THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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.

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00053)

MAJOR TRANSACTION

Supplemental Circular

Mandatory Conditional Cash Offer
by
CIMB-GK Securities Pte. Ltd.
for and on behalf of
High Glory Investments Limited
for
BIL International Limited

A letter from the Board is set out on pages 2 to 5 of this Supplemental Circular.

Hong Kong, 30 November 2005

CONTENTS

Capitalised terms used in this Supplemental Circular shall have the same meanings as those defined in the Circular unless the context requires otherwise. Moreover, in this Supplemental Circular, the following expressions have the following meanings unless the context requires otherwise:

"Circular"	the circular dated 4 November 2005 issued by Guoco to the Shareholders in respect of the Transaction
"Latest Practicable Date"	25 November 2005, being the latest practicable date before the printing of this Supplemental Circular for ascertaining certain information for the purpose of inclusion in this Supplemental Circular
"Supplemental Circular"	this supplemental circular issued by Guoco for the purpose of providing the Shareholders with further information concerning the BIL Group and the Enlarged Group

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00053)

Directors:
Quek Leng Chan *(Executive Chairman)*
Kwek Leng Hai *(President, CEO)*
Sat Pal Khattar**
Kwek Leng San*
Tan Lim Heng
James Eng, Jr.
Harry Richard Wilkinson**
Volker Stoeckel**

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
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Principal office:
50th Floor, The Center
99 Queen's Road Central
Hong Kong

** Non-executive Director*
*** Independent Non-executive Directors*

30 November 2005

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

Supplemental Circular

Mandatory Conditional Cash Offer by CIMB-GK Securities Pte. Ltd. for and on behalf of High Glory Investments Limited for BIL International Limited

INTRODUCTION

Reference is made to the Circular issued by Guoco on 4 November 2005 in respect of the Transaction.

The purpose of this Supplemental Circular is to provide the Shareholders with further information concerning the BIL Group and the Enlarged Group.

SUPPLEMENTAL CIRCULAR

As stated in the Circular, as the Offers were made by Guoco on an unsolicited basis and BIL is a company listed on the SGX-ST, BIL has been restricted from providing non-public information concerning the BIL Group to Guoco for preparing the Circular under the Singapore law and relevant rules and regulations (including the Takeovers Code).

Guoco had made efforts in collecting and collating information on BIL in order to fulfil the disclosure requirements for inclusion in the Circular under the Listing Rules. However, not all such information was available at the time of despatch of the Circular. For the purpose of the Circular, Guoco extracted (from the BIL Annual Reports) the audited financial statements of BIL prepared under International Financial Reporting Standards (the "BIL IFRS Accounts"). As such, Guoco was unable to comply with the following Listing Rules requirements in respect of the disclosure of information as at the date of the Circular:

(a) a reconciliation statement on the BIL IFRS Accounts in accordance with Rule 4.11(b) of the Listing Rules (Rule 14.67(4)(a) of the Listing Rules);

(b) a pro forma statement of the assets and liabilities of the Enlarged Group in accordance with Rule 4.29 of the Listing Rules (Rule 14.67(4)(a) of the Listing Rules);

(c) a statement on the indebtedness of the Enlarged Group (Appendix 1B(28) and note 2 to Appendix 1B to the Listing Rules);

(d) a statement on the sufficiency of working capital available to the Enlarged Group (Appendix 1B(30) and note 2 to Appendix 1B to the Listing Rules);

(e) a statement on the effect of the Transaction on the earnings and assets and liabilities of the Guoco Group (Rule 14.64(5) of the Listing Rules);

(f) a discussion and analysis of the performance of BIL for the last three financial years ended 30 June 2005 covering the matters set out in paragraph 32 of Appendix 16 to the Listing Rules (paragraph 48(2) of Appendix 16 to the Listing Rules); and

(g) a property valuation report on the BIL Group's properties (the "Property Valuation Report") in accordance with Chapter 5 of the Listing Rules (Rule 14.66(3) of the Listing Rules),

(together, the "**Further Information**").

Guoco has applied for, and the Stock Exchange has granted a waiver from strict compliance with the Listing Rules mentioned above. In this connection, Guoco has undertaken to the Stock Exchange that it would despatch this Supplemental Circular, with inclusion of the Further Information (save for the Property Valuation Report), on or before 30 November 2005, for Shareholders' information in compliance with the Listing Rules (the "**Undertaking**").

The issue of this Supplemental Circular is to provide the Shareholders with the relevant Further Information pursuant to the Undertaking.

BIL has informed Guoco that the management of BIL would provide assistance to Guoco in its preparation of the Property Valuation Report by providing public and certain non-public information to Guoco (to the extent that such information is not commercially and/or price sensitive) (the "**Available Information**"). Guoco has been engaged in detailed discussions with a number of property valuation advisers on the ways and means of preparing the Property Valuation Report based on the Available Information and has been advised that such Property Valuation Report must be prepared based on certain assumptions. Guoco has been further advised that, provided the valuers could make reasonable assumptions, the valuation report prepared by the valuers should comply with the relevant requirements prescribed by the Listing Rules.

Upon receipt of the Available Information by the property valuation advisers, the production of the Property Valuation Report will take between three working weeks and three months to complete, depending on the location of the properties, based on the assessment of the property valuation advisers. The timing reflects the number of properties involved, the size, location and usage of such properties and the extent to which comparable properties exist in the market.

Guoco has applied to the Stock Exchange for an extension of time for despatch of the Property Valuation Report. Taking into account the time when the Available Information will be delivered to Guoco (including time required for collating information from BIL's officers located in different cities and in different time zones), the time required for the property valuation advisers to be officially engaged and to plan and commence their work and the forthcoming Christmas and New Year public holidays, Guoco expects to be in a position to issue a second supplemental circular setting out the property valuation on BIL's properties located in the United Kingdom and Fiji on or around 15 January 2006 and for BIL's properties located in Hawaii, Guoco expects to be in a position to issue a third supplemental circular with inclusion of property valuation information on such properties by 31 March 2006.

Since the information contained in the Property Valuation Report may affect the pro forma financial information contained in Appendix II to this Supplemental Circular, Guoco will update and reproduce such revised pro forma financial information in the third supplemental circular.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the following appendices to this Supplemental Circular:

(i) supplemental financial information; and

(ii) pro forma financial information of the Enlarged Group.

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

1 INDEBTEDNESS STATEMENT OF THE ENLARGED GROUP PURSUANT TO APPENDIX 1B(28) TO THE LISTING RULES

1.1 Borrowings

As at the close of business on 30 September 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Supplemental Circular, the Enlarged Group had outstanding borrowings of approximately US$1,039 million, comprising secured bank borrowings of approximately US$275 million, unsecured bank borrowings of approximately US$75 million, irredeemable convertible unsecured loan stocks of approximately US$8 million, secured mortgage debentures of approximately US$486 million and unsecured other borrowings of approximately US$195 million respectively. The bank borrowings were repayable within 1 to 5 years. Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group did not have as at 30 September 2005 any material outstanding liabilities in respect of mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, or hire purchase commitments.

1.2 Contingent Liabilities

As at 30 September 2005, the Enlarged Group had contingent liabilities of approximately US$23 million in relation to the guarantees of investment performance.

In addition, the Enlarged Group has given a guarantee to the owner of the 31 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortization (“EBITDA”) of the businesses will not be less than approximately of US$74 million per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability in any one year under the guarantee is approximately US$74 million and the maximum aggregate liability under the guarantee is approximately US$148 million. The Enlarged Group’s expectation is that the future EBITDA will be in excess of the guaranteed amount.

1.3 Disclaimer

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at the close of business on 30 September 2005.

2 SUFFICIENCY OF WORKING CAPITAL AVAILABLE TO THE ENLARGED GROUP PURSUANT TO APPENDIX 1B(30) TO THE LISTING RULES

The Directors are of the opinion that, based on the internal resources and the available banking facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements for the next 12 months from the date of this Supplemental Circular.

3 STATEMENT ON THE EFFECT OF THE TRANSACTION PURSUANT TO RULE 14.64(5) OF THE LISTING RULES

The impacts of the Transaction on the assets and liabilities of the Guoco Group are estimated based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as compared with the restated figures of the Guoco Group as at 30 June 2005. The net assets are expected to increase from US$4,583.6 million to US$5,104.7 million, in which the net assets attributable to minority interests increase from US$340.2 million to US$836.3 million. The total assets will be increased from US$5,247.0 million to US$6,606.2 million, mainly as a result of the consolidation of the fixed assets in the BIL Group. The total liabilities will be increased from US$663.4 million to US$1,501.5 million after the inclusion of the Capital Notes and mortgage debenture stock in the BIL Group.

The impacts of the Transaction on the earnings are assessed based on the audited consolidated income statements of the Guoco Group and the BIL Group for the year ended 30 June 2005. The Transaction is not likely to have any significant impact on the earnings of the Guoco Group.

4 DISCUSSION AND ANALYSIS ON THE BIL GROUP'S PERFORMANCE PURSUANT TO APPENDIX 16(32) TO THE LISTING RULES

4.1 For the year ended 30 June 2005

Shareholders' Equity

The BIL Group's consolidated shareholders' funds increased from US$864 million to US$1,002 million. The increase of US$138 million was due to the transfer of the negative goodwill to retained earnings (US$58 million), profit for the year (US$87 million), other positive equity movements (US$14 million), and after netting off dividends (US$21 million) paid in November 2004.

Capital Structure/Liquidity and Financial Resources

As at 30 June 2005, approximately 2.7% of the BIL Group's loans and borrowings were repayable within one year, approximately 2% were repayable between one to five years while approximately 95.3% were repayable after 5 years.

Gearing Ratio

As at 30 June 2005, the BIL Group's gearing ratio calculated as the net borrowings over shareholders' funds was approximately 46.7%.

Charge of Assets

As at 30 June 2005, the BIL Group's borrowings were secured against various hotels with a net book value of US$924.9 million and all the Thistle shares held by the BIL Group.

Contingent Liabilities

As at 30 June 2005, the BIL Group had contingent liabilities of approximately US$27.4 million in relation to the guarantees of investment performance.

In addition, the BIL Group had given a guarantee to the owner of the 31 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") of the businesses will not be less than approximately of US$73.9 million per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee was approximately US$73.9 million and the maximum aggregate liability under the guarantee was approximately US$147.8 million. The BIL Group's expectation was that the future EBITDA will be in excess of the guaranteed amount.

Review of Performance and Segmental Information

Net profit for the year was US$86.9 million compared to a net profit of US$62.6 million in the preceding year. Included in this year's results was the sale of 6 Thistle hotels in April 2005 which resulted in a profit of US$89 million (of which US$36 million are tax benefits). The proceeds from this disposal were used for debt reduction. Also during the year, there were gains on disposal of investments of US$8.4 million and foreign exchange gains of US$9.3 million. In July 2005, the High Court of Hong Kong entered a judgement against BIL for the sum of US$15.9 million plus interest and costs in respect of a claim under a warranty contained in a share acquisition agreement dated 6 June 1994. This had been fully provided for and the Board of BIL is taking legal advice on the merits of an appeal.

Last year, the results included gains on disposal of investments of US$24.6 million (including a gain of US$21.1 million from sale of shares in Air New Zealand), foreign exchange gains of US$15.6 million and a negative goodwill amortization gain of US$7.3 million.

The investment segment showed significant movement year on year due to the provision for the Hong Kong warranty judgement and lower gains on disposal of investments and assets (US$8.4 million compared to US$24.6 million).

The oil and gas segment showed improvement year on year due to oil price and foreign exchange movements.

The property development segment showed an improved movement year on year due to better trading conditions in both the US and Fiji.

The hotel segment showed considerable change year on year. This was mainly due to the sale of 2 hotels in June 2004, the sale and leaseback of 6 hotels in April 2005 and Thistle opened a new hotel, The Cumberland, under a new brand Guoman in October 2004.

Net financing costs were reduced from US$64.7 million to US$51.7 million in 2005 due to the degearing done in recent years. However, foreign exchange gains have moved from US$15.6 million to US$9.3 million in 2005 due to the BIL Group's exposure in different currencies being reduced.

Significant Investments and Future Prospect

The BIL Group continued to be focused on a number of key investments, namely Thistle Hotels, Molokai Properties, Bass Strait Oil & Gas Royalty and Denarau Properties.

The July 2005 acts of terrorism will have a short term negative impact on trading. BIL had taken proactive steps to minimise the negative impacts.

BIL owns approximately 65,000 acres of land in Molokai, Hawaii. BIL has been working with the local community in developing and finalising a community based master land use plan. In August 2005, the community leaders who have been in consultation with BIL for the past 2 years, voted in support of the plan. The next stage of the plan requires various regulatory approvals.

New Business Prospects

The BIL Group has significant hotel assets in London. BIL's vision is to be a full service 4 and 5 star hotel management company in key gateway locations offering excellent products and services to its customers and superior financial returns to the hotel owners.

Asset value optimization strategies included the addition of new bedrooms and restaurants to existing hotels, residential redevelopments (subject to economic and regulatory issues) and the continuous upgrade of the existing hotel bedrooms and common areas. BIL is also actively pursuing new hotel management contracts and leases where they fit its brand and location criteria.

Future Plans for Material Investments or Capital Assets

At the moment, BIL does not have any plan for material investments or acquisition of capital assets in the coming year.

Material Acquisition and Disposal of Subsidiary

The BIL Group had no material acquisition and disposal of subsidiary during the year ended 30 June 2005.

Foreign Exchange Fluctuation Exposures and Hedges

Exposure to currency risk arised in the normal course of the BIL Group's business. The BIL Group had drawn up a treasury risk policy statement which sets out the general risk management philosophy and framework.

The BIL Group had foreign exchange exposure in Pound Sterling (due to its investment in Thistle hotel) and Australian dollar (due to its investment in Bass Strait Oil & Gas Royalty).

The BIL Group adopted an active management approach to managing currency risk. In this regard, hedge positions for foreign exchange exposures were adjusted on a continuous basis, depending on market movements. The objective was typically to hedge when markets were expected to move adversely, while reducing or eliminating hedge protection when markets were expected to move favourably.

Employee/Share Option Plan

The number of employees as at 30 June 2005 was 1,841. The BIL International Share Option Plan which was approved by shareholders in 2001, is administrated by the Remuneration Committee. As at 30 June 2005, there were no options outstanding as options to take up unissued shares of US$0.20 each in BIL were cancelled.

The BIL Value Creation Incentive Share Option Scheme (the "Scheme") is a share incentive scheme which was approved by the Board in 2003 and is administrated by the Remuneration Committee. Under the Scheme, options over existing shares of BIL are issued to eligible participants.

There were no new options granted during the year.

As at 30 June 2005, options to take up 7.6 million shares of US$0.20 each at an exercise price of S$0.47 in BIL under the Scheme were outstanding. Options to take up 3.6 million shares of US$0.20 each lapsed during the year.

4.2 **For the year ended 30 June 2004**

Shareholders' Equity

The BIL Group's consolidated shareholders' funds increased from US$736 million to US$864 million. The increase of US$128 million was due to an increase in asset value of US$92 million from unrealized foreign exchange gains relating to its foreign denominated assets, profit for the year (US$63 million) and various mark-to-market reserve decreases (US$27 million).

Capital Structure/Liquidity and Financial Resources

As at 30 June 2004, approximately 6.9% of the BIL Group's loans and borrowings were repayable within one year, approximately 36.4% were repayable between one to five years while approximately 56.7% were repayable after 5 years.

Gearing Ratio

As at 30 June 2004, the BIL Group's gearing ratio calculated as the net borrowings over shareholders' funds was approximately 97.3%.

Charge of Assets

As at 30 June 2004, the BIL Group's borrowings were secured against various hotels with net book values of US$1,125 million and all the Thistle shares held by the BIL Group.

Contingent Liabilities

As at 30 June 2004, the BIL Group had contingent liabilities of approximately US$29.4 million in relation to the guarantees of investment performance.

In addition, the BIL Group had given a guarantee to the owner of the 37 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") of the businesses will not be less than approximately of US$81.8 million per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee was approximately US$81.8 million and the maximum aggregate liability under the guarantee is approximately US$163.7 million. The BIL Group's expectation is that the future EBITDA will be in excess of the guaranteed amount.

Review of Performance and Segmental Information

Net profit for the year was US$62.6 million compared to a net loss of US$60.3 million in the preceding year.

The investment segment and the oil and gas segment showed similar profits before financing and associates year on year.

Property development showed a positive contribution in financial year 2004 due to improved trading conditions in the US.

The hotel segment showed considerable change year on year. This was entirely due to the acquisition of Thistle in May 2003. Prior to May 2003, BIL used to equity account for Thistle. Subsequent to that date, BIL fully consolidated Thistle. During the year, BIL undertook a variety of initiatives to improve the performance at Thistle. These included management changes, introduction of new processes and leading edge information technology systems, definition and implementation of brand names, product and service standards, cost reduction, upgrading the sales force and opening up of new distribution channels.

Significant Investments and Future Prospect

The BIL Group continued to be focused on a number of key investments, namely Thistle Hotels, Molokai Properties, Bass Strait Oil & Gas Royalty and Denarau Properties.

Thistle Hotels is BIL's principal investment. Since 2000, UK hotel industry had experienced declining occupancies, rates and revpars as a result of "foot and mouth", terrorism, gulf war and SARS. However, since early 2004, these adverse trends had reversed. The sector had since experienced growth both in occupancy and rates resulting in improved revpars and total revenue. In line with market, it was BIL's expectation that this favorable trend would continue.

On 21 July 2004, BIL confirmed its intention to sell and take back long term management contracts for 6 London hotels and 1 Provisional hotel.

On 23 August 2004, BIL announced that it was negotiating to take a long term lease of the recently refurbished Cumberland hotel.

New Business Prospects

Following BIL's successful general offer for Thistle in March 2003 and subsequent privatization, BIL had embarked on a number of initiatives to realign its business fundamentals

Many steps have been undertaken to achieve the new vision and the process of transformation continued. Management changes, introduction of new processes and leading edge information technology systems represented some of the initiatives. Others include definition and implementation of brand values, product and service standards, cost reduction, upgrade of the sales force and opening up of new distribution channels.

During the year, BIL entered into sales and marketing strategic alliances with hotel groups in Europe, North America, Latin America and Asia. The strategic network of hotels offered services across many continents.

Material Acquisition and Disposal of Subsidiary

The BIL Group had no material acquisition and disposal of subsidiary during the year ended 30 June 2004.

Foreign Exchange Fluctuation Exposures and Hedges

Exposure to currency risk arised in the normal course of the BIL Group's business. The BIL Group had drawn up a treasury risk policy statement which set out the general risk management philosophy and framework.

The majority of the BIL Group's assets (Thistle and Bass Strait oil & gas royalties) were in currencies that had been strengthened during the year. This resulted in a net upward revaluation of US$92.4 million in the year, which had been recorded as part of equity.

The BIL Group adopted an active management approach to managing currency risk. In this regard, hedge positions for foreign exchange exposures were adjusted on a continuous basis, depending on market movements. The objective was typically to hedge when markets were expected to move adversely, while reducing or eliminating hedge protection when markets were expected to move favourably.

Employee/Share Option Plan

The number of employees as at 30 June 2004 was 1,928. The BIL International Share Option Plan which was approved by shareholders in 2001, is administrated by the Remuneration Committee. As at 30 June 2004, options to take up 1,850,000 unissued shares of US$0.20 each in BIL were outstanding, of which 1,600,000 options expire on March 2011 and 250,000 options expire on 27 September 2012.

The BIL Value Creation Incentive Share Option Scheme (the "Scheme") was a share incentive scheme which was approved by the Board of BIL in 2003 and was administrated by the Remuneration Committee. Under the Scheme, options over existing shares of BIL were issued to eligible participants.

As at 30 June 2004, options to take up 15 million shares of US$0.20 each at an exercise price of S$0.47 in BIL under the Scheme were outstanding.

4.3 **For the year ended 30 June 2003**

Shareholders' Equity

The BIL Group's consolidated shareholders' funds increased from US$717 million to US$736 million. This was mainly due to an increase in asset value of US$93 million from unrealized foreign exchange gain relating to its foreign denominated assets, off-set by the loss for the year and various mark-to-market reserve movements.

Capital Structure/Liquidity and Financial Resources

As at 30 June 2003, approximately 48.5% of the BIL Group's loans and borrowings were repayable within one year, approximately 18.4% were repayable between one to five years while approximately 33.1% were repayable after 5 years.

Gearing Ratio

As at 30 June 2003, the BIL Group's gearing ratio calculated as the net borrowings over shareholders' funds was approximately 128.4%.

Charge of Assets

As at 30 June 2003, mortgage debenture stocks totaling US$523.3 million were secured on eight hotels owned by the BIL Group with net book values of US$875.9 million.

As at 30 June 2003, one hotel with net book value of US$281.1 million was charged as security for a US$74.5 million bank letter of credit to support the BIL Group's obligation.

Contingent Liabilities

As at 30 June 2003, the BIL Group had contingent liabilities of approximately US$35.3 million in relation to the guarantees of investment performance.

In addition, the BIL Group had given a guarantee to the owner of the 37 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") of the businesses would not be less than approximately of US$74.5 million per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee was approximately US$74.5 million and the maximum aggregate liability under the guarantee was approximately US$149.0 million. At 30 June 2003, no amount had been paid or was payable under the guarantee as the 37 hotel businesses sold had generated EBITDA in excess of the guaranteed amount.

Review of Group Performance and Segmental Information

BIL's financial statements showed a loss of US$60.3 million in the financial year under review. This included unrealised FX losses of US$54.7 million resulting from foreign denominated loans. Foreign exchange losses aside, the results were also affected by a lower than anticipated profit contribution from Thistle. War, terrorism threats and SARS had a negative impact on occupancy, rates and hence profitability at Thistle.

The investment segment had seen profit from operations rise from US$16.4 million in June 2002 to US$32.9 million in June 2003. This was achieved predominantly from the sale of F&N, which generated a profit of US$26 million.

The hotel segment showed considerable change year on year. This was entirely due to the acquisition of Thistle Hotels in May 2003. Prior to May 2003, BIL used to equity account for Thistle Hotels. Subsequent to that date, BIL fully consolidated Thistle Hotels. In June 2002, BIL accounted for US$17.3 million in income from its associate. However, in June 2003, BIL accounted for a profit of US$9.6 million from operations and a loss of US$1.8 million in the income from its associate. The loss of US$1.8 million was mainly due to adjustments for pension liabilities and the impairment of the London Ryan. Thistle Hotels also had not performed as well as in prior years due to the global economic position, SARS, terrorism threats and the effects of the lraq war.

Significant Investments and Future Prospect

During the first half of the year, BIL terminated its equity swap arrangement over 20 million ordinary units of its BSOT investment, and repurchased them for US$30.4 million (A$54.2 million). The 20 million units gave BIL a cash flow of A$10.4 million in January 2003 and similar amounts are expected on a six monthly basis. Additionally, in July 2007, all the ordinary units would be redeemed at nil cost and thereafter all cash flow entitlements would revert back to BIL.

BIL was in a better position to maximize operating cash flows from its existing investments. BIL remained committed to further asset disposals and would use the resulting funds for debt reduction. BIL would continue to undertake profitable new investments.

New Business Prospects

BIL's investments were largely in the hotel and tourism sectors and these have been adversely affected by the global economic slowdown, terrorism, SARS and the war in Iraq.

Looking ahead, a key focus remained that of maximizing the value of existing assets. This would especially be the case with Thistle, where with full control, BIL expected to begin unlocking its true value.

Material Acquisition and Disposal of Subsidiary

During the year, BIL acquired the remaining 54.2% of Thistle Hotels that it did not already own, for a total consideration of US$562 million. The fair value of Thistle Hotels' net assets far exceeded the cost of investment incurred by BIL, resulting in a large negative goodwill balance of US$116 million, which would be amortised to the income statement over 15 years.

Foreign Exchange Fluctuation Exposures and Hedges

Exposure to currency risk arised in the normal course of the BIL Group's business. The BIL Group had drawn up a treasury risk policy statement which set out the general risk management philosophy and framework.

The BIL Group adopted an active management approach to managing currency risk. In this regards, hedge positions for foreign exchange exposures were adjusted on a continuous basis, depending on market movements. The objective was typically to hedge when markets were expected to move adversely, while reducing or eliminating hedge protection when markets were expected to move favourably.

Employee/Share Option Plan

The number of employees as at 30 June 2003 was 1,955. As at 30 June 2003, there were 1,850,000 options outstanding, which were issued under The BIL International Share Option Plan. During the year, 15 million options were granted under the BIL Value Creation Incentive Share Option Scheme at an exercise price of S$0.47 each, subject to satisfaction of certain performance conditions.

5 RECONCILIATION STATEMENT — SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL STATEMENTS PREPARED BY THE BIL GROUP AND THOSE PREPARED IN ACCORDANCE WITH THE ACCOUNTING POLICIES ADOPTED BY THE GUOCO GROUP FOR THE YEARS ENDED 30 JUNE 2005, 2004 AND 2003

5.1 The BIL Group's financial statement for the year ended 30 June 2005

5.1.1 *Consolidated balance sheet as at 30 June 2005*

	The BIL Group as at 30 June 2005	**Goodwill**	**Investments**	**The BIL Group as at 30 June 2005**
	US$M	*US$M*	*US$M*	*US$M*
		(Note 1)	*(Note 2)*	*(Adjusted)*
ASSETS				
Hotels, property, plant and equipment	1,329.1			1,329.1
Development properties	197.1			197.1
Bass Strait oil and gas royalty	127.1			127.1
Negative goodwill	—	(44.9)		(44.9)
Listed investments	24.2			24.2
Other investments	10.5			10.5
TOTAL NON-CURRENT ASSETS	1,688.0			1,643.1
Trade and other receivables	104.5			104.5
Cash and cash equivalents	52.8			52.8
Inventories	0.9			0.9
TOTAL CURRENT ASSETS	158.2			158.2
TOTAL ASSETS	1,846.2			1,801.3
LESS LIABILITIES				
Loans and borrowings	14.0			14.0
Trade and other payables	69.2			69.2
Corporate tax payable	27.3			27.3
Provisions	31.9			31.9
TOTAL CURRENT LIABILITIES	142.4			142.4
Loans and borrowings	506.3			506.3
Provisions	29.3			29.3
Deferred tax liabilities	166.5			166.5
TOTAL NON-CURRENT LIABILITIES	702.1			702.1
NET ASSETS	1,001.7			956.8
CAPITAL AND RESERVES				
Share capital	273.6			273.6
Contributed surplus	654.2			654.2
Translation reserve	(0.5)			(0.5)
Fair value reserve	3.8		(3.8)	—
Retained earnings	70.6	(44.9)	3.8	29.5
TOTAL CAPITAL AND RESERVES	1,001.7			956.8

5.1.2 *Consolidated income statement for the year ended 30 June 2005*

	The BIL Group 2005	**Goodwill**	**Investments**	**The BIL Group 2005**
	US$M	*US$M*	*US$M*	*US$M*
		(Note 1)	*(Note 2)*	*(Adjusted)*
Revenue	343.5			343.5
Bass Strait oil and gas royalty	14.5			14.5
Gain on disposal of investments/assets	61.1	8.6		69.7
Other operating income	24.0	4.3	5.9	34.2
Direct costs of raw materials and consumables	(142.6)			(142.6)
Personnel expenses	(95.2)			(95.2)
Other operating expenses	(52.2)			(52.2)
PROFIT BEFORE DEPRECIATION & AMORTISATION	153.1			171.9
Depreciation	(29.6)			(29.6)
Amortisation	(5.7)			(5.7)
PROFIT BEFORE FINANCING COSTS	117.8			136.6
Net financing costs	(51.7)			(51.7)
Net foreign exchange gain	9.3			9.3
PROFIT BEFORE TAX	75.4			94.2
Income tax benefit	11.5			11.5
NET PROFIT FOR THE YEAR	86.9			105.7

5.2 The BIL Group's financial statement for the year ended 30 June 2004

5.2.1 *Consolidated balance sheet as at 30 June 2004*

	The BIL Group as at 30 June 2004 US$M	Investments US$M (Note 2)	The BIL Group as at 30 June 2004 US$M (Adjusted)
ASSETS			
Hotels, property, plant and equipment	1,644.0		1,644.0
Development properties	194.3		194.3
Bass Strait oil and gas royalty	122.0		122.0
Negative goodwill	(57.8)		(57.8)
Listed investments	18.9		18.9
Other investments	14.0		14.0
TOTAL NON-CURRENT ASSETS	1,935.4		1,935.4
Trade and other receivables	89.1		89.1
Cash and cash equivalents	66.3		66.3
Inventories	0.7		0.7
TOTAL CURRENT ASSETS	156.1		156.1
TOTAL ASSETS	2,091.5		2,091.5
LESS LIABILITIES			
Loans and borrowings	62.9		62.9
Trade and other payables	81.6		81.6
Corporate tax payable	0.6		0.6
Provisions	7.1		7.1
TOTAL CURRENT LIABILITIES	152.2		152.2
Loans and borrowings	844.3		844.3
Provisions	30.0		30.0
Deferred tax liabilities	200.8		200.8
TOTAL NON-CURRENT LIABILITIES	1,075.1		1,075.1
NET ASSETS	864.2		864.2
CAPITAL AND RESERVES			
Share capital	273.6		273.6
Contributed surplus	654.2		654.2
Translation reserve	(7.9)		(7.9)
Fair value reserve	(2.1)	2.1	—
Retained earnings	(53.6)	(2.1)	(55.7)
TOTAL CAPITAL AND RESERVES	864.2		864.2

5.2.2 *Consolidated income statement for the year ended 30 June 2004*

	The BIL Group 2004	Investments	The BIL Group 2004
	US$M	*US$M*	*US$M*
		(Note 2)	*(Adjusted)*
Revenue	297.7		297.7
Bass Strait oil and gas royalty	12.0		12.0
Gain on disposal of investments/assets	23.6		23.6
Other operating income	19.2	(5.3)	13.9
Direct costs of raw materials and consumables	(103.9)		(103.9)
Personnel expenses	(83.6)		(83.6)
Other operating expenses	(18.6)		(18.6)
PROFIT BEFORE DEPRECIATION & AMORTISATION	146.4		141.1
Depreciation	(29.8)		(29.8)
Amortisation	(5.4)		(5.4)
PROFIT BEFORE FINANCING COSTS	111.2		105.9
Net financing costs	(64.7)		(64.7)
Net foreign exchange gain	15.6		15.6
PROFIT BEFORE TAX	62.1		56.8
Income tax benefit	0.5		0.5
NET PROFIT FOR THE YEAR	62.6		57.3

5.3 **The BIL Group's financial statement for the year ended 30 June 2003**

5.3.1 *Consolidated balance sheet as at 30 June 2003*

	The BIL Group as at 30 June 2003 US$M	Investments US$M (Note 2)	The BIL Group as at 30 June 2003 US$M (Adjusted)
ASSETS			
Hotels, property, plant and equipment	1,637.7		1,637.7
Development properties	194.8		194.8
Bass Strait oil and gas royalty	122.5		122.5
Negative goodwill	(115.0)		(115.0)
Listed investments	88.4		88.4
Other investments	17.3		17.3
Receivable due after more than one year	79.3		79.3
TOTAL NON-CURRENT ASSETS	2,025.0		2,025.0
Trade and other receivables	100.7		100.7
Cash and cash equivalents	636.3		636.3
Inventories	0.7		0.7
TOTAL CURRENT ASSETS	737.7		737.7
TOTAL ASSETS	2,762.7		2,762.7
LESS LIABILITIES			
Loans and borrowings	766.2		766.2
Trade and other payables	115.9		115.9
Provisions	12.0		12.0
TOTAL CURRENT LIABILITIES	894.1		894.1
Loans and borrowings	814.8		814.8
Provisions	29.9		29.9
Deferred tax liabilities	208.8		208.8
Deferred income	79.3		79.3
TOTAL NON-CURRENT LIABILITIES	1,132.8		1,132.8
NET ASSETS	735.8		735.8
CAPITAL AND RESERVES			
Share capital	273.6		273.6
Contributed surplus	654.2		654.2
Translation reserve	(100.3)		(100.3)
Fair value reserve	24.5	(24.5)	—
Retained earnings	(116.2)	24.5	(91.7)
TOTAL CAPITAL AND RESERVES	735.8		735.8

5.3.2 *Consolidated income statement for the year ended 30 June 2003*

	The BIL Group 2003	Investments	The BIL Group 2003
	US$M	*US$M*	*US$M*
		(Note 2)	*(Adjusted)*
Revenue	61.3		61.3
Bass Strait oil and gas royalty	11.9		11.9
Gain on disposal of investments/assets	23.2		23.2
Other operating income	11.2	(4.6)	6.6
Direct costs of raw materials and consumables	(22.1)		(22.1)
Personnel expenses	(22.3)		(22.3)
Other operating expenses	(15.0)		(15.0)
PROFIT BEFORE DEPRECIATION & AMORTISATION	48.2		43.6
Depreciation	(6.8)		(6.8)
Amortisation	(4.3)		(4.3)
PROFIT BEFORE FINANCING COSTS	37.1		32.5
Net financing costs	(41.0)		(41.0)
Net foreign exchange loss	(52.7)		(52.7)
Loss from associate	(1.8)		(1.8)
LOSS BEFORE TAX	(58.4)		(63.0)
Income tax expense	(1.9)		(1.9)
NET LOSS FOR THE YEAR	(60.3)		(64.9)

Notes to the reconciliation statements

1 Goodwill

Under the BIL Group's accounting policies, positive goodwill is stated at cost less any accumulated impairment losses. Positive goodwill is allocated to cash-operating units and is no longer amortized but is tested annually for impairment. With effect from 1 July 2004, negative goodwill is recognized directly in the income statement. Negative goodwill which occurred prior to 1 July 2004 was transferred to retained earnings as a prior year adjustment on 1 July 2004.

Under the Guoco Group's accounting policies, for business combinations with the agreement dates before 1 January 2005, positive goodwill is amortized to the income statement on a straight-line basis over its estimated useful life. For negative goodwill, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognized, it is recognized in the income statement when the future losses and expenses are recognized. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognized in the income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortizable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognized immediately in the income statement. For business combinations with the agreement dates after 1 January 2005, the Guoco Group's accounting policies on goodwill follow the BIL Group's accounting policies.

In the year ended 30 June 2005, the BIL Group's negative goodwill of US$57.8 million was transferred to opening retained earnings as at 1 July 2004. Had the negative goodwill not been de-recognized, the amount recognized in the income statement for 2005 would have been US$12.9 million, being US$4.3 million for 12 months amortization to the income statement and US$8.6 million in relation to the disposal of six hotels in April 2005.

2 Investments

Under the BIL Group's accounting policies, listed and other investments are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in equity.

Under the Guoco Group's accounting policies, investments in securities are classified as investment securities and other investments in securities. Investments securities are those securities which are intended to be held on a continuing basis for an identified long term purpose at the time of acquisition. These securities are stated at cost less any provision for diminution in value which is other than temporary. Other investments in securities are stated in the balance sheet at fair value. Changes in fair value are recognized in the income statement as they arise.

All the BIL Group's investments are not specifically held for long-term purposes and thus would be classified as other investments in securities if the Guoco Group's accounting policies are followed. As such, US$4.6 million and US$5.3 million would be charged to the income statement for the years ended 30 June 2003 and 2004 respectively and US$5.9 million would be credited to the income statement for the year ended 30 June 2005. Fair value reserve as at 30 June 2003, 2004 and 2005 would be restated to Nil.

3 Derivative financial instruments

Under the BIL Group's accounting policies, if a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized liability, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. Otherwise, the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement immediately. All other derivative financial instruments are stated at fair value.

Under the Guoco Group's accounting policies, derivative financial instrument designated as hedges are value on an equivalent basis to the assets, liabilities or net positions which they are hedging. Any profit or loss is recognized on the same basis as that arising from the related assets, liabilities or net positions. Transactions undertaken for dealing purposes are stated at fair value.

No derivative financial instrument entered by the BIL Group was considered effective and thus all fair value changes were recognized in the income statement which would be consistent with the Guoco Group's accounting policies.

4 **Development properties**

Under the BIL Group's accounting policies, development properties are stated at the lower of cost and net realizable value.

Under the Guoco Group's accounting policies, development properties are stated at cost less any provisions for impairment in value which is other than temporary as determined by the directors, plus, where appropriate, a portion of attributable profit less progress billings.

The BIL Group's development properties are stated at cost as the net realizable value is higher than the cost with no attributable profit less progress billings. Therefore no adjustment in this regard is required.

5 Since 1 July 2005, the Guoco Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively known as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which have become effective for accounting period beginning on or after 1 January 2005. The new HKFRSs are similar to International Financial Reporting Standards, which BIL adopted for preparing its financial statements for the year ended 30 June 2005.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

Set out below is an illustrative and unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2005 (the "Pro Forma") which have been prepared for the purpose of illustration as if the Acquisitions had taken place on 30 June 2005. It is based on the audited consolidated balance sheet of the Guoco Group which has been extracted from the annual report for the year ended 30 June 2005 and has been adjusted for the significant impacts on adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively known as the "new HKFRSs") and the audited consolidated balance sheet of the BIL Group which has been extracted from the annual report for the year ended 30 June 2005, after making appropriate pro forma adjustments that are considered necessary.

The Pro Forma is based on a number of assumptions, estimates and uncertainties. It does not purport to describe the actual financial position of the Enlarged Group as at 30 June 2005 and at any future date.

	The Guoco Group as at 30 June 2005	**Adjustments**		**The Guoco Group as at 30 June 2005**	**The BIL Group as at 30 June 2005**	**Pro forma adjustments**		**The Enlarged Group as at 30 June 2005**
	US$M	*US$M*	*Notes*	*US$M* (Restated) *(Note 1)*	*US$M*	*US$M*	*Notes*	*US$M*
Non-current assets								
Fixed assets	230.1			230.1	1,329.1			1,559.2
Development properties	—			—	197.1			197.1
Interest in associates	553.4	25.3	*1(a)*	578.7	—	(253.4)	*2*	325.3
Interest in jointly controlled entities	12.7			12.7	—			12.7
Bass Strait oil and gas royalty	—			—	127.1			127.1
Other non-current financial assets	70.2	22.8	*1(b)*	93.0	34.7	(17.8)	*3*	109.9
Deferred tax assets	1.2			1.2	—			1.2
Goodwill	(7.9)	7.9	*1(a)*	—	—			—
	859.7			915.7	1,688.0			2,332.5
Current assets								
Development properties	411.9			411.9	—			411.9
Properties held for sale	149.0			149.0	—			149.0
Other assets	131.2			131.2	104.5			235.7
Other investment in securities	606.6			606.6	—			606.6
Cash and short term funds	3,032.6			3,032.6	52.8	(215.8)	*4*	2,869.6
Inventories	—			—	0.9			0.9
	4,331.3			4,331.3	158.2			4,273.7

	The Guoco Group as at 30 June 2005	Adjustments		The Guoco Group as at 30 June 2005	The BIL Group as at 30 June 2005	Pro forma adjustments		The Enlarged Group as at 30 June 2005
	US$M	*US$M*	*Notes*	*US$M* (Restated) *(Note 1)*	*US$M*	*US$M*	*Notes*	*US$M*
Current liabilities								
Other payables and provisions	125.2			125.2	45.9	(0.5)	*5*	170.6
Curent portion of bank loans and other borrowings	148.1			148.1	69.2			217.3
Taxation	31.6			31.6	27.3			58.9
	304.9			304.9	142.4			446.8
Net current assets	4,026.4			4,026.4	15.8			3,826.9
Total assets less current liabilities	4,886.1			4,942.1	1,703.8			6,159.4
Non-current liabilities								
Non-current portion of bank loans and other borrowings	344.7			344.7	506.3	(5.9)	*5*	845.1
Provisions	—			—	29.3			29.3
Deferred tax liabilities	5.7			5.7	166.5			172.2
Irredeemable convertible unsecured loan stocks	8.1			8.1	—			8.1
	358.5			358.5	702.1			1,054.7
MINORITY INTERESTS	331.6	(331.6)	*1(c)*	—	—			—
NET ASSETS	4,196.0			4,583.6	1,001.7			5,104.7
CAPITAL AND RESERVES								
Share capital	164.5			164.5	273.6	(273.6)	*6*	164.5
Reserves	4,031.5	47.4	*1(a), 1(b)*	4,078.9	728.1	(703.1)	*7*	4,103.9
Total equity attributable to equity holders of the parent	4,196.0			4,243.4	1,001.7			4,268.4
Minority interests	—	340.2	*1(b), 1(c)*	340.2	—	496.1	*8*	836.3
TOTAL EQUITY	4,196.0			4,583.6	1,001.7			5,104.7

Notes to the unaudited pro forma statement of assets and liabilities of the Enlarged Group

1. Under a convergence program with International Financial Reporting Standards ("IFRSs"), the Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs, which are effective for accounting periods beginning on or after 1 January 2005 with the goal of achieving full convergence with IFRSs. The Guoco Group has not early adopted these new HKFRSs in the annual report for the year ended 30 June 2005. The BIL Group's annual reports have been prepared in accordance with IFRSs.

   The unaudited Pro Forma is prepared based on the audited consolidated balance sheet of the Guoco Group which has been extracted from the annual report for the year ended 30 June 2005 and has been restated to reflect the significant impacts of the adoption of the new HKFRSs.

   The Guoco Group has conducted an assessment on the significant differences between the accounting policies adopted by the Guoco Group and the BIL Group and has concluded that the adoption of HKFRS 3 "Business Combinations", which is comparable with IFRS 3 "Business Combinations", for business combinations with agreement dates before 1 January 2005 and HKAS 39 "Financial Instruments: Recognition and Measurement", which is comparable with IAS 39 "Financial Instruments: Recognition and Measurement", will have a significant impact on its financial statements as set out below:

   (a) At present, for business combinations with agreement dates before 1 January 2005, the Guoco Group has recognized negative goodwill as a deferred item and this is released to the income statement over its expected useful life. Following the adoption of HKFRS 3, negative goodwill should be recognized in the income statement immediately. Under the transitional arrangements of HKFRS 3, the existing negative goodwill will be derecognized to the retained profit by way of an adjustment to the opening balances and comparatives are not restated. As a result, the Guoco Group's interest in associates has increased by US$25.3 million and US$7.9 million negative goodwill recognized before has been released to retained profits, which resulted in an aggregate US$33.2 million increase in retained profits.

   (b) At present, the Guoco Group's equity and debt securities which are intended to be held on a continuing basis for an identified long term purpose at the time of acquisition are stated in the balance sheet at cost less any provisions for diminution in value which is other than temporary. The provision being made is recognized as an expense in the income statement. Following the adoption of the HKAS 39, the securities with the above nature are stated on the balance sheet at fair value with changes recognized in investment revaluation reserve. Under the transitional arrangements of HKAS 39, any recognition or measurement adjustments should be made to the opening balances and comparatives are not restated. As a result, the Guoco Group's other non-current financial assets and minority interests have been increased by US$22.8 million and US$8.6 million respectively, which resulted in an aggregate US$14.2 million increase in retained profits.

   (c) At present, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Following the adoption of the HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent. As a result, US$331.6 million in minority interests has been reclassified accordingly.

2. This represents the elimination of the Guoco Group's equity interest in the BIL Group, which was classified as interest in associates.

3. This represents the reversal of US$10.2 million revaluation gain to restate the investment in BIL to cost and the elimination of US$7.6 million cost of investment in BIL, which was classified as other non-current financial assets.

4. This represents the total consideration of the Transaction and the estimated costs directly attributable to the Transaction, which will be satisfied by cash.

5. This represents the elimination of US$5.9 million nominal value of Capital Notes and US$0.5 million interest payable in the BIL Group after the purchase of the Capital Notes by the Guoco Group.

6. This represents the elimination of BIL's share capital under the consolidation.

7. This adjustment comprises of the following items:

   (a) US$10.2 million negative goodwill represents the difference between the investment cost in BIL and the BIL Group's identifiable net assets at their fair values, except for the fixed assets and the development properties, which are at their book value. Management of the Guoco Group have employed professional valuers to carry out the work. Upon completion of the valuation, fair value adjustments to the fixed assets and the development properties will be made and the amount of goodwill will be adjusted accordingly.

   (b) US$21.2 million represents the share of the increase in the BIL Group's reserves by the Guoco Group in relation to the equity interest held before the Acquisitions.

   (c) US$6.4 million represents the reversal of the revaluation gain on the investment in BIL (net of the minority interest portion), which was classified as other non-current financial assets.

   (d) US$728.1 million represents the elimination of the BIL Group's reserves under the consolidation.

8. This represents the minority interests under the consolidation.

EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Supplemental Circular or has given opinions or advice which are contained in this Supplemental Circular:

Name	Qualification
KPMG	Certified Public Accountants

KPMG has given and has not withdrawn its written consent to the issue of this Supplemental Circular with the inclusion herein of its letters or references to its name in the form and context in which they respectively appear.

KPMG did not have any shareholding interest in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group as at the Latest Practicable Date.

KPMG did not have any direct or indirect interests in any assets which have been, since 30 June 2005 (being the date to which the latest published audited accounts of Guoco were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to any member of the Enlarged Group.

A copy of the consent letter from KPMG dated 30 November 2005 is available for inspection at the principal office of Guoco in Hong Kong at 50th Floor, the Center, 99 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this Supplemental Circular up to and including 14 December 2005.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, in respect of the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in this Appendix.

KPMG

The Board of Directors
Guoco Group Limited
50/F The Center
99 Queen's Road Central
HONG KONG

30 November 2005

Dear Sirs,

In accordance with the terms of our engagement letter dated 16 November 2005, we report on the unaudited pro forma assets and liabilities (the "Statement") of an enlarged group (the "Enlarged Group") as if Guoco Group Limited (the "Company") had completed the Transaction as defined in the Circular dated 4 November 2005 issued by the Company on 30 June 2005, which is set out on pages 24 to 27 in Appendix II to the supplemental circular dated 30 November 2005 ("the Supplemental Circular"). The Statement has been prepared by the Company, solely for illustrative purposes, to provide information about how the Transaction might have affected the assets and liabilities of the Enlarged Group on a pro forma basis as at 30 June 2005.

The Statement is derived from the audited historical financial information of the Company and its subsidiaries (the "Guoco Group") and BIL International Limited and its subsidiaries (the "BIL Group"). The basis of preparation of the Statement is set out in the introduction and notes to the Statement of the Enlarged Group in Appendix II to the Supplemental Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Statement in accordance with Paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the " Listing Rules").

It is our responsibility to form an opinion, as required by the Listing Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin in 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom, where applicable. Our works, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Statement with the directors of the Company.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such audit or review assurance on the Statement.

The Statement is for illustrative purposes only, based on the directors' judgments and assumptions, and because of its nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position or results of:

- the Guoco Group, had the Transaction been completed on 30 June 2005; or
- the Guoco Group at any future date or for any future periods.

Opinion

In our opinion:

(a) the accompanying Statement has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) As explained in note 7(a) of the Statement, fair value adjustments to the fixed assets and the development properties, which are required under Hong Kong Financial Reporting Standards for business combinations, have not been made in preparing the Statement. Such adjustments if made would result in a change in the value of the fixed assets and the development properties, and the goodwill arising on the purchase of BIL shares in the Transaction. Except for the above, the adjustments as disclosed in the Statement are appropriate for the purpose of the unaudited pro forma assets and liabilities statement pursuant to Paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong