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國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

Discloseable Transaction
Proposed Acquisition of Gala Casinos Limited by The Rank Group Plc

Rank announced on 12 May 2012 that it has conditionally agreed to acquire the entire issued share capital of Gala Casinos from Gala Coral Group for a total cash consideration of £205 million. The total cash consideration is subject to certain adjustments including for working capital post-Completion.

Since one of the applicable percentage ratios in respect of the Proposed Acquisition exceeds 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for Guoco under Chapter 14 of the Listing Rules.

INTRODUCTION

Rank announced on 12 May 2012 that it has conditionally agreed to acquire the entire issued share capital of Gala Casinos from Gala Coral Group for a total cash consideration of £205 million. The total cash consideration is subject to certain adjustments including for working capital post-Completion.

THE ACQUISITION AGREEMENT

Date

12 May 2012

Parties

Gala Group Investments as the seller
Gala Coral Group as the guarantor
Rank Group Gaming as the buyer
Rank as the buyer's parent company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Gala Group Investments and Gala Coral Group and their ultimate beneficial owners are independent third parties of Guoco and Guoco's connected persons (as defined under the Listing Rules).

Proposed Acquisition

The Acquisition Agreement was entered into by the above parties for the sale and purchase of the entire issued ordinary share capital of Gala Casinos.

The Proposed Acquisition includes the following operating assets of the Gala Casinos: (i) 23 land-based operating casinos in Great Britain; (ii) the leaseholds and one freehold associated with these casinos; and (iii) three non-operating licences. Gala Casinos has undergone a pre-sale reorganisation to rationalise certain assets and liabilities so as to result in the aforesaid Gala Casinos Operating Assets, the subject of the Proposed Acquisition.

Rank Assets Limited (a wholly owned subsidiary of Guoco), being a majority shareholder of Rank, has executed an irrevocable undertaking to Rank to vote in favour of the Proposed Acquisition at the general meeting of Rank.

The obligations of Gala Group Investments under the Acquisition Agreement and the other transaction documents contemplated as part of the Proposed Acquisition will be guaranteed by Gala Coral Group.

Purchase Consideration

In consideration of the transfer by Gala Group Investments of the entire issued ordinary share capital of Gala Casinos to Rank Group Gaming, Rank Group Gaming will pay a total cash consideration of £205 million, subject to certain adjustments including for working capital post-Completion.

The purchase price for the Proposed Acquisition was determined after arm's length negotiations between the parties based on normal commercial terms.

Rank intends to finance the Proposed Acquisition along with its related costs and expenses with new three-year bank facilities totally £175 million together with existing bank facilities.

Conditions to Completion

The Proposed Acquisition is conditional upon the approval of Rank Shareholders at the general meeting of Rank and receipt of UK merger control clearance. The Completion shall take place on the fifth business day after the conditions to the Proposed Acquisition have been fulfilled (or such other date as the parties may agree).

INFORMATION ON GALA CASINOS

Gala Casinos is the third largest casino operator in Great Britain (by number of casinos). The business to be acquired operates four casinos in London and 19 casinos in provincial locations in the UK.

As shown in the combined financial information representing the Gala Casinos Operating Assets, the gross assets as at 24 September 2011 was £168.7 million (approximately HK\$2.112 billion). The net profits before taxation and extraordinary items generated by Gala Casinos Operating Assets for the year ended 25 September 2010 were approximately £1,475,000 (approximately HK\$18,469,000) and the net loss before taxation and extraordinary items for the year ended 24 September 2011 was £64,000 (approximately HK\$801,000). The net profits after taxation and extraordinary items generated by Gala Casinos Operating Assets for the year ended 25 September 2010 were approximately £2,736,000 (approximately HK\$34,258,000) and the net loss after taxation and extraordinary items for the year ended 24 September 2011 was approximately £8,452,000 (approximately HK\$105,828,000).

RATIONALE

Rank is a leading European gaming company operating principally in three markets including Great Britain, Spain and Belgium. Gala Casinos' estate is complementary to Rank's existing estate from a geographic perspective, with 13 of the casinos to be acquired located in 11 cities in which Grosvenor does not currently operate. Rank intends to rebrand all of the acquired casinos to Grosvenor casinos, thus significantly extending the reach of its brand into these new locations. Following Completion, Rank would be the largest casino operator in Great Britain with an estate of 58 casinos and a further 13 non-operating licences. Rank would be strongly positioned to capture the long-term growth opportunities presented by casino gaming in the UK and to deploy its operational excellence across an enlarged portfolio.

The Board (including the independent non-executive directors) considers that the terms and conditions of the Acquisition Agreement including the purchase consideration are fair and reasonable and in the interests of Guoco and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Proposed Acquisition exceeds 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for Guoco under Chapter 14 of the Listing Rules.

GENERAL

Guoco is an investment holding and management company and the principal activities of its subsidiaries and associated companies encompass principal investment, property development and investment, hospitality and leisure business, stock and commodity broking, investment advisory, banking and financing, insurance, fund management as well as merchant banking.

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 £:HK\$ as referred to in this announcement is £1:HK\$12.5211 as at 11 May 2012, the business day immediately preceding the date of the Proposed Acquisition.)

DEFINITIONS

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

“Acquisition Agreement”	the agreement dated 12 May 2012 between Gala Group Investments, Gala Coral Group, Rank Group Gaming and Rank relating to the Proposed Acquisition
“Board”	the board of Directors
“Company” or “Guoco”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Proposed Acquisition
“Directors”	the directors of Guoco

“Gala Casinos”	Gala Casinos Limited, a company incorporated in England and Wales and a direct wholly owned subsidiary of Gala Group Investments
“Gala Casinos Operating Assets”	those operating assets held by Gala Casinos, the subject of the Proposed Acquisition
“Gala Coral Group”	Gala Coral Group Limited, a company incorporated in England and Wales and a holding company for the Gala Coral group of companies which operate licensed betting offices, bingo clubs, casinos and an online betting and gaming business
“Gala Group Investments”	Gala Group Investments Limited, a company incorporated in England and Wales and an indirect wholly owned subsidiary of Gala Coral Group, operating bingo clubs, casino venues and licensed betting offices in the UK through its subsidiaries
“Grosvenor”	Grosvenor Casinos Limited, a company incorporated in England and Wales and a indirect wholly owned subsidiary of Rank
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Acquisition”	the proposed acquisition of Gala Casinos by Rank Group Gaming pursuant to the Acquisition Agreement
“Rank”	The Rank Group Plc, a subsidiary of Guoco incorporated in England and Wales, the shares of which are listed on London Stock Exchange Plc
“Rank Group Gaming”	Rank Group Gaming Division Limited, a company incorporated in England and Wales and a indirect wholly owned subsidiary of Rank, providing shared services to Rank group companies
“Rank Shareholders”	holders of Rank Shares
“Rank Shares”	ordinary shares of 13 ^{8/9} p each in the share capital of Rank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“£” & “p”	Great British pound and pence, the lawful currencies of the UK
“%”	per cent.

Rank’s announcement on the Proposed Acquisition is posted by Guoco as an overseas regulatory announcement on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and Guoco (<http://www.guoco.com>).

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 13 May 2012