

CORPORATE INFORMATION

Board of Directors

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

Company Secretary

Stella S.M. Lo

Branch Share Registrars

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Internet Websites of Other Subsidiaries and Associates

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

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

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

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

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

Financial Calendar

Interim results announcement	21 March 2003
Closure of Register of Members	8 April 2003 to 11 April 2003
Interim dividend of HK\$0.40 per share payable on	14 April 2003

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INTERIM RESULTS

The Board of Directors of Guoco Group Limited (the “Company” or the “Group”) is pleased to announce that the unaudited consolidated profit attributable to shareholders of the Group for the six months ended 31 December 2002 is HK\$441 million, which represents a decrease of approximately 19.3% over the corresponding period last year. However, basic earnings per share increased by approximately 2.3% to HK\$1.36, resulted from the completion of the Company’s share repurchase scheme in November 2001. Consolidated shareholders’ funds have increased to HK\$28.2 billion, representing an increase of approximately 1.1% over the last financial year end of 30 June 2002.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.40 per share amounting to HK\$130,885,000 (2001/2002 interim dividend: HK\$0.40 per share amounting to HK\$129,633,000) for the financial year ending 30 June 2003 which will be payable on 14 April 2003 to the shareholders whose names appear on the Register of Members on 11 April 2003.

DISPOSAL OF INTEREST IN DBS DIAMOND HOLDINGS LIMITED

On 2 January 2003, Development Bank of Singapore Ltd exercised the call option to purchase the Company’s remaining 20% interest in DBS Diamond Holdings Limited, the immediate holding company of Dao Heng Bank Group Limited. The total proceeds of approximately HK\$10,782 million was received on 10 January 2003.

REVIEW OF OPERATIONS

Treasury, Fund and Investment Management

During the period under review, the Treasury, Fund and Investment Management segment generated a profit before interest, taxation and minority interests of about HK\$479 million, representing a slight decrease of about 1% comparing to the corresponding period last year.

In view of the uncertain economic and political environment, we have adopted a conservative cash management process to invest mainly in diversified liquid assets so as to preserve funds until the appropriate investment opportunities arise.

The Group practices prudent financial management. There are established policies and procedures for the identification, measurement, control and monitoring of credit, liquidity, foreign exchange, interest rate and market risks as well as investment polices and parameters covering core investments, time deposits, money market instruments, fixed income, equities and financial instruments. Also, appropriate financial instruments are utilized to manage its interest rate and foreign currency exposures including standard interest rate and currency swaps.

Property Division

Restructuring of the Group's Property Business

A series of restructuring transactions were launched to transform First Capital Corporation Ltd ("FCC") into the Group's core property unit. These transactions included (a) consolidating the Company's 55% interest in Guoco Properties Limited ("GPL", the vehicle for property activities in the PRC) with FCC's 45% stake to make it a wholly owned subsidiary under FCC; (b) transfer of the Company's 30% interest in Guoman Hotel & Resort Holdings Sdn Bhd ("GHRH" a property investment company with prime commercial and residential properties in Malaysia) to FCC; and (c) acquisition from FCC of approximately 9.6% interest in Overseas Union Enterprise Limited. The restructuring proposal was approved by the relevant regulatory bodies and shareholders of FCC and was completed in December 2002 as per schedule.

Change of Name of FCC

To clearly convey its role as the Group's property arm, FCC has changed its name to "GuocoLand Limited" in December 2002. This allows GuocoLand Limited to leverage on the goodwill of the "Guoco" trademark for business development.

GuocoLand Limited ("GLL") – 61.3% owned by the Group

For the financial period under review, GLL reported a net profit of S\$10.7 million compared to a net loss of S\$183.3 million in the previous corresponding period. Residential development projects in Singapore have turned around with a positive contribution of S\$15 million compared to realised losses and provisions aggregating S\$110 million in the previous corresponding period. GLL's associated companies contributed a profit of S\$8.1 million, a decrease of 74% over the previous corresponding period.

GLL's turnover decreased by 5% to S\$127.1 million for the 6-month period ended 31 December 2002 compared to the previous corresponding period primarily due to sale of its insurance subsidiary in September 2002. Turnover was mainly attributable to the units sold in Sanctuary Green and The Gardens at Bishan.

GLL has completed in November 2002 a rights issue ("Rights Issue") of one ordinary share and one 4.5% non-redeemable convertible cumulative preference share 2005 ("NCCPS 2005") at an issue price of S\$1.00 each for every 4 ordinary shares held in GLL. A total of 101,671,676 ordinary shares and 101,671,676 NCCPS 2005 were allotted pursuant to the Rights Issue.

GLL had been actively divesting most of its non-core assets. Cash proceeds from such asset sales have been deployed towards reducing debt. As a result, GLL's borrowings decreased by S\$211.6 million during the six

months to 31 December 2002. The reduction in the GLL's borrowings, coupled with the lower interest environment, has led to a decrease of 70% in the GLL's interest costs to S\$6.1 million.

In line with its programme for the divestment of non-core assets, GLL entered into a sale and purchase agreement to divest its interest in Century Square Holding Pte Ltd ("CSH") which holds securitised bond asset of S\$30 million in principal in respect of a retail mall known as Century Square Shopping Centre. The sale is expected to recognise a net profit of approximately S\$24 million upon completion in the second half of the financial year.

GLL currently has seven launched developments in the market: Sanctuary Green, The Gardens at Bishan, Bishan Point, Le Crescendo, Leonie Studio, The Ladyhill (in which GLL has a 40% interest) and The Boulevard Residence (in which GLL has a 40% interest). D'Elias, a 17-unit cluster housing in Pasir Ris, was sold out on the first day of launch in October 2002. The Ladyhill obtained Temporary Occupation Permit on 12 December 2002.

GPL's interest in a development site at Suzhou has been sold at RMB400 million (S\$84 million). GLL expects to recognise a net profit of approximately S\$25 million upon completion, which is expected in the second half of this financial year.

Financial Industry Group

Hong Leong Credit Berhad ("HLC") – 23.5% owned by the Group

For the six months ended 31 December 2002, HLC Group recorded a profit before tax of RM379.2 million compared to RM377.5 million in the last corresponding period.

As the major contributor to the HLC Group's earnings, the banking and finance division registered a higher profit before tax at RM394.4 million for the six months ended 31 December 2002 compared to RM383.8 million in the corresponding financial period. The improved performance of RM10.6 million amounting to an increase of 2.8% is due to the lower loan loss provisions made by the banking and finance division for the current financial period.

The insurance division recorded a lower profit before tax at RM24.0 million for the six months ended 31 December 2002 compared to RM38.9 million in the corresponding financial period. The reduction in the profit before tax was a result of the significant reduction in net investment income from adverse investment performance due to weak market sentiment in the Kuala Lumpur Stock Exchange. Apart from that, the higher commission expenses as a result of hardened treaty commission terms also contributed to the reduction in net profit before tax.

Likewise, the stock broking division registered a lowered performance with a loss before tax at RM22.5 million for the six months ended 31 December 2002 compared to a loss before tax at RM4.4 million in the corresponding financial period. The adverse performance for the financial period under review is due to the fixed assets written off along with the provision made on debts in the financial period under review.

For the six months ended 31 December 2002, HLC's share of profit before tax in the property division amounted to RM3.5 million compared to a loss before tax of RM1.4 million in the corresponding financial period due to the improved performance of the property division.

Hong Kong Financial Services Subsidiaries

In the wake of the deteriorating Hong Kong economic environment, diminishing market turnover coupled with keen competition, our Hong Kong financial services subsidiaries comprising Dao Heng Securities, Dao Heng Fund Management and Dao Heng Insurance continued to face difficult and challenging conditions during the period. Such adverse change in market environment and the anticipated deregulation of the minimum commission regime in April this year prompted our financial services companies to make an exigent rationalisation of their operations.

Major initiatives encompassing overall restructuring of the operation of wealth management division, cost control exercise and operation streamlining together with bold rightsizing measures were carried out to re-position their business dynamics to cope with the structural change of the Hong Kong economy with enhanced productivity and competitiveness.

FINANCIAL COMMENTARY

Turnover

Overall turnover decreased by HK\$228 million or 20.5% mainly attributable to decrease in turnover of treasury, fund and investment management activities of HK\$168 million, arising primarily from a decrease of interest income of HK\$152 million and dividend income of HK\$43 million.

Borrowings

As at 31 December 2002, the Group had reduced its total borrowings by 14% to HK\$5,340 million from HK\$6,195 million as at 30 June 2002. Unsecured borrowings comprises 42% of total borrowings. All the borrowings are by GLL and primarily represent GLL's property loan.

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

	Bank loans	Other	Total
	HK\$'000	HK\$'000	HK\$'000
On demand or within 1 year	<u>1,404,027</u>	<u>559,269</u>	<u>1,963,296</u>
After 1 year but within 2 years	2,623,174	402,871	3,026,045
After 2 years but within 5 years	<u>226,616</u>	<u>124,277</u>	<u>350,893</u>
	<u>2,849,790</u>	<u>527,148</u>	<u>3,376,938</u>
	<u>4,253,817</u>	<u>1,086,417</u>	<u>5,340,234</u>

The loans are secured by the following:

- legal mortgages on investment properties with a book value of HK\$649 million;
- legal mortgages on development properties with a book value of HK\$3,830 million; and
- certain equity investments with total carrying value of HK\$601 million.

As at 31 December 2002, the Group has net cash balance of HK\$7,408 million after netting off the total borrowings of HK\$5,340 million.

Contingent Liabilities

As at 31 December 2002, there were contingent liabilities in respect of guarantees given to bankers by the Group and the Company to secure banking facilities to the extent of HK\$328 million (30 June 2002: HK\$324 million) and HK\$165 million (30 June 2002: HK\$165 million) respectively granted to group companies and certain investee companies of the Group.

Capital and Finance

The Group's consolidated shareholders' funds as at 31 December 2002, after reflecting the current period retained profits and adjusting for the major items set out below, amounted to HK\$28,219 million.

The major adjustments are as follows:

- issue of new shares under the Share Option Scheme of HK\$64 million; and
- exchange adjustments of HK\$41 million.

HUMAN RESOURCES AND TRAINING

The Group, including its subsidiaries in Hong Kong and overseas, employed approximately 410 employees as at 31 December 2002. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to provide its staff with ongoing development programmes.

The remuneration policy for the Group's employees is reviewed by management on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual performance as incentives to optimise performance. Share options may also be granted in accordance with the approved share option scheme adopted by the Company to eligible employees to reward their contribution and foster loyalty towards the Group.

The Company has obtained the shareholders' approval on 16 December 2002 for the adoption of a Share Option Plan. As distinguished from the Share Option Scheme adopted by the Company on 29 November 2001, this Share Option Plan only allows the grant of options over existing issued shares thus eliminating the dilution effect on the shareholders' interests and the Company's capital base and future returns as well as the uncertainty of the timing of dilution.

OUTLOOK

The uncertainties clouding the global economies, exacerbated by the Middle East and other geo-political tensions, make forecasting particularly difficult. Confronted with the challenging economic conditions worldwide, our prudent business approach will enable the Company to take advantage of investment opportunities as and when they arise.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2002 – Unaudited

	Note	2002 US\$'000	2001 US\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	3,4	113,815	143,124	887,586	1,116,017
Cost of property sales		(54,593)	(81,859)	(425,744)	(638,300)
Other attributable costs		(9,351)	(13,162)	(72,924)	(102,631)
		49,871	48,103	388,918	375,086
Other revenue	5 (a)	1,255	519	9,787	4,047
Other net income	5 (b)	38,905	20,843	303,401	162,524
Administrative and other operating expenses		(15,868)	(17,001)	(123,747)	(132,567)
Operating profit before finance cost	3	74,163	52,464	578,359	409,090
Finance cost	7	(3,457)	(14,023)	(26,959)	(109,345)
Operating profit		70,706	38,441	551,400	299,745
Loss on disposal of a subsidiary		(418)	–	(3,260)	–
Impairment loss on properties		(695)	(9,990)	(5,420)	(77,898)
Deficit on revaluation of investment properties		(17,305)	–	(134,953)	–
Net loss on disposal of investment properties		–	(12,092)	–	(94,288)
Operating profit on ordinary activities		52,288	16,359	407,767	127,559
Share of profits less losses of associates	6	18,045	30,553	140,724	238,239
Share of profits less losses of jointly controlled entities		48	(133)	374	(1,037)
Profit from ordinary activities before taxation	6	70,381	46,779	548,865	364,761
Taxation	8	(10,714)	(15,565)	(83,553)	(121,369)
Profit after taxation		59,667	31,214	465,312	243,392
Minority interests		(3,180)	38,801	(24,799)	302,553
Profit attributable to shareholders		56,487	70,015	440,513	545,945
Appropriations :					
Final dividend paid	9	(29,164)	(24,933)	(227,431)	(194,449)
Retained profit for the period		27,323	45,082	213,082	351,496
Earnings per share		US\$	US\$	HK\$	HK\$
Basic	10	0.17	0.17	1.36	1.33
Diluted	10	0.17	0.16	1.35	1.27
Proposed interim dividend	9	US\$'000 16,783	US\$'000 16,625	HK\$'000 130,885	HK\$'000 129,633

The notes on pages 11 to 26 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2002 - Unaudited

	2002 US\$'000	2001 US\$'000	2002 HK\$'000	2001 HK\$'000
Total equity at 1 July	3,577,730	4,116,828	27,905,937	32,110,229
Exchange adjustments	-	-	(5,010)	(9,057)
	3,577,730	4,116,828	27,900,927	32,101,172
Deficit arising on revaluation of investment properties from				
– subsidiaries	-	(214)	-	(1,669)
– an associate	-	(5,032)	-	(39,237)
Revaluation reserve realised on disposal of investment properties by				
– subsidiaries	-	5,963	-	46,497
– an associate	-	(5,055)	-	(39,417)
Share of subsidiaries' and associates' capital reserves movement	(26)	351	(203)	2,737
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	5,278	290	41,159	2,261
Net gains/(losses) not recognised in the consolidated income statement	5,252	(3,697)	40,956	(28,828)
Group profit attributable to shareholders	56,487	70,015	440,513	545,945
Dividend paid	(29,164)	(24,933)	(227,431)	(194,449)
Share repurchased and cancelled	-	(689,584)	-	(5,377,033)
Shares issued under Share Option Scheme	8,160	10,400	63,634	81,095
Total equity at 31 December	3,618,465	3,479,029	28,218,599	27,127,902

The notes on pages 11 to 26 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

As At 31 December 2002

	Note	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000	At 31 December 2002 (Unaudited) HK\$'000	At 30 June 2002 (Audited) HK\$'000
NON-CURRENT ASSETS					
Fixed assets		258,721	255,778	2,017,636	1,995,043
Interest in associates		411,138	427,571	3,206,260	3,335,011
Interest in jointly controlled entities		(6,036)	(4,155)	(47,072)	(32,409)
Other non-current financial assets	11	90,650	89,406	706,934	697,358
Goodwill		(12,327)	(731)	(96,132)	(5,702)
		742,146	767,869	5,787,626	5,989,301
CURRENT ASSETS					
Development properties	12	534,678	515,926	4,169,686	4,024,171
Properties held for sale		65,543	66,394	511,137	517,867
Other assets	13	30,399	94,929	237,067	740,437
Other investments in securities	14	1,651,567	1,593,365	12,879,745	12,428,088
Cash and short term funds		1,634,674	1,713,480	12,748,005	13,364,973
		3,916,861	3,984,094	30,545,640	31,075,536
CURRENT LIABILITIES					
Other payables and provision	15	116,082	141,935	905,265	1,107,079
Current portion of bank loans and other borrowings	16	251,753	350,229	1,963,296	2,731,751
Insurance funds		3,773	3,108	29,424	24,242
Taxation		21,894	13,889	170,740	108,333
		393,502	509,161	3,068,725	3,971,405
Net current assets		3,523,359	3,474,933	27,476,915	27,104,131
TOTAL ASSETS LESS CURRENT LIABILITIES		4,265,505	4,242,802	33,264,541	33,093,432
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	17	433,024	444,044	3,376,938	3,463,499
Deferred taxation		9,062	12,872	70,670	100,400
		442,086	456,916	3,447,608	3,563,899
Minority interests		204,954	208,156	1,598,334	1,623,596
NET ASSETS		3,618,465	3,577,730	28,218,599	27,905,937
CAPITAL AND RESERVES					
Share capital	18	163,606	162,041	1,275,881	1,263,904
Reserves	19	3,454,859	3,415,689	26,942,718	26,642,033
		3,618,465	3,577,730	28,218,599	27,905,937

The notes on pages 11 to 26 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2002 - Unaudited

	2002 US\$'000	2001 US\$'000
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	41,899	(30,951)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	2,094	(12,928)
NET CASH USED IN FINANCING	(122,063)	(1,192,402)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,070)	(1,236,281)
EFFECT OF FOREIGN EXCHANGE RATES	(736)	(1,198)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	1,713,480	2,993,808
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	1,634,674	1,756,329
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	1,634,674	1,756,329

The notes on pages 11 to 26 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. *Basis of preparation*

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

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2002, included in the interim financial report is extracted from the Company’s statutory financial statements. Statutory financial statements for the year ended 30 June 2002 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen’s Road Central, Hong Kong, or from the Company’s website www.guoco.com. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 October 2002.

2. *Accounting policies*

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and land and buildings, and marking to market of certain investments.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2002, with the exception of changes in accounting policies to comply with revised SSAP as set out below.

- a. On adoption of SSAP 11 (revised) “Foreign currency translation”, the results of foreign enterprises are translated at the average exchange rates for the period; balance sheet items are translated at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves. In previous periods, both the results and the balance sheet items were translated at exchange rates ruling at the balance sheet date. The comparative figures have not been restated as the effects of such change is not material.
- b. Certain presentational changes have been made upon the adoption of SSAP 15 (revised) “Cash flow statements” and the comparative figures were restated to conform with current period presentation.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

3. Segment information

Business segments

	Treasury, fund and investment management (Unaudited) US\$'000	Property development (Unaudited) US\$'000	Property investment (Unaudited) US\$'000	Securities, commodities & brokerage (Unaudited) US\$'000	Insurance (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Total (Unaudited) US\$'000
For the six months ended							
31 December 2002							
Turnover	28,957	65,217	9,765	3,000	6,876	-	113,815
Inter-segment turnover	479	-	474	12	28	(993)	-
	<u>29,436</u>	<u>65,217</u>	<u>10,239</u>	<u>3,012</u>	<u>6,904</u>	<u>(993)</u>	<u>113,815</u>
Contribution from operations	61,414	10,926	4,929	(2,213)	514		75,570
Unallocated income							1,213
Unallocated expenses							(2,620)
Operating profit before finance cost							<u>74,163</u>
For the six months ended							
31 December 2001							
Turnover	50,527	65,102	11,434	4,645	11,416	-	143,124
Inter-segment turnover	6,428	-	296	2	180	(6,906)	-
	<u>56,955</u>	<u>65,102</u>	<u>11,730</u>	<u>4,647</u>	<u>11,596</u>	<u>(6,906)</u>	<u>143,124</u>
Contribution from operations	62,108	(18,022)	8,572	110	80		52,848
Unallocated income							301
Unallocated expenses							(685)
Operating profit before finance cost							<u>52,464</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

3. Segment information (continued)

Geographical segments

	Turnover		Operating profit/(loss)	
	Six months ended		Six months ended	
	31 December		31 December	
	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Hong Kong	37,930	60,991	64,419	96,820
Singapore	71,675	72,655	9,925	(47,933)
Asia (excluding Hong Kong and Singapore)	3,633	9,008	1,231	3,966
Others	577	470	(5)	(5)
	113,815	143,124	75,570	52,848
Unallocated income			1,213	301
Unallocated expenses			(2,620)	(685)
Operating profit before finance cost			74,163	52,464

4. Turnover

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

	Six months ended	
	31 December	
	2002	2001
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Income from sale of properties	65,217	65,102
Interest income	20,907	40,429
Dividend income from listed and unlisted securities	7,844	13,314
Rental income from properties	7,671	9,099
Gross insurance premiums	6,832	11,278
Securities, commission and brokerage	2,440	3,740
Income from sale of investments in securities	(769)	(3,483)
Other income	3,673	3,645
	113,815	143,124

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

5. *Income*(a) **Other revenue**

	Six months ended	
	31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
Interest income from listed securities	663	295
Interest income from unlisted securities	45	–
Others	547	224
	1,255	519

(b) **Other net income**

	Six months ended	
	31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
Gain on disposal of fixed assets	6	45
Net realised gains on other investments	54,713	54,135
Net unrealised losses on other investments	(28,872)	(22,598)
Gain on foreign exchange dealing	1,794	1,494
Net exchange gains/(losses)	18,225	(509)
Unrealised losses on other dealing activities	(4,697)	(12,568)
Others	(2,264)	844
	38,905	20,843

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

6. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation of the Group is arrived at

	Six months ended 31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
after charging:		
Staff costs (including retirement scheme contributions of US\$506,000 (2001: US\$332,000))	10,041	9,878
Depreciation	1,439	1,076
Operating lease charges		
– properties	740	1,500
– others	4	8
Amortisation of positive goodwill included in share of profits less losses of associates	427	55
Auditors' remuneration	131	106
Donation	7	–
and crediting:		
Amortisation of negative goodwill	818	41
Gross rental income from investment properties	7,671	9,099
Less: direct outgoings	(789)	(847)
Net rental income	6,882	8,252
Share of profits less losses of associates:		
Listed	15,408	30,203
Unlisted	2,637	350
	18,045	30,553

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

7. Finance cost

	Six months ended 31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
Interest on bank advances and other borrowings repayable within five years	11,645	24,747
Other borrowing cost	410	428
Total borrowing cost	12,055	25,175
Less: Borrowing costs capitalised into development properties (Note 1)	(8,598)	(11,152)
	3,457	14,023

Note 1: The borrowing costs have been capitalised at a rate of 1.7% - 6.1% per annum (2001: 3.0% - 6.2%) for development properties.

8. Taxation

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
Hong Kong Profits Tax	149	127
Overseas taxation	2,100	2,075
Deferred taxation	2,316	(3,831)
	4,565	(1,629)
Share of associates' taxation	6,149	17,194
	10,714	15,565

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16% (2001: 16%) to the profits for the six months ended 31 December 2002. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant countries.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

9. Dividends

	Six months ended 31 December	
	2002 (Unaudited) US\$'000	2001 (Unaudited) US\$'000
2002: Final dividend paid of HK\$0.70 per share (2001: HK\$0.60 per share)	29,164	24,933
2003: Proposed interim dividend of HK\$0.40 per share (2002: HK\$0.40 per share)	16,783	16,625

The proposed interim dividend for the year ending 30 June 2003 of US\$16,783,000 is calculated based on 327,211,373 ordinary shares in issue as at 31 December 2002.

10. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of US\$56,487,000 (2001: US\$70,015,000) and on the weighted average number of 324,490,014 ordinary shares (2001: 409,424,452 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of US\$56,473,000 (2001: US\$67,248,000) and the weighted average number of 327,041,227 ordinary shares (2001: 414,035,797 ordinary shares) in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

(c) Reconciliations

	2002 Number of shares	2001 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	324,490,014	409,424,452
Deemed issue of ordinary shares under share option scheme	2,551,213	4,611,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	327,041,227	414,035,797

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

11. Other non-current financial assets

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Investment securities		
Equity securities		
Listed outside Hong Kong	84,415	83,154
Unlisted	5,748	5,765
Total investment securities	90,163	88,919
Club and other debentures	487	487
	90,650	89,406
Market value of listed equity securities	57,107	69,873

Certain listed investment securities with total carrying values of US\$77.1 million (30 June 2002: US\$75.9 million) were pledged with a bank to secure short-term bank loan facilities.

12. Development properties

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Cost as at 31 December/30 June	835,824	795,357
Less: Attributable loss	(33,023)	(28,793)
Less: Impairment loss	(122,786)	(137,560)
Less: Progress instalments received and receivable	(145,337)	(113,078)
	534,678	515,926

The amount of development properties expected to be recovered after more than one year is US\$321.6 million (30 June 2002: US\$372.8 million).

Certain of the Group's development properties with an original book value of US\$491.1 million (30 June 2002: US\$474.2 million) are under legal mortgages with banks.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

13. Other assets

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Accrued interest	2,880	1,401
Other accounts	27,519	93,528
	30,399	94,929

Included in other accounts are amounts of US\$977,000 (30 June 2002: US\$906,000) which are expected to be recovered after more than one year.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

14. Other investments in securities

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Debt securities		
Listed		
In Hong Kong	582	552
Outside Hong Kong	36,273	33,624
	36,855	34,176
Unlisted	1,616	6,493
	38,471	40,669
Equity securities		
Listed		
In Hong Kong	72,448	68,432
Outside Hong Kong (Note (a))	152,613	154,224
	225,061	222,656
Unlisted (Note (b))	1,382,355	1,330,040
	1,607,416	1,552,696
Unit trust		
Listed	1,622	–
Unlisted	4,058	–
	5,680	–
Total other investments in securities	1,651,567	1,593,365
Market value of other listed investments in securities		
Debt securities	36,855	34,176
Equity securities	225,061	222,656
Unit trust	1,622	–
	263,538	256,832

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

14. Other investments in securities (continued)

Note:

- (a) Certain listed equity securities with total carrying value of US\$Nil (30 June 2002: US\$67.1 million) were pledged with a bank to secure short-term bank loan facilities.
- (b) It mainly represents US\$1,382 million (30 June 2002: US\$1,328 million) of equity investment in DBS Diamond Holdings Limited received on the disposal of a former subsidiary.

15. Other payables and provision

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Other payables and provision	116,051	141,903
Amounts due to associates	31	32
	116,082	141,935

Included in other payables are amounts of US\$6,475,000 (30 June 2002: US\$4,957,000) which are expected to be settled after more than one year.

16. Current portion of bank loans and other borrowings

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Bank loans		
– secured	149,832	181,289
– unsecured	30,206	92,645
	180,038	273,934
Unsecured long term notes and bonds repayable within 1 year	71,715	76,295
	251,753	350,229

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

17. Non-current portion of bank loans and other borrowings

	At 31 December 2002 (Unaudited) US\$'000	At 30 June 2002 (Audited) US\$'000
Bank loans		
– secured	245,681	239,127
– unsecured	119,746	115,745
	365,427	354,872
Long term notes and bonds		
– unsecured medium term notes	67,597	89,172
	433,024	444,044

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

	At 31 December 2002			At 30 June 2002		
	Other		Total	Other		Total
	Bank loans (Unaudited) US\$'000	borrowings (Unaudited) US\$'000		Bank loans (Audited) US\$'000	borrowings (Audited) US\$'000	
On demand or within 1 year	180,038	71,715	251,753	273,934	76,295	350,229
After 1 year but within 2 years	336,369	51,660	388,029	277,708	62,160	339,868
After 2 years but within 5 years	29,059	15,936	44,995	77,164	27,012	104,176
	365,428	67,596	433,024	354,872	89,172	444,044
	545,466	139,311	684,777	628,806	165,467	794,273

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

18. Share capital

	At 31 December 2002		At 30 June 2002	
	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:				
As at 1 July	324,081	162,041	427,091	213,546
Share issued under Share Option Scheme	3,130	1,565	3,990	1,995
Share repurchase	-	-	(107,000)	(53,500)
As at 31 December/30 June	327,211	163,606	324,081	162,041

Share Option Scheme:

An Executive Share Option Scheme ("Scheme") was adopted by the Company on 30 July 1991 under which eligible employees including directors of the Group are entitled to the grant of share options for subscription of shares of the Company. Options were granted in respect of a total of 9,800,000 ordinary shares under the Scheme to various directors and executives of the Group. Such options are exercisable at the subscription price of HK\$20.33 per share during the period from 12 November 1999 to 12 February 2004.

During the period, share options were exercised to subscribe for 3,130,000 shares (1 July 2001 to 30 June 2002: 3,990,000 shares) in the Company at a consideration net of charges of US\$8,160,000 (1 July 2001 to 30 June 2002: US\$10,400,000) of which US\$1,565,000 (1 July 2001 to 30 June 2002: US\$1,995,000) was credited to share capital and the balance of US\$6,595,000 (1 July 2001 to 30 June 2002: US\$8,405,000) was credited to the share premium account. Pursuant to the rules of the Scheme, a total of 120,000 share options (1 July 2001 to 30 June 2002: 60,000 share options) were lapsed during the period. At 31 December 2002, 1,840,000 share options were outstanding (30 June 2002: 5,090,000 share options).

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

19. Reserves

	Share premium (Unaudited) US\$'000	Investment property revaluation reserve (Unaudited) US\$'000	Capital and other reserves (Unaudited) US\$'000	Contributed surplus (Unaudited) US\$'000	General reserve (Unaudited) US\$'000	Exchange translation reserve (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total (Unaudited) US\$'000
At 1 July 2002	-	-	58,837	3,978	-	9,736	3,343,138	3,415,689
Shares issued under Share Option Scheme	6,595	-	-	-	-	-	-	6,595
Transfer between reserves	-	-	3,661	-	-	-	(3,661)	-
Share of subsidiaries' and associates' capital reserves movement	-	-	(26)	-	-	-	-	(26)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	-	-	242	-	-	5,036	-	5,278
Retained profit for the period	-	-	-	-	-	-	27,323	27,323
At 31 December 2002	6,595	-	62,714	3,978	-	14,772	3,366,800	3,454,859

	Share premium (Audited) US\$'000	Investment property revaluation reserve (Audited) US\$'000	Capital and other reserves (Audited) US\$'000	Contributed surplus (Audited) US\$'000	General reserve (Audited) US\$'000	Exchange translation reserve (Audited) US\$'000	Retained profits (Audited) US\$'000	Total (Audited) US\$'000
At 1 July 2001	236,092	26,398	45,861	18,417	77,042	6,016	3,493,456	3,903,282
Shares issued under Share Option Scheme	8,405	-	-	-	-	-	-	8,405
Shares repurchased and cancelled	(244,497)	-	-	(14,439)	(77,042)	-	(300,180)	(636,158)
Deficit arising on revaluation of investment properties from								
- subsidiaries	-	(28,882)	-	-	-	-	-	(28,882)
- an associate	-	(866)	-	-	-	-	-	(866)
Reserve realised on disposal by								
- subsidiaries	-	6,397	-	-	-	-	-	6,397
- an associate	-	(5,322)	-	-	-	-	-	(5,322)
Excess deficit arising on revaluation of investment properties charged to consolidated income statement	-	1,452	-	-	-	-	-	1,452
Transfer between reserves	-	-	11,236	-	-	-	(11,236)	-
Share of subsidiaries' and associates' capital reserves movement	-	-	1,295	-	-	-	-	1,295
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	-	823	445	-	-	3,720	-	4,988
Retained profit for the year	-	-	-	-	-	-	161,098	161,098
At 30 June 2002	-	-	58,837	3,978	-	9,736	3,343,138	3,415,689

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

20. *Contingent liabilities*

As at 31 December 2002, there were contingent liabilities in respect of guarantees given to bankers by the Group and the Company to secure banking facilities to the extent of US\$42,033,000 (30 June 2002: US\$41,590,000) and US\$21,158,000 (30 June 2002: US\$21,154,000) respectively granted to group companies and certain investee companies of the Group.

21. *Material related party transactions*

(a) **Banking transactions**

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

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

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

(i) Income and expense

	Six months ended	
	31 December	
	2002	2001
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest income	471	690

(ii) Balance as

	At 31 December	At 30 June
	2002	2002
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Current, fixed, savings and other deposit of customers	101,290	94,662
Cash and short term funds	456	1,394

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

21. *Material related party transactions (continued)*

(b) **Management fee**

On 21 August 2001, the Company has entered into a management services agreement, determinable by either party giving six months' notice, with Hong Leong Overseas (H.K.) Limited ("HLO"), a subsidiary of the Company's substantial shareholder, for provision of general management services to the Group by HLO. The agreement replaced the previous services agreements between HLO and certain operating subsidiaries of the Group. Total management fees paid and payable to HLO for the period ended 31 December 2002 amounted to US\$2.0 million (2001: US\$1.4 million).

(c) **Mandatory Provident Fund Scheme**

The Group maintains a Mandatory Provident Fund Scheme in which the investment manager and the service provider is a subsidiary of the Company. During the period ended 31 December 2002, the Group made a total contribution of US\$0.5 million to the scheme (2001: US\$0.3 million).

22. *Hong Kong dollar amounts*

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

SUPPLEMENTARY INFORMATION

Purchase, sale or redemption of the Company's listed shares

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

Directors' interests in securities

As at 31 December 2002, the interests of the directors in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register required to be kept under Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Interests in the shares of the Company

Director	Number of shares				Total interests
	Personal interest	Family interest	Corporate interest	Other interest	
Quek Leng Chan	1,056,325	–	137,374,315 *	–	138,430,640
Kwek Leng Hai	2,220,775	–	–	–	2,220,775
Sat Pal Khattar	631,125	–	–	–	631,125
Kwek Leng San	149,120	–	–	–	149,120
Tan Lim Heng	359,230	–	–	–	359,230
James Eng, Jr.	365,443	–	–	–	365,443
Harry Richard Wilkinson	10,000	–	–	–	10,000
Tung Hsi Hui, Frank	200	–	–	–	200

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

SUPPLEMENTARY INFORMATION (CONTINUED)

Directors' interests in securities (continued)

Interests in the securities of associated corporations

Director	Name of Company	Number of shares				Total interests
		Personal interest	Family interest	Corporate interest	Other interest	
Quek Leng Chan	GuocoLand Limited#	13,947,687	–	315,855,884 (Note 1)	–	329,803,571
	GuocoLand Limited NCCPS 2004*	53,833	–	–	–	53,833
	GuocoLand Limited NCCPS 2005**	45,704	–	79,776,096 (Note 1)	–	79,821,800
	Hong Leong Credit Berhad	10,290,600	–	815,480,454 (Note 2)	–	825,771,054
Kwek Leng Hai	GuocoLand Limited #	10,042,617	–	–	–	10,042,617
	GuocoLand Limited NCCPS 2005**	8,808,523	–	–	–	8,808,523
	Hong Leong Credit Berhad	756,000	–	–	–	756,000
Sat Pal Khattar	GuocoLand Limited#	–	–	6,993,635	–	6,993,635
	GuocoLand Limited NCCPS 2005**	–	–	3,398,727	–	3,398,727
	Hong Leong Credit Berhad	245,700	–	–	–	245,700

Notes:

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

Formerly known as "First Capital Corporation Ltd"

* NCCPS 2004 – 7% Non-redeemable convertible cumulative preference shares 2004

** NCCPS 2005 – 4.5% Non-redeemable convertible cumulative preference shares 2005

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

SUPPLEMENTARY INFORMATION (CONTINUED)

Directors' interests in securities (continued)

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

Mr Quek Leng Chan was granted the following options by HLCB to subscribe for ordinary shares of RM1.00 each in HLCB exercisable during the period from 24 December 1999 to 23 December 2004. During the period, he did not exercise any option to acquire shares in HLCB.

Date of grant	No. of share option	Subscription price		
		Notes	per share RM	Notes
6 January 2000	400,000		2.74	3
30 August 2001	20,000	1	2.74	4
30 September 2002	336,000	2	2.74	

Notes:

- Options to subscribe for additional 20,000 ordinary shares in HLCB were acquired as a result of adjustments arising from HLCB's rights issue.
- Options to subscribe for additional 336,000 ordinary shares in HLCB were acquired as a result of adjustments arising from HLCB's bonus issue.
- Subscription price per share was adjusted from RM5.19 to RM4.94 pursuant to adjustments arising from HLCB's rights issue and further adjusted from RM4.94 to RM2.74 pursuant to adjustments arising from HLCB's bonus issue.
- Subscription price per share was adjusted from RM4.94 to RM2.74 pursuant to adjustments arising from HLCB's bonus issue.

SUPPLEMENTARY INFORMATION (CONTINUED)

Share option scheme

The Company

On 6 December 1999, share options for the exercise of an aggregate of 9,800,000 shares at HK\$20.33 per share were granted to certain directors of the Company and employees of the Group pursuant to the Executive Share Option Scheme ("ESOS") adopted on 30 July 1991. As at 31 December 2002, the number of shares issuable upon exercise of outstanding options were 1,840,000. Details of the share options granted to directors and employees which remained outstanding during the period are as follows:

Grantee	No. of share options		Exercise period of share option	No. of shares acquired on exercise of share options during the period	Weighted closing price immediately before the date of exercise HK\$
	as at 1 July 2002	as at 31 December 2002			
Quek Leng Chan	600,000	–	12 November 2002 to 12 February 2004	600,000	46.50
	600,000	600,000	12 November 2003 to 12 February 2004		
	<u>1,200,000</u>	<u>600,000</u>		<u>600,000</u>	
Kwek Leng Hai	450,000	–	12 November 2000 to 12 February 2004	450,000	46.50
	600,000	–	12 November 2001 to 12 February 2004	600,000	46.50
	600,000	–	12 November 2002 to 12 February 2004	600,000	46.50
	600,000	600,000	12 November 2003 to 12 February 2004		
	<u>2,250,000</u>	<u>600,000</u>		<u>1,650,000</u>	

SUPPLEMENTARY INFORMATION (CONTINUED)

Share option scheme (continued)

The Company (continued)

Grantee	No. of share options		Exercise period of share option	No. of shares acquired on exercise of share options during the period	Weighted closing price immediately before the date of exercise HK\$
	as at 1 July 2002	as at 31 December 2002			
Sat Pal Khattar	60,000	–	12 November 1999 to 12 February 2004	60,000	47.50
	60,000	–	12 November 2000 to 12 February 2004	60,000	47.50
	60,000	–	12 November 2001 to 12 February 2004	60,000	47.50
	60,000	–	12 November 2002 to 12 February 2004	60,000	47.50
	60,000	60,000	12 November 2003 to 12 February 2004		
	<u>300,000</u>	<u>60,000</u>		<u>240,000</u>	
Kwek Leng San	60,000	–	12 November 2002 to 12 February 2004	60,000	45.60
	60,000	60,000	12 November 2003 to 12 February 2004		
	<u>120,000</u>	<u>60,000</u>		<u>60,000</u>	
Tan Lim Heng	200,000	–	12 November 2002 to 12 February 2004	200,000	47.50
	200,000	200,000	12 November 2003 to 12 February 2004		
	<u>400,000</u>	<u>200,000</u>		<u>200,000</u>	

SUPPLEMENTARY INFORMATION (CONTINUED)

Share option scheme (continued)

The Company (continued)

Grantee	No. of share options		Exercise period of share option	No. of shares acquired on exercise of share options during the period	Weighted closing price immediately before the date of exercise HK\$
	as at 1 July 2002	as at 31 December 2002			
Harry Richard Wilkinson	60,000	–	12 November 2001 to 12 February 2004	60,000	47.50
	60,000	–	12 November 2002 to 12 February 2004	60,000	47.50
	60,000	60,000	12 November 2003 to 12 February 2004		
	<u>180,000</u>	<u>60,000</u>		<u>120,000</u>	
James Eng, Jr.	200,000	–	12 November 2002 to 12 February 2004	200,000	47.50
	200,000	200,000	12 November 2003 to 12 February 2004		
	<u>400,000</u>	<u>200,000</u>		<u>200,000</u>	
Employees	120,000	–	12 November 2002 to 12 February 2004	60,000	47.50
	120,000	60,000 (Note)	12 November 2003 to 12 February 2004		
	<u>240,000</u>	<u>60,000</u>		<u>60,000</u>	

Note: The outstanding 120,000 share options with an exercise price of HK\$20.33 per share were lapsed following the resignation of one of the eligible employees during the period.

SUPPLEMENTARY INFORMATION (CONTINUED)

Share option scheme (continued)

The Company (continued)

No option was granted during the period under the ESOS which had expired on 30 July 2001 other than those granted options.

A new share option scheme (the "New Scheme") was adopted by the Company on 29 November 2001 for the grant of options over newly issued shares of the Company to eligible employees and directors pursuant to the provisions of Chapter 17 of the Listing Rules. No option was granted to any eligible employee and director pursuant to the New Scheme during the period.

On 16 December 2002, the Company adopted a share option plan (the "Share Option Plan") to enable the grant of options over existing issued shares of the Company. The Share Option Plan will eliminate the dilution effect on shareholders' interest, the Company's capital base and future return and the uncertainty of the timing of dilution caused by traditional share option scheme.

No option was granted pursuant to the Share Option Plan during the period.

GuocoLand Limited ("GLL")

GLL's Executive Share Option Scheme (the "Option Scheme") was approved by the shareholders of GLL on 31 December 1998 and further approved by the shareholders of the Company on 1 February 1999. The Option Scheme provides an opportunity for the employees of GLL Group who have contributed to the growth and development of the GLL Group to participate in the equity of GLL.

5,380,000 options were granted on 27 April 1999 to GLL employees including executive directors, which are exercisable at S\$2.28 per share. The date of expiration of the option is 26 April 2009. With the previous lapse of 1,270,000 options, the outstanding balance of options as at 1 July 2002 was 4,110,000 options. During the period, additional 120,000 options had lapsed. As no additional options were granted pursuant to the Option Scheme and no GLL shares were issued as a result of the exercise of options, the number of outstanding options as at 31 December 2002 was 3,990,000.

Apart from the interests of directors in the securities and share options of the Company and its associated companies disclosed above, as at 31 December 2002, there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

SUPPLEMENTARY INFORMATION (CONTINUED)

Substantial Shareholders

As at 31 December 2002, those persons (other than the directors of the Company) having an interest of 10% or more in the Company's issued share capital as recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance or as otherwise known to the directors of the Company, were as follows:

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

Notes:

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

SUPPLEMENTARY INFORMATION (CONTINUED)

Corporate Governance

In compliance with the Code of Best Practice, the Company has established a Board Audit Committee with written terms of reference. The Board Audit Committee comprises Messrs Harry Richard Wilkinson, Sat Pal Khattar, the independent non-executive directors, and Kwek Leng Hai, the President, CEO and executive director of the Company. The Board Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the unaudited interim results for the six months ended 31 December 2002 of the Company.

None of the Directors of the Company is aware of information which would reasonably indicate that the Company was not in compliance with the Code of Best Practice, as adopted by the Company, at any time during the six months ended 31 December 2002. The provisions in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are in principle incorporated in the Code of Best Practice adopted by the Company, except that the independent non-executive directors are not appointed for a specific term but their terms of office are subject to retirement by rotation and re-election at the annual general meetings in accordance with the Company's Bye-laws.

Closure of Register of Members

The Register of Members will be closed from 8 April 2003 to 11 April 2003, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the above interim dividend, all share transfers accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 7 April 2003.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 21 March 2003