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**Guoco Group Limited**

**國浩集團有限公司**

(Incorporated in Bermuda with limited liability)

**CONDITIONAL CASH OFFER**

by

**Morgan Stanley Dean Witter Asia Limited**

on behalf of

**Guoco Group Limited**

**to repurchase up to 86,000,000 Shares**

**(subject to adjustment for increase to up to 107,000,000 Shares)**

**at between HK\$50.00 and HK\$55.00 in cash per Share**

**DESPATCH OF CIRCULAR**

and

**ADDITIONAL INFORMATION ON THE OFFER**

The Board has decided to extend the Offer to all Shareholders (except any Shareholder whose registered address is in an Excluded Country), irrespective of whether they were registered as Shareholders on the previous record date of 16 October 2001.

The Circular, encompassing the notice of the SGM and the offer document in relation to the Offer, the Whitewash Waiver and the Creeper Authorisation, will be despatched to the Shareholders on 29 October 2001.

**Shareholders and potential investors are reminded that the Offer is subject to a number of Conditions being fulfilled and therefore may or may not become unconditional. Provided that all the Conditions are fulfilled, the Offer is expected to become unconditional on 14 November 2001. Details of the Conditions are set out in the Circular. The Offer will lapse if it does not become unconditional on or before 28 December 2001 (or such later date as the Company may determine).**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

**Shareholders should read the Circular carefully before taking any action in relation to the Offer. If any Shareholder is in any doubt, he should consult professional advisers.**

Reference is made to the announcements dated 8 September 2001, 14 September 2001, 16 October 2001 and 23 October 2001 (together, the "Announcement") by Guoco Group Limited (the "Company") in respect of the Offer.

Terms defined in the Announcement have the same meaning when used in this announcement, unless the context requires otherwise.

**CHANGES TO THE ORIGINAL TERMS OF THE OFFER**

As previously announced, in light of the public's response to the Offer after the Announcement, the board of directors of the Company (the "Board") has increased the initial Maximum Number of Shares to be repurchased under the Offer from 43,000,000 Shares to 86,000,000 Shares, representing approximately 20.13% of the existing issued share capital of the Company. The Maximum Number is subject to adjustment for an increase to up to 107,000,000 Shares. The Board has also increased the Range from between HK\$46.00 and HK\$51.00 in cash per Share to between HK\$50.00 and HK\$55.00 in cash per Share.

**In order to balance the interests of different Shareholder constituencies even more equitably, the Board has decided to extend the Offer to all Shareholders (except any Shareholder whose registered address is in an Excluded Country), irrespective of whether they were registered as Shareholders on the previous record date (which was set as 16 October 2001). Accordingly, any person who is registered as a Shareholder (except any Shareholder whose registered address is in an Excluded Country) as at the latest time for submission of Tenders (which is expected to be 4:00 pm on Monday, 26 November 2001) would be eligible to accept the Offer by way of Tenders and the previous record date has therefore become redundant for that purpose.**

The full terms and conditions of the Offer (including the procedures for tendering) are set out in the Circular.

**DESPATCH OF CIRCULAR**

The Circular, together with the proxy form for the SGM to be held on 14 November 2001, will be despatched to the Shareholders on 29 October 2001. A pre-printed Tender Form will also be despatched to each Shareholder (except any Shareholder whose registered address is in an Excluded Country, based on the Register as at the close of business on 26 October 2001, being the latest practicable date for that purpose) along with the Circular.

Any Shareholder may collect a copy of the Circular and (except any Shareholder whose registered address is in an Excluded Country) a blank Tender Form from the Registrar (being Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong) during business hours between Tuesday, 30 October 2001 and the last date for submission of Tenders (which is expected to be Monday, 26 November 2001), both dates inclusive. Such Shareholder may also contact the Registrar (through the enquiry hotline referred to below) and request a copy of the Circular and Tender Form (as appropriate) to be sent to his registered address as recorded in the Register.

The Circular contains, inter alia: (i) the detailed terms of the Offer; (ii) details relating to the Whitewash Waiver and the Creeper Authorisation being sought; (iii) a letter of advice from N M Rothschild & Sons (Hong Kong) Limited, the independent financial adviser, to the Independent Board Committee in relation to the approval of the Offer, the Whitewash Waiver and the Creeper Authorisation; (iv) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (v) certain financial information regarding the Company, including a statement of the pro forma unaudited adjusted consolidated net tangible assets of the Group (the "Adjusted NTA"); (vi) a summary of a valuation of some of the property interests of the Group as at 31 August 2001, carried out by DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ") who conducted property valuations in Singapore, CB Richard Ellis Limited ("CBRE (Hong Kong)") who conducted property valuations in Hong Kong and some parts of the PRC and CB Richard Ellis (Pte) Ltd. ("CBRE (Singapore)") who conducted property valuations in Singapore, all of whom are independent property valuers; (vii) a notice convening the SGM to be held at 10:00 am on Wednesday, 14 November 2001 for the purpose of approving the Offer, the Whitewash Waiver and the Creeper Authorisation; and (viii) other information given in compliance with the Repurchase Code and the Takeovers Code.

**PROPERTY VALUATIONS**

The Company has commissioned DTZ and CBRE (Singapore) to value some of the Group's property interests in Singapore and CBRE (Hong Kong) to value some of the Group's property interests in Hong Kong and some parts of the PRC as at 31 August 2001 for the specific and sole purpose of the Circular. A summary of such property valuations is set out in the Circular. Shareholders and potential investors should refer to the Circular for further details relating to the effect of the valuation surplus and the effect of the Offer on the Adjusted NTA.

**FINANCIAL INFORMATION ON THE GROUP**

The following is a statement of the Adjusted NTA as set out in the Circular, which is based on the audited consolidated net tangible assets of the Group as at 30 June 2001 and adjusted for the surplus arising from the valuation of the property interests of the Group as at 31 August 2001 (as referred to above).

	<i>HK\$M</i>
Audited consolidated net tangible assets of the Group as at 30 June 2001	32,110
Add: surplus arising from valuation of the properties and property interests of the Group as at 31 August 2001 ( <i>Note</i> )	159
Adjusted NTA prior to completion of the Offer	<u>32,269</u>
Adjusted NTA per Share prior to completion of the Offer (based on 427,131,086 Shares in issue)	<u>HK\$75.55</u>
Breakdown of Adjusted NTA per Share is as follows:	
Net cash (total cash less total debts)	<i>HK\$</i> 30.21
Investments	27.19
Properties	17.95
Other assets less liabilities	<u>0.20</u>
Total	<u>75.55</u>

	Upon completion of the Offer			
	Assuming repurchase of 86,000,000 Shares at HK\$50.00 per Share HK\$M	Assuming repurchase of 86,000,000 Shares at HK\$55.00 per Share HK\$M	Assuming repurchase of 107,000,000 Shares at HK\$50.00 per Share HK\$M	Assuming repurchase of 107,000,000 Shares at HK\$55.00 per Share HK\$M
Adjusted NTA prior to completion of the Offer	32,269	32,269	32,269	32,269
Less: Total consideration to be paid under the Offer	(4,300)	(4,730)	(5,350)	(5,885)
Adjusted NTA upon completion of the Offer	<u>27,969</u>	<u>27,539</u>	<u>26,919</u>	<u>26,384</u>
Number of Shares	341,131,086	341,131,086	320,131,086	320,131,086
Adjusted NTA per Share after completion of the Offer	<u>HK\$81.99</u>	<u>HK\$80.73</u>	<u>HK\$84.09</u>	<u>HK\$82.42</u>

*Note:* This represents the excess of the valuation of certain properties and property interests held by the Group over their carrying values as at 31 August 2001, according to the valuations performed by DTZ, CBRE (Hong Kong) and CBRE (Singapore).

The surplus, which arises from the revaluation of certain properties and property interests held by the Group as at 31 August 2001, for the specific and sole purpose of the Circular, will not be accounted for in the Group's financial statements for the year ending 30 June 2002.

## EXPECTED TIMETABLE

The expected timetable for the Offer set out below is indicative only and subject to change. All references to time are to Hong Kong time.

Despatch of the Circular	Monday, 29 October 2001
Offer period begins	Monday, 29 October 2001
Latest time for lodging form of proxy for the SGM	10:00 am on Monday, 12 November 2001
Latest time for requesting splitting of Tender Forms	4:00 pm on Monday, 12 November 2001
SGM	10:00 am on Wednesday, 14 November 2001
Announcement in newspapers of the results of the SGM and whether the Offer has become unconditional	Thursday, 15 November 2001
Last day of dealings in Shares cum-rights ( <i>Note 1</i> )	Tuesday, 20 November 2001
First day of dealings in Shares ex-rights ( <i>Note 1</i> )	Wednesday, 21 November 2001
Latest time to lodge transfers of Shares in order to qualify for the Offer and the final dividend ( <i>Note 1</i> )	4:00 pm on Thursday, 22 November 2001
Closure of the Register ( <i>Note 1</i> )	Friday, 23 November 2001 to Thursday, 29 November 2001
Latest time for submission of Tenders (i.e. close of the Offer) ( <i>Note 2</i> )	4:00 pm on Monday, 26 November 2001
Announcement in newspapers of results of the Offer and the Strike Price ( <i>Note 2</i> )	Wednesday, 28 November 2001
Record date ( <i>Note 1</i> )	Thursday, 29 November 2001
Despatch of cheques to Accepting Shareholders for amounts due in respect of successful Tenders and (as far as practicable) return of share certificates for wholly or partly unsuccessful Tenders ( <i>Note 2</i> )	on or before Saturday, 1 December 2001
Return of remaining share certificates (if any) for wholly or partly unsuccessful Tenders ( <i>Note 2</i> )	Wednesday, 5 December 2001

*Notes:* 1. The record date is only intended for the purpose of the final dividend for the year ended 30 June 2001. However, as the book closure period coincides with the latest time for submission of Tenders, it also affects participation in the Offer.

2. Assuming that the Offer is approved by the Independent Shareholders and becomes unconditional on 14 November 2001.

The Company will issue a further announcement if any change is made to the expected timetable set out above.

## FINAL DIVIDEND

As announced on 12 October 2001 when the final results of the Group for the year ended 30 June 2001 were released, the record date for the payment to Shareholders of the final dividend for the year ended 30 June 2001 will be 29 November 2001. In accordance with the terms of the Offer, successfully tendered Shares will not receive that final dividend. Therefore, if the Offer becomes unconditional, successfully tendered Shares under the Offer will be cancelled before such record date and will not rank for the final dividend. It is expected that successfully tendered Shares under the Offer will be cancelled on or before 28 November 2001.

## CLOSURE OF REGISTER OF MEMBERS

As a result of extending the Offer to all Shareholders (except any Shareholder whose registered address is in an Excluded Country), any person who is registered as a Shareholder (except any Shareholder whose registered address is in an Excluded Country) as at the latest time for submission of Tenders (which is expected to be 4:00 pm on Monday, 26 November 2001) would be eligible to accept the Offer by way of Tenders. The previous record date of 16 October 2001 has therefore become redundant for that purpose.

However, the Register will be closed from 23 November 2001 to 29 November 2001, both days inclusive, for the purpose of establishing entitlement to the final dividend for the year ended 30 June 2001. During that period, no Share transfers will be registered. In order to qualify for the final dividend, all duly completed transfers of Shares (accompanied by the relevant share certificates) must be lodged with the Registrar not later than 4:00 pm on Thursday, 22 November 2001. The last day of dealings in Shares on a cum-rights basis will be 20 November 2001.

Although the record date is only intended for the purpose of the final dividend for the year ended 30 June 2001, it also affects participation in the Offer as the book closure period coincides with the latest time for submission of Tenders. **In order to qualify for the Offer, all duly completed transfers of Shares (accompanied by the relevant share certificates) must therefore also be lodged with the Registrar not later than 4:00 pm on Thursday, 22 November 2001.**

Qualifying Shareholders can acquire additional Shares before the book closure period and tender Shares up to their entire holding as at the latest time for submission of Tenders for acceptance of the Offer.

## CONDITIONS OF THE OFFER

Shareholders and potential investors are reminded that the Offer is subject to a number of Conditions being fulfilled and therefore may or may not become unconditional. Provided that all the Conditions are fulfilled, the Offer is expected to become unconditional on 14 November 2001. Details of the Conditions are set out in the Circular. The Offer will lapse if it does not become unconditional on or before 28 December 2001 (or such later date as the Company may determine).

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

## ENQUIRIES HOTLINE

Should any Shareholder require any assistance in completing the Tender Form or have any queries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Shareholder may contact the Registrar at its hotline at (852) 2862 8633 during the period from 29 October 2001 to 7 December 2001 (both days inclusive) between 9:00 am and 5:00 pm (Hong Kong time) from Monday to Friday and between 9:00 am and 12:00 noon (Hong Kong time) on Saturdays.

## GENERAL

Shareholders should read the Circular carefully before taking any action in relation to the Offer. If any Shareholder is in any doubt, he should consult professional advisers.

By Order of the Board  
James Eng, Jr.  
Director

Hong Kong, 28 October 2001

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of their statements in this announcement misleading.

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