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Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

CONTINUING CONNECTED TRANSACTIONS

The Company and FGL have entered into the Master Agreement dated 8 November 2016 whereby the Group as purchaser may purchase from FGL, and FGL as vendor may sell the Equipment and/or provide the Services to the Group, for a term commencing from 8 November 2016 until 31 December 2018.

FGL is an indirect wholly-owned subsidiary of RWI. Each of Tan Sri Lim and his associate (GENT) indirectly holds a 50% equity interest in RWI, and therefore RWI is also an associate of Tan Sri Lim for the purpose of the Listing Rules. As Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, FGL is accordingly also regarded as a connected person of the Company. As a result, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios in respect of the Annual Caps exceeds 0.1% but all of them are less than 5%, the Master Agreement and the Transactions are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

The Company and FGL entered into the Master Agreement dated 8 November 2016 whereby the Group may purchase from FGL, and FGL may sell the Equipment and/or provide the Services to the Group, for a term commencing from 8 November 2016 until 31 December 2018.

2. MASTER AGREEMENT

The principal terms of the Master Agreement are set out below:

Date	8 November 2016
Parties	(a) the Company as purchaser; and (b) FGL as vendor
Subject Matter	<p>FGL and the Company agreed to enter into the Master Agreement as the principal agreement in relation to the purchase of the Equipment and provision of the Services. The Company shall procure its relevant subsidiaries to be bound by the Master Agreement as and when such subsidiaries purchase the Equipment from and/or engage the Services of FGL.</p> <p>FGL shall supply the Equipment and/or provide the Services pursuant to the detailed written purchase orders provided by the Group.</p>
Pricing	<p>The purchase price of the Equipment and fees for the Services shall be agreed by the Group and FGL from time to time during the term of the Master Agreement on a willing seller and a willing buyer in an arm's length transaction basis and shall be indicated on the purchase orders to be issued by the Group and accepted by FGL.</p> <p>The Group will settle any purchase price and the fees payable under the Master Agreement by internal resources within 30 days from the date of receipt of the invoices.</p>
Term	The Master Agreement shall commence from 8 November 2016 until 31 December 2018 and shall be renewable at the option of the Company for such duration and upon such terms and conditions as shall be mutually approved by the Company and FGL.
Termination	The Master Agreement may be terminated by either party by serving not less than 180 days advance written notice to the other party.

The terms of the Master Agreement were negotiated on an arm's length basis between the Company and FGL with reference to other arrangements of similar products and services offered by independent third parties.

Since the Equipment and/or Services are customized according to the specifications and/or the requirements of different properties of the Group, the Group has obtained and will continue to obtain quotations or tenders from independent third party suppliers, when required, as a benchmark of prevailing marketing terms and practice. The Group will assess the suitability of the suppliers by comparing their commercial terms, and features, functions and strengths of the Equipment and/or Services to ensure that the Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

3. IMPLICATIONS OF THE LISTING RULES AND ANNUAL CAPS

FGL is an indirect wholly-owned subsidiary of RWI. Each of Tan Sri Lim and his associate (GENT) indirectly holds a 50% equity interest in RWI, and therefore RWI is also an associate of Tan Sri Lim for the purpose of the Listing Rules. As Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, FGL is accordingly also regarded as a connected person of the Company. As a result, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the purpose of the Listing Rules, the annual caps for the expected maximum annual aggregate consideration payable by the Group to FGL under the Master Agreement for each of the three years ending 31 December 2016 (including the transaction amounts for the Past Transactions which took place in year 2016 prior to the Master Agreement), 31 December 2017 and 31 December 2018 shall be US\$4,200,000 (equivalent to approximately HK\$32,760,000), US\$3,600,000 (equivalent to approximately HK\$28,080,000) and US\$2,100,000 (equivalent to approximately HK\$16,380,000) respectively.

The Annual Caps were determined by reference to a number of factors including:

- (a) the aggregate amounts of consideration paid by the Group to FGL in respect of completed transactions for products and services with nature similar to those offered under the Master Agreement for the financial year ended 31 December 2015 (being approximately US\$689,000 (equivalent to approximately HK\$5,374,000)) and the nine months period ended 30 September 2016 (being approximately US\$366,000 (equivalent to approximately HK\$2,855,000));
- (b) projection of the volume of purchases for the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018; and
- (c) a reasonable buffer to cater for any unexpected increase in the amount of purchases during the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018, which may arise due to future potential increase in the number of cruises and passengers.

The Past Transactions were connected transactions, each of which individually and in aggregate resulted in all the relevant percentage ratios of the applicable size tests falling below 0.1%. Accordingly, the Past Transactions were exempted from disclosure, reporting and independent shareholders' approval requirement under the Listing Rules. The Master Agreement is being put in place as an umbrella agreement to regulate transactions of a similar nature as between the parties. Since some of the applicable percentage ratios in respect of the Annual Caps for the Master Agreement exceed 0.1% but all of them are less than 5%, the Master Agreement and the Transactions are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will take steps to re-comply with all applicable requirements under the Listing Rules, including (where required) the obtaining of the independent shareholders' approval of the Company:-

- (a) if the actual amounts payable pursuant to the Master Agreement (including when aggregated with the Past Transactions which took place in year 2016 prior to the Master Agreement) shall exceed the Annual Cap; or
- (b) when the Master Agreement is renewed or there is a material change to the terms of the Master Agreement.

4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

In order to reduce manpower, broaden the target age range of the customers of the Group and maintain the competitiveness of the cruise lines operated by the Group, the Company has been diversifying the varieties of entertainment and facilities by way of installing various electronic games onboard the cruise ships of the Group. Apart from being a trusted vendor with its own development team, FGL is also able to provide professional after sales services and support, and system enhancement and technical support services, and the performance of its electronic equipment has proved to be stable and reliable and most importantly, it is a well-accepted product by the customers of the Group.

Putting in place the Master Agreement should aid the Company by putting in place an umbrella arrangement to regulate the ongoing connected transactions between the parties, rather than requiring the Company to continue to consider each such transaction as a connected transaction requiring aggregation and disclosure consideration, as has been the case for the Past Transactions.

The Board (including the Independent Non-executive Directors) (with each of Tan Sri Lim and Mr. Lim, whom, by virtue of his respective indirect and/or deemed interest in GENT, RWI and FGL is regarded as having a material interest in the Transactions and has abstained from voting on the Master Agreement) considers that the terms of the Master Agreement are on normal commercial terms, that the terms of the Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole and that the Master Agreement was entered into in the ordinary and usual course of the Group's businesses and on terms not less favourable to the Company than terms available from or to other independent third parties.

5. PRINCIPAL BUSINESSES OF THE COMPANY AND FGL

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.

The principal activity of FGL is the provision of interactive and online software solutions.

6. DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Annual Caps”	for the purpose of the Listing Rules, means US\$4,200,000 (equivalent to approximately HK\$32,760,000), US\$3,600,000 (equivalent to approximately HK\$28,080,000) and US\$2,100,000 (equivalent to approximately HK\$16,380,000) for each of the three years ending 31 December 2016 (including the transaction amounts for the Past Transactions which took place in year 2016 prior to the Master Agreement), 2017 and 2018 respectively in respect of the expected maximum annual aggregate consideration payable by the Group to FGL under the Master Agreement
“associate(s)”	has the meaning ascribed thereto 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(s)”	has the meaning ascribed thereto under the Listing Rules
“Equipment”	the electronic equipment and devices for electronic games to be provided by FGL pursuant to the terms and conditions under the Master Agreement
“FGL”	FreeStyle Gaming Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of RWI

“GENT”	Genting Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad and an associate of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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
“Master Agreement”	the principal agreement for the sale and purchase of Equipment and the provision of Services between the Company and FGL dated 8 November 2016
“Mr. Lim”	Mr. Lim Keong Hui, an Executive Director, the Chief Information Officer and a substantial shareholder of the Company, and a son of Tan Sri Lim
“Past Transactions”	a series of completed transactions of a similar nature to the Transactions, which were entered into by the Group and FGL in the past 12 months prior to the Master Agreement
“RWI”	Resorts World Inc Pte. Ltd., a company incorporated in Singapore
“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)
“Services”	the services in relation to (a) installation and set-up of hardware and software for the Equipment; (b) training personnel; (c) after-sales-services; (d) software enhancement and development; and (e) other services related to the Equipment to be provided by FGL pursuant to the terms and conditions of the Master Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as defined in the Companies Ordinance, Cap.622 of the laws of Hong Kong

“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
“Transactions”	the transactions contemplated under the Master Agreement
“US\$”	United States dollars, the lawful currency of The United States of America
“%”	per cent

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.

By Order of the Board
Louisa Tam Suet Lin
Company Secretary

Hong Kong, 8 November 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.