GUOCO GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

GUOCOLAND LIMITED (Registration No. 19760060W)

PROPOSED UNWINDING OF EXISTING EQUITY SWAP TRANSACTION WTH CITIGROUP GLOBAL MARKETS LIMITED RELATING TO SHARES IN BIL INTERNATIONAL LIMITED

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1. INTRODUCTION

The Board of Directors of GuocoLand Limited (the "**Company**") wishes to announce that First Capital Assets (BVI) Ltd. ("**FCA**"), a wholly-owned subsidiary of the Company, has on 8 November 2006 entered into a conditional Amendment Agreement (the "**Unwinding Agreement**") with Citigroup Global Markets Limited ("**Citigroup**") in connection with the proposed unwinding of an existing equity swap transaction relating to ordinary shares of US$0.20 each ("**BIL Shares**") in the capital of BIL International Limited ("**BIL**") previously entered into between FCA and Citigroup in November 2003 (the "**Swap Transaction**").

BIL is a company incorporated in Bermuda. It is listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with secondary listings on the London Stock Exchange PLC and New Zealand Stock Exchange Limited.

2. BACKGROUND INFORMATION ON THE SWAP TRANSACTION

2.1 Swap Transaction. FCA had entered into the Swap Transaction in November 2003 as part of the treasury activities conducted by the Company and its subsidiaries (the "**Group**") in the ordinary course of the Group's investment activities.

The Swap Transaction is a synthetic equity swap transaction which does not involve any acquisition of physical BIL Shares by FCA. It is a purely cash settled swap arrangement whereby payments are to be made between FCA and Citigroup (on a netting off basis) and such payments are determined by reference to, inter alia, the price performance (assessed by reference to market prices) of a notional number of BIL Shares. The notional number of BIL Shares specified under the Swap Transaction is 75.0 million BIL Shares.

2.2 Payment Obligations. The agreement between FCA and Citigroup in relation to the Swap Transaction (the "**Swap Agreement**") provides, inter alia, that on certain specified dates:

(a) FCA is to pay to Citigroup an amount to be determined by reference to an initial price (as may be adjusted on a quarterly basis based on market price on the previous reset date in accordance with the terms of the Swap Agreement ("**quarterly reset price**") and the specified notional number of BIL Shares. FCA is also required to pay certain interest payments and costs; and

(b) Citigroup is to pay to FCA an amount to be determined by reference to the market price of that notional number of BIL Shares.

All payments due between FCA and Citigroup on the payment dates will be netted against each other and the net amount owing by one party to the other will be paid by the relevant party.

2.3 **Citigroup's Hedge.** Although it was and is not obliged to do so under the Swap Agreement, Citigroup had at its own discretion hedged its exposure under the Swap Transaction by acquiring and holding 75.0 million physical BIL Shares, representing approximately 5.48% of the issued share capital of BIL (the "**Citigroup Shares**").

2.4 **Termination and Unwinding.** Under the original terms of the Swap Agreement, the Swap Transaction is due to terminate on 18 November 2006.

3. PROPOSED UNWINDING AT FIXED UNWINDING PRICE

FCA and Citigroup have entered into the Unwinding Agreement to vary and stipulate the manner in which the Swap Transaction is to be unwound, in particular, to provide for the proposed unwinding of the Swap Transaction at an agreed unwinding price of S$1.53692 for each notional BIL Share (the "**Unwinding Price**"). The Unwinding Price is based on the volume weighted average price of BIL Shares on the SGX-ST over the 3 trading days preceding the date of the Unwinding Agreement of S$1.54 per BIL Share less transaction costs of 0.2% of such volume weighted average price. The Unwinding Price and the terms of the Unwinding Agreement were arrived at after arm's length negotiations between Citigroup and FCA.

4. PROPOSED SALE BY CITIGROUP OF BIL SHARES FOLLOWING THE PROPOSED UNWINDING

High Glory Investments Limited ("**HGIL**"), a wholly-owned subsidiary of Guoco Group Limited ("**GGL**"), is desirous of acquiring, and Citigroup is desirous of selling, the Citigroup Shares, subject to the Proposed Unwinding. Citigroup and HGIL have on 8 November 2006 entered into a conditional Sale and Purchase Agreement (the "**S&P Agreement**") pursuant to which Citigroup has agreed to sell, and HGIL has agreed to purchase, the Citigroup Shares upon the terms and subject to the conditions of the S&P Agreement (the "**Citigroup Sale**"). The sale price under the Citigroup Sale is S$1.54 for each BIL Share and is based on the volume weighted average price of BIL Shares on the SGX-ST over the 3 trading days preceding the date of the S&P Agreement. The Citigroup Sale is conditional upon the satisfaction of the conditions to the Proposed Unwinding (as described in paragraph 5.3 below).

GGL is the controlling shareholder of the Company with deemed interests in approximately 63.90% of the issued share capital of the Company as at 7 November 2006.

5. TERMS OF THE UNWINDING AGREEMENT

Pursuant to the Unwinding Agreement, FCA and Citigroup have agreed to amend the Swap Agreement to unwind and, in connection with such unwinding, extend the termination date of the Swap Transaction as follows:

5.1 **Extended Termination Date.** Subject to the Proposed Unwinding (as defined in paragraph 5.2 below) taking place at an earlier date, the termination date of the Swap Transaction shall be extended from 18 November 2006 to 18 May 2007 (or such other date as FCA and Citigroup may agree in writing) (the "**Extended Termination Date**");

5.2 Proposed Unwinding. Subject to the satisfaction of the conditions described in paragraph 5.3 below, FCA and Citigroup agree to terminate and unwind the Swap Transaction on the date falling 3 business days after the satisfaction of such conditions (or such other date as FCA and Citigroup may agree in writing), at the Unwinding Price (the "**Proposed Unwinding**"). Payments to be made by the parties upon the Proposed Unwinding will be determined based on the Unwinding Price;

5.3 Conditions to the Proposed Unwinding. The Proposed Unwinding is conditional upon the satisfaction of the following conditions:

(a) confirmation having been obtained from the SGX-ST (upon terms and conditions reasonably satisfactory to FCA and the Company) that the Proposed Unwinding does not require the approval of the shareholders of the Company (the "**Shareholders**") pursuant to the Listing Manual of the SGX-ST (the "**Listing Manual**"), and such confirmation remaining in full force and effect and not being revoked and any conditions imposed by the SGX-ST in granting such confirmation which are required to be fulfilled on or before the completion of the Proposed Unwinding, having been fulfilled (or waived) to the satisfaction of the SGX-ST on or before such date; or

(b) if required pursuant to the Listing Manual or by the SGX-ST:

(i) clearance by the SGX-ST (upon terms and conditions reasonably satisfactory to FCA and the Company) of the circular to be issued by the Company to its Shareholders to seek the approval contemplated below; and

(ii) the approval of the Shareholders in general meeting having been obtained for the Proposed Unwinding in accordance with the requirements of the Listing Manual, and such approval remaining in full force and effect and not being revoked; and

5.4 Non-fulfilment of Conditions. In the event the above conditions are not satisfied on or before 28 February 2007 (or such later date as FCA and Citigroup may agree in writing), the agreement to effect the Proposed Unwinding at the Unwinding Price will cease to apply, and the Swap Transaction will continue and terminate on the Extended Termination Date. In such event, the unwinding of the Swap Transaction and the payments to be made on such unwinding will be effected in accordance with the original terms of the Swap Agreement (save for the extension of the Termination Date).

6. RATIONALE FOR THE UNWINDING AGREEMENT

As stated in paragraph 2.4 above, the Swap Transaction was originally due to terminate on 18 November 2006 and be unwound according to the original terms of the Swap Agreement (the "**Original Unwinding**"). In view of the impending maturity of the Swap Transaction, FCA has entered into the Unwinding Agreement to deal with how the Swap Transaction is to be unwound.

By agreeing upfront on a specified unwinding price, the Proposed Unwinding will enable the Company to better manage the unwinding of the Swap Transaction and provide greater certainty of the unwinding price and payments, as compared to the Original Unwinding. Given the significant number of BIL Shares involved under the Swap Transaction and the relative illiquidity in trading of BIL Shares, the effects of the Original

Unwinding are uncertain and may adversely affect unwinding price and payments. The Company is of the view that the volume weighted average price of BIL Shares on the SGX-ST over the 3 trading days preceding the date of the Unwinding Agreement represents an arm's length and commercially reasonable basis to determine the unwinding price and to close its position under the Swap Transaction.

The Proposed Unwinding would be in line with the divestment by the Group of its non-core investments.

7. FINANCIAL EFFECTS

The Proposed Unwinding will result in a net gain of approximately S$10.27 million which will be recognized in Group's profit and loss accounts in the current financial year ending 30 June 2007.

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2006, the Proposed Unwinding is expected to result in an increase in the earnings per share from 24.43 cents to 26.04 cents. The Proposed Unwinding is not expected to have a material impact on the net tangible assets per share of the Group.

8. APPLICATION OF CHAPTER 9 OF THE LISTING MANUAL RELATING TO INTERESTED PERSON TRANSACTIONS

8.1 Confirmation to be sought from the SGX-ST

As stated in paragraph 4 above, HGIL is a wholly-owned subsidiary of GGL, which is a deemed substantial shareholder and controlling shareholder of the Company. Both HGIL and GGL are regarded as "interested persons" of the Company under Chapter 9 of the Listing Manual.

The Unwinding Agreement is entered into by FCA with Citigroup and not with HGIL. Nonetheless, in view of the proposed sale of Citigroup Shares by Citigroup to HGIL subject to the Proposed Unwinding (as described in paragraph 4 above), the Company will be consulting the SGX-ST and seeking its confirmation that:

(a) the Proposed Unwinding is not an "interested person transaction" ("**IPT**") under Chapter 9 of the Listing Manual; or

(b) should the SGX-ST take the view that the Proposed Unwinding is nevertheless an IPT, the value of the Proposed Unwinding (when aggregated with the value of other IPTs with the same interested person in the current financial year) is less than 5% of the Group's latest audited net tangible assets,

and, therefore, the approval of the Shareholders will not be required for the Proposed Unwinding pursuant to Chapter 9 of the Listing Manual.

The Company will advise Shareholders of the outcome of its consultation with the SGX-ST as soon as practicable.

8.2 Audit Committee's Statement

In view of and pending the consultation with the SGX-ST as to whether the Proposed Unwinding is regarded as an IPT:

(a) Messrs Quek Leng Chan, Kwek Leng Hai and Sat Pal Khattar have offered to abstain from, and have abstained from, voting on the Board resolutions in relation to the Proposed Unwinding on the grounds described in paragraph 9 below; and

(b) In addition, the Audit Committee of the Company (excluding Mr Reggie Thein) has reviewed the terms of the Proposed Unwinding and is of the view that the Proposed Unwinding is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

Mr Reggie Thein, the Chairman of the Audit Committee, has abstained from participating in the Audit Committee's deliberations and statement on the Proposed Unwinding on the grounds stated in paragraph 9 below.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As stated in paragraph 4 above, HGIL is a wholly-owned subsidiary of GGL, a deemed substantial shareholder and controlling shareholder of the Company. As explained in paragraph 8.1 above, the Company will be consulting the SGX-ST on whether the Proposed Unwinding is an IPT.

Mr Quek Leng Chan is a director, shareholder and deemed substantial shareholder of the Company, GGL and BIL. Mr Kwek Leng Hai is a director of the Company, GGL and BIL and a shareholder of the Company and GGL. Mr Sat Pal Khattar is a director and shareholder of the Company and GGL. Mr Reggie Thein is a director of the Company and BIL and serves as the Chairman of the Audit Committee of each of the Company and BIL. In view of and pending the consultation with the SGX-ST as referred to in paragraph 8 above and as the Proposed Unwinding relates to BIL Shares, Messrs Quek Leng Chan, Kwek Leng Hai, Sat Pal Khattar and Reggie Thein have abstained from voting on the Board resolutions in relation to the Proposed Unwinding.

Save as disclosed in this Announcement, none of the Directors or (so far as the Directors are aware) any controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Unwinding.

Dated this 8th day of November 2006

By Order of the Board

Dawn Pamela Lum
Group Company Secretary

Submitted by Dawn Pamela Lum, Group Company Secretary on 08/11/2006 to the SGX-ST.