



Guoco Group Limited

國浩集團有限公司

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

**SALE AND PURCHASE AGREEMENT
RELATING TO 71,172,395 ORDINARY SHARES IN GUOCO GROUP LIMITED
POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER BY
STANDARD CHARTERED BANK
FOR AND ON BEHALF OF GUOLINE OVERSEAS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF HONG LEONG COMPANY (MALAYSIA) BERHAD)
FOR ALL THE ISSUED ORDINARY SHARES
OF US\$0.50 IN THE SHARE CAPITAL OF GUOCO GROUP LIMITED
(OTHER THAN THOSE ORDINARY SHARES ALREADY
OWNED OR AGREED TO BE ACQUIRED BY GUOLINE OVERSEAS LIMITED)
AND
RESUMPTION OF TRADING**

Shareholders' attention is drawn to the Offer Announcement dated 26 March 2004 made by the Offeror setting out details relating to the Sale and Purchase Agreement and the Offer.

THE SALE AND PURCHASE AGREEMENT

On 26 March 2004, the Company received notification from the Offeror that it had entered into an unconditional sale and purchase agreement with Kuwait Investment Office in relation to the purchase of 71,172,395 Ordinary Shares, representing approximately 21.63% of the issued share capital of the Company at a price of HK\$58 per Ordinary Share. Completion of the Sale and Purchase Agreement is expected to take place on 6 April 2004.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

Upon completion of the Sale and Purchase Agreement, the Offeror Parties will own an aggregate of 215,581,614 Ordinary Shares representing approximately 65.52% of the entire issued share capital of the Company. Under Rule 26.1 of the Code, the Offeror would be required to make a mandatory unconditional cash offer for all the Ordinary Shares not already owned, or agreed to be acquired, by the Offeror Parties.

As stated in the Offer Announcement, subject to completion of the Sale and Purchase Agreement having taken place, Standard Chartered Bank, for and on behalf of the Offeror, will make a mandatory unconditional cash offer for all the Ordinary Shares not already owned, or agreed to be acquired, by the Offeror on the following basis:

For each Offer Share HK\$58 in cash

The Independent Board Committee will be appointed to advise the independent Shareholders in respect of the Offer. An independent financial adviser will also be appointed to advise the Independent Board Committee. An announcement will be issued by the Company to inform Shareholders of such appointments as soon as practicable after such appointments.

TRADING IN SHARES OF THE COMPANY

At the request of the Company, trading in Ordinary Shares on the Stock Exchange was suspended from 9:30 a.m. on 26 March 2004 pending issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Ordinary Shares with effect from 9:30 a.m. on 29 March 2004.

WARNING: As the making of the Offer is subject to completion of the Sale and Purchase Agreement, the Offer may or may not be made. Shareholders and investors generally should exercise caution when buying or selling Ordinary Shares. All references in this announcement to the Offer refer to the possible offer which may be made if and when the Sale and Purchase Agreement completes.

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Further details relating to the Sale and Purchase Agreement are set out in the Offer Announcement.

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INDEPENDENT ADVICE TO THE COMPANY

The Independent Board Committee will be appointed to advise the independent Shareholders in respect of the Offer. An independent financial adviser will also be appointed to advise the Independent Board Committee. An announcement will be issued by the Company to inform Shareholders of such appointments as soon as practicable after such appointments.

DOCUMENTS IN RELATION TO THE OFFER

Pursuant to Rule 8.2 of the Code, within 21 days after the date of the Offer Announcement or such later date as the Executive may approve, the Offeror will despatch the Offer document to Shareholders containing, amongst other things, the terms of the Offer and information on the Company, together with forms of acceptance and transfer.

It is expected that a document containing the recommendation of the Independent Board Committee and the advice of the independent financial adviser appointed to advise the Independent Board Committee will be despatched to Shareholders either as a composite document with the Offer document, or as a separate document within 14 days of the posting of the Offer document or such later date as the Executive may approve.

COMPULSORY ACQUISITION AND CONTINUATION OF LISTING

If the Offeror receives valid acceptances of the Offer for not less than 90% in value of the Ordinary Shares for which the Offer is made the Offeror intends to apply the provisions of section 102 of the Companies Act 1981 of Bermuda to compulsorily acquire any outstanding Ordinary Shares and to apply for a de-listing of Ordinary Shares from the Stock Exchange. However, if the Offeror receives acceptances of the Offer for less than 90% of the Ordinary Shares for which the Offer is made, it is the intention of the directors of the Offeror that the listing of the Ordinary Shares on the Stock Exchange should be maintained and appropriate steps will be taken by the Offeror as soon as possible following the closing of the Offer to ensure that not less than 25% of the Ordinary Shares will be held in public hands.

The Stock Exchange has indicated that if, upon closing of the Offer, less than 25% of the issued share capital of the Company is held in public hands or if the Stock Exchange believes that there are insufficient Ordinary Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Ordinary Shares.

The Stock Exchange has stated that if the Company remains as a listed company, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Group. Any acquisitions or disposals of assets by the Group will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or circular to its Shareholders irrespective of the size of any proposed transaction, particularly where such proposed transaction represents a departure from the principal activities of the Group. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions and disposals of assets by the Group and any such acquisitions and disposals of assets may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the Listing Rules.

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DEFINITIONS

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

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| “Code” | The Hong Kong Code on Takeovers and Mergers |
| “Company” | Guoco Group Limited a company incorporated in Bermuda with limited liability the Ordinary Shares of which are listed on the Stock Exchange (Stock Code: 53) |
| “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 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong from time to time |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China |
| “Independent Board Committee” | the independent committee of the board of directors of the Company to be appointed to advise the independent Shareholders in respect of the Offer |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Offer” | the possible unconditional mandatory cash offer to be made by Standard Chartered Bank on behalf of the Offeror for all the Ordinary Shares not already owned or agreed to be acquired by the Offeror |
| “Offer Announcement” | the separate announcement dated 26 March 2004 made by the Offeror setting out details relating to the Sale and Purchase Agreement and the Offer |
| “Offer Share(s)” | the Ordinary Share(s) in respect of which the Offer would be made |
| “Offeror” | Guoline Overseas Limited a company incorporated in Bermuda with limited liability, a wholly owned indirect subsidiary of Hong Leong Company (Malaysia) Berhad |
| “Offer Parties” | the Offeror and parties acting in concert with it |
| “Ordinary Share(s)” | the ordinary share(s) of US\$0.50 each in the issued share capital of the Company |
| “Sale and Purchase Agreement” | the unconditional sale and purchase agreement dated 26 March 2004 between the Offeror and Kuwait Investment Office |
| “Shareholder(s)” | holder(s) of the Ordinary Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By Order of the Board
Guoco Group Limited
Stella S.M. Lo
Company Secretary

Hong Kong, 26 March 2004

The directors of Guoco Group Limited 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, 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 statement in this announcement misleading.

The directors of Guoco Group Limited are only responsible for the accurate extraction of the information relating to the Offeror and the Offer from the Offer Announcement.