



國浩集團有限公司

**Guoco Group Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

## CONTINUING CONNECTED TRANSACTIONS

On 14 February 2007, each of BIL, Thistle and BIL Gaming entered into a services agreement with GIMC for the provision of certain management services by GIMC to the BIL Group, the Thistle Group and BIL Gaming Group respectively. On 14 February 2007, each of CGB and GLM entered into a supplemental agreement with HLMC to amend their respective Original Agreements.

The Services Agreements constitute continuing connected transactions for Guoco under the Listing Rules. Details of the Services Agreements 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 also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the said agreements.

In the event that the aggregate annual consideration paid or payable by BIL, Thistle, BIL Gaming, CGB and GLM under the respective Services Agreements together with the total of any fees otherwise paid or payable to Hong Leong Group by other subsidiaries of Guoco in respect of similar services, if any, would exceed the annual cap of HK\$224 million for any of the financial years ending 30 June 2008, Guoco will comply with the requirements under Rule 14A.36 of the Listing Rules.

### NEW SERVICES AGREEMENTS

#### Services Agreements between GIMC and each of BIL, Thistle and BIL Gaming

On 14 February 2007, each of BIL, Thistle and BIL Gaming entered into a services agreement with GIMC for the provision of certain management services by GIMC to the BIL Group, the Thistle Group and the BIL Gaming Group respectively. The services to be provided thereunder include, among other things, overview of businesses and operations, investment management and financial management disciplines, treasury and risk management services, key managerial recruitment and retention, overview of productivity and quality programmes and other operating practices and procedures as well as planning and development of management information system.

The term of each of the BIL Agreement and the Thistle Agreement is for a period of two financial years from 1 July 2006 to 30 June 2008 while that of the BIL Gaming Agreement is for the period from 1 January 2007 to 30 June 2008. Each of BIL, Thistle and BIL Gaming may renew their respective agreements for additional consecutive terms of three years each, by giving six months' notice, subject to the right of GIMC to object to such renewal within one month of the notice of renewal.

The consideration to be paid by BIL under the BIL Agreement comprises a monthly charge of S\$20,000 (or such amount as may be agreed from time to time between BIL and GIMC) and an annual fee equal to (i) three per cent. of the audited annual consolidated profits before tax of BIL for the relevant financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of BIL (whose profits are equity accounted for or consolidated into the group accounts of BIL) to any Hong Leong Group company for services of a similar nature as the services of the BIL Agreement, if any, representing the effective proportion of BIL's shareholding in such subsidiary and associated company.

The consideration to be paid by Thistle under the Thistle Agreement comprises a monthly charge of US\$20,000 (or such amount as may be agreed from time to time between Thistle and GIMC) and an annual fee equal to (i) three per cent. of the audited annual consolidated profits before tax of Thistle for the relevant financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of Thistle (whose profits are equity accounted for or consolidated into the group accounts of Thistle) to any Hong Leong Group company for services of a similar nature as the services of the Thistle Agreement, if any, representing the effective proportion of Thistle's shareholding in such subsidiary and associated company.

The consideration to be paid by BIL Gaming under the BIL Gaming Agreement comprises a monthly charge of US\$5,000 (or such amount as may be agreed from time to time between BIL Gaming and GIMC) and an annual fee equal to (i) three per cent. of the audited annual consolidated profits before tax of BIL Gaming for the relevant financial year less (ii) the portion of any annual fee amount paid or payable in respect of the relevant financial year by any subsidiary and associated company of BIL Gaming (whose profits are equity accounted for or consolidated into the group accounts of BIL Gaming) to any Hong Leong Group company for services of a similar nature as the services of the BIL Gaming Agreement, if any, representing the effective proportion of BIL Gaming's shareholding in such subsidiary and associated company.

Pursuant to the BIL Group Agreements, the total fees paid or payable by each of BIL, Thistle and BIL Gaming together with other fees paid or payable by other subsidiaries of Guoco to Hong Leong Group for similar services are subject to the annual cap of HK\$224 million. In the event that the annual cap is exceeded, the excess of the fees will be payable after Guoco has complied with the relevant Listing Rules requirements (including to obtain independent shareholders' approval).

### SUPPLEMENTAL SERVICES AGREEMENTS

#### Original Agreements between HLMC and each of CGB and GLM

CGB entered into the Original CGB Agreement with HLMC on 27 February 2006 for the provision of certain services by HLMC to CGB for a period of 5 years from 1 July 2005.

GLM entered into the Original GLM Agreement with HLMC on 3 January 2005 for the provision of certain services by HLMC to GLM for a period of 5 years from 1 January 2005.

The services to be provided thereunder include, among other things, overview of businesses and operations, investment management and financial management disciplines, treasury and risk management services, corporate advisory and legal services, key managerial recruitment and retention, overview of productivity and quality programmes and other operating practices and procedures as well as planning and development of management information system.

The consideration to be paid by CGB under the Original CGB Agreement comprises a monthly charge as may be agreed from time to time between CGB and HLMC (currently RM10,000) and an annual fee equal to three per cent. of the audited annual consolidated profits before tax of CGB for the relevant financial year. No consideration was charged under the Original CGB Agreement in respect of the year ended 30 June 2006.

The consideration to be paid by GLM under the Original GLM Agreement comprises a monthly charge as may be agreed from time to time between GLM and HLMC (currently RM10,000) and an annual fee equal to three per cent. of the audited annual consolidated profits before tax of GLM for the relevant financial year. GLM has become Guoco's subsidiary since 3 May 2006. The total fee paid by GLM under the Original GLM Agreement in respect of the period from 3 May 2006 to 30 June 2006 was RM115,000.

#### Supplemental Agreements

On 14 February 2007, each of CGB and GLM entered into a supplemental agreement with HLMC to amend their respective Original Agreements.

The principal amendments as provided in the respective Supplemental Agreements are as follows:

- to change the respective terms of the Original Agreements in the following manner:
  - the term of the Original CGB Agreement is amended to two years commencing from 1 July 2006 to 30 June 2008; and
  - the term of the Original GLM Agreement is amended to comprise an initial term commencing from 1 January 2005 to 30 June 2006 and an additional term commencing from 1 July 2006 to 30 June 2008;
- CGB and GLM may renew its respective agreement for additional consecutive terms of three years, by giving six month's notice of such renewal, subject to the right of HLMC to object to such renewal within one month of such notice of renewal;
- to carve out from the annual fees payable by CGB and GLM under the respective Original Agreements the fees paid or payable by any subsidiary and associated company of CGB and GLM to any Hong Leong Group company for services of a similar nature as the services under the Original Agreements;
- to introduce the Annual Cap to the consideration payable by each of CGB and GLM under its respective agreement for the purpose of complying with the Listing Rules provisions in respect of continuing connected transactions, thereby the total fees paid or payable by CGB and GLM together with other fees paid or payable by Guoco and other subsidiaries of Guoco to the Hong Leong Group for similar services are subject to the annual cap of HK\$224 million; and
- to extend the coverage of services under the respective Original Agreements to the subsidiaries and associated companies of CGB and GLM.

Save for the aforesaid changes, there are no substantial amendments to the Original Agreements.

### ANNUAL CAP

On 31 August 2005, Guoco made an announcement that it set an annual capped fee of HK\$224 million (the "Annual Cap") for the Guoco Agreement. In the event that the consideration payable under the Guoco 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 ending 30 June 2008, Guoco will seek the approval from its independent shareholders under Rule 14A.36(1) of the Listing Rules for the payment by Guoco of any consideration in excess of the Annual Cap. The same Annual Cap is introduced to each of the Services Agreements entered into by the subsidiaries of Guoco with Hong Leong Group companies referred to in this announcement.

The fees paid and payable by Guoco under the Guoco 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 for the year ended 30 June 2006 amounted to approximately HK\$177 million which did not exceed the Annual Cap.

### REASONS FOR AND BENEFITS OF THE SERVICES AGREEMENTS

The Services Agreements are in the interests of Guoco because it allows the respective subsidiary groups to tap into the services infrastructure and global network of Hong Leong in order to extract its management expertise so as to derive optimal strategic, financial and operational leverage and benefits in connection with the businesses of these subsidiary groups.

For the purpose of complying with the Listing Rules requirements on continuing connected transactions, the Annual Cap is imposed on the consideration payable under each of the Services Agreements. Any fee in excess of the Annual Cap is only payable upon Guoco's compliance with the relevant Listing Rules requirements including obtaining independent shareholders' approval.

The terms of these agreements were negotiated, and will be conducted, on an arm's length basis and on normal commercial terms. The directors of Guoco (including the independent non-executive directors) are of the opinion that the Services Agreements are in the usual and ordinary course of business of the Guoco Group and are fair and reasonable and in the interests of the Guoco Group and its shareholders as a whole.

### LISTING RULES IMPLICATIONS

Both GIMC and HLMC are connected persons (as defined in the Listing Rules) of Guoco by virtue of the fact that they are indirect wholly-owned subsidiaries of Hong Leong, a substantial shareholder of Guoco holding 65.52% interests in Guoco. Mr. Quek Leng Chan, Executive Chairman of Guoco, is deemed a major shareholder of Guoco and Hong Leong. The Services Agreements therefore constitute continuing connected transactions for Guoco under the Listing Rules. Details of the Services Agreements 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 also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the Services Agreements.

In event that the aggregate annual consideration paid or payable by each of BIL, Thistle, BIL Gaming, CGB and GLM under the respective Services Agreements together with the total of any fees otherwise paid or payable to Hong Leong Group by other subsidiaries of Guoco in respect of similar services, if any, would exceed the annual cap of HK\$224 million for any of the financial years ending 30 June 2008, Guoco will comply with the requirements under Rule 14A.36 of the Listing Rules.

### GENERAL

Guoco is an investment holding company and the principal activities of its subsidiaries and associated companies encompass proprietary asset management, property development and investment, hospitality and leisure business, stock and commodity broking, investment advisory, banking and financing, insurance, fund management as well as merchant banking.

GIMC and HLMC are principally engaged in the provision of management services.

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. Volker Stoeckel and Mr. Ding Wai Chuen as independent non-executive directors.

### DEFINITIONS

"BIL"	BIL International Limited, a 59.30% controlled subsidiary of Guoco with primary listing on Singapore Exchange Securities Trading Limited and secondary listing on the London Stock Exchange and the New Zealand Stock Exchange
"BIL Agreement"	The services agreement between BIL and GIMC dated 14 February 2007
"BIL Gaming"	BIL Gaming Operations UK Limited, a wholly owned subsidiary of BIL
"BIL Gaming Agreement"	The services agreement between BIL Gaming and GIMC dated 14 February 2007
"BIL Gaming Group"	BIL Gaming, its subsidiaries and associated companies from time to time (excluding its subsidiaries (together with their respective subsidiaries and associated companies) which have entered into services agreements with Hong Leong Group companies for similar services)
"BIL Group"	BIL, its subsidiaries and associated companies from time to time (excluding its subsidiaries (together with their respective subsidiaries and associated companies) which have entered into services agreements with Hong Leong Group companies for similar services)
"BIL Group Agreements"	The BIL Agreement, the Thistle Agreement and the BIL Gaming Agreement
"CGB"	Camerlin Group Berhad, a 68.60% controlled subsidiary of Guoco with listing on Bursa Malaysia Securities Berhad
"CGB Agreement"	The Original CGB Agreement as amended by the Supplemental CGB Agreement
"GIMC"	GIMC Limited, an indirect wholly-owned subsidiary of Hong Leong
"GLM"	GuocoLand (Malaysia) Berhad, a 64.98% controlled subsidiary of Guoco with listing on Bursa Malaysia Securities Berhad
"GLM Agreement"	The Original GLM Agreement as amended by the Supplemental GLM Agreement
"Guoco"	Guoco Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 53)
"Guoco Agreement"	The services agreement between Guoco and GOMC Limited ("GOMC") (formerly known as Hong Leong Overseas (H.K.) Limited) dated 21 August 2001 as amended by the supplemental services agreement between Guoco and GOMC dated 31 August 2005
"Guoco Group"	Guoco, its subsidiaries and associated companies
"HK\$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People's Republic of China
"HLMC"	HL Management Co Sdn Bhd, an indirect wholly-owned subsidiary of Hong Leong
"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 of Hong Kong Limited
"Original Agreements"	The Original CGB Agreement and the Original GLM Agreement
"Original CGB Agreement"	The services agreement between CGB and HLMC dated 27 February 2006
"RM"	Ringgit Malaysia, the lawful currency of Malaysia
"Original GLM Agreement"	The services agreement between GLM and HLMC dated 3 January 2006
"S\$"	Singapore dollars, the lawful currency of Singapore
"Services Agreements"	the BIL Agreement, the Thistle Agreement, the BIL Gaming Agreement, the CGB Agreement and the GLM Agreement
"Supplemental CGB Agreement"	The supplemental services agreement between CGB and HLMC dated 14 February 2007
"Supplemental GLM Agreement"	The supplemental services agreement between GLM and HLMC dated 14 February 2007
"Supplemental Agreements"	The Supplemental CGB Agreement and the Supplemental GLM Agreement
"Thistle"	Thistle Hotels Limited, a wholly-owned subsidiary of BIL
"Thistle Group"	Thistle and its subsidiary and associated companies from time to time (excluding its subsidiaries (together with their respective subsidiaries and associated companies) which have entered into services agreements with Hong Leong Group companies for similar services)
"Thistle Agreement"	The services agreement between Thistle and GIMC dated 14 February 2007
"US\$"	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 14 February 2007

*Please also refer to the published version of this announcement in South China Morning Post, and Hong Kong Economic Journal.*