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Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 19 January 2004, 30 December 2008, 23 December 2010, 6 June 2012 and 31 December 2013 in relation to the continuing connected transactions between the Group and the GENM Group with respect to, inter alia, certain joint promotion and marketing activities.

The term of the JPM Agreement was fixed for a period of three years, expiring on 31 December 2016.

On 30 December 2016, the Group entered into the Renewed JPM Agreement to renew the JPM Agreement and the continuing connected transactions contemplated thereunder for a further period of three years from 1 January 2017 to 31 December 2019.

The Annual Caps have been aggregated with the annual caps of the Genting Rewards Alliance Agreement for the financial years ending 31 December 2017 and 2018, due to their similar and complementary nature of customer loyalty and marketing programmes.

As one or more of the applicable percentage ratios in respect of (i) the total maximum annual amounts payable by the Group to the GENM Group and/or RW Services (as appropriate) and (ii) the total maximum annual amounts receivable by the Group from the GENM Group and/or RW Services (as appropriate), in relation to the continuing connected transactions under these agreements during their respective terms exceed 0.1% but all applicable percentage ratios are less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to the Announcements in relation to the continuing connected transactions between the Group and the GENM Group with respect to, inter alia, certain joint promotion and marketing activities.

Pursuant to the JPM Agreement, members of the GENM Group and members of the Group agreed to engage in certain joint promotion and marketing programmes to be implemented from time to time for the joint promotion of their respective business, including reciprocal recognition of each other's customer loyalty card, namely the GENM Membership Card and the RWASGR Card. The term of the JPM Agreement was fixed for a period of three years, expiring on 31 December 2016.

1.1 Renewed JPM Agreement

On 30 December 2016, the Group entered into the Renewed JPM Agreement to renew the JPM Agreement and the continuing connected transactions contemplated thereunder for a further period of three years from 1 January 2017 to 31 December 2019. Further details on the Renewed JPM Agreement are set out below in this announcement.

1.2 Continuing Connected Transactions

GENM is a subsidiary of GENT. Each of Tan Sri Lim and Mr. Lim is 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, GENM (being a party to the Renewed JPM 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 are therefore connected persons of the Company under the Listing Rules. As a result, the transactions contemplated under the Renewed JPM Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2. RENEWED JPM AGREEMENT

The JPM Agreement was entered into by the parties in January 2004. In order to consolidate all the changes made to the JPM Agreement by way of supplemental agreements over the years and to bring the terminologies of such agreements up to date, the Company entered into the Renewed JPM Agreement with GENM, which governs the terms and conditions of certain joint promotion and marketing activities previously provided for under the JPM Agreement.

2.1 Parties

Parties to the JPM Agreement: GENM and the Company

2.2 Date

30 December 2016

2.3 Nature and Consideration

Pursuant to the Renewed JPM Agreement, GENM and the Company have agreed to engage in certain joint promotion and marketing programmes to be implemented from time to time for the joint promotion of their respective businesses. The joint promotion and marketing programmes as envisaged by the Renewed JPM Agreement include the following:

(i) *Joint promotion of the parties' products*

The parties shall sell and market each other's goods and services to their respective customers in accordance with such terms and conditions to be mutually agreed upon from time to time on arm's length terms with reference to the retail prices of the relevant goods and services which shall be no less favourable than the terms given to any independent third party.

(ii) *Reciprocal recognition of customer loyalty cards*

The Company and GENM shall mutually recognise and accept the other party's customer loyalty card, namely, the GENM Membership Card and the RWASGR Card, whereby each party shall allow the other party's customer loyalty card holders to enjoy the privileges and promotions offered under its respective customer loyalty programme. Each party's customer loyalty card member shall be entitled to earn and redeem points at the permitted and designated outlets of the other party in accordance with the following pricing policy:-

Nature of Transaction

- (a) Amounts payable or amounts receivable in relation to membership loyalty points awarded by the Group to members of the GENM Group or by the GENM Group to members of the Group in retail or hospitality transactions

Pricing Policy

The points to monetary value conversion rate shall be at a fixed percentage on the retail price of the transactions available to independent third party customers, taking into account of foreign exchange rates (determined by reference to the Reuters rates) as agreed between the parties annually, such rates being comparable with or no less favourable than those applied by independent third parties for similar transactions in the retail or hospitality industries.

(b) Amounts payable or amounts receivable in relation to product(s) and/or service(s) redeemed by members of the Group at the outlets of the GENM Group or members of the GENM Group at the outlets of the Group	The amounts payable and amounts receivable shall be at the retail price of the transactions available to independent third party customers applying the applicable foreign exchange rates (determined by reference to the Reuters rates) as agreed between the parties annually, such computation being comparable with or no less favourable than those applied by independent third parties for similar transactions in the retail or hospitality industries.
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(iii) *Other joint promotion and marketing activities*

The parties shall, as and when they desire, carry out such other joint promotion and marketing activities including, but not limited to, joint advertisements, road shows, exhibitions, mutual sponsorship of promotion events and other marketing campaigns at costs to be shared in proportion based on actual utilisation of the respective parties. The basis of determining the actual utilisation rates will vary from case to case and includes bases such as floor usage ratio, turnover ratio and number of personnel used or provided by each party, as appropriate.

Detailed implementation of the reciprocal recognition of the GENM Membership Card, the RWASGR Card and other joint promotion and marketing programmes will be subject to the terms and conditions of specific agreement(s) to be entered into by the relevant members of the Group and GENM Group pursuant to and consistent with the framework provided under the Renewed JPM Agreement.

2.4 Term

The term of the Renewed JPM Agreement will be for three (3) years commencing from 1 January 2017 to 31 December 2019. Either party may terminate the Renewed JPM Agreement without cause by giving prior written notice of not less than 90 days to the other party. Termination of the Renewed JPM Agreement shall automatically terminate any specific agreement(s) signed pursuant to the Renewed JPM Agreement.

3. ANNUAL CAPS

3.1 Historical aggregate amounts paid and received

The aggregate amounts paid by the Group to the GENM Group, and those received by the Group from the GENM Group, in respect of the transactions under the JPM Agreement for the last two complete financial years and for the nine months ended 30 September 2016 were as follows:

	<u>For the year ended</u> <u>31 December</u>		<u>For the nine</u> <u>months ended</u> <u>30 September</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>
		US\$ '000 (HK\$ '000)	
Amounts paid by the Group	163 (1,271)	58 (452)	23 (179)
Amounts received by the Group	1,106 (8,627)	477 (3,721)	160 (1,248)

3.2 Proposed Annual Caps

It is expected that the Annual Caps of each of the amounts payable and the amounts receivable by the Group under the terms of the Renewed JPM Agreement for each of the three years ending 31 December 2019 are US\$1.5 million and US\$3 million respectively.

3.3 Basis of the proposed Annual Caps

The Annual Caps set out above have been determined based on a number of factors including:

- (a) the previous levels of transactions under the JPM Agreement;
- (b) the fluctuations in the level of transactions under the JPM Agreement during last two complete financial years and for the nine months ended 30 September 2016;
- (c) the projected increase in the amount of transactions as a result of active marketing efforts contemplated under the Renewed JPM Agreement; and
- (d) a reasonable amount to cater for any unexpected increase in the amount of transactions during the financial years ending 31 December 2017, 2018 and 2019, which might arise due to the future potential increase in the number of cruises and passengers.

3.4 Listing Rules Implications

For the purposes of computation of the applicable percentage ratios under the Listing Rules, the Annual Caps have been aggregated with the annual caps of Genting Rewards Alliance Agreement for the financial years ending 31 December 2017 and 2018, due to their similar and complementary nature of customer loyalty and marketing programmes.

As one or more of the applicable percentage ratios in respect of (i) the total maximum aggregated annual amounts payable by the Group to the GENM Group and/or RW Services (as appropriate) and (ii) the total maximum annual aggregated amounts receivable by the Group from the GENM Group and/or RW Services (as appropriate), in relation to the continuing connected transactions under these agreements during their respective terms exceed 0.1% but all applicable percentage ratios are less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In the event that any of the Annual Caps is exceeded or the Renewed JPM 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.

4. REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS

The Renewed JPM Agreement was concluded following arm's length negotiations. The terms under such agreements are no less favourable than those offered to the Group by the relevant members of the GENM Group to any other independent third parties. Any subsequent specific agreement entered into pursuant to the Renewed JPM Agreement will be negotiated at arm's length in accordance with the pricing principles set out in the Renewed JPM Agreement to ensure that the transactions will be conducted on normal commercial terms and on terms that will be no less favourable to the Group than those offered by GENM (and its subsidiaries) to any other independent third parties.

The Renewed JPM Agreement will save the Company considerable marketing expenses in new markets and gain a new avenue to promote its business by pooling the resources with the GENM Group, and the joint promotions will also offer customers a more diversified and interesting portfolio of destinations.

Accordingly, the Board (including the independent non-executive Directors) (with each of Tan Sri Lim and Mr. Lim who, by virtue of his respective connected relationships with GENT and GENM, as disclosed in the paragraph headed “Continuing Connected Transactions” of this announcement, is regarded as having a material interest in the transactions and has abstained from voting on the Renewed JPM Agreement) considers that the terms of the Renewed JPM Agreement are on normal commercial terms, that the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole and that the Renewed JPM Agreement was entered into in the ordinary and usual course of the Group’s businesses.

5. GENERAL INFORMATION

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.

GENM is involved in a tourist resort business at Genting Highlands and its principal activities cover leisure and hospitality services, which comprise amusement, gaming, hotel and entertainment.

DEFINITIONS

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

“ Announcements”	the announcements of the Company dated 19 January 2004, 30 December 2008, 23 December 2010, 6 June 2012 and 31 December 2013;
“ Annual Caps”	the expected maximum aggregate annual figures of each of the amounts payable and the amounts receivable by the Group under the terms of the Renewed JPM Agreement as set out under paragraph headed “Annual Caps” in this announcement, for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively;
“ associate”	has the meaning ascribed to it under the Listing Rules;
“ Board”	the board of Directors of the Company;

“ Company”	Genting Hong Kong Limited, an exempted company continued into Bermuda with limited liability having its shares 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”	has the meaning ascribed to it under the Listing Rules;
“ Director”	a director of the Company and “Directors” shall be construed accordingly;
“ GENM”	Genting Malaysia Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, is an associate of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement;
“ GENM Group”	GENM and its subsidiaries from time to time;
“ GENM Membership Card”	all different categories of membership cards issued by GENM Group under its customer loyalty programme known as “ <i>Genting Rewards</i> ” (formerly known as “ <i>WorldCard</i> ”) operated by GENM Group;
“ GENT”	Genting Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad and the parent company of GENM, is an associate of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement;
“ Genting Rewards Alliance Agreement”	the alliance agreement dated 14 September 2016 entered into between Star Cruise (C) Limited, an indirect wholly owned subsidiary of the Company, and RW Services, in relation to the Group’s participation in, and alliance to, the customer loyalty programme known as the “ <i>Genting Rewards Alliance</i> ” (the details of which were disclosed in the announcement of the Company dated 14 September 2016);
“ Group”	the Company and its subsidiaries from time to time;
“ HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“ JPM Agreement”	the joint promotion and marketing agreement dated 19 January 2004 entered into between GENM and Star Cruise Management Limited, an indirect wholly-owned subsidiary of the Company, in relation to the implementation of joint promotion and marketing programmes including reciprocal recognition of their respective customer loyalty cards, as amended and supplemented by the supplemental agreement dated 30 December 2008, the second supplemental agreement dated 23 December 2010 and the third supplemental agreement dated 31 December 2013;
“ 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 JPM Agreement”	the joint promotion and marketing agreement dated 30 December 2016 entered into between GENM and the Company amending and renewing the JPM Agreement for a period of three years from 1 January 2017 to 31 December 2019;
“ RWASGR Card”	means all different categories of membership cards issued by the Group under the customer loyalty programme known as “ <i>Resorts World at Sea Genting Rewards</i> ” (formerly known as “ <i>Star Cruises Genting Rewards</i> ”) operated by the Group;
“ RW Services”	RW Services Pte Ltd, a company incorporated in the Republic of Singapore and a joint venture in which each of GENT and Tan Sri Lim indirectly holds a 50% equity interest;
“ 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; and
“ US\$”	United States dollars, the lawful currency of the United States of America.

By Order of the Board
Louisa Tam Suet Lin
Company Secretary

Hong Kong, 30 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.

For the purposes of this announcement, the exchange rate of US\$1.00 = HK\$7.8 has been used, where appropriate, for the purposes of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.