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國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

**Adoption of Executive Share Option Scheme of
GuocoLand (Malaysia) Berhad
Continuing Connected Transactions – Finances for
Share Purchases for the Executive Share Option
Scheme of GuocoLand (Malaysia) Berhad**

The Company is pleased to announce that the GLM ESOS was duly approved by the Shareholders at the special general meeting held on 1 June 2007.

GLM ESOS allows the grant of Options over newly issued and/or existing GLM Shares to any Eligible Participants. The Trust was set up to purchase existing GLM Shares and to hold the same for the purpose of the GLM ESOS. The Share Purchases are to be financed by, among other things, the GLM Group. Such finances are expected to be repaid from the exercise price to be paid by the Option Holders upon exercise of the Options.

Chief executives and directors of the GLM Group, who may be Eligible Participants of the GLM ESOS, are deemed to be connected persons of Guoco under the Listing Rules. The provision of finances by the GLM Group for the Share Purchases from time to time constitutes continuing connected transactions for Guoco under Chapter 14A of the Listing Rules.

Since the Cap results in applicable percentage ratios under the Listing Rules of less than 2.5%, the finances for Share Purchases are only subject to the announcement requirements under Chapter 14A of the Listing Rules. Details of the finances for Share Purchases, if any, 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.

ADOPTION OF GLM ESOS

Reference is made to the circular of Guoco dated 8 May 2007. The Company is pleased to announce that the GLM ESOS was duly approved by the Shareholders at the special general meeting held on 1 June 2007.

FINANCES FOR SHARE PURCHASES FOR GLM ESOS

Pursuant to the GLM ESOS, the exercise of Options by the Eligible Participants could be satisfied through the issue of new GLM Shares and/or the transfer of existing GLM Shares. The Trust was set up to purchase GLM Shares and to hold the same for the purpose of the GLM ESOS.

The Share Purchases are to be financed by, among other things, the GLM Group. Such finances are expected to be repaid from the exercise price to be paid by the Option Holders upon the exercise of the Options. The assets, liabilities, income and expenses of the Trust will be consolidated in the accounts of the GLM Group.

For the purpose of Rule 14A.35(2) of the Listing Rules, the maximum aggregate value of the finances to be provided by the GLM Group for the Share Purchases shall be subject to a maximum subsisting amount of RM150 million (approximately HK\$344 million) (the “Cap”) any time during the three financial years ending 30 June 2009. The current outstanding amount of finances provided by the GLM Group is approximately RM23.7 million (approximately HK\$54.4 million).

The basis of the Cap is arrived at having regard to the expected number of GLM Shares comprised under the Options to be granted under the GLM ESOS and the expected acquisition prices of the Share Purchases based on the prevailing market price of GLM Shares and allowing for the possibility that the GLM share price may increase in future.

CONTINUING CONNECTED TRANSACTIONS

Chief executives and directors of the GLM Group, who may be Eligible Participants of the GLM ESOS, are deemed to be connected persons of Guoco under the Listing Rules. The provision of finances by the GLM Group for the Share Purchases from time to time constitutes continuing connected transactions for Guoco under Chapter 14A of the Listing Rules.

Since the Cap results in the applicable percentage ratios under the Listing Rules of less than 2.5%, the continuing connected transactions are only subject to the announcement requirements under Chapter 14A of the Listing Rules. Details of the finances provided by the GLM Group, if any, 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 of annual review by the independent non-executive directors and auditors of Guoco under Rules 14A.37 to 14A.38 of the Listing Rules.

If GLM grants Options to Eligible Participants who are connected persons of Guoco in future, Guoco will comply with the requirements under Chapter 14A of the Listing Rules as appropriate.

RATIONALE

GLM ESOS allows GLM to satisfy the exercise of Options through the issue of new GLM Shares and/or the transfer of existing GLM Shares. This provides flexibility to GLM with alternatives in implementing the GLM ESOS to achieve greater efficiency in packaging the remuneration for the Eligible Participants.

The provision of finances for the Share Purchases is to facilitate the satisfaction of the exercise of Options by transferring existing GLM Shares. The grant of Options over existing GLM Shares eliminates the dilution effect on shareholders' interests and GLM's capital base as well as the uncertainty of the timing of dilution. GLM will be in a position to structure incentives for the Eligible Participants in order to align their interests with the performance of GLM, with a view to improving the operations of GLM.

The provision of finances by the GLM Group for the Share Purchases is fair and reasonable to Guoco and the Shareholders. In view of the benefits of the GLM ESOS to GLM and its shareholders including Guoco which, through GuocoLand Limited, controls 65.0% of GLM's issued share capital, the Directors (including the independent non-executive Directors) consider that it is in the interests of Guoco and the Shareholders for the GLM Group to provide finances for the Share Purchases.

INFORMATION ON THE GROUP AND THE GLM GROUP

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

The principal activities of the GLM Group comprise investment holding, property development and investment, provision of management services, hotel operations and trading in securities. The GLM Group's operations are substantially carried out in Malaysia.

As at the date of this announcement, the board of directors of the Company 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 RM:HK\$ as referred to in this announcement is RM1:HK\$2.2944.)

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Company” or “Guoco”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Eligible Participant(s)”	any executive(s) or director(s) of the GLM Group who has been selected by the GLM Board to participate in the GLM ESOS
“GLM”	GuocoLand (Malaysia) Berhad, a 65.0% controlled subsidiary of Guoco, the shares of which are listed on Bursa Malaysia Securities Berhad
“GLM Board”	the board of directors of GLM or a duly authorised committee thereof or an individual authorised by the GLM Board
“GLM ESOS”	the Executives Share Option Scheme of GLM established on 23 January 2006 (as modified by the amendments for compliance with Chapter 17 of the Listing Rules) duly approved by the Shareholders on 1 June 2007
“GLM Group”	GLM and its subsidiaries
“GLM Shares”	ordinary share(s) of RM0.50 each in the capital of GLM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	the right(s) to acquire GLM Shares to be granted pursuant to the GLM ESOS
“Option Holder(s)”	the holder(s) of an Option
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Share Purchases”	the purchases of existing GLM Shares by the Trust for the purpose of the GLM ESOS from time to time
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed

“Trust Deed”

the trust deed constituting the Trust entered into between GLM and the trustee which is an indirect subsidiary of Hong Leong Company (Malaysia) Berhad, a substantial shareholder of the Company

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 1 June 2007