



# 國浩集團有限公司 Guoco Group Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 00053)

## CONTINUING CONNECTED TRANSACTIONS

Guoco has entered into the Supplemental GOMC Services Agreement with GOMC, an indirect wholly-owned subsidiary of Hong Leong. Hong Leong is a substantial shareholder of Guoco. The Supplemental GOMC Services Agreement amends and supplements the Original GOMC Services Agreement.

Guoco has also entered into the Supplemental GLL Services Agreement with GLL, a subsidiary of Guoco, the shares of which are listed on the Main Board of Singapore Exchange Securities Trading Limited. The Supplemental GLL Services Agreement amends and supplements the Original GLL Services Agreement.

Since the annual cap on the fee payable under the GOMC Services Agreement and the GLL Services Agreement each results in applicable percentage ratios under the Listing Rules of less than 2.5%, the GOMC Services Agreement and the GLL Services Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the GOMC Services Agreement and the GLL Services Agreement will be included in Guoco's next published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules.

Pursuant to the Original GOMC Services Agreement, GOMC has been providing certain services (as detailed below) to Guoco, its subsidiaries and associated companies. Pursuant to the Original GLL Services Agreement, GLL has been receiving some of these services provided by GOMC and has defrayed a portion of the costs payable by Guoco under the Original GOMC Services Agreement. The parties have entered into supplemental agreements to amend the Original GOMC Services Agreement and the Original GLL Services Agreement as set out below.

### 1. SUPPLEMENTAL GOMC SERVICES AGREEMENT

*Date:* 31 August 2005

*Parties:* Guoco and GOMC

The Supplemental GOMC Services Agreement amends and supplements the Original GOMC Services Agreement with effect from 1 July 2005. The GOMC Services Agreement, is for a term of three years. Guoco may renew the agreement at the end of its term for additional consecutive terms of three years, by giving three months' notice of such renewal, subject to the right of the other party to object to such renewal within one month of Guoco's notice. Guoco will comply with the Listing Rules in respect of any such renewal.

### CONSIDERATION

The consideration to be paid by Guoco under the GOMC Services Agreement comprises a monthly charge of HK\$100,000 (or such other amount as may be agreed from time to time between GOMC and Guoco) payable in arrears on the last day of each month, and an annual fee payable in cash within six months of the end of each financial year, equal to (i) 3 per cent. of the annual consolidated profits before tax of Guoco for each year of the agreement (being the three financial years ending 30 June 2006, 30 June 2007 and 30 June 2008) less (ii) the relevant portion of any annual fee amount otherwise paid to the Hong Leong Group by any member of the Guoco Group in respect of similar services, subject to the annual cap as further described below.

The Supplemental GOMC Services Agreement introduces an annual cap to the consideration for the purpose of complying with the Listing Rules provisions in respect of continuing connected transactions. The basis of the consideration remains the same as that under the Original GOMC Services Agreement, save for the annual cap.

### CONNECTED PERSON

GOMC is a connected person (as defined in the Listing Rules) of Guoco by virtue of the fact that it is an indirect wholly-owned subsidiary of Hong Leong, a substantial shareholder of Guoco holding a 65.5% interest in Guoco. The GOMC Services Agreement therefore constitutes a continuing connected transaction for Guoco under the Listing Rules.

### HISTORICAL FIGURES

The aggregate consideration paid under the Original GOMC Services Agreement, in respect of services provided, for each of the two financial years ended 30 June 2003 and 30 June 2004 was approximately HK\$43.8 million and HK\$74.2 million respectively.

The aggregate consideration which is expected to be payable in respect of the six months ended 31 December 2004 is approximately HK\$50.7 million (which will be paid as part of the payment for the year ended 30 June 2005).

### ANNUAL CAP

The annual capped fee payable by Guoco under the GOMC Services Agreement is HK\$224 million for each of the financial years ending 30 June 2006, 30 June 2007 and 30 June 2008.

In the event that the consideration payable under the GOMC Services Agreement together with the total of any fees otherwise paid or payable to the Hong Leong Group by any subsidiary of Guoco in respect of similar services, if any, would exceed the annual cap for any of the three years of its term, Guoco will seek the approval of independent shareholders under Rule 14A.36(1) of the Listing Rules for the payment by Guoco of any consideration in excess of such annual cap. If such approval is not given, the fee payable would be limited to the capped fee (less any such consideration otherwise paid or payable by any member of the Guoco Group) and GOMC would have the right to terminate the GOMC Services Agreement immediately.

The basis of the annual cap amount is determined having regard to the consideration actually paid under the Original GOMC Services Agreement in respect of the three financial years ended 30 June 2004 and the estimated consideration expected to be paid in respect of the financial year ended 30 June 2005, allowing for the possibility that this amount may increase in the future at a rate similar to the compound average growth rate over the four financial years ended 30 June 2005. The expected consideration for the financial year ended 30 June 2005 is arrived at by annualizing the consideration expected to be paid based on the published financial information of Guoco for the six months ended 31 December 2004.

The consideration payable subject to the annual cap is such that no applicable percentage ratio under the Listing Rules would exceed 2.5%, based on the audited financial information of Guoco for the financial year ended 30 June 2004 or the unaudited interim results of Guoco for the six months ended 31 December 2004, as applicable.

### REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL GOMC SERVICES AGREEMENT

The services to be provided under the GOMC Services Agreement include formulation of strategy and planning, overseeing investment and financial management, treasury and risk management services and technical assistance with respect to operating practices and procedures, accounting and other services. The Supplemental GOMC Services Agreement introduces an annual cap to the consideration and amends the duration provisions of the Original GOMC Services Agreement. The Supplemental GOMC Services Agreement also adds a right of termination on the part of GOMC in the event that the independent shareholders of Guoco fail to approve at the first shareholders' meeting convened for such purpose the payment of any sums in excess of the annual cap. Save for these changes, there are no further substantial amendments to the Original GOMC Services Agreement.

The Supplemental GOMC Services Agreement is in the interests of the Company because it allows Guoco to tap into the services infrastructure and global network of Hong Leong in order to extract its management expertise so as to derive maximum strategic, financial and operational leverage and benefits in connection with the businesses of the Guoco Group.

The directors of Guoco (including the independent non-executive directors) are of the opinion that the Supplemental GOMC Services Agreement has been entered into in the usual and ordinary course of business of Guoco. The terms of this agreement have been negotiated, and will be conducted, on an arm's length basis and on normal commercial terms. The GOMC Services Agreement and the terms thereof are fair and reasonable and in the interests of the Guoco Group and the shareholders of Guoco as a whole.

### LISTING RULES IMPLICATIONS

Since the annual cap on the consideration payable under the GOMC Services Agreement results in applicable percentage ratios under the Listing Rules of less than 2.5% (assuming no consideration is otherwise paid or payable by any member of the Guoco Group to the Hong Leong Group in respect of similar services), the GOMC Services Agreement is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the GOMC Services Agreement will be included in Guoco's next published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules.

Guoco will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate annual consideration payable under the GOMC Services Agreement exceeds the annual cap for any of the three financial years ending 30 June 2006, 30 June 2007 and 30 June 2008, or when the GOMC Services Agreement is renewed or there are any material changes to the terms of the GOMC Services Agreement. Guoco will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the GOMC Services Agreement throughout its term.

### ORIGINAL GOMC SERVICES AGREEMENT

Guoco confirms that the consideration payable (or to be paid) by Guoco under the Original GOMC Services Agreement in respect of the financial year ended 30 June 2005 is expected to be less than the annual cap of HK\$224 million and below the applicable percentage ratios under the Listing Rules of 2.5% above which independent shareholders' approval would be required.

### 2. SUPPLEMENTAL GLL SERVICES AGREEMENT

*Date:* 31 August 2005

*Parties:* Guoco and GLL

The Supplemental GLL Services Agreement amends and supplements the Original GLL Services Agreement with effect from 1 July 2005. The GLL Services Agreement is for a term of three years. Guoco may renew the agreement at the end of its term for additional consecutive terms of three years, by giving three months' notice of such renewal, subject to the right of the other party to object to such renewal within one month of Guoco's notice. Guoco will comply with the Listing Rules in respect of any such renewal.

### CONSIDERATION

The consideration to be received by Guoco under the GLL Services Agreement comprises a monthly charge of HK\$50,000 (or such other amount as may be agreed from time to time between GLL and Guoco) payable in arrears on the last day of each month, and an annual fee payable in cash within 14 days of the announcement of GLL's annual results, equal to (i) 3 per cent. of the annual consolidated profits before tax of GLL for each year of the agreement (being the three financial years ending 30 June 2006, 30 June 2007 and 30 June 2008) less (ii) the relevant portion of any annual fee amount otherwise paid to the Hong Leong Group by any member of the GLL Group in respect of similar services, subject to the annual cap as further described below.

The Supplemental GLL Services Agreement introduces an annual cap to the consideration for the purpose of complying with the Listing Rules provisions in respect of continuing connected transactions. The basis of the consideration remains the same as that under the Original GLL Services Agreement, save for the annual cap.

### CONNECTED PERSON

GLL is a connected person (as defined in the Listing Rules) of Guoco by virtue of the fact that GLL is a subsidiary of Guoco (which holds 62.4% interest in GLL) and that, in aggregate, a subsidiary of Hong Leong and certain directors of Guoco are directly interested in approximately 13.2% of the issued shares of GLL. The GLL Services Agreement therefore constitutes a continuing connected transaction for Guoco under the Listing Rules.

### HISTORICAL FIGURES

The aggregate consideration received under the Original GLL Services Agreement, in respect of services provided, for each of the two financial years ended 30 June 2003 and 30 June 2004 was approximately HK\$13.5 million and HK\$16.1 million respectively.

The aggregate consideration which is expected to be received in respect of the six months ended 31 December 2004 is approximately HK\$7.5 million (which will be paid by GLL as part of the payment for the year ended 30 June 2005).

### ANNUAL CAP

The annual capped consideration receivable by Guoco under the GLL Services Agreement is HK\$51 million for each of the financial years ending 30 June 2006, 30 June 2007 and 30 June 2008.

In the event that the consideration receivable under the GLL Services Agreement would exceed the annual cap for any of the three years of its term, Guoco will seek the approval of independent shareholders under Rule 14A.36(1) of the Listing Rules for the receipt by Guoco of any consideration in excess of such annual cap. If such approval is not given, the fee payable by GLL would be limited to the capped fee.

The basis of the annual cap amount is determined having regard to the average proportion of the consideration actually received under the Original GLL Services Agreement in respect of each of the two financial years ended 30 June 2004 and the estimated consideration expected to be received in respect of the financial year ended 30 June 2005 compared to the consideration paid to GOMC by Guoco for each of the same periods, allowing for the possibility that the amount received by Guoco may increase in the future. Accordingly, based on the average proportion of approximately 22.7% of the annual cap for the GOMC Services Agreement, the annual cap is set at HK\$51 million for the GLL Services Agreement. The expected consideration for the financial year ended 30 June 2005 is arrived at by annualizing the consideration expected to be received based on the published financial information of Guoco for the six months ended 31 December 2004.

The consideration receivable subject to the annual cap is such that no applicable percentage ratio under the Listing Rules would exceed 2.5%, based on the audited financial information of Guoco for the financial year ended 30 June 2004 or its unaudited interim results of Guoco for the six months ended 31 December 2004, as applicable.

### REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL GLL SERVICES AGREEMENT

The provision of services to the GLL Group under the GLL Services Agreement include formulation of strategy and planning, overseeing investment and financial management, treasury and risk management services and technical assistance with respect to operating practices and procedures, accounting and other services. The Supplemental GLL Services Agreement

introduces an annual cap to the consideration and amends the duration provisions of the Original GLL Services Agreement. Save for these changes, there are no further substantial amendments to the Original GLL Services Agreement. The Supplemental GLL Services Agreement is in the interests of Guoco because it allows Guoco partially to disburse the cost of the services provided by GOMC under the GOMC Services Agreement.

The directors of Guoco (including the independent non-executive directors) are of the opinion that the Supplemental GLL Services Agreement has been entered into in the usual and ordinary course of business of Guoco. The terms of this agreement have been negotiated, and will be conducted, on an arm's length basis and on normal commercial terms. The GLL Services Agreement and the terms thereof are fair and reasonable and in the interests of the Guoco Group and the shareholders of Guoco as a whole.

### LISTING RULES IMPLICATIONS

Since the annual cap on the fee receivable by Guoco under the GLL Services Agreement results in applicable percentage ratios under the Listing Rules of less than 2.5%, the GLL Services Agreement is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the GLL Services Agreement will be included in Guoco's next published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules.

Guoco will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate annual fee receivable under the GLL Services Agreement exceeds the annual cap for any of the three financial years ending 30 June 2006, 30 June 2007 or 30 June 2008, or when the GLL Services Agreement is renewed or there are any material changes to the terms of the GLL Services Agreement. Guoco will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the GLL Services Agreement throughout its term.

### ORIGINAL GLL SERVICES AGREEMENT

Guoco confirms that the consideration receivable (or to be received) by Guoco under the Original GLL Services Agreement in respect of the financial year ended 30 June 2005 is expected to be less than the annual cap of HK\$51 million and below the applicable percentage ratios under the Listing Rules of 2.5% above which independent shareholder's approval would be required.

### 3. GENERAL

Guoco is an investment holding company and the principal activities of its subsidiaries and associated companies encompass investment and treasury management, property development and investment, stock and commodity broking, insurance, investment advisory, fund management, banking and finance as well as hotel investment and management.

GOMC is principally engaged in the provision of management services. GLL is an investment holding company and the principal activities of its subsidiaries encompass property development, property investment, property management and property related activities.

As at the date of this announcement, the board of directors of Guoco 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

"GLL"	GuocoLand Limited, a company incorporated in Singapore whose shares are listed on the Main Board of Singapore Exchange Securities Trading Limited
"GLL Group"	GLL, its subsidiaries and associated companies from time to time
"GLL Services Agreement"	The Original GLL Services Agreement as amended by the Supplemental GLL Services Agreement
"GOMC"	GOMC Limited, a company incorporated in Hong Kong
"GOMC Services Agreement"	The Original GOMC Services Agreement as amended by the Supplemental GOMC Services Agreement
"Guoco"	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00053)
"Guoco Group"	Guoco, its subsidiaries and associated companies from time to time
"HK\$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People's Republic of China
"Hong Leong"	Hong Leong Company (Malaysia) Berhad, a substantial shareholder of Guoco
"Hong Leong Group"	Hong Leong and its wholly-owned subsidiaries from time to time
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Original GLL Services Agreement"	The services agreement between Guoco and GLL dated 6 June 2003 and which was the subject of an announcement by Guoco of the same date
"Original GOMC Services Agreement"	The services agreement between Guoco and GOMC (formerly known as Hong Leong Overseas (H.K.) Limited) dated 21 August 2001 and which was the subject of an announcement by Guoco of the same date
"Supplemental GLL Services Agreement"	The supplemental services agreement between Guoco and GLL dated 31 August 2005
"Supplemental GOMC Services Agreement"	The supplemental services agreement between Guoco and GOMC dated 31 August 2005
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Stella Lo Sze Man**  
Company Secretary

Hong Kong, 31 August 2005