



Guoco Group Limited

國浩集團有限公司

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

On 6 June 2003, Guoco entered into the Services Agreement with GLL which constitutes a connected transaction for Guoco under the Listing Rules. As the consideration receivable under the Services Agreement falls within the de minimis threshold of the Listing Rules as set out under Rule 14.25(1), no independent shareholders' approval is required. Details of the transaction contemplated under the Services Agreement and renewal of the Services Agreement will be disclosed in the next published annual report and accounts of Guoco in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

SERVICES AGREEMENT

On 6 June 2003, Guoco entered into a Services Agreement with GLL for the provision of certain services by Guoco to GLL Group. The services to be provided under the Services Agreement include the overview of GLL's corporate strategies and planning and oversight of investment and financial management disciplines, treasury and risk management, human resource management and development, development of quality and productivity programmes and other operating practices and procedures.

The consideration to be received by Guoco under the Services Agreement shall be a monthly fee of HK\$50,000 (or such other amount as may be agreed from time to time between Guoco and GLL) and an annual fee equal to three per cent. of the annual consolidated profits before tax of GLL for the relevant financial year. No annual fee is receivable by Guoco in the event the GLL Group incurs an audited consolidated loss before tax in any financial year. The first payment shall be for the period commencing 1 January 2003 and ending 30 June 2003. Thereafter, the annual fee shall be receivable after the end of each subsequent financial year, after the announcement of GLL Group's final results for the relevant financial year. The terms of the Services Agreement shall be automatically renewable after the financial year end date of 30 June 2003 for additional, consecutive terms of one year each, unless either party provides the other with prior written notice of at least 6 months. The aggregate of the monthly fees and annual fee payable in any financial year shall not exceed 2 per cent. of the audited consolidated net tangible assets of GLL for that financial year.

The directors of Guoco (including the independent non-executive directors) consider that the terms of the Services Agreement are based on normal commercial terms and are fair and reasonable so far as the shareholders of Guoco are concerned and confirmed that the terms of the Services Agreement are determined by the parties on an arms-length basis.

CONNECTED TRANSACTION

GLL is a 61.5% owned subsidiary of Guoco. No connected person or persons of Guoco is or are together a substantial shareholder in GLL. The Services Agreement constitutes a connected transaction for Guoco pursuant to the Listing Rules. Since the consideration receivable under the Services Agreement is expected to be less than the higher of HK\$10,000,000 and three per cent. of the latest published consolidated net tangible assets of Guoco as at 31 December 2002, no independent shareholders' approval is required. Details of the transaction contemplated under the Services Agreement and renewal of the Services Agreement will be disclosed in the next published annual report and accounts of Guoco in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

APPLICATION FOR ONGOING CONNECTED TRANSACTION WAIVER

As mentioned above, the Services Agreement shall be automatically renewable for additional, consecutive terms of one year each, unless either party provides the other with written notice of at least 6 months. In such circumstances, Guoco would normally need to disclose the renewal by way of a press notice followed by disclosure in the next published annual report and accounts each time the Services Agreement is renewed. It is considered that compliance with such disclosure requirements would be impracticable and onerous for Guoco. In view of this, Guoco has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 14.25(1) of the Listing Rules that future connected transactions (the "Transactions") arising from renewal of the Services Agreement need only be disclosed in the next published annual report and no press notice will be required on the following conditions:

- 1) the Transactions shall be:
 - (i) entered into by Guoco in the ordinary and usual course of its business;
 - (ii) conducted on terms that are fair and reasonable so far as the shareholders of Guoco are concerned; and
 - (iii) entered into in accordance with the terms of the Services Agreement governing such Transactions;
- 2) the aggregate amount of the fees receivable under the Services Agreement for each financial year of Guoco shall not exceed the higher of HK\$10,000,000 and three per cent. of the latest published consolidated net tangible assets of Guoco (the "Cap Amount");
- 3) the independent non-executive directors of Guoco shall review the Transactions annually and confirm in Guoco's next annual report that the Transactions were conducted in the manner as stated in paragraphs 1 and 2 above;
- 4) the auditors of Guoco shall review the Transactions annually and confirm in a letter (the "Letter") to the directors of Guoco (a copy of which will be provided to the Listing Division of the Stock Exchange) stating whether:
 - (i) the Transactions have received the approval of the board of directors of Guoco;
 - (ii) the Transactions have been entered into in accordance with the terms of the agreements governing the Transactions; and
 - (iii) the Cap Amount has been exceeded.

where, for whatever reason, the auditors of Guoco decline to accept the engagement or are unable to provide the Letter, the directors of Guoco shall contact the Listing Division of the Stock Exchange immediately; and

- 5) details of the Transactions in each financial year shall be disclosed as required under Rule 14.25(1) (A) to (D) of the Listing Rules in the annual report of Guoco for that financial year together with a statement of opinion of independent non-executive directors of Guoco referred to in paragraph 3 above.

If any terms of the Transactions as mentioned above are altered or if Guoco enters into any new agreement with any connected persons (within the meaning of the Listing Rules) that are subject to the requirements set out in the Listing Rules in the future, Guoco must comply with the provisions of Chapter 14 of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange.

GENERAL

The principal activity of Guoco is investment holding. The principal activities of its subsidiaries include property development, investment and management; stock and commodity broking and financing; insurance and fund management. The principal activities of its associated companies include banking and finance, insurance and stock broking, property development and merchant banking.

The principal activities of GLL include investment holding, property development and investment. It is an indirect non-wholly owned subsidiary of Guoco.

DEFINITIONS

"GLL"	GuocoLand Limited, a company incorporated in Singapore and listed on the Main Board of Singapore Exchange Securities Trading Limited
"GLL Group"	GLL, its subsidiaries and associated companies from time to time
"Guoco"	Guoco Group Limited, a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Services Agreement"	The services agreement between Guoco and GLL dated 6 June 2003
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

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