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## **CONNECTED TRANSACTION UNDERTAKING TO SUBSCRIBE FOR THE PROPOSED RIGHTS ISSUE OF HONG LEONG FINANCIAL GROUP BERHAD**

On 12 August 2015, Hong Leong Financial Group Berhad, a 25.37% owned associated company of Guoco Group Limited, with shares listed on Bursa Malaysia Securities Berhad, proposes to undertake a renounceable rights issue of new Hong Leong Financial Group Berhad shares to raise a gross proceeds of up to RM1.1 billion (equivalent to approximately HK\$2.1 billion). Guoco Assets Sdn Bhd, a wholly owned subsidiary of Guoco Group Limited holding 25.37% in the total issued share capital of Hong Leong Financial Group Berhad, has undertaken to subscribe for its entitlement of approximately RM279.06 million (equivalent to approximately HK\$541.54 million) of the proposed rights issue.

As Hong Leong Financial Group Berhad is an associate of connected persons (as defined under Chapter 14A of the Listing Rules) by virtue of the fact that it is an indirect subsidiary of Hong Leong Company (Malaysia) Berhad, an indirect controlling shareholder of Guoco Group Limited, the undertaking to subscribe for the entitlement of the proposed rights issue constitutes a connected transaction. As the applicable percentage ratios exceed 0.1% but are less than 5%, the proposed transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

### **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF HLFGB**

On 12 August 2015, HLFGB announced that it proposes to undertake the Proposed Rights Issue to raise a gross proceeds of up to RM1.1 billion (equivalent to approximately HK\$2.1 billion).

GASB, being interested in 25.37% in the issued share capital of HLFGB, will be entitled to subscribe for its entitlement under the Proposed Rights Issue amounting to approximately RM279.06 million (equivalent to approximately HK\$541.54 million).

### **Principal Terms of the Proposed Rights Issue**

The Entitlement Basis and the Issue Price have not been fixed at this juncture so as to provide flexibility to the HLFGB Board to determine the Entitlement Basis and the Issue Price at a later date which will be announced closer to the implementation of the Proposed Rights Issue after taking into consideration, amongst others, the following:

- (i) the issued and paid-up share capital of HLFGB as at the close of business on the Entitlement Date;
- (ii) the then prevailing market conditions; and
- (iii) the resultant theoretical ex-rights price, calculated based on the 5-day volume-weighted average market price of HLFGB shares up to and including the last market day immediately preceding the price-fixing date.

In any event, the Issue Price will not be lower than the par value of HLFGB Shares of RM1.00 each (equivalent to approximately HK\$1.94).

## **Utilisation of Proceeds**

The intended gross proceeds of the Proposed Rights Issue, after defraying the estimated expenses to be incurred of approximately RM2.5 million (equivalent to approximately HK\$4.9 million), will be utilised to partially fund the subscription of HLFG's entitlement of up to RM1.9 billion (equivalent to approximately HK\$3.7 billion) under the proposed rights issue of HLB, a 63.59% controlled subsidiary of HLFG.

## **Approvals Required**

The Proposed Rights Issue is conditional upon approvals being obtained from the following:

- (i) Bank Negara Malaysia, for the increase in the issued and paid-up share capital of HLFG pursuant to the Proposed Rights Issue which was obtained on 11 August 2015;
- (ii) Bursa Malaysia, for the listing of and quotation for the new HLFG Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Malaysia;
- (iii) the shareholders of HLFG at an extraordinary general meeting to be convened;
- (iv) and other relevant authorities/parties, if required.

## **Undertaking**

GASB has irrevocably undertaken to subscribe and/or procure the subscription in full for its entitlement under the Proposed Rights Issue and further undertake that it will not dispose of its legal ownership in any of the HLFG shares prior to (and including) the Entitlement Date.

## **Rationale for the Transaction**

The undertaking to subscribe for the Proposed Rights Issue will allow GASB to maintain its pro-rata shareholding in HLFG. The Board (including the independent non-executive directors) is of the opinion that the Proposed Rights Issue and the terms of the undertaking are of normal commercial terms and are fair and reasonable. GASB's subscription to its entitlement under the Proposed Rights Issue is in the interest of Guoco and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

HLFG is an associate of connected persons (as defined under Chapter 14A of the Listing Rules) of Guoco by virtue of the fact that it is an indirect subsidiary of HLCM, an indirect controlling shareholder of Guoco. GASB's undertaking to subscribe and the subscription for its entitlement under the Proposed Rights Issue constitutes connected transactions of Guoco.

Mr. Quek Leng Chan, Mr. Kwek Leng Hai and Mr. Kwek Leng San are directors and shareholders of HLCM and Guoco. Being a deemed controlling shareholder of HLCM and Guoco, Mr. Quek Leng Chan is deemed to be interested in the Proposed Transaction and he has abstained from voting on the resolutions of the Board in relation to the approval of the Proposed Transaction. Mr. Kwek Leng Hai and Mr. Kwek Leng San have voluntarily elected to abstain from voting on the said relevant resolutions.

Since the applicable percentage ratios under the Listing Rules exceed 0.1% but are less than 5%, the Proposed Transaction is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

Guoco is an investment holding and management company and the principal activities of its subsidiaries and associated companies encompass principal investment, 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.

HLFG is an integrated financial service group, its businesses cover commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stock broking.

For the year ended 30 June 2013, the audited consolidated net profit before and after tax of HLFG were RM2.63 billion (equivalent to approximately HK\$5.10 billion) and RM2.16 billion (equivalent to approximately HK\$4.19 billion) respectively. For the year ended 30 June 2014, the audited consolidated net profit before and after tax of HLFG were RM3.01 billion (equivalent to approximately HK\$5.84 billion) and RM2.52 billion (equivalent to approximately HK\$4.89 billion) respectively. The pro forma net asset per HLFG Share, based on the audited consolidated net assets of HLFG as at 30 June 2014, assuming the Proposed Rights Issue has been completed on 30 June 2014 is RM11.02 (equivalent to approximately HK\$21.39). The closing price of HLFG was RM14.38 (equivalent to approximately HK\$27.91) per share as quoted on Bursa Malaysia on the date hereof.

## DEFINITIONS

“Board”	the board of directors of Guoco
“Bursa Malaysia”	Bursa Malaysia Securities Berhad
“Entitlement Basis”	the entitlement basis to be determined for the Proposed Rights Issue
“Entitlement Date”	the entitlement date to be determined for the Proposed Rights Issue
“GASB”	Guoco Assets Sdn Bhd, a wholly owned subsidiary of Guoco holding 25.37% in the total issued share capital of HLFG
“Guoco”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People’s Republic of China
“HLB”	Hong Leong Bank Berhad, a subsidiary of HLFG, incorporated in Malaysia and listed on Bursa Malaysia, licensed to carry on banking business in Malaysia, Singapore and Hong Kong
“HLCM”	Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia with limited liability and the ultimate holding company of Guoco
“HLFG”	Hong Leong Financial Group Berhad, incorporated in Malaysia and listed on Bursa Malaysia, a 25.37% owned associated company of Guoco
“HLFG Board”	the board of directors of HLFG
“HLFG Share(s)”	Ordinary share(s) of RM1.00 (equivalent to approximately HK\$1.94) each in HLFG
“Issue Price”	the issue price for a new HLFG Share under the Proposed Rights Issue
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Proposed Rights Issue”	a renounceable rights issue of new HLFG Shares proposed to be undertaken by HLFG
“Proposed Transaction”	the undertaking by GASB to subscribe and the subscription for its entitlement under the Proposed Rights Issue.
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

**Note:**

The exchange rate of RM:HK\$ as referred to in this announcement is RM1:HK\$1.9406 the date hereof for reference only.

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

Hong Kong, 12 August 2015

*As at the date of this announcement, the board of directors of Guoco comprises Mr. Quek Leng Chan as Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Kwek Leng San and Mr. Tan Lim Heng as non-executive directors and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as independent non-executive directors.*