Guoco Group Limited
國浩集團有限公司

(Incorporated in Bermuda with limited liability)

Audited Results of First Capital Corporation Ltd
for the year ended 30 June 2002

The board of directors of Guoco Group Limited ("Guoco") announces that First Capital Corporation Ltd ("FCC"), whose shares are listed on The Stock Exchange of Singapore Limited, and of which Guoco holds approximately 54.69% of the issued share capital, made an announcement on 13 September 2002 in respect of its audited results for the year ended 30 June 2002.

The audited results of FCC for the year ended 30 June 2002 are as follows (note: the expressions "Group", "Company" and "$" means "FCC group", "FCC" and "Singapore dollars" respectively):–

1. OPERATING RESULTS

	Group		Company	
	2002	**2001**	**2002**	**2001**
	$'000	*$'000*	*$'000*	*$'000*
Turnover	234,130	241,443	128,760	126,127
Cost of sales	(363,928)	(208,941)	–	–
Gross (loss)/profit	(129,798)	32,502	128,760	126,127
Investment (loss)/ income	(8,750)	19,400	82,830	68,516
Other income including interest income	4,619	6,815	45,930	57,611
Operating (loss)/profit before income tax, minority interests, interest on borrowings, depreciation and amortisation and foreign exchange loss	(168,082)	20,053	52,883	122,542
Interest on borrowings	(31,330)	(53,090)	(31,223)	(54,609)
Depreciation and amortisation	(998)	(1,057)	–	–
Foreign exchange loss	(4,306)	(1,505)	(2,662)	(2,968)
Operating (loss)/profit before income tax and minority interests but after interest on borrowings, depreciation and amortisation and foreign exchange loss	(204,716)	(35,599)	18,998	64,965
Income derived from associated companies	33,100	31,756	–	–
Operating (loss)/profit before income tax	(171,616)	(3,843)	18,998	64,965
Less income tax	(15,115)	(21,278)	(23,754)	(21,478)
Operating (loss)/profit after tax before deducting minority interests	(186,731)	(25,121)	(4,756)	43,487
Minority interests	6,806	927	–	–
Operating (loss)/profit after tax attributable to members of the Company	(179,925)	(24,194)	(4,756)	43,487

2. ADDITIONAL INFORMATION

	Group	
	2002	**2001**
a. Operating loss after tax before deducting minority interests as a percentage of turnover	(79.76%)	(10.40%)
Operating loss after tax attributable to members of the Company as a percentage of issued capital and reserves at end of year	(24.00%)	(2.40%)
Loss per ordinary share for the year based on operating loss after tax attributable to members of the Company after deducting any provision for preference dividends:–		
(i) Based on weighted average number of ordinary shares in issue	(49.41 cents)	(7.16 cents)
(ii) On a fully diluted basis	(43.81 cents)	(5.89 cents)
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the year	$1.92	$2.62

b.

	Group		Company	
	2002	**2001**	**2002**	**2001**
	$'000	*$'000*	*$'000*	*$'000*
Sales reported for first half year	133,713	143,663	62,759	76,939
Operating (loss)/profit after tax before deducting minority interests reported for first half year	(189,237)	29,440	27,672	40,662
Sales reported for second half year	100,417	97,780	66,001	49,188
Operating profit/(loss) after tax before deducting minority interests reported for second half year	2,506	(54,561)	(32,428)	2,825

c. There was a write back of $1,600,000 tax provisions in respect of prior years for the Company and its subsidiaries, mainly due to income tax rebates granted pursuant to the off-budget measures.

d. There were no pre-acquisition profits during the year.

e. Amount of profits on any sale of investments and/or properties

	Profit/(Loss)
	$'000
Sale of investment properties by a subsidiary	(23,754)
Sale of available-for-sale securities by a subsidiary	6,225

3. SEGMENTAL RESULTS

	Group Turnover		Group Profit/(Loss) Before Interest and Tax	
	2002	**2001**	**2002**	**2001**
	$'000	*$'000*	*$'000*	*$'000*
By Business Segments:–				
Property development	192,327	175,559	(145,627)	(14,191)
Property investment	19,059	17,290	17,693	77,933
Insurance	13,381	13,521	(4,468)	1,882
Fund management & investment trading	(3,162)	7,364	(3,975)	4,055
Equity investment	11,355	23,617	(2,651)	(21,971)
Other operations	136,300	129,161	128,020	120,637
Eliminations	(135,130)	(125,069)	(126,846)	(114,655)
Unallocated income	–	–	551	1,784
Unallocated expenses	–	–	(2,983)	(6,227)
	234,130	241,443	(140,286)	49,247
By Geographical Segments:				
Singapore	231,676	239,472	(174,704)	15,809
Others	2,454	1,971	34,418	33,438
	234,130	241,443	(140,286)	49,247

4. BALANCE SHEET

	Group		Company	
	As at 30/6/2002	**As at 31/12/2001**	**As at 30/6/2002**	**As at 31/12/2001**
	$'000	*$'000*	*$'000*	*$'000*
Non-Current Assets				
Plant and Equipment	1,886	1,994	–	–
Investment Properties	353,000	386,806	–	–
Interests in Subsidiaries	–	–	966,999	1,080,785
Interests in Associated Companies	546,969	536,690	207,830	208,575
Amounts due from Minority Shareholders of Subsidiaries	19,021	19,427	–	–
Amount due from a Related Party (non-trade)	–	4,399	–	–
Investment Securities	132,511	161,307	–	–
	1,053,387	1,110,623	1,174,829	1,289,360
Current Assets				
Development Properties	838,159	1,016,571	–	–
Trade and Other Receivables	60,381	32,757	685	2,247
Investment Securities	134,129	216,306	–	–
Cash and Cash Equivalents	250,796	146,069	272	19,681
	1,283,465	1,411,703	957	21,928
Less : Current Liabilities				
Trade and Other Payables	73,562	76,496	6,962	7,362
Interest Bearing Bank Loans and Borrowings – Current Portion	619,093	630,824	298,632	329,311
Provision for Taxation	18,669	21,383	15,962	16,378
Preference Dividend Payable	891	882	891	882
	712,215	729,585	322,447	353,933
Net Current Assets/(Liabilities)	571,250	682,118	(321,490)	(332,005)
Less : Non-Current Liabilities				
Amounts due to Minority Shareholders of Subsidiaries	16,460	15,338	–	–
Amount due to a Related Party (non-trade)	16,536	16,536	–	–
Interest Bearing Bank Loans and Borrowings	784,929	922,686	157,629	222,394
Deferred Taxation	11,051	5,880	–	–
Deferred Profit	19,500	19,500	19,500	19,500
	848,476	979,940	177,129	241,894
Less : Minority Interests	26,394	33,722	–	–
NET ASSETS	**749,767**	**779,079**	**676,210**	**715,461**
CAPITAL AND RESERVES				
Share Capital	369,162	369,127	369,162	369,127
Reserves	380,605	409,952	307,048	346,334
	749,767	**779,079**	**676,210**	**715,461**

5. REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group's turnover decreased slightly by 3% to $234.1 million for the financial year ended 30 June 2002. Turnover for the financial year was mainly from units sold in Aquarius By The Park, Sanctuary Green and The Gardens at Bishan.

During the financial year, the Group made steady progress in divesting its non-core and non-strategic assets and these include the following:–

- sale of A-Z Building, its only remaining industrial asset;
- sale of its remaining 5 office units in Parkway Parade;
- sale of quoted securities in its trading equity portfolio; and
- cessation of its fund management business.

The Company also entered into a heads of agreement for the sale of its interest in its insurance subsidiary. Subsequent to the end of the financial year, the Company signed a sale and purchase agreement to divest its 97.7% interest in the insurance subsidiary in 3 tranches of 56%, 24% and 17.7%. The sale of the first tranche of 56% was completed on 10 September 2002 and the remaining stake will be divested over the next 2 years.

For the first half of the financial year, the Group reported an operating loss after tax of $183.3 million and for the second half, there was an operating profit after tax of $3.4 million. Overall, the Group reported an operating loss after tax of $179.9 million in the financial year under review, compared with an operating loss after tax of $24.2 million in the previous financial year, due mainly to:–

- realised losses and provisions for foreseeable losses on its residential development projects in Singapore aggregating $155 million;
- realised losses of $24 million on the disposal of A-Z Building and the Parkway Parade office units;
- unrealised mark-to-market losses of $16 million on the Group's financial assets arising from fair value accounting under Singapore Accounting Standard 33 ("SAS 33").

The Group's associated companies contributed a profit of $33.1 million, an increase of 4% over the previous financial year. The profit contribution was mainly from its 34.54% associate, Benchmark Group PLC, which is listed on the London Stock Exchange.

The net tangible asset backing per share decreased from $2.62 as at 30 June 2001 to $1.92 as at 30 June 2002. The decrease was mainly due to the operating loss after tax of $179.9 million, a writedown of $31 million on the Group's investment properties and a reduction of $26 million to the Group's reserves in respect of unrealised mark-to-market losses on its long-term equity investments.

At the Company level, turnover comprising principally dividends and interest income from subsidiaries, increased slightly by 2% to $128.8 million. The Company recorded an operating loss after tax of $4.8 million compared to an operating profit after tax of $43.5 million in the previous financial year. This was principally attributable to provision in diminution in the values of certain subsidiaries.

With the progress in its divestment programme, the Group will be a more focused property-based company, with core businesses in property development, investment and management, in its key investment countries of Singapore, the United Kingdom and China.

Current developments

In line with the Group's continued focus on its property and property-related activities, the Company has entered into separate conditional sale and purchase agreements with Guoco, its ultimate holding company, to:–

- dispose of its 9.6% interest in Overseas Union Enterprise Limited ("OUE"), one of the quoted securities in its trading equity portfolio;
- acquire a 55% stake in Guoco Properties Limited, currently the Company's 45% associate and which has been the vehicle for the Group's property activities in China since 1994; and
- acquire a 30% stake in Guoman Hotel & Resort Holdings Sdn Bhd ("GHRH"), which owns a portfolio of assets consisting mainly of prime residential and commercial properties in Malaysia. The proposed acquisition is at an attractive price and presents an opportunity for the Company to work together with the established management team of Hong Leong Properties Berhad, the other 70% shareholder of GHRH, to optimise returns on the assets of GHRH.

The transactions are subject to shareholders' approval at an extraordinary general meeting to be held on 7 October 2002. The Company also proposes to raise up to $207 million by way of a renounceable rights issue to substantially fund the proposed acquisitions. The rights issue and the proposed acquisitions are inter-conditional and interdependent whilst the proposed disposal of OUE is for cash and is an independent transaction.

The Group currently has six launched developments on the market: Aquarius By The Park, Sanctuary Green, The Gardens at Bishan, Bishan Point, Le Crescendo and The Ladyhill (in which the Group has 40% interest). As at 12 September 2002, the Group has achieved sales of 99% in Aquarius By The Park, 50% in Sanctuary Green, 57% in The Gardens at Bishan, 86% in Bishan Point, 21% in Le Crescendo and 38% in The Ladyhill. The Group intends to launch 17 units of cluster housing at Elias Road by December 2002 and a 99-year leasehold condominium development at Leonie Hill by March 2003.

Save as disclosed above, in the opinion of the directors, no item, transaction or event of a material or unusual nature has arisen during the period from the end of the financial year under review to the date of this announcement which would substantially affect the results of the Group and of the Company.

6. COMMENTARY ON CURRENT YEAR PROSPECTS

Recent changes in the rules for financing the purchase of private properties which reduces the upfront cash outlay for buyers, coupled with low mortgage interest rates offered by banks, are positive developments for the local residential property market. However, sustainability of recovery hinges on external factors.

The profitability of the Group for the current year will depend on development sales in Singapore and China and contributions from its associated company, Benchmark Group PLC. The Group has financial assets which are marked to market pursuant to SAS 33. Consequently, market price movements of these financial assets have an impact on the Group's reserves or profitability.

7. DIVIDEND

a. The Board has recommended a first and final dividend of 5 cents per ordinary share (2001 : 5 cents per ordinary share) less 22.0% (2001 : 24.5%) income tax.

b. Total Annual Dividend Net of Tax

	2002	**2001**
	$'000	*$'000*
Ordinary	14,381	13,919
Preference	2,250	2,198
Total	16,631	16,117

Remarks: The Internet version of the results announcement of FCC for the year ended 30 June 2002 can be accessed at http://www.sgx.com.sg.

By order of the Board
Guoco Group Limited
Stella Lo Sze Man
Company Secretary

Hong Kong, 13 September 2002

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Journal.