



國浩集團有限公司 Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

CONTINUING CONNECTED TRANSACTIONS

In 2003, the board of BIL has approved the Scheme which allows the grant of options over existing BIL Shares to any Eligible Participants. The Trust was set up to purchase BIL Shares and to hold the same for the benefit of the Option Holders. In accordance with the Trust Deed, the Share Purchases may be financed by the BIL Group. Such finances are expected to be repaid from the exercise price to be paid by the Option Holders upon the exercise of the Options.

Since 21 October 2005, BIL has become a subsidiary of Guoco and accordingly directors and chief executives of the BIL Group are deemed to be connected persons of Guoco under the Listing Rules. The provisions of finances by the BIL Group for the Share Purchases from time to time constitutes continuing connected transactions for Guoco under Chapter 14A of the Listing Rules.

Since the Cap results in the applicable percentage ratios under the Listing Rules of less than 2.5%, the finances for Share Purchases are only subject to the announcement requirements under Chapter 14A of the Listing Rules. Details of the finances for Share Purchases, if any, will be included in Guoco's next published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules.

BACKGROUND

In 2003, the board of BIL has approved the Scheme which allows the grant of options over existing BIL Shares to any Eligible Participants. The Trust was set up to purchase BIL Shares and to hold the same for the benefit of the Option Holders. In accordance with the Trust Deed, the Share Purchases may be financed by the BIL Group.

FINANCES FOR SHARE PURCHASES AND THE CAP AMOUNT

Pursuant to the Trust Deed, the Trust will effect the Share Purchases and hold the BIL Shares for the benefit of the Option Holders. In accordance with the Trust Deed, the Share Purchases may be financed by the BIL Group. Such finances are expected to be repaid from the exercise price to be paid by the Option Holders upon the exercise of the Options.

For the purpose of Rule 14A.35(2) of the Listing Rules, the maximum aggregate value of the finances to be provided by the BIL Group for the Share Purchases shall be subject to the maximum subsisting amount of S\$60 million (approximately HK\$278.69 million) (the "Cap") at any time during the three financial years ending 30 June 2008. The current outstanding amount of finances provided by the BIL Group is approximately S\$4.01 million (approximately HK\$18.63 million).

The basis of the Cap is arrived at having regard to the finances provided for the Share Purchases by the Trust for the Options previously granted under the Scheme with possible increase of the number of Options to be granted under the Scheme in future and the expected acquisition prices of the Share Purchases based on the current market price of BIL Shares and allowing for the possibility that the BIL share price may increase in future.

CONTINUING CONNECTED TRANSACTIONS

Since 21 October 2005, BIL has become a subsidiary of Guoco. Accordingly directors and chief executives of the BIL Group who may be Eligible Participants are deemed to be connected persons of Guoco under the Listing Rules. The provisions of finances by the BIL Group for the Share Purchases from time to time constitute continuing connected transactions for Guoco under Chapter 14A of the Listing Rules.

Since the Cap results in the applicable percentage ratios under the Listing Rules of less than 2.5%, the continuing connected transactions are only subject to the announcement requirements under Chapter 14A of the Listing Rules. Details of the finances provided by the BIL Group, if any, will be included in Guoco's next published annual report and accounts in compliance with Rules 14A.45 and 14A.46 of the Listing Rules. Guoco will also comply with the requirements of annual review by the independent non-executive directors and auditors of Guoco under Rules 14A.37 to 14A.38 of the Listing Rules.

If BIL grants Options to Eligible Participants who are connected persons of Guoco in future, Guoco will comply with the requirements under Chapter 14A of the Listing Rules as appropriate.

RATIONALE

The finances for the Share Purchases are to facilitate the operation of the Scheme which allows the grant of options over existing BIL Shares. The Scheme eliminates the dilution effect on shareholders' interests and BIL's capital base as well as the uncertainty of the timing of dilution. It also provides flexibility to BIL in terms of remunerating the Eligible Participants. BIL will be in a position to structure incentives for the Eligible Participants in order to align their interests with the performance of BIL, with a view to improving the operations of BIL.

The provisions of finances by the BIL Group for the Share Purchases are fair and reasonable to Guoco and its shareholders. In view of the benefits of the Scheme to BIL and its shareholders including Guoco which is the majority shareholder controlling 50.5% of BIL's issued share capital, the Directors (including the independent non-executive Directors) consider that it is in the interests of Guoco and its shareholders for the BIL Group to provide the finances for the Share Purchases.

INFORMATION ON THE GROUP AND THE BIL GROUP

Guoco is an investment holding company and the principal activities of its subsidiaries and associated companies include investment and treasury management, property development and investment, stock and commodity broking, investment advisory, banking and finance, insurance, fund management as well as hotel investment and management.

BIL is an investment holding company with a global portfolio of investments. The BIL Group's core investments are in: (i) Thistle Hotels, a hotel chain in the United Kingdom; (ii) development properties on the islands of Molokai in Hawaii; (iii) resorts and development properties in Denarau, Fiji; and (iv) the oil and gas royalty in designated areas within Australia's Bass Strait.

As at the date of this announcement, the Board comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng and Mr. James Eng, Jr. as executive Directors; Mr. Kwek Leng San as non-executive Director and Mr. Sat Pal Khattar, Mr. Harry Richard Wilkinson and Mr. Volker Stoeckel as independent non-executive Directors.

DEFINITIONS

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

"BIL"	BIL International Limited, a 50.5% controlled subsidiary of the Company with primary listing on SGX-ST and secondary listing on the London Stock Exchange and the New Zealand Stock Exchange
"BIL Group"	BIL and its subsidiaries
"BIL Share(s)"	ordinary share(s) of par value US\$0.20 each in the issued share capital of BIL
"Board"	the board of directors of the Company
"Company" or "Guoco"	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Eligible Participant(s)"	any employee(s) of the BIL Group (including any director of BIL and/or its subsidiaries) selected by the remuneration committee of BIL to participate in the Scheme in accordance with the terms thereof
"Group"	Guoco and its subsidiaries
"Shareholder(s)"	shareholder(s) of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Option(s)"	the right(s) to acquire existing BIL Shares granted or to be granted pursuant to the Scheme and for the time being subsisting
"Option Holder(s)"	the holder(s) of an Option
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Share Purchases"	the purchases of BIL Shares by the Trust for the purpose of the Scheme from time to time
"Scheme"	The BIL Value Creation Incentive Share Scheme
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"S\$" and "cents"	the lawful currency of the Republic of Singapore (in dollars and cents respectively)
"Trust"	the trust constituted by the Trust Deed
"Trust Deed"	the trust deed constituting the Trust entered into between BIL and the trustee which is an independent trust company not connected with the BIL Group, the Group, directors, chief executives or substantial shareholders of the Group and their respective associates (as defined under the Listing Rules)
"%"	per cent.

By Order of the Board
Stella Lo Sze Man
Company Secretary