



JCG HOLDINGS LIMITED

日本信用保証集團

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT

**PROPOSED PRIVATISATION OF JCG HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
AND
WITHDRAWAL OF LISTING**

Financial Adviser to JCG Holdings Limited



ASIA INVESTMENT CAPITAL LIMITED

The Board announces that the Company, with the consent of Public Bank, puts forward a proposal to the Scheme Shareholders regarding the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. The Company proposes that all Scheme Shares will be cancelled in exchange for HK\$4.61 in cash for each Scheme Share. As at the date of this announcement, the Scheme Shareholders are together interested in 273,350,302 Shares, representing approximately 38.62 per cent. of the entire issued share capital of the Company.

Based on the number of Shares (other than those held by Public Bank) in issue as at the date of this announcement, the maximum amount of cash required to effect the Proposal will be approximately HK\$1,260.14 million. Funding to effect the Proposal is to be made out of the internal resources of the Company.

Upon the Scheme becoming effective, the listing of the Shares on the Stock Exchange will be withdrawn and the Company will become a wholly-owned subsidiary of Public Bank. The Proposal is conditional upon the fulfilment or waiver, as applicable, of the conditions including the approvals by the Independent Shareholders at the Court Meeting and by the Shareholders at the Special General Meeting as described in the section headed "Conditions of the Proposal" below.

A scheme document containing, among other matters, further details of the Proposal, the expected timetable, an explanatory statement required under the Companies Act, the recommendation of the Independent Board Committee in relation to the Proposal, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. (Hong Kong time) on 21st July, 2003, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. (Hong Kong time) on 28th July, 2003.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out in the section headed "Conditions of the Proposal" below being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. They are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board announces that the Company, with the consent of Public Bank, puts forward a proposal to the Scheme Shareholders regarding the privatisation of the Company by way of the Scheme.

THE PROPOSAL

The Proposal is to privatise the Company by way of the Scheme. The Scheme will provide that the Scheme Shares be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Price, being HK\$4.61, in cash from the Company for every Scheme Share held.

The Price represents:

- a premium of approximately 19.74 per cent. over the closing price of HK\$3.85 per Share as quoted on the Stock Exchange on 21st July, 2003 (being the last trading price of the Shares immediately prior to the suspension of trading in the Shares pending the issue of this announcement);
- a premium of approximately 19.43 per cent. over the average closing price of approximately HK\$3.86 per Share based on the daily closing prices as quoted on the Stock Exchange over the 10 trading days up to and including 21st July, 2003;
- a premium of approximately 21.32 per cent. over the average closing price of approximately HK\$3.80 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including 21st July, 2003;
- a premium of approximately 25.61 per cent. over the average closing price of approximately HK\$3.67 per Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days up to and including 21st July, 2003;
- a premium of approximately 21.96 per cent. over the average closing price of approximately HK\$3.78 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including 21st July, 2003;
- a discount of approximately 0.43 per cent. to the audited NAV (including the final dividend) per Share of approximately HK\$4.63 as at 31st December, 2002;
- a discount of approximately 1.50 per cent. to the unaudited NAV (including the proposed interim dividend) per Share of approximately HK\$4.68 as at 30th June, 2003; and
- a discount of approximately 0.65 per cent. to the unaudited NAV (net of the proposed interim dividend) per Share of approximately HK\$4.64 as at 30th June, 2003. According to the accounting policies of the Group, fixed assets, other than investment properties, are stated at cost or carrying amount less accumulated depreciation and impairment. As such, no valuation had been made on the property interests of the Group other than the investment properties. The Directors have commissioned Vigers Hong Kong Limited, an independent professionally qualified valuer, to conduct an updated property revaluation of the Group's property interests as of 30th June, 2003 on open market value basis, details of which will be included in the scheme document to be despatched to the Shareholders.

In determining the Price, the Directors have taken into account factors such as the trading liquidity and average market prices of the Shares, the unaudited NAV of the Group as well as the factors further discussed in the section headed "Reasons for and benefits of the Proposal" below.

As at the date of this announcement, there are 707,758,412 Shares in issue of which the Scheme Shareholders are interested in 273,350,302 Shares, representing approximately 38.62 per cent. of the issued share capital of the Company. At the Price, the Proposal values the issued share capital of the Company at approximately HK\$3,262.77 million. Based on the number of Shares (other than those held by Public Bank) in issue as at the date of this announcement, the maximum amount of cash required to effect the Proposal will be approximately HK\$1,260.14 million. Funding to effect the Proposal is to be made out of the internal resources of the Company and the Directors consider the Company have sufficient funds to effect the Proposal. Relevant amounts of fixed deposits of the Company have been set aside for the Proposal. Asia Investment Capital Limited, the financial adviser to the Company in connection with the Proposal, is satisfied that sufficient financial resources are available to the Company for the implementation of the Proposal.

CONDITIONS OF THE PROPOSAL

The Scheme will become effective and binding on the Company and all Shareholders subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme by a majority in number representing not less than three-fourths in value of the Independent Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved by at least 75 per cent. in value of the votes attaching to the Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast against the resolution to approve the Scheme at the Court Meeting is not more than 10 per cent. in value of the votes attaching to all the Shares held by the Independent Shareholders;
- (b) the passing of a special resolution to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the share capital of the Company) by at least three-fourths of the Shareholders present and voting at the Special General Meeting, in which all Shareholders can vote;
- (c) the sanction of the Scheme (with or without modifications) by the Supreme Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court for registration;
- (d) the necessary compliance with the procedural requirements of Section 46 of the Companies Act in relation to the cancellation and reduction of the issued share capital of the Company;
- (e) all Authorisations in connection with the Proposal having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in Bermuda and/or Hong Kong and/or any other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective; and
- (g) all necessary consents which may be required under any existing contractual obligations of the Group being obtained.

The Company reserves the right to waive condition (g) either in whole or in part in respect of any particular matter. Conditions (a) to (f) above cannot be waived in any event. There will not be a long stop date for fulfilment of the conditions precedent regarding the Scheme.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 707,758,412 Shares in issue. Public Bank is beneficially interested in 434,408,110 Shares, representing approximately 61.38 per cent. of the entire issued share capital of the Company. As at the same date, Interested Directors are interested in 10,173,940 Shares, representing approximately 1.44 per cent. of the issued share capital of the Company. The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately following the implementation of the Proposal:

Shareholders	As at the date of this announcement		Immediately following the implementation of the Proposal	
	Number of Shares	% of shareholding	Number of Shares	% of shareholding
Public Bank	434,408,110	61.38	434,408,110	100.00
Interested Directors	10,173,940	1.44	0	0.00
Independent Shareholders	263,176,362	37.18	0	0.00
Total	<u>707,758,412</u>	<u>100.00</u>	<u>434,408,110</u>	<u>100.00</u>

Under the Takeovers Code, Interested Directors and their respective Associates are deemed to be persons acting in concert with Public Bank and no votes of Public Bank, Interested Directors and their respective Associates will be cast at the Court Meeting in respect of the Shares in which they are interested.

Up to the date of this announcement, no options have been granted by the Company pursuant to its share option scheme adopted on 28th February, 2002.

There are no other outstanding options, warrants or convertible securities of the Company as at the date of this announcement.

Upon the Scheme becoming effective and the withdrawal of listing of the Shares from the Stock Exchange, the Company will become a wholly-owned subsidiary of Public Bank.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Under the current unfavourable market sentiment, trading volume of the Shares has been low. The average daily trading volume of the Shares for the past 30 and 90 trading days up to, and including, 21st July, 2003 have been less than 150,000 Shares and 240,000 Shares respectively. During the same period, the Shares have consistently been traded at prices which the Directors believe do not reflect the intrinsic value of the Company.

The Directors believe that the Proposal presents a good opportunity for minority Shareholders to realise their investments at a cash price substantially above the levels at which the Shares have consistently been traded for the last 12 months. The Directors also believe that the Price is also significantly in excess of any price they might obtain from open market sale under the current market conditions.

The continuing difficult operating environment and uncertain economic outlook in Hong Kong have caused the Group to report a net profit of approximately HK\$237.34 million for the year ended 31st December 2002, representing a decrease of approximately 44.65 per cent from that of the previous year. Operating environment continued to be weak in 2003 as the Group reported a net profit of approximately HK\$101.76 million for the six months ended 30th June, 2003, representing a decline of approximately 19.66 per cent. from that for the same period in 2002. The Directors believe the outlook of the Group's business will continue to be competitive and challenging given that the unemployment rate and the number of personal bankruptcies in Hong Kong are expected to remain high and consumer demand is anticipated to remain weak in the near term. The Directors therefore do not expect that there would be an imminent need for high levels of funding to expand the Group's core business nor do they currently foresee any new investment opportunities at this stage. Given the consistently low trading volume of the Shares, the lack of funding needs and the Group's current cash surplus, the Directors consider that this would be a feasible and practical opportunity to offer an investment return to the Scheme Shareholders by way of the Proposal. As at 30th June, 2003, cash and short term placements of the Group were approximately HK\$1,404.65 million.

Since Public Bank already owns approximately 61.38 per cent. of the issued share capital of the Company as at the date of this announcement, the Directors believe it is unlikely that the minority Shareholders will receive any other offer to acquire the Shares from a third party without the consent of Public Bank. In addition, Shareholders should note that, as confirmed by Public Bank, no discussions have taken place (or are taking place) with any third party regarding the disposal of any of the Shares held by Public Bank.

INFORMATION ON THE COMPANY

The Company is an investment holding company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activities of its subsidiaries are deposit taking, personal and commercial lending, mortgage financing, stockbroking, the letting of investment properties, the provision of finance to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis. A summary of the audited consolidated results of the Group for each of the two years ended 31st December, 2002 and the unaudited consolidated results of the Group for the six months ended 30th June, 2003 are set out below:

	(Audited) For the year ended 31st December, 2001 <i>in HK\$ million</i>	(Audited) For the year ended 31st December, 2002 <i>in HK\$ million</i>	(Unaudited) For the six months ended 30th June, 2003 <i>in HK\$ million</i>
Operating income	1,038.87	939.12	434.49
Operating profit	512.59	261.70	119.92
Profit attributable to Shareholders	428.83	237.34	101.76

The audited NAV (including the final dividend) of the Group were approximately HK\$3,266.37 million as at 31st December, 2001 and approximately HK\$3,276.62 million as at 31st December, 2002. Based on the Company's interim results for the six months ended 30th June, 2003, the unaudited NAV (including the proposed interim dividend) of the Group were approximately HK\$3,314.49 million, or approximately HK\$4.68 per Share, as at 30th June, 2003.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. Share certificates for the Shares held by the Scheme Shareholders will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange pursuant to Rule 6.12 of the Listing Rules for the withdrawal of listing of the Shares from the Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates on which the Scheme and the withdrawal of listing of the Shares from the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in a scheme document, which will also contain, among other matters, further details of the Proposal.

OVERSEAS SHAREHOLDERS

The making of the Proposal to Shareholders not resident in Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of any overseas Shareholders wishing to accept the Proposal to seek independent professional advice and to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

GENERAL

On 26th May, 2003, certain Interested Directors purchased a total of 60,000 Shares at the price ranging from HK\$3.775 to HK\$3.80 each. Save as aforesaid, Public Bank, Interested Directors or parties acting in concert with any of them have not dealt in any Shares during the six months immediately preceding the date of this announcement.

As at the date of this announcement, Public Bank is beneficially interested in 434,408,110 Shares, representing approximately 61.38 per cent. of the issued share capital of the Company. Shares held by Public Bank will not form part of the Scheme Shares and Public Bank therefore will not be entitled to form part of the quorum or vote at the Court Meeting. In addition, the Associates of Public Bank and parties acting in concert with them will abstain from voting at the Court Meeting. Under the Takeovers Code, Interested Directors are deemed to be persons acting in concert with Public Bank and no votes will be cast at the Court Meeting in respect of the Shares in which Interested Directors are interested.

Public Bank has indicated that if the Scheme is approved at the Court Meeting, it and its Associates will vote in favour of the special resolution to be proposed at the Special General Meeting to approve and give effect to the Scheme.

Trading in the Shares is expected to be suspended on the day of the Court Meeting and the Special General Meeting, pending the holding of the Court Meeting and the Special General Meeting and the publication of the results of the said meetings in the press. Trading in the Shares is expected to be resumed on the next business day.

As per the interim results of the Group for the six months ended 30th June, 2003, the Board declared an interim dividend of HK\$0.04 per Share payable on 28th August, 2003 to the Shareholders whose names appear on the register of members of the Company on 15th August, 2003. Such dividend payment arrangement will not be affected by the Proposal.

An Independent Board Committee will be established to advise the Independent Shareholders in relation to the Proposal. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Proposal. An announcement will be made in respect of such appointment as soon as the appointment is made.

A scheme document containing, among other matters, further details of the Proposal, the expected timetable, an explanatory statement as required under the Companies Act, information regarding the Company, the recommendation of the Independent Board Committee with respect to the Proposal, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. (Hong Kong time) on 21st July, 2003, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 28th July, 2003.

Warning:

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out above being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. They are advised to exercise caution when dealing in the Shares.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Authorisations”	all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	JCG Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court at which the Scheme will be voted upon
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People's Republic of China
“Independent Board Committee”	the independent board committee of the Company to be established for the purpose of advising the Independent Shareholders in relation to the Proposal
“Independent Shareholders”	Shareholders other than Public Bank, Interested Directors and parties acting in concert with any of them, together with their Associates
“Interested Directors”	directors of the Company, Public Bank, their subsidiaries or fellow subsidiaries who are interested in the Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAV”	consolidated net assets value of the Group as set out in the latest annual report or interim results of the Company (as the case may be)
“Price”	a price of HK\$4.61 per Scheme Share payable in cash to the Scheme Shareholders under the Scheme
“Proposal”	the proposal for the privatisation of the Company by way of the Scheme
“Public Bank”	Public Bank Berhad, a company incorporated in Malaysia with limited liability, and is a substantial shareholder of the Company interested in approximately 61.38 per cent. of the issued share capital of the Company as at the date of this announcement
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares
“Scheme Share(s)”	Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Shareholder(s) other than Public Bank
“Shareholders”	registered holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held to consider and approve, among other matters, the Proposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Court”	Supreme Court of Bermuda
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By Order of the Board of
JCG Holdings Limited
Tan Sri Dato' Sri Dr. Teh Hong Piow
Chairman

Hong Kong, 25th July, 2003

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.