

2010/11

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)

CONTENTS

Corporate Information	2
Financial Results	3
Interim Dividend	3
Review of Operations	3
Human Resources and Training	6
Outlook	6
Corporate Governance	6
<hr/>	
Consolidated Income Statement (Unaudited)	7
Consolidated Statement of Comprehensive Income (Unaudited)	8
Consolidated Statement of Financial Position (Unaudited)	9
Consolidated Statement of Changes In Equity (Unaudited)	10
Condensed Consolidated Statement of Cash Flows (Unaudited)	11
Notes to the Unaudited Interim Financial Report	12
Supplementary Information	31
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CORPORATE INFORMATION

(As at 28 February 2011)

Board of Directors

Executive Directors

Quek Leng Chan – *Executive Chairman*

Kwek Leng Hai – *President, CEO*

Tan Lim Heng

Ding Wai Chuen

Non-executive Director

Kwek Leng San

Independent Non-executive Directors

Sat Pal Khattar

Volker Stoeckel

Roderic N. A. Sage

Board Audit Committee

Sat Pal Khattar – *Chairman*

Volker Stoeckel

Roderic N. A. Sage

Board Remuneration Committee

Quek Leng Chan – *Chairman*

Volker Stoeckel

Roderic N. A. Sage

Chief Financial Officer

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

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Branch Share Registrars

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Investor Services Limited

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183 Queen's Road East, Hong Kong

FINANCIAL CALENDAR

Interim results announcement

15 February 2011

Closure of Register of Members

10 March 2011 to 15 March 2011

Interim dividend of HK\$1.00 per share payable on

17 March 2011

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders for the six months ended 31 December 2010, after taxation and non-controlling interests, amounted to HK\$3,842 million, representing an increase of 261% over that of previous corresponding period of HK\$1,063 million. Earnings per share comes to HK\$11.82.

The major profit contributions (before taxation) were from the following:

- property development and investment of HK\$293 million;
- hospitality and leisure business of HK\$349 million;
- total net exchange gain (including foreign exchange contracts) of HK\$277 million;
- total interest income of HK\$100 million;
- total realised and unrealised gain on trading financial assets of HK\$2,238 million;
- dividend income of HK\$173 million;
- contributions from associates and jointly controlled entities of HK\$810 million;

and set off by finance cost of HK\$223 million.

Revenue decreased by 4% to HK\$3.2 billion. The decrease was mainly attributable to the decrease in property development and investment sector of HK\$469 million (26%), net off by increase in hospitality and leisure sector of HK\$293 million (21%).

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$1.00 per share amounting to approximately HK\$329 million (2009/10 interim dividend: HK\$0.80 per share amounting to approximately HK\$263 million) for the financial year ending 30 June 2011 which will be payable on Thursday, 17 March 2011 to the shareholders whose names appear on the Register of Members on Tuesday, 15 March 2011.

REVIEW OF OPERATIONS

Principal Investment

Notwithstanding mixed economic signals such as high unemployment in the US and renewed sovereign debt concerns in parts of Europe, equities advanced higher in the second half of 2010 after a sluggish first half. Sentiment was supported by ample liquidity, continued corporate earnings growth and improved economic data. A second round of quantitative easing by the US Fed further strengthened markets. However, inflationary pressure started to surface in a number of emerging economies. In particular, China quickly implemented interest rate and banks' reserve requirement hikes to cool down its economy. This led to an under-performance in the Hong Kong and China markets.

The Group took advantages of rallies in equity prices by realizing profits in its trading positions. We expect equity prices to maintain an upward trend although volatility will continue.

Property Development and Investment

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

GLL achieved revenue of S\$272.7 million and profit attributable to shareholders of S\$35.0 million for the half year ended 31 December 2010. Higher profit was recognised for Singapore development projects in the current financial period. However, the increase was offset by lower profit contribution from China because of fewer property launches.

GLL completed its 1-for-3 renounceable rights issue in December 2010. Guoco had taken up all its rights entitlement. The net proceeds of approximately S\$532 million helped to strengthen GLL's balance sheet. GLL successfully tendered in November 2010 for a prime site in proximity to the Tanjong Pagar MRT Station within the Central Business District which was at the second highest price ever paid for a government tendered land.

REVIEW OF OPERATIONS (Cont'd)

Property Development and Investment (Cont'd)

GuocoLand Limited ("GLL")

– 65.2% controlled by Guoco (Cont'd)

Continued economic growth is expected in Singapore and China, which are the core markets for GLL. Governments in these countries continue to adopt pro-active measures to prevent overheating in the property markets. The Group remains optimistic on the medium and long-term prospects of real estate investments in Singapore and China.

Hospitality and Leisure Business

GuocoLeisure Limited ("GL")

– 65.9% controlled by Guoco

GL recorded a profit after tax for the half year ended 31 December 2010 at US\$35.8 million, an increase of 104.6% as compared to US\$17.5 million in the previous corresponding period.

Revenues stood at US\$200.1 million, which was 17.2% above that of the previous corresponding period. This was mainly due to higher revenues generated from the hotel operations as well as higher gaming wins.

Income from the Bass Strait oil and gas royalty in Australia increased by 7.2% to US\$22.3 million, principally due to higher average crude oil and gas prices in the current period as compared to the same period a year ago.

The Rank Group Plc ("Rank")

– 29.3% owned by Guoco

Rank achieved an increase of 4.6% in revenue to GBP544.5 million compared to financial year 2009. Growth was driven by strong performances in casinos and Top Rank España (up 16.5% and 21.4% respectively) and solid growth in Rank Interactive (up 5.3%) offset by an 8.0% fall in Mecca Bingo where December was impacted by unusually heavy snow which disrupted large parts of the country. Operating profit after exceptional items increased by GBP14.6 million or 24.0% to GBP75.4 million. Exceptional items of GBP13.4 million largely comprise VAT refund partially offset by impairment charges against the Belgium casinos and increased onerous lease provisions.

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

– 25.4% owned by Guoco

HLFG recorded a profit before tax of RM1,517.7 million for the half year ended 31 December 2010 as compared to RM604.1 million in the previous corresponding period, an increase of RM913.6 million. The higher profit was mainly due to a surplus of RM175 million following a transfer from Hong Leong Assurance ("HLA") Life division and a RM619 million one-time gain on transfer of HLA General business to MSIG Malaysia ("MSIG"). Excluding the aforesaid one-time surplus transfer and one-time gain, HLFG's profit before tax for the period was RM723.7 million which is 19.8% better than the previous corresponding period.

The commercial banking division recorded a profit before tax of RM677.1 million for the period as compared to RM580.1 million in the previous corresponding period. The increase was mainly attributed by higher net interest income and higher share of results from its stake in Bank of Chengdu.

The investment banking division comprising investment banking, brokerage and asset management activities recorded a profit before tax of RM28.3 million for the period as compared to RM11.9 million in the previous corresponding period.

The insurance division recorded a profit before tax of RM840.3 million for the period as compared to RM29.8 million in the preceding year's corresponding period. Without the one-time gain on transfer of HLA General business to MSIG and the one-time Life surplus transfer, the insurance division achieved an increase in profit by RM16.5 million, mainly due to the immediate accretive share of profit from its 30% stake in MSIG.

REVIEW OF OPERATIONS (Cont'd)

Group Financial Commentary

Capital and Finance

- The Group's consolidated total equity (including non-controlling interests) as at 31 December 2010 amounted to HK\$57.3 billion, an increase of 13% compared to the total equity as at 30 June 2010.
- The Group's consolidated total equity attributable to shareholders of the Company as at 31 December 2010 amounted to HK\$48.5 billion, an increase of HK\$5.1 billion compared to the figure as at 30 June 2010.

Total Cash and Liquid Funds

As at 31 December 2010, the Group had net liquid funds of HK\$2.9 billion, comprising total cash balance of HK\$13.0 billion and marketable securities of HK\$10.5 billion after netting off the total group borrowings of HK\$20.6 billion.

The Group's total cash balance and marketable securities were mainly in USD (35%), RMB (15%), RM (13%), SGD (11%) and AUD (7%).

Total Borrowings

The increase in total borrowings from HK\$18.3 billion as at 30 June 2010 to HK\$20.6 billion as at 31 December 2010 was primarily due to the drawdown of additional bank loans by GLL to support its operating activities. The Group's total borrowings are mainly denominated in SGD (67%), GBP (16%) and RM (10%).

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

	Bank Loans HK\$'M	Mortgage debenture stock HK\$'M	Convertible bonds HK\$'M	Other borrowings HK\$'M	Total HK\$'M
Within 1 year or on demand	7,775	—	—	303	8,078
After 1 years but within 2 years	1,723	—	2,224	424	4,371
After 2 years but within 5 years	5,131	2,298	—	—	7,429
After 5 years	11	661	—	—	672
	6,865	2,959	2,224	424	12,472
	14,640	2,959	2,224	727	20,550

Bank loans and mortgage debenture stock are secured by the legal mortgages on certain development properties and fixed assets with an aggregate book value of HK\$19.2 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2010 amounted to approximately HK\$9.2 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 swap to manage its interest rate exposure.

As at 31 December 2010, approximately 63% of the Group's borrowings were at floating rates and the remaining 37% were at fixed rates. The Group had outstanding interest rate swaps with notional amount of HK\$1.6 billion.

REVIEW OF OPERATIONS (Cont'd)

Group Financial Commentary (Cont'd)

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 and investments.

As at 31 December 2010, there were outstanding foreign exchange contracts with a total notional amount of HK\$13.4 billion for hedging of foreign currency equity and bond investments.

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.

Contingent Liabilities

Details are excapsulated in note 17 “Contingent Liabilities” to the Unaudited Interim Financial Report.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 3,300 employees as at 31 December 2010. 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

Economic stimuli and an easy monetary environment in America will continue to provide a favorable environment to equities generally. However, a number of structural issues remain unresolved. At the same time, rising inflation is of concern. In China, the needs to contain price increases and prevent an asset bubble has led to monetary tightening and other controls. All these will result in some volatility.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board has adopted a Code of Corporate Governance Practices (the “CGP Code”), which is based on the principles set out in Appendix 14 (the “HKEx Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

During the period, the Company has complied with the HKEx Code, save for the fact that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx 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 throughout the period.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2010 – Unaudited

	Note	2010 US\$'000	2009 US\$'000	2010 HK\$'000 (Note 19)	2009 HK\$'000 (Note 19)
Turnover	2 & 3	3,228,116	805,337	25,092,791	6,245,268
Revenue	2 & 3	416,250	436,195	3,235,595	3,382,627
Cost of sales		(203,041)	(233,094)	(1,578,278)	(1,807,609)
Other attributable costs		(9,930)	(10,050)	(77,188)	(77,936)
		203,279	193,051	1,580,129	1,497,082
Other revenue	4(a)	31,010	29,406	241,047	228,039
Other net income	4(b)	326,278	77,975	2,536,224	604,684
Administrative and other operating expenses		(137,089)	(121,015)	(1,065,620)	(938,454)
Profit from operations before finance cost		423,478	179,417	3,291,780	1,391,351
Finance cost	2(b) & 5(a)	(28,698)	(32,411)	(223,075)	(251,342)
Profit from operations	2	394,780	147,006	3,068,705	1,140,009
Profit on disposal of an associate		41,727	—	324,352	—
Share of profits of associates		101,100	25,915	785,871	200,967
Share of profits less losses of jointly controlled entities		3,107	1,504	24,151	11,663
Profit for the period before taxation	2 & 5	540,714	174,425	4,203,079	1,352,639
Taxation	6	(27,164)	(17,471)	(211,151)	(135,485)
Profit for the period		513,550	156,954	3,991,928	1,217,154
Attributable to:					
Shareholders of the Company		494,221	137,096	3,841,680	1,063,158
Non-controlling interests		19,329	19,858	150,248	153,996
Profit for the period		513,550	156,954	3,991,928	1,217,154
		US\$	US\$	HK\$	HK\$
Earnings per share					
Basic	8	1.52	0.42	11.82	3.27
Diluted	8	1.52	0.42	11.82	3.27
		US\$'000	US\$'000	HK\$'000	HK\$'000
Interim dividend	7	42,332	33,945	329,051	263,241

The notes on pages 12 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010 — Unaudited

	2010 US\$'000	2009 US\$'000	2010 HK\$'000 (Note 19)	2009 HK\$'000 (Note 19)
Profit for the period	513,550	156,954	3,991,928	1,217,154
Other comprehensive income for the period				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	125,356	(2,437)	974,417	(18,899)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	(20,582)	(3,095)	(159,988)	(24,001)
Changes in fair value of available-for-sale financial assets	144,919	161,605	1,126,484	1,253,223
Transfer to profit or loss on disposal of available-for-sale financial assets	129	—	1,003	—
Share of other comprehensive income of associates	66,475	478	516,723	3,707
Other comprehensive income for the period, net of tax	316,297	156,551	2,458,639	1,214,030
Total comprehensive income for the period	829,847	313,505	6,450,567	2,431,184
Total comprehensive income attributable to:				
Shareholders of the Company	772,399	295,037	6,004,012	2,287,967
Non-controlling interests	57,448	18,468	446,555	143,217
	829,847	313,505	6,450,567	2,431,184

The notes on pages 12 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000	At 31 December 2010 (Unaudited) HK\$'000 (Note 19)	At 30 June 2010 (Audited) HK\$'000 (Note 19)
NON-CURRENT ASSETS					
Fixed assets	9				
— Investment properties		361,777	336,135	2,812,165	2,616,609
— Other property, plant and equipment		1,307,086	1,277,945	10,160,241	9,948,035
Interest in associates		814,299	679,864	6,329,709	5,292,333
Interest in jointly controlled entities		113,957	107,405	885,811	836,083
Available-for-sale financial assets		1,157,547	766,353	8,997,844	5,965,598
Deferred tax assets		149	149	1,158	1,160
Intangible assets		181,792	162,728	1,413,106	1,266,740
Goodwill		34,424	34,045	267,585	265,020
		3,971,031	3,364,624	30,867,619	26,191,578
CURRENT ASSETS					
Development properties	10	2,908,636	2,748,214	22,609,409	21,393,197
Properties held for sale		274,007	183,613	2,129,911	1,429,317
Trade and other receivables	11	740,847	293,102	5,758,752	2,281,623
Trading financial assets		1,348,238	2,329,733	10,480,124	18,135,574
Cash and short term funds		1,675,298	823,720	13,022,426	6,412,166
		6,947,026	6,378,382	54,000,622	49,651,877
CURRENT LIABILITIES					
Trade and other payables	12	775,692	737,654	6,029,609	5,742,194
Current portion of bank loans and other borrowings	13	1,039,157	952,469	8,077,575	7,414,400
Taxation		33,847	41,009	263,100	319,230
Provisions and other liabilities		533	1,256	4,143	9,777
		1,849,229	1,732,388	14,374,427	13,485,601
NET CURRENT ASSETS					
		5,097,797	4,645,994	39,626,195	36,166,276
TOTAL ASSETS LESS CURRENT LIABILITIES					
		9,068,828	8,010,618	70,493,814	62,357,854
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	14	1,604,565	1,394,921	12,472,605	10,858,623
Provisions and other liabilities		5,827	6,858	45,294	53,385
Deferred tax liabilities		91,953	81,540	714,769	634,740
		1,702,345	1,483,319	13,232,668	11,546,748
NET ASSETS					
		7,366,483	6,527,299	57,261,146	50,811,106
CAPITAL AND RESERVES					
Share capital	15	164,526	164,526	1,278,894	1,280,736
Reserves		6,069,225	5,404,661	47,177,300	42,072,043
Equity attributable to shareholders of the Company		6,233,751	5,569,187	48,456,194	43,352,779
Non-controlling interests		1,132,732	958,112	8,804,952	7,458,327
TOTAL EQUITY		7,366,483	6,527,299	57,261,146	50,811,106

The notes on pages 12 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010 — Unaudited

	Attributable to the Shareholders of the Company											Non-controlling interests	Total Equity
	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		
	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 2010	164,526	10,493	(30,612)	2,544	(40,923)	6,326	110,244	184,057	8,653	5,153,879	5,569,187	958,112	6,527,299
Profit for the period	—	—	—	—	—	—	—	—	—	494,221	494,221	19,329	513,550
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	—	—	(6,451)	—	(58)	551	66,817	235	344	—	61,438	63,918	125,356
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	—	—	—	—	—	—	7,784	—	—	—	7,784	(28,366)	(20,582)
Changes in fair value of available-for-sale financial assets	—	—	—	—	—	—	—	142,396	—	—	142,396	2,523	144,919
Transfer to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	—	—	85	—	—	85	44	129
Share of other comprehensive income of associates	—	—	680	—	—	—	—	—	—	65,795	66,475	—	66,475
Total comprehensive income for the period	—	—	(5,771)	—	(58)	551	74,601	142,716	344	560,016	772,399	57,448	829,847
Transfer between reserves	—	—	1,363	—	—	—	—	—	—	(1,363)	—	—	—
Equity settled share-based transaction	—	—	—	—	—	639	—	—	—	—	639	340	979
Acquisition of additional interests in a subsidiary	—	—	—	—	—	—	—	—	—	1,475	1,475	(4,460)	(2,985)
Subscription of shares under rights issue by the trust for ESOP by a subsidiary	—	—	(25,828)	—	—	—	—	—	—	—	(25,828)	—	(25,828)
Issue of shares under rights issue by a subsidiary	—	—	—	—	—	—	—	—	—	—	—	144,341	144,341
Rights issue expenses of a subsidiary	—	—	(260)	—	—	—	—	—	—	—	(260)	(139)	(399)
Preference shares buy back by subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(1,154)	(1,154)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(21,756)	(21,756)
Final dividend paid in respect of the prior year	—	—	—	—	—	—	—	—	—	(83,861)	(83,861)	—	(83,861)
At 31 December 2010	164,526	10,493	(61,108)	2,544	(40,981)	7,516	184,845	326,773	8,997	5,630,146	6,233,751	1,132,732	7,366,483
At 1 July 2009	164,526	10,493	(26,685)	2,704	(41,104)	4,609	128,845	31,693	8,669	4,837,737	5,121,487	1,042,267	6,163,754
Profit for the period	—	—	—	—	—	—	—	—	—	137,096	137,096	19,858	156,954
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	—	—	(2,122)	—	25	144	(8,228)	(30)	121	—	(10,090)	7,653	(2,437)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	—	—	—	—	—	—	6,723	—	—	—	6,723	(9,818)	(3,095)
Changes in fair value of available-for-sale financial assets	—	—	—	—	—	—	—	160,830	—	—	160,830	775	161,605
Share of other comprehensive income of subsidiaries and associates	—	—	478	—	—	—	—	—	—	—	478	—	478
Total comprehensive income for the period	—	—	(1,644)	—	25	144	(1,505)	160,800	121	137,096	295,037	18,468	313,505
Transfer between reserves	—	—	1,733	—	—	—	—	—	—	(1,733)	—	—	—
Equity settled share-based transaction	—	—	—	—	—	777	—	—	—	—	777	415	1,192
Transfer of shares to employees upon exercise of share options by a subsidiary	—	—	9,178	—	—	—	—	—	—	—	9,178	(956)	8,222
Acquisition of additional interests in subsidiaries	—	—	1,872	—	—	—	—	—	—	—	1,872	(4,347)	(2,475)
Final dividend paid in respect of the prior year	—	—	—	—	—	—	—	—	—	(62,908)	(62,908)	(15,654)	(78,562)
At 31 December 2009	164,526	10,493	(15,546)	2,704	(41,079)	5,530	127,340	192,493	8,790	4,910,192	5,365,443	1,040,193	6,405,636

The notes on pages 12 to 30 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010 – Unaudited

	2010	2009
	US\$'000	US\$'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	654,047	(1,029,803)
NET CASH GENERATED FROM INVESTING ACTIVITIES	78,244	2,455
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	95,044	(250,720)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	827,335	(1,278,068)
EFFECT OF FOREIGN EXCHANGE RATES	24,243	(42,023)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	823,720	2,944,242
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	1,675,298	1,624,151
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	1,675,298	1,624,151

The notes on pages 12 to 30 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 and 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 2009/10 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010/11 annual financial statements as described below.

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

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 2009/10 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 2010 included in the interim financial report is extracted from the Company’s statutory financial statements. Statutory financial statements for the year ended 30 June 2010 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen’s Road Central, Hong Kong, or from the Company’s website www.guoco.com. The auditors expressed an unqualified opinion on those financial statements in their report dated 27 August 2010.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

Segment	Business activities	Operated by
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia and Vietnam.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming business in the United Kingdom, Spain and Belgium.	Subsidiaries and associate
Securities, commodities and brokerage:	This segment provides stock and commodities broking and corporate advisory services principally in Hong Kong.	Subsidiary
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait oil trust in Australia.	Subsidiary
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from Year 2009/2010.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the period is set out below.

(a) Reportable segment revenue and profit or loss (unaudited)

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure business US\$'000	Securities, commodities and brokerage US\$'000	Oil and gas US\$'000	Financial services US\$'000	Total US\$'000
For the six months ended 31 December 2010							
Turnover	2,840,620	169,194	213,821	4,481	—	—	3,228,116
Revenue from external customers	28,754	169,194	213,821	4,481	—	—	416,250
Inter-segment revenue	818	505	—	314	—	—	1,637
Reportable segment revenue	29,572	169,699	213,821	4,795	—	—	417,887
Operating profit	322,183	37,630	44,934	896	18,653	—	424,296
Finance cost	(1,099)	(9,670)	(18,678)	(69)	—	—	(29,516)
Profit on disposal of an associate	41,727	—	—	—	—	—	41,727
Share of profits of associates	741	5,670	1,282	—	—	93,407	101,100
Share of profits less losses of jointly controlled entities	—	3,107	—	—	—	—	3,107
Profit before taxation	363,552	36,737	27,538	827	18,653	93,407	540,714
For the six months ended 31 December 2009							
Turnover	393,592	230,020	176,582	5,143	—	—	805,337
Revenue from external customers	24,450	230,020	176,582	5,143	—	—	436,195
Inter-segment revenue	1,381	500	—	237	—	—	2,118
Reportable segment revenue	25,831	230,520	176,582	5,380	—	—	438,313
Operating profit	79,152	60,246	22,107	1,554	17,439	—	180,498
Finance cost	(188)	(13,042)	(20,180)	(82)	—	—	(33,492)
Share of profits of associates	2,496	1,114	—	—	—	22,305	25,915
Share of profits less losses of jointly controlled entities	—	1,504	—	—	—	—	1,504
Profit before taxation	81,460	49,822	1,927	1,472	17,439	22,305	174,425

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)

(b) Reconciliations of reportable segment revenue and finance cost (unaudited)

Revenue

	Six months ended 31 December	
	2010 US\$'000	2009 US\$'000
Reportable segment revenue	417,887	438,313
Elimination of inter-segment revenue	(1,637)	(2,118)
Consolidated revenue (note 3)	416,250	436,195

Finance cost

	Six months ended 31 December	
	2010 US\$'000	2009 US\$'000
Reportable finance cost	(29,516)	(33,492)
Elimination of inter-segment finance cost	818	1,081
Consolidated finance cost (note 5(a))	(28,698)	(32,411)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. SEGMENT REPORTING (Cont'd)

(c) Geographical information (unaudited)

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's profit/(loss) from operations. The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers Six months ended 31 December		Profit/(loss) from operations Six months ended 31 December	
	2010 US\$'000	2009 US\$'000	2010 US\$'000	2009 US\$'000
The People's Republic of China				
Hong Kong	32,019	30,114	322,263	80,780
Mainland China	141,568	179,577 (Note)	34,416	41,972
United Kingdom	198,666	167,286	29,790	6,086
Singapore	21,484	33,002 (Note)	(4,996)	4,980
Australasia and others	22,513	26,216 (Note)	13,307	13,188
	416,250	436,195	394,780	147,006

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 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\$22.9 million (2009: US\$nil) and US\$1.2 million (2009: US\$45.8 million) in Singapore and Mainland China and other countries 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\$nil (2009: US\$nil) and US\$17.7 million (2009: US\$13.9 million) in Singapore and Mainland China and other countries respectively for those development projects completed during the period. Up to 31 December 2010, accumulated operating profits of GLL totalling US\$53.0 million (2009: US\$5.1 million) in Singapore and US\$39.2 million (2009: US\$50.1 million) in Mainland China and other countries have been deferred for recognition, and 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	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Revenue from sale of properties	156,989	218,127
Revenue from hotel and gaming operations	209,720	172,335
Interest income	12,819	19,940
Dividend income from listed securities	22,312	10,865
Rental income from properties	9,344	9,199
Securities commission and brokerage	3,696	4,300
Others	1,370	1,429
Revenue	416,250	436,195
Proceeds from sale of investments in securities	2,811,866	369,142
Turnover	3,228,116	805,337

4. OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Sublease income	3,770	3,863
Bass Strait oil and gas royalty	22,274	20,774
Hotel management fee	3,011	2,927
Others	1,955	1,842
	31,010	29,406

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

4. OTHER REVENUE AND NET INCOME (Cont'd)

(b) Other net income

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Net realised and unrealised gains on trading financial assets	287,951	10,647
Net realised and unrealised gains on derivative financial instruments	688	4,932
Net realised gains on disposal of available-for-sale financial assets	1,564	—
Net gains on foreign exchange contracts	6,841	868
Other exchange gains	28,845	58,375
Net gains on disposal of fixed assets	39	105
Other income	350	3,048
	326,278	77,975

5. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance cost

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Interest on bank advances and other borrowings wholly repayable within five years	30,297	33,731
Other borrowing costs	17,817	19,524
Total borrowing costs	48,114	53,255
Less: borrowing costs capitalised into development properties (Note)	(19,416)	(20,844)
	28,698	32,411

Note:

These borrowing costs have been capitalised at rates of 0.7% to 6.0% per annum (2009: 1.0% to 6.3%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

(b) Staff cost

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Salaries, wages and other benefits	71,718	64,248
Retirement scheme contributions	2,313	2,443
	74,031	66,691

(c) Other items

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Depreciation	13,721	14,430
Amortisation of Bass Strait oil and gas royalty	3,607	3,332
Gross rental income from investment properties	(9,344)	(9,199)
Less: direct outgoings	1,938	2,114
Net rental income	(7,406)	(7,085)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

6. TAXATION

Tax expenses in the consolidated income statement represent:

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Hong Kong Profits Tax	(2,807)	(192)
Overseas taxation	(17,131)	(18,757)
Deferred taxation	(7,226)	1,478
	(27,164)	(17,471)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2009: 16.5%) to the profits for the six months ended 31 December 2010. 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

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Year 2009/2010: Final dividend paid of HK\$2.00 per ordinary share (Year 2008/2009: HK\$1.50 per ordinary share)	83,861	62,908
Year 2010/2011: Interim dividend declared of HK\$1.00 per ordinary share (Year 2009/2010: HK\$0.80 per ordinary share)	42,332	33,945

The interim dividend declared for the year ending 30 June 2011 of US\$42,332,000 (2010: US\$33,945,000) is calculated based on 329,051,373 ordinary shares (2009: 329,051,373 ordinary shares) in issue as at 31 December 2010.

The interim dividend declared after the interim period has not been recognised as a liability at the end of the interim reporting period in the accounts.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of US\$494,221,000 (2009: US\$137,096,000) and the weighted average number of 325,024,511 ordinary shares (2009: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of US\$494,216,000 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.

For the period ended 31 December 2009, the potential ordinary shares outstanding during the period had an anti-dilutive effect on the basic earnings per share.

9. FIXED ASSETS

During the six months ended 31 December 2010, the Group acquired fixed assets with a cost of US\$20,403,000 (six months ended 31 December 2009: US\$5,473,000). The Group disposed of fixed assets with a net book value of US\$39,000 during the six months ended 31 December 2010 (six months ended 31 December 2009: US\$130,000).

10. DEVELOPMENT PROPERTIES

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Cost	3,253,089	3,220,863
Less: Impairment loss	(17,908)	(19,362)
Progress instalments received and receivable	(326,545)	(453,287)
	2,908,636	2,748,214

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Trade debtors	192,123	202,355
Deposits and prepayments	533,904	80,678
Derivative financial instruments, at fair value	13,133	8,123
Interest receivable	1,687	1,946
	740,847	293,102

Included in trade and other receivables is US\$8.9 million (30 June 2010: US\$102.6 million) which is expected to be recovered after 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 end of the reporting period:

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Current	93,437	88,707
1 to 3 months	7,851	5,815
More than 3 months	90,835	107,833
	192,123	202,355

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12. TRADE AND OTHER PAYABLES

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Trade creditors	63,878	80,270
Other payables and accrued operating expenses	669,324	621,732
Derivative financial instruments, at fair value	24,305	23,780
Amounts due to fellow subsidiaries	17,834	11,538
Amounts due to associates	37	36
Amounts due to jointly controlled entities	314	298
	775,692	737,654

Included in trade and other payables is US\$3.2 million (30 June 2010: US\$40.2 million) which is expected to be payable after one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Due within 1 month or on demand	58,661	59,222
Due after 1 month but within 3 months	1,150	4,825
Due after 3 months	4,067	16,223
	63,878	80,270

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

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Bank loans		
– Secured	148,826	145,519
– Unsecured	851,341	753,308
	1,000,167	898,827
Unsecured medium term notes repayable within 1 year	38,990	53,642
	1,039,157	952,469

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

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Bank loans		
– Secured	774,415	726,693
– Unsecured	108,780	37,924
	883,195	764,617
Unsecured medium term notes	54,585	–
Secured mortgage debenture stock	380,650	373,033
Convertible bonds	286,135	257,271
	1,604,565	1,394,921

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. SHARE CAPITAL

	At 31 December 2010		At 30 June 2010	
	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 2010, 4,026,862 ordinary shares (30 June 2010: 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.

16. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Authorised and contracted for	22,747	4,152

The commitment in respect of development expenditure contracted but not provided for in the interim financial report by the Group was US\$718.9 million (30 June 2010: US\$741.4 million).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. CONTINGENT LIABILITIES

- (i) A subsidiary of the Group, GuocoLeisure Limited (“GL”) has given a guarantee to the buyer of various hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of the businesses will not be less than US\$42.9 million (30 June 2010: US\$41.6 million) per calendar year thereafter until 4 April 2012. The maximum liability for any one year under the guarantee is US\$42.9 million (30 June 2010: US\$41.6 million) and the maximum aggregate liability under the guarantee is approximately US\$85.7 million (30 June 2010: US\$83.2 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 (“DZM Project Co”), 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 “DZM Vendors”). The balance of RMB2.58 billion has been withheld pending resolution of disputes described below.

Construction work on the DZM Project is in progress. Structural works have been completed for the residential, hotel, retail components and two office blocks. GLC completed and handed over the transportation hub component of the DZM Project to the Beijing government in July 2008, providing the only direct express rail link between Beijing City Centre and Beijing Capital International Airport.

(1) Alleged claims by Shenzhen Development Bank (“SDB”) and Agricultural Bank of China (“ABC”)

(a) SDB

SDB had claimed that a loan of RMB1.5 billion was granted by SDB to certain borrowers (the “Alleged Loans”). Amongst the security allegedly obtained by SDB is a guarantee by Beijing Dong Hua Guang Chang Zhi Ye Co Ltd (“Zhiye”), a related corporation of BBJB. SDB filed an earlier suit against Zhiye and DZM Project Co in The People’s High Court of Beijing (“Beijing Court”) but this was dismissed in December 2007. An appeal has been filed by SDB against Zhiye and DZM Project Co in respect of this dismissal (“SDB appeal”).

SDB has also initiated another suit directly against DZM Project Co in connection with the recovery of its loan and interest under the Zhiye guarantee (“second SDB suit”). It made an interim application to the Beijing Court to restrict dealing in DZM Project Co’s assets in the aggregate sum of its claims.

Based on the information available to GLC, DZM Project Co is neither a guarantor nor borrower of the Alleged Loans granted by SDB to the third party borrowers which were unrelated to DZM Project Co. GLC has been advised by its PRC lawyers that both the SDB appeal and second SDB suit have no merits.

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”) (Cont'd)

(a) SDB (Cont'd)

Before the hearing of the SDB appeal and the second SDB suit, SDB and BBJB purportedly entered into a settlement agreement in May 2008 for DZM Project Co to pay, *inter alia*, RMB1 billion of the Alleged Loans to SDB. In November 2008, this settlement agreement was purportedly mediated through the Supreme People’s Court of The People’s Republic of China (“Supreme Court”) and was stated to have effect as a judgement upon signing by the relevant parties (“Alleged Civil Mediation Agreement”). GLC did not have conduct of the aforesaid proceedings and is not aware of the Alleged Civil Mediation Agreement said to be signed by the parties. It has been advised by its PRC lawyers that the Alleged Civil Mediation Agreement is void and unenforceable. GLC has submitted an application for the rehearing of the Alleged Civil Mediation Agreement, which is pending before the Supreme Court.

(b) ABC

In January 2008, DZM Project Co received documents of legal proceedings commenced by ABC against Zhiye, DZM Project Co, Hainan Co and BBJB in the Beijing Court. ABC had claimed that DZM Project Co and its immediate holding company, Hainan Co, are guarantors of a loan of RMB2 billion and interest (“ABC Loan”) owed by Zhiye to ABC.

ABC has made an interim application to the Beijing Court to restrict dealing in the assets of Zhiye, DZM Project Co and BBJB in the aggregate sum of its claims against them.

GLC did not have conduct of the proceedings and has not received any notification of any judgement from the PRC courts. GLC has been advised by its PRC lawyers that if DZM Project Co is liable for the loan or any part thereof, GLC is entitled to set-off any payment towards the loan against any outstanding balance of the purchase consideration for the DZM Project.

GLC’s PRC lawyers have also advised that the interim applications by SDB and ABC granted by the Beijing Court only restrict dealing in the assets of DZM Project Co pending final resolution of the SDB and ABC actions. The interim applications will be expunged in the event the PRC courts dismiss the SDB and ABC actions.

As announced in December 2010, GuoSon Investment Company Limited, a wholly-owned subsidiary of GLL, has signed a Loan Transfer Agreement with ABC to assume the ABC Loan for a sum of approximately RMB3.1 billion, subject to fulfilment of certain conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. CONTINGENT LIABILITIES (Cont'd)

(ii) (2) Hainan Co and DZM Project Co

In early 2008, GLC received a notice issued by the Industrial and Commercial Administration Bureau of Hainan Province purporting to revert registration of the shares in Hainan Co to its original shareholders, who are two of the DZM Vendors, allegedly on the ground, *inter alia*, that GLC had not paid the requisite consideration for Hainan Co.

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 DZM Vendors. The GLL Group has taken legal advice on these matters and would strongly defend and protect its 90% interest in the DZM Project.

In March 2008, GLC filed a suit against the Industrial and Commercial Administration Bureau of Hainan Province on its reversion of the registration in Hainan Co to the original shareholders. In October 2008, GLC was notified that an administrative judgement by the Hainan Haikou Intermediate People's Court has ruled against GLC. GLC has since appealed to the Hainan High Court against such judgement. The case has been heard by the Hainan High Court and is pending judgement.

GLC group has also sought to protect its 90% interest in the DZM Project and is pursuing separate legal actions in Beijing which are now before the Beijing Intermediate Court, seeking, *inter alia*, for an order as rightful owner that the 90% interest in DZM Project Co be transferred to GLC or its nominee as, amongst other arguments, the development costs of the DZM Project have been funded by the GLL Group. Pending judgement of the aforesaid legal actions, the Beijing Intermediate Court has granted GLC group's application for an asset preservation order in respect of the 90% shareholding in DZM Project Co held by Hainan Co.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 end of the reporting period is set out below:

(i) Income

	Six months ended 31 December	
	2010 (Unaudited) US\$'000	2009 (Unaudited) US\$'000
Interest income	93	146

(ii) Balance as

	At 31 December 2010 (Unaudited) US\$'000	At 30 June 2010 (Audited) US\$'000
Cash and short term funds	33,689	27,201

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 2010 amounted to US\$1,853,000 (2009: US\$2,577,000) and US\$11,672,000 (2009: US\$3,708,000) 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 2010 amounted to US\$90,000 (2009: US\$227,000).

19. HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position are for information only. The Company's functional currency is United States dollar. The Hong Kong dollar figures are translated from United States dollar 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 2010 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.

SUPPLEMENTARY INFORMATION

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 2010, 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"). Certain information herein is based on additional information of the relevant events on or before 31 December 2010 with the disclosure deadlines under the SFO falling after 31 December 2010.

(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	1,056,325	245,025,391	246,081,716	74.79%	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%	
Ding Wai Chuen	5,000	—	5,000	0.00%	

* Ordinary shares unless otherwise specified in the Notes

SUPPLEMENTARY INFORMATION

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

(A) The Company (Cont'd)

Notes:

1. The total interests of 246,081,716 shares/underlying shares comprised 240,881,716 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

The corporate interests of 245,025,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	235,198,529
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by the Company which was in turn 71.48% 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 48.96% owned by Mr Quek Leng Chan as to 2.424% under his personal name and 46.534% via HL Holdings Sdn Bhd which was wholly owned by him.

CL was wholly owned by Mr Quek Leng Chan.

2. The corporate interests of 691,125 shares were directly held by Khattar Holdings Pte Ltd which was 51% owned by Mr Sat Pal Khattar.

(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	48.96%	Note
Kwek Leng Hai	420,500	—	420,500	2.61%	
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	13,333,333	872,589,087	885,922,420	74.86%	1
Kwek Leng Hai	35,290,914	—	35,290,914	2.98%	
Sat Pal Khattar	—	18,475,308	18,475,308	1.56%	2
Tan Lim Heng	1,337,777	—	1,337,777	0.11%	
Volker Stoeckel	1,461,333	—	1,461,333	0.12%	

* Ordinary shares unless otherwise specified in the Notes

Notes:

- The total interests of 885,922,420 shares/underlying shares comprised 830,844,363 ordinary shares of GLL, 46,258,994 underlying shares of other unlisted derivatives and 8,819,063 underlying shares of other listed derivatives.

The corporate interests of 872,589,087 shares/underlying shares comprised the respective direct interests held by:

Number of shares/underlying shares

GuocoLand Assets Pte Ltd ("GAPL")	772,032,426
GuoLine Capital Limited ("GCL")	46,258,994
Hong Leong Assurance Berhad ("HLA")	8,591,963
Hong Leong Insurance (Asia) Limited ("HLIA")	227,100
Newton (Cayman) Limited ("NCL")	32,061,318
Chaghese Limited ("CL")	13,417,286

HLIA and HLA were wholly owned by HLA Holdings Sdn Bhd which was in turn wholly owned by Hong Leong Financial Group Berhad ("HLFG"). HLFG was 77.31% owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

NCL was wholly owned by Newton Resources Sdn Bhd which was in turn wholly owned by Newton (L) Limited. Newton (L) Limited was wholly owned by Newton Capital Group Limited which was in turn 48.96% owned by Mr Quek Leng Chan as to 2.424% under his personal name and 46.534% via HL Holdings Sdn Bhd which was wholly owned by him.

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

SUPPLEMENTARY INFORMATION

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

(B) Associated Corporations (Cont'd)

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

Notes: (Cont'd)

2. The corporate interests of 18,475,308 shares comprised the respective direct interests held by:

	Number of shares
Khattar Holdings Pte Ltd ("KHP")	17,141,975
Espeekay Holdings Pte Ltd ("EHP")	1,333,333

KHP and EHP were 51% and 50% owned by Mr Sat Pal Khattar respectively.

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	853,129,600	858,119,200	81.51%	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	0.02%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 858,119,200 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 33,215,700 underlying shares of other unlisted derivatives.

The corporate interests of 853,129,600 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")	33,215,700
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 Adjuvant (M) Sdn Bhd ("AMSB") (formerly known as "Hong Leong Manufacturing Group Sdn Bhd" and "HL Manufacturing Holdings Sdn Bhd") respectively. AMSB was wholly owned by HLCM.

The respective controlling shareholders of the Company, HLCM and GCL as well as their respective percentage control 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/underlying shares (Long Position)			Approx. % of the issued share capital of GLM	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	19,506,780	487,754,896	507,261,676	72.42%	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:

The total interests of 507,261,676 shares/underlying shares comprised 474,705,376 ordinary shares of GLM and 32,556,300 underlying shares of other unlisted derivatives.

The corporate interests of 487,754,896 shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GLL (Malaysia) Pte Ltd ("GLLM")	455,130,580
GuoLine Capital Limited ("GCL")	32,624,316

GLLM was wholly owned by GuocoLand Limited which was in turn 65.24% 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 GCL and its percentage control are shown in the Note under Part (A) above.

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 51% owned by Mr Sat Pal Khattar.

SUPPLEMENTARY INFORMATION

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

(B) Associated Corporations (Cont'd)

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) *Hong Leong Capital Berhad ("HLCB")(formerly known as "HLG Capital Berhad")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCB
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	1,000,000	—	1,000,000	0.41%
Kwek Leng San	119,000	—	119,000	0.05%

* *Ordinary shares*

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*

SUPPLEMENTARY INFORMATION

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

(B) Associated Corporations (Cont'd)

i) *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	8,150,200	38,304,000	46,454,200	74.70%	Note

* *Ordinary shares*

Note:

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad ("HIMB"). HIMB was wholly owned by Hong Leong Manufacturing Group Sdn Bhd ("HLMG") (formerly known as "Spectrum Arrangement Sdn Bhd"). HLMG was wholly owned by HLCM. The controlling shareholders of HLCM and their percentage control are shown in the Note under Part (A) above.

j) *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%	
Ding Wai Chuen	10,000	—	10,000	0.00%	

* *Ordinary shares*

k) *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	901,967,434	902,702,434	65.98%	Note
Tan Lim Heng	950,000	—	950,000	0.07%	

* *Ordinary shares*

Note:

The corporate interests of 901,967,434 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.

SUPPLEMENTARY INFORMATION

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

(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

Carsem (M) Sdn Bhd	Hong Leong Industries Berhad
Carter Realty Sdn Bhd	Hong Leong Tokio Marine Takaful Berhad
Guangzhou Lam Soon Food Products Limited	Hong Leong Yamaha Motor Sdn Bhd
Guocera Tile Industries (Labuan) Sdn Bhd	Kwok Wah Hong Flour Company Limited
Guocera Tile Industries (Meru) Sdn Bhd	Lam Soon (Hong Kong) Limited
Guocera Tile Industries (Vietnam) Co., Ltd	Luck Hock Venture Holdings, Inc.
GuocoLand Limited*	M.C. Packaging Offshore Limited
Hong Leong Assurance Berhad	Malaysian Pacific Industries Berhad
Hong Leong Bank Berhad	RZA Logistic Sdn Bhd
Hong Leong Capital Berhad (formerly known as "HLG Capital 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 Paragraph 13(1) and Paragraph 41(2) of Appendix 16 to the Listing Rules.

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

Save as disclosed above, as at 31 December 2010, 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.

SUPPLEMENTARY INFORMATION

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 2010.

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 2010.

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”).

In view that 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 in place of the Modified GLL ESOS on 21 November 2008, to provide for continuation of an executives’ share option scheme on terms substantially similar to the Modified GLL ESOS. With the GLL ESOS 2008 in place, the Modified GLL ESOS is no longer in force. The termination of the Modified GLL ESOS however does not affect outstanding options which had been granted and accepted thereunder.

As at 1 July 2010, outstanding options granted under the Modified GLL ESOS comprised 24,186,750 GLL shares. Following the close of the rights issue of GLL in December 2010, there was an increase of 1,676,143 GLL shares comprised in the options and adjustments were made to the exercise price of the options. During the six months ended 31 December 2010, no options were granted as the scheme had been terminated. No options were exercised nor had any options lapsed. As at 31 December 2010, the number of GLL shares comprised in the outstanding options was 25,862,893.

SUPPLEMENTARY INFORMATION

SHARE OPTIONS (Cont'd)

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

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

Details of the said options are as follows:

Date of grant	Grantees	*No. of GLL shares comprised in options					*As at 31 Dec 2010	Notes	Adjusted exercise price per GLL share
		*As at 1 Jul 2010	Exercise price per GLL share	*Lapsed/ exercised during the period	*Increase due to adjustment arising from rights issue of GLL during the period	*As at			
19 January 2007	Quek Chee Hoon	11,382,000	S\$2.328	—	788,773	12,170,773	1 & 2	S\$2.177	
	Other employees	12,804,750	S\$2.328	—	887,370	13,692,120	1	S\$2.177	
	Total:	<u>24,186,750</u>			<u>1,676,143</u>	<u>25,862,893</u>			

Notes:

- Subject to certain financial and performance targets being met by the grantees during the performance period for the financial years 2005/06 to 2010/11, the grantees at the end of the performance period may be notified by the GLL ESOS Committee of the vesting of the options and the number of GLL shares comprised in the vested options. Thereafter, grantees shall have a phased period of up to 30 months to exercise the vested options in accordance with the terms of the grant.
- Mr Quek Chee Hoon, the Group President and Chief Executive Officer of GLL, is an option holder under Rule 17.07(ii) of the Hong Kong Listing Rules.

GuocoLand Limited Executives' Share Option Scheme 2008 (the "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. Under the GLL ESOS 2008, options may be granted over newly issued and/or existing GLL shares to eligible participants including employees and executive directors of GLL and its subsidiaries who are not controlling shareholders of GLL.

As at 1 July 2010, outstanding options granted under the GLL ESOS 2008 comprised 10,250,000 GLL shares. During the six months ended 31 December 2010, options comprising 2,000,000 GLL shares lapsed arising from the resignation of a grantee in July 2010. No options were granted or exercised. Following the close of the rights issue of GLL in December 2010, there was an increase of 571,725 GLL shares comprised in the options and adjustments were made to the exercise price of the options. As at 31 December 2010, the number of GLL shares comprised in the outstanding options was 8,821,725.

SUPPLEMENTARY INFORMATION

SHARE OPTIONS (Cont'd)

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

GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008") (Cont'd)

Details of the said options are as follows:

Date of grant	Grantees	*No. of GLL shares comprised in options					*As at 31 Dec 2010	Adjusted exercise price per GLL share
		*As at 1 Jul 2010	Exercise price per GLL share	*Lapsed/ exercised during the period	*Increase due to adjustment arising from rights issue of GLL during the period			
28 September 2009	Employees	10,250,000	S\$2.29	2,000,000	571,725	8,821,725	Note	S\$2.142
	Total:	<u>10,250,000</u>				<u>8,821,725</u>		

Note:

Subject to certain financial and performance targets being met by the grantees during the performance period for the financial years 2009/10 to 2011/12, the grantees at the end of the performance period may be notified by the GLL ESOS Committee of the vesting of the options. Thereafter, grantees shall have a phased period of up to 30 months to exercise the vested options in accordance with the terms of the grant. The exercise price was determined based on the 5-day weighted average market price of GLL shares immediately prior to 28 September 2009. The weighted average market price per GLL share as at 28 September 2009 was S\$2.28.

GuocoLeisure Limited ("GL")

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 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 GL and its subsidiaries who are not controlling shareholders of GL.

No option was outstanding as at 1 July 2010. During the six months ended 31 December 2010, options comprising 5,300,000 GL shares were granted and no options were exercised. As at 31 December 2010, the number of GL shares comprised in the outstanding options granted under the GL ESOS 2008 was 5,300,000.

Details of the said options are as follows:

Date of grant	Grantees	No. of GL shares comprised in options					Exercise price per GL share
		As at 1 Jul 2010	Granted during the period	Exercised during the period	As at 31 Dec 2010	Notes	
16 December 2010	Employees	—	5,300,000	—	5,300,000	1 & 2	S\$0.713
	Total:				<u>5,300,000</u>		

SUPPLEMENTARY INFORMATION

SHARE OPTIONS (Cont'd)

GuocoLeisure Limited ("GL") (Cont'd)

The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008") (Cont'd)

Notes:

1. The options will have a validity period commencing from the date of grant on 16 December 2010 and expiring on 16 March 2014. Each tranche of shares underlying the options granted will be exercisable for periods of between 3 to 6 months from the respective dates of vesting, with the last tranche of shares underlying the options having a validity period which expires on 16 March 2014. The exercise price was determined based on the 5-day weighted average market price of GL shares immediately prior to 16 December 2010. The weighted average market price per GL share on 16 December 2010 was S\$0.7149.
2. Based on the Black-Scholes option pricing model, the fair values of the options granted as at the date of grant ranged from S\$0.10 to S\$0.14 per option. The assumptions in the Black-Scholes model used to estimate the value of the options are as follows:
 - risk-free interest rate of 1.36%, based on 3 years' historical yield of Singapore Government Securities bonds in issue on the date of grant;
 - expected volatility of 33.8%, based on 3 years' historical volatility prior to the date of grant;
 - expected dividend yield of 3.30%, based on 3 years' historical dividend payout over the market share price of GL on the date of grant; and
 - expected option life of 1.5 years to 3.25 years.

The Black-Scholes option pricing model requires the input of subjective assumptions which can 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.

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 2010, 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.

SUPPLEMENTARY INFORMATION

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2010, 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	244,425,391	1	74.28%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	244,425,391	2 & 3	74.28%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	244,425,391	2 & 4	74.28%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	244,425,391	2 & 5	74.28%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	244,425,391	2 & 6	74.28%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	19,758,840		6.00%
Artisan Partners Limited Partnership ("APLP")	Investment Manager	16,453,132		5.00%
Artisan Partners Holdings LP ("APHL")	Investment Manager	16,453,132	7 & 8	5.00%
ZFIC, Inc. ("ZFIC")	Investment Manager	16,453,132	7 & 9	5.00%

Notes:

- These interests comprised 239,225,391 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

These interests comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	235,198,529
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

AFCW was wholly owned by the Company which was in turn 71.48% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

SUPPLEMENTARY INFORMATION

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

Notes: (Cont'd)

2. The interests of HLCM, HLH, HLIInv, Davos and KLK are duplicated.
3. HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 48.96% owned by Mr Quek Leng Chan as to 2.424% under his personal name and 46.534% via HL Holdings Sdn Bhd which was wholly owned by him.
4. HLIInv was deemed to be interested in these interests through its controlling interests of 34.38% in HLCM.
5. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
6. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.
7. The interests of APLP, APHL and ZFIC are duplicated.
8. APHL was deemed to be interested in these interests through its controlling interests of 100% in both APLP and Artisan Investments GP LLC.
9. ZFIC was deemed to be interested in these interests through its controlling interests of 100% in Artisan Investment Corporation which wholly owned APHL.

Save as disclosed above, as at 31 December 2010, 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 10 March 2011 to 15 March 2011, 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 9 March 2011.

By order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 15 February 2011