

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Quek Leng Chan – Executive Chairman  
 Kwek Leng Hai – President, CEO  
 Sat Pal Khattar  
 Kwek Leng San  
 Peter Anthony Wakefield  
 Tan Lim Heng  
 James Eng, Jr.  
 Harry Richard Wilkinson  
 Jamal Al-Babtain  
 Tung Hsi Hui, Frank

### COMPANY SECRETARY

Stella S.M. Lo

### BRANCH SHARE REGISTRARS

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 183 Queen's Road East, Hong Kong

### REGISTERED ADDRESS

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 Hamilton, HM12, Bermuda

### PRINCIPAL OFFICE

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 Telephone : (852) 2283 8833  
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 Website : <http://www.guoco.com>

### INTERNET WEBSITES OF OTHER SUBSIDIARIES AND ASSOCIATES

First Capital Corporation Ltd  
<http://www.fcc.com.sg>

Dao Heng Securities Limited  
<http://www.dhsec.com>

Dao Heng Fund Management Limited  
<http://www.daohengfund.com>

Dao Heng Insurance Co., Limited  
<http://www.daoheng.com/g.htm>

Friends Ivory & Sime Asia Limited  
<http://www.friendsis.com>

imGO Limited  
<http://www.imgo.com>

### FINANCIAL CALENDAR

Interim results announcement	8 March 2002
Closure of Register of Members	26 March 2002 to 28 March 2002
Interim dividend of HK\$0.40 per share payable on	3 April 2002

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## INTERIM RESULTS

The Board of Directors of Guoco Group Limited (“the Company” or “the Group”) is pleased to announce that 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.

## 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.

## 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.

## REVIEW OF OPERATIONS (CONT'D)

### FIRST CAPITAL CORPORATION LTD (“FCC”) – 54.69% OWNED BY THE GROUP (CONT'D)

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”) – 17.61% OWNED 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% 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.

## REVIEW OF OPERATIONS (CONT'D)

### 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.

## REVIEW OF OPERATIONS (CONT'D)

### OTHER FINANCIAL SERVICES (CONT'D)

#### 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.



## REVIEW OF OPERATIONS (CONT'D)

### OTHER FINANCIAL SERVICES (CONT'D)

#### Dao Heng Fund Management Limited ("DHFM") (Cont'd)

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.



## FINANCIAL COMMENTARY (CONT'D)

### BORROWINGS (CONT'D)

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

	<b>Bank loans</b>	<b>Other borrowings</b>	<b>Total</b>
	HK\$'000	HK\$'000	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.

## FINANCIAL COMMENTARY (CONT'D)

### 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.

## CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2001 – Unaudited

	Note	2001 US\$'000	2000 US\$'000 Restated	2001 HK\$'000	2000 HK\$'000 Restated
Turnover					
Continuing operations	3	143,124	102,804	1,116,017	801,794
Discontinued operations	3	–	687,856	–	5,364,761
		143,124	790,660	1,116,017	6,166,555
Cost of property sold		(81,859)	(61,245)	(638,300)	(477,665)
Interest expenses of discontinued operations		–	(419,251)	–	(3,269,843)
Other attributable costs		(13,162)	(9,923)	(102,631)	(77,392)
		48,103	300,241	375,086	2,341,655
Other revenue	4a	519	1,054	4,047	8,220
Other net income	4b	20,843	10,888	162,524	84,918
Administrative expenses		(16,080)	(123,634)	(125,385)	(964,250)
Other operating expenses		(921)	(1,956)	(7,182)	(15,255)
Provisions for bad and doubtful loans and advances for discontinued operations		–	(20,441)	–	(159,424)
Operating profit before finance cost	3	52,464	166,152	409,090	1,295,864
Finance cost for non-banking operations	6	(14,023)	(29,973)	(109,345)	(233,767)
Operating profit					
Continuing operations		38,441	(3,084)	299,745	(24,053)
Discontinued operations		–	139,263	–	1,086,150
		38,441	136,179	299,745	1,062,097
Impairment loss on properties		(9,990)	–	(77,898)	–
Net loss on disposal of investment properties		(12,092)	–	(94,288)	–
Operating profit on ordinary activities		16,359	136,179	127,559	1,062,097
Share of profits less losses of associates		30,553	21,096	238,239	164,533
Share of profits less losses of jointly controlled entities		(133)	2,884	(1,037)	22,493
Profit from ordinary activities before taxation	5	46,779	160,159	364,761	1,249,123
Taxation	7	(15,565)	(34,818)	(121,369)	(271,554)
Profit after taxation		31,214	125,341	243,392	977,569
Minority interests		38,801	(44,513)	302,553	(347,168)
Profit attributable to shareholders		70,015	80,828	545,945	630,401
Appropriations:					
Final dividend paid	8	(24,933)	(30,100)	(194,449)	(234,647)
Retained profit for the period		45,082	50,728	351,496	395,754
Earnings per share		US\$	US\$	HK\$	HK\$
Basic	9	0.17	0.19	1.33	1.48
Diluted	9	0.16	0.19	1.27	1.46
		US\$'000	US\$'000	HK\$'000	HK\$'000
Proposed interim dividend	8	16,625	10,941	129,633	85,326

The notes on pages 14 to 27 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the six months ended 31 December 2001 – Unaudited

	2001 US\$'000	2000 US\$'000 Restated	2001 HK\$'000	2000 HK\$'000 Restated
(Deficit)/surplus arising from revaluation of investment properties of				
– subsidiaries	(214)	–	(1,669)	–
– an associate	(5,032)	5,654	(39,237)	44,097
Revaluation reserve realised on disposal of investment properties by				
– subsidiaries	5,963	–	46,497	–
– an associate	(5,055)	(5,002)	(39,417)	(39,012)
Net dilution loss of subsidiary and associates	–	(25)	–	(195)
Share of subsidiaries' and associates' capital reserves movement	351	586	2,737	4,570
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	290	(14,959)	2,261	(116,669)
Net losses not recognised in the consolidated income statement	(3,697)	(13,746)	(28,828)	(107,209)
Group profit attributable to shareholders	70,015	80,828	545,945	630,401
Total recognised gains	66,318	67,082	517,117	523,192

The notes on pages 14 to 27 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

As at 31 December 2001

	Note	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000	At 31 December 2001 (Unaudited) HK\$'000	At 30 June 2001 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>					
Investment properties		264,548	244,979	2,062,826	1,910,775
Fixed assets		26,482	8,467	206,495	66,040
Interest in associates		451,191	433,631	3,518,184	3,382,213
Interest in jointly controlled entities		(1,898)	(932)	(14,800)	(7,269)
Other non-current financial assets	10	85,407	82,379	665,965	642,536
Goodwill		(771)	–	(6,011)	–
		824,959	768,524	6,432,659	5,994,295
<b>CURRENT ASSETS</b>					
Development properties	11	581,240	637,921	4,532,248	4,975,624
Properties held for resale		71,796	75,347	559,833	587,688
Other assets	12	58,704	55,248	457,747	430,921
Other investments in securities	13	1,424,119	1,406,375	11,104,639	10,969,373
Cash and short term funds		1,756,329	2,993,808	13,695,063	23,350,954
		3,892,188	5,168,699	30,349,530	40,314,560
<b>CURRENT LIABILITIES</b>					
Other payables and provision	14	177,773	209,312	1,386,194	1,632,581
Current portion of bank loans and other borrowings	15	342,011	699,168	2,666,848	5,453,336
Insurance funds		3,004	2,830	23,424	22,073
Taxation		13,329	13,167	103,934	102,699
		536,117	924,477	4,180,400	7,210,689
Net current assets		3,356,071	4,244,222	26,169,130	33,103,871
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		4,181,030	5,012,746	32,601,789	39,098,166
<b>NON-CURRENT LIABILITIES</b>					
Non-current portion of bank loans and other borrowings	16	498,206	640,502	3,884,786	4,995,755
Deferred taxation		3,175	7,017	24,757	54,731
		501,381	647,519	3,909,543	5,050,486
Minority interests		200,620	248,399	1,564,344	1,937,451
<b>NET ASSETS</b>		<b>3,479,029</b>	<b>4,116,828</b>	<b>27,127,902</b>	<b>32,110,229</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	17	162,041	213,546	1,263,522	1,665,605
Reserves	18	3,316,988	3,903,282	25,864,380	30,444,624
		3,479,029	4,116,828	27,127,902	32,110,229

The notes on pages 14 to 27 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2001 – Unaudited

	2001 US\$'000	2000 US\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	226	863,777
NET CASH INFLOW / (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	28,725	(97,325)
TAX PAID	(2,392)	(13,580)
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES	(100,433)	26,735
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING	(73,874)	779,607
NET CASH (OUTFLOW) / INFLOW FROM FINANCING	(1,162,407)	257,757
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,236,281)	1,037,364
EFFECT OF FOREIGN EXCHANGE RATES	(1,198)	(3,886)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	2,993,808	5,420,388
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	1,756,329	6,453,866
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	1,756,329	4,906,419
Placements with banks	–	1,622,895
Bank loans and overdrafts mature within three months	–	(75,448)
	1,756,329	6,453,866

The notes on pages 14 to 27 form part of this interim financial report.



## NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The information in this interim report is unaudited and does not constitute statutory accounts. The financial information relating to the financial year ended 30 June 2001, included in the interim financial report is extracted from the Company's statutory accounts. Statutory accounts for the year ended 30 June 2001 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website [www.guoco.com](http://www.guoco.com). The auditors have expressed an unqualified opinion on those accounts in their report dated 12 October 2001.

### 2. 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.

## 3. SEGMENT INFORMATION

## Business segments

	Turnover Six months ended 31 December		Segment results Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000 Restated
<b>Continuing operations</b>				
Property development	65,102	61,171	(18,022)	(231)
Property investment	11,434	12,028	8,572	7,390
Insurance	11,416	10,016	80	(221)
Securities, commodities & brokerage	4,645	6,408	110	1,570
Treasury, fund and investment management	50,527	13,181	62,108	20,315
	143,124	102,804	52,848	28,823
<b>Discontinued operations</b>				
Banking and financing	–	687,856	–	139,263
	143,124	790,660	52,848	168,086
Unallocated income			301	725
Unallocated expenses			(685)	(2,659)
Operating profit before finance cost			52,464	166,152

### 3. SEGMENT INFORMATION (CONT'D)

#### Geographical segments

	Turnover Six months ended 31 December		Segment results Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000 Restated
<b>Continuing operations</b>				
Hong Kong	60,991	12,810	96,820	2,178
Asia (excluding Hong Kong)	81,663	89,432	(43,967)	26,653
Others	470	562	(5)	(8)
	<b>143,124</b>	<b>102,804</b>	<b>52,848</b>	<b>28,823</b>
<b>Discontinued operations</b>				
Hong Kong	–	662,248	–	138,969
Asia (excluding Hong Kong)	–	10,934	–	(912)
Others	–	14,674	–	1,206
	<b>–</b>	<b>687,856</b>	<b>–</b>	<b>139,263</b>
	<b>143,124</b>	<b>790,660</b>	<b>52,848</b>	<b>168,086</b>
Unallocated income			301	725
Unallocated expenses			(685)	(2,659)
Operating profit before finance cost			<b>52,464</b>	<b>166,152</b>

## 4. INCOME

## (a) Other revenue

	Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000
Interest income from listed securities	295	501
Others	224	553
	519	1,054

## (b) Other net income

	Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000
Net profits from dealing investments	304	3
Gain / (loss) on disposal of fixed assets	45	(89)
Written back of provision on held-to-maturity securities and investment securities	–	66
Net realised gains on other investments	54,135	1,132
Net unrealised (losses) / gains on other investments	(22,598)	5,076
Gain on foreign exchange dealing	1,494	383
Net exchange (losses) / gains	(509)	4,952
Unrealised losses on other dealing activities	(12,568)	(2,137)
Others	540	1,502
	20,843	10,888

## 5. 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) US\$'000	2000 (Unaudited) US\$'000
<b>after charging:</b>		
Staff costs (including retirement scheme contributions of US\$332,000 (2000: US\$2,260,000))	9,878	65,969
Depreciation	1,076	16,736
Operating lease charges		
– properties	1,500	4,389
– others	8	8
Amortisation of goodwill	14	1,630
Auditors' remuneration	106	500
Donation	–	30
<b>and crediting:</b>		
Gross rental income from investment properties	9,099	9,239
Less: direct outgoings	(847)	(422)
Net rental income	8,252	8,817
Share of profits less losses of associates:		
Listed	30,203	24,868
Unlisted	350	(3,772)
	30,553	21,096

## 6. FINANCE COST FOR NON-BANKING OPERATIONS

	Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000
Interest on bank advances and other borrowings repayable within five years	24,747	45,197
Other borrowing cost	428	586
Total borrowing cost	25,175	45,783
Less : Borrowings costs capitalised into development properties (Note b)	(11,152)	(15,810)
	14,023	29,973

Note a: This excludes the interest expenses of the banking operations.

Note b: The borrowing costs have been capitalised at a rate of 3.0% – 6.2% per annum (2000: 3.5% – 8%) for properties under development.

## 7. TAXATION

Taxation in the consolidated income statement represents :

	Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000
Hong Kong taxation	127	20,835
Overseas taxation	2,075	1,932
Deferred taxation	(3,831)	1,271
	(1,629)	24,038
Share of associates' taxation	17,194	10,251
Share of jointly controlled entities' taxation	–	529
	15,565	34,818

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.

## 8. DIVIDENDS

	Six months ended 31 December	
	2001 (Unaudited) US\$'000	2000 (Unaudited) US\$'000
2001: Final dividend paid of HK\$0.60 per share (2000: HK\$0.55 per share)	24,933	30,100
2002: Proposed interim dividend of HK\$0.40 per share (2001: HK\$0.20 per share)	16,625	10,941

The proposed interim dividend for the year ending 30 June 2002 of US\$16,625,000 is calculated based on 324,081,373 ordinary shares in issue as at 31 December 2001.

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of US\$70,015,000 (2000 as restated: US\$80,828,000) and on the weighted average number of 409,424,452 ordinary shares (2000: 426,631,086 ordinary shares) in issue during the period.

## 9. EARNINGS PER SHARE (CONT'D)

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of US\$67,248,000 (2000 as restated: US\$79,944,000) 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

## 10. OTHER NON-CURRENT FINANCIAL ASSETS

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Investment securities		
Equity securities		
Listed outside Hong Kong	79,331	75,944
Unlisted	5,590	6,435
Total investment securities	84,921	82,379
Club and other debentures	486	–
	85,407	82,379
Market value of listed investment securities		
Equity securities	68,989	109,204

Certain listed investment securities with total carrying values of US\$65.8 million (30 June 2001: US\$66.3 million) were pledged with a bank to secure short-term bank loan facilities.



**11. DEVELOPMENT PROPERTIES**

	<b>At 31 December 2001 (Unaudited) US\$'000</b>	<b>At 30 June 2001 (Audited) US\$'000</b>
Cost as at 31 December / 30 June	<b>1,005,359</b>	976,725
Less: Attributable loss	<b>(61,834)</b>	(33,551)
Less: Impairment loss	<b>(108,078)</b>	(108,892)
Less: Progress instalments received and receivable	<b>(254,207)</b>	(196,361)
	<b>581,240</b>	637,921

The amount of development properties expected to be recovered after more than one year is US\$523,263,000 (30 June 2001: US\$504,391,000).

Certain of the Group's development properties with an original book value of US\$550.8 million (30 June 2001: US\$647.3 million) are under legal mortgages with banks.

**12. OTHER ASSETS**

	<b>At 31 December 2001 (Unaudited) US\$'000</b>	<b>At 30 June 2001 (Audited) US\$'000</b>
Accrued interest	<b>3,896</b>	512
Other accounts	<b>54,808</b>	54,736
	<b>58,704</b>	55,248

Included in other accounts of the Group are amounts of US\$1,044,000 (30 June 2001: US\$1,335,000) which are expected to be recovered after more than one year.

### 13. OTHER INVESTMENTS IN SECURITIES

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Debt securities		
Listed		
In Hong Kong	534	510
Outside Hong Kong	2,261	1,850
	2,795	2,360
Unlisted	11,784	13,495
	14,579	15,855
Equity securities		
Listed		
In Hong Kong	29,550	21,795
Outside Hong Kong (Note (a))	106,378	149,466
	135,928	171,261
Unlisted (Note (b))	1,273,612	1,219,259
	1,409,540	1,390,520
Total other investments in securities	1,424,119	1,406,375
Market value of other listed investments in securities		
Debt securities	2,795	2,360
Equity securities	135,928	171,261
	138,723	173,621

Note :

- (a) Certain listed equity securities with total carrying value of US\$58.7 million (30 June 2001: US\$75.4 million) were pledged with a bank to secure short-term bank loan facilities.
- (b) It represents US\$1,274 million (30 June 2001: US\$1,219 million) of equity investment in DBS Diamond Holdings Limited received on the disposal of a former subsidiary.

### 14. OTHER PAYABLES AND PROVISION

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Other payables and provision	177,747	209,288
Amounts due to associates	26	24
	177,773	209,312

Included in other payables of the Group are amounts of US\$3,335,000 (30 June 2001: US\$11,370,000) which are expected to be settled after more than one year.

## 15. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

At 31 December 2001, the current portion of bank loans and other borrowings are as follows:

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Bank loans		
– secured	164,199	134,731
– unsecured	150,944	302,156
	315,143	436,887
Unsecured floating rate notes	–	180,000
Unsecured long term notes and bonds repayable within 1 year	26,868	82,281
	342,011	699,168

## 16. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Bank loans		
– secured	266,628	365,360
– unsecured	111,496	151,720
	378,124	517,080
Long term notes and bonds		
Unsecured medium term notes	120,082	95,995
Unsecured fixed rate bonds	–	27,427
	120,082	123,422
	498,206	640,502

## 16. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS (CONT'D)

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

	At 31 December 2001			At 30 June 2001		
	Bank loans (Unaudited) US\$'000	Other borrowings (Unaudited) US\$'000	Total (Unaudited) US\$'000	Bank loans (Audited) US\$'000	Other borrowings (Audited) US\$'000	Total (Audited) US\$'000
On demand or within 1 year	315,143	26,868	342,011	436,887	262,281	699,168
After 1 year but within 2 years	144,707	56,546	201,253	237,776	63,082	300,858
After 2 years but within 5 years	233,417	63,536	296,953	279,304	60,340	339,644
	378,124	120,082	498,206	517,080	123,422	640,502
	693,267	146,950	840,217	953,967	385,703	1,339,670

## 17. SHARE CAPITAL

	At 31 December 2001		At 30 June 2001	
	No. of shares (‘000)	US\$'000	No. of shares (‘000)	US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July	427,091	213,546	426,631	213,316
Share issued under Share Option Scheme	3,990	1,995	460	230
Share repurchase	(107,000)	(53,500)	—	—
As at 31 December / 30 June	324,081	162,041	427,091	213,546

During the period, the Company repurchased a total of 106,999,713 shares of US\$0.50 each of the Company on The Stock Exchange of Hong Kong Limited.

The repurchased shares were cancelled by the Company and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The difference between the consideration paid and nominal value of the cancelled shares were charged to share premium, contribution surplus, general reserve and retained profits.

Share Option Scheme:

An Executive Share Option Scheme (“Scheme”) was adopted by the Company on 30 July 1991 under which eligible employees (including directors) of the Group are entitled to the grant of share options for subscription of shares in the Company.

Options were granted in respect of a total of 9,800,000 ordinary shares under the Scheme to various directors and executives of the Group. Such options are exercisable at the subscription price of HK\$20.33 per share during the period from 12 November 1999 to 12 February 2004.

## 17. SHARE CAPITAL (CONT'D)

During the period, 3,990,000 (1 July 2000 to 30 June 2001: 460,000 share options) share options were exercised to subscribe for 3,990,000 (1 July 2000 to 30 June 2001: 460,000 shares) shares in the Company at a consideration (net of charges) of US\$10,400,000 (1 July 2000 to 30 June 2001: US\$1,200,000) of which US\$1,995,000 (1 July 2000 to 30 June 2001: US\$230,000) was credited to share capital and the balance of US\$8,405,000 (1 July 2000 to 30 June 2001: US\$970,000) was credited to the share premium account. Pursuant to the rules of the Scheme, a total of 60,000 share options were lapsed during the period. At 31 December 2001, 5,090,000 share options were outstanding (30 June 2001: 9,140,000 share options).

## 18. RESERVES

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
(a) Share premium		
As at 1 July 2001 and 1 July 2000	236,092	235,122
Shares issued under Share Option Scheme	8,405	970
Shares repurchased and cancelled	(244,497)	–
	–	236,092
(b) Investment property revaluation reserve		
As at 1 July 2001 and 1 July 2000	26,398	25,429
(Deficit)/surplus arising on revaluation of investment properties from		
– subsidiaries	(214)	(3,491)
– an associate	(5,034)	10,891
Realised on disposal by		
– subsidiaries	5,964	–
– an associate	(5,055)	(4,850)
Exchange adjustments	(414)	(1,581)
	21,645	26,398
(c) Other property revaluation reserve		
As at 1 July 2001 and 1 July 2000	–	42,909
Written back of revaluation surplus of associates	–	(1,771)
Realised on disposal of a subsidiary	–	(41,108)
Exchange adjustments	–	(30)
	–	–
(d) Capital and other reserves		
As at 1 July 2001 and 1 July 2000	45,861	71,271
Restatement of goodwill	–	94,799
As restated	45,861	166,070
Share of subsidiaries' and associates' capital reserves movement	351	(6,119)
Transfer of net dilution loss to consolidated income statement	–	22,488
Transfer from retained profits of subsidiaries and associates	–	9,072
Realised on disposal of a subsidiary	–	(145,066)
Exchange adjustments	(223)	(584)
	45,989	45,861

18. RESERVES (CONT'D)

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
(e) Contributed surplus		
As at 1 July 2001 and 1 July 2000	18,417	36,121
Realised on disposal of a subsidiary	–	(17,704)
Shares repurchased and cancelled	(14,439)	–
	3,978	18,417
(f) General reserve		
As at 1 July 2001 and 1 July 2000	77,042	131,929
Realised on disposal of a subsidiary	–	(54,887)
Shares repurchased and cancelled	(77,042)	–
	–	77,042
(g) Exchange differences on translation of net investments in subsidiaries and associates		
As at 1 July 2001 and 1 July 2000	6,016	(178,428)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	928	(20,505)
Exchange difference on investments in subsidiaries and associates written off	–	183,309
Realised on disposal of a subsidiary	–	21,640
	6,944	6,016
(h) Retained profits		
As at 1 July 2001 and 1 July 2000	3,493,456	878,329
Amortisation of restated goodwill	–	(91,119)
Proposed final dividend restated	–	30,100
As restated	3,493,456	817,310
Shares repurchased and cancelled	(300,106)	–
Transfer to capital reserve by subsidiaries and associates	–	(9,072)
Retained profit for the period / year	45,082	2,685,218
	3,238,432	3,493,456
<b>TOTAL RESERVES</b>	<b>3,316,988</b>	<b>3,903,282</b>

## 19. 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 US\$39,595,000 (30 June 2001: US\$41,087,000) 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 US\$21,160,000 (30 June 2001: US\$381,155,000) granted to group companies.

## 20. COMMITMENTS

(a) As at 31 December 2001, the Group had capital commitments as follows:

	At 31 December 2001 (Unaudited) US\$'000	At 30 June 2001 (Audited) US\$'000
Authorised and contracted for	2,079	3,116

(b) There were also commitments in respect of foreign currency contracts, currency option and forward rate agreements relating to the normal operations as at 31 December 2001.

## 21. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Management fee

The Company has entered into management services agreements, determinable by either party giving six months' notice, with Hong Leong Overseas (H.K.) Limited ("HLO"), a subsidiary of the Company's substantial shareholder, for provision of general management services to the Group by HLO. Total management fees (mainly an annual fee equal to three percent of the consolidated profit before tax of the Group) paid and payable to HLO for the period ended 31 December 2001 amounted to US\$1.4 million (2000: US\$4.2 million).

### (b) Mandatory Provident Fund Scheme

The Group maintains a Mandatory Provident Fund Scheme in which the investment manager and the service provider is a subsidiary of the Company. During the period ended 31 December 2001, the Group made a total contribution of US\$0.3 million to the scheme (2000: US\$3.4 million).

## 22. 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.

## 23. HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement and the balance sheet are for information only. They are translated from United States dollars at the rates ruling at the respective financial period ends.



## SUPPLEMENTARY INFORMATION

### 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.

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2001, the interests of the Directors in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register required to be kept under Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or as otherwise known to the Directors were as follows:

#### Interests in the shares of the Company

Director	Number of shares				
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests
Quek Leng Chan	456,325	—	137,374,315*	—	137,830,640
Kwek Leng Hai	570,775	—	—	—	570,775
Sat Pal Khattar	391,125	—	—	—	391,125
Kwek Leng San	89,120	—	—	—	89,120
Tan Lim Heng	159,230	—	—	—	159,230
James Eng, Jr.	165,443	—	—	—	165,443
Tung Hsi Hui, Frank	200	—	—	—	200

\* These shares represented the interest of Guoline Overseas Limited (137,046,740 shares) and another company (327,575 shares) with respect to which Mr. Quek Leng Chan had a corporate interest pursuant to the SDI Ordinance.

## DIRECTORS' INTERESTS IN SECURITIES (CONT'D)

## Interests in the securities of associated corporations

Director	Name of Company	Number of shares				Total Interests
		Personal Interests	Family Interests	Corporate Interests	Other Interests	
Quek Leng Chan	imGO Limited	–	–	739,934,824 (Note 1)	–	739,934,824
	First Capital Corporation Ltd	662,261	–	201,660,299 (Note 1)	–	202,322,560
	First Capital Corporation Ltd (NCCPS**)	53,833	–	34,383,489 (Note 1)	–	34,437,322
	Hong Leong Credit Berhad	5,717,000	–	452,507,224 (Note 2)	–	458,224,224
	Guoco Holdings (Philippines), Inc. (now known as "Prime Orion Philippines, Inc.")	–	–	866,610,220 (Note 1)	–	866,610,220
Kwek Leng Hai	First Capital Corporation Ltd	1,180,261	–	–	–	1,180,261
	First Capital Corporation Ltd (NCCPS**)	53,833	–	–	–	53,833
	Hong Leong Credit Berhad	420,000	–	–	–	420,000
	Guoco Holdings (Philippines), Inc. (now known as "Prime Orion Philippines, Inc.")	5,000,000	–	–	–	5,000,000
Sat Pal Khattar	First Capital Corporation Ltd	–	–	100,000	–	100,000
	First Capital Corporation Ltd (NCCPS**)	–	–	3,494,908	–	3,494,908
Tan Lim Heng	imGO Limited	19,840,000	–	–	–	19,840,000
	Hong Leong Credit Berhad	136,500	–	–	–	136,500
James Eng, Jr.	imGO Limited	200,000	–	–	–	200,000

## Notes:

1. These shares represented the interest of the Company with respect to which Mr. Quek Leng Chan had a corporate interest pursuant to the SDI Ordinance.
2. These shares represented the interest of the Company and other companies to which Mr. Quek Leng Chan had a corporate interest pursuant to the SDI Ordinance.

\*\* NCCPS - Non-redeemable convertible cumulative preference shares

Certain directors hold qualifying shares in certain subsidiaries in trust for other subsidiaries of the Company.

## DIRECTORS' INTERESTS IN SECURITIES (CONT'D)

### Interests in share options granted by Hong Leong Credit Berhad ("HLCB")

Mr. Quek Leng Chan was granted an option on 6 January 2000 by HLCB to subscribe for 400,000 shares in HLCB at the subscription price of RM5.19 per share exercisable during the period from 24 December 1999 to 23 December 2004. In addition, Mr. Quek was also granted another option on 30 August 2001 by HLCB to subscribe for 20,000 shares in HLCB at the subscription price of RM4.94 during the period from 24 December 2000 to 23 December 2004. During the period, he did not exercise any option to acquire shares in HLCB.

Details of Directors' and Chief Executive's interests under the Company's share option scheme are set out in the section "Share Option Scheme" below.

## SHARE OPTION SCHEME

### Interest in share options granted by the Company

On 6 December 1999, the Directors and employees under continuous contracts ("Employees") were granted share options pursuant to the Company's Executive Share Option Scheme adopted on 30 July 1991. Such share options are exercisable at the subscription price of HK\$20.33 during the period from 12 November 1999 to 12 February 2004. The interests of Directors and Employees in the share options of the Company as at 1 July 2001 and as at 31 December 2001 were as follows:—

Director	No. of share options as at 1 July 2001	No. of share options as at 31 December 2001
Quek Leng Chan	3,000,000	1,200,000
Kwek Leng Hai	3,000,000	2,250,000
Sat Pal Khattar	300,000	300,000
Kwek Leng San	300,000	120,000
Tan Lim Heng	780,000	400,000
Harry Richard Wilkinson	180,000	180,000
James Eng, Jr.	1,000,000	400,000
Employees	480,000	240,000

**SHARE OPTION SCHEME (CONT'D)****Interest in share options granted by the Company (Cont'd)**

During the period under review, the following Directors and Employees had exercised share options in the Company at an exercise price of HK\$20.33 per share:—

<b>Director</b>	<b>No. of share acquired on exercise of options</b>	<b>Market value per share on exercise of options (HK\$)</b>
Quek Leng Chan	1,800,000	49.70
Kwek Leng Hai	750,000	49.30
Kwek Leng San	180,000	50.00
Tan Lim Heng	380,000	49.50
James Eng, Jr.	600,000	49.50
Employees	240,000	49.35

*Remark:* Mr. Randolph Gordon Sullivan resigned as a director of the Company on 23 July 2001. He exercised 40,000 share options on 12 July 2001, the outstanding 60,000 share options of exercise price of HK\$20.33 per share were lapsed following his resignation.

A new share option scheme was adopted by the Company on 29 November 2001. No option had been granted to the Directors and Employees pursuant to the aforesaid scheme.

Apart from the interests of Directors in the securities in and share options of the Company and its associated companies disclosed above, as at 31 December 2001, there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2001, those persons (other than the directors of the Company) having an interest of 10% or more in the Company's issued share capital as recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance or as otherwise known to the directors of the Company, were as follows:

Name	Number of shares held in the Company			Note
	Direct Interests	Deemed Interests	Total Interests	
Guoline Overseas Limited ("GOL")	137,046,740	–	137,046,740	
Government of Kuwait Investment Authority				
Kuwait Investment Office	71,172,395	–	71,172,395	
Guoline Capital Assets Limited ("GCA")	–	137,046,740	137,046,740	1
Hong Leong Company (Malaysia) Berhad ("HLCM")	–	137,374,315	137,374,315	1 & 2
HL Holdings Sdn. Bhd.	–	137,374,315	137,374,315	3
Hong Leong Investment Holdings Pte Ltd	–	137,374,315	137,374,315	3
Kwek Holdings Pte Ltd	–	137,374,315	137,374,315	4

### Notes:

- GOL is a wholly-owned subsidiary of GCA which in turn is a wholly-owned subsidiary of HLCM. By virtue of Section 8 of the SDI Ordinance, both GCA and HLCM are deemed to have an interest in 137,046,740 shares held by GOL in the Company.
- The interests of HLCM represented the shares held by GOL and other companies to which HLCM had a corporate interest pursuant to the SDI Ordinance.
- HL Holdings Sdn. Bhd. and Hong Leong Investment Holdings Pte Ltd were deemed to be interested in 137,374,315 shares in the Company with respect to their interests in HLCM pursuant to Section 8 of the SDI Ordinance.
- Kwek Holdings Pte Ltd was deemed to be interested in 137,374,315 shares in the Company with respect to its interest in Hong Leong Investment Holdings Pte Ltd pursuant to Section 8 of the SDI Ordinance.

## CORPORATE GOVERNANCE

In compliance with the Code of Best Practice, the Company has established a Board Audit Committee with written terms of reference. The Board Audit Committee comprises Messrs Harry Richard Wilkinson and Sat Pal Khatter, the independent non-executive directors, and Mr. Kwek Leng Hai, the President, CEO and executive director of the Company. The Board Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the unaudited interim results for the six months ended 31 December 2001 of the Company.

## CORPORATE GOVERNANCE (CONT'D)

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.

## 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.

By Order of the Board

**Stella Lo Sze Man**

*Company Secretary*

Hong Kong, 8 March 2002