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**國浩集團有限公司**  
**Guoco Group Limited**

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 53)

**Continuing Connected Transactions**  
**Investment Management and Advisory Agreements**

AFAL, an indirect wholly-owned subsidiary of the Company, entered into the Investment Management Agreement with GAPL on 1 November 2022, pursuant to which GAPL will provide AFAL with discretionary fund management services in relation to the IMA Portfolio in accordance with the terms and conditions of the Investment Management Agreement.

GMC, a direct wholly-owned subsidiary of the Company, entered into the Investment Advisory and Management Agreement with GAPL on 1 November 2022, pursuant to which GAPL will provide the Service Recipients with investment advisory services in accordance with the terms and conditions of the Investment Advisory and Management Agreement.

GAPL is a 50:50 joint venture company owned by GEAL and GGMC. GEAL is a direct wholly-owned subsidiary of the Company. GGMC is a direct wholly-owned subsidiary of GCAL, the ultimate holding company and a substantial shareholder of the Company and thus GAPL is an associate of a connected person of the Company as defined under Chapter 14A of the Listing Rules. The transactions contemplated under the Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the annual caps exceed 0.1% but are less than 5%, the Agreements and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

**THE INVESTMENT MANAGEMENT AGREEMENT**

Introduction

On 1 November 2022, AFAL, an indirect wholly-owned subsidiary of the Company, entered into the Investment Management Agreement with GAPL for provision of discretionary fund management services by GAPL to AFAL in relation to the IMA Portfolio pursuant to the terms and conditions as set out in the Investment Management Agreement.

Date : 1 November 2022

Parties : AFAL and GAPL

Term : From 1 November 2022 to 31 October 2025 (both dates inclusive) unless otherwise terminated earlier in accordance with the Investment Management Agreement

## Services

GAPL shall, subject to its compliance with the investment objective, strategy and restrictions prescribed by AFAL, provide discretionary fund management services to AFAL with respect to investments and management of the IMA Portfolio of AFAL pursuant to the terms and conditions as set out in the Investment Management Agreement including, among other things, to (i) assess the suitability of investment and the investment assets forming part of the IMA Portfolio; (ii) make decisions to invest the assets comprising the IMA Portfolio; (iii) effect transactions and settlement of the transactions; and (iv) any other actions relating to carrying out the services stipulated under the Investment Management Agreement.

## Service fees

The service fees payable under the Investment Management Agreement comprise:

1. A management fee (the "Management Fee") payable monthly in arrears at the rate of 0.5% per annum of the Net Asset Value of the IMA Portfolio managed by GAPL on the last day of a calendar month; and
2. A performance fee (the "Performance Fee") payable annually in arrears of up to 10% per annum on the excess return. Excess return is the return on the IMA Portfolio for the relevant period/year over a reference return calculated based on the 1-year outlook of 3 Month United States Treasury Bill risk-free rate plus 4%.

## **THE INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT**

### Introduction

On 1 November 2022, GMC, a direct wholly-owned subsidiary of the Company, entered into the Investment Advisory and Management Agreement with GAPL for provision of investment advisory, management and related services to the Service Recipients in relation to the IAMA Portfolio pursuant to the terms and conditions as set out in the Investment Advisory and Management Agreement.

Date : 1 November 2022

Parties : GMC and GAPL

Term : From 1 November 2022 to 31 October 2025 (both dates inclusive) unless otherwise terminated earlier in accordance with the Investment Advisory and Management Agreement

### Services

GAPL shall provide the non-discretionary investment advisory services to the Service Recipients pursuant to the terms and conditions as set out in the Investment Advisory and Management Agreement and as agreed with GMC from time to time including, among other things, to (i) provide investment research, advice and recommendations to the Service Recipients on the IAMA Portfolio; (ii) effect transactions in accordance with the instructions of the Service Recipients; (iii) implement administrative decisions in relation to the IAMA Portfolio upon the instructions of the Service Recipients; (iv) monitor the financial performance of the IAMA Portfolio; and (v) co-ordinate or perform any actions and undertake any other functions as reasonably requested by the Service Recipients.

## Service fee

GMC will pay to GAPL a monthly advisory fee (the “Advisory Fee”) calculated based on the agreed allocation of the staff costs of the investment teams of GAPL and any other related costs as mutually agreed by the parties (collectively, the “Total Costs”) plus a 10% markup.

## **ANNUAL CAPS OF THE AGREEMENTS**

The total fees (the “Total Fees”), being the sum of the Management Fee, the Performance Fee and the Advisory Fee payable to GAPL under the Agreements for the relevant period/financial year shall be subject to the following annual caps:

	<b>Annual Caps</b> <i>HK\$ million</i>
From 1 November 2022 to 30 June 2023	69
For the year ending 30 June 2024	122
For the year ending 30 June 2025	154
From 1 July 2025 to 31 October 2025	55

The above annual caps were determined with reference to (i) the estimated size of the IMA Portfolio; (ii) the estimated growth of Net Asset Value of the IMA Portfolio calculated based on the highest annual growth rate of the MSCI All Country World Index (ACWI) in the last ten years; (iii) the increase in the Total Costs of GAPL based on the Singapore headline inflation rate.

The estimated highest annual growth rate above is merely assumed for the purpose of determination of the Annual Caps and it must not be taken as any indication as to future performance of the Principal Investment segment of the Company.

## **REASONS FOR AND BENEFITS OF THE AGREEMENTS**

Principal Investment is one of the core businesses of the Group. The Agreements will allow AFAL and each Service Recipient to tap into the established infrastructure and expertise of GAPL to strengthen the investment capabilities and professional investment management. The management of GAPL comprises professionals with qualifications, expertise and experience and equipped with infrastructure in providing investment advisory and management services. By entering into the Agreements, the Group is able to leverage the industry experience, investment expertise and resources network of GAPL to further broaden its investment portfolio, diversify its investment risk and capture investment opportunities in the market with higher return potential. Being interested in 50% shareholding in GAPL, the Group will be able to share the financial results of GAPL.

It was provided in the Agreements that GAPL, in performing its obligations under the Agreements (including the provision of the services thereunder), shall exercise a degree of skill and care ordinarily used by other reputable professional investment managers practising in a similar jurisdiction and under similar circumstances, acting in good faith and exercising reasonable care and skill. The Directors (including the independent non-executive directors) are of the view that (i) the terms of each of the Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; (ii) the terms of each of the Agreements (including the charging basis) are of normal or better commercial terms and no less favourable than those from independent third parties for similar services, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole; and (iii) the basis of determining the annual caps is fair and reasonable.

## **LISTING RULES IMPLICATIONS**

GAPL is a 50:50 joint venture company owned by GEAL and GGMC. GEAL is a direct wholly-owned subsidiary of the Company. GGMC is a direct wholly-owned subsidiary of GCAL, the ultimate holding company and a substantial shareholder of the Company and thus GAPL is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the annual caps exceed 0.1% but are less than 5%, the Agreements and the transactions contemplated under the Agreements are subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. Annual review would be conducted by the independent non-executive directors of the Company pursuant to Rule 14A.55 of the Listing Rules. The Company will also engage its auditors to review the continuing connected transactions conducted under the Agreements annually pursuant to Rule 14A.56 of the Listing Rules. In the event that the Total Fees for any of the relevant period/financial years would exceed the relevant annual cap, the Company will comply with the relevant Listing Rules as appropriate.

Mr. KWEK Leng Hai and Mr. KWEK Leng San are shareholders of GCAL. Mr. KWEK Leng Hai is also a director of GCAL. Mr. CHEW Seong Aun, a director of the Company is the Group's representative director in the board of directors of GAPL. No Director is deemed to have a material interest in the Agreements and that all Directors are entitled to vote pursuant to the Company's Bye-Laws. Messrs. KWEK Leng Hai and KWEK Leng San have voluntarily elected to abstain from voting on the relevant board resolutions in relation to the approval of the Agreements.

## **GENERAL**

The Company is an investment holding and management company. Its subsidiaries and associated companies are primarily involved in principal investment, property development and investment, hospitality and leisure operations and financial services, located in Hong Kong, China, Singapore, Malaysia, the United Kingdom and Australasia.

AFAL is an indirect wholly-owned subsidiary of the Company and its principal activity is equity investments.

GMC is a direct wholly-owned subsidiary of the Company. The principal activities of GMC are provision of management services, trading in securities and investment holding.

GAPL, a 50:50 joint venture company owned by GEAL and GGMC operating in Singapore. The principal activity of GAPL is provision of investment management and advisory services.

GCAL is the ultimate holding company of GAPL and the Company. The principal activity of GCAL is investment holding.

## **DEFINITIONS**

"Agreements"	the Investment Management Agreement and the Investment Advisory and Management Agreement collectively
"AFAL"	Asia Fountain Assets Limited, a company incorporated in Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“AFI”	Asia Fountain Investment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“Company”	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: 53)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GAPL”	GuoLine Advisory Pte. Ltd., a company incorporated in Singapore with limited liability and a 50:50 joint venture company owned by GEAL and GGMC
“GCAL”	GuoLine Capital Assets Limited, a company incorporated in Jersey, Channel Islands with limited liability, the ultimate holding company and a substantial shareholder of the Company
“GEAL”	GuocoEquity Assets Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“GGMC”	GuoLine Group Management Company Pte. Ltd., a company incorporated in Singapore with limited liability and a direct wholly-owned subsidiary of GCAL
“GMC”	Guoco Management Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Investment Management Agreement”	the investment management agreement dated 1 November 2022 entered into between AFAL and GAPL
“Investment Advisory and Management Agreement”	the investment advisory and management agreement dated 1 November 2022 entered into between GMC and GAPL
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value”	the net asset value of the IMA Portfolio calculated in accordance with the Investment Management Agreement
“IAMA Portfolio”	all the investment assets of the Service Recipients at any time other than those which may be designated by the Service Recipients as not forming part of the mandate of GAPL

“IMA Portfolio”	all the investment assets (including monies and other investment products) of AFAL, proceeds therefrom and dividend income, other than those which may be designated by AFAL as not forming part of the mandate of GAPL under the Investment Management Agreement
“Service Recipients”	GMC, AFI and other relevant wholly-owned subsidiaries of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**LO Sze Man, Stella**  
*Company Secretary*

Hong Kong, 1 November 2022

*As at the date of this announcement, the Board comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. David M. NORMAN, Mr. Lester G. HUANG, SBS, JP and Mr. Paul J. BROUGH as Independent Non-executive Directors.*