

The directors of the Company have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include treasury and investment management, property development and investment, stock and commodities broking and investment advisory. The principal activities of the associates which materially affected the results of the Group during the year include fund management, banking and financing, insurance and stockbroking, property development, merchant banking as well as hotel investment and management.

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in Note 15 on the financial statements.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in Note 15 on the financial statements.

FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2005 and the state of the Company's and the Group's affairs at that date are set out in the financial statements on pages 43 to 97.

DIVIDENDS

An interim dividend of HK\$0.80 (2004: HK\$0.40) per share totalling HK\$263,241,000 (2004: HK\$131,621,000) was paid on 18 March 2005. The directors are recommending payment of a final dividend in respect of the year ended 30 June 2005 of HK\$3.00 (2004: HK\$2.60) per share totalling HK\$987,154,000 (2004: HK\$853,908,000).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 October 2005 to 18 October 2005, both days inclusive, during which period no share transfers will be registered.

To qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong not later than 4:00 p.m. on 12 October 2005.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the total turnover of the Group. The information in respect of the Group's purchases attributable to the major suppliers during the year is as follows:

	Percentage of the Group's total purchases
The largest supplier	15%
Five largest suppliers in aggregate	32%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major suppliers.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US\$162,000 (2004: US\$73,000).

SHARE CAPITAL, CONVERTIBLE SECURITIES AND WARRANTS

The Company did not issue any new shares during the year. Details of the share capital of the Company during the year are shown in Note 32 on the financial statements.

GuocoLand Limited (“GLL”, a 62.4% subsidiary of the Company)

On 29 November 2002, GLL issued 101,671,676 4.5% Non-Redeemable Convertible Cumulative Preference Shares (“NCCPS 2005”) which are convertible into ordinary shares of GLL based on one ordinary share for every one NCCPS 2005 held. Any outstanding NCCPS 2005 on 29 November 2005 will be automatically converted into ordinary shares of GLL.

During the year, GLL issued 15,500 ordinary shares to the holders of the NCCPS 2005 upon the conversion of 15,500 NCCPS 2005. There were 108,315 NCCPS 2005 outstanding as at 30 June 2005.

Camerlin Group Berhad (“CGB”, a 61.6% subsidiary of the Company)

The irredeemable convertible unsecured loan stocks (“ICULS”) issued by CGB in July 2002 have a maturity date of 15 July 2007 and carry a coupon rate of 5.5% per annum payable semi-annually in arrears each year. The ICULS are convertible into new ordinary shares of RM1.00 each in CGB at any time from the date of issuance. The conversion price of the ICULS has been fixed at RM1.16 per ordinary share to be satisfied by surrendering for cancellation the equivalent nominal value of ICULS or a combination of ICULS and cash, provided that at least RM1.00 nominal value of ICULS must be surrendered for every one share.

No ICULS had been converted into new ordinary shares since CGB became the subsidiary of the Group on 6 April 2005 and up to 30 June 2005. There were RM30,924,000 ICULS outstanding as at 30 June 2005.

CGB had, on 25 July 1997, issued 59,162,371 detachable warrants pertaining to the US\$105 million Five-year Secured Floating Rate Notes 1997/2002. Each warrant entitles its registered holder to subscribe for one new ordinary share of RM1.00 each in CGB at the subscription price of RM2.00 which was adjusted to RM1.90 effective on 4 June 2002 in accordance with the provisions of the deed polls. The warrants may be exercised at any time commencing from 25 July 1997 but not later than 25 January 2002 (both dates inclusive). The subscription period for the outstanding warrants was subsequently extended for a further period of 5.5 years from the existing expiry date of 25 January 2002 to 25 July 2007.

No warrants had been converted into new ordinary shares since CGB became the subsidiary of the Group on 6 April 2005 and up to 30 June 2005. There were 43,745,371 warrants outstanding as at 30 June 2005. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

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

During the year, a wholly-owned subsidiary of the Company, as the trustee for a trust (the “Trust”) set up for the purpose of acquiring existing shares of the Company to satisfy the exercise of options which may be granted under the share option plan adopted by the Company on 16 December 2002, purchased an aggregate of 1,020,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$78,744,522 for the Trust.

Save as above, during the year the Company had not redeemed, neither the Company nor any of its other subsidiaries purchased or sold any of the Company’s listed securities.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in Note 33 on the financial statements.

INTEREST CAPITALISED

Interest capitalised during the year by the Group in respect of development properties amounted to approximately US\$6.9 million (2004: approximately US\$12.9 million).

FIXED ASSETS

Movements in fixed assets during the year are set out in Note 14 on the financial statements.

PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 98 to 100.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda.

DIRECTORS

The Board of Directors meets regularly and members of the Board receive information between meetings about the developments in the Company's business. The Board is responsible for devising and implementing the overall group strategy, acquisition and divestment policy, and the approval of major capital expenditure projects and consideration of significant financing matters. It regularly reviews the financial performance and business of the Group.

The directors during the year and up to the date of this report are:

Quek Leng Chan - Executive Chairman

Kwek Leng Hai - President, CEO

Sat Pal Khattar**

Kwek Leng San*

Tan Lim Heng

Harry Richard Wilkinson**

James Eng, Jr.

Volker Stoeckel**

* *Non-executive director*

** *Independent non-executive director*

In accordance with the Company's Bye-Law 99, Messrs Kwek Leng San and Tan Lim Heng retire from office by rotation at the forthcoming annual general meeting. All of them, being eligible, offer themselves for re-election.

None of the directors has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation at annual general meetings in accordance with the Bye-Laws of the Company.

The Company received confirmation from each of the independent non-executive directors of independence for the year ended 30 June 2005 pursuant to Rule 3.13 of the Listing Rules. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

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

As at 30 June 2005, 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 or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (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	224,458,295	226,114,620 <i>Note</i>	68.72%
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 226,114,620 shares/underlying shares comprised 218,255,772 ordinary shares of the Company and 7,858,848 underlying shares of other unlisted derivatives.

The corporate interests of 224,458,295 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	217,013,295
Guoinvest International Limited ("Guoinvest")	6,425,000
Asian Financial Common Wealth Limited ("AFCW")	1,020,000

AFCW was wholly owned by the Company which was in turn 65.52% owned by GOL. GOL and Guoinvest were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("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.

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

(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	1	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	2	1.56%
Tan Lim Heng	450,000	—	450,000		0.07%
Volker Stoeckel	100,000	—	100,000		0.01%

* Ordinary shares

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 respective controlling shareholders of the Company 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 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.

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

(B) Associated Corporations (Cont'd)

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

Notes:

- 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.

- 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.

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

(B) Associated Corporations (Cont'd)

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

Director	Number of *shares/underlying shares (Long Position)			Notes	Approx. % of the issued share capital of GLM
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	3,266,280	329,274,533	332,540,813	1	47.47%
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

Notes:

- The total interests of 332,540,813 shares/underlying shares comprised 324,313,833 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 329,274,533 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")	308,675,957
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 which was in turn 60.03% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HPM was wholly owned by Hume Industries (Malaysia) Berhad which was in turn 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.

MPI(BVI) was wholly owned by Malaysian Pacific Industries Berhad which was in turn 56.11% owned by HLI.

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.

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

HLCB was 78.19% owned by HLCM.

- 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.

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

(B) Associated Corporations (Cont'd)

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	2,552,000	169,916,235	172,468,235	1	78.95%
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 172,468,235 shares/underlying shares comprised 133,811,900 ordinary shares of HLI and 38,656,335 underlying shares of listed physically settled options issued by HLI.

The corporate interests of 169,916,235 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	167,684,372
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 (renamed as HLCM Capital Sdn Bhd) 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.

- 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.
- These debentures were freely transferable and convertible into shares of HLI.
- 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.
- 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.

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

(B) Associated Corporations (Cont'd)

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	953,685,600	953,725,600 <i>Note</i>	62.39%
Kwek Leng Hai	3,955,700	—	3,955,700	0.26%
Sat Pal Khattar	294,000	—	294,000	0.02%
Kwek Leng San	385,000	—	385,000	0.03%

* Ordinary shares

Note:

The corporate interests of 953,685,600 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Credit Berhad ("HLCB")	951,573,500
Hong Leong Assurance Berhad ("HLA")	2,112,100

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

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

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

(B) Associated Corporations (Cont'd)

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	116,242,309	116,295,809 <i>Note</i>	58.46%
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 116,295,809 shares/underlying shares comprised 113,950,309 ordinary shares of MPI and 2,345,500 underlying shares of other unlisted derivatives.

The corporate interests of 116,242,309 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")	2,345,500
Hongvest Sdn Bhd ("Hongvest")	735,000
Hong Leong Nominees Sendirian Berhad ("HLN")	6,462
Hong Leong Assurance Berhad ("HLA")	1,295,800
Hong Leong Bank Berhad ("HLBB")	250,000

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 HLCM and Guoinvest 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 controlling shareholder of HLI and its percentage control are shown in Note 1 under Part (B)(d) 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.

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

(B) Associated Corporations (Cont'd)

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	118,536,428	122,570,428 <i>Note</i>	66.26%
Sat Pal Khattar	200,000	—	200,000	0.11%

* Ordinary shares

Note:

The corporate interests of 118,536,428 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	116,937,027
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 shareholder of HLA and its percentage control are shown in Note 1 of Part (B)(e) above.

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 <i>Note</i>	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 1 of Part (B)(d) above.

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

(B) Associated Corporations (Cont'd)

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.	619,000	—	619,000	0.25%

* Ordinary shares

l) BIL International Limited ("BIL")

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of BIL
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	150,000	537,655,949	537,805,949	39.31%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 537,805,949 shares/underlying shares comprised 403,958,449 ordinary shares of BIL, 75,000,000 underlying shares of unlisted cash settled options issued by BIL and 58,847,500 underlying shares of other unlisted derivatives.

The corporate interests of 537,655,949 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Guoinvest International Limited ("Guoinvest")	11,027,000
GuoLine Overseas Limited ("GOL")	47,820,500
Checkenden Limited ("Checkenden")	25,000,000
First Capital Assets (BVI) Limited ("FCA(BVI)")	75,000,000
Asia Fountain Investment Company Limited ("AFI")	74,247,242
Camerlin Group Berhad ("CGB")	31,845,810
Camerlin Holdings Sdn Bhd ("CHSB")	269,742,547
Camerlin Investments Limited ("CIL")	2,972,850

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

Checkenden and FCA(BVI) were wholly owned by GuocoLand Limited ("GLL"). The controlling shareholder of GLL and its percentage control are shown in Note 1 under Part (B)(d) above.

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

CHSB and CIL were wholly owned by CGB. CGB was 42.33% owned by Brightspring Holdings Limited which was in turn wholly owned by the Company. The controlling shareholder of the Company and its percentage control are shown in the Note under Part (A) above.

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

(C) Others

The associated corporations in which Mr Quek Leng Chan was 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
Guocera Tile Industries (Meru) Sdn Bhd	M.C. Packaging Offshore Limited
Guocera Tile Industries (Labuan) Sdn Bhd	Lam Soon Ball Yamamura Incorporation
Hong Leong Fund Management Sdn Bhd	Guangzhou Lam Soon Food Products Limited
Hong Leong Yamaha Distributors Sdn Bhd	Shenzhen Lam Soon Edible Oils Company Limited
Hong Leong Yamaha Motor Sdn Bhd	Shekou Lam Soon Silo Company Limited
Camerlin Group Berhad	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 30 June 2005, 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 by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

SHARE OPTIONS

The Company

Share Option Scheme

A share option scheme (the "Share Option 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 Employees") the opportunity of participating in the growth and success of the Group. The number of shares that may be issued upon exercise of all share options to be granted under the Share Option Scheme shall not in aggregate exceed 32,905,137 which represents 10% of the shares in issue of the Company on the date of this report. The maximum entitlement for any Eligible Employee in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant does not exceed 1% of the shares of the Company in issue.

The option price per share payable upon exercise of any share option will be determined by the directors upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK\$1 is payable on acceptance of the share option within 21 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer. No share option may be granted more than ten years after 29 November 2001, the date on which the Share Option Scheme was adopted by the Company.

No share option was granted to any Eligible Employee pursuant to the Share Option Scheme during the year.

SHARE OPTIONS (Cont'd)**The Company (Cont'd)***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 Company through the grant of options over existing shares.

Unlike a traditional employee share option scheme, the Share Option Plan does not involve options over unissued shares of the Company and thereby avoids the uncertainty for the shareholders of potential dilutionary effect on the Company’s issued share capital from time to time. A trust (the “Trust”) has been set up for the purpose of acquiring existing shares of the Company from time to time to satisfy the exercise of options which may be granted under the Share Option Plan while a wholly-owned subsidiary of the Company as the trustee is responsible for administering the Trust.

The number of shares that may be transferred upon exercise of all share options to be granted under the Share Option Plan shall not in aggregate exceed 32,905,137 which represents 10% of the shares in issue of the Company as at the date of this report. The maximum entitlement for any Participant in respect to the total number of shares transferred and to be transferred upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant will not exceed 1% of the shares of the Company in issue at any date of grant.

The exercise price of an option for the purchase of share will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange’s daily quotation sheet on the day of offer of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK\$1 is payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. No share option may be granted more than ten years after 16 December 2002, the date on which the Share Option Plan was adopted by the Company.

No share option was granted to any Participant pursuant to the Share Option Plan during the year.

GuocoLand Limited (“GLL”)

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

In October 2004, the approvals 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”).

The Modified ESOS provides an opportunity for the employees of the GLL Group who have contributed to the growth and development of the GLL Group to participate in the equity of GLL.

A committee (the “Committee”) comprising directors of GLL who are presently not participants of the Modified ESOS shall select confirmed employees of the GLL Group and the executive directors of GLL (“GLL Employees”) to become participants in the Modified ESOS.

The aggregate number of GLL shares over which the Committee may grant options under the Modified ESOS on any date shall not exceed 5% of the issued share capital of GLL on the day preceding that date, provided that the maximum aggregate number of GLL shares over which the Committee may grant shall not exceed 10% of the issued share capital of GLL as at 29 October 2004, i.e. 66,552,415. Accordingly, as at the date of this report, the total number of GLL shares available for issue under the Modified ESOS is 66,552,415 which represents approximately 10.0% of the issued share capital of GLL.

SHARE OPTIONS (Cont'd)

GuocoLand Limited ("GLL") (Cont'd)

The maximum entitlement of any GLL Employee shall not exceed 1% of the share capital of GLL in issue in respect of the total number of GLL shares issued or to be issued upon the exercise of options granted in any 12-month period. The grant of option to a GLL Employee shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of S\$1 as consideration. The Modified ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on 31 December 1998.

The exercise price per GLL share shall be the average of the closing prices of GLL shares on Singapore Exchange Securities Trading Limited for each of the last five market days immediately prior to the date of grant of the option or the nominal value of the GLL shares, whichever is the higher. An option shall be exercisable on the date after (a) the second anniversary of the date of grant (for GLL Employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other GLL Employees) and to end on a date not later than 10 years after the date of grant.

On 27 April 1999, 5,380,000 options were granted under the ESOS to GLL Employees, at the exercise price of S\$2.28 per share with an exercise period of 10 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.

Pursuant to the Modified ESOS, the following options were granted in respect of an aggregate of 18,500,000 GLL shares during the financial year:

Date of Grant	Grantees	No. of GLL Shares comprised in Options	Exercise Price per GLL Share	Notes
1 November 2004	selected key executives of GLL	12,500,000	S\$1.19	1
30 May 2005	selected key executive of GLL	6,000,000	S\$1.32	2

Notes:

- 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 for the financial years 2004/05 to 2006/07, the grantees may, at any time after 1 July 2007 or, at such other time as may be prescribed by the Committee at its sole discretion, be notified ("Date of Notification") of the vesting of the options and the number of GLL shares comprised in the vested options. Thereafter, the grantees shall have an exercise period of up to two years from the Date of Notification, or such other period as may be prescribed by the Committee at its sole discretion, to exercise the vested options in accordance with the terms of their grant.

During the financial year, none of the granted options had lapsed. Further, as no GLL shares were vested onto the grantees during the period, no GLL shares were issued or transferred.

- The exercise price was determined based on the average closing price for the five days preceding 27 May 2005. The closing market price per GLL share on 27 May 2005 (the trading date immediately before the date of grant) was S\$1.34. Under the terms of the grant, a first tranche of 2,000,000 GLL shares may be exercised at any time within one year from the first anniversary of the date of grant, or such other period as may be prescribed by the Committee at its sole discretion. Subject to certain financial and performance targets being met by the grantee during the performance period for the financial years 2005/06 to 2006/07, the grantee shall have an exercise period of up to two years from the date of vesting, or such other period as may be prescribed by the Committee at its sole discretion, to exercise the vested option of up to the remaining 4,000,000 GLL shares in accordance with the terms of the grant.

During the financial year, 2,000,000 GLL shares were vested onto the grantee. However, no GLL shares were issued or transferred during the period.

SHARE OPTIONS (Cont'd)**GuocoLand Limited (“GLL”) (Cont'd)**

As none of the above newly granted options under the Modified ESOS have lapsed, there were 18,500,000 outstanding options as at 30 June 2005.

Assuming that the Black-Scholes option pricing valuation model is adopted, the fair values of the options granted as at the respective dates of grant on 1 November 2004 and 30 May 2005 were S\$0.103 and S\$0.097 per option, respectively. The significant assumptions in the Black-Scholes model used to estimate the value of the options have taken into account the following factors:

- risk-free rate - based on the yields of Singapore Government Securities bonds in issue on the respective grant dates;
- volatility - based on one year historical volatility of the stock to the grant date;
- dividend yield - based on a dividend payout of 8 cents per share; and
- expected option life - based on the assumption that all performance targets will be met and that the likely exercise date occurs at the midpoint of the exercise period.

The Black-Scholes option pricing model requires the input of highly subjective assumptions which can materially affect the fair value estimates. As such, the model does not necessarily provide a single definitive measure of the fair value of the share options granted.

Save for above, certain subsidiaries (other than the Company and GLL) of Hong Leong Company (Malaysia) Berhad maintain share option schemes or plans which subsisted at the end of the year or at any time during the year, under which eligible directors of the Company may be granted share options for acquisition of shares of respective companies concerned. Mr Quek Leng Chan, being a director of the Company during the year, held shares acquired in pursuance of certain aforesaid share option schemes or plans.

Apart from the above, at no time during the year was the Company, its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2005, 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	224,458,295	1	68.21%
HL Holdings Sdn Bhd (“HLH”)	Interest of controlled corporations	224,458,295	2 & 3	68.21%
Hong Leong Investment Holdings Pte Ltd (“HLInv’t”)	Interest of controlled corporations	224,458,295	2 & 4	68.21%

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (Cont'd)

Shareholders	Capacity	Number of shares/ underlying shares (Long Position)	Notes	Approx. % of the issued share capital
Kwek Holdings Pte Ltd ("KH")	Interest of controlled corporations	224,458,295	2 & 5	68.21%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	224,458,295	2 & 6	68.21%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	224,458,295	2 & 7	68.21%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	16,483,000		5.01%

Notes:

- Based on the additional information disclosed under the SFO subsequent to the year end date, these interests comprised 216,599,447 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
GuoInvest International Limited ("GuoInvest")	6,425,000
Asian Financial Common Wealth Limited ("AFCW")	1,020,000

GOL and GuoInvest were wholly owned by GuoLine Capital Assets Limited ("GCA"). AFCW was wholly owned by the Company which was in turn 65.52% owned by GOL. GOL was wholly owned by GCA which was in turn wholly owned by HLCM.

- The interests of HLCM, HLH, HLInv, KH, Davos and KLK are duplicated.
- HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 49.11% owned by HLH (46.68%) and Mr Quek Leng Chan (2.43%).
- HLInv was deemed to be interested in these interests through its controlling interests of 34.49% in HLCM.
- KH was deemed to be interested in these interests through its controlling interests of 49.00% in HLInv.
- Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInv.
- KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

Save as disclosed above, as at 30 June 2005, 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

Compliance with the Code of Best Practice

The Company has complied throughout the year with the Code of Best Practice adopted by the Company based on the guidelines set out in Appendix 14 to the Listing Rules which was applicable to the Company during the year, 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.

Code on Corporate Governance Practices

On 25 February 2005, the Company 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 applicable to the accounting periods commencing on or after 1 January 2005. The CGP Code was adopted to take effect for accounting periods of the Company commencing on or after 1 July 2005.

Model Code for Securities Transactions by Directors

The Company 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 for the year.

BOARD AUDIT COMMITTEE (the "BAC")

The 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 oversees the financial reporting process and the adequacy and effectiveness of the Company's system of internal control.

The BAC meets with the Company's external auditors and the internal auditors, and reviews the audit plans, the internal audit programme, the results of their examinations and their evaluations of the system of internal control. It also reviews interests in contracts and connected transactions. The BAC reviews the financial statements of the Company and the consolidated financial statements of the Group and the auditors' report thereon and submits its views to the Board of Directors. Four BAC meetings were held during the year.

The terms of reference of the BAC were revised to align with the provisions of the CGP Code with effect from 1 July 2005.

REMUNERATION COMMITTEE (the "RC")

The RC has been established taking effect from 1 July 2005 with written terms of reference made pursuant to the relevant provisions of the CGP Code. The RC comprises Messrs Quek Leng Chan (Chairman), Harry Richard Wilkinson and Volker Stoeckel, two of whom are independent non-executive directors of the Company.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Services Agreements

(a) *Services Agreement dated 21 August 2001*

On 21 August 2001, the Company entered into a services agreement (the “GOMC Services Agreement”) with Hong Leong Overseas (H.K.) Limited, which was renamed as GOMC Limited (“GOMC”), for the provision of certain services by GOMC to the Company and its subsidiaries and associated companies from time to time. The services agreed to be provided under the GOMC Services Agreement include formulation of strategy and planning, overseeing investment and financial management, treasury and risk management services and technical assistance with respect to operating practices and procedures, accounting and other services. The consideration for the services provided was fixed at HK\$100,000 per month (or such other amount as may be agreed from time to time between GOMC and the Company) and an annual fee equal to 3% of the annual consolidated profits before tax of the Group for each financial year. The GOMC Services Agreement is for a term of one year and shall be automatically renewable, on the same terms, for additional, consecutive terms of one year each unless either party provides written notice of at least six months.

GOMC is an indirect wholly-owned subsidiary of Hong Leong Company (Malaysia) Berhad (“HLCM”), the ultimate holding company of the Company. Mr Quek Leng Chan is deemed to have a material interest in the GOMC Services Agreement as a deemed controlling shareholder of HLCM.

The independent non-executive directors of the Company reviewed the transactions under the GOMC Services Agreement (the “GOMC Transactions”) during the year and confirmed that:

- (1) the GOMC Transactions were entered into:
 - (i) in the ordinary and usual course of business of the Company;
 - (ii) on terms no less favourable to the Company than the terms available from independent third parties; and
 - (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;
- (2) the aggregate amount of the GOMC Transactions was HK\$104,046,000 for the year ended 30 June 2005 and did not exceed 2.5% of the applicable percentage ratios under the Listing Rules.

On 31 August 2005, the Company and GOMC entered into a supplemental services agreement (the “Supplemental GOMC Services Agreement”) to amend and supplement the GOMC Services Agreement with effect from 1 July 2005. The Supplemental GOMC Services Agreement amended the duration of the GOMC Services Agreement to three years ending on 30 June 2008 and introduced an annual cap of HK\$224 million to the consideration under the agreement for each of the financial year ending 30 June 2008. In the event that the consideration payable by the Company under the GOMC Services Agreement as amended together with the total fees otherwise paid or payable to the Hong Leong group by any subsidiary of the Company in respect of similar services, if any, would exceed the aforesaid annual cap for any of the three years of its term, the Company will seek the approval of independent shareholders under the Listing Rules. Save for the said changes, there are no further substantial amendments to the GOMC Services Agreement.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Cont'd)

Services Agreements (Cont'd)

(b) Services Agreement dated 6 June 2003

On 6 June 2003, the Company entered into a services agreement (the “GLL Services Agreement”) with GuocoLand Limited (“GLL”) for the provision of certain services by the Company to GLL and its subsidiaries and associated companies from time to time. The services agreed to be provided under the GLL Services Agreement include overseeing GLL’s corporate strategies and planning and investment and financial management disciplines, treasury and risk management, human resource and management development, development of quality and productivity programmes and other operating practices and procedures. The consideration for the services provided was fixed at HK\$50,000 per month (or such other amount as may be agreed from time to time between GLL and the Company) and an annual fee equal to 3% of the annual consolidated profits before tax of GLL for each financial year. The GLL Services Agreement is for a term of six months and shall be automatically renewable, on the same terms, for additional, consecutive terms of one year each unless either party provides written notice of at least six months.

GLL is an indirect 62.4% subsidiary of the Company. Mr Quek Leng Chan is deemed to have a material interest in the GLL Services Agreement by virtue of his direct and indirect interests in the issued share capital of GLL.

The independent non-executive directors of the Company reviewed the transactions under the GLL Services Agreement (the “GLL Transactions”) during the year and confirmed that:

- (1) the GLL Transactions were entered into:
 - (i) in the ordinary and usual course of business of the Company;
 - (ii) on terms no less favourable to the Company than the terms available to independent third parties; and
 - (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;
- (2) the aggregate amount of the GLL Transactions was HK\$14,648,878 for the year ended 30 June 2005 and did not exceed 2.5% of the applicable percentage ratios under the Listing Rules.

On 31 August 2005, the Company and GLL entered into a supplemental services agreement (the “Supplemental GLL Services Agreement”) to amend and supplement the GLL Services Agreement with effect from 1 July 2005. The Supplemental GLL Services Agreement amends the duration of the GLL Services Agreement to three years ending on 30 June 2008 and introduced an annual cap of HK\$51 million to the consideration under the agreement for each of the financial year ending 30 June 2008. In the event that the consideration receivable by the Company under the GLL Services Agreement as amended would exceed the aforesaid annual cap for any of the three years of its term, the Company will seek the approval of independent shareholders under the Listing Rules. Save for the said changes, there are no further substantial amendments to the GLL Services Agreement.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Cont'd)

Sale and Purchase Agreements

(a) *Sale and Purchase Agreement dated 11 January 2005*

On 11 January 2005, Dao Heng Enterprises Limited (“DHE”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the “Sale and Purchase Agreement”) with Allstate Health Benefits Sdn Bhd (“AHB”), a wholly-owned subsidiary of Hong Leong Assurance Berhad (“HLA”) for the disposal of the entire interest in Dao Heng Insurance Co., Limited (“DHI”), to AHB for a total sale consideration of approximately HK\$152.6 million in cash.

The purpose of the transaction is to pool together the relevant insurance business resources and expertise within the Hong Leong Credit Berhad (“HLCB”) group to create the synergy for the benefit of future business development of both DHI and HLA. DHI can tap on HLA’s expertise on a wider range of products and long-term business as a diversification strategy. As AHB is a wholly-owned subsidiary of HLA, the Company continues to have an indirect interest in DHI via its holding of 25.7% interests in HLCB which wholly owns HLA. The Group realised a net profit of approximately HK\$8.8 million from the transaction.

HLA is wholly-owned by HLCB which is owned as to 52.5% by Hong Leong Company (Malaysia) Berhad (“HLCM”) and its subsidiaries (excluding the Group) and 25.7% by the Group. HLCM is the ultimate holding company of the Company and HLCB. Mr Quek Leng Chan is deemed a major shareholder of the Company and HLCB, and is therefore deemed to be interested in the Sale and Purchase Agreement.

(b) *Securities Sale Agreement dated 12 January 2005*

On 12 January 2005, Brightspring Holdings Limited (“BSH”), a wholly-owned subsidiary of the Company, entered into a conditional securities sale agreement (the “Securities Sale Agreement”) with Hong Leong Industries Berhad (“HLI”), HLI Trading Limited (“HLIT”), Hong Leong Computer Services Sdn Bhd (“HLCom”) and FCC Equities Pte Ltd (“FCCE”) for the acquisition of 119,557,850 shares of Camerlin Group Berhad (“CGB”) and 89,566,967 irredeemable convertible unsecured loan stocks of CGB (“CGB ICULS”).

The aggregate purchase consideration was approximately RM236.6 million payable in cash upon completion of the Securities Sale Agreement. The purchase consideration was calculated based on RM1.20 per CGB share and RM1.04 per CGB ICULS.

The purpose of the transaction is to enable the Company to acquire substantial interests of approximately 40.0% in CGB shares and 72.3% of CGB ICULS respectively and to become the single largest shareholder of CGB. CGB had become an associated company of the Group after completion of the transaction.

Pursuant to The Malaysian Code on Take-overs and Mergers, BSH undertook a mandatory general offer (the “MGO”) 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. The MGO did not constitute a notifiable transaction for the Company under the Listing Rules.

The HLI group (including its wholly-owned subsidiary, HLIT) is owned as to 60.2% by the HLCM group (excluding the Group). HLCom is an indirect wholly-owned subsidiary of HLCM. FCCE is a wholly-owned subsidiary of GLL which is a 62.4% owned subsidiary of the Company. Mr Quek Leng Chan together with his controlled corporations, and other directors of the Company including Messrs Kwek Leng Hai, Sat Pal Khattar and Volker Stoeckel in aggregate own more than 10% interests in GLL. HLCM is the ultimate holding company of Guoco, GLL and HLI. Mr Quek Leng Chan is deemed a major shareholder of Guoco, GLL, HLI and HLCM, and is therefore deemed to be interested in the Securities Sale Agreement.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Cont'd)

Share Option Plan*(a) The Company's Share Option Plan*

The Company obtained shareholders' approval to adopt a share option plan ("Share Option Plan") on 16 December 2002 and a trust for the Share Option Plan (the "Trust") was established. The Share Option Plan allows the grant of options over existing issued shares of the Company ("Existing Shares") to eligible persons including connected persons (as defined under the Listing Rules) of the Company. The Trust will acquire Existing Shares for the purpose of satisfying the exercise of options to be granted pursuant to the Share Option Plan. The Company or its subsidiaries will make loans to the Trust (the "Grant of Loans") from time to time to enable the Trust to acquire Existing Shares.

The grant of options to connected persons (the "Grant of Options") pursuant to the Share Option Plan and the Grant of Loans to the Trust from time to time constitute ongoing connected transactions for the Company pursuant to Chapter 14 of the Listing Rules applying prior to 31 March 2004.

The independent non-executive directors of the Company reviewed the Grant of Options and the Grant of Loans during the year and confirmed that:

- (1) there was no Grant of Options under the Share Option Plan; and
- (2) the Grant of Loans:
 - (i) was entered into on the terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
 - (ii) the total amount of the Grant of Loans for the year ended 30 June 2005 was HK\$500 million which did not exceed HK\$837 million, the cap amount of 3% of the book value of the audited net tangible assets of the Group as at 30 June 2002.

(b) GuocoLand Limited's Executives' Share Option Scheme

The Company obtained shareholders' approval on 15 October 2004 to modify the Executives' Share Option Scheme (the "ESOS") of GuocoLand Limited ("GLL") to provide for the satisfaction of the exercise of options through issue of new GLL shares or transfer of existing GLL shares. A trust for the ESOS (the "ESOS Trust") was also established in October 2004 pursuant to a trust deed (the "Trust Deed") between GLL and a trustee of the Trust (the "Trustee" which is a trust company unrelated to GLL) to acquire existing GLL shares for the purpose of the ESOS. GLL or its subsidiaries ("GLL Group") will make loans to the Trust from time to time to enable the ESOS Trust to acquire the existing GLL shares for the purpose of the Trust.

The grant of options to the directors of GLL Group (who are deemed to be connected persons of the Company under the Listing Rules) pursuant to the ESOS and the grant of loans to the ESOS Trust from time to time constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Cont'd)

Share Option Plan (Cont'd)

(b) *GuocoLand Limited's Executives' Share Option Scheme (Cont'd)*

The independent non-executive directors of the Company reviewed the Grant of Options and the Grant of Loans during the year and confirmed that:

- (1) GLL granted 18,500,000 options on existing GLL shares to directors of GLL Group, being connected persons of the Company under the Listing Rules;
- (2) GLL granted loans amounting to S\$20,440,000 (approximately HK\$94,306,000) to the ESOS Trust for the year ended 30 June 2005. The amount of loans did not exceed the maximum subsisting amount of HK\$926,000,000 or its equivalent amount in other currencies which was less than 2.5% of the value of the total assets based on the published audited accounts of the Company for the year ended 30 June 2004;

(collectively, the "Continuing Connected Transactions")

- (3) the Continuing Connected Transactions were entered into:
 - in the ordinary and usual course of business of the Company;
 - on normal commercial terms; and
 - in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Others

- (1) The Hong Leong Bank Berhad ("HLBB") group has, from time to time, provided services to the Company and its connected persons (as defined in the Listing Rules) in the ordinary course of its banking business including, inter alia, loan advances, deposits, cheque clearing, remittance, the provision of account services in a variety of currencies, nominee and custodian services and occasionally short term credit accommodation. All services provided by HLBB group are in the ordinary course of business and on normal commercial terms.

HLBB is an indirect subsidiary of Hong Leong Company (Malaysia) Berhad ("HLCM"). Mr Quek Leng Chan is deemed to have material interests in the above transactions as a deemed controlling shareholder of HLCM.

- (2) The Group regularly conducts investment, insurance, stockbroking and other activities in the ordinary course of business and on normal commercial terms with subsidiaries of, and companies related to, HLCM. Mr Quek Leng Chan is deemed to have material interests in such transactions as a deemed controlling shareholder of HLCM.

Apart from the above, no contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Messrs Quek Leng Chan, Kwek Leng Hai and Kwek Leng San are directors of HLCM, a substantial shareholder of the Company, which is one of the largest conglomerates based in Malaysia and is engaged in a diverse range of business, including financial services, manufacturing, distribution and property investment and development.

Mr Tan Lim Heng is a non-executive director and a shareholder of Shanghai Land Holdings Limited, a former associated company of the Company, which is engaged in property investment and development in the PRC.

The above directors are considered as having interests in business apart from the Group's business, which is likely to compete, directly or indirectly, with the Group's business under paragraph 8.10 of the Listing Rules.

INVESTOR RELATIONS

The Company encourages two-way communication with both its institutional and private investors. Extensive information about the Company's activities is provided in the Annual Report and the Interim Report which are sent to shareholders. There are regular dialogues with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcome and are dealt with in an informative and timely manner.

In order to promote effective communication, the Company maintains its website on which financial and other information relating to the Group and its business are disclosed.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company maintained the sufficient public float at all times during the year.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Kwek Leng Hai
President, CEO

Hong Kong, 16 September 2005