

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

Continuing Connected Transactions – Master Services Agreements

Guoco entered into the Master Services Agreements on 25 June 2008 for the provision of Services by the Service Providers to the Service Recipients. The transactions contemplated under the Master Services Agreements constitute continuing connected transactions for Guoco under the Listing Rules.

As the Annual Cap results in the applicable ratios under the Listing Rules being less than 2.5%, the Master Services Agreements are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. In the event that the Total Fees would exceed the Annual Cap for any of the three financial years ending 30 June 2011, Guoco will comply with Rule 14A.36 of the Listing Rules.

Details of the Master Services Agreements will be included in Guoco's relevant published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules. Guoco will also comply with Rules 14A.37 to 14A.41 of the Listing Rules in relation to the annual review of the transactions entered into pursuant to the Master Services Agreements.

BACKGROUND

References are made to the announcements of Guoco issued on 31 August 2005 and 14 February 2007 regarding various services agreements entered into by Guoco and its subsidiaries respectively with certain Hong Leong Group companies for the provision of Services (as detailed below) to the Guoco Group ("Existing Services Agreements"), which constitute continuing connected transactions for Guoco under the Listing Rules. These Existing Services Agreements will expire after 30 June 2008.

MASTER SERVICES AGREEMENTS

Two master services agreements (collectively, the "Master Services Agreements") were entered into by the following parties on 25 June 2008:

1. Guoco with GGMC and GOMC for provision of services by GGMC or GOMC to Guoco and/or the Selected Subsidiaries; and
2. Guoco with HLMC for provision of services by HLMC to the Malaysian Subsidiaries.

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, key managerial recruitment and retention, productivity and quality programmes and other operating practices and procedures as well as planning and development of management information system (the "Services").

The Master Services Agreements are for a term of three financial years from 1 July 2008 to 30 June 2011.

Service fees

The fees payable under the respective Master Services Agreements comprise a monthly fee (the "Monthly Fee") as agreed from time to time between Guoco or such Service Recipient and the relevant Service Provider and an annual fee (the "Annual Fee") equal to three per cent. of the annual profit before tax of such Service Recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (including to avoid double counting of profit), if any.

Pursuant to the Master Services Agreements, a Selected Subsidiary or a Malaysian Subsidiary may (whether for itself or on behalf of its subsidiaries) enter into a secondary agreement with the relevant Service Provider to assume the relevant rights and obligations under the Master Services Agreements.

The total fees paid by the Guoco Group in respect of the Existing Services Agreements for each of the financial years ended 30 June 2005, 30 June 2006 and 30 June 2007 were approximately HK\$104,046,000, HK\$181,559,000 and HK\$141,150,000 respectively.

Annual cap

The total fees (the "Total Fees"), being the sum of the Monthly Fee, the Annual Fee and the total amount of any fees paid or payable by the Guoco Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK\$352,000,000 (the "Annual Cap") for each of the three financial years ending 30 June 2011.

The basis of the Annual Cap is determined having regard to the total fees actually paid for the existing services in respect of the three financial years ended 30 June 2007, allowing for the possibility that the total fees may increase in the coming three financial years ending 30 June 2011 at a rate of approximately 26% similar to the average growth rate for the three financial years ended 30 June 2007 and possible fluctuations of the Annual Fee which is calculated based on profit before tax for each of the three financial years ending 30 June 2011 as mentioned above.

The total fees paid and payable by the Guoco Group in respect of the Existing Services Agreements are subject to an annual cap of HK\$224,000,000.

REASONS FOR AND BENEFITS OF THE MASTER SERVICES AGREEMENTS

The Master Services Agreements are in the interests of Guoco because they allow each Service Recipient to tap into the services infrastructure and global network of the Hong Leong Group in order to extract its management expertise so as to derive optimal strategic, financial and operational leverage and benefits in connection with the respective business of such Service Recipient.

The directors of Guoco (including the independent non-executive directors) are of the view that the basis of determining the Annual Cap is fair and reasonable; that the Master Services Agreements are entered into in the usual and ordinary course of business of the Guoco Group and based on normal commercial terms; and that the terms therein which were arrived at, and will be conducted, on an arm's length basis are considered to be fair and reasonable and in the interests of the Guoco Group and the shareholders of Guoco as a whole.

LISTING RULES IMPLICATIONS

Service Providers are associates of 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, an indirect controlling shareholder of Guoco with a shareholding of 66.8% in Guoco. Mr. Quek Leng Chan, the Executive Chairman of Guoco, is deemed a controlling shareholder of Guoco and Hong Leong. The transactions contemplated under the Master Services Agreements constitute continuing connected transactions for Guoco under the Listing Rules.

As the Annual Cap results in the applicable ratios under the Listing Rules being less than 2.5%, the Master Services Agreements are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. In the event that the Total Fees exceed the Annual Cap for any of the three financial years ending 30 June 2011, Guoco will comply with Rule 14A.36 of the Listing Rules.

Details of the Master Services Agreements will be included in Guoco's relevant published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules. Guoco will also comply with Rules 14A.37 to 14A.41 of the Listing Rules in relation to annual review of the transactions entered into pursuant to the Master Services Agreements.

GENERAL

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

GGMC is principally an investment holding company and engaged in the provision of management services. GOMC 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 and 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

"GGMC"	GuoLine Group Management Co. Limited, an indirect wholly-owned subsidiary of Hong Leong
"GOMC"	GOMC Limited, an indirect wholly-owned subsidiary of Hong Leong
"Guoco"	Guoco Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 53)
"Guoco Group"	Guoco and its subsidiaries from time to time
"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 subsidiaries from time to time
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Malaysian Subsidiaries"	(unless otherwise agreed) all those subsidiaries of Guoco which are from time to time incorporated, resident or having principal place of business in Malaysia
"Selected Subsidiaries"	(unless otherwise agreed) all the subsidiaries of Guoco from time to time excluding the Malaysian Subsidiaries
"Service Providers"	GGMC, GOMC and HLMC
"Service Recipients"	Guoco, the Selected Subsidiaries and the Malaysian Subsidiaries

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 25 June 2008