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Guoco Group Limited

國浩集團有限公司

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS

On 25 September 2003, Guoco and HLCCM entered into the Sale and Purchase Agreement with GLL for the proposed disposals of the Sale Shares to GLL at a total consideration of approximately RM158.0 million (approximately HK\$324.3 million) to be satisfied in full by the issue of 61,600,249 Consideration Shares at an issue price of S\$1.18 (approximately HK\$5.27) per Consideration Share. The Sale and Purchase Agreement constitutes connected transactions for Guoco under the Listing Rules. As the Purchase Consideration falls within the de minimis threshold as set out under Rule 14.25(1) of the Listing Rules, no independent shareholders' approval is required. Details of the Proposed Transactions will be disclosed in the next published annual report and accounts of Guoco in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

SALE AND PURCHASE AGREEMENT DATED 25 SEPTEMBER 2003

Parties

Vendors : Guoco and HLCCM

Purchaser : GLL

Sale Shares

An aggregate of 277,222,957 HLPB Shares, representing approximately 39.58% of the issued share capital of HLPB comprising:

- (a) 67,617,974 and 11,382,420 HLPB Shares (in aggregate, 79,000,394 HLPB Shares being approximately 11.28% of the issued share capital of HLPB) respectively held by GASB and GIB; and
- (b) 163,942,971 and 34,279,592 HLPB Shares (in aggregate 198,222,563 HLPB Shares being approximately 28.30% of the issued share capital of HLPB) respectively held by HLCCM and HLCS.

Consideration

The aggregate purchase consideration under the Sale and Purchase Agreement is approximately RM158.0 million (approximately HK\$324.3 million), which is calculated based on RM0.57 (approximately HK\$1.17) per HLPB Share being the simple average of the closing prices of the HLPB Shares quoted on the KLSE for the 30 consecutive trading days prior to the date of the Sale and Purchase Agreement.

The Purchase Consideration is to be satisfied through the issue of 61,600,249 Consideration Shares at an issue price of S\$1.18 (approximately HK\$5.27) for each Consideration Share which is based on the simple average of the closing prices of GLL shares quoted on the SGX-ST for the 30 consecutive trading days prior to the date of the Sale and Purchase Agreement. A total of 61,600,249 Consideration Shares, representing approximately 11.96% and 10.68% of GLL's existing and enlarged issued share capital immediately after the issue thereof respectively, will be issued in the following manner:

- (a) 17,554,260 Consideration Shares (representing approximately 3.41% and 3.04% of the existing and enlarged issued share capital of GLL respectively) at the issue price of S\$1.18 each (with the total value of these Consideration Shares amounting to approximately S\$20.7 million (approximately HK\$92.4 million)) to be issued to GASB and GIB or their nominee(s) in satisfaction of the Purchase Consideration of approximately RM45.0 million (approximately HK\$92.4 million) payable by GLL; and
- (b) 44,045,989 Consideration Shares (representing approximately 8.55% and 7.64% of the existing and enlarged issued share capital of GLL respectively) at the issue price of S\$1.18 each (with the total value of these Consideration Shares amounting to approximately S\$51.97 million (approximately HK\$231.9 million)) to be issued to HLCM and HLCS or their nominee(s) in satisfaction of the Purchase Consideration of approximately RM113.0 million (approximately HK\$231.9 million) payable by GLL.

Guoco's interests in GLL will be reduced from approximately 61.48% to 57.96% immediately after the issue of the Consideration Shares.

Conditions Precedent

The completion of the Sale and Purchase Agreement is conditional upon, amongst other things, the fulfillment of the following conditions precedent:

- (a) GLL having undertaken and completed, at its expense, such legal and financial due diligence investigations as it may in its discretion deem appropriate in respect of the HLPB Group, and the results of such due diligence investigations being satisfactory in all material respects to GLL;
- (b) the approval of the shareholders of GLL for the Proposed Transactions (including the purchase of the Sale Shares and the issue of the Consideration Shares) being obtained at a general meeting of the shareholders of GLL and such approval not being withdrawn or revoked or amended;
- (c) the in-principle approval of the SGX-ST having been obtained by GLL for the listing and quotation of the Consideration Shares on the SGX-ST upon their issue and allotment;
- (d) the acquisition of the Sale Shares not resulting in GLL being obliged to make a general offer for HLPB (including, without limitation, the granting of an exemption by the Securities Commission of Malaysia from the obligation to make a general offer being so triggered on terms acceptable to GLL).
- (e) the approval of the shareholders of HLCM for the sale of the relevant HLPB Shares to GLL being obtained at a general meeting of HLCM; and
- (f) all necessary consents and approvals from any governmental or regulatory body or relevant competent authority or any other third party (whether regulatory or otherwise) in Singapore, Hong Kong (if applicable), and Malaysia for the Proposed Transactions (including without limitation, the approvals from the Foreign Investment Committee of Malaysia and Bank Negara Malaysia (the Central Bank of Malaysia)), being obtained and not withdrawn or revoked.

Remarks:

Foreign Investment Committee is a Malaysian government authority responsible for coordinating and regulating proposals for the acquisition of assets or any interests, mergers and take-overs of companies and businesses in Malaysia. Also, as Consideration Shares (equivalent to foreign exchange) are to be issued (paid) to HLCM and HLCS, approval is required from Bank Negara Malaysia, the Central Bank of Malaysia.

If any of the above conditions precedent is not fulfilled or waived by the date falling 6 months from the date of the Sale and Purchase Agreement (or such other date as the parties may mutually agree), the Sale and Purchase Agreement shall lapse and none of the parties shall have any claim against the others.

Completion

Completion of the Sale and Purchase Agreement will take place on the third business day after the fulfillment or waiver of all the conditions precedent.

RELEVANT CHANGES IN SHAREHOLDINGS IN HLPB AND GLL

The interests of the relevant parties in HLPB before and after the Proposed Transactions are as follows:

	Before the Proposed Transactions		After the Proposed Transactions	
	No. of HLPB Shares	% of shareholding¹	No. of HLPB Shares	% of shareholding¹
Guoco Group ²	79,000,394	11.28	Nil	Nil
HLCM Group	207,317,998	29.60	9,095,435	1.30
GLL Group	1,010,500	0.14	278,233,457	39.72

Notes:

1. The shareholding is calculated based on the existing issued share capital of HLPB of 700,458,418 HLPB Shares as at the date of this announcement.
2. Exclude GLL Group for this table only.

The interests of the relevant parties in GLL before and after the Proposed Transactions are as follows:

	Before the Proposed Transactions		After the Proposed Transactions	
	No. of GLL shares	% of shareholding³	No. of GLL shares	% of shareholding⁴
Guoco Group	316,858,884	61.48	334,413,144	57.96
HLCM Group	Nil	Nil	44,045,989	7.64

Notes:

3. The shareholding is calculated based on the existing issued share capital of GLL of 515,349,696 ordinary shares as at the date of this announcement.
4. The shareholding is calculated based on the enlarged issued share capital of GLL of 576,949,945 ordinary shares after the issue of Consideration Shares.

TERMS OF THE SALE AND PURCHASE AGREEMENT

The directors of Guoco (including the independent non-executive directors) confirmed that the terms and conditions of the Sale and Purchase Agreement were arrived at after arm's length negotiation based on normal commercial terms and were considered to be fair and reasonable so far as Guoco and its shareholders are concerned.

REASONS FOR THE PROPOSED TRANSACTIONS

The Proposed Transactions are a restructure exercise within Guoco Group in line with the strategic initiative to develop GLL Group into a regional property group in Asia. The restructure exercise consolidates HLPB Shares held by GASB, GIB, HLCM and HLCS into GLL to allow GLL Group to build up its presence in the property market of Malaysia via its participation in HLPB Group, a listed property group with established management team and good local knowledge of the Malaysian property market. The directors of Guoco believe that such restructure exercise will enhance management efficiency of Guoco Group's property business with GLL Group's knowledge and expertise given its continued focus on the property industry. Guoco will in turn benefit through its interests in GLL Group.

CONNECTED TRANSACTIONS

GLL is a 61.48% owned subsidiary of Guoco. HLCM is a deemed substantial shareholder holding approximately 41.98% of the issued share capital of Guoco. Mr. Quek Leng Chan, Executive Chairman of Guoco, is a director and a substantial shareholder of HLCM.

The Sale and Purchase Agreement constitutes connected transactions for Guoco under the Listing Rules. As the Purchase Consideration under the Sale and Purchase Agreement falls within the de minimis threshold as set out under Rule 14.25(1) of the Listing Rules, no independent shareholders' approval is required. Details of the Proposed Transactions will be disclosed in the next published annual report and accounts of Guoco in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

GENERAL

Guoco is an investment holding company and the principal activities of its subsidiaries and associated companies include stock and commodity broking, investment advisory, insurance, fund management, treasury and investment management, banking and finance as well as property development and merchant banking.

GLL is an investment holding company and its principal activities encompass property development and investment and investment holding.

HLPB is an investment holding company and its subsidiaries principally engage in property development, letting of investment property, property investment and hotel operations, investment holding, trading in securities, provision of management services and provision of construction management services. HLPB Group has a substantial land bank in Malaysia for residential and commercial property development.

The translations between:

1) *Ringgit Malaysia and Hong Kong dollars at RM1 = HK\$2.0526*

2) *Singapore dollars and Hong Kong dollars at S\$1 = HK\$4.4622*

as stated in this announcement are for reference purpose only.

Definitions

“Consideration Share(s)”	Ordinary share(s) of S\$1.00 each in the issued share capital of GLL
“GASB”	Guoco Assets Sdn Bhd, a company incorporated in Malaysia and a wholly owned subsidiary of Guoco
“GIB”	Guoco Investments (Bermuda) Limited, a company incorporated in Bermuda and a wholly owned subsidiary of Guoco
“GLL”	GuocoLand Limited, a company incorporated in Singapore and listed on the Main Board of SGX-ST
“GLL Group”	GLL and its subsidiaries
“Guoco”	Guoco Group Limited, a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange
“Guoco Group”	Guoco and its subsidiaries
“HK\$”	Hong Kong dollars
“HLCM”	Hong Leong Company (Malaysia) Berhad, an investment holding company incorporated in Malaysia
“HLCM Group”	HLCM and its subsidiaries
“HLCS”	Hong Leong Consultancy Services Sdn Bhd, a company incorporated in Malaysia and a wholly owned subsidiary of HLCM
“HLPB”	Hong Leong Properties Berhad, a company incorporated in Malaysia and listed on the Main Board of the KLSE
“HLPB Group”	HLPB and its subsidiaries
“HLPB Share(s)”	Ordinary share(s) of RM0.50 each in the issued share capital of HLPB
“KLSE”	Kuala Lumpur Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Purchase Consideration”	The purchase consideration of an aggregate of approximately RM158.0 million (approximately HK\$324.3 million) payable by GLL to Guoco (approximately RM45.0 million (approximately HK\$92.4 million)) and HLCCM (approximately RM113.0 million (approximately HK\$231.9 million)) to purchase the HLPB Shares
“RM”	Ringgit Malaysia
“S\$”	Singapore dollars
“Sale and Purchase Agreement”	A conditional sale and purchase agreement dated 25 September 2003 entered into by Guoco, HLCCM and GLL
“Sale Shares”	A total of 277,222,957 HLPB Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Proposed Transactions”	The proposed transactions contemplated under the Sale and Purchase Agreement

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

Hong Kong, 25 September 2003

Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Journal.