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## Update on Dongzhimen Project in Beijing, the PRC

Guoco Group Limited (the “Company”) refers to the disclosure in its Financial Statements for the year ended 30 June 2010 in relation to the legal proceedings by Agricultural Bank of China (“ABC”) against Beijing Dong Hua Guang Chang Zhi Ye Co Ltd (“Zhiye”), Beijing Beida Jade Bird Company Limited (“BBJB”), Hainan Jing Hao Asset Limited (“Hainan Co”) and Beijing Cheng Jian Dong Hua Real Estate Development Company Limited (“DZM Project Co”).

The Company had reported that ABC had claimed that BBJB, Hainan Co and DZM Project Co are guarantors for a loan of Rmb2 billion (approximately HK\$2.3 billion) and interest, owed by Zhiye to ABC (“ABC Loan”). DZM Project Co is the company undertaking the Group’s Beijing Dongzhimen Project (“DZM Project”), in which the GuocoLand group has a 90% interest. GuocoLand Limited (“GLL”) is a 65.2% owned Singapore listed subsidiary of the Company.

The Company wishes to update as follows:

- (a) GuoSon Investment Company Limited (“GICL”), a wholly-owned subsidiary of GLL, has agreed with ABC to assume the ABC Loan for a sum of approximately Rmb3.1 billion (approximately HK\$3.6 billion) (“the sum”). GICL and ABC have signed a Loan Transfer Agreement (“LTA”) which is to take effect on 10 December 2010 (“effective date”).
- (b) The LTA provides, *among others*, that after the effective date:
  - GICL is to deposit the sum of Rmb3.1 billion (approximately HK\$3.6 billion) into an escrow account with Bank of Communications within 30 working days from the opening of the escrow account;
  - GICL and ABC are to apply to The People’s Republic of China (“PRC”) court for an order to substitute GICL as the creditor of the ABC Loan;
  - If the court order is not obtained within 6 months of the effective date, monies deposited in the escrow account will revert to GICL.

PRC lawyers of GuocoLand (China) Limited (“GLC”), a wholly-owned subsidiary of GLL, have advised that:

- (a) As creditor of the ABC Loan, GICL will be able to enforce the debt jointly and severally against the guarantors, including BBJB, the vendor of the DZM Project.
- (b) In connection with the signed agreements in relation to GLC’s acquisition of its 90% stake in the DZM Project, GLC has a good case to treat the sum to be paid by GICL to ABC as a set-off against the balance consideration of Rmb2.58 billion (approximately HK\$3.01 billion) which has been withheld by GLC for the acquisition of its 90% stake in the DZM Project.

The sum to be paid by GICL to ABC will be funded from GLL's internal resources and/or borrowings and is not expected to have any material effect on the net tangible assets per share or earnings per share of the GuocoLand group for the financial year ending 30 June 2011.

*As at the date of this announcement, the Board comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President and CEO; Mr. Tan Lim Heng and Mr. Ding Wai Chuen as executive directors; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Volker Stoeckel and Mr. Roderic N. A. Sage as independent non-executive directors.*

*(For reference only, the exchange rate of Rmb:HK\$ as referred to in this announcement is Rmb1:HK\$1.165796 as at 6 December 2010.)*

By Order of the Board  
**Stella Lo Sze Man**  
Company Secretary

Hong Kong, 6 December 2010