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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 announcement of the Company dated 11 December 2019 in relation to the continuing connected transactions between the Company and RWI with respect to, inter alia, the provision of certain information technology related services and products by the RWI Group to the GHK Group. On 7 December 2021, the Company entered into the Renewed Master Services Agreement with RWI in relation to the provision of various information technology related services and products by the RWI Group to the GHK Group to modify the scope of services and extend the term for a further period of three years commencing from 1 January 2022 to 31 December 2024.

RWI is equally owned indirectly by Tan Sri Lim and GENT, and an indirect subsidiary of GENT. As Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, RWI, being an associate of Tan Sri Lim, is also a connected person of the Company; and the Transactions will 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 Caps exceed 0.1% but all of them are less than 5%, the Renewed Master Services 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

In view of various continuing connected transactions entered into between the GHK Group Companies and the RWI Group Companies in relation to the provision of various information technology related services by the RWI Group Companies to the GHK Group Companies from time to time and an expected increase of such business activities between the two groups in future due to the future business development of the GHK Group, the Company entered into the Master Services Agreement with RWI on 11 December 2019 in relation to the provision of various information technology related services and products by the RWI Group to the GHK Group. The term of the Master Services Agreement was fixed for a period of two years, expiring on 31 December 2021. On 7 December 2021, the Company entered into the Renewed Master Services Agreement with RWI to modify the scope of services and extend the terms for a further period of three years commencing from 1 January 2022 to 31 December 2024.

2. CONTINUING CONNECTED TRANSACTIONS

RWI is equally owned indirectly by Tan Sri Lim and GENT. RWI is an indirect subsidiary of GENT. Tan Sri Lim is the Chairman and Chief Executive Officer, an Executive Director, a substantial shareholder and a connected person of the Company. Tan Sri Lim is the founder and 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. Tan Sri Lim also has an insignificant personal interest in GENT. Accordingly, Tan Sri Lim has direct and/or deemed interest in the issued share capital of GENT.

As Tan Sri Lim is a connected person of the Company for the purpose of the Listing Rules, RWI, being an associate of Tan Sri Lim, is also a connected person of the Company; and the Transactions will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

3. RENEWED MASTER SERVICES AGREEMENT

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

Date : 7 December 2021

Parties : (a) RWI; and
(b) the Company

Services : Information technology related services and products to be provided by the relevant RWI Group Companies to the relevant GHK Group Companies: -

- (a) information technology consulting and advisory services;
- (b) software and hardware design, development and customization services;
- (c) implementation, installation, configuration, enhancement, system integration, testing and ancillary services;
- (d) patch release and bug fixing, repair, support and maintenance, training and ancillary after-sales services;
- (e) supply, licence and/or sub-licence, of electronic equipment, device and software; and
- (f) other services in relation to paragraphs (a) to (e) above as may be agreed between the parties from time to time.

Service Fees : The services fees payable by the relevant GHK Group Company in respect of the Services shall be determined and calculated based on methods of calculation as may be agreed upon between the relevant contracting parties, applying the pricing policies and guidelines below where applicable, provided that the rate of the service fees must always be at market rate and at arm's length, and if a market rate is not readily available or the following pricing policies and guidelines is not applicable, at such rate as may be mutually agreed between the relevant contracting parties by reference to similar market transactions. In particular,

For the Services mentioned in paragraphs (a) to (d) above:

- Fees should be based on man-hours and/or man-days spent in providing the relevant Services which are derived based on manpower costs.

For supply, licence and/or sub-licence, of electronic equipment, device and software:

- In respect of software provided by RWI Group Companies to GHK Group Companies (which are ready-to-use software developed specifically for hotel and/or leisure operations of the relevant GHK Group Companies, and synchronized with the operational systems of the relevant GHK Group Companies), licensing and/or leasing fees should be based on fixed rates, tiered rates, or on a project by project basis.

- The fees for electronic equipment shall be agreed by the RWI Group Companies and GHK Group Companies from time to time on a willing seller and a willing buyer in an arm's length transaction basis.

The relevant GHK Group Company shall settle the fees payable in respect of any Services in cash within 30 days (or such other period as agreed) from the date of an invoice from the relevant RWI Group Company.

Term : A fixed term of three years commencing from 1 January 2022 and expiring on 31 December 2024, subject to termination by either party by giving not less than 90 days' notice (or such other period as agreed in writing) to the other party.

The specific terms and conditions (including any fees payable) relating to the Services shall be set out in the relevant agreements entered into or to be entered into in respect thereof as agreed between the relevant members of the RWI Group and the GHK Group.

The Group will settle any fees payable under the Renewed Master Services Agreement by the internal resources of the Group.

4. REASONS AND BENEFITS OF THE TRANSACTIONS

The Renewed Master Services Agreement acts as 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.

It is expected that with the aid of the Services, the Group may 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 by introducing digital technologies to cruise operation to meet the advanced digital requirements of the cruise market.

The Renewed Master Services Agreement was arrived at after arm's length negotiation between the Company and RWI. The Board (including the Independent Non-executive Directors) (with Tan Sri Lim, whom, by virtue of his direct and/or deemed interest in GENT and RWI is regarded as having a material interest in the Transactions and has abstained from voting on the Renewed Master Services Agreement) considers that the terms of the Renewed Master Services Agreement are on normal commercial terms, that the terms of the Transactions are fair and reasonable and in the interest of the Company and its shareholders as a whole and that the Renewed Master Services 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. ANNUAL CAPS

For each of the two financial years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the aggregate amount paid by the GHK Group to the RWI Group pursuant to the Master Services Agreement and other services and products that were required to be aggregated with the Master Services Agreement according to the Listing Rules were approximately US\$635,000 (equivalent to approximately HK\$4,953,000), US\$264,000 (equivalent to approximately HK\$2,059,000) and US\$165,000 (equivalent to approximately HK\$1,287,000) respectively.

The Annual Cap for the Services to be provided by the relevant members of the RWI Group to the relevant members of the GHK Group under the Renewed Master Services Agreement for each of the financial years ending 31 December 2022, 2023 and 2024 is US\$8 million (equivalent to approximately HK\$62.4 million).

The Annual Cap has been determined based on a number of factors, which include:

- (a) the previous levels of services provided by relevant members of the RWI Group to relevant members of the GHK Group;
- (b) increased levels of the services expected to be provided by relevant members of the RWI Group due to increased business activities;
- (c) proposed purchase of equipment or software for Global Class cruise ships to be delivered in the coming few years; and
- (d) a reasonable amount to cater for any unexpected additional services that may be required by the GHK Group during the financial years ending 31 December 2022, 2023 and 2024.

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

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

6. 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, shipyards operations, and leisure, entertainment and hospitality activities.

RWI is principally an investment holding company. Through its subsidiaries, RWI is involved in software research and development, providing technical, consulting and information technology services, programme management service, interactive and online software solutions and management services.

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, plantation, generation and supply of electric power, property development and management, tours and travel related services, investments, life sciences and biotechnology activities and oil and gas exploration, development and production activities.

7. DEFINITIONS

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

“Annual Caps”	for the purpose of the Listing Rules, means US\$8 million (equivalent to approximately HK\$62.4 million) for each of the three years ending 31 December 2022, 2023 and 2024 in respect of the expected maximum aggregate annual consideration payable by the Group to the RWI Group under the Renewed Master Services Agreement;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company” or “GHK”	Genting Hong Kong Limited, an exempted company continued into Bermuda with limited liability having its Shares listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“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 for the purposes of the Listing Rules as of the date of this announcement;

“Group” or “GHK Group”	the Company and its subsidiaries; and “Group Company” means any one of them;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 Stock Exchange;
“Master Services Agreement”	the principal agreement dated 11 December 2019 entered into between the Company and RWI whereby RWI has agreed to procure relevant members of the RWI Group to provide certain information technology related services and products to relevant members of the Group as and when required from time to time;
“Renewed Master Services Agreement”	the principal agreement dated 7 December 2021 entered into between the Company and RWI whereby RWI has agreed to procure relevant members of the RWI Group to provide the Services to relevant members of the Group as and when required from time to time;
“RWI”	Resorts World Inc Pte. Ltd., a company incorporated in Singapore and a company in which each of GENT and Tan Sri Lim indirectly holds a 50% equity interest, and an indirect subsidiary of GENT;
“RWI Group”	RWI and its subsidiaries; and “RWI Group Company” means any one of them;
“Services”	the services and products to be provided under the Renewed Master Services Agreement and the particulars of which are set out in the section headed “3. RENEWED MASTER SERVICES AGREEMENT – Services”;
“Share(s)”	ordinary share(s) with par value of US\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary(ies)”	has the meaning as defined in (a) the Listing Rules in respect of the Group; and (b) the Singapore Companies Act (Chapter 50) in respect of the RWI Group;
“Tan Sri Lim”	Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company;
“Transactions”	the transactions contemplated under the Renewed Master Services Agreement;
“US\$”	United States dollars, the lawful currency of The United States of America; and
“%”	per cent.

By Order of the Board
TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 7 December 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 rate of US\$1.00 = HK\$7.80 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.