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If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guoco Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

**DISCLOSEABLE TRANSACTION – PROPOSED ACQUISITION OF DONGZHIMEN
SITE IN BEIJING BY GUOCOLAND LIMITED**

**DISCLOSEABLE TRANSACTION – DEEMED DISPOSAL BY WAY OF MATERIAL
DILUTION IN PERCENTAGE EQUITY INTERESTS IN GUOCOLAND LIMITED**

PROPOSED GRANT OF SHARE OPTION BY GUOCOLAND LIMITED

EXECUTIVE SHARE OPTION SCHEME OF GUOCOLAND (MALAYSIA) BERHAD

AND

NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 6 to 15 of this circular. A notice convening a Special General Meeting of Guoco Group Limited to be held at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong on Friday, 1 June 2007 at 10:00 a.m. is set out on page 33 of this circular. Whether or not you are able to attend the Special General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding of the Special General Meeting or the adjourned meeting thereof as the case may be. Completion and return of the form of proxy will not preclude you from attending and voting at the Special General Meeting should you so wish.

Hong Kong, 8 May 2007

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DEFINITIONS

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

“BBEI”	Beijing Beida Education Investment Company Limited (北京北大教育投資有限公司), a company incorporated in the PRC and a subsidiary of BBJB, whose business scope includes, among other things, education project investment, computer and technology related business
“BBGEI”	Beijing Beida Gongxue Education Investment Company Limited (北京北大公學教育投資有限公司), a company incorporated in the PRC and an associated company of BBJB, whose business scope includes, among other things, education project investment, computer and technology related business
“BBJB”	Beijing Beida Jade Bird Company Limited (北京北大青鳥有限責任公司), a company incorporated in the PRC, whose business scope includes, among other things, technology development and services, sale of computer hardware and software, etc
“BBJB Related Company”	A related company of BBJB holding 44% interest in the Project Co
“BBJBS”	Beijing Beida Jade Bird Security System Engineering & Technology Company Limited (北京北大青鳥安全系統工程技術有限公司), a company incorporated in the PRC and a subsidiary of BBGEI, whose business scope includes security system engineering and technology
“Board”	the board of directors of the Company
“Bondholder(s)”	holder(s) of Convertible Bonds
“Books Closure Date”	books closure date to be determined by GLL directors to determine the entitlements of GLL Shareholders to participate in the Rights Issue
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Circular”	this circular issued by the Company to GGL Shareholders dated 8 May 2007 for the Proposed Acquisition, the Deemed Disposal, the Proposed Grant of GLL Option, the Modified GLM ESOS
“Company” or “GGL”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

DEFINITIONS

“Conditions”	the terms and conditions of the Convertible Bonds as set out in the Subscription Agreement
“Conversion Shares”	new GLL Shares to be issued on the conversion of the Convertible Bonds pursuant to the Conditions
“Convertible Bond(s)”	convertible bond(s) to be issued by GLL pursuant to the terms and conditions of the Subscription Agreement
“Convertible Bond Issue”	the issue of convertible bond pursuant to the terms and conditions of the Subscription Agreement by GLL of S\$690 million (HK\$3,552 million) in principal amount of unsecured convertible bonds due 2012 (subject to increase pursuant to the Up-size Option) which are convertible into new GLL Shares
“Date of Grant”	19 January 2007, the date on which the Proposed Grant of GLL Option was offered to the Grantee
“Deemed Disposal”	the deemed disposal by way of material dilution of the percentage equity interests of GGL in GLL as a result of the issue of Conversion Shares
“Director(s)”	director(s) of the Company
“Dongzhimen Site”	a prime land parcel of 106,000 square metres with gross floor area of approximately 600,000 square metres located along the main thoroughfare of Dongzhimen Road on the East Second Ring Road in the Dong Cheng District of Beijing City
“Eligible Participant”	any executive or director of GLM Group who has been selected by the GLM Board to participate in the GLM ESOS
“GGL’s Entitlement”	the Rights Shares to be provisionally allotted to GGL Group under the Rights Issue on the basis of its holdings in GLL as of the Books Closure Date
“GGL Group”	the Company and its subsidiaries
“GLC”	GuocoLand (China) Limited, a wholly owned subsidiary of GLL
“GGL Shareholder(s)”	holder(s) of shares of the Company
“GLL”	GuocoLand Limited, a 63.9% owned subsidiary of the Company listed on SGX-ST

DEFINITIONS

“GLL ESOS”	The GuocoLand Limited Executives’ Share Option Scheme
“GLL ESOS Committee”	the committee of directors of GLL ESOS
“GLL Shareholder(s)”	holder(s) of GLL Share(s)
“GLL Share(s)”	ordinary share(s) of S\$1.00 each in the capital of GLL
“GLM”	GuocoLand (Malaysia) Berhad, a 65.0% controlled subsidiary of the Company listed on Bursa Securities
“GLM Board”	the board of directors of GLM or a duly authorised committee thereof or an individual authorised by the GLM Board
“GLM ESOS”	the Executive Share Option Scheme of GLM established in 23 January 2006
“GLM Group”	GLM and its subsidiaries
“GLM Share(s)”	ordinary share(s) of RM1.00 each in the capital of GLM
“GLM Shareholder(s)”	holders of GLM Share(s)
“Grantee”	Mr. Quek Chee Hoon, a director, Group President and Chief Executive Officer of GLL
“Hainan Co”	Hainan Jing Hao Asset Limited (海南京灝實業有限公司), a company incorporated in the PRC
“HL Bank”	a full licensed bank in Singapore
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JPMorgan”	J.P. Morgan (S.E.A.) Limited, a licensed financial institution in Singapore
“Latest Practicable Date”	30 April 2007, being the latest practicable date before the printing of the Circular for ascertaining certain information for the purpose of inclusion in the Circular
“Listing Requirements”	Listing Requirements of Bursa Securities, as may be amended and modified from time to time

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Modified GLM ESOS” or “Scheme”	the GLM ESOS as modified by the amendments for compliance with Chapter 17 of the Listing Rules
“Notice of SGM”	the notice convening the SGM
“OCBC”	Oversea-Chinese Banking Corporation Limited, a full licensed local bank in Singapore
“PRC”	The People’s Republic of China
“Project Co”	Beijing Cheng Jian Dong Hua Real Estate Development Company Limited (北京城建東華房地產開發有限責任公司), a company incorporated in the PRC
“Proposed Acquisition”	the proposed transactions set out under the Share Acquisition Agreement
“Proposed Grant of GLL Option”	the conditional grant of option to the Grantee to acquire 3.35 million GLL Shares pursuant to the GLL ESOS
“Related Corporations”	BBEI, BBGEI, BBJBS, Hainan Co and the Project Co, which together with BBJB are counterparties to the Share Acquisition Agreement
“Relevant Territory”	Hong Kong or such other territory as the Directors may from time to time decide if the issued ordinary share capital of the Company is listed on a stock exchange in such territory
“Rights Issue”	the issue of 221,882,489 Rights Shares at the Rights Issue Price for each Rights Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of GLL held as at the Books Closure Date
“Rights Issue Price”	the issue price of S\$2.5 (HK\$12.87) per Rights Share
“Rights Shares”	new GLL Shares to be allotted and issued pursuant to the Rights Issue
“RM”	ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Share(s)”	GLM Share(s) to be issued and/or transferred under the Modified GLM ESOS

DEFINITIONS

“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Acquisition Agreement”	a conditional share acquisition agreement dated 13 April 2007 entered into by GLC with BBJB and its Related Corporations to acquire a 90% stake in the Project Co
“Special General Meeting” or “SGM”	the Special General Meeting of the Company to be held at 50th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 1 June 2007 at 10:00 a.m. to approve: (i) the conversion rights attached to the Convertible Bonds and the issue of Conversion Shares, (ii) the Proposed Grant of GLL Option and (iii) the Modified GLM ESOS, the notice of which is set out on page 33 of the Circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement dated 19 April 2007 entered into by GLL and JPMorgan relating to the issue of the Convertible Bonds
“S\$”	Singapore dollars, the lawful currency of Singapore
“Up-size Option”	the option exercisable at the mutual agreement of GLL and JPMorgan for GLL to issue an additional S\$100 million (HK\$515 million) in principal amount of Convertible Bonds
“Valuer”	Savills Valuation and Professional Services Limited, a qualified valuer independent of the Company and the parties to the Share Acquisition Agreement
“%”	per cent.

(For reference only, the respective exchange rates of RMB:HK\$ and S\$:HK\$ as referred to in this Circular are RMB1:HK\$1.0114 and S\$1:HK\$5.1478 respectively.)

LETTER FROM THE BOARD



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

Directors:

Quek Leng Chan (*Executive Chairman*)

Kwek Leng Hai (*President, CEO*)

Sat Pal Khattar**

Kwek Leng San*

Tan Lim Heng

James Eng, Jr.

Volker Stoeckel**

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Hong Kong

* *Non-executive Director*

** *Independent Non-executive Directors*

8 May 2007

To GGL Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION – PROPOSED ACQUISITION OF DONGZHIMEN
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AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The purposes of the Circular are to provide GGL Shareholders with the relevant information pertaining to (i) the Proposed Acquisition, (ii) the Deemed Disposal, (iii) the Proposed Grant of GLL Option and (iv) the Modified GLM ESOS.

LETTER FROM THE BOARD

THE PROPOSED ACQUISITION

On 16 April 2007, the Company announced the Proposed Acquisition by GLL.

Entry into the Share Acquisition Agreement

GLC signed the Share Acquisition Agreement with BBJB and its Related Corporations to acquire a 90% stake in the Project Co held as to 14.5% by BBJBS, 31.5% by Hainan Co and 44% by BBJB Related Company. BBJB will guarantee the transfer of the 44% held by BBJB Related Company.

Dongzhimen Site and the Project

The Project Co has a registered capital of RMB50 million (HK\$51 million) and owns the land use and development rights to the Dongzhimen Site. The Dongzhimen Site is currently being developed into an integrated retail, hotel, office, residential and transportation terminal hub comprising two metro stations, a bus interchange and an express rail link with flight check-in services giving a quick 15-minute access to the Beijing International Airport. The term of the land use rights is 40 years for commercial land, 50 years for office land and 70 years for residential land.

Consideration and Salient Terms of the Proposed Acquisition

The consideration for the Proposed Acquisition is RMB5.8 billion (HK\$5.9 billion).

The consideration was agreed upon on a willing buyer and willing seller basis after taking into account a market valuation of RMB6.49 billion (HK\$6.56 billion) as at 31 December 2006 by the Valuer. The valuation represents the market value of the Dongzhimen Site for the land and the construction works thereon, assuming the relevant costs of the land and construction works incurred up to 31 December 2006 have been paid. The Directors believe that the terms of the Proposed Acquisition are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Details of the payment schedule of the consideration are as follows:

1. RMB500 million (HK\$506 million) was paid on 11 April 2007 after GLC confirmed that it would proceed with the signing of the Share Acquisition Agreement following the completion of its due diligence exercise and this amount as set out in the Share Acquisition Agreement was for the transfer of 100% of Hainan Co held by BBEI and BBGEI as to 80% and 20% respectively to GLC.

Hainan Co holds a 31.5% stake in the Project Co. Hainan Co had liabilities amounting to approximately RMB5.9 million (HK\$6.0 million) as at 31 December 2006. The unaudited net loss before and after taxation attributable to Hainan Co for the year ended 31 December 2006 was RMB0.2 million (HK\$0.2 million) (2005 unaudited: RMB15.1 million (HK\$15.3 million)).

LETTER FROM THE BOARD

2. RMB220 million (HK\$223 million) to be payable upon shareholders, board and other requisite government approvals for the vendors to transfer the aggregate of 58.5% interests in the Project Co to GLC and/or its nominees.
3. RMB2.5 billion (HK\$2.5 billion) to be injected into the Project Co upon completion of the transfer of the aggregate of 58.5% interests in the Project Co and the receipt of requisite government approval on the capital increase of that company and up to RMB2 billion (HK\$2 billion) to be injected into the Project Co before 30 November 2007. Thereafter, the Proposed Acquisition will be considered as completed.
4. RMB580 million (HK\$587 million) to be payable after setting off valid claims against the Project Co, if any.

Following the completion of the transfer of 58.5% of the Project Co to GLC and/or its nominees, GLC will hold an aggregate interest of 90% in the Project Co. The Project Co will become a downstream subsidiary of GLL upon the issuance of a new business licence by the State Administration for Industry and Commerce. The remaining 10% shareholder of the Project Co is The Beijing City Dong Cheng District Residential Development Centre.

The Project Co recorded an unaudited net loss before and after taxation for the year ended 31 December 2006 of RMB3.3 million (HK\$3.3 million) (2005 audited: RMB2.7 million (HK\$2.7 million)) attributable to its operating expenses.

The total development cost of the Dongzhimen Site is estimated at approximately RMB10.0 billion (HK\$10.1 billion) which includes the consideration of RMB5.8 billion (HK\$5.9 billion) under the Share Acquisition Agreement. The balance of RMB4.2 billion (HK\$4.2 billion) includes estimated further construction costs and project expenses of the Dongzhimen Site.

Funding of the Proposed Acquisition

GLL intends to fund the Proposed Acquisition from, among other things, the proceeds of the Rights Issue and the Convertible Bond Issue.

Rationale and Financial Implication

The Proposed Acquisition is in line with GLL's strategy to build scalability in its property development, investment and management activities in the PRC which are currently in the major cities of Beijing, Shanghai, Nanjing and Tianjin. Together with this Proposed Acquisition, GLL's landbank in the PRC comprises gross floor area of approximately 2 million square metres.

The Proposed Acquisition, upon completion, will not have material impact on the earnings of GGL Group as a whole. The assets and liabilities of GGL Group are expected to increase following completion of the Proposed Acquisition.

LETTER FROM THE BOARD

Listing Rules Implication

The Proposed Acquisition constitutes a discloseable transaction for GGL as the relevant percentage ratios of the Proposed Acquisition exceeds 5% but less than 25% under the Listing Rules.

THE DEEMED DISPOSAL

On 24 April 2007, the Company announced that on 19 April 2007, GLL proposed to raise fund by way of the Rights Issue and the Convertible Bond Issue. The Rights Issue and the Convertible Bond Issue are separate exercises and are not dependent or conditional on each other.

The Convertible Bond Issue

On 19 April 2007, GLL entered into the Subscription Agreement relating to the issue by GLL of S\$690 million (HK\$3,552 million) in principal amount of unsecured convertible bonds due 2012 (subject to increase pursuant to the Up-size Option as described below) which are convertible into new GLL Shares.

GLL has appointed JPMorgan as the sole bookrunner of the Convertible Bond Issue, and HL Bank and OCBC as the joint lead managers of the Convertible Bond Issue.

Up-size Option

Under the Subscription Agreement, JPMorgan has agreed to subscribe and pay for or to procure subscribers to subscribe and pay for, and GLL has agreed to issue, S\$690 million (HK\$3,552 million) in principal amount of Convertible Bonds which are convertible at the initial conversion price into 111.0 million Conversion Shares representing approximately 16.7% of the total number of GLL Shares in issue. In addition, GLL may issue up to an additional S\$100 million (HK\$515 million) in principal amount of Convertible Bonds pursuant to an option exercisable at the mutual agreement of GLL and JPMorgan.

Key Terms of the Convertible Bond Issue

Certain principal terms and conditions of the Convertible Bonds are as follows:

Issue Size	:	S\$690 million (HK\$3,552 million) in principal amount of Convertible Bonds comprising S\$345 million (HK\$1,776 million) in principal amount of Tranche 1 Convertible Bonds and S\$345 million (HK\$1,776 million) in principal amount of Tranche 2 Convertible Bonds
Issue Price	:	100.0% of the principal amount of Convertible Bonds
Yield to Maturity	:	0.60% per annum calculated on a semi-annual basis in respect of the Tranche 1 Convertible Bonds and 1.90% per annum calculated on a semi-annual basis in respect of the Tranche 2 Convertible Bonds

LETTER FROM THE BOARD

- Conversion Price : The price at which Conversion Shares will be issued upon conversion of the Convertible Bonds, as adjusted from time to time will initially be S\$6.216 (HK\$32.0). This initial Conversion Price will be subject to adjustment in the manner provided in the Conditions
- Conversion Ratio : The conversion ratio is equal to the principal amount of each Convertible Bond divided by the then Conversion Price
- Conversion Premium : 25% over the one-day volume weighted average price of S\$4.973 (HK\$25.6) per GLL Share on 19 April 2007
- Conversion Right : Subject as hereinafter provided, Bondholders have the right to convert their Convertible Bonds into Conversion Shares. No Conversion Right shall exist unless and until all the Relevant Approvals have been obtained
- For this purpose, “Relevant Approvals” means (i) approval from GLL Shareholders at the GLL EGM for the conversion rights in respect of the Convertible Bonds and the issue of the Conversion Shares; (ii) approval from GGL Shareholders for dilution of the shareholding of GGL in GLL to allow the Conversion Rights under the Convertible Bonds; and (iii) approval from SGX-ST for the circular to be issued by GLL to seek the aforesaid approval from its shareholders
- Conversion Period : The Conversion Right attaching to any Convertible Bond may be exercised, at the option of the Bondholder thereof, at any time on and after a specified date after all Relevant Approvals have been obtained, up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the day falling 10 days before 7 May 2012 (but, except as provided in the Conditions, in no event thereafter) or, if such Convertible Bonds shall have been called for redemption before 7 May 2012 (“Maturity Date”), then up to the close of business (at the place aforesaid) on a date no later than seven business days (at the place aforesaid) prior to the date fixed for redemption thereof
- Mandatory Conversion : At any time on or after 7 May 2009 and prior to the date falling seven business days prior to the Maturity Date, GLL may, having given a notice of conversion to the Bondholders within 10 trading days of the occurrence of a Trigger Event (as defined below), mandatorily convert all but not some only of the Convertible Bonds outstanding into Conversion Shares provided that no such conversion may be made unless the volume weighted average price of GLL Shares for each of 10 consecutive trading days ending on a date immediately prior to the beginning of the aforesaid 10-day notice period was at least 120 per cent. of (x) the principal amount of the Convertible Bonds plus interest equal to the applicable Early Redemption Interest Amount (as defined in the Conditions) divided by (y) the Conversion Ratio (the “Trigger Event”)

LETTER FROM THE BOARD

- Final Redemption Date : 7 May 2012
- Final Redemption : Unless previously redeemed, converted, or purchased and cancelled:
- (a) the Tranche 1 Convertible Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 3.04% of their principal amount; and
 - (b) the Tranche 2 Convertible Bonds shall be redeemed on the Maturity Date at its principal amount plus interest of 9.92% of their principal amount
- Bondholder's Put Option : In respect of the Tranche 1 Convertible Bonds only, GLL will at the option of any Bondholder, redeem all or some of that Bondholder's Tranche 1 Convertible Bonds on 7 May 2010, at their principal amount plus interest equal to the applicable Early Redemption Interest Amount
- Redemption at the Option of GLL : If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any further Convertible Bonds issued pursuant to the Conditions), GLL may redeem such outstanding Convertible Bonds in whole but not in part
- Bond Closing Date : The closing date for the Convertible Bond Issue is on or about 7 May 2007 (or such other date on or before 7 May 2007 as GLL and JPMorgan shall agree)

The Directors believe that the terms of the Convertible Bond Issue which were concluded after arm's length negotiations and based on normal commercial terms are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Convertible Bond Issue is subject to, among other things, the in-principle approval of SGX-ST for the listing of and quotation for the Convertible Bonds and the Conversion Shares on SGX-ST.

The Conversion Rights and the issue of Conversion Shares are subject to, among other things, (i) the approval of GLL Shareholders at GLL EGM and (ii) the approval from GGL Shareholders.

GGL has undertaken to vote, in respect of at least a majority shareholding in GLL, in favour of all resolutions to be proposed at the GLL EGM to approve the Conversion Rights and the issue of Conversion Shares. GuoLine Overseas Limited, which owns 65.5% of the shares in the capital of GGL, has undertaken to vote, in respect of at least a majority shareholding in GGL, in favour of all resolutions to be proposed at the shareholders' meeting of GGL to approve the Conversion Rights and the issue of Conversion Shares.

LETTER FROM THE BOARD

The estimated net proceeds of the Convertible Bond Issue are expected to be approximately S\$684 million (HK\$3,521 million). GLL estimates that it would receive approximately S\$100 million (HK\$515 million) if the Up-size Option is exercised in full.

Use of Proceeds from the Convertible Bond Issue

GLL intends to use the net proceeds of the Convertible Bond Issue for general working capital including funding of acquisitions in Singapore and the PRC.

Other Undertakings

Under the Subscription Agreement, GLL has undertaken to JPMorgan that, GLL or its subsidiaries and affiliates will not for a period of 60 days after the Bond Closing Date, issue any GLL Shares or securities convertible into GLL Shares or enter into other arrangements or transactions with similar effect.

GGL has executed an undertaking dated 19 April 2007 pursuant to which it has undertaken to JPMorgan, among other things, that for a period from the date of the undertaking and up to 45 days after the Bond Closing Date, it will not sell any GLL Shares or enter into other transactions with similar effect. In addition, GGL has also undertaken to maintain a minimum shareholding of 51% of the share capital of GLL till such date as the Relevant Approvals are obtained but in any event no later than 1 August 2007.

Effect of the Conversion of the Convertible Bonds on GGL's Shareholding in GLL

As at the Latest Practicable Date, the total number of GLL Shares in issue was 665,647,468.

The changes in GGL Group's shareholding in GLL as a result of the issue of Conversion Shares in the principal amount of S\$690 million (HK\$3,552 million), which are convertible into approximately 126.8 million Conversion Shares (assuming the theoretical Conversion Price to be S\$5.443 (HK\$28.019) after adjustment for the Rights Issue), are as follows:

- (i) Assuming that the Rights Shares have been fully subscribed by GLL Shareholders (including GGL Group) on the basis of their respective shareholdings in GLL, the percentage equity interests of GGL Group's shareholding in GLL will reduce from 63.9% to 55.9% upon conversion of the Convertible Bonds.
- (ii) Assuming that GGL has subscribed in addition to its entitlement, by way of excess application(s) for the maximum of 80,095,409 Rights Shares which are not taken up by other GLL Shareholders^(Note), the percentage equity interests of GGL Group's shareholding will increase from 63.9% to 72.9%. It will reduce to 63.8% upon conversion of the Convertible Bonds.

LETTER FROM THE BOARD

The changes in GGL Group's shareholding in GLL as a result of the issue of Conversion Shares in the principal amount of S\$790 million (HK\$4,067 million) (assume the Up-size Option is exercised in full), which are convertible into approximately 145.1 million Conversion Shares (assuming the theoretical Conversion Price to be S\$5.443 (HK\$28.019) after adjustment for the Rights Issue), are as follows:

- (i) Assuming that the Rights Shares have been fully subscribed by GLL Shareholders (including GGL Group) on the basis of their respective shareholdings in GLL, the percentage equity interests of GGL Group's shareholding in GLL will reduce from 63.9% to 54.9% upon conversion of the Convertible Bonds.
- (ii) Assuming that GGL has subscribed in addition to its entitlement, by way of excess application(s) for the maximum of 80,095,409 Rights Shares which are not taken up by other GLL Shareholders^(Note), the percentage equity interests of GGL Group's shareholding will increase from 63.9% to 72.9%. It will reduce to 62.7% upon conversion of the Convertible Bonds.

Note: Based on GGL's undertaking to GLL by way of excess application(s) to subscribe and pay for and/or procure subscription and payment at the Rights Issue Price for all the Rights Shares less GGL's Entitlement which are not taken up by other GLL Shareholders or their renouncees.

The Convertible Bond Issue will not have material impact on the earnings of GGL Group as a whole. The assets of GGL Group will increase by approximately S\$690 million (HK\$3,552 million) and liabilities/equity of GGL Group will in turn increase by the same amount.

GLL will continue to be a subsidiary of GGL after the Rights Issue and upon full conversion of the Convertible Bonds.

The audited net profit before and after taxation of GLL for the year ended 30 June 2006 were S\$165 million (HK\$849 million) (2005: S\$109 million (HK\$561 million)) and S\$156 million (HK\$803 million) (2005: S\$85 million (HK\$438 million)) respectively.

Listing Rules Implications

The issue of Conversion Shares will result in reduction of the percentage equity interests of GGL Group in GLL. Such dilution is regarded as a deemed disposal of GGL Group's interests in GLL, which constitutes a discloseable transaction for GGL under Chapter 14 of the Listing Rules. The Conversion Rights and the issue of Conversion Shares are subject to approval of GGL Shareholders in general meeting pursuant to Chapter 13 of the Listing Rules.

THE PROPOSED GRANT OF GLL OPTION

The GLL ESOS was approved by GLL Shareholders on 31 December 1998 and further approved by GGL Shareholders on 1 February 1999. In October 2004, the approvals of GLL Shareholders and GGL Shareholders were sought to effect various amendments to the rules of the GLL ESOS to, among other matters, allow grant of options over both newly issued and existing shares of GLL and to comply with Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

On 31 January 2007, GGL announced that the GLL ESOS Committee had offered on the Date of Grant to grant conditional options in respect of an aggregate of 10 million GLL Shares (the “GLL Option”) to Mr. Quek Chee Hoon, a director, Group President and Chief Executive Officer of GGL, pursuant to the GLL ESOS.

The Grantee is not a director or substantial shareholder of GGL or their respective associate (as defined under the Listing Rules).

Pursuant to the relevant provisions of the Listing Rules and the rules of the GLL ESOS, the total number of GLL Shares to be acquired by an individual upon exercise of options granted to that individual in any 12-month period should not exceed 1% (i.e. approximately 6.65 million) of the shares of GGL in issue. While the grant of option for 6.65 million GLL Shares to the Grantee is within this limit, the option for the remaining 3.35 million GLL Shares was granted conditional, among other things, on the approval of GGL Shareholders in general meeting as required under the Listing Rules and the rules of the GLL ESOS. No GGL Shareholder is required to abstain from voting in respect of the resolution on the Proposed Grant of GLL Option at the SGM.

No option was granted by GGL in respect of GLL Shares to the Grantee during the 12-month period preceding the Date of Grant. A summary of the GLL Option granted and to be granted to the Grantee are as follows:

Date of Grant	No. of GLL Shares comprised in GLL Option	Exercise Price per GLL Share	<i>Notes</i>
19 January 2007	6,650,000	S\$2.65	1 & 2
19 January 2007	3,350,000	S\$2.65	1, 2 & 3

Notes:

1. The exercise price for each GLL Share under the GLL Option has been fixed at S\$2.65 and has been determined in accordance with the rules of the GLL ESOS, being the average of the closing prices of GLL Shares for each of the five market days immediately preceding the Date of Grant.
2. Subject to certain financial and performance targets being met by the Grantee during the performance periods for the financial years 2005/06 to 2007/08 and 2008/09 to 2010/11, the Grantee may at the end of each performance period be notified by the GLL ESOS Committee of the vesting of the options and the number of GLL Shares comprised in the vested options. Thereafter, the Grantee shall have a phased period of between 6 to 30 months to exercise the vested options in accordance with the terms of the grant.
3. The grant of option for 3.35 million GLL Shares is subject to the approval of GGL Shareholders in general meeting.

The Proposed Grant of GLL Option to the Grantee will be an incentive for his continuing contribution to GLL Group.

LETTER FROM THE BOARD

THE GLM ESOS

The GLM ESOS was approved and adopted by GLM Shareholders on 23 January 2006. Pursuant to the GLM ESOS, the exercise of options by Eligible Participants could be satisfied through the issue of new GLM Shares and/or the transfer of existing GLM Shares. No option has been granted under the GLM ESOS since its implementation.

As GLM has become a subsidiary of GGL since May 2006, GLM is required to amend certain provisions of the GLM ESOS for compliance with Chapter 17 of the Listing Rules.

On 4 May 2007, the GLM Board approved the relevant amendments to the GLM ESOS for the purpose of compliance with Chapter 17 of the Listing Rules, subject to the approval of GGL Shareholders in general meeting on the Modified GLM ESOS. The relevant amendments do not require to be approved by GLM Shareholders in general meeting pursuant to the Listing Requirements. The Modified GLM ESOS will take effect from the date of GGL Shareholders' approval.

An overview of the GLM ESOS is set out in page 16 to 19 of the Circular.

RECOMMENDATION

The Board believes that the Proposed Acquisition, the Conversion Rights and the issue of Conversion Shares, the Proposed Grant of GLL Option and the adoption of the Modified GLM ESOS in compliance with Chapter 17 of the Listing Rules are in the interests of the Company and its shareholders as a whole. Accordingly, the Board recommends GGL Shareholders to vote in favour of the relevant ordinary resolutions at the SGM.

SGM

Set out at the end of the Circular is the notice of the SGM to be held at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong on Friday, 1 June 2007 at 10:00 a.m. at which an ordinary resolution will be proposed to approve each of (i) the Conversion Rights and the issue of Conversion Shares, (ii) the Proposed Grant of GLL Option and (iii) the Modified GLM ESOS.

An announcement as to whether the Modified GLM ESOS has been approved by GGL Shareholders at the SGM will be made on the business day following the SGM.

Yours faithfully,
By Order of the Board
Quek Leng Chan
Executive Chairman

The following is an overview of the Modified GLM ESOS:

1 Purposes

The purposes of the Scheme are as follows:

- (i) to align the long term interests of Eligible Participants with those of the shareholders of GLM and encourage Eligible Participants to assume greater responsibility for the performance of the businesses that they manage;
- (ii) to motivate Eligible Participants towards strategic business objectives;
- (iii) to reward Eligible Participants with an equity stake in the success of GLM Group; and
- (iv) to make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

2 Administration

The Scheme shall be administered by GLM Board in such manner as it shall at its discretion deem fit.

3 Eligible Participants

Any executive or director of GLM Group who is at least eighteen (18) years of age and has been selected by the GLM Board to participate in the Scheme at its absolute discretion.

4 Limits of the Scheme

The total number of the GLM Shares comprised in exercised options, unexercised options and unexpired offers pending acceptance by all the Eligible Participants shall not exceed fifteen percent (15%) (hereinafter referred to as the “Maximum Aggregate”) of the issued and paid-up ordinary share capital of GLM at any one time provided that the total number of new GLM Shares which may be issued upon exercise of Options to be granted under the Scheme must not in aggregate exceed ten percent (10%) of the issued and paid-up ordinary share capital of GLM on the date that the Scheme was approved by GGL Shareholders (hereinafter referred to as the “Limit”). Subject to the Maximum Aggregate, the Limit may be exceeded or refreshed in accordance with the provisions of the Listing Rules and subject to the approval of GGL Shareholders, where required.

5 Maximum Entitlement for Each Eligible Participant

No Option may be granted to any Eligible Participant in any 12-month period that would enable such Eligible Participant becoming entitled to subscribe for new GLM Shares exceeding in nominal value of one percent (1%) of the issued and paid-up ordinary share capital of the GLM in issue. Where any further grant of Options to such Eligible Participant would result in such Eligible Participant becoming entitled to subscribe for new GLM Shares

exceeding in nominal value of one percent (1%) of the issued and paid-up ordinary share capital of GLM in issue, such further grant must be separately approved by GGL Shareholders in accordance with the provisions of the Listing Rules.

6 Exercise Period of a GLM Option

A GLM option shall be exercisable at any time during the option period. The option period shall be determined by the GLM Board provided that such period shall not be more than ten (10) years from the effective date of the implementation of the Scheme.

7 Grant of GLM Options

The GLM Board may, in its discretion, grant such options that is exercisable by the holder of GLM option following the fulfilment of the prescribed financial and performance targets or criteria (if any) within such period as may be determined by the GLM Board.

The grant of a GLM option to an Eligible Participant shall be accepted by the Eligible Participant within thirty (30) days from such day of grant by signing and returning the acceptance form, accompanied by a payment of RM1.00 as consideration.

8 Exercise Price of a GLM Option

The GLM Board may at its discretion determine the exercise price for each Scheme Share provided that such exercise price so fixed shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the GLM Shares preceding the date of grant and shall in no event be less than the par value of the GLM Shares.

9 Ranking of and Rights Attaching to Scheme Shares

The Scheme Shares, when issued or transferred, shall be subject to all the provisions of the articles of association of GLM, and shall rank *pari passu* with other GLM Shares then in issue, except that they will not rank for any dividend, right, allotment or distribution declared, made or paid to GLM shareholders which record date thereof precedes the date the GLM options are exercised.

10 Transferability of GLM Options

A GLM option cannot otherwise be transferred or assigned, and is personal to the Eligible Participant.

11 Duration of the Scheme

The Scheme shall continue to be in force for a period of ten (10) years commencing from the effective date for the implementation of the Scheme, which is 23 January 2006.

12 Automatic Lapse of a GLM Option

A GLM option shall, to the extent unexercised, immediately lapse upon (i) the expiry of the relevant exercise period; or (ii) on the date on which the holder of the GLM option ceases to be an employee of GLM Group; or (iii) on the date on which the holder of the GLM option dies before exercising the option, unless otherwise decided by the GLM Board.

13 Effect of Alterations to Capital

In the event of any capitalisation issue, rights issue, sub-division, consolidation or reduction of capital of GLM while any GLM option remains exercisable, adjustments (if any) may be made to the number of GLM Shares relating to a GLM option or any portion thereof which is unexercised, the number of GLM Shares comprised in an offer of a GLM option or the exercise price of a GLM option, as determined by the GLM Board to be in its opinion appropriate. Any adjustments other than on a capitalisation issue must be confirmed in writing by the external auditors of GLM.

14 Cancellation of Options

In the event that GLM cancels Options to subscribe for new GLM Shares and grants new Options to the same Option Holder to subscribe for new GLM Shares, the grant of such new Options must be within the Limit (excluding the cancelled options).

15 Termination

The Scheme may be terminated by GLM prior to the expiry of its duration subject to the approval of GLM shareholders in general meeting and the written consent of all holders holding unexercised GLM options.

Upon termination of the Scheme, no further options will be offered by the GLM Board and all offers outstanding but not yet accepted by the Eligible Participants and the GLM options as yet unexercised or partially exercised shall be deemed to be terminated subject always to compliance with Bursa Securities and any other authorities' guidelines or directives as imposed from time to time.

16 Alteration of the Scheme

The terms of the Scheme may be altered in any respect by approval of the GLM Board except that:

- (a) no alteration shall alter adversely the rights attaching to any GLM options granted prior to such alteration except with the approval by a simple majority of the holders of the earned GLM options present at a meeting call for this purpose;
- (b) the provisions shall not be altered to the advantage of Eligible Participants, except with the prior sanction of GLM shareholders in general meeting;

- (c) no alteration shall be made without the prior approval of Bursa Securities and such other relevant authorities as may be necessary; and
- (d) so long as GLM remains a subsidiary of GGL and the shares of GGL remain listed on the Stock Exchange, no alteration shall be made without the prior approval of GGL Shareholders if such approval is required in respect of such alteration pursuant to the Listing Rules.

17 Value of Options

The Board considers that it is not appropriate to state the value of all GLM options that can be granted under the Modified GLM ESOS, as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the GLM option value have not been determined. Such variables include the exercise price, option period, lock-up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of the GLM options as at the Latest Practicable Date would be based on a great number of speculative assumptions and would henceforth not be meaningful and be misleading to GGL Shareholders.

1 RESPONSIBILITY STATEMENT

The Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2 DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Company (the “Model Code”) were disclosed as follows in accordance with the Listing Rules:

(A) The Company

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of the Company
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	1,656,325	227,800,391	229,456,716	<i>Note</i> 69.73%
Kwek Leng Hai	3,670,775	–	3,670,775	1.12%
Sat Pal Khattar	691,125	–	691,125	0.21%
Kwek Leng San	209,120	–	209,120	0.06%
Tan Lim Heng	559,230	–	559,230	0.17%
James Eng, Jr.	565,443	–	565,443	0.17%

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 229,456,716 shares/underlying shares comprised 221,262,634 ordinary shares of the Company and 8,194,082 underlying shares of other unlisted derivatives.

The corporate interests of 227,800,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited (“GOL”)	217,348,529
GuoInvest International Limited (“GuoInvest”)	6,425,000
Asian Financial Common Wealth Limited (“AFCW”)	4,026,862

AFCW was wholly owned by the Company which was in turn 65.52% owned by GOL. GOL and GuoInvest were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad (“HLCM”). HLCM was 49.11% owned by Mr. Quek Leng Chan (2.43%) and HL Holdings Sdn Bhd (46.68%) which was in turn wholly owned by Mr. Quek Leng Chan.

(B) Associated Corporations*a) Hong Leong Company (Malaysia) Berhad (“HLCM”)*

Director	Number of *shares (Long Position)			Note	Approx. % of the issued share capital of HLCM
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	390,000	7,487,100	7,877,100	<i>Note</i>	49.11%
Kwek Leng Hai	420,500	–	420,500		2.62%
Kwek Leng San	117,500	–	117,500		0.73%

* Ordinary shares

Note:

The corporate interests of 7,487,100 shares were held by HL Holdings Sdn Bhd which was in turn wholly owned by Mr. Quek Leng Chan.

b) GuocoLand Limited (“GLL”)

Director	Number of *shares/underlying shares (Long Position)			Notes	Approx. % of the issued share capital of GLL
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	15,047,224	469,407,229	484,454,453	<i>1</i>	72.78%
Kwek Leng Hai	19,851,140	–	19,851,140		2.98%
Sat Pal Khattar	5,000,000	5,392,362	10,392,362	<i>2</i>	1.56%
Tan Lim Heng	1,000,000	–	1,000,000		0.15%
Volker Stoeckel	822,000	–	822,000		0.12%
James Eng, Jr.	200,000	–	200,000		0.03%

* Ordinary shares unless otherwise specified in the Notes

Notes:

- The total interests of 484,454,453 shares/underlying shares comprised 440,408,464 ordinary shares of GLL and 44,045,989 underlying shares of other unlisted derivatives.

The corporate interests of 469,407,229 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Guoco Investment Pte Ltd (“GIPL”)	425,361,240
GuoLine Capital Limited (“GCL”)	44,045,989

GIPL was wholly owned by the Company. GCL was wholly owned by GuoLine Capital Assets Limited which in turn wholly owned by Hong Leong Company (Malaysia) Berhad (“HLCM”). The respective controlling shareholders of the Company and HLCM as well as their respective percentage controls are shown in the Note under Part (A) above.

- The corporate interests of 5,392,362 shares were directly held by Khattar Holdings Pte Ltd which was 0.61% owned by Mr. Sat Pal Khattar and was accustomed to act according to his directions.

c) *Hong Leong Financial Group Berhad (“HLFG”)*

Director	Number of *shares/underlying shares (Long Position)			Notes	Approx. % of the issued share capital of HLFG
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	4,989,600	827,701,900	832,691,500	1	79.98%
Kwek Leng Hai	2,316,800	–	2,316,800	2	0.22%
Kwek Leng San	600,000	–	600,000		0.06%
Tan Lim Heng	245,700	–	245,700		N/A

* Ordinary shares unless otherwise specified in the Notes

Notes:

- The total interests of 832,691,500 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 7,788,000 underlying shares of other unlisted derivatives.

The corporate interests of 827,701,900 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad (“HLCM”)	546,476,568
HLCM Capital Sdn Bhd (“HLCM Capital”)	296,786
Hong Leong Share Registration Services Sdn Bhd (“HLSRS”)	3,600
Guoinvest International Limited (“Guoinvest”)	7,788,000
Guoco Assets Sdn Bhd (“GASB”)	267,079,946
Soft Portfolio Sdn Bhd (“SPSB”)	6,057,000

GASB was wholly owned by the Company. HLSRS was wholly owned by HLCM Capital which was in turn wholly owned by HLCM.

The respective controlling shareholders of the Company, HLCM and Guoinvest as well as their respective percentage controls are shown in the Note under Part (A) above.

SPSB was 99% owned by Mr. Quek Leng Chan.

- The total interests of 2,316,800 shares/underlying shares comprised 2,156,000 ordinary shares of HLFG and 160,800 underlying shares of listed physically settled options issued by HLFG.

d) *GuocoLand (Malaysia) Berhad (“GLM”)*

Director	Number of *shares (Long Position)			Notes	Approx. % of the issued share capital of GLM
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	3,266,280	455,198,596	458,464,876	<i>Note</i>	65.45%
Kwek Leng Hai	226,800	–	226,800		0.03%
Sat Pal Khattar	152,700	–	152,700		0.02%
Tan Lim Heng	546,010	–	546,010		0.08%

* Ordinary shares

Note:

The corporate interests of 455,198,596 shares comprised the respective direct interests held by:

	Number of shares
GLL (Malaysia) Pte Ltd (“GLLM”)	455,130,580
HLCM Capital Sdn Bhd (“HLCM Capital”)	68,016

GLLM was wholly owned by GuocoLand Limited which was in turn 63.90% owned by Guoco Investment Pte Ltd (“GIPL”). GIPL was wholly owned by the Company.

The controlling shareholder of the Company and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of HLCM Capital and its percentage control are shown in the Note under Part (B)(c) above.

e) *Hong Leong Industries Berhad (“HLI”)*

Director	Number of *shares/underlying shares (Long Position)/Amount of Debentures			Notes	Approx. % of the issued share capital of HLI
	Personal interests	Corporate interests	Total interests		
Kwek Leng Hai	189,812	–	189,812	<i>1</i>	0.09%
	RM165,000	–	RM165,000	<i>2</i>	N/A
Sat Pal Khattar	198,580	–	198,580	<i>3</i>	0.09%
	RM171,000	–	RM171,000	<i>2</i>	N/A
Kwek Leng San	2,220,000	–	2,220,000	<i>4</i>	1.00%
	RM2,604,000	–	RM2,604,000	<i>2</i>	N/A

* Ordinary shares unless otherwise specified in the Notes

Notes:

- The total interests of 189,812 shares/underlying shares comprised 163,200 ordinary shares of HLI and 26,612 underlying shares of listed physically settled options issued by HLI.

2. These debentures were freely transferable and convertible into shares of HLI.
3. The total interests of 198,580 shares/underlying shares comprised 171,000 ordinary shares of HLI and 27,580 underlying shares of listed physically settled options issued by HLI.
4. The total interests of 2,220,000 shares/underlying shares comprised 1,800,000 ordinary shares of HLI and 420,000 underlying shares of listed physically settled options issued by HLI.

f) *Hong Leong Bank Berhad (“HLBB”)*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLBB
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	3,955,700	–	3,955,700	0.26%
Sat Pal Khattar	294,000	–	294,000	0.02%
Kwek Leng San	385,000	–	385,000	0.03%

* Ordinary shares

g) *HLG Capital Berhad (“HLGC”)*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLGC
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	500,000	–	500,000	0.41%
Kwek Leng San	119,000	–	119,000	0.10%

* Ordinary shares

h) *Malaysian Pacific Industries Berhad (“MPI”)*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of MPI
	Personal interests	Corporate interests	Total interests	
Sat Pal Khattar	210,000	–	210,000	0.11%
Kwek Leng San	315,000	–	315,000	0.16%

* Ordinary shares

i) *Hume Industries (Malaysia) Berhad (“HIMB”)*

Director	Number of *shares (Long Position)			Note	Approx. % of the issued share capital of HIMB
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	2,000,000	120,144,828	122,144,828	Note	66.77%
Sat Pal Khattar	200,000	–	200,000		0.11%

* Ordinary shares

Note:

The corporate interests of 120,144,828 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad (“HLCM”)	116,937,027
HLCM Capital Sdn Bhd (“HLCM Capital”)	19,401
Hong Leong Assurance Berhad (“HLA”)	1,154,400
Soft Portfolio Sdn Bhd (“SPSB”)	2,034,000

HLA was wholly owned by Hong Leong Financial Group Berhad which was 78.20% owned by HLCM.

The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

The respective controlling shareholders of HLCM Capital and SPSB as well as their percentage controls are shown in the Note under Part (B)(c) above.

j) *Narra Industries Berhad (“NIB”)*

Director	Number of *shares (Long Position)			Note	Approx. % of the issued share capital of NIB
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	8,150,200	38,304,000	46,454,200	Note	74.70%

* Ordinary shares

Note:

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad which was in turn 64.56% owned by Hong Leong Company (Malaysia) Berhad (“HLCM”). The controlling shareholders of HLCM and their percentage controls are shown in the Note under Part (A) above.

k) *Lam Soon (Hong Kong) Limited (“LSHK”)*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of LSHK
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tan Lim Heng	274,000	–	274,000	0.11%
James Eng, Jr.	619,000	–	619,000	0.25%
Ding Wai Chuen	10,000	–	10,000	0.00%

* Ordinary shares

l) *BIL International Limited (“BIL”)*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of BIL
	Personal interests	Corporate interests	Total interests	
Quek Leng Chan	150,000	811,297,043	811,447,043	<i>Note</i> 59.31%
Tan Lim Heng	100,000	–	100,000	0.01%

* Ordinary shares unless otherwise specified in the Note

Note:

The corporate interests of 811,297,043 shares comprised the respective direct interests held by:

	Number of shares
Camerlin Group Berhad (“CGB”)	303,144,609
Camerlin Investments Limited (“CIL”)	1,416,598
High Glory Investments Limited (“HGIL”)	506,735,836

CIL was wholly owned by CGB. CGB was 68.60% owned by Brightspring Holdings Limited which was in turn wholly owned by the Company. HGIL was wholly owned by the Company. The controlling shareholder of the Company and its percentage control are shown in the Note under Part (A) above.

(C) Others

Associated Corporations in which Mr. Quek Leng Chan was deemed to be interested solely through his deemed controlling interest in HLCCM and/or its subsidiaries:

Guoman Hotel & Resort Holdings Sdn Bhd	RZA Logistics Sdn Bhd
Luck Hock Venture Holdings, Inc.	Lam Soon (Hong Kong) Limited
Hong Leong Industries Berhad	LS Golden Oils & Fats Limited
Hong Leong Bank Berhad	Kwok Wah Hong Flour Company Limited
Malaysian Pacific Industries Berhad	M.C. Packaging Offshore Limited
Carsem (M) Sdn Bhd	Lam Soon Ball Yamamura Incorporation
Carter Realty Sdn Bhd	Camerlin Group Berhad
Guolene Packaging Industries Berhad	HLG Capital Berhad
Guocera Tile Industries (Meru) Sdn Bhd	Hong Leong Tokio Marine Takaful Berhad
Guocera Tile Industries (Labuan) Sdn Bhd	Guangzhou Lam Soon Food Products Limited
Hong Leong Fund Management Sdn Bhd	Shenzhen Lam Soon Edible Oils Company Limited
Maxider Sdn Bhd (formerly known as Hong Leong Yamaha Distributors Sdn Bhd)	Shekou Lam Soon Silo Company Limited
Hong Leong Yamaha Motor Sdn Bhd	

The Company applied for and the Stock Exchange granted a waiver from full compliance with the disclosure requirements in respect of details of the deemed interests of Mr Quek Leng Chan in the above associated corporations under Rule 13 of Appendix 16 to the Listing Rules.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO required to be disclosed in accordance with the Listing Rules or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3 DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company pursuant to Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/ underlying shares (Long Position)	Notes	Approx. % of the issued share capital
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	227,800,391	1	69.23%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	227,800,391	2 & 3	69.23%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	227,800,391	2 & 4	69.23%
Kwek Holdings Pte Ltd ("KH")	Interest of controlled corporations	227,800,391	2 & 5	69.23%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	227,800,391	2 & 6	69.23%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	227,800,391	2 & 7	69.23%
Third Avenue Management LLC	Investment Manager	16,440,300		5.00%
Arnhold and S. Bleichroeder Advisers, LLC	Investment Manager	16,449,000		5.00%

Notes:

- These interests comprised 219,606,309 ordinary shares of the Company and 8,194,082 underlying shares of unlisted cash settled derivatives.

These interests comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	217,348,529
GuoInvest International Limited ("GuoInvest")	6,425,000
Asian Financial Common Wealth Limited ("AFCW")	4,026,862

AFCW was wholly owned by the Company which was in turn 65.52% owned by GOL. GOL and GuoInvest were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

- The interests of HLCM, HLH, HLInv, KH, Davos and KLK are duplicated.

3. HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 49.11% owned by HLH (46.68%) and Mr. Quek Leng Chan (2.43%).
4. HLInvnt was deemed to be interested in these interests through its controlling interests of 34.49% in HLCM.
5. KH was deemed to be interested in these interests through its controlling interests of 49.00% in HLInvnt.
6. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInvnt.
7. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified by any person (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

4 LITIGATION

The Project Co is a co-defendant in a civil litigation in Beijing, the PRC, brought by Shenzhen Development Bank (“SDB”). The claim by SDB against the Project Co appears to have arisen in connection with the claim by SDB against the guarantor of certain alleged loans granted by SDB to certain borrowers. The guarantor was a joint venture company between the Project Co and another party. The joint venture was subsequently cancelled. SDB has alleged that following the cancellation, the Dongzhimen Site intended to be acquired by the guarantor was instead acquired by the Project Co thereby reducing its paying power under the guarantee. SDB is seeking an order for the transfer of the Dongzhimen Site from the Project Co to the guarantor. As at the Latest Practicable Date, the claim by SDB against the Project Co is still pending adjudication by the People’s High court of Beijing.

In view of the foregoing, and that:

- (i) the last payment of RMB580 million (HK\$587 million) of the consideration is payable after satisfactory settlement of valid claims against the Project Co;
- (ii) BBJB and BBJBS have given a warranty in the Share Acquisition Agreement that no damage or injury would be caused to the Project Co and its property due to the claim by SDB and have further agreed to bear all the consequences thereof and to pay for all costs, expenses and economic losses incurred or suffered by the Project Co arising from the claim by SDB; and
- (iii) GLC has obtained a legal opinion from its PRC lawyers that SDB’s claim against the Project Co does not have sufficient legal and contractual basis,

the Company is of the view that based on latest available information, there is not likely to be any material financial impact on GGL Group. However, it is possible that the People’s High Court of Beijing may adjudicate unfavourably against the Project Co in which case, based on legal opinion, GLC will procure that the Project Co will contest such ruling vigorously.

Save as above, none of the Company nor its subsidiaries is engaged in any litigation or arbitration of any material importance and the Directors are not aware of any litigation or claims of material importance pending or threatened against any of the Company or its subsidiaries.

5 MISCELLANEOUS

- (a) GGL is an investment holding company and the principal activities of its subsidiaries and associated companies include proprietary asset management, property development and investment, hospitality and leisure business as well as financial services including banking and finance, insurance, fund management, stock and commodity broking and investment advisory.
- (b) GLL is a major property development and investment company based in Singapore and listed on SGX-ST. The principal business activities of its subsidiaries are property development, property investment and investment holding with embedded operations in Singapore, the PRC and Malaysia, as well as property interests in various countries in the region. GLC undertakes GLL's operations in the PRC and now has established a strong presence in the PRC and built a solid portfolio of quality assets in the major cities of Beijing, Shanghai, Nanjing and Tianjing.
- (c) GGL would like to confirm that, to the best of the Board's knowledge, information and belief having made all reasonable enquiry,
 - BBJB, the Related Corporations and BBJB Related Company and their ultimate beneficial owners are third parties independent of GGL and its connected persons (as defined under the Listing Rules); and
 - JPMorgan and OCBC and their ultimate beneficial owners are third parties independent of GGL and its connected persons (as defined under the Listing Rules). HL Bank is the Singapore branch of Hong Leong Bank Berhad, an indirect subsidiary of GGL's ultimate holding company, Hong Leong Company (Malaysia) Berhad, as well as an associated company of GGL.
- (d) As at the Latest Practicable Date, none of the Directors has any service contract with the Company or any of its subsidiaries excluding those expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation).
- (e) Mr. Quek Leng Chan is a director and a deemed controlling shareholder, and Messrs. Kwek Leng Hai and Kwek Leng San are directors, of Hong Leong Company (Malaysia) Berhad ("HLCM"), a substantial shareholder of the Company. HLCM is a conglomerate based in Malaysia and is engaged in a diverse range of business, including financial services, manufacturing and property investment and development.

Mr. Tan Lim Heng is a non-executive director of Shanghai Land Holdings Limited (in liquidation), a former associated company of the Company, which is engaged in property investment and development in the PRC.

Save as disclosed above, so far as the Directors are aware, none of the Directors or their respective associates have any interests in any business which competes or likely to compete with the businesses of GGL Group.

- (f) The qualified accountant of the Company is Mr. Tsang Cho Tai. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants as well as an associate member of the Institute of Chartered Accountants in England and Wales.
- (g) The secretary of the Company is Ms. Stella Lo Sze Man. She is an associate member of The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.
- (h) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investors Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (i) A draft copy of the Modified GLM ESOS is available for inspection at the principal office of the Company in Hong Kong at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong during normal business hours from 18 May 2007 up to and including 31 May 2007 (except public holidays) and at the SGM.
- (j) The English text of the Circular shall prevail over the Chinese text, in case of any inconsistency.

Pursuant to the Bye-Laws of the Company, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three shareholders of the Company present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any shareholder or shareholders of the Company present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (iv) by any shareholder or shareholders of the Company present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (v) by the Chairman of the meeting and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent. or more of the total voting rights of all the shareholders having the right to vote at the meeting pursuant to the rules of the stock exchange in the Relevant Territory.

NOTICE OF SGM



國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

NOTICE IS HEREBY GIVEN that a special general meeting of Guoco Group Limited (the “Company”) will be held at 50th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 1 June 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION NO. 1

“**THAT** the conversion rights attached to the unsecured convertible bonds due 2012 of GuocoLand Limited (“GLL”) and the allotment and issue by GLL of new shares in the capital of GLL upon conversion of the said convertible bonds pursuant to the terms and conditions of the convertible bond issue, details of which are described in the circular of the Company dated 8 May 2007, be and are hereby approved.”

ORDINARY RESOLUTION NO. 2

“**THAT** the grant of share option by GuocoLand Limited (“GLL”) for 3.35 million GLL shares to Mr. Quek Chee Hoon pursuant to The GuocoLand Limited Executives’ Share Option Scheme be and is hereby approved.”

ORDINARY RESOLUTION NO. 3

“**THAT** the modified Executive Share Option Scheme of GuocoLand (Malaysia) Berhad (a draft copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) be and is hereby approved.”

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 7 May 2007

Principal office:

50th Floor, The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy does not need to be a shareholder of the Company.
2. In order to be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at 50th Floor, The Center, 99 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof, as the case may be. Completion and return of the proxy form will not preclude the shareholders from attending and voting at the meeting (or any adjourned meeting thereof) if shareholders so wish.