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Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

CONTINUING CONNECTED TRANSACTIONS

To renew the transactions contemplated under the Services Agreement, GPLH (being a branch of an indirect wholly-owned subsidiary of the Company), as the provider of relevant operation administration calls services, entered into the Renewed Services Agreement with RWS on 14 December 2016 in respect of the provision of the Services to RWS during the Term.

RWS is an indirect wholly-owned subsidiary of GENS, which in turn is a subsidiary of GENT. Tan Sri Lim and Mr. Lim are each an Executive Director and a connected person of the Company. Each of Tan Sri Lim and Mr. Lim is a beneficiary of a discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in GENT. Accordingly, RWS (being a party to the Renewed Services Agreement) is considered to be an associate of each of Tan Sri Lim and Mr. Lim for the purposes of Chapter 14A of the Listing Rules, and is therefore a connected person of the Company under the Listing Rules. As a result, the transactions contemplated under the Renewed Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some or all of the applicable percentage ratios in respect of the Annual Cap exceed 0.1% but all of them are less than 5%, the continuing connected transactions contemplated under the Renewed Services Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to the Company's announcements dated 21 January 2010, 29 December 2011, 31 December 2012, and 21 December 2015 in connection with the continuing connected transactions between CAL, an indirect wholly-owned subsidiary of the Company, and RWS relating to the Services Agreement for the appointment of CAL by RWS as the provider of relevant operation administration calls services to RWS. The Services Agreement will be expiring on 31 December 2016.

To renew the transactions contemplated under the Services Agreement, GPHL, being a branch of an indirect wholly-owned subsidiary of the Company, has replaced CAL as the provider of the Services and entered into the Renewed Services Agreement on 14 December 2016 for the Term.

2. RENEWED SERVICES AGREEMENT

Summary of terms

Date	14 December 2016
Parties	GPHL (as service provider); and RWS (as customer)
Services	GPHL will provide English speaking agents for the Services during the Term as mutually agreed between GPHL and RWS from time to time.

GPHL and RWS has agreed on the following number of English speaking agents for the Services during the Term, any change in the number of agents in different shifts shall be mutually agreed between GPHL and RWS:

Operating Hours	Number of Agents (Range) Required			
	Weekdays	Range	Weekends	Range
07:00 – 08:00 hrs	4	4-10	4	4-10
08:00 – 09:00 hrs	10	5-10	10	5-10
09:00 – 10:00 hrs	20	15-20	15	10-15
10:00 – 18:00 hrs	22	20-30	20	20-25
18:00 – 19:00 hrs	21	20-25	20	20-22
19:00 – 20:00 hrs	20	20-25	17	17-22
20:00 – 22:00 hrs	16	15-20	15	15-20
22:00 – 23:00 hrs	11	10-12	11	10-12
23:00 – 02:00 hrs	10	10-12	10	10-12
02:00 – 07:00 hrs	4	4-6	4	4-6

Such agents will provide year round inbound and outbound operation administration calls services on a daily basis.

Term A period of three (3) years from 1 January 2017 and expiring on 31 December 2019, unless terminated pursuant to the terms of the Renewed Services Agreement. For termination without cause, either party shall be entitled to terminate the Renewed Services Agreement by giving 6 months' prior written notice to the other party after 30 June 2017.

Service Fee RWS shall pay to GPLH the service fee on a per agent seat and per hour basis during the Term, excluding expenses and disbursements reasonably incurred by GPLH in the performance of its duties and obligations under the Renewed Services Agreement.

GPLH and RWS have agreed on the following per agent seat per hour rates of the service fees:

- 07:00 – 22:00 hrs: US\$12.60 (approximately HK\$98.28)
- 22:00 – 02:00 hrs: US\$14.70 (approximately HK\$114.66)
- 02:00 – 07:00 hrs: US\$18.40 (approximately HK\$143.52)

Any adjustment to the service fee applicable for 2018 and 2019 by GPLH must be agreed to by RWS, failing which the Renewed Services Agreement shall expire on 31 December of the same year.

The service fee shall be payable in cash by telegraphic transfer or such other mode of payment as agreed between the parties on monthly basis.

Minimum Service Levels In the event GPLH is unable to meet and adhere to the minimum service levels stipulated in the Renewed Services Agreement when performing the Services, RWS reserves the right to charge GPLH US\$1.00 (approximately HK\$7.80) for each abandoned call or wrong booking in excess of the agreed percentage capped at the service fee payable for that day.

Service Fee

The Renewed Services Agreement was arrived at after arm's length negotiations between the parties. The service fee including the charge per agent seat per hour shall be mutually agreed by GPLH and RWS from time to time based on actual operating costs plus fixed rate of mark-up, provided that the rate of the service fee must always be at market rate (if a market rate is not readily available, at such rate as may be mutually agreed between the parties by reference to similar market transactions) and at arm's length, comparable to, or no less favourable than, average industry rate charged by local service providers in the business process outsourcing industry or on terms no more favourable to RWS than terms offered to independent third parties by GPLH.

Annual Cap

For the purpose of the Listing Rules, the Annual Cap, being the maximum aggregate annual service fee for the Services to be provided by GPLH to RWS under the Renewed Services Agreement during the Term, will not exceed the amount of US\$3,000,000 (approximately HK\$23,400,000).

The Annual Cap has been determined primarily by reference to: (a) total historical service fees received by CAL pursuant to the Services Agreement; (b) the service fee per agent seat per hour in respect of the Services to be provided by GPHL to RWS based on arm's length negotiations between GPHL and RWS which is comparable to the prevailing market rate and practice; (c) the estimated annual demand of the Services from the Singapore IR and Genting Hotel Jurong; (d) the potential growth of call volume for RWS; and (e) the potential increase in the consumer price index of the place(s) where the Services will be conducted during the tenure of the Renewed Services Agreement.

The aggregated service fees received by CAL from RWS in respect of the provision of relevant operation administration calls services pursuant to the Services Agreement for the financial years ended 31 December 2014, 31 December 2015 and for the nine months ended 30 September 2016 were approximately US\$1,420,000 (equivalent to approximately HK\$11,076,000), approximately US\$1,489,000 (equivalent to approximately HK\$11,614,000) and approximately US\$1,262,000 (equivalent to approximately HK\$9,844,000) respectively.

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the business of cruise and cruise related operations and leisure, entertainment and hospitality activities.

GPHL is a branch of an indirect wholly-owned subsidiary of the Company registered in the Philippines. The principal activities of GPHL, include but not limited to, the provision of services in connection with the assistance of handling inbound and outbound operation administration calls and to provide any travel and tour packages information and any reservation services for hotel rooms, cruises tickets, airlines tickets and any tickets for companies within the Asia Pacific region.

RWS is the developer, owner and operator of the Singapore IR. Its direct wholly-owned subsidiary is the developer, owner and operator of Genting Hotel Jurong.

As at the date of this announcement, RWS is an indirect wholly-owned subsidiary of GENS, which in turn is a subsidiary of GENT. Tan Sri Lim and Mr. Lim are each an Executive Director and a connected person of the Company. Each of Tan Sri Lim and Mr. Lim is a beneficiary of a discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in GENT. Accordingly, RWS (being a party to the Renewed Services Agreement) is considered to be an associate of each of Tan Sri Lim and Mr. Lim for the purposes of Chapter 14A of the Listing Rules, and is therefore a connected person of the Company under the Listing Rules. As a result, the transactions contemplated under the Renewed Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Renewed Services Agreement was arrived at after arm's length negotiations between the parties, and will allow GPLH to continue to generate income from providing services to parties outside the Group. Accordingly, the Board (including the Independent Non-executive Directors) (with each of Tan Sri Lim and Mr. Lim, whom, by virtue of his connected relationships with GENT, GENS and RWS as disclosed above, is regarded as having a material interest in the transactions and has abstained from voting on the Renewed Services Agreement) considers that the terms of the Renewed Services Agreement are fair and reasonable, on normal commercial terms with reference to the prevailing market rate and practice, and in the interests of the Company and its Shareholders as a whole, and that the Renewed Services Agreement was entered into in the ordinary and usual course of business of the Group.

4. LISTING RULES IMPLICATIONS

Since some or all of the applicable percentage ratios in respect of the Annual Cap exceed 0.1% but all of them are less than 5%, the continuing connected transactions contemplated under the Renewed Services Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In the event that the Annual Cap is exceeded or the Renewed Services Agreement is further renewed or materially varied, the Company will comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, where applicable.

5. DEFINITIONS

In this announcement, the following terms shall have the meaning set opposite to them unless the context requires otherwise:

“Annual Cap”	the maximum aggregate annual service fee for the Services to be provided by GPLH to RWS under the Renewed Services Agreement for each of the financial years ending 31 December 2017, 31 December 2018, and 31 December 2019
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“CAL”	Crystal Aim Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

“Company”	Genting Hong Kong Limited, an exempted company continued into Bermuda with limited liability and the Shares of which are primary listed on the Main Board of the Stock Exchange and secondary listed on the Main Board of the Singapore Exchange Securities Trading Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“GENS”	Genting Singapore PLC, a company incorporated in the Isle of Man and listed on the Main Board of the Singapore Exchange Securities Trading Limited and a subsidiary of GENT and an associate of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement
“GENT”	Genting Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad and the parent company of RWS and GENS and an associate of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement
“Genting Hotel Jurong”	Genting Hotel Jurong, a hotel sited along Singapore’s western highway connecting the second link to the Singapore IR and developed, owned and operated by a direct wholly-owned subsidiary of RWS
“GPHL”	Genting Philippines Holdings Limited - Philippine Branch, the branch of Genting Philippines Holdings Limited registered in the Philippines. Genting Philippines Holdings Limited is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Lim”	Mr. Lim Keong Hui, an Executive Director and a substantial shareholder of the Company, and a son of Tan Sri Lim
“Renewed Services Agreement”	the agreement entered into between RWS and GPHL on 14 December 2016 for the renewal of the Services Agreement and replacement of CAL with GPHL as the provider of the Services
“RWS”	Resorts World at Sentosa Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of GENS
“Services”	the scope of services of GPHL in respect of the Singapore IR and Genting Hotel Jurong, including but not limited to (i) the handling of English speaking inbound and outbound operation administration calls and the provision of any reservations and booking services of tour packages, hotel rooms and any tickets for local and overseas customers of RWS in connection with the Singapore IR and Genting Hotel Jurong; and (ii) the handling of all amendment and cancellation related activities of any reservations and booking services of the Singapore IR and Genting Hotel Jurong
“Services Agreement”	the agreement entered into between RWS and CAL on 21 January 2010 as supplemented by the first supplemental agreement dated 29 December 2011, the second supplemental agreement dated 31 December 2012, and the third supplemental agreement dated 21 December 2015 for the appointment of CAL as the provider of relevant operation administration calls services to RWS
“Share(s)”	ordinary share(s) with par value of US\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Singapore IR”	Resorts World Sentosa, the integrated destination resorts in Singapore, offering a casino, Universal Studios Singapore theme park, the Marine Life Park, MICE (meetings, incentives, conferences and exhibitions) facilities, hotels, F&B outlets and specialty retail outlets
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tan Sri Lim”	Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company, and the father of Mr. Lim
“Term”	the period from 1 January 2017 to 31 December 2019 pursuant to the Renewed Services Agreement
“US\$”	United States dollar(s), the lawful currency of The United States of America

By Order of the Board
Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Hong Kong, 14 December 2016

As at the date of this announcement, the Board comprises two Executive Directors, namely Tan Sri Lim Kok Thay and Mr. Lim Keong Hui, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.

Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted, for the purpose of illustration only, into HK\$ based on the exchange rate of US\$1 = HK\$7.80

No representation is made that the amounts stated in this announcement have been or could have been or could be converted at the above rate or at any other rates or at all.