

2008/09

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I N T E R I M  
R E P O R T



國浩集團有限公司

**Guoco Group Limited**

A Member of the Hong Leong Group  
(Stock Code: 53)

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## 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.  
Volker Stoeckel\*\*  
Ding Wai Chuen\*\*

\* *Non-executive director*

\*\* *Independent non-executive director*

### Board Audit Committee

Sat Pal Khattar — *Chairman*  
Volker Stoeckel  
Ding Wai Chuen

### Board Remuneration Committee

Quek Leng Chan — *Chairman*  
Volker Stoeckel  
Ding Wai Chuen

### Qualified Accountant

Allan Tsang Cho Tai

### Company Secretary

Stella Lo Sze Man

### Place of Incorporation

Bermuda

### Registered Office

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

### 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

## Financial Calendar

Interim results announcement	17 February 2009
Closure of Register of Members	4 March 2009 to 9 March 2009
Interim dividend of HK\$0.50 per share payable on	16 March 2009

## FINANCIAL RESULTS

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

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

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

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

## INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.50 per share amounting to approximately HK\$165 million (2007/08 interim dividend: HK\$1.00 per share amounting to approximately HK\$329 million) for the financial year ending 30 June 2009 which will be payable on 16 March 2009 to the shareholders whose names appear on the Register of Members on 9 March 2009.

## REVIEW OF OPERATIONS

### Principal Investment

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

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

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

### Property Development and Investment

#### *GuocoLand Limited ("GLL") — 65.2% controlled by Guoco*

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

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

## REVIEW OF OPERATIONS (Cont'd)

### Property Development and Investment (Cont'd)

#### *GuocoLand Limited ("GLL") — 65.2% controlled by Guoco (Cont'd)*

Other income decreased from S\$45.1 million to S\$10.6 million. The previous corresponding period included net foreign exchange gains of S\$34.7 million comprising mainly unrealised exchange gain from revaluation of USD bank loans.

Finance costs fell by 29% to S\$15.0 million mainly due to lower interest rates and higher interest capitalised as cost of development for new projects.

Share of profit after tax from associates increased from S\$1.2 million to S\$4.5 million as GLL's 19.97% associate, Tower Real Estate Investment Trust, recognised a revaluation gain of RM38.7 million on its investment properties in Malaysia in December 2008.

Income tax expense decreased from S\$22.8 million to S\$5.8 million primarily due to the lower profits from the development projects in China.

The countries in which GLL operates viz Singapore, China, Malaysia and Vietnam have all been affected by the effects of the fallout from the deepening financial crisis that is sweeping across the globe. With slower economic growth in the countries in which GLL operates, sales have been slow. It is difficult to anticipate when the turnaround will happen.

The economies of Singapore, China, Malaysia and Vietnam are all expected to contract in 2009. Although various initiatives have been announced by the respective governments to stimulate growth to help their countries to deal with the turbulent period, it may take time for these initiatives to take effect.

In view of the uncertainties in this economic climate, GLL will continue to adopt measures to protect its cash-flow and strengthen its financial position. Unforeseen circumstances and volatility in the operating environment may continue to affect GLL's performance for the financial year ending 30 June 2009.

## Hospitality and Leisure Business

### *GuocoLeisure Limited ("GL") — 55.7% controlled by Guoco*

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

The current economic situation has affected GL's hotel revenues in the UK as tourist arrivals registered a sharp dip. In addition, revenue for the hotel operations also registered a decline due to lower number of rooms available as result of room refurbishments in the period and the termination of a hotel lease in the UK in the previous corresponding period. Furthermore, management fee income was lower mainly due to the drop in business in the UK managed hotels.

There were fewer property sales in Molokai and Denarau mainly due to the cessation of property developments in both these locations. Hence, property sales revenues were down by 84% as compared to the previous corresponding period.

The decline in revenues in the hotel and property development segments were partially offset by higher revenue from the gaming segment, which grew threefold due to higher win margins. This, coupled with business rationalization efforts in the previous financial year, helped turn around the gaming business in the UK, which registered a profit for the current half year as compared to a loss in the previous corresponding period.

Royalty income from the Bass Straits Oil Trust registered an increase of 64% as compared to the previous corresponding period due mainly to the laggard effect of higher oil and gas prices.

Operating expenses registered a decline in the current half year due mainly to business rationalization done in the previous year. There was also a one-off write back of a claims provision as well as a gain on disposal of an investment in the previous corresponding period which contributed to the higher profits in the previous corresponding period.

**REVIEW OF OPERATIONS (Cont'd)****Financial Services****Hong Leong Financial Group Berhad ("HLFG") — 25.4% owned by Guoco**

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

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

The insurance division recorded a profit before tax of RM15.6 million for the six months ended 31 December 2008 as compared to RM22.5 million in the previous corresponding period, a decrease of RM6.9 million or 30.7%. The decrease was mainly due to investment losses suffered from lower equity prices.

The stockbroking and asset management divisions recorded a profit before tax of RM2.9 million for the six months ended 31 December 2008 as compared to RM20.8 million in the previous corresponding period, a decrease of RM17.9 million or 86.1%. The decrease was mainly due to lower brokerage income arising from lower Bursa volumes experienced during the period.

**Group Financial Commentary****Capital and Finance**

- The Group's consolidated total equity (including minority interests) as at 31 December 2008 amounted to HK\$43.4 billion, a decrease of 14% comparing to the total equity as at 30 June 2008.
- The Group's consolidated total equity attributable to shareholders of the Company as at 31 December 2008 amounted to HK\$35.5 billion, a decrease of HK\$5.7 billion comparing to the figure as at 30 June 2008.

**Total Cash and Liquid Funds**

As at 31 December 2008, the Group has net liquid funds of HK\$3.5 billion, comprising total cash balance of HK\$19.6 billion and marketable securities of HK\$3.9 billion and after netting off total borrowings of HK\$20.0 billion.

The Group's total cash balance and marketable securities are mainly denominated in USD (46%), AUD (12%), RM (19%) and SGD (10%).

**Total Borrowings**

The decrease in total borrowings from HK\$22.2 billion as at 30 June 2008 to HK\$20.0 billion as at 31 December 2008 was primarily due to the repayment of project loans by GL and GLL. The Group's total borrowings are mainly in SGD (60%), GBP (15%) and USD (13%).

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

	<b>Bank loans</b> HK\$'M	<b>Mortgage debenture stock</b> HK\$'M	<b>Convertible bonds</b> HK\$'M	<b>Other borrowings</b> HK\$'M	<b>Total</b> HK\$'M
Within 1 year or on demand	4,924	—	—	216	5,140
After 1 year but within 2 years	2,462	—	—	620	3,082
After 2 years but within 5 years	5,313	—	3,551	—	8,864
After 5 years	8	2,901	—	—	2,909
	7,783	2,901	3,551	620	14,855
	12,707	2,901	3,551	836	19,995

## REVIEW OF OPERATIONS (Cont'd)

### Group Financial Commentary (Cont'd)

#### Total Borrowings (Cont'd)

The bank loans and mortgage debenture stock are secured by the following:

- legal mortgages on investment properties with an aggregate book value of HK\$82.9 million;
- legal mortgages on development properties with an aggregate book value of HK\$14.4 billion; and
- legal mortgages on property, plant and equipment with an aggregate book value of HK\$6.7 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2008 amounted to approximately HK\$6.0 billion.

#### Interest Rate Exposure

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps to manage its interest rate exposure as appropriate.

As at 31 December 2008, approximately 64% of the Group's borrowings were at floating rates and the remaining 36% were at fixed rates. The Group had interest rate swaps with outstanding notional amount of HK\$809.3 million.

#### Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposures or for diversifying its deposits. All foreign currency positions are managed and monitored within prior approved limits. The Group may also raise foreign currency loans to hedge its foreign currency investments.

As at 31 December 2008, all outstanding foreign exchange contracts amounting to HK\$3.8 billion are for hedging of foreign currency share investments and bank borrowings.

#### Equity Price Exposure

The Group maintains a diversified investment portfolio which comprises listed and unlisted equities. Investments are classified as "trading" or "strategic". Equity investments are subject to asset allocation limits.

The Group has entered into forward agreements to purchase certain listed equity investments at a fixed price. According to these agreements, the purchase commitments of the Group will be terminated when the market price rises to a pre-determined level. Such equities are principally for strategic purpose and held as available-for-sale financial assets. As at 31 December 2008, the outstanding notional amount of these forward equity purchase contracts was HK\$1.1 billion.

#### Contingent Liabilities

GL has given a guarantee to the owner of the 20 (30 June 2008: 20) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than HK\$310 million (30 June 2008: HK\$431 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was HK\$310 million (30 June 2008: HK\$431 million) and the maximum remaining aggregate liability under the guarantee is approximately HK\$621 million (30 June 2008: HK\$861 million).

In November 2007, GLL's wholly-owned subsidiary, GuocoLand (China) Limited ("GLC"), completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). To date, an aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "vendors"). The balance of RMB2.58 billion has been withheld pending resolution of disputes described hereunder, which had been disclosed by GLL previously.

## REVIEW OF OPERATIONS (Cont'd)

### Group Financial Commentary (Cont'd)

#### Contingent Liabilities (Cont'd)

(1) *Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC")*

(a) SDB

SDB claims that a loan of RMB1.5 billion was granted by SDB to certain borrowers. Amongst the security obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB. An earlier suit filed by SDB against Zhiye and CJDH in The People's High Court of Beijing ("Beijing Court") was dismissed in December 2007. SDB has initiated another suit directly against CJDH for the recovery of its loan under the Zhiye guarantee ("second SDB suit"). In addition, SDB has filed an appeal against Zhiye and CJDH in respect of the dismissal of the earlier SDB suit ("SDB appeal").

An interim application was made by SDB to the Beijing Court to restrict dealing in the assets of CJDH in the aggregate sum of their claims.

Based on the information available to GLC, CJDH is neither a guarantor nor borrower of the alleged loans of RMB1.5 billion granted by SDB to borrowers who are third parties apparently unrelated to CJDH. GLC has been advised by its PRC lawyers that the SDB appeal and second SDB suit both have no merits.

Pending hearing of the SDB appeal and the second SDB suit, SDB and BBJB have purportedly entered into a settlement agreement in May 2008 for CJDH to pay RMB1 billion of the alleged loan to SDB. GLC has been advised by its PRC lawyers that the settlement agreement is void and unenforceable.

(b) ABC

ABC had claimed that CJDH and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion owing to ABC by Zhiye. ABC has commenced legal proceedings against Zhiye, CJDH and Hainan Co. BBJB is also a defendant in the ABC proceedings.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, CJDH and BBJB in the aggregate sum of their claims.

PRC lawyers of GLC are of the view that if CJDH is liable for the loan or any part thereof, GLC is entitled to set off any payment towards the loan against the balance purchase consideration still not paid by GLC.

GLC's PRC lawyers have also advised that the interim applications by SDB and ABC only restrict dealing in the assets of CJDH pending final resolution of the SDB and ABC actions. The interim applications will be expunged once the PRC courts dismiss the SDB and ABC actions.

(2) *Hainan Co*

In April 2008, GLL had disclosed that GLC had received a notice issued by the Hainan Trade Bureau purporting to revert registration in Hainan Co to its original shareholders being two of the vendors of the DZM Project, allegedly on the grounds that GLC has not paid the requisite consideration for the transfer of Hainan Co to GLC.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the vendors. GLL has taken legal advice on these matters and will strongly defend and protect its 90% interest in the DZM Project. GLC has taken various legal actions which are still pending hearing and adjudication before the PRC courts.



## HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 3,300 employees as at 31 December 2008. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

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 achievement as incentives to optimise performance. Share options may also be granted in accordance with the approved share option schemes or plans adopted by the Company and its subsidiaries to eligible employees to reward their contribution and foster loyalty towards the Group.

## OUTLOOK

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

## CORPORATE GOVERNANCE

### Code on Corporate Governance Practices

During the period, the Company has complied with the relevant provisions set out in the Code on Corporate Governance Practices (the "CGP Code") based on the principles set out in Appendix 14 to the Listing Rules applying before 1 January 2009, save that non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting pursuant to the Company's Bye-Laws. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the CGP Code.

### 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.

All directors of the Company, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Model Code applying before 1 January 2009 throughout the period.

**CONSOLIDATED INCOME STATEMENT**

For the six months ended 31 December 2008 — Unaudited

	Note	2008 US\$'000	2007 (Restated (note 3)) US\$'000	2008 HK\$'000 (Note 19)	2007 (Restated (note 3)) HK\$'000 (Note 19)
Turnover	2 & 3	<b>1,157,763</b>	1,856,511	<b>8,972,605</b>	14,482,457
Revenue	2 & 3	<b>580,581</b>	746,760	<b>4,499,474</b>	5,825,400
Cost of sales		<b>(386,649)</b>	(377,718)	<b>(2,996,510)</b>	(2,946,540)
Other attributable costs		<b>(10,411)</b>	(11,627)	<b>(80,685)</b>	(90,701)
		<b>183,521</b>	357,415	<b>1,422,279</b>	2,788,159
Other revenue	4(a)	<b>30,099</b>	29,353	<b>233,266</b>	228,980
Other net (losses)/income	4(b)	<b>(430,323)</b>	2,316	<b>(3,334,982)</b>	18,067
Administrative and other operating expenses		<b>(91,083)</b>	(136,596)	<b>(705,889)</b>	(1,065,572)
(Loss)/profit from operations before finance cost	2	<b>(307,786)</b>	252,488	<b>(2,385,326)</b>	1,969,634
Finance cost	5(a)	<b>(32,488)</b>	(76,132)	<b>(251,780)</b>	(593,898)
(Loss)/profit from operations	2	<b>(340,274)</b>	176,356	<b>(2,637,106)</b>	1,375,736
Impairment loss written back on properties		—	1,413	—	11,023
Profit on disposal of investment properties		—	4,297	—	33,520
Share of profits of associates	5(c)	<b>27,296</b>	23,027	<b>211,543</b>	179,631
Share of profits less losses of jointly controlled entities	5(c)	<b>1,172</b>	1,453	<b>9,083</b>	11,335
(Loss)/profit for the period before taxation	5	<b>(311,806)</b>	206,546	<b>(2,416,480)</b>	1,611,245
Taxation	6	<b>(2,023)</b>	(37,960)	<b>(15,678)</b>	(296,122)
(Loss)/profit for the period		<b>(313,829)</b>	168,586	<b>(2,432,158)</b>	1,315,123
Attributable to:					
Shareholders of the Company		<b>(323,171)</b>	130,880	<b>(2,504,558)</b>	1,020,982
Minority interests		<b>9,342</b>	37,706	<b>72,400</b>	294,141
(Loss)/profit for the period		<b>(313,829)</b>	168,586	<b>(2,432,158)</b>	1,315,123
		<b>US\$</b>	US\$	<b>HK\$</b>	HK\$
(Loss)/earnings per share					
Basic	8	<b>(0.99)</b>	0.40	<b>(7.71)</b>	3.14
Diluted	8	<b>N/A</b>	0.40	<b>N/A</b>	3.12
		<b>US\$'000</b>	US\$'000	<b>HK\$'000</b>	HK\$'000
Interim dividend	7	<b>21,229</b>	42,181	<b>164,526</b>	329,051

The notes on pages 13 to 28 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	At 31 December 2008 (Unaudited) US\$'000	At 30 June 2008 (Audited) US\$'000	At 31 December 2008 (Unaudited) HK\$'000 (Note 19)	At 30 June 2008 (Audited) HK\$'000 (Note 19)
<b>NON-CURRENT ASSETS</b>					
Fixed assets	9				
— Investment properties		342,955	360,848	2,657,885	2,814,237
— Other property, plant and equipment		1,181,938	1,578,944	9,159,960	12,314,105
Interest in associates		370,557	369,359	2,871,798	2,880,612
Interest in jointly controlled entities		102,599	107,026	795,137	834,690
Available-for-sale financial assets		232,346	141,086	1,800,670	1,100,323
Deferred tax assets		163	160	1,263	1,248
Intangible assets		140,858	199,227	1,091,642	1,553,761
Goodwill		33,933	34,168	262,979	266,475
		<b>2,405,349</b>	2,790,818	<b>18,641,334</b>	21,765,451
<b>CURRENT ASSETS</b>					
Development properties	10	3,277,842	3,439,876	25,403,112	26,827,421
Properties held for sale		81,237	26,903	629,583	209,815
Trade and other receivables	11	279,903	216,055	2,169,234	1,685,002
Trading financial assets		507,215	533,505	3,930,891	4,160,779
Cash and short term funds		2,527,827	3,253,910	19,590,533	25,377,081
		<b>6,674,024</b>	7,470,249	<b>51,723,353</b>	58,260,098
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	734,780	699,510	5,694,508	5,455,444
Current portion of bank loans and other borrowings	13	663,268	760,913	5,140,294	5,934,322
Taxation		37,074	39,117	287,322	305,072
Provisions and other liabilities		2,387	7,746	18,499	60,411
		<b>1,437,509</b>	1,507,286	<b>11,140,623</b>	11,755,249
<b>NET CURRENT ASSETS</b>					
		<b>5,236,515</b>	5,962,963	<b>40,582,730</b>	46,504,849
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<b>7,641,864</b>	8,753,781	<b>59,224,064</b>	68,270,300
<b>NON-CURRENT LIABILITIES</b>					
Non-current portion of bank loans and other borrowings	14	1,916,766	2,087,429	14,854,841	16,279,754
Provisions and other liabilities		11,452	18,583	88,752	144,928
Deferred tax liabilities		117,653	153,648	911,805	1,198,293
		<b>2,045,871</b>	2,259,660	<b>15,855,398</b>	17,622,975
<b>NET ASSETS</b>					
		<b>5,595,993</b>	6,494,121	<b>43,368,666</b>	50,647,325
<b>CAPITAL AND RESERVES</b>					
Share capital	15	164,526	164,526	1,275,068	1,283,130
Reserves	15	4,419,402	5,116,409	34,250,145	39,902,618
Equity attributable to shareholders of the Company		4,583,928	5,280,935	35,525,213	41,185,748
Minority interests	15	1,012,065	1,213,186	7,843,453	9,461,577
<b>TOTAL EQUITY</b>		<b>5,595,993</b>	6,494,121	<b>43,368,666</b>	50,647,325

The notes on pages 13 to 28 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 31 December 2008 — Unaudited

	2008 US\$'000	2007 US\$'000	2008 HK\$'000 (Note 19)	2007 HK\$'000 (Note 19)
Total equity at 1 July	6,494,121	6,185,610	50,647,325	48,351,368
Exchange adjustments	—	—	(318,212)	(98,043)
	<b>6,494,121</b>	6,185,610	<b>50,329,113</b>	48,253,325
<b>Net (loss)/income for the period recognised directly in equity:</b>				
Exchange differences on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	(309,646)	81,603	(2,399,741)	636,577
Changes in fair value of available-for-sale financial assets	(79,723)	3,472	(617,849)	27,085
Net (loss)/income for the period recognised directly in equity	<b>(389,369)</b>	85,075	<b>(3,017,590)</b>	663,662
Transfer to profit or loss on disposal of available-for-sale financial assets	(646)	79	(5,007)	616
<b>Net (loss)/profit for the period</b>	<b>(313,829)</b>	168,586	<b>(2,432,158)</b>	1,315,123
<b>Total recognised income and expenses for the period</b>	<b>(703,844)</b>	253,740	<b>(5,454,755)</b>	1,979,401
Attributable to:				
Shareholders of the Company	(573,487)	197,639	(4,444,495)	1,541,763
Minority interests	(130,357)	56,101	(1,010,260)	437,638
	<b>(703,844)</b>	253,740	<b>(5,454,755)</b>	1,979,401
Share of subsidiaries' and associates' capital and other reserves movement	185	(3,255)	1,433	(25,392)
Equity settled share-based transactions	959	1,394	7,432	10,874
Transfer of shares to employees upon exercise of share options by a subsidiary	2,071	3,931	16,050	30,665
Valuation released upon disposal of properties	(927)	—	(7,184)	—
Minority interests on acquisition of subsidiaries	(47,066)	(10,804)	(364,759)	(84,281)
Dividend paid to minority interests	(23,761)	(16,508)	(184,147)	(128,777)
Issue of shares under rights issue by a subsidiary	—	139,183	—	1,085,753
Subscription of shares under rights issue by the trust for Executives' Share Option Scheme ("ESOS") by a subsidiary	—	(32,163)	—	(250,900)
Exercise of warrants and conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") issued by a subsidiary	—	21,817	—	170,192
Final dividend paid	(125,745)	(137,741)	(974,517)	(1,074,504)
Total equity at 31 December	<b>5,595,993</b>	6,405,204	<b>43,368,666</b>	49,966,356

The notes on pages 13 to 28 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2008 — Unaudited

	<b>2008</b>	2007
	<b>US\$'000</b>	US\$'000
NET CASH USED IN OPERATING ACTIVITIES	<b>(486,510)</b>	(319,143)
NET CASH USED IN INVESTING ACTIVITIES	<b>(41,819)</b>	(41,360)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<b>(190,577)</b>	321,338
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(718,906)</b>	(39,165)
EFFECT OF FOREIGN EXCHANGE RATES	<b>(7,177)</b>	60,720
CASH AND CASH EQUIVALENTS AS AT 1 JULY	<b>3,253,910</b>	3,164,066
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<b>2,527,827</b>	3,185,621
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	<b>2,527,827</b>	3,185,621

The notes on pages 13 to 28 form part of this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. ACCOUNTING POLICIES AND 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 Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007/08 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2008/09 annual financial statements as described below.

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively includes HKASs and Interpretations, that are first effective or available for early adoption for the current accounting period of the Group. The adoption of the new standards, amendments and interpretations had no material impact on the Group’s results and financial position.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position whereas the adoption of HKFRS 8, Operating Segments may result in new or amended disclosures in the financial statements.

	<b>Effective for accounting periods beginning on or after</b>
HK(IFRIC) — Int 16, Hedges of a Net Investment in a Foreign Operation	1 October 2008
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
Amendments to HKFRS 2, Share-based Payment — Vesting Conditions and Cancellations	1 January 2009
Amendments to HKAS 32 and HKAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
Amendments to HKFRS 1 and HKAS 27, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
HK (IFRIC) — Int 15, Agreements for the Construction of Real Estate	1 January 2009
HKAS 27 (Revised), Consolidated and Separate Financial Statements	1 July 2009
HKFRS 3 (Revised), Business Combinations	1 July 2009
HK (IFRIC) — Int 17, Distributions of Non-cash Assets to Owners	1 July 2009
Amendment to HKAS 39, Eligible Hedged Items	1 July 2009

Apart from the above, the HKICPA has also issued Improvements to HKFRSs which sets out 35 amendments to 20 HKFRSs. Except for the amendment to HKFRS 5 which is effective for the accounting periods beginning on or after 1 July 2009, other amendments are effective for accounting periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (Cont'd)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007/08 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

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 2008 included in the interim financial report is extracted from the Company's statutory financial statements. Statutory financial statements for the year ended 30 June 2008 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen's Road Central, Hong Kong, or from the Company's website [www.guoco.com](http://www.guoco.com). The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 September 2008.

### 2. SEGMENT INFORMATION

#### Business Segments (Unaudited)

	Principal investment US\$'000	Property development US\$'000	Property investment US\$'000	Securities, commodities and brokerage US\$'000	Hotel and gaming operations US\$'000	Oil and gas US\$'000	Inter-segment elimination US\$'000	Total US\$'000
<b>For the six months ended 31 December 2008</b>								
Turnover	634,059	312,468	9,965	3,277	197,994	—	—	1,157,763
Revenue	56,877	312,468	9,965	3,277	197,994	—	—	580,581
Inter-segment revenue	28,292	—	516	299	—	—	(29,107)	—
	85,169	312,468	10,481	3,576	197,994	—	(29,107)	580,581
Contribution from operations	(401,072)	14,636	5,059	492	33,451	20,168	—	(327,266)
Unallocated income								20,292
Unallocated expenses								(812)
Loss from operations before finance cost								(307,786)
<b>For the six months ended 31 December 2007</b>								
Turnover	1,231,056	364,789	8,540	10,789	241,337	—	—	1,856,511
Revenue (Restated (note 3))	121,305	364,789	8,540	10,789	241,337	—	—	746,760
Inter-segment revenue	159,160	—	480	69	—	—	(159,709)	—
	280,465	364,789	9,020	10,858	241,337	—	(159,709)	746,760
Contribution from operations	101,994	98,370	4,435	6,202	39,405	10,763	—	261,169
Unallocated expenses								(8,681)
Profit from operations before finance cost								252,488

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 2. SEGMENT INFORMATION (Cont'd)

#### Geographical Segments (Unaudited)

	Revenue		(Loss)/profit from operations	
	Six months ended 31 December		Six months ended 31 December	
	2008	2007	2008	2007
		(Restated (note 3))		
	US\$'000	US\$'000	US\$'000	US\$'000
Hong Kong	51,177	80,223	(373,362)	53,410
United Kingdom	191,860	234,444	14,114	14,922
Singapore	301,082	62,343	Note 4,881	10,489
The People's Republic of China ("PRC") & others	36,462	369,750	Note 14,093	97,535
	580,581	746,760	(340,274)	176,356

Note: In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the pre-sale of properties upon completion of development projects instead of using the percentage of completion method adopted by GuocoLand Limited ("GLL") as permitted under the relevant Singapore Accounting Standards. Accordingly, operating profits of GLL for the period amounting to US\$22.1 million (2007: US\$10.2 million) and US\$4.4 million (2007: US\$0.8 million) in Singapore and PRC & other regions respectively have been deferred for recognition in the Group accounts. The Group has recognised operating profits of GLL which have been deferred in previous years amounting to US\$12.6 million (2007: US\$nil) and US\$0.2 million (2007: US\$45.5 million) in Singapore and PRC & other regions respectively for those development projects completed during the period. Up to 31 December 2008, accumulated operating profits of GLL totalling US\$49.2 million (2007: US\$19.4 million) in Singapore and US\$7.3 million (2007: US\$1.3 million) in PRC & other regions have been deferred for recognition, which will be recognised by the Group upon completion of the relevant development projects in subsequent years.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 3. TURNOVER AND REVENUE

An analysis of the amount of each significant category of turnover and revenue from principal activities during the period is as follows:

	Six months ended 31 December	
	2008 (Unaudited) US\$'000	2007 (Unaudited) US\$'000
Revenue from sale of properties	312,468	364,789
Revenue from hotel and gaming operations	197,994	241,337
Interest income	49,939	110,914
Dividend income from listed securities	6,587	12,712
Rental income from properties	9,947	8,465
Securities commission and brokerage	2,352	7,126
Others	1,294	1,417
Revenue	580,581	746,760
Proceeds from sale of investments in securities	577,182	1,109,751
Turnover	1,157,763	1,856,511

Revenue, which excludes the proceeds from sale of investments in securities, is separately presented. The 2007 comparative figures were restated in order to conform with the current period presentation, which is considered to be the preferred presentation under the relevant accounting standards.

In addition to turnover, revenue is used in presenting segmental information in note 2.

### 4. OTHER REVENUE AND NET (LOSSES)/INCOME

#### (a) Other revenue

	Six months ended 31 December	
	2008 (Unaudited) US\$'000	2007 (Unaudited) US\$'000
Sublease income	4,553	4,945
Bass Strait oil and gas royalty	23,139	14,149
Hotel management fee	264	8,254
Others	2,143	2,005
	30,099	29,353

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT****4. OTHER REVENUE AND NET (LOSSES)/INCOME (Cont'd)****(b) Other net (losses)/income**

	<b>Six months ended 31 December</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Restated (note 3)) (Unaudited)
	<b>US\$'000</b>	US\$'000
Net realised and unrealised losses on trading financial assets	<b>(131,602)</b>	(28,914)
Net realised and unrealised losses on derivative financial instruments	<b>(52,458)</b>	(1,628)
Net realised gains on disposal of available-for-sale financial assets	<b>867</b>	3,236
Net exchange losses on foreign exchange contracts	<b>(6,337)</b>	(13,314)
Other exchange (losses)/gains	<b>(243,825)</b>	39,369
Net losses on disposal of fixed assets	<b>(29)</b>	(9)
Other income	<b>3,061</b>	3,576
	<b>(430,323)</b>	2,316

**5. (LOSS)/PROFIT FOR THE PERIOD BEFORE TAXATION**

(Loss)/profit for the period before taxation is arrived at after charging/(crediting):

**(a) Finance cost**

	<b>Six months ended 31 December</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Interest on bank advances and other borrowings wholly repayable within five years	<b>38,095</b>	60,684
Other borrowing costs	<b>20,259</b>	30,905
Total borrowing costs	<b>58,354</b>	91,589
Less: borrowing costs capitalised into development properties (Note)	<b>(25,866)</b>	(15,457)
	<b>32,488</b>	76,132

Note: These borrowing costs have been capitalised at rates of 1.4% to 8.5% per annum (2007: 3.1% to 6.1%).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 5. (LOSS)/PROFIT FOR THE PERIOD BEFORE TAXATION (Cont'd)

#### (b) Staff cost

	Six months ended 31 December	
	2008 (Unaudited) US\$'000	2007 (Unaudited) US\$'000
Salaries, wages and other benefits	68,477	83,131
Retirement scheme contributions	2,868	2,637
	<b>71,345</b>	<b>85,768</b>

#### (c) Other items

	Six months ended 31 December	
	2008 (Unaudited) US\$'000	2007 (Unaudited) US\$'000
Depreciation	13,090	17,973
Amortisation of Bass Strait oil and gas royalty	2,925	3,322
Operating lease charges		
— properties	2,287	1,670
— others	1,234	1,339
Auditors' remuneration	693	655
Donations	133	181
Recognition of negative goodwill on acquisition of additional interests in subsidiaries	(20,222)	—
Gross rental income from investment properties	(9,947)	(8,390)
Less: direct outgoings	2,239	3,667
Net rental income	<b>(7,708)</b>	<b>(4,723)</b>
Share of profits of associates:		
— listed	(27,181)	(20,187)
— unlisted	(115)	(2,840)
	<b>(27,296)</b>	<b>(23,027)</b>
Share of profits less losses of jointly controlled entities:		
— unlisted	<b>(1,172)</b>	<b>(1,453)</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 6. TAXATION

Tax expenses in the consolidated income statement represent:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Hong Kong Profits Tax	<b>2</b>	(571)
Overseas taxation	<b>(333)</b>	(34,444)
Deferred taxation	<b>(1,692)</b>	(2,945)
	<b>(2,023)</b>	(37,960)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2007: 17.5%) to the profits for the six months ended 31 December 2008. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable in the relevant countries.

### 7. DIVIDENDS

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Year 2007/2008: Final dividend paid of HK\$3.00 per ordinary share (Year 2006/2007: HK\$3.30 per ordinary share)	<b>125,745</b>	137,741
Year 2008/2009: Interim dividend declared of HK\$0.50 per ordinary share (Year 2007/2008: HK\$1.00 per ordinary share)	<b>21,229</b>	42,181

The interim dividend declared for the year ending 30 June 2009 of US\$21,229,000 (2008: US\$42,181,000) is calculated based on 329,051,373 ordinary shares (2007: 329,051,373 ordinary shares) in issue as at 31 December 2008.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 8. (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of the Company of US\$323,171,000 (2007: profit of US\$130,880,000) and the weighted average number of 325,024,511 ordinary shares (2007: 325,024,511 ordinary shares) in issue during the period.

#### (b) Diluted (loss)/earnings per share

Diluted loss per share is not presented for the period ended 31 December 2008 as the potential ordinary shares outstanding during the period have an anti-dilutive effect on the basic loss per share for the period.

The calculation of diluted earnings per share for the period ended 31 December 2007 was based on the profit attributable to shareholders of the Company of US\$130,198,132 and the weighted average number of 325,024,511 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

### 9. FIXED ASSETS

During the six months ended 31 December 2008, the Group acquired fixed assets with a cost of US\$21,707,000 (six months ended 31 December 2007: US\$17,723,000). The Group disposed of fixed assets with a net book value of US\$83,000 during the six months ended 31 December 2008 (six months ended 31 December 2007: US\$535,000).

### 10. DEVELOPMENT PROPERTIES

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Cost	<b>3,446,059</b>	3,897,551
Less: Impairment loss	<b>(2,147)</b>	(31,569)
Progress instalments received and receivable	<b>(166,070)</b>	(426,106)
	<b>3,277,842</b>	3,439,876

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT****11. TRADE AND OTHER RECEIVABLES**

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Trade debtors	<b>100,649</b>	109,516
Deposits and prepayments	<b>167,849</b>	103,102
Derivative financial instruments, at fair value	<b>9,629</b>	572
Interest receivables	<b>1,776</b>	2,865
	<b>279,903</b>	216,055

Included in trade and other receivables are amounts of US\$5.4 million (30 June 2008: US\$9.2 million) which are expected to be recovered after more than one year.

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Current	<b>67,323</b>	82,001
1 to 3 months	<b>21,077</b>	17,693
More than 3 months	<b>12,249</b>	9,822
	<b>100,649</b>	109,516

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 12. TRADE AND OTHER PAYABLES

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Trade creditors	<b>105,852</b>	98,300
Other payables and accrued operating expenses	<b>585,350</b>	591,251
Derivative financial instruments, at fair value	<b>41,095</b>	3,319
Amounts due to fellow subsidiaries	<b>2,020</b>	5,515
Amounts due to associates	<b>33</b>	35
Amounts due to jointly controlled entities	<b>430</b>	1,090
	<b>734,780</b>	699,510

Included in trade and other payables are amounts of US\$31.5 million (30 June 2008: US\$8.9 million) which are expected to be settled after more than one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Due within 1 month or on demand	<b>89,311</b>	79,811
Due after 1 month but within 3 months	<b>10,008</b>	10,003
Due after 3 months	<b>6,533</b>	8,486
	<b>105,852</b>	98,300

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT****13. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS**

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Bank loans		
— Secured	<b>94,132</b>	186,529
— Unsecured	<b>541,291</b>	382,989
	<b>635,423</b>	569,518
Unsecured medium term notes repayable within 1 year	<b>27,845</b>	191,395
	<b>663,268</b>	760,913

**14. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS**

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Bank loans		
— Secured	<b>932,156</b>	932,024
— Unsecured	<b>72,019</b>	73,062
	<b>1,004,175</b>	1,005,086
Unsecured medium term notes	<b>80,056</b>	84,655
Secured mortgage debenture stock	<b>374,304</b>	521,428
Convertible bonds	<b>458,231</b>	476,260
	<b>1,916,766</b>	2,087,429

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

	At 31 December 2008 (Unaudited)					At 30 June 2008 (Audited)				
	Bank loans US\$'000	Mortgage debenture stock US\$'000	Convertible bonds US\$'000	Other borrowings US\$'000	Total US\$'000	Bank loans US\$'000	Mortgage debenture stock US\$'000	Convertible bonds US\$'000	Other borrowings US\$'000	Total US\$'000
Within 1 year or on demand	635,423	—	—	27,845	663,268	569,518	—	—	191,395	760,913
After 1 year but within 2 years	317,658	—	—	80,056	397,714	131,499	—	—	58,891	190,390
After 2 years but within 5 years	685,508	—	458,231	—	1,143,739	872,515	—	476,260	25,764	1,374,539
After 5 years	1,009	374,304	—	—	375,313	1,072	521,428	—	—	522,500
	<b>1,004,175</b>	<b>374,304</b>	<b>458,231</b>	<b>80,056</b>	<b>1,916,766</b>	1,005,086	521,428	476,260	84,655	2,087,429
	<b>1,639,598</b>	<b>374,304</b>	<b>458,231</b>	<b>107,901</b>	<b>2,580,034</b>	1,574,604	521,428	476,260	276,050	2,848,342



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 15. SHARE CAPITAL AND RESERVES

	Share capital	Share premium	Capital and other reserves	Contributed surplus	ESOP reserve	Share option reserve	Exchange translation reserve	Fair value reserve	Revaluation reserve	Retained profits	Total	Minority interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2008	164,526	10,493	(37,442)	2,704	(40,846)	4,441	250,349	(9,271)	9,908	4,926,073	5,280,935	1,213,186	6,494,121
Transfer between reserves	—	—	1,386	—	—	—	—	—	—	(1,386)	—	—	—
Share of subsidiaries' and associates' capital and other reserves movement	—	—	250	—	—	—	—	—	—	—	250	(65)	185
Equity settled share-based transactions	—	—	—	—	—	594	—	—	—	—	594	365	959
Transfer of shares to employees upon exercise of share options by a subsidiary	—	—	2,308	—	—	—	—	—	—	—	2,308	(237)	2,071
Changes in fair value of available-for-sale financial assets	—	—	—	—	—	—	—	(79,150)	—	—	(79,150)	(573)	(79,723)
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	—	—	(646)	—	—	(646)	—	(646)
Valuation released upon disposal of properties	—	—	—	—	—	—	—	—	(927)	—	(927)	—	(927)
Exchange differences on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	—	—	4,098	—	(259)	(221)	(173,934)	10	(214)	—	(170,520)	(139,126)	(309,646)
Minority interests on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(47,066)	(47,066)
Dividend paid to minority interests	—	—	—	—	—	—	—	—	—	—	—	(23,761)	(23,761)
Final dividend paid	—	—	—	—	—	—	—	—	—	(125,745)	(125,745)	—	(125,745)
Loss for the period	—	—	—	—	—	—	—	—	—	(323,171)	(323,171)	9,342	(313,829)
At 31 December 2008	164,526	10,493	(29,400)	2,704	(41,105)	4,814	76,415	(89,057)	8,767	4,475,771	4,583,928	1,012,065	5,595,993

#### Share capital:

	At 31 December 2008		At 30 June 2008	
	No. of shares (Unaudited) '000	(Unaudited) US\$'000	No. of shares (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	329,051	164,526	329,051	164,526

Note: As at 31 December 2008, 4,026,862 ordinary shares (30 June 2008: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT****16. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT**

	<b>At 31 December 2008 (Unaudited) US\$'000</b>	At 30 June 2008 (Audited) US\$'000
Authorised and contracted for	<b>4,001</b>	23,028

The commitment in respect of purchase of land by the Group was US\$nil (30 June 2008: US\$2.8 million).

**17. CONTINGENT LIABILITIES**

- (i) A subsidiary of the Group, GuocoLeisure Limited ("GL"), has given a guarantee to the owner of the 20 (30 June 2008: 20) hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the business will not be less than US\$40.0 million (30 June 2008: US\$55.2 million) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability for any one year under the guarantee was US\$40.0 million (30 June 2008: US\$55.2 million) and the maximum remaining aggregate liability under the guarantee is approximately US\$80.1 million (30 June 2008: US\$110.4 million).
- (ii) In November 2007, GLL's wholly-owned subsidiary, GuocoLand (China) Limited ("GLC"), completed its acquisition of a 100% interest in Hainan Jing Hao Asset Limited ("Hainan Co"), which in turn held a 90% stake in Beijing Cheng Jian Dong Hua Real Estate Development Company Limited ("CJDH"), the company undertaking the Dongzhimen project in Beijing ("DZM Project"). To date, an aggregate of RMB3.22 billion of the purchase consideration of RMB5.8 billion has been paid to the vendors of the DZM Project, Beijing Beida Jade Bird Company Limited ("BBJB") and its related corporations (collectively, the "vendors"). The balance of RMB2.58 billion has been withheld pending resolution of disputes described hereunder, which had been disclosed by GLL previously.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 17. CONTINGENT LIABILITIES (Cont'd)

(ii) (1) *Alleged claims by Shenzhen Development Bank ("SDB") and Agricultural Bank of China ("ABC")*

(a) *SDB*

SDB claims that a loan of RMB1.5 billion was granted by SDB to certain borrowers. Amongst the security obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd ("Zhiye"), a related corporation of BBJB. An earlier suit filed by SDB against Zhiye and CJDH in The People's High Court of Beijing ("Beijing Court") was dismissed in December 2007. SDB has initiated another suit directly against CJDH for the recovery of its loan under the Zhiye guarantee ("second SDB suit"). In addition, SDB has filed an appeal against Zhiye and CJDH in respect of the dismissal of the earlier SDB suit ("SDB appeal").

An interim application was made by SDB to the Beijing Court to restrict dealing in the assets of CJDH in the aggregate sum of their claims.

Based on the information available to GLC, CJDH is neither a guarantor nor borrower of the alleged loans of RMB1.5 billion granted by SDB to borrowers who are third parties apparently unrelated to CJDH. GLC has been advised by its PRC lawyers that the SDB appeal and second SDB suit both have no merits.

Pending hearing of the SDB appeal and the second SDB suit, SDB and BBJB have purportedly entered into a settlement agreement in May 2008 for CJDH to pay RMB1 billion of the alleged loan to SDB. GLC has been advised by its PRC lawyers that the settlement agreement is void and unenforceable.

(b) *ABC*

ABC had claimed that CJDH and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion owing to ABC by Zhiye. ABC has commenced legal proceedings against Zhiye, CJDH and Hainan Co. BBJB is also a defendant in the ABC proceedings.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, CJDH and BBJB in the aggregate sum of their claims.

PRC lawyers of GLC are of the view that if CJDH is liable for the loan or any part thereof, GLC is entitled to set off any payment towards the loan against the balance purchase consideration still not paid by GLC.

GLC's PRC lawyers have also advised that the interim applications by SDB and ABC only restrict dealing in the assets of CJDH pending final resolution of the SDB and ABC actions. The interim applications will be expunged once the PRC courts dismiss the SDB and ABC actions.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 17. CONTINGENT LIABILITIES (Cont'd)

#### (ii) (2) *Hainan Co*

In April 2008, GLL had disclosed that GLC had received a notice issued by the Hainan Trade Bureau purporting to revert registration in Hainan Co to its original shareholders being two of the vendors of the DZM Project, allegedly on the grounds that GLC has not paid the requisite consideration for the transfer of Hainan Co to GLC.

GLC has challenged the basis for this notice as the full consideration for the transfer of Hainan Co to GLC has been paid to the vendors. GLL has taken legal advice on these matters and will strongly defend and protect its 90% interest in the DZM Project. GLC has taken various legal actions which are still pending hearing and adjudication before the PRC courts.

### 18. 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 deposits 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 is set out below:

#### (i) *Income*

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Interest income	<b>483</b>	464

#### (ii) *Balance as*

	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2008</b>	2008
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
Cash and short term funds	<b>67,467</b>	54,120

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 18. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

#### (b) Management fee

On 25 June 2008, the Company entered into a master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2008 to 30 June 2011. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the period ended 31 December 2008 amounted to US\$70,000 and US\$1,394,000 respectively.

On 25 June 2008, the Company entered into a master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2008 to 30 June 2011. Total amount paid or provided for in respect of management fees to HLMC for the period ended 31 December 2008 amounted to US\$143,000.

The above two master services agreements replaced various management services agreements entered into between the Group and certain subsidiaries of HLCM ("HLCM Subsidiaries") which expired on 30 June 2008. Total amount paid or provided for in respect of management fees to the HLCM Subsidiaries for the period ended 31 December 2007 amounted to US\$6,339,000.

### 19. HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement, the consolidated balance sheet and the consolidated statement of changes in equity are for information only. The Company's functional currency is United States dollars. The Hong Kong dollars figures are translated from United States dollars at the rates ruling at the respective financial period ends.

### 20. REVIEW BY BOARD AUDIT COMMITTEE

The unaudited interim results for the six months ended 31 December 2008 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.

## SUPPLEMENTARY INFORMATION

### UPDATE ON DIRECTOR'S INFORMATION

Mr. Sat Pal Khattar, an independent non-executive of the Company, has been appointed as an independent non-executive of GuocoLeisure Limited, a 55.7% owned subsidiary of the Company with primary listing in Singapore, with effect from 1 January 2009.

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

During the period, the Company did not redeem any of its listed securities. Neither did the Company nor any of its other subsidiaries purchase or sell any of the Company's listed securities.

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

As at 31 December 2008, 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	Notes
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	1,656,325	239,940,391	241,596,716	73.42%	1
Kwek Leng Hai	3,800,775	—	3,800,775	1.16%	
Sat Pal Khattar	—	691,125	691,125	0.21%	2
Kwek Leng San	209,120	—	209,120	0.06%	
Tan Lim Heng	566,230	—	566,230	0.17%	
James Eng, Jr.	565,443	—	565,443	0.17%	
Ding Wai Chuen	5,000	—	5,000	0.00%	

\* Ordinary shares unless otherwise specified in the Note

## SUPPLEMENTARY INFORMATION

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

#### (A) The Company (Cont'd)

Notes:

- The total interests of 241,596,716 shares/underlying shares comprised 236,081,716 ordinary shares of the Company and 5,515,000 underlying shares of other unlisted derivatives.

The corporate interests of 239,940,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	230,398,529
GuoLine Capital Limited ("GCL")	5,515,000
Asian Financial Common Wealth Limited (renamed as Asian Financial Common Wealth (PTC) Limited ("AFCW"))	4,026,862

AFCW was wholly owned by the Company which was in turn 70.02% owned by GOL. GOL and GCL 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.

- The corporate interests of 691,125 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.

#### (B) Associated Corporations

- 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	49.11%	Note
Kwek Leng Hai	420,500	—	420,500	2.62%	
Kwek Leng San	117,500	—	117,500	0.73%	

\* 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.

**SUPPLEMENTARY INFORMATION****DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)****(B) Associated Corporations (Cont'd)**(b) *GuocoLand Limited ("GLL")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLL	Notes
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	20,062,965	657,086,333	677,149,298	76.30%	1
Kwek Leng Hai	26,468,186	—	26,468,186	2.98%	
Sat Pal Khattar	—	13,856,482	13,856,482	1.56%	2
Tan Lim Heng	1,333,333	—	1,333,333	0.15%	
Volker Stoeckel	1,096,000	—	1,096,000	0.12%	
James Eng, Jr.	268,000	—	268,000	0.03%	

\* *Ordinary shares unless otherwise specified in the Note*

Notes:

1. Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The total interests of 677,149,298 shares/underlying shares comprised 598,737,285 ordinary shares of GLL, 58,727,985 underlying shares of other unlisted derivatives and 19,684,028 underlying shares of other listed derivatives.

The corporate interests of 657,086,333 shares/underlying shares comprised the respective direct interests held by:

**Number of shares/underlying shares**

GuocoLand Assets Pte Ltd ("GAPL")	578,674,320
GuoLine Capital Limited ("GCL")	58,727,985
Hong Leong Bank Berhad ("HLB")	11,621,568
Hong Leong Assurance Berhad ("HLA")	7,699,287
Dao Heng Insurance Co., Limited (renamed as Hong Leong Insurance (Asia) Limited ("HLIA"))	363,173

HLIA was wholly owned by Allstate Health Benefits Sdn Bhd which was in turn wholly owned by HLA.

HLB was 64.20% owned by Hong Leong Financial Group Behad ("HLFG") which wholly owned HLA. HLFG was 77.31% owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

GAPL was wholly owned by the Company. The respective controlling shareholders of the Company, GCL and HLCM as well as their respective percentage controls are shown in the Note under Part (A) above.

2. The corporate interests of 13,856,482 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.



**SUPPLEMENTARY INFORMATION****DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)****(B) Associated Corporations (Cont'd)**(c) *Hong Leong Financial Group Berhad ("HLFG")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HLFG	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	4,989,600	846,298,600	851,288,200	80.86%	Note
Kwek Leng Hai	2,316,800	—	2,316,800	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 Note*

Note:

Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The total interests of 851,288,200 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 26,384,700 underlying shares of other unlisted derivatives.

The corporate interests of 846,298,600 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,773,354
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	3,600
GuoLine Capital Limited ("GCL")	26,384,700
Guoco Assets Sdn Bhd ("GASB")	267,079,946
Soft Portfolio Sdn Bhd ("SPSB")	6,057,000

GASB was wholly owned by the Company. HLSRS was wholly owned by HLCM Capital Sdn Bhd which was in turn 35.21% and 64.79% owned by HLCM and HL Manufacturing Holdings Sdn Bhd ("HLMH") respectively. HLMH was wholly owned by HLCM.

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

SPSB was 99% owned by Mr. Quek Leng Chan.

## SUPPLEMENTARY INFORMATION

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

#### (B) Associated Corporations (Cont'd)

(d) *GuocoLand (Malaysia) Berhad ("GLM")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of GLM	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	4,476,280	455,198,596	459,674,876	65.62%	Note
Kwek Leng Hai	226,800	—	226,800	0.03%	
Sat Pal Khattar	152,700	—	152,700	0.02%	
Tan Lim Heng	326,010	—	326,010	0.05%	

\* *Ordinary shares*

Note:

Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The corporate interests of 455,198,596 shares comprised the respective direct interests held by:

	Number of shares
GLL (Malaysia) Pte Ltd ("GLLM")	455,130,580
HLCM Capital Sdn Bhd ("HLCM Capital")	68,016

GLLM was wholly owned by GuocoLand Limited which was in turn 65.20% owned by GuocoLand Assets Pte Ltd ("GAPL").

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

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

**SUPPLEMENTARY INFORMATION****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 (Long Position)			Approx. % of the issued share capital of HLI	
	Personal interests	Corporate interests	Total interests		
Kwek Leng Hai	189,812	—	189,812	0.07%	
Sat Pal Khattar	198,580	348,500	547,080	0.20%	Note
Kwek Leng San	2,520,000	—	2,520,000	0.92%	

\* *Ordinary shares*

Note:

The corporate interests of 348,500 shares were held by J.M. Sassoon & Co. (Pte) Ltd which was in turn wholly owned by Khattar Holdings Pte Ltd ("KHP"). KHP was 0.61% owned by Mr. Sat Pal Khattar and was accustomed to act according to his directions.

(f) *Hong Leong Bank Berhad ("HLB")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLB	
	Personal interests	Corporate interests	Total interests		
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*(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*

**SUPPLEMENTARY INFORMATION****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 (Long Position)			Approx. % of the issued share capital of MPI
	Personal interests	Corporate interests	Total interests	
Sat Pal Khattar	210,000	—	210,000	0.11%
Kwek Leng San	315,000	—	315,000	0.16%

\* *Ordinary shares*(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	2,000,000	121,447,028	123,447,028	67.48%	Note
Sat Pal Khattar	200,000	—	200,000	0.11%	

\* *Ordinary shares*

Note:

Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The corporate interests of 121,447,028 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	118,258,628
Hong Leong Assurance Berhad ("HLA")	1,154,400
Soft Portfolio Sdn Bhd ("SPSB")	2,034,000

The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

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

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

**SUPPLEMENTARY INFORMATION****DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)****(B) Associated Corporations (Cont'd)**(j) *Narra Industries Berhad ("NIB")*

<b>Director</b>	<b>Number of *shares (Long Position)</b>			<b>Approx. % of the issued share capital of NIB</b>	
	<b>Personal interests</b>	<b>Corporate interests</b>	<b>Total interests</b>		
Quek Leng Chan	8,150,200	38,304,000	46,454,200	74.70%	Note

\* *Ordinary shares*

Note:

Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad which was in turn 65.28% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

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

<b>Director</b>	<b>Number of *shares (Long Position)</b>			<b>Approx. % of the issued share capital of LSHK</b>
	<b>Personal interests</b>	<b>Corporate interests</b>	<b>Total interests</b>	
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%
Ding Wai Chuen	10,000	—	10,000	0.00%

\* *Ordinary shares*

**SUPPLEMENTARY INFORMATION****DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)****(B) Associated Corporations (Cont'd)**(l) *GuocoLeisure Limited ("GL")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of GL	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	735,000	761,333,211	762,068,211	55.70%	Note
Tan Lim Heng	650,000	—	650,000	0.05%	

\* *Ordinary shares*

Note:

Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.

The corporate interests of 761,333,211 were directly held by GuocoLeisure Assets 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.

**(C) Others**

Associated Corporations in which Mr. Quek Leng Chan was deemed to be interested solely through his deemed controlling interest in HLCM and/or its subsidiaries:

Camerlin Group Berhad	Hong Leong Industries Berhad
Carsem (M) Sdn Bhd	Hong Leong Tokio Marine Takaful Berhad
Carter Realty Sdn Bhd	Hong Leong Yamaha Motor Sdn Bhd
Guangzhou Lam Soon Food Products Limited	Kwok Wah Hong Flour Company Limited
Guocera Tile Industries (Labuan) Sdn Bhd	Lam Soon (Hong Kong) Limited
Guocera Tile Industries (Meru) Sdn Bhd	Luck Hock Venture Holdings, Inc.
GuocoLand Limited*	Malaysian Pacific Industries Berhad
Guoman Hotel & Resort Holdings Sdn Bhd	M.C. Packaging Offshore Limited
HLG Capital Berhad	RZA Logistics Sdn Bhd
Hong Leong Bank Berhad	Shekou Lam Soon Silo Company Limited
Hong Leong Fund Management Sdn Bhd	

\* *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.

## SUPPLEMENTARY INFORMATION

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

#### (C) Others (Cont'd)

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

Save as disclosed above, as at 31 December 2008, 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 directors of 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 grant of options over new shares of the Company to employees or directors of the Company or any of its subsidiaries and associated companies.

No option had ever been granted pursuant to the Share Option Scheme up to 31 December 2008.

##### *Share Option Plan*

On 16 December 2002, the Company adopted a share option plan (the "Share Option Plan") allowing the grant of options over existing shares of the Company to employees and directors of the group companies and the employees of associated companies.

No option had ever been granted pursuant to the Share Option Plan up to 31 December 2008.

#### GuocoLand Limited ("GLL")

##### *GuocoLand Limited Executives' Share Option Scheme (the "GLL ESOS")*

The GLL 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.

In October 2004, the approvals of shareholders of GLL and the Company were sought to effect various amendments to the rules of the GLL ESOS (the "Rules") to, among others, allow the grant of options over newly issued and/or existing shares of GLL and to align the Rules with Chapter 17 of the Listing Rules (the "Modified GLL ESOS"). As the Modified GLL ESOS was due to expire on 30 December 2008, a new GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008") was adopted on 21 November 2008 in place of the Modified GLL ESOS, which was accordingly terminated. The termination of the Modified GLL ESOS however does not affect options which had been granted thereunder and accepted but which remain unexercised on termination.

## SUPPLEMENTARY INFORMATION

### SHARE OPTIONS (Cont'd)

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

##### *GuocoLand Limited Executives' Share Option Scheme (the "GLL ESOS") (Cont'd)*

As at 1 July 2008, outstanding options comprised 39,837,000 GLL shares. During the period, options comprising 2,845,500 GLL shares were exercised in August 2008 and options comprising 2,276,400 GLL shares lapsed, arising from the resignation of a grantee in October 2008. Details of the said options are as follows:

Date of grant	No. of GLL shares comprised in options						Adjusted exercise price per GLL share
	As at 1 Jul 2008	Notes	Exercised/ lapsed during the period	Note	As at 31 Dec 2008	Notes	
1 November 2004	8,821,050	1a	2,845,500	1b	5,975,550	1a	S\$1.045
30 May 2005	4,552,800	2	—		4,552,800	2	S\$1.159
19 January 2007	26,463,150	3	2,276,400		24,186,750	3	S\$2.328
Total:	<u>39,837,000</u>				<u>34,715,100</u>		

Notes:

- 1a. Pursuant 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 were notified by the GLL ESOS Committee (the "Committee") in August 2007 of the vesting of a total of 14,227,500 GLL shares comprised in the vested options. The grantees were given an exercise period of up to two years from the date of vesting to exercise the vested options in accordance with the terms of their grant. Vested options comprising a total 5,406,450 GLL shares were exercised during the financial year ended 30 June 2008.
- 1b. The options exercised in August 2008 were as follows:
  - options comprising 1,707,300 GLL shares exercised on 7 August;
  - options comprising 569,100 GLL shares exercised on 28 August; and
  - options comprising 569,100 GLL shares exercised on 29 August

and the closing market prices per GLL share immediately before the above exercise dates were S\$2.17, S\$1.94 and S\$1.90 respectively.
2. Pursuant 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 was notified by the Committee in August 2007 and November 2007 of the vesting of the remaining 4,552,800 GLL shares in accordance with the terms of the grant.
3. Subject to certain financial and performance targets being met by the grantees during the performance periods for the financial years 2005/06 to 2007/08 and 2008/09 to 2010/11, the grantees may at the end of each performance period be notified by the Committee of the vesting of the options and the number of GLL shares comprised in the vested options. Thereafter, the grantees shall have a phased period of between six to thirty months to exercise the vested options in accordance with the terms of the grant.

During the period, no new options were granted. Accordingly, the number of GLL shares comprised in the outstanding options was 34,715,100 as at 31 December 2008.



## SUPPLEMENTARY INFORMATION

### SHARE OPTIONS (Cont'd)

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

##### *GLL ESOS 2008*

The GLL ESOS 2008 was approved by the shareholders of GLL on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date"). The GLL ESOS 2008 was adopted by GLL in place of the Modified GLL ESOS to provide for continuation of an executives' share option scheme on terms substantially similar to the Modified GLL ESOS. Under the GLL ESOS 2008, options may be granted over newly issued and/or existing shares of GLL to eligible participants including employees and executive directors of GLL and its subsidiaries who are not controlling shareholders of GLL.

No options were granted pursuant to the GLL ESOS 2008 from the Effective Date up to 31 December 2008.

#### GuocoLeisure Limited ("GL")

##### *The GuocoLeisure Share Option Plan (the "GL Plan")*

The GL Plan was approved by the shareholders of GL in 2001 to allow the grant of options over newly issued shares of GL to eligible participants including employees and executive and non-executive directors of GL and its subsidiaries (the "GL Group") who are not controlling shareholders of GL. The GL Plan was terminated on 21 November 2008.

There were no outstanding options pursuant to the GL Plan as at 1 July 2008 and 31 December 2008, and no options were granted pursuant to the GL Plan during the period.

##### *The GuocoLeisure Value Creation Incentive Share Scheme (the "GL Scheme")*

The GL Scheme is a share incentive scheme and was approved by the board of directors of GL in 2003 to allow the grant of options over existing shares of GL to eligible participants including employees and executive directors of the GL Group. The GL Scheme is not governed by Chapter 17 of the Listing Rules. It was terminated on 21 November 2008.

##### *The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008")*

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 (the "Effective Date") in place of the GL Plan and the GL Scheme. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to eligible participants including employees and executive directors of the GL Group who are not controlling shareholders of GL.

No options were granted pursuant to the GL ESOS 2008 from the Effective Date up to 31 December 2008.

## SUPPLEMENTARY INFORMATION

### SHARE OPTIONS (Cont'd)

#### GuocoLand (Malaysia) Berhad ("GLM")

##### *Executive Share Option Scheme (the "GLM ESOS")*

The GLM ESOS as approved by the shareholders of GLM, was established on 23 January 2006. Under the GLM ESOS, the exercise of options could be satisfied through issuance of new shares and/or transfer of existing shares of GLM. On 1 June 2007, the approval of shareholders of the Company was sought to effect various amendments to the Bye-Laws of the GLM ESOS for the purpose of compliance with Chapter 17 of the Listing Rules (the "Modified GLM ESOS").

Since the establishment up to 31 December 2008, no options had been granted pursuant to the Modified GLM ESOS.

Save for above, certain other subsidiaries of Hong Leong Company (Malaysia) Berhad maintain share option schemes or plans which subsisted at the end of the period or at any time during the period, under which eligible directors of the Company may be granted share options for acquisition of shares of respective companies concerned.

Apart from the above, at no time during the period was the Company, its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement 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.

### DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2008, 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	239,940,391	1 & 2	72.92%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	239,940,391	1, 3 & 4	72.92%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	239,940,391	1, 3 & 5	72.92%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	239,940,391	1, 3 & 6	72.92%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	239,940,391	1, 3 & 7	72.92%
Third Avenue Management LLC	Investment Manager	16,440,300		5.00%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	19,758,840		6.00%

## SUPPLEMENTARY INFORMATION

### DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO (Cont'd)

Notes:

1. Certain information herein is based on additional information of the relevant event(s) on or before 31 December 2008 with the disclosure deadline(s) under the SFO falling after 31 December 2008.
2. These interests comprised 234,425,391 ordinary shares of the Company and 5,515,000 underlying shares of unlisted cash settled derivatives.

These interests comprised the respective direct interests held by:

	<b>Number of shares/underlying shares</b>
GuoLine Overseas Limited ("GOL")	230,398,529
GuoLine Capital Limited ("GCL")	5,515,000
Asian Financial Common Wealth Limited (renamed as Asian Financial Common Wealth (PTC) Limited ("AFCW"))	4,026,862

AFCW was wholly owned by the Company which was in turn 70.02% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

3. The interests of HLCM, HLH, HLIInv, Davos and KLK are duplicated.
4. 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%).
5. HLIInv was deemed to be interested in these interests through its controlling interests of 34.49% in HLCM.
6. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
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 2008, 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 should 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.

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 4 March 2009 to 9 March 2009, both days inclusive, during which period no share transfers will be registered.

To qualify for the interim dividend, all share transfers, accompanied by the relevant 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 4:30 p.m. on 3 March 2009.

By order of the Board  
**Stella Lo Sze Man**  
*Company Secretary*

Hong Kong, 17 February 2009