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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 30 December 2016 and 20 December 2019 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 two years, expiring on 31 December 2021. On 17 December 2021, the Company entered into the JPM Renewal Letter with GENM to renew the JPM Agreement and the continuing connected transactions contemplated thereunder for a further period of three years from 1 January 2022 to 31 December 2024.

In addition, on 17 December 2021, SC(C), an indirect wholly-owned subsidiary of the Company, entered into the Renewed GRA Agreement with RWT in relation to the Group's participation in, and alliance to, the GRA Programme managed and operated by RWT for the purpose of promoting different loyalty programs to customers within the GRA Programme, to extend the term for a further period of three years from 1 January 2022 to 31 December 2024 upon expiry of the GRA Agreement on 31 December 2021.

The JPM Annual Caps have been aggregated with the GRA Annual Caps for the financial years ending 31 December 2022, 2023 and 2024, due to their similar and complementary nature of customer loyalty and marketing programmes and the association of the counterparties to these transactions.

As one or more of the applicable percentage ratios in respect of (i) the JPM Annual Caps; (ii) the GRA Annual Caps; and (iii) the JPM Annual Caps aggregated with the GRA Annual Caps exceed 0.1% but all applicable percentage ratios, whether individually or in aggregate, are less than 5%, the transactions contemplated under the Renewed JPM Agreement and the Renewed GRA Agreement 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. THE RENEWED JPM AGREEMENT

1.1 BACKGROUND

Reference is made to the announcements dated 30 December 2016 and 20 December 2019 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 two years, expiring on 31 December 2021. On 17 December 2021, the Company and GENM entered into the JPM Renewal Letter to renew the term of the JPM Agreement for a further period of three years commencing from 1 January 2022 to 31 December 2024.

1.2 SUMMARY OF TERMS

A summary of the material terms of the Renewed JPM Agreement is set out below :-

Date:	17 December 2021
Parties:	(a) GENM; and (b) the Company
Term:	From 1 January 2022 to 31 December 2024, subject to termination by either party giving not less than 90 days' notice (or such other period as agreed in writing) to the other party.
Nature and Consideration:	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

Pricing Policy

(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	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.
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(b) Amounts payable or amounts receivable in the retail price of the 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.

(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. THE RENEWED GRA AGREEMENT

2.1 BACKGROUND

SC(C), an indirect wholly-owned subsidiary of the Company, entered into the GRA Agreement with with RWT in relation to the Group's participation in, and alliance to, the GRA Programme managed and operated by RWT for the purpose of promoting different loyalty programs to customers within the GRA Programme.

The term of the GRA Agreement was fixed for a period of three years, expiring on 31 December 2021. On 17 December 2021, SC(C) entered into the Renewed GRA Agreement with RWT to extend the term for a further period of three years from 1 January 2022 to 31 December 2024.

2.2 SUMMARY OF TERMS

A summary of the material terms of the Renewed GRA Agreement is set out below :-

Date: 17 December 2021

Parties: (a) RWT; and
(b) SC(C)

Term: From 1 January 2022 to 31 December 2024, renewable by SC(C) for a maximum of three years each, up to nine renewals.

Alliance: RWT grants to SC(C) the non-exclusive right to become a participant of the GRA Programme on the following terms :-

(i) *Adoption of “Genting Rewards”*

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. RWT authorizes SC(C) the right-to-use the ‘Genting Rewards’ and ‘Genting Rewards Alliance’ marks in conjunction with the operations, promotion and advertising of the RWASGR Programme.

(ii) *Co-operation with RWT*

RWT shall manage the GRA Programme and integrate SC(C) within the scope of the alliance. In particular, RWT shall provide the infrastructure and frameworks for the GRA Programme and, 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. RWT 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 promotion and marketing programmes implemented under the JPM 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.

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), RWT 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 account.

In the event that a non-member of the RWASGR Programme redeems any products and/or services provided by SC(C), RWT 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.

Annual Fee: The annual alliance fee shall be US\$30,000 or 3% of the value of the total products/services supplied by SC(C) or supplied for and on behalf of SC(C) and redeemed by the GRA Users from the GRA Programme within 12 months period, whichever is the higher.

Redemption Rebate: SC(C) is entitled to a rebate by reference to the gross profit of the redemptions by members of the RWASGR Programme of products and services offered by third parties alliances (“Resorts World” branded products is excluded) on the GRA Programme which is calculated in accordance to the table below:

Rebate Margin %	Gross Profit – US\$ (Monthly)
0%	\$0 - \$10,000
10%	\$10,001 - \$25,000
20%	\$25,001 - \$40,000
30%	\$40,001 - \$60,000
40%	\$60,001 - \$80,000
50%	> \$80,001

3. THE ANNUAL CAPS

3.1 HISTORICAL AGGREGATE AMOUNTS PAID AND RECEIVED

The aggregate amounts (a) paid and received by the Group in respect of the transactions under the JPM Agreement; and (b) paid and received by the Group in respect of the transactions under the GRA Agreement, for the last two financial years ended 31 December 2019 and 2020; and for the nine months ended 30 September 2021 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>2019</u>	<u>2020</u>	<u>2021</u>
	US\$ '000 (HK\$ '000)		
(a) JPM Agreement			
Amounts paid by the Group	7 (55)	2 (16)	1 (8)
Amounts received by the Group	137 (1,069)	4 (31)	27 (211)
(b) GRA Agreement			
Amounts paid by the Group	41 (320)	40 (312)	78 (608)
Amounts received by the Group	24 (187)	5 (39)	- (-)

The respective annual caps of :-

- (a) US\$1,500,000 (equivalent to approximately HK\$11,700,000) and US\$3,000,000 (equivalent to approximately HK\$23,400,000) for the amounts paid and received by the Group under the JPM Agreement for each of the last two years ended 31 December 2019 and 2020; and
- (b) US\$200,000 (equivalent to approximately HK\$1,560,000) and US\$200,000 (equivalent to approximately HK\$1,560,000) for the amounts paid and US\$200,000 (equivalent to approximately HK\$1,560,000) and US\$300,000 (equivalent to approximately HK\$2,340,000) for the amounts received by the Group under the GRA Agreement for each of the last two years ended 31 December 2019 and 2020,

had not been exceeded.

It is expected that the respective annual caps of US\$1,500,000 (equivalent to approximately HK\$11,700,000) and US\$3,000,000 (equivalent to approximately HK\$23,400,000) for the amounts paid/payable and received/receivable by the Group under the JPM Agreement and the respective annual caps of US\$300,000 (equivalent to approximately HK\$2,340,000) and US\$500,000 (equivalent to approximately HK\$3,900,000) for the amounts paid/payable and received/receivable by the Group under the GRA Agreement, for the year ending 31 December 2021 will not be exceeded.

3.2 PROPOSED ANNUAL CAPS

It is expected that, for each of the three financial years ending 31 December 2022, 2023 and 2024:-

- (a) the JPM Annual Caps of each of the amounts payable and the amounts receivable by the Group under the terms of the Renewed JPM Agreement are US\$1,500,000 (equivalent to approximately HK\$11,700,000) and US\$3,000,000 (equivalent to approximately HK\$23,400,000) respectively; and
- (b) the GRA Annual Caps of each of the amounts payable by the Group under the terms of the Renewed GRA Agreement are US\$300,000 (equivalent to approximately HK\$2,340,000), US\$500,000 (equivalent to approximately HK\$3,900,000) and US\$800,000 (equivalent to approximately HK\$6,240,000) and the amounts receivable by the Group under the terms of the Renewed GRA Agreement are US\$500,000 (equivalent to approximately HK\$3,900,000), US\$700,000 (equivalent to approximately HK\$5,460,000) and US\$800,000 (equivalent to approximately HK\$6,240,000) respectively.

3.3 BASIS OF THE ANNUAL CAPS

The JPM Annual Caps and the GRA 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 and GRA Agreement respectively;
- (b) the fluctuations in the level of transactions under the JPM Agreement and GRA Agreement during the last two complete financial years and the nine months ended 30 September 2021 respectively;
- (c) the projected increase in the amount of transactions as a result of active marketing efforts contemplated under the respective Renewed JPM Agreement and Renewed GRA Agreement;
- (d) the projected increase in the amount of transactions as a result of the Global Class cruise ships to be delivered in the coming few years; and
- (e) a reasonable amount to cater for any unexpected increase in the amount of transactions during the financial years ending 31 December 2022, 2023 and 2024, which might arise due to the future potential increase in the number of cruises and passengers.

4. CONTINUING CONNECTED TRANSACTIONS

GENM is a subsidiary of GENT. Tan Sri Lim (the Chairman and Chief Executive Officer, an Executive Director and a substantial shareholder of the Company) is the Chairman and Chief Executive and a substantial shareholder of GENT and the Deputy Chairman and Chief Executive and a substantial shareholder of GENM. Tan Sri Lim is 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.

RWT is equally owned indirectly by Tan Sri Lim and GENT. RWT is an indirect subsidiary of GENT.

In view of Tan Sri Lim's direct and/or deemed interest in the issued share capital of GENT, GENM and RWT, each of GENM (being a party to the JPM Renewal Letter) and RWT (being a party to the Renewed GRA Agreement) is an associate of Tan Sri Lim (who is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules), and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the Renewed JPM Agreement and the Renewed GRA Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

5. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The JPM Agreement, the JPM Renewal Letter and the Renewed GRA Agreement were concluded following arm's length negotiations. The terms under such agreements are no less favourable to the Group than those available to 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.

The Renewed GRA 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).

The Board (including the independent non-executive Directors) (with Tan Sri Lim, whom, by virtue of his direct and/or deemed interest in GENT, GENM and RWT, as disclosed in the paragraph headed "4. Continuing Connected Transactions" of this announcement, is regarded as having a material interest in the transactions and has abstained from voting on the JPM Renewal Letter and the Renewed GRA Agreement) considers that the terms of the Renewed JPM Agreement and the Renewed GRA 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 JPM Renewal Letter for renewal of the JPM Agreement and the Renewed GRA Agreement for renewal of the GRA Agreement and the continuing connected transactions contemplated thereunder was entered into in the ordinary and usual course of the Group's businesses.

6. LISTING RULES IMPLICATIONS

For the purposes of computation of the applicable percentage ratios under the Listing Rules, the JPM Annual Caps are required to be aggregated with the GRA Annual Caps for the financial years ending 31 December 2022, 2023 and 2024, due

to their similar and complementary nature of customer loyalty and marketing programmes and the association of the counterparties to these transactions.

As one or more of the applicable percentage ratios in relation to (i) the JPM Annual Caps under the Renewed JPM Agreement; (ii) the GRA Annual Caps under the Renewed GRA Agreement; and (iii) the JPM Annual Caps aggregated with the GRA Annual Caps, exceed 0.1% but all applicable percentage ratios, whether individually or in aggregate, are less than 5%, the transactions contemplated under the Renewed JPM Agreement and the Renewed GRA Agreement 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 JPM Annual Caps or the GRA Annual Caps is exceeded or any of the Renewed JPM Agreement and Renewal GRA 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.

7. 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, shipyard operations, and 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.

GENM is involved in an integrated resort business at Genting Highlands and its principal activities cover leisure and hospitality services, which comprise gaming, hotels, food and beverage, theme parks, retail and entertainment attractions.

RWT is the 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, 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.

DEFINITIONS

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

“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 listed on the Main Board of the Stock Exchange;
“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 and a subsidiary of GENT, is an associate of Tan Sri 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> ” 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 for the purposes of the Listing Rules as of the date of this announcement;
“GENT Group”	GENT and its subsidiaries from time to time;
“GRA Agreement”	the alliance agreement dated 27 December 2018 entered into between SC(C) and RWT, in relation to the Group’s participation in, and alliance to, the customer loyalty programme known as the “ <i>Genting Rewards Alliance</i> ”;
“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 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 GRA Agreement as set out under paragraph headed “3.2 Proposed Annual Caps” in this announcement, for each of the three years ending 31 December 2022, 2023 and 2024, respectively;
“GRA Programme”	the customer loyalty programme known as “Genting Rewards Alliance”, founded and owned by RWT globally, for the redemption of GR Points from the global redemption portal;
“GRA Users”	members of GRA Programme registered and activated to use the 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;
“JPM 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 “3.2 Proposed Annual Caps” in this announcement, for each of the three years ending 31 December 2022, 2023 and 2024, respectively;
“JPM Agreement”	the joint promotion and marketing agreement dated 30 December 2016 as amended and renewed by letter dated 20 December 2019 entered into between GENM and the Company, in relation to the implementation of joint promotion and marketing programmes including joint promotion of the parties’ products, reciprocal recognition of their respective customer loyalty cards and other joint promotion and marketing activities;
“JPM Renewal Letter”	the renewal letter dated 17 December 2021 entered into between GENM and the Company renewing the JPM Agreement for a period of three years from 1 January 2022 to 31 December 2024;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Renewed GRA Agreement”	the alliance agreement dated 17 December 2021 entered into between SC(C) and RWT, in relation to the Group’s participation in, and alliance to, the customer loyalty programme known as the “ <i>Genting Rewards Alliance</i> ”;

“Renewed JPM Agreement”	the JPM Agreement as renewed by the JPM Renewal Letter;
“RWASGR Card”	means all different categories of membership cards issued by the Group under the RWASGR Programme;
“RWASGR Programme”	the customer loyalty programme known as “ <i>Resorts World at Sea Genting Rewards</i> ” operated by SC(C);
“RWT”	RW Tech Labs Sdn Bhd, a company incorporated in Malaysia and a company in which each of GENT and Tan Sri Lim indirectly holds a 50% equity interest, and an indirect subsidiary of GENT;
“SC(C)”	Star Cruise (C) Limited, a company incorporated in the Isle of Man, an indirect wholly-owned subsidiary of the Company;
“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;
“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
“US\$”	United States dollars, the lawful currency of the United States of America.

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

Hong Kong, 17 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.