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Genting Hong Kong Limited
(Continued into Bermuda with limited liability)
(Stock Code: 678)

CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
26.84% INTEREST IN GRAND BANKS YACHTS

The Board announces that on 24 March 2021, the Seller (an indirect wholly-owned subsidiary of the Company) and the Buyer entered into the Agreement relating to the sale and purchase of the Sale Shares at the total consideration of S\$10,643,000 (equivalent to approximately HK\$62,581,000).

The Buyer is Tan Sri Lim who is the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company, and hence is considered to be a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules.

As some of the applicable percentage ratios in respect of the Disposal exceed 0.1% but all of them are less than 5%, in accordance with Rule 14A.76(2) of the Listing Rules, the Disposal is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements and is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

I. PRINCIPAL TERMS OF THE AGREEMENT

The Board announces that on 24 March 2021, the Seller (an indirect wholly-owned subsidiary of the Company) and the Buyer entered into the Agreement relating to the sale and purchase of the Sale Shares and set out below are the principal terms of the Agreement:

Date

24 March 2021

Parties

Exa Limited (as Seller); and

Tan Sri Lim (as Buyer)

Assets to be disposed of

The Sale Shares (being all of the equity interests held by the Seller in Grand Banks Yachts) to be acquired by the Buyer shall be free from encumbrances and with all dividends, benefits and other rights becoming attached or accruing thereto as from the date of Completion.

Consideration and payment terms

The total consideration for the Sale Shares shall be S\$10,643,000 (equivalent to approximately HK\$62,581,000) and payable in full and in cash at Completion.

The consideration of the Sale Shares was determined after arm's length negotiations between the Buyer and the Seller with reference to a recent valuation on the Sale Shares conducted by an independent chartered valuer and appraiser. The valuation was at about S\$10,643,000 (equivalent to approximately HK\$62,581,000).

Closing

Completion of the Disposal is expected to take place within 3 days from the date of the Agreement, or such later date as mutually agreed by the Buyer and the Seller.

II. REASONS FOR AND BENEFITS OF THE DISPOSAL

The catastrophic COVID-19 pandemic has caused an acute disruption to businesses worldwide and led the cruise and tourism industry to a sudden halt since February 2020. Business worldwide has been severely hit due to enforcement of large-scale pandemic-control measures which have massively disrupted social activities.

At the onset of the coronavirus pandemic, the Group has taken swift countermeasures to aggressively minimize expenses and conserve cash to lower our cash burn rate. We continue our efforts to conserve cash and to seek additional sources of finance, including disposal of non-core assets and investments, to sustain our business working on partial resumption of cruise operations. The Disposal will enable the Group to offload non-core assets and investment and provide required liquidity to the Group.

The Board (including the independent non-executive Directors) (with Tan Sri Lim, whom, by virtue of being the Buyer, is regarded as having a material interest in the Disposal and has abstained from voting on the relevant Board resolutions in respect of the Disposal) considers that the terms and conditions of the Disposal are fair and reasonable, on normal commercial terms, after arm's length negotiation between the parties, using the valuation of an independent valuer on the Sale Shares, and in the interest of the Company and its shareholders as a whole, and that the Disposal was entered into in the ordinary and usual course of the Group's business.

III. INFORMATION OF GRAND BANKS YACHTS

Grand Banks Yachts is a company listed on the Main Board of the Singapore Exchange and its principal activities are those of investment holding with significant subsidiaries in the business of manufacturing and selling luxury yachts worldwide.

A summary of the audited consolidated results of Grand Banks Yachts for each of the two years ended 30 June 2019 and 2020 respectively (as extracted from the annual report of Grand Banks Yachts for the year ended 30 June 2020), and the unaudited consolidated results of Grand Banks Yachts for the six months ended 31 December 2020 (as extracted from the half yearly unaudited financial statements of Grand Banks Yachts for the six months period ended 31 December 2020) prepared in accordance with Singapore Financial Reporting Standards (International) is set out below:

| | For the year ended 30 June 2019 S\$'000 (audited) | For the year ended 30 June 2020 S\$'000 (audited) | For the six months ended 31 December 2020 S\$'000 (unaudited) |
|-----------------------------------|--|--|--|
| Profit before taxation | 1,223 (equivalent to approximately HK\$7,191,000) | 864 (equivalent to approximately HK\$5,080,000) | 5,242 (equivalent to approximately HK\$30,823,000) |
| Profit after taxation | 1,500 (equivalent to approximately HK\$8,820,000) | 1,055 (equivalent to approximately HK\$6,203,000) | 3,982 (equivalent to approximately HK\$23,414,000) |
| Net Assets | 55,103 (equivalent to approximately HK\$324,006,000) | 57,030 (equivalent to approximately HK\$335,336,000) | 60,913 (equivalent to approximately HK\$358,168,000) |

IV. FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

When compared with the acquisition cost of the Sale Shares of S\$11,080,394 (approximately S\$0.2236 per share) with adjustment for dividend income in 2018 of S\$247,767, the actual out of pocket loss is S\$189,627 or 1.7%, given the proceeds from the Disposal of S\$10,643,000.

However, as the investment in Grand Banks Yachts is treated as “Interests in Associates”, the carrying value of the Sale Shares in the unaudited consolidated financial statements of the Group is approximately US\$12.7 million as at 31 December 2020, subject to final year end closing. The Disposal will result in a loss of US\$4.7 million at the consolidated level of the Group as the book value was adjusted in the past on a periodic basis for the Group’s share of the operating result of Grand Banks Yachts and change in foreign exchange. Using the average market price of Grand Banks Yachts of S\$0.264 per share during the five-year period from 24 March 2016 to 23 March 2021 for benchmark, a loss of about US\$1,850,000 is expected.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Group.

The proceeds of the Disposal will be used as working capital of the Group.

V. INFORMATION OF THE SELLER AND THE BUYER

The Seller is an indirect wholly-owned subsidiary of the Company and its principal activity is investment holding. The Company is an investment holding company and its subsidiaries are principally engaged in the business of cruise and cruise-related operations, shipyard operations and leisure, entertainment and hospitality activities.

The Buyer is Tan Sri Lim who is the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company.

VI. IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES

The Buyer is Tan Sri Lim who is the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company, and hence is considered to be a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules.

As some of the applicable percentage ratios in respect of the Disposal exceed 0.1% but all of them are less than 5%, in accordance with Rule 14A.76(2) of the Listing Rules, the Disposal is exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements and is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

VII. DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

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|------------------------------|--|
| “Agreement” | the sale and purchase agreement dated 24 March 2021 entered into between the Seller and the Buyer in relation to the Disposal |
| “Board” | the board of Directors of the Company |
| “Buyer” | Tan Sri Lim |
| “Company” | Genting Hong Kong Limited, an exempted company continued into Bermuda with limited liability having its shares listed on the Main Board of the HK Stock Exchange |
| “Completion” | completion of the Disposal pursuant to the terms of the Agreement |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the Sale Shares under the Agreement |
| “Grand Banks Yachts” | Grand Banks Yachts Limited, a limited liability company incorporated in Singapore and whose shares are listed on the Main Board of the Singapore Exchange |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HK Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Hong Kong” | The Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the HK Stock Exchange |
| “Sale Shares” | 49,553,497 shares (representing approximately 26.84% interest) in the issued share capital of Grand Banks Yachts |

| | |
|------------------------------------|--|
| “ Seller ” | Exa Limited, a company incorporated in the Isle of Man and an indirect wholly-owned subsidiary of the Company |
| “ Singapore ” | The Republic of Singapore |
| “ Singapore Exchange ” | The Singapore Exchange Securities Trading Limited |
| “ substantial shareholder ” | has the meaning ascribed thereto under the Listing Rules |
| “ S\$ ” | Singapore dollar(s), the lawful currency of Singapore |
| “ Tan Sri Lim ” | Tan Sri Lim Kok Thay, who is the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company, is also the Buyer |
| “ US\$ ” | United States dollar(s), the lawful currency of the United States of America |
| “ % ” | per cent. |

By Order of the Board
Chan Kam Hing Chris
Executive Director and Chief Financial Officer

Hong Kong, 24 March 2021

As at the date of this announcement, the Board comprises three Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Au Fook Yew (alias Mr. Colin Au) and Mr. Chan Kam Hing Chris, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.

For the purpose of this announcement, the exchange rates of S\$1.00 = HK\$5.88 and US\$1.00 = HK\$7.80 have 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.