, a 17-storey office development in Beijing. Approximately 53% of the office space in Corporate Square were sold and about 40% of the office areas had been leased out. Management of GPL continues to actively market the remaining office space for sale at prevailing market prices.

GPL has recently embarked on a new high-end residential development in Shanghai. The site is situated on prime land within the most upmarket shopping belt in Shanghai's Luwan District. GPL has a 98% interest in the development.

Hong Leong Credit Berhad ("HLC") – 23.34% owned by the Group

The HLC Group achieved a profit before taxation of RM377.4 million for the six months ended 31 December 2001, an increase of RM73.2 million or 24% over the previous corresponding period which recorded RM304.2 million. Moving forward, with the recovering economy, the HLC Group is expected to perform satisfactorily for the year ending 30 June 2002.

For the period under review, the banking and finance division, Hong Leong Bank Group ("HLBG"), reported an increase in pre-tax profits from RM313.2 million to RM378.2 million. The higher profit for HLBG is mainly attributable to higher Islamic Banking income and non-interest income earned during the period.

Insurance division reported an increase of RM26.1 million from a pre-tax profit of RM15.3 million for the previous corresponding period to RM41.4 million for the period under review. This was mainly due to the write back of the provision for diminution in value of investments. The insurance division recorded RM345.4 million (2000: RM366.0 million) and RM273.7 million (2000: RM289.1 million) in combined gross premium and combined net premium respectively for the six months period ended 31 December 2001.

The stockbroking division incurred a pre-tax loss of RM3.1 million for the six months period ended 31 December 2001 as compared to a pre-tax loss of RM10.1 million in the previous corresponding period. The reduced loss is substantially due to lower operating costs and improved Kuala Lumpur Stock Exchange trading volume of 7.5% as compared to previous corresponding period.

The property division incurred a pre-tax loss of RM3.8 million for the six months period ended 31 December 2001, compared to a profit of RM7.8 million achieved in the previous corresponding period. Its performance continued to be affected by the soft property market which resulted in a slowdown of sales launches and construction activities.

Other Financial Services

Wealth Management

A wealth management initiative is being undertaken with the joint resources of the financial services subsidiaries of the Group. This new initiative will incorporate e-finance advisory capabilities for multi-products in order to provide integrated and customer centric wealth management services and protection. In particular, the CRM and peripheral statistical and behavioural modules will help to segment our product offerings. These financial services subsidiaries together with Friends Ivory & Sime Asia Limited are actively expanding their product horizons to cater for the individual customer's needs.

Dao Heng Securities Limited ("DHS")

The adverse market conditions affecting turnover and investment sentiment have resulted in reduced profitability of DHS's operations. In order to maintain its competitive advantage, DHS continued to put effort into technology development and implementation to enhance customer services via a wide range of trading channels. In July 2001, DHS launched pioneering wireless PDA stock trading services and it will also provide automated securities trading function through any telephone system in early 2002.

DHS corporate finance has during the period further secured its position as a provider of financial advisory services to medium size public companies as well as an active sponsor for local and PRC-related medium size companies for IPOs on the main board and GEM of The Stock Exchange of Hong Kong Limited.

Dao Heng Insurance Co., Limited ("DHI")

The Hong Kong non-life insurance market was operating in a very competitive environment during the period under review. To mitigate the impact of the contraction of the local consumer market and of reinsurance capacity on an international basis, DHI continued to focus on the implementation of its business plans and launched a series of marketing campaigns for up-selling and cross-selling insurance products to its existing Direct Club customers. DHI was able to achieve its business target both in terms of premium income and underwriting profit for the period under review.

In the meantime, DHI successfully formed affinity partnership to distribute personal insurance products with a view to enlarging its customer base and achieving its corporate objective of becoming the leading personal line insurer in the market.

The property market in Hong Kong showed little sign of improvement during the six months ended 31 December 2001 and is expected to remain sluggish in the near future. However, under a continuous effort of DHI to develop other products and new sources of business, the growing income therefrom will counterweight the reduction in contribution from mortgage fire insurance business.

Dao Heng Fund Management Limited ("DHFM")

During the period under review, DHFM had successfully captured market needs with the launch of a guaranteed fund which was well received by investors. The increase of preliminary charges from guaranteed fund sales contributed significantly to the positive results of DHFM for the period.

The Mandatory Provident Fund Scheme client serving team continued to provide quality services both on the employer and employee levels, as client retention is of most important for the long term growth of the business. All service standards committed by the serving team have been achieved. DHFM plans to expand the portfolio size by offering incentive to Dao Heng Bank Group and other channels for business referral, and looking at opportunity of acquiring portfolios from other smaller service provider.

During the period under review, DHFM had successfully expanded the distribution network of unit trust products by partnering with various banks and independent financial advisers. New sale channels are being established to enhance our product penetration. Going forward, DHFM will focus on sourcing more financial products including DHFM's own products as well as distributing a much wider range of third party funds including guaranteed funds and hedged funds.

FINANCIAL COMMENTARY

Turnover

Continuing operations

Overall turnover of continuing operations increased by HK$314 million or 39% mainly due to increase in turnover of treasury, fund and investment management and property development segments by HK$291 million and HK$31 million respectively.

Discontinued operations

Turnover under discontinued operations represented the turnover for banking and financing generated from Dao Heng Bank Group Limited which was disposed in June 2001.

Borrowings

As at 31 December 2001, the Group maintained total borrowings of approximately HK$6.6 billion, of which approximately 49% comprises unsecured borrowings.

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

	Bank loans *HK$'000*	**Other borrowings** *HK$'000*	**Total** *HK$'000*
On demand or within 1 year	2,457,343	209,505	2,666,848
After 1 year but within 2 years	1,128,360	440,920	1,569,280
After 2 years but within 5 years	1,820,081	495,425	2,315,506
	2,948,441	936,345	3,884,786
	5,405,784	1,145,850	6,551,634

The loans are secured by the following:

- legal mortgages on investment properties with a book value of HK$685 million;
- legal mortgages on development properties with a book value of HK$4,295 million; and
- certain equity investments with total carrying value of HK$971 million.

As at 31 December 2001, the Group has net cash balance of HK$7,143 million.

Contingent Liabilities

As at 31 December 2001, there were contingent liabilities in respect of guarantees given to bankers by the Group to secure banking facilities to the extent of HK$309 million (30 June 2001: HK$320 million) granted to certain investee companies of the Group.

As at 31 December 2001, there were contingent liabilities in respect of guarantees given to bankers by the Company to secure banking facilities to the extent of HK$165 million (30 June 2001: HK$2,973 million) granted to group companies.

Capital Commitments

As at 31 December 2001, the Group had outstanding capital commitments as follows:

	HK$'000
Authorised and contracted for	16,211

Capital and Finance

The Group's consolidated shareholders' funds as at 31 December 2001, after reflecting the current period retained profits and adjusting for the major items set out below amounted to HK$27,128 million.

The major adjustments are as follows:

- realisation of reserves of HK$4,960 million upon the share repurchase by the Company; and
- cancellation of share capital of HK$417 million upon the share repurchase by the Company.

TREASURY MANAGEMENT

The Group practices prudent financial management. Appropriate financial instruments, including interest rate and currency swaps will be used to manage our interest rate and foreign currency exposures.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 430 employees as at 31 December 2001. The Group continued to follow a measured approach to achieve 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 approved share option scheme adopted by the Company to eligible employees to reward their contribution and foster loyalty towards the Group.

OUTLOOK

Characterised by global economy downturn and poor consumer sentiment, the period under review was affected by volatility heightened by the tragic events in America. We believe that the uncertainty which clouded the world markets will eventually lift and the global economy is expected to see recovery in the second half of the year. With strict adherence to the conservative cash management process during the period, preservation of funds was achieved to position the Group to invest in appropriate investment opportunities. The Group will strive to achieve superior long-term sustainable shareholders return by investing globally in businesses and industries where our capital, management expertise and competencies can add value.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.40 per share amounting to HK$129,633,000 (2000/2001 interim dividend: HK$0.20 per share amounting to HK$85,326,000) for the financial year ending 30 June 2002 which will be payable on 3 April 2002 to the shareholders whose names appear on the Register of Members on 28 March 2002.

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

On 26 November 2001, the Company has repurchased 106,999,713 shares in the Company at HK$50.00 per share pursuant to the conditional cash offer by the Company.

Save as disclosed above, during the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH CODE OF BEST PRACTICE

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, as adopted by the Company, at any time during the six months ended 31 December 2001. The provisions in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are in principle incorporated in the Code of Best Practice adopted by the Company, 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.

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 26 March 2002 to 28 March 2002, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the above dividend, all share transfers accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Central Registration Hong Kong Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 25 March 2002.

PUBLICATION OF DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information for the Company required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course. This announcement can also be accessed on the Company's website: http://www.guoco.com.

By order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 8 March 2002