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Discloseable Transaction

- Disposal of Interest in Pepsi-Cola Products Philippines, Inc.

Guoco Group Limited announces that on 16 September 2010, its wholly owned subsidiaries, Hong Way Holdings, Inc. and Guoco Assets (Philippines), Inc., as the sellers entered into a share purchase agreement with Lotte Chilsung Beverage Co., Ltd as the purchaser in respect of the disposal of the entire interest of approximately 30.14% of the total outstanding capital stock of Pepsi-Cola Products Philippines, Inc. at a total consideration of approximately PHP3.90 billion.

Since one of the applicable percentage ratios under the Listing Rules in respect of the disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for Guoco Group Limited under the Listing Rules.

THE AGREEMENT

Date

16 September 2010

Parties

HWHI and GAPI as the sellers
LCBCL as the purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, LCBCL and its ultimate beneficial owner are independent third parties of Guoco and Guoco's connected persons (as defined under the Listing Rules).

Sale Shares

1,113,383,592 common shares in PCPPI, representing approximately 30.14% of the total outstanding capital stock of PCPPI.

PCPPI is a Philippines-based company engaging in the manufacturing, sales and distribution of carbonated soft drinks and non-carbonated beverages to retail, wholesale, restaurants and bar trades. It is a licensed bottler of PepsiCo beverages in the Philippines pursuant to the Exclusive Bottling Appointments.

The audited consolidated net profit of PCPPI before tax and extraordinary items for the year ended 30 June 2009 and 2010 was approximately PHP1,181 million (approximately HK\$208 million) and approximately PHP1,054 million (approximately HK\$185 million) respectively. The audited consolidated net profit of PCPPI after tax and extraordinary items for the year ended 30 June 2009

and 2010 was approximately PHP800 million (approximately HK\$141 million) and approximately PHP739 million (approximately HK\$130 million) respectively.

Consideration

The selling price per Sale Share is PHP3.50 which represents (i) a premium of 24% to the closing price of PCPPI shares as quoted on the PSE as at 15 September 2010; (ii) a premium of 28% to the average closing price of PCPPI shares as quoted on the PSE for the last 30 trading days ended on 15 September 2010; and (iii) a premium of 119% to the consolidated net asset value per share of PCPPI of PHP1.60 as at 30 June 2010.

The selling price for the Sale Shares was determined after arm's length negotiations between the parties based on normal commercial terms, taking into account the prevailing market price of PCPPI shares as quoted on the PSE and the substantial block size of the Sale Shares.

The total consideration for the Sale Shares is PHP3,896,842,572 (approximately HK\$685 million) and shall be paid to HWHI and GAPI in cash upon completion of the Disposal pursuant to the Agreement.

Conditions Precedent

The completion of the Agreement is conditional upon and subject to the fulfillment of certain conditions precedent as set out in the Agreement including, among other things:

- a) consents of the PepsiCo Companies to the sale of the Sale Shares to LCBCL in accordance with the terms of the Exclusive Bottling Appointments and the Cooperation Agreement; and
- b) approval of the PSE on the special block sale through the PSE of the Sale Shares.

Completion

Upon fulfillment of the conditions precedent as set out in the Agreement, completion shall take place on the Closing Date.

RATIONALE

The Directors considered that the terms and conditions of the Agreement including the selling price were fair and reasonable and in the interests of Guoco and its shareholders as a whole.

The Agreement provides an opportunity for the Group to realise the capital value of its entire 30.14% interest in PCPPI.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

The aggregate carrying value of the Sale Shares is approximately US\$46 million (approximately HK\$357 million). The Disposal is expected to generate a net profit of approximately US\$42 million (approximately HK\$326 million) for the Group. The net proceeds of the Disposal will be used for general working capital of the Group.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios under the Listing Rules in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for Guoco under the Listing Rules.

INFORMATION OF THE GROUP AND LCBCL

Guoco is an investment holding and investment 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.

LCBCL is a beverage manufacturer incorporated in Korea, the shares of which are listed in the Korea Exchange, Inc. It produces carbonated soft drinks, juices, coffees, tea, soybean drinks, mineral waters and alcoholic drinks. It is a subsidiary of Lotte Group, one of the largest conglomerates in Korea embracing a variety of industries such as foods, retail, tourism, petrochemicals, construction, manufacturing, finance and 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. Ding Wai Chuen as executive directors; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Volker Stoeckel and Mr. Roderic N. A. Sage as independent non-executive directors.

(For reference only, the respective exchange rate of PHP:HK\$ and US\$:HK\$ as referred to in this announcement is PHP1:HK\$0.175773 and US\$1:HK\$7.7661 as at 15 September 2010.)

DEFINITIONS

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

“Agreement”	the share purchase agreement dated 16 September 2010 entered into by HWHI and GAPI as the sellers and LCBCL as the purchaser in relation to the Disposal
“Closing Date”	20 October 2010 or such later date as may be agreed by the parties to the Agreement
“Cooperation Agreement”	the document titled “Cooperation Agreement” dated 26 June 2007 by and among HWHI, GAPI, Guoco, PepsiCo and Quaker Global Investments B.V. with regard to their actions as shareholders of PCPPI
“Directors”	the directors of Guoco
“Disposal”	the disposal of the Sale Shares pursuant to the Agreement
“Exclusive Bottling Appointments”	the document titled “Exclusive Bottling Appointment” dated 11 April 2007 by and among PepsiCo, Seven-Up International, Stokely Van-Camp, Inc., Tropicana Products, Inc. and PCPPI, and the document titled “Exclusive Bottling Appointment” dated 11 April 2007 by and between Pepsi Lipton International Limited and PCPPI.
“GAPI”	Guoco Assets (Philippines), Inc., a company incorporated in the Philippines and a wholly owned subsidiary of Guoco
“Guoco”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

“Group”	Guoco and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWHI”	Hong Way Holdings, Inc., a company incorporated in the Philippines and a wholly owned subsidiary of Guoco
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“LCBCL”	Lotte Chilsung Beverage Co., Ltd, a company incorporated in Korea, the shares of which are listed on the Korea Exchange, Inc.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCPPI”	Pepsi-Cola Products Philippines, Inc., a company incorporated in the Philippines with limited liability, the shares of which are listed on the PSE
“PepsiCo”	PepsiCo Inc., a company incorporated in the United States and a global food, snack and beverage company
“PepsiCo Companies”	PepsiCo, Seven-Up International, Stokely Van-Camp, Inc., Tropicana Products, Inc, Pepsi Lipton International Limited and Quaker Global Investments B.V.
“PHP”	Philippines Pesos, the lawful currency of the Philippines
“PSE”	The Philippines Stock Exchange, Inc.
“Sale Shares”	1,113,383,592 common shares in the outstanding capital stock of PCPPI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 16 September 2010