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**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 Group Limited currently comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, 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.

**12 May 2012**

**The Rank Group Plc (“Rank” or the “Company”)**

**Proposed acquisition of Gala Casinos Limited (“Gala Casinos”)**

Rank announces that it has conditionally agreed to acquire Gala Casinos from Gala Coral Group Limited (“Gala Coral Group”) for a total cash consideration of £205 million (the “Acquisition”).

The Acquisition includes 23 casinos in Great Britain and three non-operating licences. Gala Coral Group’s casinos in Dundee and Gibraltar, its non-operating licence for the City of Westminster (London) and all of the central management functions previously associated with Gala Casinos are not included in the scope of the Acquisition.

The Acquisition presents a significant opportunity for Rank to continue to deliver sustainable value to shareholders through the development of its successful casino portfolio:

- Creates the largest casino operator in Great Britain by number of casinos with 58 operating venues and 13 non-operating licences
  - Strongly positioned to capture the long-term growth opportunities presented by the British casino sector
  - Significant opportunity to deploy Rank’s proven management expertise across an enlarged portfolio
- Accelerates Rank’s programme of estate expansion in Grosvenor Casinos
  - Rebranding of Gala casinos extends Grosvenor brand into 11 new cities
  - Roll-out of the proven ‘G Casino’ format to nine Gala casino locations. The ‘G Casino’ roll-out has historically generated over 20% year two cash on cash returns
- Expected to be earnings enhancing for Rank in the first full financial year of ownership

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

Commenting on the transaction, Ian Burke, chairman and chief executive officer of Rank said:

“We are delighted to have agreed terms with Gala Coral. This Acquisition will deliver a step change in Rank’s earnings by capitalising on our proven record of operational excellence in the British casino sector and will be earnings enhancing in the first full year of ownership. By rolling out the ‘G Casino’ format into the Gala estate and expanding the Grosvenor Casino brand into 11 new cities, we will accelerate the growing awareness of the brand and support the development of a multi-channel gaming business.”

The Acquisition, which is expected to be completed in the third quarter of calendar 2012, is conditional upon the approval of Rank shareholders and receipt of UK merger control clearance.

A circular including details of the Acquisition and containing notice of a general meeting of the Company (the "General Meeting") (at which a resolution seeking Rank shareholder approval for the Acquisition will be proposed), will be despatched to shareholders as soon as practicable (the "Circular").

Rank has received an irrevocable undertaking from its majority shareholder, Rank Assets Limited (a wholly-owned subsidiary of Guoco Group Limited), to vote in favour of the resolution to be proposed at the General Meeting.

Evercore Partners is acting as sponsor and financial adviser to Rank in relation to the Acquisition. Investec is acting as corporate broker to Rank.

### **Conference call**

A conference call for investors and analysts will be held at 08.30am (London time) on Monday, 14 May 2012. Dial-in information follows below:

UK (free call): 0800 694 0257

USA (free call): 1 866 966 9439

International: +44 1452 555 566

Passcode: 81242087

***A presentation for analysts and investors will be held when the Circular is posted. There will be a simultaneous webcast of the meeting. Further details will be provided in due course.***

**Enquiries:**

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Evercore Partners (sponsor and financial adviser to Rank) Edward Banks	Tel: +44 20 7653 6000
Investec (corporate broker to Rank) Chris Treneman	Tel: +44 20 7597 4198

**Media Enquiries:**

FTI consulting (PR adviser to Rank) UK: Marc Cohen	Tel: +44 20 7831 3113
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**12 May 2012**

**The Rank Group Plc**  
**Proposed acquisition of Gala Casinos**

**Introduction**

Rank today announces that it has conditionally agreed to acquire 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.

**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. The London estate comprises casinos at Tottenham Court Road and Russell Square as well as the Golden Horseshoe on Queensway and the Barracuda on Baker Street. The provincial estate includes good quality venues across Great Britain.

Gala Casinos has traditionally targeted higher volume, lower stakes gambling which delivers reduced risk and lower earnings volatility. More recently, the business has taken steps to shift focus away from admissions towards core and higher value players.

Like Rank, Gala Casinos benefits from its exposure to the London market, which experiences higher handle per head than other locations due to higher average incomes, higher levels of tourist traffic and the presence of more frequent players who bet larger amounts.

Since 2010, the business has invested in new electronic product offerings, supported by enhanced customer service tailored specifically to the needs of machine playing customers.

Gala Casinos has undergone a pre-sale reorganisation to exclude certain assets and liabilities which were part of the casinos division of Gala Coral Group but which are outside the scope of the Acquisition. All of the central management functions for the business are provided by other companies in Gala Coral Group and the personnel and costs associated with these functions have been excluded from the Acquisition and will not transfer to Rank.

The sale and purchase agreement entered into for the purpose of the Acquisition (the "Acquisition Agreement") contemplates the transfer of approximately 2,600 Gala Casinos' employees to the Rank group.

## **Strategy**

Rank is a leading European gaming company operating principally in three markets — Great Britain, Spain and Belgium.

Rank operates solely in regulated markets, distributing its brands via venues and digital media to best meet the needs of its customers. Rank's strategy is to drive sustainable growth in earnings per share by developing trusted gaming based entertainment brands in regulated markets such as Great Britain.

Rank seeks to broaden the appeal of its brands among its target customers and operates three gaming-based entertainment brands in Great Britain — Grosvenor Casinos, Mecca Bingo and Blue Square — each aimed at different segments of the gaming sector.

## **Rationale for the Acquisition**

Rank believes that, with low penetration rates and an increasing acceptance of gaming as a leisure activity, casino gaming is a long-term growth industry.

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. The Company would be strongly positioned to capture the long-term growth opportunities presented by casino gaming in the United Kingdom and to deploy its operational excellence across an enlarged portfolio. The Acquisition would mean that over 50% of Rank's revenue would be derived from the casinos business.

Gala Casinos' estate is complementary to the Company'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.

Grosvenor Casinos' market leading growth is supported by a targeted capital investment programme which has consistently produced attractive returns on investment. The roll-out of the 'G Casino' format has proven particularly successful, with larger and more attractive casinos sited in high profile locations delivering returns in excess of our 15% hurdle rate. The Acquisition will provide the enlarged group with a range of investment opportunities, both through the development of new venues under the non-operating licences of the enlarged group and improvements to existing locations.

Rank's anticipated investment in the acquired estate following the Acquisition includes £25-30 million over two years to roll-out the 'G Casino' format to nine Gala casino locations and to upgrade the Gala Casinos' estate, including implementing consistent branding and IT systems. This investment would be in addition to the Company's existing investment plan.

## **Principal terms of the Acquisition**

Under the terms of the Acquisition, Rank has conditionally agreed to acquire Gala Casinos for a total cash consideration of £205 million, subject to certain adjustments including for working capital at completion.

The Acquisition includes the following operating assets of Gala Casinos:

- 23 land-based operating casinos in Great Britain;
- The leaseholds and one freehold associated with these casinos; and
- Three non-operating licences.

Gala Coral Group's venues and associated licences in Gibraltar and Dundee, together with its non-operating licence for the City of Westminster (London), are not included in the Acquisition. Gala Coral Group will also retain its branded online casino activities.

No central management functions associated with Gala Casinos will transfer to Rank. The Company's current management team will assume central function responsibility for the acquired estate including procurement, finance, marketing, IT and project management.

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

The Acquisition Agreement includes certain transitional services to be provided by Gala Coral Group for a limited time period following completion.

The Acquisition Agreement contains representations and warranties given to Rank by Gala Coral Group which are customary for a transaction of this nature.

The Acquisition, which is expected to be completed in the third quarter of calendar 2012, is conditional upon the approval of Rank shareholders at the General Meeting and receipt of UK merger control clearance.

## **Financial effects of the Acquisition**

Financial information in relation to the Acquisition will be provided in the Circular to be despatched to shareholders in due course. As at 24 September 2011 Gala Casinos' business had gross assets of £168.7 million and for the year ended on that date, generated a loss before tax and exceptional items of £(0.1) million<sup>1</sup>. As the business operated as part of Gala Coral

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<sup>1</sup> These figures are included pursuant to Listing Rules 10.4.1(2)(d) and 10.4.1(2)(e) and represent Rank's latest estimate of the gross assets and profits before tax and exceptional items of Gala Casinos' business as currently constituted. They do not constitute audited financial information, remain subject to review and finalisation and, as such, may change. Final financial information will be provided in the Accountants Report to be included in Rank's circular to be despatched to shareholders in due course.

Group during this period, these figures include Gala Coral Group's financing costs and other charges as well as central overhead allocations made to Gala Casinos by Gala Coral Group, none of which will be incurred under Rank's ownership.

Rank will further benefit from the exclusion from the Acquisition of certain loss-making assets and other administrative functions and costs not required under Rank's ownership.

On completion, Gala Casinos will be integrated into Rank's operations (subject to certain transitional services to be provided for a limited period), enabling Rank to extract additional cost savings over time from the economies of scale arising from the integration of Gala Casinos' estate with Rank's existing operations.

Rank's proven track record of profitable revenue growth over the last three years and the opportunity to deploy the Grosvenor brand across the Gala Casinos' estate means that Rank is confident it can improve the performance of the Gala casinos included in the Acquisition.

The Acquisition is expected to be earnings enhancing for Rank in the first full financial year of ownership<sup>2</sup>.

### **General Meeting**

In view of its size relative to the Company, the Acquisition is conditional upon Rank shareholder approval.

A Circular including details of the Acquisition and containing notice of a General Meeting of the Company, at which a resolution seeking the above approval will be proposed, will be despatched to shareholders as soon as practicable.

Rank has received an irrevocable undertaking from its majority shareholder, Rank Assets Limited (a wholly-owned subsidiary of Guoco Group Limited), to vote in favour of the resolution to be proposed at the General Meeting.

### **Financial Advice**

Evercore Partners is acting as sponsor and financial adviser to Rank in relation to the Acquisition. Investec is acting as corporate broker to Rank.

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<sup>2</sup> Nothing in this statement is intended to be a profit estimate for any period or a forecast of future profits and any statements relating to earnings accretion should not be interpreted to mean that Rank's earnings per share for the current or future financial periods will necessarily match or exceed its historical published earnings per share.



**Enquiries:**

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Investec, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Acquisition, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this announcement.

Certain statements in this announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Except as required by law, the Company is under no obligation to update or

keep current the forward-looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per Rank ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per Rank ordinary share. Prices and values of, and income from, shares may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser. Any statement to the effect that the Acquisition is expected to be earnings enhancing for the Company should not be interpreted to mean that earnings per Rank ordinary share in the first full year following the Acquisition, nor in any subsequent period, will necessarily match or be greater than those for any preceding financial year.

The information contained in this announcement is regulated information which is required to be disclosed under the FSA's Listing Rules.