

CORPORATE INFORMATION

BOARD OF DIRECTORS

Quek Leng Chan – Executive Chairman
 Kwek Leng Hai – President, CEO
 Sat Pal Khattar**
 Kwek Leng San*
 Tan Lim Heng
 James Eng, Jr.
 Harry Richard Wilkinson**
 Volker Stoeckel**

* Non-executive director

** Independent non-executive director

COMPANY SECRETARY

Stella Lo Sze Man

PRINCIPAL OFFICE

50th Floor, The Center
 99 Queen's Road Central
 Hong Kong

Telephone : (852) 2283 8833
 Fax : (852) 2285 3233
 Website : <http://www.guoco.com>

BRANCH SHARE REGISTRARS

Computershare Hong Kong
 Investor Services Limited
 Shops 1712-16
 17th Floor, Hopewell Centre
 183 Queen's Road East, Hong Kong

PLACE OF INCORPORATION

Bermuda

REGISTERED ADDRESS

Canon's Court, 22 Victoria Street
 Hamilton HM 12, Bermuda

INTERNET WEBSITES OF OTHER SUBSIDIARIES AND ASSOCIATES

GuocoLand Limited
 (<http://www.guocoland.com.sg>)

Hong Leong Bank Berhad
 (<http://www.hlb.com.my>)

GuocoLand (Malaysia) Berhad
 (<http://www.mystorey.com>)

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

Dao Heng Insurance Co., Limited
 (<http://www.daohenginsurance.com>)

FINANCIAL CALENDAR

Interim results announcement	25 February 2005
Closure of Register of Members	14 March 2005 to 17 March 2005
Interim dividend of HK\$0.80 per share payable on	18 March 2005

CONTENTS

	Page
FINANCIAL RESULTS	1
INTERIM DIVIDEND	1
REVIEW OF OPERATIONS	1
FINANCIAL COMMENTARY	6
HUMAN RESOURCES AND TRAINING	7
OUTLOOK	7
CONSOLIDATED INCOME STATEMENT (UNAUDITED)	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)	9
CONSOLIDATED BALANCE SHEET (UNAUDITED)	10
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)	11
NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT	12
SUPPLEMENTARY INFORMATION	28

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FINANCIAL 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 2004 was HK\$1,563.0 million, which represents an increase of approximately 26.9% over the corresponding period last year. Basic earnings per share increased by approximately 26.3% to HK\$4.75. Consolidated shareholders’ funds have increased to approximately HK\$31.4 billion.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.80 per share amounting to approximately HK\$263.2 million (2003/2004 interim dividend: HK\$0.40 per share amounting to approximately HK\$131.6 million) for the financial year ending 30 June 2005 which will be payable on 18 March 2005 to the shareholders whose names appear on the Register of Members on 17 March 2005.

REVIEW OF OPERATIONS

Corporate Events

a. Disposal of Dao Heng Insurance Co., Limited to Hong Leong Assurance Berhad

The Group entered into a conditional sale and purchase agreement with Hong Leong Assurance Berhad (“HLAB”) on 11 January 2005 for the disposal of its entire interest in Dao Heng Insurance Co., Limited (“DHI”) at a cash consideration of approximately HK\$152.6 million, representing 1.2 times of the adjusted net tangible assets value of DHI as at 30 June 2004, after deducting HK\$40 million of dividends paid or payable to the Group. HLAB is a wholly owned subsidiary of Hong Leong Credit Berhad (“HLCB”).

The purpose of the transaction is to pool together the relevant insurance business resources and expertise within the HLCB Group to create the synergy for the benefit of future business development of both DHI and HLAB. DHI will benefit from HLAB’s expertise on a wider range of products and long-term business as a diversification strategy. The Group would continue to have an indirect interest in DHI via its holding of 25.66% interests in HLCB which wholly owns HLAB. The Group will realise a net profit of approximately HK\$12.3 million upon completion of the transaction.

b. Acquisition of 40.03% interest in Camerlin Group Berhad and mandatory general offer on the remaining securities held by public

On 12 January 2005, the Group entered into a securities sale agreement with GuocoLand Limited, Hong Leong Computer Services Sdn Bhd and Hong Leong Industries Berhad and its subsidiary for the proposed acquisitions of approximately 40.03% of the total issued share capital in Camerlin Group Berhad (“CGB”) and approximately 72.25% of the outstanding nominal value of irredeemable convertible unsecured loan stock (“ICULS”) of CGB at a total consideration of approximately RM236.6 million (HK\$485.5 million). The consideration is calculated based on RM1.20 per CGB share and RM1.04 per CGB ICULS.

REVIEW OF OPERATIONS (CONTINUED)

Corporate Events (continued)

- b. *Acquisition of 40.03% interest in Camerlin Group Berhad and mandatory general offer on the remaining securities held by public (continued)*

CGB is an investment holding company listed on the Bursa Malaysia Securities Berhad. The major asset of CGB is a 22.3% investment in its associated company, BIL International Limited ("BIL") which is an investment holding company with primary listing on the Singapore Exchange and secondary listings on the London and New Zealand Stock Exchanges. BIL's core operating assets comprise Thistle Hotels Group and other investment projects.

The proposed acquisitions will enable the Group to acquire substantial interests in CGB and become the single largest shareholder of CGB. Pursuant to the Malaysian Code on Take-overs and Mergers, the Group is obliged to undertake a mandatory general offer to acquire the remaining shares, outstanding ICULS and warrants of CGB not held by the Group at the respective prices of RM1.20 per share, RM1.04 per ICULS and RM0.01 per warrant, upon fulfillment of all conditions precedents to the securities sale agreement.

Treasury, Fund and Investment Management

The Company's vision is to achieve superior, long-term sustainable shareholders return by investing in global capital markets and in core businesses and industries with an Asian focus where our management knowledge and competencies can create Prime Value. In pursuance of this strategy, the governing investment objectives of the Group at this juncture are to preserve capital, to provide sufficient liquidity as and when needed for the purpose of core investments, and to achieve an investment return that will enhance our long-term interests.

In support of the Management's mission to create an efficient investment organization to achieve this vision and in response to the anticipated growth in our treasury and investment activities, additional resources will continue to be allocated to strengthen our investment infrastructure which includes risk management and recruitment of the right talent.

Investment management teams had been organized regionally to harness group resources under three investment offices, namely Hong Kong, Singapore and Malaysia, to enable us to select and validate the appropriate investments that meet the Group's target valuation benchmarks and whose potentials satisfy its demanding investment criteria.

The Year 2004 ended with the US dollar trading near multi year lows. Focus was again shifted to the worsening US twin deficits and the increasing costs to fund those deficits. Against the low interest rate environment, we have taken measures to diversify its deposit base in different currencies from time to time. Our Treasury Division performed well to capture the swings in currency during the final quarter of the year as foreign currencies broke out of range trading that characterized the first 9 months of 2004.

REVIEW OF OPERATIONS (CONTINUED)

Treasury, Fund and Investment Management (continued)

We continued to actively manage the currency overlays of our equity investments in Japan, Australia, UK and Singapore. Forex forward contracts as well as currency borrowings were used to hedge the currency exposures of the various equity portfolios. Also, appropriate financial instruments are utilized to manage its interest rate and foreign currency exposures including standard interest rate and currency swaps.

We also started looking more actively in Europe and the US. With markets generally trading at high levels in the US/European markets, the investment teams adopted a prudent approach in deploying funds.

The Group's treasury, fund and investment management sector contributed approximately HK\$1,424.8 million to the operating profit before finance cost for the period under review. The major items included:

- total interest income of about HK\$234.0 million;
- total exchange gain (mainly from foreign currency deposits) of about HK\$295.5 million;
- realized and unrealized gains on investments of about HK\$805.2 million; and
- dividend income of about HK\$75.1 million.

GuocoLand Limited ("GLL") — 62.4% owned by the Group

For the half year ended 31 December 2004, the GLL Group reported a net profit of S\$41.0 million compared to S\$29.8 million in the previous corresponding period.

The GLL Group's revenue and cost of sales increased by 36% and 23% to S\$213.8 million and S\$173.7 million respectively. This increase was attributable substantially to the GLL Group's project in Central Park, Shanghai. Neither revenue nor cost of sales were recognised from Central Park in the previous corresponding period. The GLL Group's gross profit for the six-month period registered a significant increase of 151% to S\$40.1 million.

The GLL Group reported an increase in other operating income from S\$6.2 million to S\$23.7 million mainly due to higher mark-to-market gains on the GLL Group's financial assets.

The GLL Group's finance costs increased by 98% to S\$6.8 million as the finance costs for certain property development projects which were previously capitalised as part of development costs are now charged to the profit and loss account after these projects obtained Temporary Occupation Permits.

REVIEW OF OPERATIONS (CONTINUED)

GuocoLand Limited (“GLL”) — 62.4% owned by the Group (continued)

The GLL Group's associates contributed a profit before tax of S\$6.0 million, a decrease of 48% over the previous corresponding period. As the interest in Benchmark Group Plc. had been sold in 2003, there was no more profit contribution from it for the half year ended 31 December 2004. This resulted in a lower profit contribution from the GLL Group's associate for the first half year. This decrease was partially offset by higher profit contribution from Razgrad Pte Ltd, a 40% owned associate engaged in The Ladyhill project.

The GLL Group's income tax expense was higher than the standard rate of 20% applied to the profit because of the higher income tax rate of 33% in China.

The GLL Group's net asset value per ordinary share increased from S\$1.44 as at 30 June 2004 to S\$1.54 as at 31 December 2004.

The GLL Group currently has eight launched residential developments in Singapore: Sanctuary Green, The Gardens at Bishan, Bishan Point, Le Crescendo, Leonie Studio, Nathan Place, The Ladyhill (in which the GLL Group has 40% interest) and The Boulevard Residence (in which the GLL Group has 40% interest).

In June 2004, the GLL Group had entered into a conditional collective sale and purchase agreement to acquire Greenacres condominium with the intention of redeveloping the site. The GLL Group recently tendered successfully for a residential site at Sengkang Central. The acquisitions of Greenacres condominium and Sengkang Central site are scheduled for completion in February and April 2005 respectively. These two acquisitions will add a gross floor area of approximately 910,000 sq. ft. to the GLL Group's existing landbank.

In Shanghai, the GLL Group received an overwhelming response for its 262-unit residential project, Central Park and as at 30 January 2005, total sales of 99% had been achieved. This project is expected to contribute significantly to the GLL Group's results for the current financial year ending 30 June 2005. In Beijing, resettlement is in progress at a GLL Group's recently acquired land parcel within the Second Ring Road in Feng Sheng, Xicheng District. Corporate Square was 70% sold and the majority of the remaining area had been leased out.

In Malaysia, the GLL Group has increased its interest in its associate, GuocoLand (Malaysia) Berhad (previously known as Hong Leong Properties Berhad) to 43.56%.

REVIEW OF OPERATIONS (CONTINUED)

Hong Leong Credit Berhad (“HLCB”) — 25.7% owned by the Group

For the financial period ended 31 December 2004, the HLCB Group registered a profit before tax of RM383.7 million as compared to RM383.2 million in the previous corresponding period. This is mainly due to higher profit from banking division and savings in finance costs of RM6.2 million. However, profit after tax and minority interest stood at RM164.5 million, RM3.2 million lower as compared to the previous corresponding period as a result of higher minority interest contribution from the banking division’s better results.

The banking division recorded a profit before tax of RM376.8 million for the financial period ended 31 December 2004, an increase of RM17.6 million as compared to RM359.1 million in the previous corresponding period. The improved profitability was primarily due to increase in non-interest income of RM79.3 million as well as lower loan loss provision of RM22.0 million. The healthy growth in the non-interest income came from gains in treasury trading activities as well as higher commission earned from its personal financial services. Loan loss provision was lower due to absence of lumpy specific provisions which were made in previous corresponding period. Amidst the environment of excess liquidity and competitive pricing, the division’s net interest income excluding Islamic banking income declined by RM52.0 million.

The insurance division registered a profit before tax of RM10.9 million for the financial period ended 31 December 2004 as compared to a profit before tax of RM37.9 million in the previous corresponding financial period. The decrease is mainly due to lower investment income and underwriting profits in the current financial period. Higher investment income was registered in the previous corresponding period as a large portion of equity holdings were disposed off, taking advantage of the positive market sentiments in Bursa Malaysia.

The stockbroking division registered a profit before tax of RM9.5 million for the financial period ended 31 December 2004 as compared to a profit before tax of RM18.3 million in the previous corresponding period. The lower profit before taxation for the current financial period was due to less favourable stock market conditions compared to previous corresponding period.

FINANCIAL COMMENTARY

Borrowings

As at 31 December 2004, the Group had reduced its total borrowings by 16.5% to HK\$3,713.3 million from HK\$4,445.5 million as at 30 June 2004. Unsecured borrowings comprise 36.7% of total borrowings.

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

	Bank loans (Unaudited) HK\$'000	Other borrowings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
On demand or within 1 year	1,233,160	380,743	1,613,903
After 1 year but within 2 years	1,276,618	322,661	1,599,279
After 2 years but within 5 years	—	500,073	500,073
	<u>1,276,618</u>	<u>822,734</u>	<u>2,099,352</u>
	<u>2,509,778</u>	<u>1,203,477</u>	<u>3,713,255</u>

The loans are secured by the following:

- legal mortgages on investment properties with a book value of HK\$585.8 million;
- legal mortgages on development properties with a book value of HK\$1,785.8 million;
- legal mortgages on properties held for sale with a book value of HK\$767.7 million; and
- certain equity investments with total market value of HK\$1,009.5 million.

As at 31 December 2004, the Group has net cash balance of HK\$18,411.4 million after netting off the total borrowings of HK\$3,713.3 million.

Contingent Liabilities

As at 31 December 2004, there were no contingent liabilities in respect of guarantees given to bankers by the Company to secure banking facilities (30 June 2004: HK\$161.0 million) granted to group companies and certain investee companies of the Group.

Capital and Finance

The Group's consolidated shareholders' funds as at 31 December 2004 amounted to HK\$31,352.8 million.

HUMAN RESOURCES AND TRAINING

The Group continued to follow a measured approach towards achieving 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 share option scheme or plan adopted by the Company and its subsidiary to eligible employees to reward their contribution and foster loyalty towards the Group.

OUTLOOK

Despite gradual rate hikes in the US, record oil prices and continued slowdown in the Chinese economy, nearly all global and regional markets recorded gains during the period, attributable to generally better than expected earnings growth in most markets and abundant liquidity. After rallying before the end of 2004, most markets appear to be fairly valued and vulnerable to profit taking. Slower economic and earnings growth plus further rate hikes are expected to pose more challenges to global markets. Considering this combination of factors and the present outlook, caution should still prevail.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2004 - Unaudited

	Note	2004 US\$'000	2003 US\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	3,4	643,326	523,272	5,001,474	4,061,951
Cost of sales		(537,881)	(441,305)	(4,181,702)	(3,425,674)
Other attributable costs		(9,440)	(8,566)	(73,390)	(66,494)
Other revenue	5 (a)	96,005 2,760	73,401 1,893	746,382 21,457	569,783 14,695
Other net income	5 (b)	120,122	95,846	933,876	744,014
Administrative and other operating expenses		(11,278)	(14,569)	(87,680)	(113,093)
Operating profit before finance cost	3	207,609	156,571	1,614,035	1,215,399
Finance cost	7	(4,078)	(1,997)	(31,704)	(15,502)
Operating profit		203,531	154,574	1,582,331	1,199,897
Impairment loss write back on properties		739	2,842	5,745	22,061
Impairment loss on investment securities		—	(21,420)	—	(166,275)
Deficit on revaluation of investment properties		—	(8,774)	—	(68,109)
Net profit on disposal of investment properties		1,102	310	8,567	2,406
Operating profit on ordinary activities		205,372	127,532	1,596,643	989,980
Share of profits less losses of associates	6	25,348	24,571	197,065	190,735
Profit from ordinary activities before taxation	6	230,720	152,103	1,793,708	1,180,715
Taxation	8	(17,184)	1,620	(133,595)	12,575
Profit after taxation		213,536	153,723	1,660,113	1,193,290
Minority interests		(12,496)	4,883	(97,149)	37,905
Profit attributable to shareholders		201,040	158,606	1,562,964	1,231,195
Appropriations:					
Final dividend paid	9	(109,836)	(29,679)	(853,908)	(230,386)
Retained profit for the period		91,204	128,927	709,056	1,000,809
Earnings per share		US\$	US\$	HK\$	HK\$
Basic	10	0.61	0.48	4.75	3.76
Diluted	10	0.61	0.48	4.75	3.75
Proposed interim dividend	9	33,860	16,956	263,241	131,621

The notes on pages 12 to 27 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2004 - Unaudited

	2004 US\$'000	2003 US\$'000	2004 HK\$'000	2003 HK\$'000
Total equity at 1 July	3,933,605	3,702,501	30,682,119	28,872,108
Exchange adjustments	—	—	(100,701)	(131,074)
	3,933,605	3,702,501	30,581,418	28,741,034
Shares repurchased and cancelled by a subsidiary	(3,412)	—	(26,526)	—
Share of subsidiaries' and associates' capital reserves movement	(1,676)	(28,933)	(13,030)	(224,596)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	13,099	10,854	101,837	84,257
Net gains/(losses) not recognised in the consolidated income statement	8,011	(18,079)	62,281	(140,339)
Group profit attributable to shareholders	201,040	158,606	1,562,965	1,231,195
Dividend paid	(109,836)	(29,679)	(853,908)	(230,386)
Shares issued under executive share option scheme	—	4,818	—	37,400
Total equity at 31 December	4,032,820	3,818,167	31,352,756	29,638,904

The notes on pages 12 to 27 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

As at 31 December 2004

	Note	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000	At 31 December 2004 (Unaudited) HK\$'000	At 30 June 2004 (Audited) HK\$'000
NON-CURRENT ASSETS					
Fixed assets		251,210	246,175	1,953,007	1,920,165
Interest in associates		286,555	269,445	2,227,793	2,101,671
Interest in jointly controlled entities		(2,543)	(32)	(19,770)	(250)
Other non-current financial assets	11	113,977	76,504	886,103	596,731
Deferred tax assets		1,125	1,125	8,746	8,775
Goodwill		(12,756)	(14,707)	(99,170)	(114,715)
		637,568	578,510	4,956,709	4,512,377
CURRENT ASSETS					
Development properties	12	259,713	443,099	2,019,113	3,456,172
Properties held for sale		169,021	59,366	1,314,037	463,055
Other assets	13	107,571	237,479	836,300	1,852,336
Other investments in securities	14	906,297	643,349	7,045,915	5,018,122
Cash and short term funds		2,845,835	2,896,654	22,124,660	22,593,901
		4,288,437	4,279,947	33,340,025	33,383,586
CURRENT LIABILITIES					
Other payables and provisions	15	136,040	83,300	1,057,629	649,740
Current portion of bank loans and other borrowings	16	207,592	285,003	1,613,903	2,223,023
Insurance funds		3,099	3,741	24,093	29,180
Taxation		25,457	17,114	197,913	133,489
		372,188	389,158	2,893,538	3,035,432
NET CURRENT ASSETS		3,916,249	3,890,789	30,446,487	30,348,154
TOTAL ASSETS LESS CURRENT LIABILITIES		4,553,817	4,469,299	35,403,196	34,860,531
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	17	270,034	284,938	2,099,352	2,222,516
Deferred tax liabilities		6,498	6,795	50,518	53,001
		276,532	291,733	2,149,870	2,275,517
Minority interests		244,465	243,961	1,900,570	1,902,895
NET ASSETS		4,032,820	3,933,605	31,352,756	30,682,119
CAPITAL AND RESERVES					
Share capital	18	164,526	164,526	1,279,091	1,283,303
Reserves	19	3,868,294	3,769,079	30,073,665	29,398,816
		4,032,820	3,933,605	31,352,756	30,682,119

The notes on pages 12 to 27 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2004 - Unaudited

	2004 US\$'000	2003 US\$'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	237,435	(316,314)
NET CASH USED IN INVESTING ACTIVITIES	(18,979)	(7,707)
NET CASH USED IN FINANCING	(270,635)	(63,982)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,179)	(388,003)
EFFECT OF FOREIGN EXCHANGE RATES	1,360	10,713
CASH AND CASH EQUIVALENTS AS AT 1 JULY	2,896,654	2,932,952
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	2,845,835	2,555,662
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	2,845,835	2,555,662

The notes on pages 12 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 Institute of Certified Public Accountants.

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2004, included in the interim financial report is extracted from the Company’s statutory financial statements. Statutory financial statements for the year ended 30 June 2004 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. The auditors have expressed an unqualified opinion on those financial statements in their report dated 15 September 2004.

2. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost method 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 used in the preparation of the Group’s annual financial statements for the year ended 30 June 2004.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

3. SEGMENT INFORMATION

Business Segments

	Treasury, fund and investment management (Unaudited) US\$'000	Property development (Unaudited) US\$'000	Property investment (Unaudited) US\$'000	Securities, commodities and brokerage (Unaudited) US\$'000	Insurance (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Total (Unaudited) US\$'000
For the six months ended 31 December 2004							
Turnover	507,685	123,097	3,781	2,785	5,978	—	643,326
Inter-segment turnover	6,759	—	245	105	—	(7,109)	—
	<u>514,444</u>	<u>123,097</u>	<u>4,026</u>	<u>2,890</u>	<u>5,978</u>	<u>(7,109)</u>	<u>643,326</u>
Contribution from operations	183,267	22,277	2,632	422	217		208,815
Unallocated income							5,486
Unallocated expenses							(6,692)
Operating profit before finance cost							<u>207,609</u>
For the six months ended 31 December 2003							
Turnover	420,711	86,212	5,961	4,247	6,141	—	523,272
Inter-segment turnover	5,552	—	322	51	—	(5,925)	—
	<u>426,263</u>	<u>86,212</u>	<u>6,283</u>	<u>4,298</u>	<u>6,141</u>	<u>(5,925)</u>	<u>523,272</u>
Contribution from operations	151,434	4,385	4,179	704	402		161,104
Unallocated income							2,735
Unallocated expenses							(7,268)
Operating profit before finance cost							<u>156,571</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

3. SEGMENT INFORMATION (continued)

Geographical Segments

	Turnover		Operating profit	
	Six months ended		Six months ended	
	31 December		31 December	
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Hong Kong	514,605	432,015	167,979	129,570
Singapore	57,860	89,316	12,549	19,612
The People's Republic of China	70,667	557	21,932	324
Others	194	1,384	1,071	5,068
	643,326	523,272	203,531	154,574

4. TURNOVER

An analysis of the amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Income from sale of investments in securities	468,370	394,550
Income from sale of properties	123,097	86,212
Interest income	30,096	19,264
Dividend income from listed securities	9,660	6,207
Gross insurance premiums	5,891	6,115
Rental income from properties	3,630	5,842
Securities commission and brokerage	2,435	3,514
Other income	147	1,568
	643,326	523,272

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

5. OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest income from listed securities	338	486
Others	2,422	1,407
	<u>2,760</u>	<u>1,893</u>

(b) Other net income

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Net unrealised gains on other investments	71,232	49,787
Net exchange gains	38,006	44,219
Net realised gains on other investments	1,198	2,432
Profit on disposal of fixed assets	1	13
Others	9,685	(605)
	<u>120,122</u>	<u>95,846</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

6. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
after charging:		
Staff costs (including retirement scheme contributions of US\$506,000 (2003: US\$617,000))	8,162	9,480
Depreciation	963	1,220
Operating lease charges		
- properties	404	843
- others	3	5
Amortisation of positive goodwill included in share of profits less losses of associates	—	716
Auditors' remuneration	154	134
Impairment loss on investment securities	—	21,420
Donations	18	2
and crediting:		
Amortisation of negative goodwill	4,423	2,332
Amortisation of negative goodwill included in share of profits less losses of associates	5,759	—
Impairment loss write back on properties	739	2,842
Gross rental income from investment properties	3,630	5,842
Less: direct outgoings	(1,122)	(538)
Net rental income	2,508	5,304
Share of profits less losses of associates:		
- Listed	22,275	24,304
- Unlisted	3,073	267
	25,348	24,571

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

7. *FINANCE COST*

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest on bank advances and other borrowings repayable within five years	6,671	8,489
Other borrowing costs	357	292
Total borrowing costs	7,028	8,781
Less: Borrowing costs capitalised into development properties (Note)	(2,950)	(6,784)
	4,078	1,997

Note: The borrowing costs have been capitalised at a rate of 2.0% - 3.0% per annum (2003: 1.8% - 6.1%).

8. *TAXATION*

Taxation in the consolidated income statement represents:

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Hong Kong Profits Tax	3,728	(2,912)
Overseas taxation	8,797	(1,570)
Deferred taxation	(399)	452
	12,126	(4,030)
Share of associates' taxation	5,058	2,410
	17,184	(1,620)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 17.5% (2003: 17.5%) to the profits for the six months ended 31 December 2004. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant countries.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

9. DIVIDENDS

	Six months ended 31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
2004: Final dividend paid of HK\$2.60 per share (2003: HK\$0.70 per share)	109,836	29,679
2005: Proposed interim dividend of HK\$0.80 per share (2004: HK\$0.40 per share)	33,860	16,956

The proposed interim dividend for the year ending 30 June 2005 of US\$33,860,000 is calculated based on 329,051,373 ordinary shares in issue as at 31 December 2004.

10. 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\$201,040,000 (2003: US\$158,606,000) and the weighted average number of 329,051,373 ordinary shares (2003: 327,686,481 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 US\$201,037,553 (2003: US\$158,548,000) and the weighted average number of 329,051,373 ordinary shares (2003: 328,533,778 ordinary shares) in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT[†] (CONTINUED)

10. EARNINGS PER SHARE (continued)

(c) Reconciliations

	2004 Number of shares	2003 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	329,051,373	327,686,481
Deemed issue of ordinary shares under share option scheme	—	847,297
Weighted average number of ordinary shares used in calculating diluted earnings per share	329,051,373	328,533,778

11. OTHER NON-CURRENT FINANCIAL ASSETS

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Investment securities		
Equity securities		
- Listed outside Hong Kong	109,862	72,524
- Unlisted	3,627	3,493
	113,489	76,017
Club and other debentures	488	487
	113,977	76,504
Market value of listed equity securities	128,750	72,159

Certain listed investment securities with total market values of US\$69.2 million (30 June 2004: US\$56.4 million) were pledged with a bank to secure short-term bank loan facilities.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

12. DEVELOPMENT PROPERTIES

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Cost as at 31 December/30 June	426,506	943,640
Less: Attributable loss	(22,101)	(40,295)
Less: Impairment loss	(81,799)	(89,228)
Less: Progress instalments received and receivable	(62,893)	(371,018)
	259,713	443,099

The amount of development properties expected to be recovered after more than one year is US\$181.3 million (30 June 2004: US\$235.2 million).

Certain of the Group's development properties with an original book value of US\$229.7 million (30 June 2004: US\$370.4 million) are under legal mortgages with banks.

13. OTHER ASSETS

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Accrued interest	7,368	2,788
Other accounts	100,203	234,691
	107,571	237,479

Included in other accounts are amounts of US\$5.5 million (30 June 2004: US\$10.7 million) which are expected to be recovered after more than one year.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT¹ (CONTINUED)

14. OTHER INVESTMENTS IN SECURITIES

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Debt securities		
Listed		
- In Hong Kong	567	558
- Outside Hong Kong	56,043	2,595
	56,610	3,153
Equity securities		
Listed		
- In Hong Kong	144,500	65,911
- Outside Hong Kong	701,946	547,918
	846,446	613,829
Unit Trust		
Unlisted	3,241	26,367
	906,297	643,349
Market value of other listed investments in securities		
- Debt securities	56,610	3,153
- Equity securities	846,446	613,829
	903,056	616,982

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

15. OTHER PAYABLES AND PROVISIONS

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Other payables and provisions	129,529	73,944
Amounts due to a fellow subsidiary	6,510	9,355
Amounts due to associates	1	1
	136,040	83,300

Included in other payables are amounts of US\$5.0 million (30 June 2004: US\$2.8 million) which are expected to be settled after more than one year.

16. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Bank loans		
- Secured	137,997	120,252
- Unsecured	20,621	118,298
	158,618	238,550
Unsecured medium term notes repayable within 1 year	48,974	46,453
	207,592	285,003

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

17. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2004 (Unaudited) US\$'000	At 30 June 2004 (Audited) US\$'000
Secured bank loans	164,208	172,941
Unsecured medium term notes	105,826	111,997
	270,034	284,938

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

	At 31 December 2004			At 30 June 2004		
	Bank loans	Other borrowings	Total	Bank loans	Other borrowings	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
On demand or within 1 year	158,618	48,974	207,592	238,550	46,453	285,003
After 1 year but within 2 years	164,208	41,503	205,711	89,873	11,593	101,466
After 2 years but within 5 years	—	64,323	64,323	83,068	100,404	183,472
	164,208	105,826	270,034	172,941	111,997	284,938
	322,826	154,800	477,626	411,491	158,450	569,941

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

18. SHARE CAPITAL

	At 31 December 2004		At 30 June 2004	
	No. of shares		No. of shares	
	(Unaudited) '000	(Unaudited) US\$'000	(Audited) '000	(Audited) 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	329,051	164,526	327,211	163,606
Share issued under executive share option scheme	—	—	1,840	920
As at 31 December/30 June	329,051	164,526	329,051	164,526

19. RESERVES

	Share premium (Unaudited) US\$'000	Capital and other reserves (Unaudited) US\$'000	Contributed surplus (Unaudited) US\$'000	Exchange translation reserve (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total (Unaudited) US\$'000
At 1 July 2004	10,493	56,038	3,978	3,650	3,694,920	3,769,079
Transfer between reserves	—	(12,362)	—	—	12,362	—
Share repurchased and cancelled by a subsidiary	—	—	—	—	(3,412)	(3,412)
Share of subsidiaries' and associates' capital and other reserves	—	(1,676)	—	—	—	(1,676)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	—	817	—	12,282	—	13,099
Retained profit for the period	—	—	—	—	91,204	91,204
At 31 December 2004	10,493	42,817	3,978	15,932	3,795,074	3,868,294

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

19. RESERVES (continued)

	Share premium (Audited) US\$'000	Capital and other reserves (Audited) US\$'000	Contributed surplus (Audited) US\$'000	Exchange translation reserve (Audited) US\$'000	Retained profits (Audited) US\$'000	Total (Audited) US\$'000
At 1 July 2003						
As previously reported	6,595	78,771	3,978	14,089	3,434,518	3,537,951
Prior year adjustment arising from change in accounting policy for deferred tax	—	—	—	—	944	944
As restated	6,595	78,771	3,978	14,089	3,435,462	3,538,895
Shares issued under executive share option scheme	3,898	—	—	—	—	3,898
Transfer between reserves	—	3,755	—	—	(3,755)	—
Share of subsidiaries' and associates' capital and other reserves	—	(26,870)	—	—	(3,022)	(29,892)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	—	382	—	(10,439)	—	(10,057)
Retained profit for the year	—	—	—	—	266,235	266,235
At 30 June 2004	10,493	56,038	3,978	3,650	3,694,920	3,769,079

20. CONTINGENT LIABILITIES

As at 31 December 2004, there were no contingent liabilities in respect of guarantees given to bankers by the Company to secure banking facilities (30 June 2004: US\$20,641,000) granted to group companies and certain investee companies of the Group.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

21. MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

Transactions with companies in the Hong Leong Company (Malaysia) Berhad Group ("HLCM").

During the period, the Group entered into a number of transactions in the normal course of business with companies in the HLCM Group including deposit and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Information relating to interest income from these transactions during the period and balance outstanding at the balance sheet date are set out below:

(i) Income

	Six months ended 31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest income	513	902

(ii) Balance as

	At 31 December	At 30 June
	2004	2004
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Cash and short term funds	53,251	116,130

(b) Management fee

On 21 August 2001, the Company has entered into a management services agreement, determinable by either party giving six months' notice, with GOMC Limited ("GOMC"), a subsidiary of HLCM, for provision of general management services to the Group by GOMC. Total management fees paid and payable to GOMC for the period ended 31 December 2004 amounted to US\$6.5 million (2003: US\$4.7 million).

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

22. POST BALANCE SHEET EVENT

On 11 January 2005, Dao Heng Enterprises Limited, a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement with Allstate Health Benefits Sdn Bhd (“AHB”), a wholly owned subsidiary of Hong Leong Assurance Berhad for the disposal of the entire interest in Dao Heng Insurance Co., Limited, to AHB for a total consideration of approximately HK\$152.6 million. The disposal will realize a net profit of approximately HK\$12.3 million.

On 12 January 2005, Brightspring Holdings Limited (“BSH”), a wholly owned subsidiary of the Company entered into a conditional securities sale agreement with Hong Leong Industries Berhad (“HLI”), a subsidiary of Hong Leong Company (Malaysia) Berhad (“HLCM”), HLI Trading Limited, a wholly owned subsidiary of HLI, Hong Leong Computer Services Sdn Bhd, a wholly owned subsidiary of HLCM and FCC Equities Pte Ltd, a wholly owned subsidiary of GuocoLand Limited which is 62.4% owned by the Company for the acquisition of 119,557,850 Camerlin Group Berhad (“CGB”) shares and 89,566,967 irredeemable convertible unsecured loan stocks of CGB (“CGB ICULS”). The aggregate purchase consideration is approximately RM236.6 million. The purchase consideration is calculated based on RM1.20 per CGB share and RM1.04 per CGB ICULS. Upon the completion of the acquisitions, BSH will own 40.03% of the CGB shares and 72.25% of CGB ICULS respectively. Pursuant to The Malaysian Take-overs Code, BSH is obliged to undertake a mandatory general offer to acquire the remaining shares, outstanding ICULS and warrants of CGB not held by the Group at the respective prices of RM1.20 per share, RM1.04 per ICULS and RM0.01 per warrant, upon fulfillment of all conditions precedents to the securities sale agreement.

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.

24. COMPARATIVE FIGURES

The comparative figure for income from sale of investments in securities under Turnover has been adjusted to conform with the current period’s presentation to better reflect the principal activities of the Group.

SUPPLEMENTARY INFORMATION

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

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO were disclosed as follows in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

(A) The Company

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of the Company	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	1,656,325	223,765,870	225,422,195	<i>Note</i>	68.51%
Kwek Leng Hai	2,820,775	—	2,820,775		0.86%
Sat Pal Khattar	691,125	—	691,125		0.21%
Kwek Leng San	209,120	—	209,120		0.06%
Tan Lim Heng	559,230	—	559,230		0.17%
James Eng, Jr.	565,443	—	565,443		0.17%
Harry Richard Wilkinson	5,000	—	5,000		0.00%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 225,422,195 shares/underlying shares comprised 217,563,347 ordinary shares of the Company and 7,858,848 underlying shares of other unlisted derivatives.

The corporate interests of 223,765,870 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	217,013,295
MPI (BVI) Limited ("MPI(BVI)")	327,575
Guoinvest International Limited ("Guoinvest")	6,425,000

MPI(BVI) was wholly owned by Malaysian Pacific Industries Berhad which was 56.11% owned by Hong Leong Industries Berhad which was in turn 60.16% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). GOL and Guoinvest were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM. HLCM was 49.11% owned by Mr Quek Leng Chan (2.43%) and HL Holdings Sdn Bhd (46.68%) which was in turn wholly owned by Mr Quek Leng Chan.

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations

a) Hong Leong Company (Malaysia) Berhad ("HLCM")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCM
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	390,000	7,487,100	7,877,100	<i>Note</i> 49.11%
Kwek Leng Hai	400,500	—	400,500	2.50%
Kwek Leng San	97,500	—	97,500	0.61%

* Ordinary shares

Note:

The corporate interests of 7,487,100 shares were held by HL Holdings Sdn Bhd which was in turn wholly owned by Mr Quek Leng Chan.

b) GuocoLand Limited ("GLL")

Director	Number of *shares (Long Position)			Notes	Approx. % of the issued share capital of GLL
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	14,047,224	459,407,229	473,454,453	<i>1</i>	71.14%
Kwek Leng Hai	18,851,140	—	18,851,140		2.83%
Sat Pal Khattar	5,000,000	5,392,362	10,392,362	<i>2</i>	1.56%
Volker Stoeckel	100,000	—	100,000		0.01%

* Ordinary shares

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

b) GuocoLand Limited ("GLL") (continued)

Notes:

- The corporate interests of 459,407,229 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Consultancy Services Sdn Bhd ("HLCS")	44,045,989
Guoco Investment Pte Ltd ("GIPL")	345,696,942
Asia Fountain Investment Company Limited ("AFI")	69,664,298

GIPL and AFI were wholly owned subsidiaries of the Company. HLCS was wholly owned by Hong Leong Management Co Sdn Bhd (renamed as HLCM Capital Sdn Bhd) which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The Company was 65.52% owned by GuoLine Overseas Limited ("GOL"). The respective controlling shareholders of GOL and HLCM as well as their respective percentage controls are shown in the Note under Part (A) above.

- The corporate interests of 5,392,362 shares were directly held by Khattar Holdings Pte Ltd which was 0.61% owned by Mr Sat Pal Khattar and was accustomed to act according to his directions.

c) Hong Leong Credit Berhad ("HLCB")

Director	Number of *shares/underlying shares (Long Position)			Notes	Approx. % of the issued share capital of HLCB
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	11,046,600	820,996,998	832,043,598	1	79.95%
Kwek Leng Hai	2,316,800	—	2,316,800	2	0.22%
Kwek Leng San	600,000	—	600,000		0.06%
Tan Lim Heng	245,700	—	245,700		N/A

* Ordinary shares unless otherwise specified in the Notes

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

c) Hong Leong Credit Berhad ("HLCB") (continued)

Notes:

1. The total interests of 832,043,598 shares/underlying shares comprised 824,813,898 ordinary shares of HLCB and 7,229,700 underlying shares of other unlisted derivatives.

The corporate interests of 820,996,998 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,476,568
HLCM Capital Sdn Bhd ("HLCM Capital")	207,184
Hong Leong Nominees Sendirian Berhad ("HLN")	3,600
Guoinvest International Limited ("Guoinvest")	7,229,700
Guoco Investments (Bermuda) Limited ("GIB")	41,686,700
Guoco Assets Sdn Bhd ("GASB")	225,393,246

GIB and GASB were wholly owned by the Company. HLN was wholly owned by HLCM Capital which was in turn wholly owned by HLCM.

The respective controlling shareholders of the Company, HLCM and Guoinvest as well as their respective percentage controls are shown in the Note under Part (A) above.

2. The total interests of 2,316,800 shares/underlying shares comprised 2,156,000 ordinary shares of HLCB and 160,800 underlying shares of listed physically settled options issued by HLCB.

d) GuocoLand (Malaysia) Berhad ("GLM") (formerly known as Hong Leong Properties Berhad)

Director	Number of *shares/underlying shares (Long Position)/ Amount of Debentures			Notes	Approx. % of the issued share capital of GLM
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	3,266,280	325,710,733	328,977,013	1	46.97%
Kwek Leng Hai	226,800	—	226,800		0.03%
Sat Pal Khattar	162,700	—	162,700	2	0.02%
Tan Lim Heng	73,710	—	73,710		0.01%

* Ordinary shares unless otherwise specified in the Notes

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

- d) GuocoLand (Malaysia) Berhad ("GLM") (formerly known as Hong Leong Properties Berhad)
(continued)

Notes:

1. The total interests of 328,977,013 shares/underlying shares comprised 320,750,033 ordinary shares of GLM, 6,567,020 underlying shares of listed physically settled options issued by GLM and 1,659,960 underlying shares of other unlisted derivatives.

The corporate interests of 325,710,733 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Guoinvest International Limited ("Guoinvest")	1,659,960
GLL (Malaysia) Pte Ltd ("GLLM")	305,112,157
HLCM Capital Sdn Bhd ("HLCM Capital")	62,723
OYL (BVI) Limited ("OYL(BVI)")	4,343,000
Hume Plastics (Malaysia) Sdn Berhad ("HPM")	3,005,286
Hong Leong Industries Berhad ("HLI")	2,188,500
HLI Trading Limited ("HLIT")	14
MPI (BVI) Limited ("MPI(BVI)")	2,772,100
Hong Leong Credit Berhad ("HLCB")	6,566,993

GLLM was wholly owned by GuocoLand Limited ("GLL") which was in turn 51.94% owned by Guoco Investment Pte Ltd ("GIPL"). GIPL was wholly owned by the Company. HLIT was wholly owned by HLI. HPM was wholly owned by Hume Industries (Malaysia) Berhad which was 63.80% owned by HLCM. OYL(BVI) was wholly owned by O.Y.L. Industries Bhd which was in turn 39.77% owned by Hong Leong Secretarial Services Sdn Bhd ("HLSS"). HLSS was wholly owned by HLCM Capital.

The respective controlling shareholders of Guoinvest, HLCM, HLI and MPI(BVI) and their respective percentage controls are shown in the Note under Part (A) above.

The controlling shareholders of HLCM Capital as well as its percentage control are shown in Note 1 under Part (B)(b) above.

HLCB was 78.19% owned by HLCM.

2. The total interests of 162,700 shares/underlying shares comprised 152,700 ordinary shares of GLM and 10,000 underlying shares of listed physically settled options issued by GLM.

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

e) Hong Leong Industries Berhad ("HLI")

Director	Number of *shares/underlying shares (Long Position)/ Amount of Debentures			Notes	Approx. % of the issued share capital of HLI
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	1,308,000	170,580,335	171,888,335	1	78.86%
Kwek Leng Hai	215,312	—	215,312	2	0.10%
	MYR165,000	—	MYR165,000	3	N/A
Sat Pal Khattar	208,580	—	208,580	4	0.10%
	MYR171,000	—	MYR171,000	3	N/A
Kwek Leng San	1,800,000	—	1,800,000	5	0.82%
	MYR1,550,000	—	MYR1,550,000	3	N/A

* Ordinary shares unless otherwise specified in the Notes

Notes:

- The total interests of 171,888,335 shares/underlying shares comprised 132,407,900 ordinary shares of HLI and 39,480,435 underlying shares of listed physically settled options issued by HLI.

The corporate interests of 170,580,335 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	168,348,472
Hong Leong Management Co Sdn Bhd ("HLMC")	46,703
Hong Leong Assurance Berhad ("HLA")	1,935,483
Hong Leong Bank Berhad ("HLBB")	249,677

HLBB was approximately 60.22% owned by Hong Leong Credit Berhad ("HLCB") which wholly owned HLA.

The controlling shareholder of HLCM and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of HLMC and its percentage control are shown in Note 1 under Part (B)(b) above.

The controlling shareholder of HLCB and its percentage control are shown in Note 1 under Part (B)(d) above.

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

e) Hong Leong Industries Berhad ("HLI") (continued)

2. The total interests of 215,312 shares/underlying shares comprised 163,200 ordinary shares of HLI and 52,112 underlying shares of listed physically settled options issued by HLI.
3. These debentures were freely transferable and convertible into shares of HLI.
4. The total interests of 208,580 shares/underlying shares comprised 171,000 ordinary shares of HLI and 37,580 underlying shares of listed physically settled options issued by HLI.
5. Based on the additional information disclosed under the SFO subsequent to the interim period end date, the total interests of 1,800,000 shares/underlying shares comprised 1,550,000 ordinary shares of HLI and 250,000 underlying shares of listed physically settled options issued by HLI.

f) Hong Leong Bank Berhad ("HLBB")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLBB
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	40,000	953,585,600	953,625,600	<i>Note</i> 60.54%
Kwek Leng Hai	3,955,700	—	3,955,700	0.25%
Sat Pal Khattar	294,000	—	294,000	0.02%
Kwek Leng San	385,000	—	385,000	0.02%

* Ordinary shares

Note:

The corporate interests of 953,585,600 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Credit Berhad ("HLCB")	948,973,500
Hong Leong Equities Sdn Bhd ("HLESB")	2,600,000
Hong Leong Assurance Berhad ("HLA")	2,012,100

HLESB and HLA were wholly owned by HLCB. The controlling shareholder of HLCB and its percentage control are shown in Note 1 under Part (B)(d) above.

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

g) HLG Capital Berhad ("HLGC")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLGC
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	500,000	—	500,000	0.41%
Kwek Leng San	119,000	—	119,000	0.10%

* Ordinary shares

h) Malaysian Pacific Industries Berhad ("MPI")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of MPI
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	53,500	115,860,409	115,913,909 <i>Note</i>	58.27%
Sat Pal Khattar	210,000	—	210,000	0.11%
Kwek Leng San	315,000	—	315,000	0.16%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 115,913,909 shares/underlying shares comprised 114,154,509 ordinary shares of MPI and 1,759,400 underlying shares of other unlisted derivatives.

The corporate interests of 115,860,409 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Industries Berhad ("HLI")	111,609,547
Guoinvest International Limited ("Guoinvest")	1,759,400
Hongvest Sdn Bhd ("Hongvest")	735,000
Hong Leong Nominees Sendirian Berhad ("HLN")	6,462
Hong Leong Assurance Berhad ("HLA")	1,500,000
Hong Leong Bank Berhad ("HLBB")	250,000

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

h) Malaysian Pacific Industries Berhad ("MPI") (continued)

Note: (continued)

Hongvest was wholly owned by MPI Holdings Sdn Bhd which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

The respective controlling shareholders of HLI, Guinvest and HLCM as well as their respective percentage controls are shown in the Note under Part (A) above.

The controlling shareholder of HLN and its percentage control are shown in Note 1 under Part (B)(c) above.

The respective controlling shareholders of HLA and HLBB as well as their respective percentage controls are shown in Note 1 under Part (B)(e) above.

i) Hume Industries (Malaysia) Berhad ("HIMB")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HIMB
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	4,034,000	115,586,428	119,620,428	<i>Note</i> 62.86%
Sat Pal Khattar	200,000	—	200,000	0.11%

* Ordinary shares

Note:

The corporate interests of 115,586,428 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	113,987,027
HLCM Capital Sdn Bhd ("HLCM Capital")	19,401
Hong Leong Assurance Berhad ("HLA")	1,580,000

The controlling shareholder of HLCM and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of HLCM Capital and its percentage control are shown in Note 1 of Part (B)(b) above.

The controlling shareholding of HLA and its percentage control are shown in Note 1 of Part (B)(e) above.

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(B) Associated Corporations (continued)

j) Narra Industries Berhad ("NIB")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of NIB
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	8,170,200	38,304,000	46,474,200	Note 74.73%

* Ordinary shares

Note:

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad ("HIMB").

The controlling shareholder of HIMB and its percentage control are shown in the Note of Part (B)(d) above.

k) Lam Soon (Hong Kong) Limited ("LSHK")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of LSHK
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,300,000	—	2,300,000	0.95%
Tan Lim Heng	274,000	—	274,000	0.11%
James Eng, Jr.	149,000	—	149,000	0.06%

* Ordinary shares

SUPPLEMENTARY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
(continued)

(C) Others

The associated corporations in which Mr Quek Leng Chan were deemed to be interested solely through his deemed controlling interests in HLCM and/or its subsidiaries were as follows:

Guoman Hotel & Resort Holdings Sdn Bhd	MEHY Sdn Bhd
Luck Hock Venture Holdings, Inc.	RZA Logistics Sdn Bhd
Carsem (M) Sdn Bhd	Lam Soon (Hong Kong) Limited
Carter Realty Sdn Bhd	LS Golden Oils & Fats Limited
Guolene Packaging Industries Berhad	Kwok Wah Hong Flour Company Limited
Guolene Plastic Films Sdn Bhd	M.C. Packaging Offshore Limited
Guocera Tile Industries (Meru) Sdn Bhd	Lam Soon Ball Yamamura Incorporation
Guocera Tile Industries (Labuan) Sdn Bhd	Guangzhou Lam Soon Food Products Limited
Hong Leong Fund Management Sdn Bhd	Shenzhen Lam Soon Edible Oils Company Limited
Hong Leong Yamaha Distributors Sdn Bhd	Shekou Lam Soon Silo Company Limited
Hong Leong Yamaha Motor Sdn Bhd	HLG Capital Berhad
	Hong Leong Industries Berhad*

* In respect of interests in debentures only

The Company applied for and the Stock Exchange granted a waiver from full compliance with the disclosure requirements in respect of details of the deemed interests of Mr Quek Leng Chan in the above associated corporations under Rule 13 of Appendix 16 to the Listing Rules.

Certain directors hold qualifying shares in certain subsidiaries in trust for other subsidiaries of the Company. Save as disclosed above, as at 31 December 2004, none of the directors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SUPPLEMENTARY INFORMATION (CONTINUED)

SHARE OPTIONS

The Company

Share Option Scheme

A share option scheme (the “New Scheme”) was adopted by the Company on 29 November 2001 for the purpose of providing any employee or director of the Company or any of its subsidiaries or associated companies (the “Eligible Employee”) the opportunity of participating in the growth and success of the Group.

No option has ever been granted to any Eligible Employee pursuant to the New Scheme up to 31 December 2004.

Share Option Plan

On 16 December 2002, the Company adopted a share option plan (the “Share Option Plan”) for the purpose of motivating the employees and directors of the group companies and the employees of associated companies (the “Participants”) and allowing them to participate in the growth of the Group through the grant of options over existing shares.

No option has ever been granted to any Participant pursuant to the Share Option Plan up to 31 December 2004.

GuocoLand Limited (“GLL”)

GLL’s Executive Share Option Scheme (the “ESOS”) was approved by the shareholders of GLL on 31 December 1998 and further approved by the shareholders of the Company on 1 February 1999.

On 27 April 1999, 5,380,000 options were granted under the ESOS to the employees of the GLL Group including executive directors, at the exercise price of S\$2.28 per share with an exercise period of ten years from the date of grant. As at 1 July 2004, there were 3,440,000 outstanding options which have since lapsed on 31 December 2004.

In October 2004, the approval of shareholders of GLL and the Company were sought to effect various amendments to the rules of the ESOS (the “Rules”) to, inter alia, allow grant of options over both newly issued and existing shares of GLL and to align the Rules with Chapter 17 of the Listing Rules (the “Modified ESOS”).

SUPPLEMENTARY INFORMATION (CONTINUED)

SHARE OPTIONS (continued)

GuocoLand Limited ("GLL") (continued)

Pursuant to the Modified ESOS, options for the exercise of an aggregate of 12,500,000 GLL shares at an exercise price of S\$1.19 per GLL share were granted on 1 November 2004 (the "Date of Grant") to selected key executives of GLL (the "Grantees"). The exercise price was determined based on the average closing price for the five days preceding 29 October 2004. The closing market price per GLL share on 29 October 2004, the trading date immediately before the Date of Grant was S\$1.20. Subject to certain financial and performance targets being met by the Grantees during the performance period from the financial year 2004/05 to the financial year 2006/07, the Grantees may at any time after 1 July 2007 be notified ("Date of Notification") of the vesting of the options and the number of shares comprised in the vested options. Thereafter, the Grantees shall have an exercise period of up to two years from the Date of Notification to exercise the vested options in accordance with the terms of their grant. Accordingly, no GLL shares were issued or transferred as no newly granted options have been vested during the period. Also, none of the newly granted options have lapsed. The number of outstanding options as at 31 December 2004 was 12,500,000.

Under the current accounting policy of GLL, the options granted by GLL are not recognised in the current financial statements until they are exercised. The Company considers that it is not appropriate to disclose the value of the options granted by GLL during this period, as any valuation of the above options would be subject to a number of assumptions that would be subjective and uncertain.

Apart from the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUPPLEMENTARY INFORMATION (CONTINUED)

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2004, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/underlying shares (Long Position)	Notes	Approx. % of the issued share capital
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	223,765,870	1	68.00%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	223,765,870	2 & 3	68.00%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	223,765,870	2 & 4	68.00%
Kwek Holdings Pte Ltd ("KH")	Interest of controlled corporations	223,765,870	2 & 5	68.00%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	223,765,870	2 & 6	68.00%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	223,765,870	2 & 7	68.00%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	16,483,000		5.01%

SUPPLEMENTARY INFORMATION (CONTINUED)

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (continued)

Notes:

1. These interests comprised 215,907,022 ordinary shares of the Company and 7,858,848 underlying shares of unlisted cash settled derivatives.

These interests comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	217,013,295
MPI (BVI) Limited ("MPI(BVI)")	327,575
Guoinvest International Limited ("Guoinvest")	6,425,000

MPI(BVI) was wholly owned by Malaysian Pacific Industries Berhad which was 56.11% owned by Hong Leong Industries Berhad which was in turn 60.16% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). GOL and Guoinvest were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

2. The interests of HLCM, HLH, HLInv, KH, Davos and KLK are duplicated.
3. HLH was deemed to be interested in these interests through its controlling interests of 49.11% in HLCM.
4. HLInv was deemed to be interested in these interests through its controlling interests of 34.49% in HLCM.
5. KH was deemed to be interested in these interests through its controlling interests of 49.00% in HLInv.
6. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInv.
7. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

Save as disclosed above, as at 31 December 2004, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board Audit Committee ("BAC") currently comprises Messrs Harry Richard Wilkinson (Chairman), Sat Pal Khattar and Volker Stoeckel, all being independent non-executive directors of the Company. The BAC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December 2004.

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 (the "Code"), as adopted by the Company, at any time during the six months ended 31 December 2004. The provisions in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") applying prior to 1 January 2005 are in principle incorporated in the Code, 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.

SUPPLEMENTARY INFORMATION (CONTINUED)

CORPORATE GOVERNANCE (continued)

On 25 February 2005, the Board of Directors adopted the Code on Corporate Governance Practices (the “CGP Code”) based on the principles set out in the new Appendix 14 to the Listing Rules. The Company’s CGP Code would become effective for accounting periods commencing on or after 1 July 2005. The Board of Directors also established a Remuneration Committee, comprising Mr Quek Leng Chan as Chairman and independent non-executive directors, Messrs Harry Richard Wilkinson and Volker Stoeckel, with written terms of reference, effective from 1 July 2005. The terms of reference of the BAC were revised to align with the provisions of the CGP Code and would become effective from 1 July 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions.

Having made specific enquiry of all directors of the Company, they have complied with the required standard set out in the Model Code.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 14 March 2005 to 17 March 2005, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the interim dividend, all share transfers accompanied by the requisite share certificates must be lodged with the Company’s Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:00 p.m. on 11 March 2005.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 25 February 2005