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國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

## Rights Issue and Convertible Bond Issue by GuocoLand Limited

### Discloseable Transaction - Deemed Disposal by way of Material Dilution in Percentage Equity Interests in GuocoLand Limited

On 19 April 2007, GLL, the Company's 63.9% owned subsidiary listed on SGX-ST, proposed to raise approximately S\$555 million (HK\$2,857 million) by way of the Rights Issue and S\$690 million (HK\$3,552 million) by way of the Convertible Bond Issue.

GLL intends to use the net proceeds of the Rights Issue and the Convertible Bond Issue for the working capital of GLL and its subsidiaries and to, among other things, fund its acquisitions in Singapore and the PRC, including the proposed conditional acquisition of a 90% interest in the Beijing Dongzhimen site as announced by GLL on 13 April 2007 and by Guoco on 16 April 2007.

The issue of new GLL Shares upon conversion of the Convertible Bonds will result in reduction of the percentage equity interests of Guoco in GLL. Such dilution is regarded as a deemed disposal of Guoco's interests in GLL, which constitutes a discloseable transaction for Guoco under Chapter 14 of the Listing Rules. The conversion rights in respect of the Convertible Bonds are subject to approval of the shareholders of the Company in general meeting pursuant to Chapter 13 of the Listing Rules.

On 19 April 2007, GLL proposed to raise approximately S\$555 million (HK\$2,857 million) by way of the Rights Issue and S\$690 million (HK\$3,552 million) by way of the Convertible Bond Issue.

The Rights Issue and the Convertible Bond Issue are separate exercises and are not dependent or conditional on each other.

#### PROPOSED PRINCIPAL TERMS OF THE RIGHTS ISSUE

GLL proposed a renounceable rights issue of 221,882,489 new ordinary shares in the capital of GLL at an issue price of S\$2.50 (HK\$12.87) for each Rights Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of GLL held as at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Issue Price represents a discount of 50% to the last transacted price of S\$5.00 (HK\$25.74) per GLL Share on SGX-ST on 19 April 2007.

Further details of the Rights Issue are set out in the GLL Announcement, a copy of which has been posted by Guoco as an overseas regulatory announcement on the websites of the Stock Exchange and Guoco.

As at 19 April 2007, Guoco owns, via its wholly owned subsidiary, 425,361,240 GLL Shares, representing approximately 63.9% of the total number of GLL Shares in issue.

Guoco has irrevocably and unconditionally undertaken to GLL:

- to subscribe and pay for (or procure subscription and payment for) in accordance with the terms of the Rights Issue, at the Rights Issue Price, the Rights Shares to be provisionally allotted to Guoco Group under the Rights Issue on the basis of its holdings in GLL as of the Books Closure Date; and
- by way of excess application(s) to subscribe and pay for and/or procure subscription and payment at the Rights Issue Price for all the Rights Shares less Guoco's Entitlement which are not taken up by other GLL shareholders or their renounees.

The Rights Issue is subject to, among other things, the approval of GLL shareholders in the GLL EGM, the in-principle approval of SGX-ST for the listing of and quotation for the Rights Shares on SGX-ST and the lodgement of an offer information statement with the Monetary Authority of Singapore.

Guoco has undertaken to vote, in respect of at least a majority shareholding in GLL, in favour of all resolutions to be proposed at the GLL EGM to approve the Rights Issue.

In light of the aforesaid undertakings, the estimated net proceeds from the Rights Issue (after deducting estimated expenses in connection with the Rights Issue) are expected to be approximately S\$555 million (HK\$2,857 million).

#### THE CONVERTIBLE BOND ISSUE

GLL has also entered into the Subscription Agreement relating to the issue by GLL of S\$690 million (HK\$3,552 million) in principal amount of unsecured convertible bonds due 2012 (subject to increase pursuant to the Up-size Option as described below) which are convertible into new GLL Shares.

GLL has appointed JPMorgan as the sole bookrunner of the Convertible Bond Issue, and HL Bank and OCBC as the joint lead managers of the Convertible Bond Issue.

#### Up-size Option

Under the Subscription Agreement, JPMorgan has agreed to subscribe and pay for or to procure subscribers to subscribe and pay for, and GLL has agreed to issue, S\$690 million (HK\$3,552 million) in principal amount of Convertible Bonds which are convertible at the initial conversion price into 111.0 million Conversion Shares representing approximately 16.7% of the total number of GLL Shares in issue. In addition, GLL may issue up to an additional S\$100 million (HK\$515 million) in principal amount of Convertible Bonds pursuant to an option exercisable at the mutual agreement of GLL and JPMorgan.

#### Key Terms of the Convertible Bond Issue

Certain principal terms and conditions of the Convertible Bonds are as follows:

Issue Size	: S\$690 million (HK\$3,552 million) in principal amount of Convertible Bonds comprising S\$345 million (HK\$1,776 million) in principal amount of Tranche 1 Convertible Bonds and S\$345 million (HK\$1,776 million) in principal amount of Tranche 2 Convertible Bonds
Issue Price	: 100.0% of the principal amount of Convertible Bonds
Yield to Maturity	: 0.60% per annum calculated on a semi-annual basis in respect of the Tranche 1 Convertible Bonds and 1.90% per annum calculated on a semi-annual basis in respect of the Tranche 2 Convertible Bonds
Conversion Price	: The price at which Conversion Shares will be issued upon conversion of the Convertible Bonds, as adjusted from time to time will initially be S\$6.216 (HK\$32.0). This initial Conversion Price will be subject to adjustment in the manner provided in the Conditions
Conversion Ratio	: The conversion ratio is equal to the principal amount of each Convertible Bond divided by the then Conversion Price
Conversion Premium	: 25% over the one-day volume weighted average price of S\$4.973 (HK\$25.6) per GLL Share on 19 April 2007
Conversion Right	: Subject as hereinafter provided, Bondholders have the right to convert their Convertible Bonds into Conversion Shares. No Conversion Right shall exist unless and until all the Relevant Approvals have been obtained For this purpose, "Relevant Approvals" means (i) approval from GLL shareholders at the GLL EGM for the conversion rights in respect of the Convertible Bonds and the issue of the Conversion Shares; (ii) approval from Guoco shareholders for dilution of the shareholding of Guoco in GLL to allow the Conversion Rights under the Convertible Bonds; and (iii) approval from SGX-ST for the circular to be issued by GLL to seek the aforesaid approval from its shareholders
Conversion Period	: The Conversion Right attaching to any Convertible Bond may be exercised, at the option of the Bondholder thereof, at any time on and after a specified date after all Relevant Approvals have been obtained, up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the day falling 10 days before 7 May 2012 (but, except as provided in the Conditions, in no event thereafter) or, if such Convertible Bonds shall have been called for redemption before 7 May 2012 ("Maturity Date"), then up to the close of business (at the place aforesaid) on a date no later than seven business days (at the place aforesaid) prior to the date fixed for redemption thereof
Mandatory Conversion	: At any time on or after 7 May 2009 and prior to the date falling seven business days prior to the Maturity Date, GLL may, having given a notice of conversion to the Bondholders within 10 trading days of the occurrence of a Trigger Event (as defined below), mandatorily convert all but not some only of the Convertible Bonds outstanding into Conversion Shares provided that no such conversion may be made unless the volume weighted average price of GLL Shares for each of 10 consecutive trading days ending on a date immediately prior to the beginning of the aforesaid 10-day notice period was at least 120 per cent. of (x) the principal amount of the Convertible Bonds plus interest equal to the applicable Early Redemption Interest Amount (as defined in the Conditions) divided by (y) the Conversion Ratio (the "Trigger Event")
Final Redemption Date	: 7 May 2012
Final redemption	: Unless previously redeemed, converted, or purchased and cancelled:– (a) the Tranche 1 Convertible Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 3.04% of their principal amount; and (b) the Tranche 2 Convertible Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 9.92% of their principal amount
Bondholder's Put Option:	In respect of the Tranche 1 Convertible Bonds only, GLL will at the option of any Bondholder, redeem all or some of that Bondholder's Tranche 1 Convertible Bonds on 7 May 2010, at their principal amount plus interest equal to the applicable Early Redemption Interest Amount
Redemption at the Option of GLL	: If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any further Convertible Bonds issued pursuant to the Conditions), GLL may redeem such outstanding Convertible Bonds in whole but not in part
Bond Closing Date	: The closing date for the Convertible Bond Issue is on or about 7 May 2007 (or such other date on or before 7 May 2007 as GLL and JPMorgan shall agree)

The directors of Guoco believe that the terms of the Convertible Bond Issue which were concluded after arm's length negotiations and based on normal commercial terms are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Convertible Bond Issue is subject to, among other things, the in-principle approval of SGX-ST for the listing of and quotation for the Convertible Bonds and the Conversion Shares on SGX-ST.

The Conversion Rights in respect of the Convertible Bonds and the issue of the Conversion Shares are subject to, among other things, (i) the approval of GLL shareholders at GLL EGM and (ii) the approval from Guoco shareholders for dilution of the shareholding of Guoco in GLL to allow the Conversion Rights under the Convertible Bonds.

Guoco has undertaken to vote, in respect of at least a majority shareholding in GLL, in favour of all resolutions to be proposed at the GLL EGM to approve the Conversion Rights and the issue of the Conversion Shares. GuoLine Overseas Limited, which owns 65.5% of the shares in the capital of Guoco, has undertaken to vote, in respect of at least a majority shareholding in Guoco, in favour of all resolutions to be proposed at the shareholders' meeting of Guoco to approve the dilution of the shareholding of Guoco in GLL to allow the Conversion Rights under the Convertible Bonds.

The estimated net proceeds of the Convertible Bond Issue are expected to be approximately S\$684 million (HK\$3,521 million). GLL estimates that it would receive approximately S\$100 million (HK\$515 million) if the Up-size Option is exercised in full.

#### USE OF PROCEEDS FROM THE RIGHTS ISSUE AND THE CONVERTIBLE BOND ISSUE

GLL intends to use the net proceeds of the Rights Issue and the Convertible Bond Issue for the working capital of GLL and its subsidiaries and to, among other things, fund its acquisitions in Singapore and the PRC, including the proposed conditional acquisition of a 90% interest in the Beijing Dongzhimen site as announced by GLL on 13 April 2007 and by Guoco on 16 April 2007.

#### OTHER UNDERTAKINGS

Under the Subscription Agreement, GLL has undertaken to JPMorgan that, GLL or its subsidiaries and affiliates will not for a period of 60 days after the Bond Closing Date, issue any GLL Shares or securities convertible into GLL Shares or enter into other arrangements or transactions with similar effect.

Guoco has executed an undertaking dated 19 April 2007 pursuant to which it has undertaken to JPMorgan, among other things, that for a period from the date of the undertaking and up to 45 days after the Bond Closing Date, it will not sell any GLL Shares or enter into other transactions with similar effect. In addition, Guoco has also undertaken to maintain a minimum shareholding of 51% of the share capital of GLL till such date as the Relevant Approvals are obtained but in any event no later than 1 August 2007.

#### EFFECT OF THE CONVERSION OF THE CONVERTIBLE BONDS ON GUOCO'S SHAREHOLDING IN GLL

As at the date of this announcement, the total number of GLL Shares in issue is 665,647,468. Any share options granted under the GuocoLand Limited Executives' Share Option Scheme which (if vested) exercised before the Books Closure Date will be satisfied through the transfer of existing GLL Shares held by a trust constituted for the purpose of the GuocoLand Limited Executives' Share Option Scheme, and accordingly, any such exercise of share options will not affect the number of Rights Shares to be issued.

The changes in Guoco Group's shareholding in GLL as a result of the issue of the new GLL Shares on the conversion of the Convertible Bonds in the principal amount of S\$690 million (HK\$3,552 million), which are convertible into approximately 126.8 million Conversion Shares (assuming the theoretical Conversion Price to be S\$5.443 (HK\$28.019) after adjustment for the Rights Issue), are as follows:

(i) Assuming that the Rights Shares have been fully subscribed by GLL shareholders (including Guoco Group) on the basis of their respective shareholdings in GLL, the percentage equity interests of Guoco Group's shareholding in GLL will reduce from 63.9% to 55.9% upon conversion of the Convertible Bonds.

(ii) Assuming that Guoco has subscribed in addition to its entitlement, by way of excess application(s) for the maximum of 80,095,409 Rights Shares which are not taken up by other GLL shareholders, the percentage equity interests of Guoco Group's shareholding will increase from 63.9% to 72.9%. It will reduce to 63.8% upon conversion of the Convertible Bonds.

The changes in Guoco Group's shareholding in GLL as a result of the issue of the new GLL Shares on the conversion of the Convertible Bonds in the principal amount of S\$790 million (HK\$4,067 million) (assume the Up-size Option is exercised in full), which are convertible into approximately 145.1 million Conversion Shares (assuming the theoretical Conversion Price to be S\$5.443 (HK\$28.019) after adjustment for the Rights Issue), are as follows:

(i) Assuming that the Rights Shares have been fully subscribed by GLL shareholders (including Guoco Group) on the basis of their respective shareholdings in GLL, the percentage equity interests of Guoco Group's shareholding in GLL will reduce from 63.9% to 54.9% upon conversion of the Convertible Bonds.

(ii) Assuming that Guoco has subscribed in addition to its entitlement, by way of excess application(s) for the maximum of 80,095,409 Rights Shares which are not taken up by other GLL shareholders, the percentage equity interests of Guoco Group's shareholding will increase from 63.9% to 72.9%. It will reduce to 62.7% upon conversion of the Convertible Bonds.

GLL will continue to be a subsidiary of Guoco after the Rights Issue and upon full conversion of the Convertible Bonds.

The audited net profit before and after taxation of GLL for the year ended 30 June 2006 were S\$165 million (HK\$849 million) (2005: S\$109 million (HK\$561 million)) and S\$156 million (HK\$803 million) (2005: S\$85 million (HK\$438 million)) respectively.

#### LISTING RULES IMPLICATIONS

The issue of new GLL Shares upon conversion of the Convertible Bonds will result in reduction of the percentage equity interests of Guoco Group in GLL. Such dilution is regarded as a deemed disposal of Guoco Group's interests in GLL, which constitutes a discloseable transaction for Guoco under Chapter 14 of the Listing Rules. The conversion rights in respect of the Convertible Bonds are subject to approval of the shareholders of the Company in general meeting pursuant to Chapter 13 of the Listing Rules.

A circular containing, among other things, further information on the Convertible Bond Issue will be despatched to Guoco shareholders as soon as practicable.

#### GENERAL

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

GLL is a major property development and investment company based in Singapore and listed on SGX-ST. The principal business activities of its subsidiaries are property development, property investment and investment holding with embedded operations in Singapore, the PRC and Malaysia, as well as property interests in various countries in the region.

Guoco confirms that, to the best of its knowledge, information and belief having made all reasonable enquiry, JPMorgan and OCBC and their ultimate beneficial owners are third parties independent of Guoco and its connected persons (as defined under the Listing Rules). HL Bank is the Singapore branch of Hong Leong Bank Berhad, an indirect subsidiary of Guoco's ultimate holding company, Hong Leong Company (Malaysia) Berhad, as well as an associated company of Guoco.

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.

(For reference only, the exchange rate of S\$:HK\$ as referred to in this announcement is S\$1:HK\$5.1478.)

#### DEFINITIONS

"Books Closure Date"	books closure date to be determined by GLL directors to determine the entitlements of shareholders of GLL to participate in the Rights Issue
"Bondholder(s)"	holder(s) of Convertible Bonds
"Conditions"	the terms and conditions of the Convertible Bonds as set out in the Subscription Agreement
"Conversion Shares"	new GLL Shares to be issued on the conversion of the Convertible Bonds pursuant to the Conditions
"Convertible Bond(s)"	convertible bond(s) to be issued by GLL pursuant to the terms and conditions of the Subscription Agreement
"Convertible Bond Issue"	the issue of convertible bond pursuant to the terms and conditions of the Subscription Agreement by GLL of S\$690 million (HK\$3,552 million) in principal amount of unsecured convertible bonds due 2012 (the "Convertible Bonds") (subject to increase pursuant to the Up-size Option) which are convertible into new GLL Shares
"GLL"	GuocoLand Limited, a 63.9% owned subsidiary of Guoco, the shares of which are listed on SGX-ST
"GLL Announcement"	an announcement dated 19 April 2007 issued by GLL in Singapore on the Rights Issue and Convertible Bond Issue
"GLL EGM"	an extraordinary general meeting of GLL to be convened for the Rights Issue and the conversion rights in respect of the Convertible Bonds and the issue of the Conversion Shares
"GLL Share(s)"	ordinary share(s) of S\$1.00 each in the capital of GLL
"Guoco" or the "Company"	Guoco Group Limited, the shares of which are listed on the Stock Exchange (Stock Code: 53)
"Guoco Group"	Guoco and its subsidiaries
"Guoco's Entitlement"	the Rights Shares to be provisionally allotted to Guoco Group under the Rights Issue on the basis of its holdings in GLL as of the Books Closure Date
"HL Bank"	a full licensed bank in Singapore
"JPMorgan"	J.P. Morgan (S.E.A.) Limited, a licensed financial institution in Singapore
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"OCBC"	Oversea-Chinese Banking Corporation Limited, a full licensed local bank in Singapore
"PRC"	the People's Republic of China
"Rights Issue"	the issue of 221,882,489 Rights Shares at the Rights Issue Price for each Rights Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of GLL held as at the Books Closure Date
"Rights Issue Price"	the issue price of S\$2.5 (HK\$12.87) per Rights Share
"Rights Shares"	new GLL Shares to be allotted and issued pursuant to the Rights Issue
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Up-size Option"	the option exercisable at the mutual agreement of GLL and JPMorgan for GLL to issue an additional S\$100 million (HK\$515 million) in principal amount of Convertible Bonds
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	a subscription agreement dated 19 April 2007 entered into by GLL and JPMorgan relating to the issue of the Convertible Bonds
"S\$"	Singapore dollars, the lawful currency of Singapore

Hong Kong, 24 April 2007

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

Company Secretary

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