

## GENTING BHD (“GENTING” OR “COMPANY”)

**PROPOSED DISPOSAL BY GENTING OVERSEAS HOLDINGS LIMITED (“GOHL”), A WHOLLY-OWNED SUBSIDIARY OF GENTING, OF ITS ENTIRE EQUITY INTEREST IN SEDBY LIMITED (“SEDBY”), TO GENTING INTERNATIONAL PLC (“GIPLC”), A SUBSIDIARY OF GOHL FOR A CONSIDERATION OF UNITED STATES DOLLAR (“USD”) 18.4 MILLION (APPROXIMATELY RM69.92 MILLION (“DISPOSAL”))**

### 1. INTRODUCTION

The Board of Directors of Genting (“**Board**”), is pleased to announce that on 13 May 2005, GOHL entered into a Share Sale and Purchase Agreement (“**SSPA**”) with GIPLC for the disposal of its entire equity interest in Sedby, for a sale consideration of USD18.4 million.

As a result of the Disposal, Genting will effectively dispose of its 80% equity interest in E-Genting Holdings Sdn Bhd (“**EGH**”), comprising 250,000 ordinary shares of RM1.00 each (“**EGH Shares**”).

### 2. DETAILS OF THE DISPOSAL

2.1 The proposed SSPA was entered into pursuant to GOHL’s acceptance of an offer today made by GIPLC through a letter of offer dated 10 May 2005 (“**Letter of Offer**”), to acquire GOHL’s interest in Sedby.

2.2 The Proposed Disposal forms part of an internal reorganisation of the Genting Berhad (“**Genting**”) group of companies (“**Genting Group**”), which involves the disposal by Genting and Resorts of their respective 80% and 20% equity interests in EGH to GIPLC for a total consideration of USD23 million (approximately RM87.4 million), to be satisfied through the issuance of 130,681,819 new GIPLC Shares at an issue price of USD0.176 per GIPLC Share. Accordingly, Genting and Resorts will still have 65.0% and 8.0% equity interests respectively in EGH through GIPLC.

2.3 The other salient terms of the SSPA are as follows:

- (i) GOHL shall sell the Sedby Shares free from all charges or liens or equities or any other encumbrances and with full rights attaching thereto from the date of the SSPA;
- (ii) The sale consideration shall be satisfied through the issuance of 104,545,455 new GIPLC Shares at an issue price of USD0.176 per GIPLC Share. The new GIPLC Shares are to be allotted and issued in the name of GOHL and/or its nominees;
- (iii) The SSPA is conditional on the following conditions being fulfilled or complied with within six (6) months from the date of the SSPA or within any extended period thereof:
  - (a) completion of the disposal by Resorts of its 20% equity interest in EGH to Geremi (“**EGH Disposal**”), which has become unconditional but is pending completion procedures;
  - (b) all other approvals that may be required or imposed by the relevant authorities for the purposes of the SSPA.

GIPLC will make an application to the Luxembourg Stock Exchange for the listing of the new GIPLC Shares to be issued pursuant to the Proposed Disposal.

- (iv) The SSPA is governed by the laws of the Isle of Man.

## 2.4 Sale consideration

- 2.4.1 The consideration for the Disposal of USD18.4 million was arrived at after taking into consideration the following:
- (i) the audited net profit and NTA of EGH of RM3,124,467 and RM14,751,910 respectively for the financial year ended 31 December 2003;
  - (ii) the audited net profit and NTA of EGH of RM5,868,467 and RM28,220,377 respectively for the financial year ended 31 December 2004; and
  - (iii) the future prospects and earnings potential of EGH and the GIPLC group of companies.
- 2.4.2 The issue price of the GIPLC Share of USD0.176 each was arrived at based on the weighted average market price from 8 April 2005 up to 9 May 2005 of GIPLC Shares traded on the Central Limit Order Book Trading System of the Singapore Exchange Limited (“CLOB”).
- 2.4.3 The new GIPLC Shares to be issued pursuant to the Disposal will, upon allotment and issue, rank pari passu in all respects with the existing GIPLC Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the date of allotment of the new GIPLC Shares.
- 2.5 The original cost of the investment made by Genting as at 1 September 2004 in its 80% equity interest in EGH was RM250,000. The expected gain to Genting Group from the Disposal is approximately RM69.65 million but this resultant accounting gain will be eliminated on consolidation.
- 2.6 Barring any unseen circumstances, the Proposed Disposal is expected to be completed by the fourth quarter of 2005.
- 2.7 Save for the sale consideration, no liabilities will be assumed by GIPLC under the Disposal.

## 3. INFORMATION ON EGH

EGH, incorporated in Malaysia on 25 October 1982, is principally an investment holding company and is involved in the provision of information technology (“IT”) related services. It supplies IT support, development, system integration and other IT related services primarily to its subsidiaries and companies within the Genting Group. EGH’s subsidiaries are involved in the research of software development and consultancy, call centre operations and loyalty programming services. EGH recently embarked on the e-gaming business and plans to develop and expand on this area.

The present authorised share capital of EGH is RM1,000,000 comprising 500,000 EGH Shares and 500,000 1% convertible non-cumulative redeemable preference shares of RM1.00 each, of which 312,500 EGH Shares are issued and fully paid-up.

Subject: to the completion of the EGH Disposal, Sedby will be the beneficial owner of 250,000 EGH Shares, representing 80% equity interest in EGH.

#### 4. INFORMATION ON SEDBY

Sedby, incorporated in the Isle of Man on 26 October 2004, is principally an investment holding company. The present authorised share capital of Sedby is USD3,000 comprising 3,000 ordinary shares of USD1.00 each, of which two (2) ordinary shares are issued and fully paid-up. Presently, Sedby is a wholly-owned subsidiary of GOHL. Upon completion of the Disposal, Sedby will become a wholly-owned subsidiary of GIPLC.

#### 5. INFORMATION ON GIPLC

GIPLC was incorporated on 16 August 1984 in the Isle of Man as a limited liability company. It is a 64.56% subsidiary of GOHL. The principal activity of GIPLC is that of an investment holding company. The principal activities of its subsidiaries include investments and provision of sales and marketing services to leisure and hospitality related businesses.

The present authorised share capital of GIPLC is USD500,000,000 comprising 5,000,000,000 ordinary shares of USD0.10 each. As at 6 May 2005, 3,785,192,648 GIPLC Shares have been issued and fully paid-up. GIPLC Shares are presently listed on the Luxembourg Stock Exchange and quoted on CLOB.

On 12 May 2005, GIPLC announced that it had entered into an agreement to acquire the following:

- (i) 3,620,086 ordinary shares of Great Britain Pound (“**GBP**”) 0.25 each in Stanley Leisure plc (“**Stanley Leisure**”) from GOHL for a consideration of GBP18,916,615 to be satisfied by the issuance of 196,293,471 new GIPLC Shares at an issue price of USD0.183 per GIPLC Share (“**Acquisition of Stanley Leisure Shares**”); and
- (ii) 26,343,468 ordinary shares of GBP0.05 each in London Clubs International plc (“**LCI**”) from Resorts World Limited (“**RWL**”) for a consideration of GBP31,713,847 to be satisfied by the issuance of 329,087,489 new GIPLC Shares at an issue price of USD0.183 per GIPLC Share (“**Acquisition of LCI Shares**”).

Following the completion of both the Acquisition of Stanley Leisure Shares and Acquisition of LCI Shares on 12 May 2005, the total number of issued and paid-up GIPLC Shares was increased to 4,310,573,608.

As stated in paragraph 2.2.2 above, a total of 130,681,819 new GIPLC Shares will be issued in consideration for the effective acquisition of EGH by GIPLC. Accordingly, the enlarged issued and paid-up share capital of GIPLC will further increase to 4,441,255,427 GIPLC Shares. Details of GIPLC’s enlarged issued and paid-up share capital are set out in **Table 1**.

The names of the directors and substantial shareholders of GIPLC and their respective shareholdings in GIPLC as at 31 December 2004 are set out in **Table 2**.

## **6. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS OF THE ISLE OF MAN**

### **6.1 Foreign investment**

There are no restrictions on foreign investments in companies incorporated in the Isle of Man.

### **6.2 Repatriation of profits**

There are no restrictions in the Isle of Man on the payment of dividends or capital profits. Dividends that are duly and properly declared and paid by non-resident company in the Isle of Man are not subject to any Isle of Man withholding tax.

## **7. EFFECTS OF THE DISPOSAL**

### **7.1 Issued and paid-up share capital and shareholdings of substantial shareholders**

The Disposal will not have any effect on the issued and paid-up share capital and shareholdings of substantial shareholders of Genting.

### **7.2 Earnings**

The Disposal is not expected to have a material effect on the earnings of the Genting Group for the financial year ending 31 December 2005.

### **7.3 NTA**

The Disposal will not have a material effect on the consolidated NTA of Genting, based on its audited financial statements as at 31 December 2004.

## **8. RATIONALE FOR THE DISPOSAL**

The Disposal is undertaken to effect the transfer of ownership of EGH to GIPLC as part of both the Genting Group and Resorts Group's strategy to rationalise all investments and business ventures that have international exposure under GIPLC. The Disposal, along with the disposal of Stanley shares as set out in paragraph 5 (i) above will enable Genting to further participate in GIPLC's prospects and potential through its shareholdings in GIPLC.

In addition, the disposal of EGH is also aimed at unlocking the potential of the e-gaming business of both the Genting Group and Resorts Group by integrating the strengths of EGH and GIPLC. GIPLC is spearheading Genting's expansion into new overseas markets in line with the Genting Group's objective to develop into a global player in the leisure and gaming businesses and, by virtue of its global operations, will provide EGH with the access and exposure to more liberal and sophisticated markets with the aim of unlocking its potential in e-gaming.

Under GIPLC, EGH will also have greater access to the international capital markets who are more familiar with the sophistication of e-gaming and the gaming industry in general. This would ease potential fund-raising effort of EGH to fund its future growth should the need arise.

## 9. PROSPECTS

Upon completion of the Disposal, Genting's equity interest in GIPLC will be increased to 65.0%. Under the Disposal, Genting's strategy to dispose of EGH to GIPLC and receive GIPLC Shares as consideration would provide Genting Group with an opportunity to further participate in GIPLC's business and future growth.

Genting envisages that the growth of GIPLC will stem from the opportunities in the international gaming sector as well as development and participation in the e-gaming industry. GIPLC has been identified as Genting's vehicle for expansion into the overseas market. In recent months, the Genting Group's interests in international gaming operations has been consolidated under GIPLC. These include the recently completed Acquisition of Stanley Leisure Shares and Acquisition of LCI Shares. LCI operates seven (7) casinos in the UK and also casinos in Egypt, Lebanon and South Africa, while Stanley Leisure is the largest casino operator in the UK with 41 casinos. GIPLC also has a 50% interest in Maxims Casino Club, an exclusive members club in London. In addition, GIPLC has also recently completed a rights issue which provided the company with funding to pursue other strategic investments.

Such developments for GIPLC are timed to take advantage of the rapid development of the global gaming industry and changes in the regulatory environment for e-gaming. Being an international company, GIPLC has better access to capital markets and more flexibility to pursue expansion strategies, strategic investments and at the same time give EGH the necessary exposure to allow EGH to build on its e-gaming operations. In light of these developments, Genting expects that the combination of EGH and GIPLC will enhance the prospects of GIPLC.

## 10. RISK FACTORS

GIPLC is generally subject to the risks relating to the gaming sector which are similar to the risks to which Genting is presently exposed, by virtue of Genting's own gaming-related operations. Nonetheless, in addition to the risks relating to the gaming sector, the additional risk factors with respect to an investment in GIPLC are as set out below:

### 10.1 Country factors

GIPLC's investments and operations are mainly concentrated in Asia Pacific and the UK and are therefore subject to the economic conditions, political risk, regulatory risk and foreign currency risk of the relevant countries in the region. Specifically, each of the different jurisdictions in which GIPLC has gaming exposure has their individual regulations and legislation that may impact gaming operations and repatriation of profits. Changes to these regulations and legislation as well as changes to the operating environment in the respective countries may affect the gaming operations in which GIPLC has interests as well as the returns that GIPLC may receive from these operations. However, Genting does not believe that the risks that GIPLC faces in Asia Pacific and the UK are any different from that of other companies in the abovementioned gaming markets.

### 10.2 Foreign currency exposure

The return of Genting's investment in GIPLC will most likely come in two (2) forms, being capital appreciation of the GIPLC shares which are listed securities and dividend income from GIPLC.

Given that these returns are denominated in USD, the actual return to Genting in Ringgit Malaysia will be subject to the exchange rates between USD and Ringgit Malaysia. While this risk is presently mitigated by the peg between USD and Ringgit Malaysia, there can be no assurance and any change in the peg will not affect the total return of Genting's investment in GIPLC.

### **10.3 Funding needs**

GIPLC has indicated that it plans to embark on the development of integrated resorts and leisure related business which have a strategic fit with the gaming business of which may require additional funding. As such, it may need to raise additional funds in either the international debt or equity capital markets. While there can be no assurance for continued access to funds, historically GIPLC has successfully raised funds via both the debt market and equity market through term loans obtained in 2004 and a successful rights offering of 2.4 billion new ordinary shares in February 2005.

## **11. APPROVALS REQUIRED**

The Disposal is not conditional on any approvals being obtained.

## **12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

### **12.1 Interests of the Directors of GB**

The Chairman, President & Chief Executive, Tan Sri Lim Kok Thay is also the chairman and shareholder of GIPLC, a director of Palomino, GOHL and Golden Hope Limited ("GHL") and has a deemed interest in the units of the Golden Hope Unit Trust ("GHUT") of which GHL is acting as its trustee by virtue of being a discretionary trust which holds the units in the GHUT. GHL as trustee of the GHUT is a substantial (13.37%) shareholder of GIPLC. Tan Sri Lim is also a director of Kien Huat Realty Sdn Bhd ("KHR") and has a deemed interest in KHR only by virtue of being a beneficiary of a discretionary trust which owns non-voting preference shares in KHR. Lakewood Sdn Bhd, a wholly-owned subsidiary of KHR is a substantial 5.83% shareholder of GIPLC.

The Executive Director, Mr Quah Chek Tin is also an alternate director of GIPLC.

### **12.2 Interests of the Directors of GOHL**

Mr Justin Tan Wah Joo is also a share option holder of GB, the Managing Director and a shareholder of GIPLC and an alternate director of GOHL.

Mr Ong Moh Pheng is also a share option holder of GB, an alternate director of GIPLC and a director of GOHL.

Ms Katharine Georgina Harding is also a director of GOHL and Palomino.

Accordingly, the aforesaid Directors have abstained from deliberations and voting on the Proposed Disposal at the Board Meetings of the Company and GOHL, as the case may be, held to consider the matter.

Save as disclosed above, none of the Directors and/or substantial shareholders or persons connected to the Directors have any interest, either direct or indirect in the Proposed Disposal.

## **13. DIRECTORS' RECOMMENDATION**

The Board (save for the Interested Directors), having considered all aspects of the Disposal, is of the opinion that the Disposal is in the best interest of the Company.

## **14. ESTIMATED TIMEFRAME FOR COMPLETION**

The Disposal is deemed completed as it has met the conditions precedent to the SSPA.

**15. DEPARTURE FROM THE SECURITIES COMMISSION ("SC")'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")**

There is no departure from the SC Guidelines in respect of the Disposal.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

The Letter of Offer and the SSPA are available for inspection at the Company's registered office at 24<sup>th</sup> Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur during the normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

**Yours Faithfully,**

**GENTING BERHAD**

**TUN MOHAMMED HANIF BIN OMAR  
DEPUTY CHAIRMAN**

**Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:**

**Table 1**

Details of GIPLC's enlarged issued and paid-up share capital are as follows:

	<b>No. of GIPLC Shares</b>
Existing issued and paid-up share capital	3,785,192,648
Issued pursuant to the Acquisition of Stanley Leisure Shares	196,293,471
Issued pursuant to the Acquisition of LCI Shares	329,087,489
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	4,310,573,608
To be issued pursuant to the Proposed Disposal and acquisition of Genting's interest in EGH	130,681,819
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Enlarged issued and paid-up share capital	<hr/> <b>4,441,255,427</b> <hr/>

**Table 2**

The Directors and substantial shareholders of GIPLC and their respective shareholdings in GIPLC as at 31 December 2004 are as follows:

<b>Name</b>	<b>-----Direct-----</b>		<b>-----Indirect-----</b>	
	<b>No. of ordinary shares</b>	<b>%</b>	<b>No. of ordinary shares</b>	<b>%</b>
Tan Sri Lim Kok Thay	-	-	-	-
Justin Tan Wah Joo	170,000	0.12	-	-
Quah Chek Tin (Alternate to Tan Sri Lim Kok Thay)	-	-	-	-
Ong Moh Pheng (Alternate to Justin Tan Wah Joo)	-	-	-	-
	<b>-----Direct-----</b>		<b>-----Indirect-----</b>	
<b>Substantial shareholder</b>	<b>No. of ordinary shares</b>	<b>%</b>	<b>No. of ordinary shares</b>	<b>%</b>
GOHL	912,502,000	64.29	-	-
Golden Hope Limited	309,522,498	21.81	-	-