



# 國浩集團有限公司 Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

## CONNECTED TRANSACTION

On 11 January 2005, DHE entered into the Sale and Purchase Agreement with AHB for the proposed disposal of the entire interest in DHI to AHB at a total consideration of HK\$152,551,910.00 to be fully satisfied in cash. The Sale and Purchase Agreement constitutes a connected transaction for Guoco under the Listing Rules. As the Sale Consideration falls within the de minimis threshold as set out under Rule 14A.32(1) of the Listing Rules, no independent shareholders' approval is required. Details of the Proposed Disposal will be disclosed in the next published annual report and accounts of Guoco in accordance with Rules 14A.45(1) to (5) of the Listing Rules.

### SALE AND PURCHASE AGREEMENT DATED 11 JANUARY 2005

#### Parties

Vendor: DHE, a wholly owned subsidiary of Guoco  
Purchaser: AHB, a wholly owned subsidiary of HLA

#### Sale Shares

500,000 Shares representing the entire issued share capital of DHI.

#### Consideration

The Sale Consideration of HK\$152,551,910.00 was arrived at based on a willing-buyer-willing-seller basis. It represents 1.2 times of HK\$127.1 million, being the audited net tangible assets of DHI as at 30 June 2004 of approximately HK\$167.1 million after adjusting for a total dividend of HK\$40 million paid and/or payable by DHI to DHE prior to completion of the Sale and Purchase Agreement. The Sale Consideration shall be paid in cash by AHB upon completion of the Sale and Purchase Agreement.

The audited net tangible assets of DHI as at 30 June 2004 were approximately HK\$167.1 million. The audited net profits before and after tax of DHI for the year ended 30 June 2003 were approximately HK\$18.3 million and HK\$16.3 million respectively. The audited net profit before and after tax of DHI for the year ended 30 June 2004 were approximately HK\$43.8 million and HK\$42.5 million respectively.

#### Conditions Precedent

The completion of the Sale and Purchase Agreement is conditional upon, amongst other things, the following:

- approval from Bank Negara Malaysia for the purchase of the Sale Shares (which approval was obtained on 3 December 2004) and for the remittance of the Sale Consideration to DHE (which approval was obtained on 5 January 2005);
- HKIA giving its no objection notification for AHB to become the controller of DHI; and
- approvals from the shareholders of AHB, HLA and HLCB respectively.

If any of the above conditions precedent is not fulfilled within 6 months from the date of the Sale and Purchase Agreement (or within such extended period as the parties may mutually agree), either party may at any time thereafter terminate the Sale and Purchase Agreement by giving 14 days written notice to each other.

#### Completion

Completion of the Sale and Purchase Agreement will take place on the 7th day after the fulfillment of the conditions precedent or such other date as may be mutually agreed by the parties.

#### TERMS OF THE SALE AND PURCHASE AGREEMENT

The directors of Guoco (including the independent non-executive directors) confirmed that the terms and conditions of the Sale and Purchase Agreement were arrived at after an arm's length negotiation and were considered to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### REASONS FOR THE PROPOSED DISPOSAL

The purpose of the Proposed Disposal is to pool together the relevant insurance business resources and expertise within the HLCB Group to create the synergy for the benefit of future business development of both DHI and HLA. DHI could tap on HLA's expertise on a wider range of products and long-term business as a diversification strategy. As AHB is a wholly owned subsidiary of HLA, Guoco would continue to have an indirect interest in DHI via its holding of 25.66% interests in HLCB which wholly owns HLA. The Group will realise a net profit of approximately HK\$12.3 million from the Proposed Disposal.

#### CONNECTED TRANSACTION

AHB is a wholly owned subsidiary of HLA which is in turn wholly owned by HLCB. HLCB is owned as to 52.51% and 25.66% by HLCM Group (excluding the Group) and the Group respectively. Mr. Quek Leng Chan, Executive Chairman of Guoco, is deemed a major shareholder of Guoco and HLCB respectively. HLCM is the ultimate holding company of Guoco and HLCB.

The Sale and Purchase Agreement constitutes a connected transaction for Guoco under the Listing Rules. As the Sale Consideration under the Sale and Purchase Agreement falls within the de minimis threshold as set out under Rule 14A.32(1) of the Listing Rules, no independent shareholders' approval is required. Details of the Proposed Disposal will be disclosed in the next published annual report and accounts of Guoco in accordance with Rule 14A.45(1) to (5) of the Listing Rules.

#### GENERAL

The Group is principally engaged in investment and treasury management, property development and investment, stock and commodity broking and insurance.

DHI is an insurance company offering a wide range of general insurance products in Hong Kong.

HLA is principally engaged in the underwriting of life and general insurance business in Malaysia.

As at the date of this announcement, the Board comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng and Mr. James Eng, Jr. as executive directors; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Harry Richard Wilkinson and Mr. Volker Stoeckel as independent non-executive directors.

#### Definitions

"AHB"	Allstate Health Benefits Sdn Bhd, a limited company incorporated in Malaysia
"Bursa Securities"	Bursa Malaysia Securities Berhad
"Guoco"	Guoco Group Limited, a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange
"DHE"	Dao Heng Enterprises Limited, a limited company incorporated in Hong Kong and a wholly owned subsidiary of Guoco
"DHI"	Dao Heng Insurance Co., Limited, a limited company incorporated in Hong Kong and a wholly owned subsidiary of DHE
"Group"	Guoco and its subsidiaries
"HK\$"	Hong Kong dollars
"HLA"	Hong Leong Assurance Berhad, a limited company incorporated in Malaysia
"HLCB"	Hong Leong Credit Berhad, an investment holding company incorporated in Malaysia and listed in Bursa Securities
"HLCB Group"	HLCB and its subsidiaries
"HLCM"	Hong Leong Company (Malaysia) Berhad, an investment holding company incorporated in Malaysia
"HLCM Group"	HLCM and its subsidiaries
"HKIA"	Insurance Authority of Hong Kong
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Proposed Disposal"	The proposed disposal of the Sale Shares contemplated under the Sale and Purchase Agreement
"Sale Consideration"	The sale consideration of HK\$152,551,910.00
"Sale and Purchase Agreement"	A conditional sale and purchase agreement dated 11 January 2005 entered into by DHE and AHB
"Sale Shares"	500,000 ordinary shares of par value HK\$100.00 each in the share capital of DHI
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board  
Stella Lo Sze Man  
Company Secretary

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