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Renewal of Continuing Connected Transactions – Banking Transactions

This announcement is to comply with the disclosure requirements under the Listing Rules on continuing connected transactions to allow the Group to continue to enter into the Banking Transactions with Hong Leong Financial Institutions during the three financial years ending 30 June 2024.

Since the applicable percentage ratios under the Listing Rules of the New Cap exceed 0.1% but are less than 5%, the Banking Transactions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Guoco will also comply with Rules 14A.55 to 14A.59 of the Listing Rules in relation to annual review of the Banking Transactions. Details of the Banking Transactions will be included in Guoco's published annual report and accounts in compliance with Rules 14A.71 and 14A.72 of the Listing Rules.

BANKING TRANSACTIONS

Reference is made to the announcement of Guoco dated 12 July 2018 on the continuing connected transactions relating to banking transactions with the Hong Leong Financial Institutions which are subsidiaries of HLFGL. Guoco owns approximately 25.4% shareholding in HLFGL.

The outstanding deposits of the Group placed with the Hong Leong Financial Institutions and the outstanding principal amount of debt securities and investment products issued by these entities and held by the Group were subject to a maximum of US\$194 million (approximately HK\$1,523 million) for the three years ending 30 June 2021 and such maximum amount expired after 30 June 2021.

This announcement is to comply with the disclosure requirements under the Listing Rules on continuing connected transactions for the Group to continue to enter into the Banking Transactions during the three financial years commencing 1 July 2021 and ending 30 June 2024.

For the purpose of this announcement, Banking Transactions include:

- (a) placing of deposits by the Group with the Hong Leong Financial Institutions; and
- (b) purchase of and/or subscription for by the Group debt securities and investment products issued by the Hong Leong Financial Institutions.

The maximum Relevant Aggregate Amounts of (i) the outstanding balance of deposits placed by the Group with the Hong Leong Financial Institutions; and (ii) debt securities and investment products issued by the Hong Leong Financial Institutions purchased and/or subscribed by the Group in the three financial years ended 30 June 2019, 2020 and 2021 were approximately US\$70.8 million, US\$74.6 million and US\$107.3 million respectively.

NEW CAP

For the purpose of Rule 14A.53 of the Listing Rules, the Relevant Aggregate Amount shall be subject to a new maximum of US\$181 million (approximately HK\$1,405 million) or its equivalent in other currencies (the "New Cap") at any time during the three financial years ending 30 June 2024.

The basis of the New Cap is determined by reference to the historical banking transactions with the Hong Leong Financial Institutions and after taking into account the following:

- (i) the anticipated cashflow of the Group's core businesses, which will continue to demand banking / financial services including placing of deposits with and investment in treasury financial assets and investment products, e.g. debt securities and investment products issued by financial institutions (including Hong Leong Financial Institutions); and
- (ii) the trend of increase in the funds under the Group's treasury and investment activities in previous years.

In the event that the Relevant Aggregate Amount exceeds the New Cap at any time during the three years ending 30 June 2024, Guoco will re-comply with Rule 14A.54 as appropriate.

INTERNAL CONTROL PROCEDURES

The Banking Transactions are conducted pursuant to the Group's internal treasury manual which requires that interest rate quotes from different financial institutions for deposit placements are to be obtained. Treasury managers will then decide on the bank, amount and tenor of the deposits taking into account the competitive interest rate offered. Purchase of and/or subscription for by the Group debt securities and investment products issued by Hong Leong Financial Institutions are conducted on normal commercial terms similar to those offered by the Hong Leong Financial Institutions to independent third parties. The Banking Transactions are subject to pre-assigned limits which are determined by reference to, among other things, the international credit rating of, banking relationships with, scope and breadth of services provided by the financial institutions as well as the continuing connected transaction sub-limits assigned to the relevant subsidiary groups to ensure the annual cap is not exceeded.

The Company has put in place a related party transaction policy and procedure manual which provides that each responsible unit shall report on and submit detailed information on the Banking Transactions to the Group Financial Control Division to ensure proper control and monitoring. The Banking Transactions are also subject to quarterly review by the Board Audit and Risk Management Committee of the Company.

REASONS FOR THE BANKING TRANSACTIONS

As part of its principal investment and treasury operations, the Group from time to time places deposits with many financial institutions worldwide and purchases and/or subscribes for fixed income, debt securities and investment products issued by financial institutions and other corporations. The Banking Transactions are part of the treasury and investment activities of the Group and are conducted in the ordinary and usual course of business. The Group wishes to have the flexibility to enter into the Banking Transactions with Hong Leong Financial Institutions in a manner similar to comparable transactions which it enters into with unconnected financial institutions.

Since the Banking Transactions may vary significantly due to business activities of the Group, fluctuations of the financial markets and economic conditions, the directors of Guoco (including the independent non-executive directors) consider that setting a standard cap amount for the Banking Transactions for the three years ending 30 June 2024 is appropriate. Given the internal control procedures, the Banking Transactions are, and will be, conducted on an arm's length basis and on normal commercial terms. The directors (including the independent non-executive directors) are of the opinion that the Banking Transactions are fair and reasonable and in the interests of the Group and the shareholders of Guoco as a whole.

LISTING RULES IMPLICATIONS

Hong Leong Financial Institutions are associates of a connected person (as defined under the Listing Rules) of Guoco by virtue of the fact that they are indirect subsidiaries of HLCM of which Mr. Quek Leng Chan, a deemed controlling shareholder of Guoco, is also a deemed controlling shareholder. Mr. Kwek Leng Hai and Mr. Kwek Leng San, directors of Guoco, are directors and shareholders of HLCM and shareholders of HLB. Mr. Kwek Leng Hai is also a director of HLB. While their interests in the Banking Transactions are not considered material, they have voluntarily elected to abstain from voting in respect of the relevant board resolutions.

Since the applicable percentage ratios of the New Cap under the Listing Rules exceed 0.1% but are less than 5%, the Banking Transactions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Guoco will also comply with Rules 14A.55 to 14A.59 of the Listing Rules in relation to annual review of the Banking Transactions by the independent non-executive directors and the auditors of the Company. Details of the Banking Transactions will be included in Guoco's relevant published annual report and accounts in compliance with Rules 14A.71 and 14A.72 of the Listing Rules.

GENERAL

Guoco is an investment holding and investment management company. The principal activities of its subsidiaries and associated companies encompass principal investment, property development and investment, hospitality and leisure business, banking and financing, insurance, fund management, stockbroking as well as merchant banking.

HLB is a financial institution licensed to carry on all aspects of commercial banking business and provision of related services in Malaysia, Singapore and Hong Kong and is regulated by Bank Negara Malaysia, the Monetary Authority of Singapore and Hong Kong Monetary Authority in the respective jurisdictions. HLBVN is a financial institution licensed to carry on commercial banking business in Vietnam and is regulated by the State Bank of Vietnam. HLBCAM is a financial institution licensed to carry on commercial banking business in Cambodia and is regulated by the National Bank of Cambodia. HLISB is a financial institution licensed to carry on Islamic banking business and related financial services in Malaysia and is regulated by Bank Negara Malaysia. HLIB is a financial institution licensed to carry on merchant banking business and stockbroking business in Malaysia and is regulated by Bank Negara Malaysia and Securities Commission Malaysia. HLAM is an asset management company which offers investment solutions through equities, fixed income, money market and multi-assets, and is regulated by Securities Commission Malaysia.

DEFINITIONS

"Banking Transactions"	banking transactions as described under (a) and (b) in this announcement
"Board"	the board of directors of the Company
"Bursa Malaysia"	Bursa Malaysia Securities Berhad
"Company" or "Guoco"	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
"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
"HLAM"	Hong Leong Asset Management Berhad, an indirect subsidiary of HLFG incorporated in Malaysia
"HLB"	Hong Leong Bank Berhad, an indirect subsidiary of HLFG incorporated in Malaysia and listed on Bursa Malaysia
"HLBCAM"	Hong Leong Bank (Cambodia) PLC, a wholly owned subsidiary of HLB incorporated in Cambodia
"HLBVN"	Hong Leong Bank Vietnam Limited, a wholly owned subsidiary of HLB incorporated in Vietnam
"HLCM"	Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia, the ultimate holding company of HLFG and the Hong Leong Financial Institutions

“HLFG”	Hong Leong Financial Group Berhad, an associated company of Guoco and an indirect subsidiary of HLCCM, incorporated in Malaysia
“HLIB”	Hong Leong Investment Bank Berhad, an indirect subsidiary of HLFG incorporated in Malaysia
“HLISB”	Hong Leong Islamic Bank Berhad, a wholly owned subsidiary of HLFG incorporated in Malaysia
“Hong Leong Financial Institutions”	Licensed financial institutions within the Hong Leong Financial Group from time to time, currently including HLAM, HLB, HLISB, HLBVN, HLBCAM and HLIB
“Hong Leong Financial Group”	HLFG and its direct and indirect subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Relevant Aggregate Amount(s)”	the outstanding balance of Banking Transactions from time to time
“US\$”	United States dollars, the lawful currency of the United States of America

(For reference only, the exchange rate of US\$:HK\$ as referred to in this announcement is US\$1.00:HK\$7.76495 as at the date of this announcement.)

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 2 July 2021

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. Roderic N. A. SAGE, Mr. David Michael NORMAN and Mr. Lester G. HUANG, SBS, JP as Independent Non-executive Directors.