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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.

This circular, for which the directors of Guoco Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Guoco Group Limited. The directors of Guoco Group Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

**EXECUTIVE SHARE OPTION SCHEME 2012 OF
GUOCO GROUP LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 5 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 at 12:15 p.m. on Wednesday, 14 November 2012 (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same date) is set out on page 12 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, 26 October 2012

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DEFINITIONS

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

“AFCW”	Asian Financial Common Wealth (PTC) Limited, an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Circular”	this circular dated 26 October 2012 issued by the Company to the Shareholders regarding the ESOS 2012
“Company” or “GGL”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Executive”	any executive or director of the GGL Group, who is eligible to participate in the ESOS 2012 in accordance with the Rules
“ESOP 2002”	the Employee Share Option Plan of the Company adopted by the Company on 16 December 2002, which allows the grant of options over existing Shares
“ESOS 2001”	the Executive Share Option Scheme adopted by the Company on 29 November 2001, which allowed the grant of options over new Shares
“ESOS 2012” or “Scheme”	the new GGL Executive Share Option Scheme 2012
“GGL Group” or “Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 October 2012, being the latest practicable date before the printing of this Circular for ascertaining certain information for the purpose of inclusion in this Circular
“Limit”	ten percent (10%) of the issued and paid-up Share capital of GGL on the date that the Scheme is approved by the Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Maximum Aggregate”	thirty per cent. (30%) of the issued and paid-up Share capital of GGL from time to time
“Notice of SGM”	the notice convening the SGM
“Offer”	an offer made in writing by a member of the GGL Group to an Eligible Executive to participate in the Scheme
“Option Holder”	an Eligible Executive who is the holder of a valid option certificate or letter for an option issued by a member of the GGL Group in relation to an accepted Offer
“Rules”	The rules of the Scheme, as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.50 each (issued or to be issued) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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 at 12:15 p.m. on Wednesday, 14 November 2012 (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same date)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed dated 18 February 2003 constituting the Trust entered into between GGL and AFCW
“Trustee”	the trustee of the Trust
“US\$”	United States dollar, the lawful currency of the United States of America



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Executive Directors:

Quek Leng Chan (*Executive Chairman*)
Kwek Leng Hai (*President, CEO*)
Tan Lim Heng

Non-executive Director:

Kwek Leng San

Independent Non-executive Directors:

Sat Pal Khattar
Volker Stoeckel
Roderic N. A. Sage

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal office:

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

26 October 2012

To the Shareholders

Dear Sir or Madam,

**EXECUTIVE SHARE OPTION SCHEME 2012 OF
GUOCO GROUP LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this Circular is to provide the Shareholders with the relevant information pertaining to the new ESOS 2012.

THE NEW ESOS 2012

In view of the expiry of the ESOS 2001 on 28 November 2011 and forthcoming expiry of the ESOP 2002 on 15 December 2012, the Board would like to seek the Shareholders' approval on the adoption of the new ESOS 2012 at the SGM.

Pursuant to the new ESOS 2012, the exercise of options by Eligible Executives could be satisfied through the issue of new Shares and/or the transfer of existing Shares. This new ESOS 2012 shall take effect subject to the passing of the necessary resolution by the Shareholders in the SGM and is conditional upon the Listing Committee of the Stock Exchange granting approval of the Scheme and the granting of options thereunder, the

LETTER FROM THE BOARD

listing of and permission to deal in any new Shares which fall to be issued upon the exercise of the options granted or to be granted pursuant to the Scheme and upon the Bermuda Monetary Authority granting approval of the options to be granted under the Scheme and the issue of new Shares pursuant to the exercise of such options and on such approvals being granted not later than three months after the Scheme is adopted by the Shareholders in the SGM.

The ESOS 2012 provides an opportunity for the Eligible Executives to participate in the equity of GGL and in this way aligning the Company's long term interests with those of the Shareholders. The Rules of the ESOS 2012 provide that the Board may at its absolute discretion determine, subject to the Listing Rules, the eligibility of the participants, the number of Shares to be comprised in the options, the exercise period (including, if applicable the minimum holding period), performance target and duration of performance period as well as the number of Shares comprised in an earned option at the end of the performance period based on the achievement of the prescribed financial and performance target. The Board believes that the aforesaid criteria and rules would serve to achieve the purposes of the Scheme set out on page 6 of this Circular.

An overview of the ESOS 2012 is set out on pages 6 to 11 of this Circular.

TRUST FOR THE ESOS 2012

Pursuant to the Trust Deed between GGL and AFCW, the Trust has been established and AFCW, acting as the Trustee, had acquired existing Shares for the purpose of the ESOP 2002. The Trustee will, at the direction of the Board from time to time, transfer Shares to Option Holder to satisfy the exercise of the Option. The provisions of finances by the GGL Group to the Trust from time to time for the acquisitions of existing Shares constituted continuing connected transactions for GGL under Chapter 14A of the Listing Rules, details of which were disclosed in the circular of GGL dated 30 November 2002. Such finances are expected to be repaid from the exercise price to be paid by the Option Holders upon the exercise of the options. However, the Company has not granted any options pursuant to the ESOP 2002 since its adoption date.

Finances amounted to approximately HK\$500 million were provided by the GGL Group for the acquisitions of existing Shares in accordance with the Trust Deed pursuant to an on-going connected transaction waiver for the period of three financial year ended 30 June 2005. No interest has ever been charged for the aforesaid finances. No further finances have been provided since the expiry of the waiver on 30 June 2005.

The assets and liabilities of the Trust are being consolidated into GGL Group's financial statements. As at the Latest Practicable Date, AFCW holds 4,026,862 Shares under the Trust. Dividends on Shares held under the Trust will be applied to achieve the object of the Trust pursuant to the Trust Deed. Upon liquidation of the Trust, the Trustee will sell all remaining Shares and Trust assets under the Trust (if any) and will forward any remaining funds to the Company after settlement of all debts of the Trust and repayment of all loans taken by the Trustee.

LETTER FROM THE BOARD

The Trust Deed will be amended to allow the Trustee to continue to hold the Trust assets, including the Shares, for the purpose of the ESOS 2012. Provision of new finances by the GGL Group to the Trust and grants of options (the exercise of which may be satisfied by the transfer of existing Shares) under the ESOS 2012 to the Eligible Executives who are GGL's connected person from time to time will constitute continuing connected transactions/connected transactions under Chapter 14A of the Listing Rules. The Company will comply with the relevant disclosure requirements under the Listing Rules as appropriate when such transaction(s) take place.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Rules 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 31 October 2012 up to and including 14 November 2012 and at the SGM.

RECOMMENDATION

The Board believes that the adoption of the ESOS 2012 in compliance with Chapter 17 of the Listing Rules is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant ordinary resolution set out in the Notice of SGM on page 12 of this Circular.

SGM

Set out on page 12 of this Circular is the Notice of SGM to be held at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong at 12:15 p.m. on Wednesday, 14 November 2012 (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same date) at which an ordinary resolution will be proposed to approve the ESOS 2012. No Shareholder is materially interested in the proposed resolution on the ESOS 2012 to be considered at the SGM and therefore none of Shareholders shall abstain from voting in respect of such resolution.

An announcement as to whether the ESOS 2012 has been approved by Shareholders at the SGM will be made as soon as possible after the SGM.

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

The following is an overview of the ESOS 2012:

1 PURPOSES

The purposes of the Scheme are as follows:

- (i) to align the long term interests of Eligible Executives with those of the Shareholders and encourage Eligible Executives to assume greater responsibility for the performance of the businesses that they manage;
- (ii) to motivate Eligible Executives towards strategic business objectives;
- (iii) to reward Eligible Executives with an equity stake in the success of GGL 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 the Board in such manner as it shall at its discretion deem fit.

3 ELIGIBLE EXECUTIVES

A person who must be at least eighteen (18) years of age and:

- (i) be an executive of a member of the GGL Group and has been confirmed in service; or
- (ii) be a director of a member of the GGL Group.

The Board may at its absolute discretion select and identify suitable Eligible Executives to be offered options.

4 LIMITS OF THE SCHEME

The total number of the Shares comprised in (i) exercised options, (ii) unexercised options, (iii) unexpired offers pending acceptance by all the Eligible Executives and (iv) exercised options, unexercised options and unexpired offers pending acceptance under any other executive share option schemes established by GGL which are still subsisting shall not exceed the Maximum Aggregate provided that for so long as the Company is listed on the Stock Exchange, but subject always to the Maximum Aggregate, the total number of new Shares which may be issued upon exercise of options to be granted under the Scheme must not in aggregate exceed 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 the Shareholders, where required.

For so long as the Company is listed on the Stock Exchange, the limit on the number of new Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed the Maximum Aggregate from time to time.

5 MAXIMUM ENTITLEMENT FOR EACH ELIGIBLE EXECUTIVE

No option may be granted to any Eligible Executive in any 12-month period that would result in the total number of Shares issued and to be issued upon exercise of the options (including both exercised and outstanding options) to exceed one percent (1%) in nominal value of the issued and paid-up Share capital of the Company. Where any further grant of options to such Eligible Executive would result in the total number of Shares issued and to be issued upon exercise of the options granted or to be granted (including exercised, cancelled and outstanding options) in any 12-month period to exceed one percent (1%) in nominal value of the issued and paid-up Share capital of the Company, such further grant must be separately approved by the Shareholders in accordance with the provisions of the Listing Rules.

The independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the grantee of the options) will be required to approve each grant of options to a director, chief executive, or substantial shareholder of the Company or any of their associates. If a grant of options to a substantial shareholder or an independent non-executive director of the Company or to any of their associates will result in the total number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of grant, in excess of HK\$5 million,

such grant of options will be required to be approved by the Shareholders in accordance with the provisions of the Listing Rules.

6 EXERCISE PERIOD OF AN OPTION UNDER THE SCHEME

An option granted under the Scheme shall be exercisable by the Option Holder only during his employment or directorship with the GGL Group and during such option period as determined by the Board (which may include a minimum period that an option must be held before it can be exercised, if any). The option period shall not be more than ten (10) years from the date of offer. Upon early termination of the Scheme prior to the expiry of the duration of the Scheme, the options granted prior to such termination shall continue to be valid and exercisable in accordance with these Rules.

7 GRANT OF OPTIONS

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

The grant of an option under the Scheme to an Eligible Executive shall be accepted by the Eligible Executive within thirty (30) days from such day of grant (or such longer period of time as may be permitted by the Board at its discretion) by signing and returning the acceptance form, accompanied by a payment of HK\$1.00 as consideration.

8 EXERCISE PRICE OF AN OPTION UNDER THE SCHEME

The Board may at its discretion determine the exercise price of an option under the Scheme provided that the exercise price so fixed shall not less than the greatest of (a) the average closing price of a Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such option; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the day of offer of such option, which must be a business day and (c) the nominal value of a Share.

9 EXERCISE OF OPTION UNDER THE SCHEME

The option granted to an Option Holder under the Scheme is exercisable by that Option Holder, within the option exercise period and subject to any other terms and conditions as may be contained in the Rules and the option certificate. Options which have been exercised may be satisfied, at the discretion of the Board, by the issue of new Shares by the Company and/or by the transfer of existing Shares by the Trustee to the Option Holder.

10 RANKING OF AND RIGHTS ATTACHING TO SHARES

In the event that any new Shares are to be allotted upon the exercise of an option under the Scheme, they shall, upon issue and allotment, rank *pari passu* in all respects with the existing issued and paid-up Share capital of the Company, except that they will not rank for any dividend, right, entitlement or distribution, in respect of which record date precedes the allotment date of the new Shares and will be subject to all the provisions of the Bye-laws of the Company relating to transfer, transmission and otherwise.

In the event that any existing Shares are to be transferred upon the exercise of an option, the existing Shares shall be transferred together with all dividends, rights, entitlements and distributions, in respect of which record date is on or after the transfer date.

11 RIGHTS ON TAKE-OVER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION AND LIQUIDATION

In the event of a takeover offer being made for the Company by a general offer or otherwise and resulting in a change of control and upon such offer becoming or being declared unconditional, the Board may at its absolute discretion allow any Option Holder, within six (6) months of the date on which such takeover offer becomes or is declared unconditional, to exercise in whole or in part the option remaining unexercised and any options remaining unexercised shall, unless the Board in its absolute discretion otherwise determines, lapse and be null and void. The exercise of options must nevertheless be within the option exercise period.

In the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement or reconstruction of the Company or amalgamation with any other company or companies under Section 99 of the Companies Act, 1981 of Bermuda or pursuant to any other applicable laws, the Board may at its absolute discretion allow any Option Holder to exercise all or any part of his option remaining unexercised at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which, in the opinion of the Board, it has been fully implemented, or on any other date specified by the Board within the option exercise period, failing which any unexercised options and any options remaining unexercised shall, unless the Board in its absolute discretion otherwise determine, lapse and be null and void.

Upon the commencement of winding-up of the Company, all unexercised options, earned and unearned, shall lapse and be null and void and be of no further force and effect.

12 TRANSFERABILITY OF OPTIONS

An option granted under the Scheme cannot otherwise be transferred or assigned, and is personal to the Eligible Executive.

13 DURATION OF THE SCHEME

The Scheme shall be in force for a period of ten (10) years commencing from the effective date for the implementation of the Scheme, which shall be a date to be determined by the board of directors of GGL as soon as practical after the date of full compliance with all the relevant requirements under the Listing Rules and upon obtaining of Shareholders' approval.

14 AUTOMATIC LAPSE OF OPTIONS

An option granted under the Scheme shall, to the extent unexercised, immediately lapse upon (i) the expiry of the relevant exercise period; or (ii) on the date on which the Option Holder ceases to be an employee of any member of the GGL Group; or (iii) on the date on which the Option Holder dies before exercising the option, unless otherwise decided by the Board.

15 EFFECT OF ALTERATIONS TO CAPITAL

In the event of any capitalisation issue, rights issue, bonus issue, sub-division, consolidation or reduction of capital of GGL while any option under the Scheme remains exercisable, adjustments (if any) may be made to the number of Shares relating to such option or any portion thereof which is unexercised, the number of Shares comprised in an Offer of such option or the exercise price of such option, as determined by the Board to be in its opinion appropriate. Any adjustments must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value. Other than on a bonus issue, such adjustments must be confirmed in writing by an independent financial advisor or the external auditors of the Company for compliance with the Note to Rule 17.03(13) of the Listing Rules.

16 CANCELLATION OF OPTIONS

In the event that the Company cancels options to subscribe for new Shares and grants new options to the same option holder to subscribe for new Shares, the grant of such new options must be within the Limit (excluding the cancelled options).

17 TERMINATION

The Scheme may be terminated by the Company prior to the expiry of its duration. Upon termination of the Scheme, no further options will be offered by the member of the GGL Group and all Offers outstanding but not yet accepted by the Eligible Executive shall be deemed to be terminated. The options granted prior to such termination shall continue to be valid and exercisable in accordance with these Rules.

18 ALTERATION OF THE SCHEME

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

- (i) no alteration shall alter adversely the rights attaching to any options granted under the Scheme prior to such alteration except with the approval by a simple majority of the Option Holders present at a meeting call for this purpose;
- (ii) the provisions shall not be altered to the advantage of Eligible Executives, except with the prior sanction of the Shareholders in general meeting;
- (iii) no alteration shall be made without the prior approval of the Stock Exchange and such other relevant authorities as may be necessary; and
- (iv) so long as the Shares remain listed on the Stock Exchange, no alteration shall be made without the prior approval of Shareholders if such approval is required in respect of such alteration pursuant to the Listing Rules.

19 VALUE OF OPTIONS

The Board considers that it is not appropriate to state the value of all options that can be granted under the ESOS 2012 as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the 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 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 Shareholders.

NOTICE OF SPECIAL GENERAL MEETING



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 at 12:15 p.m. on Wednesday, 14 November 2012 (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same date) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the Executive Share Option Scheme 2012 of Guoco Group Limited (a copy of its Rules 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, 26 October 2012

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.
3. The Register of Members of the Company will be closed from Monday, 12 November 2012 to Wednesday, 14 November 2012 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the special general meeting of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company’s Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 November 2012.