
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Guoco Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information about certain resolutions to be proposed at the forthcoming Annual General Meeting of Guoco Group Limited. The directors of Guoco Group Limited collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

**ANNUAL GENERAL MEETING
EMPLOYEES' SHARE AWARD SCHEME
AMENDMENTS TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
RE-ELECTION OF DIRECTORS**

A letter from the Board is set out on pages 3 to 6 of this circular. A notice convening the annual general meeting of Guoco Group Limited to be held at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 16 October 2006 is set out on pages 16 to 20 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting thereof as the case may be. Completion and delivery of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

22 September 2006

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on 16 October 2006 at 2:30 p.m..
“Board”	the board of directors of the Company
“Bye-Laws”	the existing Bye-Laws of the Company
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Director(s)”	director(s) of Guoco
“Earned Shares”	Shares under an award or any part thereof that the Selected Employee is entitled to following the fulfilment of award conditions, if any, as confirmed by a certificate issued by the Board
“Eligible Participant(s)”	any bona fide employee (including a bona fide employee who is also a director) of the Group Company
“Employees’ Share Award Scheme” or “ESAS”	the proposed employees’ share award scheme to be adopted by the Company, a summary of which is contained in the section headed “Summary of Employees’ Share Award Scheme” in Appendix I to this circular
“Group”	the Company and its subsidiaries
“Company”	Guoco Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Group Company”	the Company or any company which is its subsidiary
“Latest Practicable Date”	15 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Private Act”	The DH (Bermuda) Ltd. Company Act, 1990, the private act in the former name of the Company enacted on 5 July 1990 by the Queen’s Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda
“Selected Employee(s)”	employee(s) of the Group Company selected by the Board for participation in the ESAS
“Share(s)”	share(s) of par value US\$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the ESAS trust constituted by the Trust Deed
“Trustee”	a wholly owned subsidiary of the Company and the trustee (including future trustee(s)) of the Trust
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee to constitute the Trust

LETTER FROM THE BOARD



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

Directors:

Quek Leng Chan (*Executive Chairman*)

Kwek Leng Hai (*President, CEO*)

Sat Pal Khattar**

Kwek Leng San*

Tan Lim Heng

James Eng, Jr.

Harry Richard Wilkinson**

Volker Stoeckel**

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal office:

50th Floor, The Center

99 Queen's Road Central

Hong Kong

* *Non-executive Director*

** *Independent Non-executive Director*

22 September 2006

To the Shareholders

Dear Sir or Madam,

**ANNUAL GENERAL MEETING
EMPLOYEES' SHARE AWARD SCHEME
AMENDMENTS TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
RE-ELECTION OF DIRECTORS**

Introduction

The purpose of this circular is to provide you with information in respect of resolutions to be proposed at the Annual General Meeting for (i) the adoption of the Employee's Share Award Scheme; (ii) certain amendments to the Bye-Laws; (iii) the granting of general mandates to the Directors to issue and repurchase Shares; and (iv) the re-election of Directors and other relevant information regarding the Annual General Meeting.

Employees' Share Award Scheme

The Directors intends to set up the ESAS to enable the grant of free Shares to Eligible Participants in order to recognise their contributions to the Group and to give incentives to them for retaining them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

LETTER FROM THE BOARD

Pursuant to the ESAS rules, the Board shall select grantee(s) from the Eligible Participants for receiving the share award and determine the number of shares to be awarded subject to such conditions, if any, as the Board thinks fit. The Board shall cause to pay the Trustee the share purchase consideration and the related expenses from the Company's resources. The Trustee shall purchase the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the ESAS rules.

As no new Shares will be issued under the ESAS, the ESAS is not governed by Chapter 17 of the Listing Rules.

Pursuant to the Private Act and the Bye-Laws, the ESAS is subject to Shareholders' approval at the Annual General Meeting. The Directors are of the opinion that the ESAS is in the interest of the Company and the Shareholders, and accordingly recommend the Shareholders to vote in favour of the ESAS at the Annual General Meeting.

A summary of the ESAS rules is contained in Appendix I to this circular.

Amendments to the Bye-Laws

The Board proposes to amend the Bye-Laws in line with certain provisions of the Listing Rules and the Code of Corporate Governance Practices ("CGP Code") under Appendix 14 to the Listing Rules. Principal amendments to the Bye-Laws are to provide that (a) voting by poll can be required by Director(s) individually or collectively holding proxies of Shares representing 5% or more of the total voting rights of the Company; and (b) the Company may by ordinary resolution remove any Director.

The full text of the special resolution containing details of the proposed amendments to the Bye-Laws is contained in resolution no. 6 in the notice of the Annual General Meeting set out on pages 16 to 20 of this circular.

General Mandates to Issue and Repurchase Securities

At the annual general meeting of the Company held on 18 October 2005, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 18 October 2005; and (ii) to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 18 October 2005 and those Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 18 October 2005 repurchased by the Company (collectively referred to as "Existing General Mandates"). A copy of such resolutions had been delivered to the Stock Exchange in accordance with the Listing Rules. The Company had previously sent to the Shareholders an explanatory statement regarding the Existing General Mandates in compliance with the Listing Rules.

In accordance with the provisions of the Listing Rules and the terms of the Existing General Mandates, the Existing General Mandates shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting or at the

LETTER FROM THE BOARD

conclusion of the next annual general meeting of the Company, whichever is earlier. The Existing General Mandates will lapse at the conclusion of the Annual General Meeting. Accordingly, new general mandates to issue and to repurchase securities (“New General Mandates”) would be proposed to the Shareholders at the Annual General Meeting.

New General Mandate to issue securities to be proposed at the Annual General Meeting will be limited to 10 per cent. (instead of 20 per cent. pursuant to the relevant Existing General Mandate) of the aggregate nominal amount of the issued share capital of the Company. On the Latest Practicable Date, 329,051,373 Shares were in issue and fully paid. Assuming that there are no changes (from the Latest Practicable Date to the date of the Annual General Meeting) in the Company’s issued and fully paid share capital, the maximum number of Shares that may be issued by the Company pursuant to the New General Mandate to issue securities will be 32,905,137.

Details of the proposed New General Mandates are set out in resolution nos. 7A, 7B and 7C of the notice of the Annual General Meeting on pages 16 to 20 of this circular. With reference to the New General Mandates, the Directors wish to state that, as at the date hereof, they have no immediate plans to repurchase any existing Shares or to issue any new securities pursuant to the relevant mandates.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed New General Mandate to repurchase securities is set out in Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

Re-election of Directors

Pursuant to the Code of Corporate Governance Practices (the “CGP Code”) under Appendix 14 to the Listing Rules, all directors should be subject to retirement by rotation at least once every three years. However, according to the Private Act, directors holding the office of executive chairman or managing director shall not be subject to retirement by rotation and the Bye-Laws also provide for the same. As the Company is bound by the provisions of the Private Act, the Bye-Laws cannot be amended to reflect the requirements of the CGP Code. In order for the Company to comply with the relevant provisions of the CGP Code, Messrs Quek Leng Chan (the Executive Chairman) and Kwek Leng Hai (the President and CEO) are willing to be subject to the retirement by rotation provisions as set out in the Bye-Laws.

Messrs Quek Leng Chan and Kwek Leng Hai will retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election. Details of such Directors required to be disclosed under the Listing Rules are set out in Appendix III to this circular.

And, Mr Harry Richard Wilkinson will retire from office at the Annual General Meeting pursuant to Bye-Law 99 but he would not offer himself for re-election due to personal reason.

LETTER FROM THE BOARD

Annual General Meeting

A notice convening the Annual General Meeting is set out on pages 16 to 20 of this circular.

No shareholder is materially interested in the proposed resolutions to be considered at the Annual General Meeting and therefore none of the Shareholders shall abstain from voting in respect of such resolutions.

Pursuant to the Bye-Laws, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. Details of the procedures by which Shareholders may demand a poll are set out in Appendix IV to this circular.

A proxy form for use at the Annual General Meeting is enclosed. Shareholders are requested to complete the proxy form and return it to the principal office of the Company at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong in accordance with the instructions printed on it not less than 48 hours before the time fixed for holding the meeting, whether or not they intend to be present at the meeting.

Recommendation

The Directors believe that the adoption of the ESAS, the amendments to the Bye-Laws, the granting of the New General Mandates and the re-election of the said Directors are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions set out in the notice of the Annual General Meeting on pages 16 to 20 of this circular.

Your attention is drawn to the information set out in Appendices I to IV of this circular.

Yours faithfully,
By Order of the Board
Quek Leng Chan
Executive Chairman

APPENDIX I SUMMARY OF EMPLOYEES' SHARE AWARD SCHEME

The following is a summary of the ESAS and how it will operate:

1. Purposes and Objectives

To recognise the contributions by certain employees of the Group Company and to give incentives to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

2. Administration

The ESAS shall be subject to the administration of the Board or any committee duly authorised by the Board in accordance with the ESAS rules.

3. Duration

The ESAS shall be valid and effective for a term of 15 years commencing on the date of adoption of the ESAS by the Company.

4. Maximum Limit

The Board shall not make any further award of Shares which will result in the aggregate number of shares awarded by the Board under the ESAS to be in excess of 5% of the issued share capital of the Company as at date of adoption of the ESAS by the Company.

The maximum number of Shares which may be awarded to an Eligible Participant under the ESAS shall not exceed 1% of the issued share capital of the Company as at the day immediately before the notification of the award to the Selected Employee.

5. Restrictions

No instructions and no payments to purchase Shares shall be given to the Trustee when any Director is in possession of unpublished price sensitive information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

6. Operation

Pursuant to the ESAS rules, the Board shall select grantee(s) from the Eligible Participant(s) for receiving the share award and determine the number of Shares to be awarded subject to such conditions, if any, as the Board thinks fit. The Board shall cause to pay the Trustee the share purchase consideration and the related expenses from the Company's resources. The Trustee shall purchase from the market the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with a timetable determined by the Board at its absolute discretion.

APPENDIX I SUMMARY OF EMPLOYEES' SHARE AWARD SCHEME

When the Selected Employee has satisfied the award conditions specified by the Board at the time of making the award and becomes entitled to the relevant awarded Shares which become Earned Shares, the Trustee shall transfer the Earned Shares together with the bonus Shares issued by the Company ("Bonus Shares") attributable to such Earned Shares, if any, to that employee at no cost according to a prescribed vesting timetable. A Selected Employee shall have no rights in all income (except Bonus Shares, if any) derived from an awarded Share held upon the Trust declared and accrued before the date on which such Share is vested and transferred to the Selected Employee.

7. Vesting and Lapse

Vesting of the Shares will be conditional on the Selected Employee remaining an employee of the Group Company until and on each of the relevant vesting dates according to the prescribed vesting timetable and his/her execution of the relevant documents to effect the transfer from the Trustee.

An award shall automatically lapse when:

- (i) a Selected Employee ceases to be an employee of the Group Company, excluding the cessation caused by the death of such employee or his/her death or retirement at his/her normal retirement date or earlier by agreement prior to a vesting date;
- (ii) the Group Company employing the Selected Employee ceases to be a Group Company; and
- (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

In the event (i) a Selected Employee is found to be an excluded employee who is resident in a place where the grant of the award or the settlement thereof is not permitted or (ii) a Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded within the stipulated period, the relevant part of an award made to such Selected Employee shall automatically lapse forthwith and the relevant Shares awarded shall not vest on the relevant vesting date.

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Earned Shares of a Selected Employee shall be deemed to be vested immediately on the date when such change of control event becomes or is declared unconditional if such date is earlier than the vesting date of the prescribed vesting timetable. If the award conditions have not been fully achieved by a Selected Employee, any award made to him shall be subject to the discretion of the Board be preserved in part or its entirety.

APPENDIX I SUMMARY OF EMPLOYEES' SHARE AWARD SCHEME

Where the awarded Shares do not vest in accordance with the ESAS rules, the Trustee shall hold such Shares for the benefit of one or more employees of the Group or sell them as the Board may direct.

8. Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the awarded Shares, the returned Shares, any Bonus Shares and script Shares).

9. Termination

The ESAS shall terminate on the earlier of the 15th anniversary date of the adoption date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Employees.

Upon termination, all awarded Shares shall become vested on the Selected Employees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Employees within the stipulated period. The Shares and such non-cash income remaining in the Trust fund shall as directed by the Board be sold or, if permitted by the then prevailing applicable laws, rules and regulations, be transferred to the Company by the Trustee within such period after receiving notice of such termination of the ESAS as the Trustee and the Board may agree.

APPENDIX II EXPLANATORY NOTES TO REPURCHASE MANDATE

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate (the “Repurchase Mandate”) to exercise all the powers of the Company to repurchase on the Stock Exchange the issued and fully paid Shares. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the share capital of the Company in issue on the date of passing the resolution.

Shareholders should note that the Repurchase Mandate covers repurchases made only during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by its Bye-Laws or any applicable laws and the date upon which such authority is revoked or varied.

On the Latest Practicable Date, 329,051,373 Shares were in issue and fully paid. Assuming that there are no changes (from the Latest Practicable Date to the date of the Annual General Meeting) in the Company’s issued and fully paid share capital, the maximum number of Shares that may be repurchased by the Company pursuant to the Repurchase Mandate will be 32,905,137.

DIRECTORS AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates has a present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company on the Stock Exchange.

No persons who are connected persons (who are the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their associates (as defined in the Listing Rules)) have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to sell any of the Shares held by them to the Company, in the event that the Company is authorised to make repurchases of Shares, on the Stock Exchange.

DIRECTORS’ UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda and in accordance with the regulations set out in the Company’s Memorandum of Association and Bye-Laws.

EFFECT OF THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code").

Based on the Company's record as at the Latest Practicable Date, GuoLine Overseas Limited ("GOL") and parties acting in concert with it held a beneficial interest of approximately 68.04% of the issued share capital of the Company. In the event of the Directors exercising in full the powers to repurchase Shares pursuant to the Repurchase Mandate, assuming that no Share is sold by GOL or its associates, the shareholding of GOL and parties acting in concert in the Company would be increased to approximately 75.70%. The Directors are not aware of any general offer obligation which will arise under Rule 26 of the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

PUBLIC FLOAT

The Directors do not have a present intention to exercise the Repurchase Mandate to such extent, causing the public float of the securities of the Company to fall below 25%.

LISTING RULES FOR REPURCHASE OF SHARES**Shareholders' Approval**

The Listing Rules provide that all securities repurchased on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific resolution in relation to specific transaction.

Reasons for Repurchase

The Directors consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchases when appropriate and beneficial to the Company and its shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

Source of Funds

Repurchases must be made from internal resources, borrowings and/or other funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-Laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares, or the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of Shares

APPENDIX II EXPLANATORY NOTES TO REPURCHASE MANDATE

made for the purpose. The amount of premium payable on the repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

On the basis of the consolidated financial position of the Company as at 30 June 2006 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position and gearing ratio of the Company and the number of Shares in issue, the Directors consider that there will not be a material impact on the working capital or the gearing position of the Company in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such repurchases were in the best interests of the Company.

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

GENERAL

During each of the twelve months preceding, and up to, the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Price Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
September	79.60	77.70
October	79.20	76.50
November	80.50	77.60
December	86.90	80.95
2006		
January	87.50	85.10
February	99.80	87.50
March	101.40	92.95
April	99.30	95.05
May	96.20	86.80
June	91.90	86.90
July	93.30	89.35
August	97.40	92.95
September (up to the Latest Practicable Date)	98.70	95.00

As required by the Listing Rules, the following are the particulars of the two Directors proposed to be re-elected at the Annual General Meeting:

1. **Mr Quek Leng Chan** (“Mr Quek”), aged 63, has been the Executive Chairman since 1990. He qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors including financial services, manufacturing and real estate.

Mr Quek is the Chairman & Chief Executive Officer and a shareholder of Hong Leong Company (Malaysia) Berhad (“HLCM”), the Company’s ultimate holding company. He is also the Chairman and a shareholder of HL Holdings Sdn Bhd, a substantial shareholder of the Company. He sits on the boards of directors of the major public listed companies of HLCM.

Mr Quek is a brother of Mr Kwek Leng Hai, the President and CEO of the Company, and Mr Kwek Leng San, a Non-executive Director of the Company.

As at the Latest Practicable Date, Mr Quek has a personal interest of 1,656,325 shares and corporate interests of 227,465,157 shares/underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

There is no service contract being executed between Mr Quek and the Company. There is no specific term on length of service of Mr Quek with the Company. Mr Quek is willing to be subject to the retirement by rotation provisions as set out in the Bye-Laws to comply with relevant provisions of the Code of Corporate Governance Practices. Mr Quek will retire and being eligible, will offer himself for re-election at the Annual General Meeting. The Director’s fee of HK\$230,000 payable to Mr Quek for the financial year ended 30 June 2006 is subject to Shareholders’ approval at the Annual General Meeting.

Save as disclosed above, there are no other matters concerning Mr Quek that need to be brought to the attention of the Shareholders and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

2. **Mr Kwek Leng Hai** (“Mr Kwek”), aged 53, is the President and CEO and has been an Executive Director since 1990. He is a qualified chartered accountant from the Institute of Chartered Accountants in England and Wales.

Mr Kwek is a director of the Group’s key subsidiaries and associated companies including GuocoLand Limited, Camerlin Group Berhad, Hong Leong Bank Berhad and BIL International Limited. He is also a director and shareholder of Hong Leong Company (Malaysia) Berhad, the ultimate holding company of the Company.

Mr Kwek is a brother of Mr Quek Leng Chan, the Executive Chairman of the Company and Mr Kwek Leng San, a Non-executive Director of the Company.

As at the Latest Practicable Date, Mr Kwek has a personal interest of 3,670,775 shares of the Company within the meaning of Part XV of the SFO.

A service contract has been entered into between Mr Kwek and a wholly owned subsidiary of the Company since 2001. His emolument is based on the terms of such service contract with a fixed salary and discretionary bonus linked to the Group's performance and his personal achievement, which will be determined by the Board Remuneration Committee of the Company. For the financial year ended 30 June 2006, he was entitled to an emolument, including performance bonus, of HK\$33,957,000. There is no specific term on length of service of Mr Kwek with the Company. Mr Kwek is willing to be subject to the retirement by rotation provisions as set out in the Bye-Laws to comply with relevant provisions of the Code of Corporate Governance Practices. Mr Kwek will retire and being eligible, will offer himself for re-election at the Annual General Meeting. The Director's fee of HK\$200,000 payable to Mr Kwek for the financial year ended 30 June 2006 is subject to Shareholders' approval at the Annual General Meeting.

Save as disclosed above, there are no other matters concerning Mr Kwek that need to be brought to the attention of the Shareholders and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Pursuant to Bye-Law 70, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

NOTICE OF ANNUAL GENERAL MEETING



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Guoco Group Limited (“the Company”) will be held at 50th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 16 October 2006 at 2:30 p.m. for the following purposes:–

As Ordinary Business:

1. To lay before the meeting the audited Statement of Accounts together with the Reports of the Directors and Auditors thereon for the year ended 30 June 2006.
2. To declare a final dividend and a special dividend.
3. To fix the fees of the Directors for the year ended 30 June 2006 and to re-elect retiring Directors.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

As Special Business:

5. To consider and, if thought fit, pass with or without amendments the following as an ordinary resolution:

“**THAT** the adoption of the Employees’ Share Award Scheme (as defined in the circular to shareholders of the Company dated 22 September 2006, a copy of a draft of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) by the Company, be and is hereby approved and the exercise by any one director of the Company of all the powers of the Company of all the powers of the Company for the purposes of the Employees’ Share Award Scheme, be and is hereby generally and unconditionally approved.”

6. To consider and, if thought fit, pass with or without amendments the following as a special resolution:

“**THAT** the existing Bye-Laws of the Company be and are hereby amended in the following manner:

- (a) by adding the words “, unless voting by way of a poll is required under the rules of the stock exchange in the Relevant Territory or” immediately after the words “At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands” in the second line of the first paragraph of Bye-Law 70;

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- (b) by deleting the full-stop at the end of Bye-Law 70(iv) and substituting therefor with a semicolon and the word “or”, and adding the following as new Bye-Law 70(v) immediately following the existing Bye-Law 70(iv):
 - “(v) by the Chairman of the meeting and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent. or more of the total voting rights of all the shareholders having the right to vote at the meeting pursuant to the rules of the stock exchange in the Relevant Territory.”
 - (c) by adding the words “or unless voting by way of a poll is required under the rules of the stock exchange in the Relevant Territory” immediately after the word “withdrawn” in the first line of the last paragraph of Bye-Law 70;
 - (d) by adding the words “or voting by way of a poll is required” immediately before the words “as aforesaid” in the first line of Bye-Law 71;
 - (e) by adding the words “, provided that the use of the two-way form shall not be precluded” immediately after the word “approve” in Bye-Law 84;
 - (f) by deleting the words “a Special Resolution” in Bye-Law 97(A)(vi) and substituting therefor with the words “an Ordinary Resolution”;
 - (g) by adding the words “but not less than” before the word “one-third” in the first sentence of Bye-Law 99;
 - (h) by deleting the words “Special Resolution” in the first sentence and the marginal note of Bye-Law 104 and substituting therefor with the words “Ordinary Resolution”; and
 - (i) by deleting the words “or by all the members of a committee for the time being” and “or, as the case may be, of such committee” in the first sentence, and the words “or members of the committee concerned” in the second sentence, of Bye-Law 129.
7. To consider and, if thought fit, pass with or without amendments the following as ordinary resolutions:
- A. **“THAT:**
 - (a) subject to paragraph (b), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, subject to and in accordance with all applicable laws and the Bye-Laws of the Company, be and is hereby generally and unconditionally approved;

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(b) the aggregate nominal amount of shares of the Company to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and

(iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

B. “THAT:

(a) subject to paragraph (b), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to:–

(i) a Rights Issue; or

(ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; or

(iii) the exercise of any option under the Company’s share option schemes; or

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(iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company,

shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and this approval shall be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

C. **“THAT** conditional upon the passing of resolution nos. 7A and 7B of the notice convening this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot and issue shares pursuant to resolution no. 7B be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 7A, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 21 September 2006

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Notes:

1. A shareholder entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy does not need to be a shareholder of the Company.
2. In order to be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof, as the case may be. Completion and return of the proxy form will not preclude the shareholders from attending and voting at the meeting (or any adjourned meeting thereof) if shareholders so wish.
3. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Share Repurchases, an explanatory statement containing further details regarding resolution no. 7A is set out in Appendix II to this circular to shareholders of the Company dated 22 September 2006.
4. The Register of Members of the Company will be closed from 11 October 2006 to 16 October 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special dividends, all share transfers accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 10 October 2006.