

JOINT PRESS RELEASE



**PROPOSED PRIVATISATION OF GUOCO GROUP LIMITED BY GUOLINE OVERSEAS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT AND PROPOSED SPECIAL DIVIDEND BY WAY OF
DISTRIBUTION IN-SPECIE BY GUOCO GROUP LIMITED
OF ORDINARY SHARES IN HONG LEONG FINANCIAL GROUP BERHAD**

THE PROPOSAL

On 29 June 2018, Guoco Group Limited (“**Guoco**”) and the Offeror, GuoLine Overseas Limited (“**GOL**”), made a joint announcement that GOL has requested the board of directors of Guoco to put forward a proposal to Guoco’s shareholders (“**Shareholders**”) to privatise Guoco by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda (“**Scheme**”) and, subject to the Scheme having become binding and effective in accordance with its terms, the payment by Guoco of a special dividend (by way of a distribution in-specie) of up to 291,117,141 ordinary shares in Hong Leong Financial Group Berhad (“**HLFG**”) to Shareholders whose names appear on Guoco’s register of members on the Record Date (“**Distribution**”, together with Scheme, “**Proposal**”) (“**Announcement**”).

Guoco has an approximate 25.37% shareholding interest in HLFG, a company listed on Bursa Malaysia. The Scheme and the Distribution are inter-conditional and will only consummate if both are approved and the Scheme has become binding and effective in accordance with its terms. The conditions of the Scheme and the Distribution are set out in the Announcement (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0702/LTN20180702049.pdf>). The relevant Scheme Shareholders are urged to read the Announcement for full details.

Upon completion of the Proposal, GOL will own 100% of Guoco. Guoco will, as soon as practicable thereafter, apply for the withdrawal of the listing of its shares (“**Shares**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

Words and expressions used herein shall, unless indicated otherwise, have the same meaning as used in the Announcement.

BRIEF TERMS OF THE PROPOSAL

Under the Proposal, the Scheme Shareholders will be able to receive the Scheme Consideration together with their entitlements under the Distribution.

The Scheme Shareholders can irrevocably elect whether to receive their entitlements under the Distribution either:

- in cash (the Cash Alternative in an amount calculated by reference to the VWAP Price per HLFG Share). The VWAP Price means the volume weighted average closing price of the HLFG Shares throughout the 14 trading day period ending on the date¹ that is 16 days prior to the Court Meeting, converted to HK\$ using the Distribution Exchange Rate; or
- in scrip form (as Scrip Alternative Shares).

¹ or, if such date is not a trading day on Bursa Malaysia, the first day preceding such date which is a trading day on Bursa Malaysia.

CASH ALTERNATIVE

Those Scheme Shareholders electing to receive the Cash Alternative will be entitled to receive a Total Price of HK\$135 per Scheme Share comprising:

- a cash amount per Scheme Share equal to the Scheme Consideration (under the Scheme) to be paid by GOL; and
- the Cash Alternative Amount (under the Distribution) to be arranged by GOL equal to 0.8847 HLFG Shares multiplied by the VWAP Price.

SCRIP ALTERNATIVE

Those Scheme Shareholders electing to receive the Scrip Alternative will be entitled to receive:

- a cash amount per Scheme Share equal to the Scheme Consideration (under the Scheme) to be paid by GOL; and
- the Scrip Alternative Shares (under the Distribution) (i.e. 0.8847 HLFG Shares for every one Share, rounded down to the nearest whole number).

The amount of the Scheme Consideration that each Scheme Shareholder will receive will be the same regardless of whether a Scheme Shareholder elects to receive the Cash Alternative Amount or the Scrip Alternative Shares. The Scheme Consideration is equal to the Total Price less the Cash Alternative Amount and will be determined once the Cash Alternative Amount has been calculated.

ILLUSTRATION ONLY

The following is an illustration only of a Scheme Shareholder holding 1 board lot (i.e. 1,000 Scheme Shares).

Option 1 : Cash Alternative

If Option 1 is elected, the Scheme Shareholder will receive cash of HK\$135,000 (being Total Price x 1,000). GOL will arrange for third party purchasers (who are not Shareholders) to purchase the relevant HLFG Shares and procure the payment of the Cash Alternative Amount.

Option 2 : Scrip Alternative

The Scheme Shareholder will receive a cash amount for the Scheme Consideration of 1,000 x (an amount being the Total Price minus (VWAP Price x 0.8847)) and 884 HLFG Shares (rounded down to the nearest whole number from 884.7).

The Scheme Shareholder can irrevocably elect to receive the Cash Alternative or the Scrip Alternative in respect of some or all of his, her or its Scheme Shares.

In the event that a Scheme Shareholder does not elect to receive their entitlement under the Cash Alternative or the Scrip Alternative, or if such election is unclear or invalid, such Scheme Shareholder will be deemed to have elected to receive their entitlement under the Cash Alternative, subject to the Scheme having become binding and effective in accordance with its terms.

The actual amounts of the Scheme Consideration and the Cash Alternative Amount will be confirmed at the end of the VWAP Period and notified to Shareholders by way of a separate announcement which will be made at least 14 days before the Court Meeting.

TOTAL PRICE

The Total Price of HK\$135 represents:-

- a premium of approximately 14.4% over the closing price of HK\$118.00 per Share on 29 June 2018;
- a premium of approximately 17.7% over the volume weighted average closing price (“**Weighted Price**”) of approximately HK\$114.66 per Share based on the daily closing prices as quoted on the Stock Exchange (“**Daily Closing Prices**”) for the 30 trading days up to and including on 29 June 2018;
- a premium of approximately 22.7% over the Weighted Price of approximately HK\$109.99 per Share based on the Daily Closing Prices for the 60 trading days up to and including on 29 June 2018;
- a premium of approximately 24.0% over the Weighted Price of approximately HK\$108.88 per Share based on the Daily Closing Prices for the 90 trading days up to and including on 29 June 2018; and
- a discount of approximately 32.7% to the unaudited consolidated net asset value per Share attributable to Shareholders of approximately HK\$200.63 as at 31 December 2017.²

REASONS AND BENEFITS OF THE PROPOSAL

The Proposal, if successful, will facilitate integration between GOL and its subsidiaries and Guoco. It will provide GOL with greater flexibility to support the future business development of Guoco and its subsidiaries.

If successful, the Proposal is also expected to lead to cost savings through the simplification of the structure and dispensation of costs associated with compliance and maintaining the listing of the Shares. Moreover, it will allow Guoco to solely focus its resources on business operations.

GOL’s board of directors is of the view that the terms of the Proposal are attractive to the Scheme Shareholders and that the Proposal is beneficial to the Scheme Shareholders in the following ways:

- (a) the Proposal represents an attractive opportunity to realise value at a substantial premium.** During the 90 consecutive trading days up to and including on 29 June 2018, the Shares traded within the closing price range of HK\$103.00 to HK\$121.30 per Share. The Total Price represents a premium of approximately 24.0% over the Weighted Price of HK\$108.88 per Share over the same period;
- (b) the Proposal provides an opportunity for the Scheme Shareholders to realise their Shares in return for cash.** During the 90 consecutive trading days up to and including on 29 June 2018, the daily average trading volume of the Shares was 30,266 Shares, or approximately 0.01% of the total issued Shares as at 29 June 2018. Given that the Shares are generally thinly traded, there is limited opportunity for the Scheme Shareholders to divest their investment in Guoco. The Proposal represents an option to the Scheme Shareholders to exit from their investment in Guoco;

² This is calculated based on Guoco’s unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$66,018,263,000 as at 31 December 2017 and 329,051,373 Shares in issue as at 31 December 2017.

- (c) **an alternative general offer for the Shares is unlikely.** Given that GOL holds approximately 71.88% of the issued share capital of Guoco and that GOL has indicated that it holds such Shares as a long-term investment, it is unlikely that there will be any general offers at a premium by third parties for the Shares held by the Scheme Shareholders; and
- (d) **the Proposal provides an opportunity for holders of Shares to retain their exposure to HLFG.** The successful completion of the Scheme, in the absence of the Distribution, would lead to an increase in GOL's ownership in HLFG, which would be subject to a regulatory approval. The Distribution will therefore simplify the transaction structure and provide holders of Shares with an opportunity to retain their exposure in HLFG and to benefit directly from the investment value of HLFG after completion of the Proposal.

OTHER INFORMATION

GOL has received irrevocable undertakings from Elliott International, L.P. and The Liverpool Limited Partnership, being Shareholders holding in aggregate approximately 9.72% of the issued share capital of Guoco, undertaking to vote (or procure votes) to approve the Proposal at the Court Meeting and the Guoco SGM.

An independent board committee, comprising all three independent non-executive directors of Guoco, has been established to make a recommendation to the Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to approval.

Other than the Distribution, Guoco does not intend to declare or pay any dividend or any distribution on the Shares until the Scheme has become binding and effective or is aborted, lapses or is withdrawn in accordance with its terms.

Evercore Asia Limited and Platinum Securities Company Limited are acting as joint financial advisers to GOL in connection with the Proposal.

Further announcements will be made by Guoco and GOL in relation to the Proposal. Shareholders are urged to keep themselves informed.

This press release does not constitute an offer to sell or an invitation or solicitation of an offer to acquire, purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This press release does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

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(Please visit www.guoco.com or www.hkexnews.hk for Guoco's formal announcement.)

GuoLine Overseas Limited is a company incorporated in Bermuda with limited liability and is a wholly-owned indirect subsidiary of Hong Leong Company (Malaysia) Berhad. Its principal activity is investment holding.

Guoco Group Limited ("Guoco") (Stock Code: 53), listed on The Stock Exchange of Hong Kong Limited, is an investment holding and investment management company with the vision of achieving long term sustainable returns for its shareholders and creating prime capital value. Guoco's operating subsidiary companies and investment activities are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the United Kingdom. Guoco has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure Business; and Financial Services.

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