

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.

The board of directors of Guoco currently 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. Volker Stoeckel and Mr. Ding Wai Chuen as independent non-executive directors.



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General Announcement

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Submitting Investment Bank/Advisor (if applicable) AmInvestment Bank Berhad
Submitting Secretarial Firm (if applicable)
Company name * Camerlin Group Berhad
Stock name * CAMERLIN
Stock code * 3751
Contact person * Sharon Chung/Lim Tee Phoi
Designation * Assoc Director,CF/Manager,CF

Type * Announcement Reply to query

Subject :* PROPOSED CASH REPAYMENT

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

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PROPOSED CASH REPAYMENT TO THE SHAREHOLDERS OF CGB VIA A CASH DISTRIBUTION AT AN ENTITLEMENT DATE TO BE DETERMINED LATER VIA REDUCTION OF SHARE CAPITAL AND SHARE PREMIUM PURSUANT TO SECTIONS 60(2) AND 64 OF THE COMPANIES ACT, 1965 ("ACT") ("PROPOSED CASH REPAYMENT")

Announcement Details :-

(This field is for the details of the announcement, if applicable)

1. INTRODUCTION

AmInvestment Bank Berhad ("**AmInvestment Bank**") on behalf of the Board of Directors of CGB ("**Board**"), had on 16 February 2007, announced that the Company intends to undertake the following proposals ("**First Announcement**"):-

(a) Proposed capital distribution of up to 303,144,609 ordinary shares of USD0.20 in GuocoLeisure Limited (*formerly known as BIL International Limited*) ("**GuocoLeisure**") to the shareholders of CGB, the basis of which shall only be fixed at an entitlement date to be determined later, via a reduction of the share capital of CGB and by cancelling CGB's share premium reserve, which will result in the reduction of the par value of CGB Shares from RM1.00 to between RM0.13 and RM0.16 ("**Proposed Capital Distribution**");

(b) Proposed consolidation of the entire issued and paid-up share capital of CGB, after the Proposed Capital Distribution, into ordinary shares with par value of RM1.00 each ("**Proposed Consolidation**"); and

(c) Proposed reduction in the share premium of CGB of up to RM838,723,347 pursuant to Sections 60(2) and 64 of the Act to set-off accumulated losses of CGB ("**Proposed Cancellation of Accumulated Losses**").

Subsequent to the First Announcement, additional CGB shares of RM1.00 each ("**Shares**") have been allotted arising from (i) the exercise of CGB's then outstanding warrants 1997/2007 ("**Warrants**") (which expired on 25 July 2007) exercisable into new CGB Shares at the exercise price of RM1.90 per CGB Share; and (ii) the conversion of CGB's then outstanding 5.5%

Irredeemable Convertible Unsecured Loan Stocks 2002/2007 ("ICULS") (which matured on 16 July 2007), resulting in a higher issued and paid-up share capital in CGB of RM462,778,880 comprising 462,778,880 CGB Shares ("**Final Share Capital**").

Given the Final Share Capital, AmInvestment Bank on behalf of the Board wishes to announce that the final number of ordinary shares of United States Dollar ("**USD**") 0.20 each in GuocoLeisure ("**GuocoLeisure Shares**") to be distributed to the shareholders of CGB is 0.65 GuocoLeisure Share for every one (1) CGB Share held, which will result in the reduction in the par value of each CGB Share by RM0.87 arising from the Proposed Capital Distribution.

Upon the completion of the Proposed Capital Distribution, CGB will be without an operating business and as such, it has via the First Announcement, stated that its intention to source for new businesses and assets to maintain its listing status in accordance with Bursa Malaysia Securities Berhad ("**Bursa Securities**") Listing Requirements.

AmInvestment Bank on behalf of CGB had also on 18 June 2007, announced that the Securities Commission ("**SC**") had approved the Proposed Capital Distribution and the Proposed Consolidation subject to, amongst others, the condition that CGB is to surrender its listing status upon completion of the Proposed Capital Distribution ("**Delisting Condition**").

After taking into consideration the Delisting Condition imposed by the SC and since CGB had explored various options to maintain its listing status, including several attempts to find a suitable business/asset for CGB which did not materialise, AmInvestment Bank on behalf of the Board wishes to announce that the Company is proposing to undertake, concurrently with the Proposed Capital Distribution, the Proposed Cash Repayment to its shareholders which shall be effected via Sections 60(2) and 64 of the Act. The Company intends to determine and announce the actual amount to be distributed under the Proposed Cash Repayment together with the announcement of the entitlement date for the Proposed Cash Repayment.

In view of the above, the Board also wishes to announce that **the Company does not intend to proceed with the Proposed Consolidation**. In summary, the Proposed Cash Repayment will be implemented together with the Proposed Capital Distribution and the Proposed Cancellation of Accumulated Losses (collectively referred to as the "**Revised Proposals**").

Upon completion of the Revised Proposals, CGB will surrender its listing status in accordance with the Delisting Condition. Thereafter, CGB will proceed to wind-up the Company and return all its remaining cash balances (after deducting all expenses and liabilities) to its shareholders.

2. PROPOSED CASH REPAYMENT

2.1 Details Of The Proposed Cash Repayment

The Proposed Cash Repayment involves a capital repayment via cash on the basis of approximately RM0.20 for every one (1) existing Share held in CGB. The Company intends to determine and announce the actual amount to be distributed under the Proposed Cash Repayment together with the announcement of the entitlement date for the Proposed Cash Repayment after taking into account the available funds and the operating expenses of CGB Group (including the estimated expenses to be incurred for CGB's corporate exercises) ("**Final Quantum**").

For illustration purposes, based on the issued and paid-up share capital of CGB as at 8 January 2008 of RM462,778,880 comprising 462,778,880 CGB Shares and assuming a cash repayment of RM0.20 per Share, the amount to be distributed to all the CGB shareholders will be RM92.55 million.

The Proposed Cash Repayment will be funded by the Company's available cash balance.

2.2 Implementation Of The Proposed Cash Repayment

Based on the illustration above, the Proposed Cash Repayment of approximately RM92.55 million will be undertaken in accordance with the provisions of Section 60(2) and Section 64 of the Act via the following manner:-

- (i) Reduction of the share capital of the Company by a further RM0.12 per Share amounting to approximately RM55.53 million; and
- (ii) Reduction of the share premium reserves of the Company by a further RM0.08 per Share amounting to approximately RM37.02 million.

As the Proposed Cash Repayment involves a reduction of the Company's share capital and share premium reserves, the reduction will be subject to the confirmation of the High Court of Malaya ("High Court") which will be sought concurrently with the application to effect the Proposed Capital Distribution and the Proposed Cancellation of Accumulated Losses.

3. CONSEQUENTIAL AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF CGB

The Proposed Capital Distribution will result in the reduction of the par value of CGB Shares from RM1.00 to RM0.13 each. In addition, upon completion of the Proposed Capital Distribution and Proposed Cash Repayment, the par value of CGB Shares will be further reduced from RM0.13 to approximately RM0.01. Accordingly, consequential amendments to the Memorandum of Association would be required in order to facilitate the Proposed Capital Distribution and Proposed Cash Repayment.

4. RATIONALE

In view of the Delisting Condition and in the absence of an operating business/asset following the Proposed Capital Distribution, it will be in the interest of the shareholders of CGB for CGB to undertake the Proposed Cash Repayment such that CGB's capital can be substantially returned to its shareholders prior to the delisting of CGB upon the completion of the Proposed Capital Distribution.

5. EFFECTS OF THE REVISED PROPOSALS

For information purposes, the effects of the Proposed Cash Repayment are illustrated together with the Proposed Capital Distribution and Proposed Cancellation of Accumulated Losses as follows:-

5.1 Share Capital

The effects of the Proposed Capital Distribution and Proposed Cash Repayment on the share capital of the Company are set out in Table 1.

The Proposed Cancellation of Accumulated Losses will not have any effect on the share capital of CGB.

5.2 Net Assets ("NA")

The proforma effects of the Proposed Capital Distribution, the Proposed Cash Repayment and the Proposed Cancellation of Accumulated Losses on the NA of CGB and its subsidiary companies, based on the audited consolidated balance sheet of CGB as at 30 June 2007 are set out in Table 2.

5.3 Earnings

As stated in the First Announcement, upon completion of the Proposed Capital Distribution, CGB Group's equity interest in GuocoLeisure will be reduced from the existing interest of 22.3% to 0.27%. Accordingly, CGB Group will no longer equity account the results of GuocoLeisure upon completion of the Proposed Capital Distribution.

In addition, the Company's earnings will further reduce in the absence of interest income which will otherwise be generated from the cash balances that are being proposed for distribution to its shareholders under the Proposed Cash Repayment.

The Proposed Cancellation of Accumulated Losses is not expected to have any impact on the

earnings of the CGB Group.

5.4 Substantial Shareholders' Shareholdings

The Proposed Capital Distribution and the Proposed Cash Repayment will not have any effect on the percentage shareholdings of the substantial shareholders of CGB.

The Proposed Cancellation of Accumulated Losses will not have any impact on the substantial shareholders' shareholdings of CGB.

5.5 Dividends

Upon the completion of the Proposed Capital Distribution and the Proposed Cash Repayment, the dividends to be declared by CGB in the future (if any) will depend on the level of cash and profit remaining in CGB after the Proposed Cash Repayment.

6. APPROVALS REQUIRED

The Revised Proposals are subject to the following :-

- (i) the approval of the SC for the Proposed Capital Distribution (which as obtained on 15 June 2007);
- (ii) the approval of the shareholders of CGB at an extraordinary general meeting to be convened;
- (iii) the sanction of the High Court for the reduction of the Company's share capital and share premium reserves pursuant to Section 64 of the Act;
- (iv) any other relevant approvals, if necessary.

The Proposed Cash Repayment is conditional upon the Proposed Capital Distribution. The Proposed Cancellation of Accumulated Losses is also conditional upon the Proposed Capital Distribution.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save for their respective entitlements under the Proposed Capital Distribution and Proposed Cash Repayment for which all existing shareholders of the Company are entitled to, none of the Directors, substantial shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Capital Distribution and Proposed Cash Repayment.

None of the Directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Cancellation of Accumulated Losses.

8. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Revised Proposals, is of the opinion that the Revised Proposals are in the best interest of the CGB Group.

9. ADVISER

The Board has appointed AmInvestment Bank as the Adviser to CGB for the Revised Proposals.

10. ESTIMATED TIME FRAME FOR COMPLETION

Subject to the conditions stated in Section 6 above and barring any unforeseen circumstances, the Revised Proposals are expected to be completed by the third quarter of 2008.

This announcement is dated 17 January 2008.

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:

Attachment(s):- (please attach the attachments here)



Table section.doc

Table 1 – Share Capital

	No. of Shares '000	Par Value RM	Share Capital RM'000
CGB shares entitled to the Proposed Capital Distribution and Proposed Cash Repayment (based on the existing issued and paid-up capital of CGB as at 8 January 2008)	462,779	1.00	462,779
Less : Reduction in par value pursuant to the Proposed Capital Distribution	-	(0.87)	(402,618)
After the Proposed Capital Distribution	462,779	0.13	60,161
Less : Reduction in par value pursuant to the Proposed Cash Repayment	-	(0.12)	(55,533)
After the Proposed Capital Distribution and Proposed Cash Repayment	462,779	0.01	4,628

Table 2 – NA and Gearing

	(I) Audited as at 30 June 2007 (RM'000)	(II) After (I) and completed events ## (RM'000)	(III) After (II) and Proposed Capital Distribution and Proposed Cash Repayment (RM'000)	(IV) After (III) and Proposed Cancellation of Accumulated Losses (RM'000)
Share capital	410,119	462,779	4,628	4,628
Share premium	1,525,409	1,556,228	831,892	2,706
Exchange reserve	215,646	215,646	-	-
Other capital reserve	(12,435)	(12,435)	-	-
Retained profits/ (Accumulated losses)	(1,264,469)	(1,264,469)	(828,186) @	- ^
ICULS	24,324	-	-	-
Shareholders' equity	898,594	957,749	8,334	7,334
No. of CGB shares ('000)	410,119	462,779	462,779	462,779
NA per CGB share@@ (RM)	2.13	2.07	0.018	0.016
Total borrowings *	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

Subsequent to 30 June 2007 up to the date of expiry/maturity of Warrants/ICULS, a total of 52,659,711 CGB Shares were allotted and issued as a result of the exercise / conversion of Warrants/ICULS.

@ The decrease in CGB's accumulated losses by RM436.3 million was mainly attributed to the reversal of post acquisition losses of GuocoLeisure

@@ NA per CGB Share is calculated using shareholders' equity, excluding the outstanding ICULS, divided by the number of CGB Shares.

* All interest bearing debts.

^ After deducting RM1 million for the estimated expenses and the crediting of RM828,186 million which has been set-off against the reduction in the share premium account.