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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 the Company
to repurchase up to 43,000,000 Shares
(subject to adjustment for increase to up to 107,000,000 Shares)
at between HK\$46.00 and HK\$51.00 in cash per Share

and

Whitewash Waiver

The Company announces that a conditional cash offer will be made by Morgan Stanley on behalf of the Company to repurchase up to 43,000,000 Shares, representing approximately 10% of the total issued share capital of the Company, subject to the Conditions. The Directors will have the power to increase the Maximum Number from 43,000,000 Shares to up to 107,000,000 Shares (representing approximately 25% of the total issued share capital of the Company) pursuant to the Over-Allocation.

Under the Offer, Tenders will be invited in the range of HK\$46.00 to HK\$51.00 per Share. The Tenders will be for up to the Maximum Number in aggregate. If fully subscribed, it will result in the Company paying between HK\$1,978 million and HK\$5,457 million to the Accepting Shareholders (depending on the Strike Price which is ultimately set and whether the Over-Allocation is exercised and, if so, the extent of its exercise).

The Offer will be conditional upon the approval of the Independent Shareholders voting at the SGM and the Whitewash Waiver being granted by the Executive.

It should be noted that the Shares will be dealt in on an ex-rights basis from 20 September 2001. Further, dealings in Shares will continue during the period when the Conditions remain unfulfilled. Shareholders selling Shares, and persons purchasing Shares, during such period will accordingly bear the risk that the Offer may not become unconditional. Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his position is recommended to consult his professional adviser.

The Shares were suspended from trading on the Stock Exchange at 2:30 pm on 7 September 2001 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 10:00 am on 10 September 2001.

WARNING: As the Offer is subject to all the Conditions being fulfilled and it may or may not become unconditional, Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Company announces that a conditional cash offer will be made by Morgan Stanley on behalf of the Company to repurchase up to 43,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date, subject to the Conditions. The Directors will have the power to increase the Maximum Number to up to 107,000,000 Shares (representing approximately 25% of the total issued share capital of the Company as at the Latest Practicable Date) pursuant to the Over-Allocation.

Under the Offer, Tenders will be invited in the range of HK\$46.00 to HK\$51.00 per Share. The Tenders will be for up to the Maximum Number in aggregate. If fully subscribed, it will result in the Company paying between HK\$1,978 million and HK\$5,457 million to the Accepting Shareholders (depending on the Strike Price which is ultimately set and whether the Over-Allocation is exercised and, if so, the extent of its exercise). The Company will finance the Offer from its internal cash resources.

The Shares are listed on the Stock Exchange and the Offer will be made in compliance with the Repurchase Code.

THE OFFER

Under the Offer, Morgan Stanley will invite Tenders within the Range for up to the Maximum Number in aggregate.

The principal features of the Offer will be as follows:

- (a) The Company will repurchase up to the Maximum Number at the Strike Price.
- (b) Tenders must be made in Hong Kong dollars. Qualifying Shareholders can tender Shares in different tranches for repurchase at different prices within the Range (in integral multiples of HK\$0.25). Any Qualifying Shareholder can tender any number of Shares up to his entire holding.
- (c) All Shares will be repurchased at the same price (namely, the Strike Price), which will be the lowest price per Share within the Range (in integral multiples of HK\$0.25) that will allow the Company to repurchase the Maximum Number or, if less than the Maximum Number are validly tendered, such lesser number of Shares as are validly tendered.
- (d) Qualifying Shareholders may tender Shares that are registered in their names in two ways:
 - (i) Tenders may be made at specified prices within the Range (in integral multiples of HK\$0.25), in which case, they will only be accepted (either in full or in part) if the price at which the Tender is made is at or below the Strike Price; or

- (ii) Tenders may be made at the Strike Price (being the price to be determined by the Company for the repurchase of all Shares under the Offer) without specifying an actual price figure in the Tenders, in which case, the Accepting Shareholders will be treated as having tendered at the price at which the Strike Price is ultimately set.
- (e) The Tenders will be accepted in the following order:
- (i) first, Tenders at or below the Strike Price will be accepted in full to the extent of the Accepting Shareholders' Assured Entitlement;
 - (ii) second, Excess Tenders at a specified price which is below the Strike Price will be accepted, but may be scaled back with priority given to the lowest price bid and may be pro rated to ensure that the number of Shares repurchased by the Company pursuant to the Offer does not exceed the Maximum Number; and
 - (iii) third, Excess Tenders at the Strike Price or at a specified price which is equal to the Strike Price will be accepted, but may be pro rated to ensure that the number of Shares repurchased by the Company pursuant to the Offer does not exceed the Maximum Number.

In calculating the Strike Price for (i) to (iii) above, priority will be given to Tenders at the lowest price.

- (f) Tenders at the Strike Price will be treated in the same manner as Tenders at a specified price which is equal to the Strike Price ultimately set.
- (g) Tenders above the Strike Price will be rejected.
- (h) Tender Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.
- (i) Shares will be repurchased free of commissions and dealing charges, but half the stamp duty due on the repurchase of Shares will be deducted from the amount payable to the Accepting Shareholders.
- (j) Successfully tendered Shares will be cancelled and will not rank for any dividends to be paid by reference to a record date which falls after the date of their cancellation. In particular, successfully tendered Shares will not receive any final dividend to be declared for the financial year ended 30 June 2001.

In compliance with Rule 4 of the Repurchase Code, Section 49BA of the Companies Ordinance and Section 42A of the Companies Act 1981 of Bermuda, the Offer will be subject to the approval of the Independent Shareholders. The Offer will also be subject to the other terms and conditions referred to under "Major Terms and Conditions of the Offer" below.

COMPARISONS WITH THE STRIKE PRICE

The price range of between HK\$46.00 and HK\$51.00 per Share at which Tenders are invited values the entire issued share capital of the Company at between approximately HK\$19,648 million and HK\$21,784 million respectively. That Range values the initial Maximum Number of 43,000,000

Shares which are the subject of the Offer at between approximately HK\$1,978 million and HK\$2,193 million respectively. If the Over-Allocation is exercised in full, the Range values the resulting Maximum Number of 107,000,000 Shares which are the subject of the Offer at between approximately HK\$4,922 million and HK\$5,457 million respectively.

The Company will finance the Offer from its internal cash resources.

The minimum Strike Price of HK\$46.00 per Share represents:

- (a) a premium of approximately 2.77% and 3.16% over the average prices of HK\$44.76 and HK\$44.59 per Share, being the average closing prices of Shares as quoted on the Stock Exchange for the 30 and 60 trading days respectively immediately prior to and including the Latest Practicable Date; and
- (b) a discount of approximately 2.33% to the closing price of Shares of HK\$47.10 each, as quoted on the Stock Exchange on 7 September 2001, being the Latest Practicable Date.

The maximum Strike Price of HK\$51.00 per Share represents:

- (a) a premium of approximately 13.94% and 14.37% over the average prices of HK\$44.76 and HK\$44.59 per Share, being the average closing prices of Shares as quoted on the Stock Exchange for the 30 and 60 trading days respectively immediately prior to and including the Latest Practicable Date; and
- (b) a premium of approximately 8.28% over the closing price of Shares of HK\$47.10 each, as quoted on the Stock Exchange on the Latest Practicable Date.

ASSURED ENTITLEMENTS AND EXCESS TENDERS

As the Covenantor has undertaken to the Company that it will not accept the Offer in respect of any of the Shares held by it, the Assured Entitlements of the other Qualifying Shareholders will be more than their pro-rata share represented by the Maximum Number over the total issued share capital of the Company. As a result, the minimum number of Shares which will be repurchased pursuant to the Offer from each Qualifying Shareholder (if and only if tendered for acceptance of the Offer at or below the Strike Price), other than the Covenantor, will be:

- (a) if the Over-Allocation is not exercised, 14.82 Shares for every 100 Shares (rounded down to the nearest whole number of Shares) tendered by the relevant Qualifying Shareholder for acceptance of the Offer at or below the Strike Price; or
- (b) if the Over-Allocation is exercised in full, 36.89 Shares for every 100 Shares (rounded down to the nearest whole number of Shares) tendered by the relevant Qualifying Shareholder for acceptance of the Offer at or below the Strike Price,

or such other proportional number by reference to the actual Maximum Number.

The number of Shares which may be acquired from particular Accepting Shareholders in excess of their Assured Entitlements may increase in the event that any Qualifying Shareholders tender no Shares or tender fewer Shares than is represented by their Assured Entitlements or if they are tendered at above the Strike Price.

The maximum number of Shares which will be accepted under the Offer is 43,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date. If the Over-Allocation is exercised in full, the Maximum Number will be increased to 107,000,000 Shares, representing approximately 25% of the total issued share capital of the Company as at the Latest Practicable Date.

As the Covenantor has undertaken to the Company that it will not accept the Offer in respect of any of the Shares held by it, the Maximum Number represents approximately 14.82% (or 36.89%, if the Over-Allocation is exercised in full) of the total issued share capital of the Company as at the Latest Practicable Date (excluding the Shares held by the Covenantor).

If the total number of Shares tendered at or below the Strike Price for acceptance of the Offer exceeds the Maximum Number, acceptances of Excess Tenders will be scaled down on a pro rata basis, based on the total number of Excess Tenders.

If the total number of Shares tendered for acceptance of the Offer is less than or equal to the Maximum Number, Excess Tenders will be accepted in full.

The Assured Entitlement of a Qualifying Shareholder is not a guarantee that at least that relevant number of Shares will be repurchased pursuant to the Offer from such Qualifying Shareholder. Shares at least equal to a Qualifying Shareholder's Assured Entitlement will be repurchased only if he makes a Tender (for a number of Shares which is more than or equal to his Assured Entitlement) at or below the Strike Price. In that case and if the Offer becomes unconditional in all respects, at least his Assured Entitlement will be repurchased pursuant to the Offer.

ODD LOTS

If the Accepting Shareholders indicate that it is their preference to hold board lots of 1,000 Shares, then the Company will also repurchase any remaining odd lot holding of Shares held by Accepting Shareholders at the Strike Price, provided that the relevant Accepting Shareholders have submitted at the time share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to the Registrar to cover this eventuality, and subject to such maximum as would result in the aggregate number of Shares repurchased by the Company not exceeding the Maximum Number. If the Company cannot accept all such odd lots due to the limit of the Maximum Number, odd lots tendered will be accepted on a pro rata basis.

Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. Accordingly, a designated broker will be appointed by the Company, who will agree to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer.

MAXIMUM NUMBER

The Maximum Number is initially set at 43,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the Latest Practicable Date. If there is Excess Demand, the Directors may exercise the Over-Allocation and increase the Maximum Number to up to 107,000,000 Shares, representing approximately 25% of the total issued share capital of the Company as at the Latest Practicable Date.

In determining whether to exercise the Over-Allocation (and, if so, the extent to which it should be exercised), the Directors will have regard to the number of Shares tendered at different prices pursuant to the Tenders and determine whether it is in the best interests of the Company to repurchase more than 43,000,000 Shares, possibly at a higher Strike Price than that which may otherwise have prevailed as a result of repurchasing more Shares.

In no event will the Maximum Number be less than 43,000,000 Shares, but it may be less than 107,000,000 Shares even if the Directors exercise the Over-Allocation.

There is no assurance that the Directors will exercise the Over-Allocation (whether in whole or in part) if there is Excess Demand.

A further announcement will be made if and when the Over-Allocation is exercised.

As at the Latest Practicable Date, the Company had 9,040,000 outstanding options which may be convertible into Shares.

OVERSEAS SHAREHOLDERS

In order to address concerns regarding the implications under overseas securities laws of making the Offer to Overseas Shareholders (which implications may include illegality, filing and registration requirements or the need for compliance with other requirements), the Offer will not be made to the Excluded Shareholders. An application will be made to the Executive for such consent.

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions, Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Shareholder who wishes to make Tenders and accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

The Company reserves the right to notify any matter in relation to the Offer to Overseas Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Shareholder to receive or see that notice.

A copy of the Circular will be sent to the Excluded Shareholders for the purpose of the SGM.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of Shareholders, those registered holders of Shares who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Covenantor was interested in 137,046,740 Shares, representing approximately 32.08% of the issued share capital of the Company. In addition, the Related Parties held 11,098,200 Shares as at that date, representing approximately 2.60% of the issued share capital of the Company. Accordingly, Guoline and its Related Parties are interested in approximately 34.68% of the issued share capital of the Company.

The Covenantor has undertaken to the Company that it will not accept the Offer in respect of any of the Shares held by it. On that basis, the Assured Entitlements otherwise available to the Covenantor will be made available to the other Qualifying Shareholders to increase their Assured Entitlements and such numbers as stated in this announcement have therefore taken such increase into account.

Consequently, the interest in the Company's issued share capital held by Guoline and the Related Parties (assuming the Related Party who is not a Covenantor will also not accept the Offer) may rise from its current level of approximately 34.68% to a maximum of approximately 38.57% (if the Maximum Number is 43,000,000 Shares) or approximately 46.28% (if the Over-Allocation is exercised in full, so that the Maximum Number is increased to 107,000,000 Shares), depending upon the level of Tenders at or below the Strike Price received from the Qualifying Shareholders pursuant to the Offer.

The increase of interest in the Company's issued share capital held by Guoline and the Related Parties to 35% or more after the completion of the Offer would (but for a waiver from the Executive) give rise to an obligation under Rule 26 of the Takeovers Code on the part of Guoline and the Related Parties to make a mandatory general offer for all the Shares not held by Guoline and the Related Parties.

Accordingly, an application for the Whitewash Waiver will be made to the Executive by Guoline for itself and on behalf of the Related Parties.

The Offer and the grant of the Whitewash Waiver and the Creeper Authorisation will be subject to the approval of the Independent Shareholders to be obtained by way of a poll. If the Whitewash Waiver is not granted, the Offer will not proceed.

CREEPER AUTHORISATION

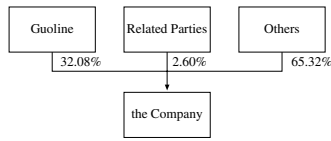
Guoline and the Related Parties will also apply for the Creeper Authorisation from the Independent Shareholders in accordance with Note 15 to Rule 26.1 of the Takeovers Code.

The Offer will not be conditional on the granting of the Creeper Authorisation.

SHAREHOLDING STRUCTURES

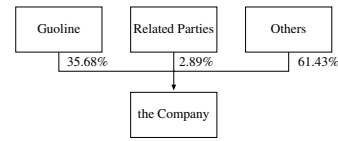
The corporate charts below indicate the levels of shareholding interests in the Company immediately before and after completion of the Offer (assuming full acceptance of the Offer, that Guoline and the Related Parties do not participate in the Offer and that the number of Shares in issue as at the Latest Practicable Date remains unchanged prior to completion of the Offer):

Immediately before the Offer



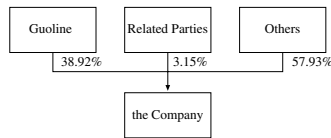
Total issued share capital: 427,131,086 Shares.

Immediately after completion of the Offer^(Note 1)



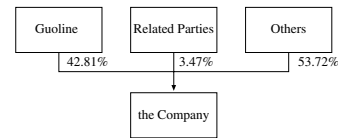
Total issued share capital: 384,131,086 Shares.

Immediately after completion of the Offer^(Note 2)



Total issued share capital: 352,131,086 Shares.

Immediately after completion of the Offer^(Note 3)



Total issued share capital: 320,131,086 Shares.

Notes:

1. If the Over-Allocation is not exercised, so that the Maximum Number is 43,000,000 Shares.
2. If the Over-Allocation is exercised in half, so that the Maximum Number is 75,000,000 Shares.
3. If the Over-Allocation is exercised in full, so that the Maximum Number is 107,000,000 Shares.

TIMETABLE

The expected timetable for the Offer set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced separately by the Company.

Last day of dealings in Shares cum-rights	Wednesday, 19 September 2001
First day of dealings in Shares ex-rights	Thursday, 20 September 2001
Latest time to lodge transfer of Shares in order to qualify for the Offer	4:00 pm on Friday, 21 September 2001
Closure of the Register	Wednesday, 26 September 2001 to Friday, 28 September 2001
Record Date	Friday, 28 September 2001
Despatch of the Circular	Saturday, 29 September 2001
Offer period begins	Saturday, 29 September 2001
SGM	Monday, 15 October 2001
Announcement of the results of the SGM and whether the Offer has become unconditional	Tuesday, 16 October 2001
Latest time for submission of Tenders	4:00 pm on Friday, 26 October 2001
Announcement of results of the Offer and the Strike Price	Monday, 29 October 2001

Despatch of cheques to Accepting Shareholders and return
of share certificates to wholly or partly unsuccessful Tenders Wednesday, 31 October 2001

The full timetable of the Offer will be set out in the Circular.

MAJOR TERMS AND CONDITIONS OF THE OFFER

The Offer will be conditional upon the following events occurring on or before 31 October 2001 (or such later date as the Company may determine):

- (a) the passing of an ordinary resolution by way of a poll to approve the Offer and to approve the Whitewash Waiver, respectively, by the Independent Shareholders voting, either in person or by proxy, at the SGM; and
- (b) the granting of the Whitewash Waiver by the Executive.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed.

If the Offer is approved by the Independent Shareholders, the Offer will remain open for acceptance for a period of 10 days after the date of the SGM. However, the Company reserves the right to extend the time for acceptance of the Offer.

If Accepting Shareholders in aggregate tender Shares (at or below the Strike Price) for acceptance of the Offer in respect of more than the Maximum Number, the number of Shares tendered by each Accepting Shareholder for more than his Assured Entitlement will be scaled down on a pro rata basis.

Tenders by Qualifying Shareholders under the Offer will be irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

The Offer will not be conditional as to any minimum number of acceptances.

The full terms and conditions of the Offer will be set out in the Offer Documents.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates which materially affected the results or assets of the Group include property development, investment and management; stock and commodity broking and financing; insurance and fund management.

For the six months ended 31 December 2000, the Company's unaudited consolidated turnover was approximately HK\$6,167 million (1999: approximately HK\$5,204 million) and unaudited profit attributable to Shareholders was approximately HK\$643 million (1999: approximately HK\$470 million), with basic earnings per share of approximately HK\$1.51 (1999: approximately HK\$1.10). As at 31 December 2000, the Company's unaudited consolidated Shareholders' funds amounted to approximately HK\$11,806 million (30 June 2000: approximately HK\$11,350 million (audited)).

In June 2001, Guoco completed the sale of its shareholdings in Dao Heng Bank Group Limited and as a result received a substantial sum of cash for the transaction.

FUTURE PROSPECTS OF THE GROUP

The Directors are confident about the prospects of the Group and do not envisage any adverse effects arising from the Offer. With the Company's experience in Hong Kong, South East Asia and the People's Republic of China, the Company is well positioned to benefit from the performance of its operating subsidiaries and from the investment prospects throughout the region.

The Directors are confident that the Offer will not inhibit the Company's ability to pay dividends in the future.

BACKGROUND INFORMATION

Subsequent to the sale of its interests in Dao Heng Bank Group Limited in June 2001, the management of Guoco met with Morgan Stanley to discuss the ways that Guoco can undertake to enhance shareholder value. In light of the current market conditions and the financial position of Guoco, a share repurchase is considered to be one of the principal means that Guoco could undertake to enhance shareholder value. A repurchase by general offer will give shareholders of Guoco the opportunity to tender Shares and receive cash or to retain their Shares and participate in the future prospects of the Company.

REASONS FOR THE OFFER

The Directors believe that the Offer is in the Company's best interest for the following reasons:

- (a) it creates a more efficient capital structure for the Company, whilst maintaining a strong balance sheet; it will enhance the financial performance of the Company, such as earnings per share, without impacting on the current dividend policy; and
- (b) it gives Shareholders the choice either to tender Shares and receive cash or to increase their proportionate shareholding in the Company by retaining their holdings.

CLOSURE OF REGISTER OF MEMBERS

It is intended that the Register will be closed from 26 September 2001 to 28 September 2001, both dates inclusive, for the purpose of establishing entitlements to the Offer. During this period, no Share transfers will be registered.

In order to qualify for the Offer, all duly completed transfers of Shares accompanied by the relevant share certificates must be lodged with the Registrar, Central Registration Hong Kong Limited at 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 pm on Friday, 21 September 2001. The last day of dealings in Shares on a cum-rights basis is therefore expected to be 19 September 2001.

It should be noted that the Shares will be dealt in on an ex-rights basis from 20 September 2001. Further, dealings in Shares will continue during the period when the Conditions remain unfulfilled. Shareholders selling Shares, and persons purchasing Shares, during such period will accordingly bear the risk that the Offer may not become unconditional. Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his position is recommended to consult his professional adviser.

SPECIAL GENERAL MEETING

The Offer will be conditional upon, among other things, the approval of the Independent Shareholders voting at the SGM.

A notice convening the SGM will be included in the Circular, which will be despatched to the Shareholders as soon as practicable. Guoline and the Related Parties will abstain from voting at the SGM on the resolutions to approve the Offer, the Whitewash Waiver and the Creeper Authorisation.

An Independent Board Committee will be appointed to advise the Independent Shareholders in respect of the approval of the Offer, the Whitewash Waiver and the Creeper Authorisation. An independent financial adviser will be appointed to advise the Independent Board Committee.

GENERAL

The Offer Documents setting out details of the Offer will be despatched to the Qualifying Shareholders as soon as practicable.

The Company has been informed by Guoline that neither Guoline nor any of the Related Parties has dealt in Shares during the 6 month period immediately before the Latest Practicable Date.

Shareholders and potential investors should be aware that the Offer is subject to all the Conditions being fulfilled and therefore it may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUSPENSION OF TRADING

At the request of the Company, the Shares were suspended from trading on the Stock Exchange at 2:30 pm on 7 September 2001 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 10:00 am on 10 September 2001.

DEFINITIONS

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

“Accepting Shareholders”	Qualifying Shareholders who accept the Offer by making Tenders at or below the Strike Price
“Assured Entitlement”	the minimum number of Shares which will be repurchased pursuant to the Offer from each Qualifying Shareholder if tendered for acceptance of the Offer at or below the Strike Price, being: (a) if the Over-Allocation is not exercised, approximately 14.82 Shares for every 100 Shares (rounded down to the nearest whole number of Shares) tendered by the relevant Qualifying Shareholder for acceptance of the Offer at or below the Strike Price; or (b) if the Over-Allocation is exercised in full, approximately 36.89 Shares for every 100 Shares (rounded down to the nearest whole number of Shares) tendered by the relevant Qualifying Shareholder for acceptance of the Offer at or below the Strike Price, or such other proportional number by reference to the actual Maximum Number

“Circular”	the circular to Shareholders (encompassing the offer document, the notice of the SGM and the proxy form for voting at the SGM) to be issued in connection with the Offer
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Conditions”	the conditions to which the Offer is subject
“Covenantor”	Guoline who has undertaken to the Company not to accept the Offer in respect of any of the Shares held by it
“Creeper Authorisation”	an authorisation in favour of Guoline and the Related Parties to acquire additional Shares during the 12 month period immediately following the completion of the Offer, in the event that the Whitewash Waiver is granted for the purpose of Note 15 to Rule 26.1 of the Takeovers Code
“Directors”	the directors of the Company
“SGM”	the special general meeting to be convened in connection with the Offer
“Excess Demand”	the aggregate number of Shares represented by the Tenders exceed 43,000,000 Shares (being the initial Maximum Number)
“Excess Tenders”	Shares tendered at or below the Strike Price for acceptance of the Offer by the relevant Qualifying Shareholder in excess of his Assured Entitlement
“Excluded Shareholder”	any Overseas Shareholder whose address, as shown on the Register on the Record Date, is located in a jurisdiction the laws of which prohibit the making of the Offer to such Shareholder or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in that jurisdiction and their shareholdings in the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Guoline”	Guoline Overseas Limited, a company incorporated in Bermuda with limited liability, and which was interested in approximately 32.08% of the issued Shares as at the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the board of Directors to be formed for the purpose of advising the Independent Shareholders in connection with the Offer
“Independent Shareholders”	Shareholders other than Guoline and the Related Parties
“Latest Practicable Date”	7 September 2001, being the latest practicable date prior to the release of this announcement for inclusion of certain information in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number”	the maximum number of Shares to be repurchased pursuant to the Offer, being: (a) if the Over-Allocation is not exercised, 43,000,000 Shares in aggregate (representing approximately 10% of the issued Shares as at the Latest Practicable Date); (b) if the Over-Allocation is exercised in full, 107,000,000 Shares in aggregate (representing approximately 25% of the issued Shares as at the Latest Practicable Date); or (c) if the Over-Allocation is exercised in part, such number between 43,000,000 Shares and 107,000,000 Shares (both numbers inclusive) in aggregate as to be determined by reference to the extent in which the Over-Allocation is exercised
“Morgan Stanley”	Morgan Stanley Dean Witter Asia Limited, a registered dealer and an investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), being the financial adviser to the Company in respect of the Offer
“Offer”	the offer to repurchase Shares from all Qualifying Shareholders by way of Tenders, up to the Maximum Number
“Offer Documents”	the Circular and the Tender Form
“Over-Allocation”	the power of the Directors to increase the Maximum Number from 43,000,000 Shares to up to 107,000,000 Shares, if there is Excess Demand, in accordance with the terms of the Offer
“Overseas Shareholders”	Shareholders whose addresses, as shown in the Register on the Record Date, are outside Hong Kong
“PRC”	the People’s Republic of China
“Qualifying Shareholders”	Shareholders, other than Excluded Shareholders, whose names appear on the Register on the Record Date
“Range”	HK\$46.00 to HK\$51.00 per Share, being the range of repurchase prices within which Tenders are invited
“Record Date”	the record date for ascertaining entitlements in respect of the Offer, which is currently expected to be 28 September 2001
“Register”	the register of members of the Company

“Registrar”	the share registrar of the Company, being Central Registration Hong Kong Limited of 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Related Parties”	Mr Kwek Leng Hai, MPI (BVI) Limited, Mr. Quek Leng Chan, Mr Kwek Leng San and Inala Group Limited, being persons who are or are presumed to be acting in concert (as defined under the Takeovers Code) with Guoline in relation to the holding of Shares
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Shares”	shares of US\$0.50 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strike Price”	the price at which the Company agrees to repurchase Shares under the Offer, such price to be determined by the Company within the Range in accordance with the terms of the Offer, having regard to the level of interests indicated by the Tenders
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tenders”	tenders of Shares within the Range by Qualifying Shareholders for repurchase by the Company under the Offer
“Tender Form”	the tender form to be issued with the Circular to Qualifying Shareholders for use by such persons in connection with the Offer
“Whitewash Waiver”	a waiver by the Executive in respect of the obligation of Guoline and the Related Parties to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code for all the Shares not held by Guoline and the Related Parties, which may otherwise arise as a result of the completion of the Offer

By Order of the Board
Doris W. N. Wong
Company Secretary

Hong Kong, 8 September 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.