

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

**CONTINUING CONNECTED TRANSACTIONS  
ZOUK GENTING MANAGEMENT AGREEMENT  
AND  
ZOUK IP LICENCE AGREEMENT**

On 14 December 2017, Zouk Genting, an indirect wholly-owned subsidiary of the Company, entered into the Management Agreement with GENM in respect of the provision of the Services for the Zouk Club by Zouk Genting. The Management Agreement is for an initial term of three (3) years commencing from the date of the Management Agreement, with an option to renew and right of termination by either party, on and subject to the terms and conditions as specified in the Management Agreement.

On 14 December 2017, Zouk IP, an indirect wholly-owned subsidiary of the Company, also entered into the Licence Agreement with GENM whereby Zouk IP agreed to grant to GENM an exclusive transferable licence to use the Zouk Trade Marks within the GENM group of companies, in the Territory for an initial term of three (3) years commencing from the date of the Licence Agreement, with an option for GENM to renew and right of termination by either party, on and subject to the terms and conditions as specified in the Licence Agreement.

GENM is a subsidiary of GENT. Each of Tan Sri Lim and Mr. Lim is an Executive Director and a connected person of the Company. Each of Tan Sri Lim and Mr. Lim is 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. Accordingly, GENM is considered to be an associate of each of Tan Sri Lim and Mr. Lim for the purposes of Chapter 14A of the Listing Rules, and is therefore a connected person of the Company under the Listing Rules. As a result, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

When the Transactions are considered on an aggregate basis, it is expected that all of the applicable percentage ratios in respect of the Annual Caps will be less than 5% but one of them will be more than 0.1% during the relevant financial periods/years. As such, the Transactions will only be subject to the reporting, announcement and annual review requirements under the Listing Rules and will be exempted from the independent Shareholders' approval requirement under the Listing Rules.

On 14 December 2017, Zouk Genting and Zouk IP, both being indirect wholly-owned subsidiaries of the Company, entered into the Management Agreement and the Licence Agreement with GENM respectively.

GENM is a subsidiary of GENT. Each of Tan Sri Lim and Mr. Lim is an Executive Director and a connected person of the Company. Each of Tan Sri Lim and Mr. Lim is 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. Accordingly, GENM is considered to be an associate of each of Tan Sri Lim and Mr. Lim for the purposes of Chapter 14A of the Listing Rules, and is therefore a connected person of the Company under the Listing Rules. As a result, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## **THE MANAGEMENT AGREEMENT**

On 14 December 2017, Zouk Genting entered into the Management Agreement with GENM whereby GENM appointed Zouk Genting to perform certain management services and develop, supervise, manage, direct, and operate the Zouk Club. The following is a summary of the material terms of the Management Agreement: -

Date: 14 December 2017

Parties: (1) Zouk Genting  
(2) GENM

Term: Initial term of three (3) years commencing from the date of the Management Agreement.

At the end of the term, each party shall have the right to renew the Management Agreement for a further period of three (3) years on the same terms and conditions by giving at least thirty (30) days' notice prior to expiration of the term or any subsequent renewed term.

Scope of Services: Zouk Genting shall: -

- (a) manage all activities of the Zouk Club which includes without limitation the following activities: -
  - (i) establish and implement all operating policies, standards, prices for the Zouk Club;

- (ii) manage and supervise all daily operations of the Zouk Club;
- (iii) market and promote the Zouk Club;
- (iv) arrange for and assist GENM to obtain licenses and other operating permits;
- (b) prepare annual operating and capital expenditure budgets for GENM's review and approval;
- (c) prepare the financial statements in relation to the financial activities and operations of the Zouk Club; and
- (d) repair and maintain the Zouk Club and keep it in good order and up to standard.

Fees:

In consideration of the Services to be provided by Zouk Genting, GENM shall pay the following fees: -

Management Fee: • 3% of monthly total gross revenue derived from the operating of the Zouk Club.

- The Management Fee shall be payable in arrears and due thirty (30) days after the end of each calendar month.

Incentive Management Fee: • If the annual EBITDA after deduction of the Licence Fee and the Management Fee is RM7,500,000 (equivalent to approximately HK\$14,268,293) or less, 15% of the annual EBITDA.

- If the annual EBITDA after deduction of the Licence Fee and the Management Fee exceeds RM7,500,000 (equivalent to approximately HK\$14,268,293) but is RM10,000,000 (equivalent to approximately HK\$19,024,390) or less, 20% of the annual EBITDA.

- If the annual EBITDA after deduction of the Licence Fee and the Management Fee exceeds RM10,000,000 (equivalent to approximately HK\$19,024,390), 25% of the annual EBITDA.

The Incentive Management Fee shall be payable in arrears and due ninety (90) days after the end of each calendar year.

Either party may request for re-negotiation of the Incentive Management Fee and/or any other fees or commission payable before 31 May 2018.

Termination: The Management Agreement will terminate automatically upon termination of the Licence Agreement.

Either party may terminate the Management Agreement by serving not less than thirty (30) days' notice prior to the expiry of the initial term or any subsequent renewed term.

## **THE LICENCE AGREEMENT**

On 14 December 2017, Zouk IP entered into the Licence Agreement with GENM whereby Zouk IP agreed to grant to GENM a licence to use the Zouk Trade Marks. The following is a summary of the material terms of the Licence Agreement: -

Date: 14 December 2017

Parties: (1) Zouk IP  
(2) GENM

Term: Initial term of three (3) years commencing from the date of the Licence Agreement.

At the end of the term, GENM shall have the right to renew the Licence Agreement for a further period of three (3) years on the same terms and conditions by giving at least ninety (90) days' notice prior to expiration of the term or any subsequent renewed term.

Licence granted: Zouk IP agrees to grant to GENM an exclusive licence, within the group of companies of GENM, to use the Zouk Trade Marks in the Territory for the day to day operations of the Zouk Club and such other business as may be mutually agreed between the parties. GENM is not entitled to grant any sub-licence of the Zouk Trade Marks to a third party.

Licence Fee: In consideration of the licence granted by Zouk IP to GENM under the Licence Agreement, GENM shall pay to Zouk IP a monthly licence fee of 3% of the monthly total gross revenue of the Zouk Club during the term of the Licence Agreement.

The Licence Fee shall be payable in arrears and due thirty (30) days after the end of each calendar month.

Indemnity: Zouk IP shall, during the term of the Licence Agreement until termination of the Licence Agreement, indemnify GENM against any liability, loss, damage, costs and other expenses incurred or suffered by GENM arising out of GENM's use of the Trade Marks in the Territory.

Termination: Either party may terminate the Licence Agreement by serving not less than thirty (30) days' notice prior to the expiry of the initial term or any subsequent renewed term.

The terms of the Agreements are determined after arm's length negotiation between the parties and the fees payable under the Agreements are determined by reference to the historical operating/finance performance of Zouk clubs managed and operated by the Group and an existing license agreement entered into by Zouk IP.

## THE ANNUAL CAPS

For the purpose of the Listing Rules, the annual caps for the maximum amount receivable by Zouk Genting and Zouk IP respectively under the Management Agreement and the Licence Agreement are set out below: -

	Annual Caps for							
	the period from 14 December 2017 to 31 December 2017		the financial year ending 31 December 2018		the financial year ending 31 December 2019		the period from 1 January 2020 to 13 December 2020	
	RM (000')	Equivalent to approximately HK\$ (000')	RM (000')	Equivalent to approximately HK\$ (000')	RM (000')	Equivalent to approximately HK\$ (000')	RM(000')	Equivalent to approximately HK\$ (000')
<b>Management Agreement</b>	241	458	2,902	5,520	3,065	5,830	3,236	6,156
<b>Licence Agreement</b>	144	273	1,732	3,295	1,818	3,458	1,908	3,629

The Annual Caps are determined based on (i) the terms of the Agreements and (ii) the Company's projection on (a) historical, current and projected management fees and fees of operation of Zouk's Singapore operations; (b) fluctuating rates on alcohol, artiste and entertainment costs; and (c) expected expansion and development of GENM's and Zouk's businesses.

For the purposes of computation of the applicable percentage ratios under the Listing Rules, the Annual Caps for the Management Agreement and the Licence Agreement have been aggregated due to their complementary nature with each other.

It is expected that all of the applicable percentage ratios in respect of the Annual Caps will be less than 5% but one of them will be more than 0.1% during the relevant financial periods/years. As such, the Transactions will only be subject to the reporting, announcement and annual review requirements under the Listing Rules and will be exempted from the independent Shareholders' approval requirement under the Listing Rules.

If the aggregate actual amount of fees receivable under the Agreements shall exceed the Annual Caps or upon the expiry/renewal of the Agreements or there is a material change to the terms of the Agreements, the Company will comply/re-comply with all applicable requirements under the Listing Rules as and when appropriate.

## **REASONS FOR ENTERING INTO THE AGREEMENTS**

The Agreements were entered into in the ordinary and usual course of business of the Group, the terms of which were determined after arm's length negotiation between the parties. The flagship premier nightclub, *ZOUK* Singapore, was recently ranked No. 4 in the world by DJ Mag's ranking for Top 100 Clubs in 2017. The Company considers that the Transactions would bolster its lifestyle pillar and it is in line with Zouk Genting's expansion plans across the region that will give it access to a new demographic of customers who are aged between 18 to 40.

The Board (including the Independent Non-executive Directors) (with each of Tan Sri Lim and Mr. Lim who, by virtue of his respective connected relationships with GENT and GENM, as disclosed in this announcement, is regarded as having a material interest in the Transactions and has abstained from voting on the Agreements) considers that the terms of the Agreements were negotiated and arrived at on normal commercial terms and on arm's length basis, and that the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole and that the Agreements were entered into in the ordinary and usual course of the Group's businesses.

## **INFORMATION RELATING TO ZOUK AND GENM**

Zouk Genting and Zouk IP are indirect wholly-owned subsidiaries of the Company and engage in the operation of discotheque, restaurant and lounge under the name "*ZOUK*". The Company is an investment holding company and its subsidiaries are principally engaged in the business of cruise and cruise-related operations and leisure, entertainment and hospitality activities.

GENM is involved in a tourist resort business at Genting Highlands and its principal activities cover leisure and hospitality services.

## **DEFINITIONS**

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

<b>"Agreements"</b>	the Management Agreement and the Licence Agreement
<b>"Annual Caps"</b>	for the purpose of Chapter 14A of the Listing Rules, means the maximum fees receivable by Zouk Genting under the Management Agreement and Zouk IP under the Licence Agreement during the relevant financial periods/years. Details of the Annual Caps are set out in the paragraph headed "THE ANNUAL CAPS" of this announcement

<b>“Associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	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
<b>“Connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Director(s)”</b>	director(s) of the Company
<b>“EBITDA”</b>	earnings before interest, taxes, depreciation and amortization
<b>“GENM”</b>	Genting Malaysia Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, is an associate of each of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement
<b>“RWG”</b>	Resorts World Genting, an integrated leisure and entertainment resort sited at the Territory, which is owned and operated by GENM
<b>“GENT”</b>	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 each of Tan Sri Lim and Mr. Lim for the purposes of the Listing Rules as of the date of this announcement
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong Dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Incentive Management Fee”</b>	the incentive management fee payable by GENM to Zouk Genting pursuant to the terms of the Management Agreement
<b>“Licence Agreement”</b>	the licence agreement dated 14 December 2017 entered into between Zouk IP and GENM in relation to the grant of the licence to GENM for the use of Zouk Trade Marks

<b>“Licence Fee”</b>	the fee payable by GENM to Zouk IP pursuant to the terms of the Licence Agreement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Management Agreement”</b>	the management agreement dated 14 December 2017 entered into between Zouk Genting and GENM in relation to the provision of the Services for the Zouk Club by Zouk Genting
<b>“Management Fee”</b>	the fee payable by GENM to Zouk Genting pursuant to the terms of the Management Agreement
<b>“Mr. Lim”</b>	Mr. Lim Keong Hui, an Executive Director and a substantial shareholder of the Company, and a son of Tan Sri Lim
<b>“RM”</b>	Malaysian Ringgit, the lawful currency of Malaysia
<b>“Services”</b>	the services to be provided by Zouk Genting to GENM pursuant to the terms of the Management Agreement
<b>“Share(s)”</b>	ordinary share(s) with par value of US\$0.10 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Tan Sri Lim”</b>	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
<b>“Transactions”</b>	the transactions contemplated under the Agreements
<b>“Territory”</b>	Genting Highlands, Pahang Darul Makmur, Malaysia
<b>“US\$”</b>	United States Dollar(s), the lawful currency of the United States of America
<b>“Zouk Club”</b>	the discotheque, restaurant and lounge to be developed or constructed in the RWG using Zouk Trade Marks under the Management Agreement



<b>“Zouk Genting”</b>	Zouk Genting Sdn. Bhd., a limited liability company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company
<b>“Zouk IP”</b>	Zouk IP Pte. Ltd., a limited liability company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
<b>“Zouk Trade Marks”</b>	certain trade marks owned by Zouk IP and the manner operation, the appearance and the look of the “ZOUK” club run by Zouk IP as set out in the Licence Agreement
<b>“%”</b>	per cent

By Order of the Board  
**Louisa Tam Suet Lin**  
*Company Secretary*

Hong Kong, 14 December 2017

*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.*

*For the purposes of this announcement, the exchange rates of US\$1.00 = HK\$7.80 and US\$1.00 = RM 4.10 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.*