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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, amongst other things, the WorldCard Loyalty Programme and the Joint Promotion and Marketing Agreement.

The Company announces that on 14 September 2016, SC(C), a wholly-owned subsidiary of the Company, entered into the Genting Rewards Alliance Agreement with RW Services in relation to SC(C)'s participation in, and alliance to, the GRA Programme, a new customer loyalty programme which will run in parallel with the current arrangements under the Inter-Operator Agreement (which governs the arrangements under the WorldCard Loyalty Programme) and the Joint Promotion and Marketing Agreement.

The Inter-Operator Agreement and the Joint Promotion and Marketing Agreement will expire on 31 December 2016 and are expected to be further renewed by the parties.

Each of GENT and Tan Sri Lim indirectly holds a 50% equity interest in RW Services, and therefore RW Services is an associate of GENT and Tan Sri Lim for the purpose of the Listing Rules. As each of GENT and Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, RW Services is accordingly also regarded as a connected person of the Company. As a result, the transactions under the Genting Rewards Alliance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Genting Rewards Alliance Agreement shall, unless terminated sooner in accordance with its terms, continue until 31 December 2018. The Company has determined the Annual Caps in respect of the Genting Rewards Alliance Agreement throughout its term.

The Annual Caps of the Genting Rewards Alliance Agreement has been aggregated with the annual caps of the Inter-Operator Agreement and the Joint Promotion and Marketing Agreement for the year ending 31 December 2016, 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 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, amongst other things, the WorldCard Loyalty Programme and the Joint Promotion and Marketing Agreement.

The Company announces that on 14 September 2016, SC(C), a wholly-owned subsidiary of the Company, entered into the Genting Rewards Alliance Agreement with RW Services in relation to SC(C)'s participation in, and alliance to, the GRA Programme, a new customer loyalty programme.

The GRA Programme is a multi-jurisdictional and multilateral alliance of customer rewards programme. It provides a network through which multiple customer rewards programmes from different localities and countries can participate as part of the network, facilitating the redemption of loyalty or reward points across loyalty programmes by participants in the GRA Programme.

The GRA Programme will run in parallel with the current arrangements under the Inter-Operator Agreement (which governs the arrangements under the WorldCard Loyalty Programme) and the Joint Promotion and Marketing Agreement. The GRA Programme will allow SC(C) to actively market to GRA Users who are neither members of the WorldCard Loyalty Programme nor the RWASGR Programme and may not be aware of the products and/or services offered by SC(C), whilst the Inter-Operator Agreement and the Joint Promotion and Marketing Agreement will continue to allow for members of the WorldCard Loyalty Programme and the RWASGR Programme to receive the recognition and benefits extended only to members. These programmes aim to facilitate SC(C) to develop the membership loyalty programmes and business for the Company by covering various marketing channels.

2. THE GENTING REWARDS ALLIANCE AGREEMENT

2.1 Parties

- (1) RW Services; and
- (2) SC(C)

2.2 Date

14 September 2016

2.3 Key Terms

Pursuant to the Genting Rewards Alliance Agreement, RW Services has agreed to grant SC(C) the non-exclusive right to become an alliance participant in the GRA Programme, and SC(C) has agreed to become an alliance participant in the GRA Programme, on the following terms:

(i) *Adoption of “Genting Rewards” and GRA Marks*

SC(C) shall adopt the name of “Genting Rewards” as the common brand name for its domestic loyalty programme, the RWASGR Programme, such that it shall be commonly known as the “Genting Rewards” programme.

RW Services shall also make available to, and authorise (to the extent RW Services is authorised to do so) SC(C) to use the GRA Marks in conjunction with the operations, promotion and advertising of the RWASGR Programme.

(ii) *Co-operation with RW Services*

RW Services shall manage the GRA Programme and integrate SC(C) within the scope of the alliance.

In particular, RW Services shall provide the infrastructure and frameworks for the GRA Programme, including developing and implementing a members’ portal, marketing portal and smart device applications. RW Services, together with SC(C), shall structure joint marketing plans and redemption plans, and hold annual meetings to review and contribute to the planning on the development and growth of the GRA Programme.

RW Services shall also have the authority and be responsible for developing and building the GRA Users database and for setting the operating policies, manuals, standards of operations, quality of goods and services offered, marketing approach, and redemption and promotion arrangements under the GRA Programme. Whilst SC(C) shall ensure that the RWASGR Programme is managed and operated in compliance with such policies and standards, SC(C) shall also be entitled to provide its views to RW Services in determining and setting these parameters.

RW Services and SC(C) shall mutually fix, from time to time, the basis for the redemption of the GR Points for any products/services supplied by SC(C) to the GRA Programme.

(iii) *Operations of the GRA Programme*

Existing members of SC(C)'s domestic RWASGR Programme will be entitled to apply to become GRA Users. GRA Users shall be able to enjoy cross-redemption of rewards and promotional privileges offered through the GRA Programme with the GR Points earned upon their spending on goods and/or services in the RWASGR Programme, in addition to the continuing WorldCard Loyalty Programme and promotion and marketing programmes implemented under the Joint Promotion and Marketing Agreement.

SC(C) and other alliance members of the GRA Programme shall be able to offer all or certain specific privileges and benefits offered under their respective domestic customer loyalty programme as agreed from time to time, for redemptions by the GRA Users via the GRA Programme.

SC(C) shall commit or cause to commit to the GRA Programme and RW Services a list of products and services for redemption on the GRA Programme.

In the event that a member of the RWASGR Programme redeems any products and/or services which are not owned or provided by SC(C), RW Services shall make such products and/or services available for redemption and invoice SC(C) for reimbursement of the value of such products and/or services.

If the product and/or service is/are owned by SC(C), GR Points will be deducted from the GRA User's GRA eWallet.

In the event that a non-member of the RWASGR Programme redeems any products and/or services provided by SC(C) through the Global Redemption Programme, RW Services shall arrange for payment of the value of such products and/or services to SC(C).

The value of the products and services supplied by SC(C) to the GRA Programme shall be taken as the value designated by SC(C), which shall be equivalent to the best available price payable by third parties for such products or services.

2.4 Consideration

In consideration of RW Services accepting SC(C) as an alliance participant in the GRA Programme, SC(C) shall pay to RW Services (net of all taxes), the higher of:

- (1) a yearly alliance fee of US\$30,000; and
- (2) a fee which is equivalent to 3% of the value of the total products and/or services supplied by or for and on behalf of SC(C) and redeemed by the GRA Users from the GRA Programme within the consecutive twelve months period effective from the date of the Genting Rewards Alliance Agreement.

For the avoidance of doubt, the 3% fee in item (2) above is calculated on the value of any products or services supplied by SC(C) which are redeemed by GRA Users. The percentage of fee charged, i.e. 3%, is commensurate with the commissions and fees which the Group pays, in the ordinary course of business, to other third party providers for similar business introduction and promotion services, including travel agents.

The parties have agreed that in the first twelve months from the effective date of the Genting Rewards Alliance Agreement, SC(C) shall only be liable to pay the fee in (2) above; in other words, the minimum fee of US\$30,000 shall not apply in this period.

In the next twelve consecutive months, RW Services shall invoice SC(C) monthly in arrears the sum equal to item (2) above in the preceding month, with an additional invoice at the end of such twelve months for the difference between the total sum payable in the twelve months and US\$30,000 in the event that such total sum is less than US\$30,000.

In the remainder of the term of the Genting Rewards Alliance Agreement, being four months, the period of which is shorter than a calendar year, the alliance fee shall be calculated on a pro rata basis. As such, SC(C) shall be liable to pay the higher of the US\$10,000 alliance fee (as pro rated) or the fee in (2) above.

2.5 Term, Termination and Suspension

The Genting Rewards Alliance Agreement is effective from 14 September 2016, and unless terminated sooner in accordance with the provisions set out therein (including the occurrence of events of default), shall continue until 31 December 2018.

SC(C) has the option to renew the Genting Rewards Alliance Agreement on the same terms, by prior written notice to RW Services thirty days prior to the expiry date of the relevant term, for a three-year term, for up to a maximum of nine such renewals.

SC(C) may withdraw its participation as an alliance participant in the GRA Programme, or RW Services may terminate the Genting Rewards Alliance Agreement, by giving written notice of not less than one year to the other party.

SC(C) may, in its absolute discretion, suspend the Genting Rewards Alliance Agreement with immediate effect upon the occurrence of any of the following:

- (1) if its participation as an alliance participant will jeopardise or threaten to adversely affect (i) any approval or licences granted by any government authority or regulator to SC(C) or its associated entities; or (ii) the listing status of the Company;
- (2) if the participation as an alliance participant is prohibited by any government authority or by law or by any court proceedings;
- (3) if SC(C) or any of its associated entities is directed by any government authority to cease doing business with RW Services or its associated entities, or SC(C) determines that any activity or relationship engaged by RW Services, its associated entities, or its officers or representatives, can or does materially threaten, or cause, the denial, suspension or revocation of the SC(C)'s or any of its associated entities' business qualifications or registrations with, findings of suitability of, or licences, if any, issued by any regulatory authority in any jurisdiction worldwide;
- (4) if there is any potential breach by the Company of the Listing Rules arising out of the continued operation of the Genting Rewards Alliance Agreement, including, without limitation, any breach of the Annual Caps; or
- (5) with the written agreement of RW Services.

3. ANNUAL CAPS

3.1 Aggregated historical amounts paid and received

Prior to entering into the Genting Rewards Alliance Agreement, the Group has not entered into any similar agreements with RW Services. As such, there is no historical amount for the amounts payable and receivable under the Genting Rewards Alliance Agreement.

However, based on the Joint Promotion and Marketing Agreement and the Inter-Operator Agreement (which governs the arrangements under the WorldCard Loyalty Programme), which are arrangements of a similar nature and have been aggregated for the purpose of computing annual caps in previous financial years, 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 Joint Promotion and Marketing Agreement and the Inter-Operator Agreement for the last three financial years were as follows:

	<u>For the year ended 31 December</u>		
	2013	2014	2015
	US\$ '000		
	(HK\$ '000)		
Amounts paid by the Group	631	164	58
	(4,922)	(1,279)	(452)
Amounts received by the Group	1,724	1,110	477
	(13,447)	(8,658)	(3,721)

3.2 Proposed Annual Caps of the Genting Rewards Alliance Agreement

3.2.1 It is expected that the Annual Caps of the amounts payable and the amounts receivable by the Group under the Genting Rewards Alliance Agreement for the three years ending 31 December 2016, 31 December 2017 and 31 December 2018 are as follows:

	<u>For the period/year ending 31 December</u>		
	2016*	2017	2018
	US\$ '000		
	(HK\$ '000)		
Annual amounts payable by the Group	100	500	1,000
	(780)	(3,900)	(7,800)
Annual amounts receivable by the Group	100	500	1,000
	(780)	(3,900)	(7,800)

** The amounts for the year 2016 have been projected for 4 months only, being the duration for which the Genting Rewards Alliance Agreement has come into effect.*

3.2.2 To the extent that the Inter-Operator Agreement and the Joint Promotion and Marketing Agreement are renewed subsequent to 31 December 2016, revised annual caps will be determined and be disclosed as applicable in accordance with the Listing Rules.

3.3 Basis of the proposed Annual Caps of the Genting Rewards Alliance Agreement

The Annual Caps of the Genting Rewards Alliance Agreement as set out above have been determined based on a number of factors, including:

- (a) considering previous levels of transactions under the WorldCard Loyalty Programme and the Joint Promotion and Marketing Agreement;
- (b) considering projections of potential transactions with new customers under the GRA Programme; and
- (c) taking into account a reasonable amount to cater for any increase in the amount of transactions which might arise due to future potential increase in the number of cruises and passengers.

3.4 Listing Rules Implications

Each of GENT and Tan Sri Lim indirectly holds a 50% equity interest in RW Services, and therefore RW Services is an associate of GENT and Tan Sri Lim for the purpose of the Listing Rules. As each of GENT and Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, RW Services is accordingly also regarded as a connected person of the Company. As a result, the transactions under the Genting Rewards Alliance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Annual Caps of the Genting Rewards Alliance Agreement has been aggregated with the annual caps of the Inter-Operator Agreement and the Joint Promotion and Marketing Agreement for the year ended 31 December 2016, 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.

In the event that any of the Annual Caps is exceeded, or upon the renewal of the Genting Rewards Alliance Agreement, or when there is any material change to the terms hereof, the Company will comply with the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules, where applicable.

4. REASONS FOR, AND BENEFITS OF, THE GENTING REWARDS ALLIANCE AGREEMENT

The Genting Rewards Alliance Agreement was concluded upon arm's length negotiations. Its terms are no less favourable than those offered by the group of companies of RW Services to any other independent third parties.

The Genting Rewards Alliance Agreement allows the Group to leverage on a common platform for cross marketing on a multijurisdictional and multilateral basis, enabling the Group to utilise the GRA Programme's marketing and promotional resources to form a richer pool of international redemptions and privileges for its customers. Accordingly, participation in the GRA Programme is expected to directly benefit the operation, promotion and advertising of SC(C)'s domestic loyalty programme(s).

Accordingly, the Board (including the Independent Non-executive Directors), with each of:

- Tan Sri Lim Kok Thay (the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company; and the Chairman and the Chief Executive and a shareholder of GENT); and
- Mr. Lim Keong Hui (an Executive Director, the Executive Director – Chairman's Office and Chief Information Officer and a substantial shareholder of the Company; a Non-independent Executive Director, the Executive Director – Chairman's Office and the Chief Information Officer of GENT; a director of RW Services; and a son of Tan Sri Lim),

each of whom, by virtue of his respective direct and/or deemed interest in GENT and RW Services, is regarded as having a material interest in the transactions, having abstained from voting on the Genting Rewards Alliance Agreement, considers that the terms of the Genting Rewards Alliance 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 Genting Rewards Alliance 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 as well as leisure, entertainment and hospitality activities.

SC(C) manages, operates and administers the Group membership programme, namely the RWASGR Programme. The principal objective of such membership programme is to increase customer's loyalty and encourage customers to repeat purchases by rewarding them with redemption items, discounts and other special offers.

RW Services is the founder, promoter and programme manager of the GRA Programme which is an established global alliance of customer reward programme.

GENT is an investment holding and management company. The principal activities of the GENT Group include, inter alia, leisure and hospitality, gaming and entertainment businesses, development and operation of integrated resorts, tours and travel related services, etc..

DEFINITIONS

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

“ Annual Caps”	the expected maximum annual amounts payable and the amounts receivable by the Group under the terms of the Genting Rewards Alliance Agreement for each of the period/year ending 31 December 2016, 31 December 2017 and 31 December 2018 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 primarily 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 in which GENT holds an approximately 49.32% equity interest, and is a substantial shareholder of the Company, holding an approximately 16.87% interest in the Company's issued share capital as at the date of this announcement;
“ GENM Group”	GENM and its subsidiaries from time to time;

“ GENT”	Genting Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, which is a substantial shareholder of the Company, holding (by virtue of, inter alia, its interest in GENM which is consolidated as a subsidiary of GENT) an aggregate attributable equity interest of approximately 17.11% in the issued share capital of the Company as at the date of this announcement;
“ GENT Group”	GENT and its subsidiaries from time to time;
“ Genting Rewards Alliance Agreement”	the alliance agreement dated 14 September 2016 entered into between SC(C) and RW Services in relation to SC(C)’s participation in, and alliance to, the GRA Programme;
“ GRA Marks”	“Genting Rewards” and “Genting Rewards Alliance” trademarks applied for and/or registered for use in the GRA Programme;
“ GRA eWallet”	online platform where GRA Users will have their respective GRA membership and GR Points stored;
“ GR Points”	loyalty points accorded into the account of GRA Users from the RWASGR Programme upon the purchase of goods and/or services by the GRA Users;
“ GRA Programme”	the customer loyalty programme known as “Genting Rewards Alliance”, founded and owned by RW Services globally, for the redemption of GR Points from the global redemption portal;
“ GRA Users”	members of the GRA Programme registered and activated to use its global alliance portal and smart device applications;
“ Group”	the Company and its subsidiaries from time to time;
“ HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“ Inter-Operator Agreement”	the inter-operator agreement dated 25 October 2004 entered into between a wholly-owned subsidiary of the Company and the GENM Group in relation to the cross-territory operation of the WorldCard Loyalty Programme, as supplemented by agreements dated 26 October 2004, 30 December 2008, 23 December 2010 and 31 December 2013;

“ Joint Promotion and Marketing 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 by a letter agreement dated 19 January 2004, and supplemented by agreements dated 30 December 2008, 23 December 2010 and 31 December 2013;
“ Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“ 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;
“ RWASGR Programme”	the customer loyalty programme known as “Resorts World at Sea Genting Rewards” (formerly known as the “Star Cruises Genting Rewards” or “Star VIP 88”) operated by SC(C);
“ SC(C)”	Star Cruise (C) Limited, a company incorporated in the Isle of Man and an indirect wholly-owned subsidiary of the Company;
“ 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;
“ US\$”	United States dollars, the lawful currency of the United States of America; and
“ WorldCard Loyalty Programme”	the customer loyalty programme known as the “WorldCard” operated by the GENM Group in Malaysia and by the Group in countries and territories outside Malaysia.

Unless otherwise specified, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00: HK\$7.80.

By Order of the Board
Louisa Tam Suet Lin
Company Secretary

Hong Kong, 14 September 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.