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國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

**PROPOSED AMENDMENTS TO
THE GUOCOLAND LIMITED EXECUTIVES' SHARE OPTION SCHEME
AND CONTINUING CONNECTED TRANSACTIONS**

GLL proposes to amend certain provisions of the ESOS in compliance with Chapter 17 of the Listing Rules and to modify the structure of the ESOS to provide for the satisfaction of the exercise of Options by the Participants through the issue of new GLL Shares or the transfer of existing GLL Shares or a combination of both.

The Grant of Loans and the Grant of Options constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Connected persons (as defined in the Listing Rules) of the Company who fall within the definition of "Participants" are required to abstain from voting in respect of the ordinary resolution to approve the Continuing Connected Transactions to be proposed at the Special General Meeting.

Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions.

A circular containing further information on the proposed amendments to the ESOS, the Continuing Connected Transactions, the recommendation of the Independent Board Committee, a letter of advice from Access Capital and the notice convening the Special General Meeting will be despatched to GGL Shareholders on 28 September 2004.

BACKGROUND

On 31 December 1998, the ESOS was approved and adopted by GLL Shareholders. GLL proposes to amend certain provisions of the ESOS in compliance with Chapter 17 of the Listing Rules and to modify the structure of the ESOS to provide for the satisfaction of the exercise of Options by the Participants through the issue of new GLL Shares or the transfer of existing GLL Shares or a combination of both.

Pursuant to the ESOS (if modified as described below), the Trust will be set up to acquire existing GLL Shares for the purpose of satisfying outstanding Options from time to time. GLL or its subsidiaries will make Loans to the Trust from time to time to enable the Trust to acquire existing GLL Shares for the purpose of the Trust, and the Loans are expected to be repaid from the exercise price received by the Trust upon the exercise of Options.

PROPOSED AMENDMENTS TO THE ESOS

1 Amendments to comply with the Listing Rules

Under Chapter 17 of the Listing Rules, all schemes involving the grant of options by GGL or its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of Chapter 17 of the Listing Rules, with appropriate modifications. The Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements under Chapter 17 of the Listing Rules and the requirements of the other stock exchange. GLL is accordingly proposing certain amendments to the ESOS for such compliance purpose. The following amendments are highlighted:

- (a) the duration of the ESOS is to be reduced from 15 to 10 years;
- (b) a limit on the maximum entitlement for each Participant, will be imposed, that is, no Options may be granted to any Participant in any 12-month period that would enable such Participant becoming entitled to subscribe for ESOS Shares exceeding in nominal value of one per cent. (1%) of the share capital of GLL in issue immediately before such subscription, unless approval shall have been obtained from GGL Shareholders; and
- (c) with regard to the maximum size of the ESOS, pursuant to the Listing Rules, there is a requirement that the total number of ESOS Shares which may be issued or transferred upon exercise of all options to be granted pursuant to the ESOS and any other schemes of GLL must not exceed ten per cent. (10%) of the share capital of GLL in issue at the time that such proposed amendments to the rules of the ESOS are approved by GGL Shareholders or GLL Shareholders, whichever is the later.

The proposed amendments to the rules of the ESOS to comply with the Listing Rules are subject to the approvals of both GGL Shareholders and GLL Shareholders and will take effect from the date of such approvals (whichever is the later if they are not obtained in the same day).

2 Amendments to allow Options over Existing Issued Shares

GLL also proposes amendments to alter the structure of the ESOS which currently provides for the issue of new GLL Shares by GGL in respect of the exercise of Options granted to the Participants, so as to enable the satisfaction of the exercise of Options through:

- (a) the issue of new GLL Shares; or
- (b) the transfer of existing GLL Shares; or
- (c) a combination of both new GLL Shares and existing GLL Shares.

In considering whether to issue new GLL Shares or to transfer existing GLL Shares for the purpose of the ESOS, factors such as the prevailing market price of GLL Shares, funding consideration and dilutive effects on the share capital of GLL would be taken into consideration. The acquisition of existing GLL Shares would be from the market by the Trust to be established by GLL and the Trustee. The Trust will be administered by the Trustee who will not be a connected person (as defined in the Listing Rules) to GGL or any of its subsidiaries.

The modified ESOS would provide flexibility to GLL in providing alternatives in implementing the ESOS as GLL can now satisfy the exercise of an Option through the transfer of existing GLL Shares. Further, the Grant of Options over existing GLL Shares would avoid the potential dilutive effect on GLL's capital base and future returns.

GLL received, on 28 October 2003, the in-principle approval from the SGX-ST regarding the listing and quotation of the new GLL Shares arising from the exercise of Options granted under the modified ESOS.

In order to accommodate the Trust and the Grant of Options over existing GLL Shares (in addition to unissued GLL Shares) within the framework of the existing ESOS, GLL has proposed certain amendments to the ESOS.

These amendments do not require approval of GLL Shareholders under the rules of the ESOS or the Listing Manual of SGX-ST as they do not confer any additional rights or privileges to the Participants and are, in fact, to the benefit of GLL as it provides greater flexibility to GLL in fulfilling the exercise of the Options under the ESOS. Further, the amendments do not alter adversely the rights attaching to the holders of the Options. The current holders of Options granted would continue to be entitled to exercise the Options granted for the same number of GLL Shares at the same price, through the same mechanism, as that prior to the amendments, albeit the exercise of such Options could be satisfied by GLL by way of issue of new GLL Shares and/or transfer of existing GLL Shares, as GLL may determine. Accordingly, GLL will, upon the proposed amendments to the ESOS taking effect, be entitled to satisfy the Options already granted, as well as Options to be granted in the future, by way of the issue of new GLL Shares, or the transfer of existing GLL Shares, or a combination of both new GLL Shares and existing GLL Shares. The Continuing Connected Transactions arising from these amendments will comply with Chapter 14A of the Listing Rules.

GLL will establish the Trust as soon as practicable after the Independent Shareholders' approval of the Continuing Connected Transactions and GGL Shareholders' approval of the amendments to the ESOS at the SGM.

CONTINUING CONNECTED TRANSACTIONS

Participants of the ESOS include executive directors of GLL Group who are deemed to be connected persons of GGL under the Listing Rules. The Grant of Options, the exercise of which may be satisfied by transfer of existing GLL Shares and the Grant of Loans constitute continuing connected transactions of GGL under Chapter 14A of the Listing Rules. No directors and substantial shareholders at the Company's level are eligible to be a Participant of the ESOS.

In accordance with the Trust Deed, GLL will make Loans to the Trust from time to time upon such terms and conditions as GLL and the Trustee may agree. Loans that will be provided by GLL to the Trust will be subject to the maximum subsisting amount of HK\$926,000,000 or its equivalent amount in other currencies which is less than 2.5% of the value of the Total Assets based on the latest published audited accounts of the Company for the year ended 30 June 2004.

The Loans will enable the Trust to acquire existing GLL Shares for the purpose of the Trust. The Loans are expected to be repaid from the exercise price received by the Trust upon the exercise of Options. Before the relevant GLL Shares are transferred to the Participant upon an exercise of the relevant Options, any income derived from the holding of such GLL Shares will be used by the Trust to pay for its establishment and administrative expenses, interest (if any) on the bonus and as financing for further acquisitions of existing GLL Shares.

The Grant of Options will continue until the expiry of the ESOS while the Grant of Loans will continue until all outstanding Options being exercised, cancelled or lapse. The Grant of Loans and the Grant of Options on a continuous basis therefore constitute continuing connected transactions of the Company under the Listing Rules. Accordingly, the Connected Continuing Transactions will, in accordance with the Listing Rules, be required to seek Independent Shareholders' approval and be voted on by way of poll at the Special General Meeting.

The Continuing Connected Transactions will be subject to the reporting requirements under Rule 14A.45, Rule 14A.46 and Rules 17.07 to 17.09 of the Listing Rules. The Company will also comply with the requirements of annual review by the independent non-executive Directors and auditors of the Company under Rules 14A.37 to 14A.38.

RATIONALE

The Board believes the structure of the ESOS will allow more flexibility to GLL in terms of remunerating the Participants. GLL will be in a position to structure incentives for the Participants in order to align their interests with the performance of GLL, with a view to improve the operations of GLL.

Further, the modified ESOS would provide flexibility to GLL in providing alternatives in implementing the ESOS as GLL can satisfy the exercise of an Option through the transfer of existing GLL Shares or the issue of new GLL Shares. The grant of Options over existing GLL Shares would avoid the potential dilutive effect on GLL's capital base and future returns, as well as the timing for any such dilution. The acquisition of existing GLL Shares by the Trustee for the purpose of the ESOS from time to time would provide additional flexibility to GLL and allow GLL to achieve greater efficiency in packaging the remuneration for the Participants.

The Continuing Connected Transactions will be conducted on the terms as set out in the ESOS and the Trust Deed, which will be fair and reasonable to GGL and GGL Shareholders. In view of the benefits of the ESOS to GLL and GLL Shareholders including the Company which is the majority shareholder holding 62.4% of GLL's issued share capital, the Directors consider it to be beneficial to GGL and GGL Shareholders for GLL to undertake the Continuing Connected Transactions.

INFORMATION ON THE GROUP AND GLL GROUP

The Group is principally engaged in investment and treasury management, property development and investment, stock and commodity broking and insurance.

GLL is an investment holding company and the principal activities of its subsidiaries encompass property development, property investment, property management and property-related activities, with operations in the key geographical markets of Singapore, the People's Republic of China and Malaysia.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Messrs. Harry Richard Wilkinson, Sat Pal Khattar and Volker Stoeckel (all of whom are independent non-executive Directors), has been established to consider the terms of the Continuing Connected Transactions and to advise the Independent Shareholders.

Access Capital has been appointed by the Independent Board Committee to advise it and the Independent Shareholders as to whether the terms and conditions of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and to give its opinion in relation to the Continuing Connected Transactions for the Independent Board Committee's consideration in issuing the Independent Board Committee's opinion to the Independent Shareholders so as to enable the Independent Shareholders to consider whether to vote in favour or against the ordinary resolutions to be put forth at the Special General Meeting.

SPECIAL GENERAL MEETING AND CIRCULAR

A special general meeting of the Company will be held at Room 1505, 15th Floor, The Center, 99 Queen's Road Central, Hong Kong on Friday 15 October 2004 at 10:00 a.m. or immediately following the closure of the annual general meeting of the Company convened on the even day, at which, amongst other things, ordinary resolutions will be proposed to approve (i) the Continuing Connected Transactions; and (ii) the approval to the amendments to the ESOS by the Company.

Connected persons (as defined in the Listing Rules) of the Company who fall within the definition of Participants under the ESOS will abstain from voting in respect of the ordinary resolutions to approve the Continuing Connected Transactions to be proposed at the Special General Meeting.

No directors and substantial shareholders at the Company's level are eligible to be a Participant of the ESOS. Hence, the controlling shareholder of the Company, GuoLine Overseas Limited which holds 65.52% of the Company's issued share capital as at the date of this announcement, is entitled to vote at the Special General Meeting.

A circular to shareholders setting out details of the proposed amendments to the ESOS, the Continuing Connected Transactions, a letter from the Independent Board Committee, a letter from Access Capital and a notice convening the Special General Meeting will be despatched to GGL Shareholders on 28 September 2004.

As at the date of this announcement, the Board comprises Mr. Quek Leng Chan as Executive Chairman, Mr. Kwek Leng Hai as President, CEO, Mr. Tan Lim Heng and Mr. James Eng, Jr. as executive Directors, Mr. Kwek Leng San as non-executive Director and Mr. Sat Pal Khattar, Mr. Harry Richard Wilkinson and Mr. Volker Stoeckel as independent non-executive Directors.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Access Capital”	Access Capital Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Continuing Connected Transactions, and a deemed licensed corporation under the Securities & Futures Ordinance permitted to engage in types 1, 4, 6 and 9 regulated activities under the Securities & Futures Ordinance
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“Board”	the board of directors of the Company
“Company” or “GGL”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“ESOS”	the GuocoLand Limited Executives’ Share Option Scheme
“ESOS Share(s)”	GLL Share(s) to be issued and/or transferred under the ESOS
“Grant of Loans”	the granting of Loans by GLL or its subsidiary(ies) to the Trust, the beneficiaries of which may include connected persons of the Company (as defined in the Listing Rules) from time to time pursuant to the Trust Deed
“Grant of Options”	the granting of Options by GLL to any Participant (who may include chief executive and directors of GLL Group, connected persons (as defined in the Listing Rules) of the Company) pursuant to the ESOS
“Group”	the Company and its subsidiaries
“GGL Shareholder(s)”	shareholder(s) of the Company
“GLL”	GuocoLand Limited, a 62.4% owned subsidiary of the Company listed on SGX-ST
“GLL Group”	GLL and its subsidiaries
“GLL Shares”	ordinary shares of S\$1.00 each in the capital of GLL
“GLL Shareholder(s)”	shareholder(s) of GLL
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising Messrs. Harry Richard Wilkinson, Sat Pal Khattar and Volker Stoeckel, all of them are independent non-executive Directors

“Independent Shareholders”	GGL Shareholders other than those who are connected persons (as defined in the Listing Rules) of the Company and who also fall within the definition of “Participants”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	loans that will be granted by GuocoLand or any of its subsidiaries to the Trust pursuant to the Trust Deed, the maximum subsisting amount of HK\$926,000,000 or its equivalent amount in other currencies which is less than 2.5% of the value of the Total Assets based on the latest published audited accounts of the Company for the year ended 30 June 2004
“Continuing Connected Transactions”	connected transactions which will be entered into continually for the purpose of the ESOS, comprising the Grant of Loans and the Grant of Options
“Option”	the right to acquire ESOS Shares granted or to be granted pursuant to the ESOS for the time being subsisting
“Participant(s)”	confirmed employee(s) of the GLL Group, and the executive directors of GLL, who have been selected by the Committee to participate in the ESOS in accordance with the terms
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Special General Meeting” or “SGM”	the special general meeting of the Company to be held at Room 1505, 15th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 15 October 2004 at 10:00 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same date and place, shall have been concluded or adjourned) to approve: (i) the Continuing Connected Transactions; and (ii) the proposed amendments to the ESOS
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” and “cents”	the lawful currency of the Republic of Singapore (in dollars and cents respectively)
“Total Assets”	total assets as defined under Rule 14.04(12) of the Listing Rules
“Trust”	the trust constituted by the Trust Deed
“Trustee”	a trust company unrelated to GLL

“Trust Deed”

the trust deed to be entered into between GLL and the Trustee to constitute the Trust

“%”

per cent.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 27 September 2004