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General Announcement

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PROPOSED DISPOSAL OF THE PAPER AND PACKAGING BUSINESSES OF GENTING SANYEN (MALAYSIA) SDN BHD, AN INDIRECT 97.7% OWNED SUBSIDIARY OF THE COMPANY

Attached is the announcement and Press Release in relation the above transaction :

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Yours faithfully
GENTING BERHAD

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman



ANNOUNCEMENT

GENTING BERHAD (“GENTING”)

DISPOSAL BY GENTING SANYEN (MALAYSIA) SDN BHD (“GSM”), AN INDIRECT 97.7% OWNED SUBSIDIARY OF GENTING, OF ITS PAPER AND PACKAGING BUSINESSES THROUGH THE SALE OF THE ENTIRE ISSUED SHARE CAPITAL OF ITS SUBSIDIARIES WHICH ARE INVOLVED IN THE PAPER AND PACKAGING BUSINESSES;

AND

DISPOSAL BY GENTING OF ITS 25,000,000 14% REDEEMABLE NON-CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF RM1.00 EACH IN GENTING SANYEN INDUSTRIAL PAPER SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF GSM

1. INTRODUCTION

The Board of Directors of Genting is pleased to announce the following:-

- i) GSM, a wholly-owned subsidiary of Genting Industrial Holdings Limited (formerly known as Genting International Paper Manufacturers Limited), held 97.7% by Genting Investment Holdings Limited (formerly known as Genting International Paper Holdings Limited), which in turn is a wholly-owned subsidiary of Genting, has on 16 March 2007 entered into a Share Sale Agreement (“SSA”) with Paperbox Holdings Limited (“Purchaser”), a special purpose vehicle established by funds advised by CVC Asia Pacific Limited (“CVC”), to dispose of its paper and packaging businesses through the sale of the entire issued share capital of its subsidiaries, namely, Genting Sanyen Industrial Paper Sdn Bhd (“GSIP”) and its wholly-owned subsidiary, Genting Sanyen Sales & Marketing Services Sdn Bhd (“GSSM”); Genting Sanyen Paperboard Sdn Bhd (“GSPB”); Ideal Meridian Sdn Bhd (“IMSB”); Genting Sanyen Utilities & Services Sdn Bhd (“GSUS”) and its wholly-owned subsidiary, Persis Hijau Sdn Bhd (“PHSB”) and GS Packaging Industries (M) Sdn Bhd (“GSPI”) (“the Disposal Subsidiaries”) including the lands upon which the paper mill and box plants and related assets are erected (“the GSM Disposal”).
- ii) Genting has, as a consequence of the GSM Disposal, disposed of its 25,000,000 14% redeemable non-convertible cumulative preference shares of RM1.00 each in GSIP to the Purchaser (“Preference Share Disposal”).

The GSM Disposal and the Preference Share Disposal (jointly, the “Divestments”) are for a total cash consideration of RM745 million (the “Consideration”).

The Purchaser shall pay GSM (for itself and on behalf of Genting) the Consideration in exchange for the entire issued share capital in the Disposal Subsidiaries, the related lands, and the repayment of RM312 million inter-company debt of the Disposal Subsidiaries due to Genting and its subsidiaries.

2. DETAILS OF THE DIVESTMENTS

2.1. Under the SSA, GSM has agreed to dispose of the entire issued share capital of its wholly-owned subsidiaries, namely, GSIP and its wholly-owned subsidiary, GSSM; GSPB; IMSB; GSUS and its wholly-owned subsidiary, PHSB and GSPI and including the lands upon which the paper mill and box plants and related assets are erected. Genting will also dispose of its 25,000,000 14% redeemable non-convertible cumulative preference shares of RM1.00 each in GSIP to the Purchaser.

2.2. Disposal Price

(a) The consideration was determined on a willing buyer-willing seller basis after taking into consideration the audited net assets of the Disposal Subsidiaries as at 31 December 2006, and upon the advice of Genting's exclusive financial adviser JP Morgan Securities (Malaysia) Sdn Bhd.

(b) Payment Terms

The consideration will be satisfied in cash on completion subject to the retention of a sum of RM5 million in an escrow account pending registration of the transfer of land pertaining to the Disposal Subsidiaries located in the Kuala Langat industrial complex ("Transfer Land").

2.3 Dates and Cost of Investment

The total cost of investment is approximately RM928 million in which Genting and its subsidiaries and associated companies ("the Genting Group") have an effective interest of 97.7%. The paper business commenced in 1994 and investment in the packaging business was substantially made from 1998 to 2001.

2.4 Expected Completion Date

Barring unforeseen circumstances, Genting expects the Divestments will be completed within 4 months unless extended in accordance with the SSA.

2.5 Information on GSM and its subsidiaries

2.51 GSM

GSM was incorporated in Malaysia on 21 June 1988. It is an investment holding company which owns the lands upon which the paper mill, central box plant and related assets pertaining to the GSM Disposal are erected.

2.52 GSIP

GSIP was incorporated in Malaysia on 12 December 1990. Its activities include the manufacturing and trading of paper products and conversion of waste to energy. Its manufacturing facilities comprise a paper mill and two corrugated mills, namely the Central and Northern Box Plants. GSIP's issued and paid-up ordinary share capital comprises 125,000,000 ordinary shares of RM1.00 each. GSIP also has 80,000,000 6% redeemable non-convertible cumulative preference shares held wholly by GSM, its holding company. It also has 25,000,000 14% redeemable non-convertible cumulative preference shares held by Genting, its ultimate holding company.

2.53 GSSM

GSSM was incorporated in Malaysia on 20 April 1992 as a wholly-owned subsidiary of GSIP. It is currently a dormant company. It has an issued and fully paid-up ordinary share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

2.54 GSPB

GSPB was incorporated in Malaysia on 27 July 1990. Its activities include the manufacturing and trading of paper products. It owns a paper mill. GSPB's issued and paid-up share capital comprises 5,000,000 ordinary shares of RM1.00 each and 16,250,000 non-convertible non-cumulative redeemable preference shares of RM1.00 each.

2.55 IMSB

IMSB was incorporated in Malaysia on 2 September 1996. It is involved in the manufacture of paper cores which are used by the paper mill. It has an issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

2.56 GSUS

GSUS was incorporated in Malaysia on 10 April 1991. It is involved in the treatment of waste water from the paper and packaging businesses. GSUS's issued and paid-up share capital comprises 5,000,002 ordinary shares of RM1.00 each.

2.57 PHSB

PHSB, a wholly-owned subsidiary of GSUS was incorporated on 18 February 1991. It is involved in pulp and waste paper procurement through importation and through its recycled paper collection centres. PHSB's issued and paid-up share capital comprises 100,000 ordinary shares of RM1.00 each.

2.58 GSPI

GSPI was incorporated on 5 February 1991. It is involved in the provision of human resource services. Its issued and paid-up share capital comprises 2 ordinary shares of RM1.00 each.

2.6 Financial Information on Disposal Subsidiaries

Net profit attributable to the Disposal Subsidiaries for the year ended 31 December 2006 is about RM18 million while the Net Assets attributable to the Genting Group's 97.7% interest in the Disposal Subsidiaries and the Transfer Land and buildings thereon is approximately RM907 million.

3. INFORMATION ON THE PURCHASER

Paperbox Holdings Limited is a special purpose vehicle established by funds advised by CVC.

CVC is a leading international private equity firm managing over US\$24 billion in funds. It has acquired over 236 companies for a total consideration of US\$84 billion. Its current portfolio of 41 companies has combined revenue in excess of US\$52 billion. Operating in Europe, Asia and United States, CVC has

acquired several leading wood and paper related businesses in the past, including Smurfit Kappa, Lecta, Laminex and Plantation Timber Products.

4. RATIONALE FOR THE DIVESTMENTS

The Genting Group reviews its operations and interests worldwide on an on-going basis. After extensive consultation and evaluation, the Board of Directors of Genting concluded that it is more optimal for the Genting Group to divest the paper and packaging division to focus on growing and strengthening its core businesses.

5. EXPECTED LOSS FROM DIVESTMENTS

While the GSM Disposal will result in a one-off loss from disposal of approximately RM179 million, the Preference Share Disposal will result in no gain or loss to the Genting Group.

6. EFFECTS OF THE DISPOSAL

6.1 Issued and paid-up share capital and shareholdings of substantial shareholders

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

6.2 Earnings

The Divestments are not expected have any material impact on Genting Group's earnings per share for the financial year ending 31 December 2007 other than the effect of the one-off loss on disposal as stated in section 5 above.

6.3 Net Assets

Based on the audited accounts for the year ended 31 December 2006, the Divestments will not have a material effect on Genting Group's net assets per share.

6.4 Gearing

The Divestments will not have a material effect on the gearing of the Genting Group.

7. APPLICATION OF PROCEEDS FROM DIVESTMENTS

The proceeds from the Divestments will be used for working capital and/or investment by the Genting Group. Pending utilisation, the funds will be placed on short term deposits with banks.

8. APPROVALS REQUIRED

The Divestments are subject to approvals from the relevant authorities, including the following:-

- (i) Ministry of International Trade and Industry;
- (ii) Foreign Investment Committee;
- (iii) Bank Negara Malaysia; and
- (iv) State authority for the creation of land leases and the transfer of land.

Application will be made to the relevant authorities within 14 business days from the date of SSA.

The Divestments are not subject to the approval of Genting's shareholders.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors of Genting, major shareholders and/or persons connected to the directors of Genting's or major shareholders has any direct or indirect interest in the Divestments.

10. DIRECTORS' RECOMMENDATION

The Board of Directors of Genting, having considered all aspects of the Disposal, is of the opinion that the Divestments are in the best interest of Genting.

11. 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 Divestments.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA is available for inspection at Genting's registered office at 24th 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 3 months from the date of this announcement.

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman

16 March 2007