



General Announcement

Initiated by **MB_CIMB3** on **12/04/2000 04:29:39 PM**

Submitted by **MB_CIMB3** on **12/04/2000 07:08:04 PM**

Reference No **MM-000412-59378**

(Submitted)

GENTING BERHAD ("GENTING" OR THE "COMPANY")

PROPOSED SUBSCRIPTION OF SECURITIES CONVERTIBLE INTO EQUITY SHARES OF STAR CRUISES PLC;

PROPOSAL FOR PURCHASE OF OWN SHARES; AND

PROPOSED ACQUISITION OF A PARCEL OF LEASEHOLD LAND AND DISPOSAL OF TWO PARCELS OF FREEHOLD LAND IN GENTING HIGHLANDS BY SUBSIDIARIES OF RESORTS WORLD BHD

1. INTRODUCTION

On behalf of Genting, Commerce International Merchant Bankers Berhad ("CIMB") is pleased to announce the following:-

- (i) proposed subscription of securities convertible into equity shares ("Convertible Securities") of Star Cruises PLC ("SCPLC") by Genting Overseas Holdings Limited ("GOHL"), a wholly-owned subsidiary of Genting ("Proposed Subscription");
- (ii) proposal for purchase of own shares ("Proposed Share Buy-Back"); and
- (iii) proposed acquisition of a parcel of leasehold land in Genting Highlands from Tan Sri Lim Goh Tong and proposed disposal of two (2) parcels of freehold land in Genting Highlands ("Proposed Land Transactions") by subsidiaries of Resorts World Bhd ("RWB").

The Proposed Subscription, Proposed Share Buy-Back and Proposed Land Transactions are hereinafter collectively referred to as the Proposals.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1 On 19 June 1998, an extraordinary general meeting ("EGM") of RWB, a 55.2% owned subsidiary of Genting, was held to approve the subscription by Resorts World Limited ("RWL"), a wholly-owned subsidiary of Sierra Springs Sdn. Bhd., which in turn is a wholly-owned subsidiary of RWB, of 125,000,000 new ordinary shares of US\$0.10 each representing approximately 20% equity interest in the enlarged issued and paid-up share capital of SCPLC for a cash consideration of US\$262.5 million or at US\$2.10 per share. This subscription was completed on 30 June 1998.

Subsequent to the abovementioned subscription, RWL has bought from the market further equity stakes in SCPLC and as at 31 March 2000, its shareholding in SCPLC was 171,849,000 ordinary shares of US\$0.10 each representing approximately 27.5% equity interest in SCPLC. The closing market price of SCPLC shares as traded on Central Limit Order Book ("CLOB") International, Singapore as at 11 April 2000 (being the last practicable date for inclusion in this announcement) was US\$8.05.

2.2 In December 1999, SCPLC together with its affiliates commenced acquiring through Arrasas Limited ("Arrasas"), a wholly-owned subsidiary of SCPLC, shares of NCL Holding ASA ("NCL"), the fourth largest cruise operator in the world, in the open market. As at 16 December 1999, the shareholding of SCPLC and its affiliated companies in NCL is approximately 125.9 million shares, representing more than 50% of the share capital of NCL then. As a result, SCPLC has since made a mandatory offer for all NCL shares it does not already own. At the close of its mandatory offer, Arrasas together with its affiliates had acquired a total of 255,116,463 NCL shares representing approximately 95.4% of the share capital of NCL then. During the period of the mandatory offer, SCPLC entered into a joint venture agreement with Carnival Corporation to pursue the acquisition of NCL. Under the agreement, Carnival Corporation will acquire a 40% equity stake in Arrasas with SCPLC retaining 60% ownership of Arrasas. The joint venture agreement was mutually terminated on an amicable basis in March 2000.

2.3 In view of the acquisition of NCL and expansion of its existing fleet of ships, SCPLC has been considering various funding options, including but not limited to the issuance of new equity shares and/or securities convertible into equity shares in SCPLC.

In this regard, GOHL has advanced to SCPLC a sum of US\$62 million as advance subscription monies for Convertible Securities of SCPLC. This advance subscription monies carry interest based on one (1) months United States dollar Singapore Inter Bank Offer Rate ("SIBOR") plus 1% per annum from the respective date of remittance of the advance subscription monies.

2.4 In connection with 2.3 above, the Board of Directors of Genting proposes to enter into an agreement with SCPLC for the subscription of Convertible Securities in SCPLC. The aggregate value of Convertible Securities to be subscribed by GOHL shall be the outstanding amount of the advance subscription monies plus accumulated interests thereon and other related costs payable at the time of subscription.

The payment for the Proposed Subscription shall be deemed to be duly satisfied in cash upon issuance of the Convertible Securities to RWL by applying the outstanding amount of the advance subscription monies plus accumulated interests thereon and other related costs towards the subscription price of the Convertible Securities.

2.5 The terms of the Convertible Securities are still being negotiated between SCPLC and RWL with the advice of their respective financial advisors. An appropriate announcement will be made as soon as the terms have been finalised and mutually agreed upon.

3. PROPOSED SHARE BUY-BACK

3.1 The Company proposes to purchase up to a maximum of 70,433,000 ordinary shares of RM0.50 each in Genting representing approximately ten percent (10%) of the issued and paid-up share capital of the Company as at 31 December 1999 comprising of 704,338,954 ordinary shares of RM0.50 each, on the Kuala Lumpur Stock Exchange ("KLSE") through one or more stockbrokers (subject to the approval of the KLSE) to be appointed at a later date, subject to the prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities and the availability of retained profits and/or share premium account of the Company. The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back until the conclusion of the next Annual General Meeting of Genting unless earlier revoked or varied by ordinary resolution of shareholders of Genting in a general meeting.

3.2 The Company may retain the purchased shares as treasury shares, or to cancel the shares purchased or a combination of both. The purchased shares held as treasury shares may either be distributed as share dividends, resold on the KLSE in accordance with the relevant rules of

the KLSE or subsequently cancelled. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account of the Company subject to applicable prevailing laws.

4. PROPOSED LAND TRANSACTIONS

4.1 The Proposed Land Transactions will involve two (2) parts:-

- (i) Genting, through Genting Centre of Excellence Sdn. Bhd. ("GCE"), a 70%-owned subsidiary of RWB, proposes to acquire from Tan Sri Lim Goh Tong, the Chairman and the Chief Executive of Genting and RWB, a parcel of leasehold vacant land measuring approximately 7.513 acres, being part of the land held under title no. Pajakan Negeri 2478, Lot 15250 in Genting Highlands, Mukim and District of Bentong, Pahang Darul Makmur ("TSL Land") for a consideration of RM1,277,000; and
- (ii) Genting, through Genting Highlands Berhad ("GHB"), a wholly-owned subsidiary of RWB, proposes to dispose to Tan Sri Lim Goh Tong and/or his nominee(s), a parcel of freehold vacant land held under title no. Geran 10094, Lot 10352 (measuring 4.655 acres) and part of the freehold vacant land held under title no. Geran 4577, Lot 10354 (measuring 2.858 acres), together totalling approximately 7.513 acres, in Genting Highlands, Mukim and District of Bentong, Pahang Darul Makmur ("GHB Lands") for a consideration of RM1,513,000.

The TSL Land has a 99 years lease term expiring on 20 September 2090 (unexpired term of approximately 90 years) and had been approved for building (educational use) as endorsed in the land title. It is located within the Bandar Gohtong Jaya area with direct frontage to the Genting Main Access Road. In respect of the GHB Lands, Lot 10352 had been approved for building (commercial use) as endorsed in the land title whilst Lot 10354 had been approved for building and zoned for commercial use. Both are also located within Bandar Gohtong Jaya with frontage to the 10 km roundabout of the Genting Main Access Road.

4.2 The total purchase consideration of RM1,277,000 for the TSL Land and the total disposal consideration of RM1,513,000 for the GHB Lands were arrived on a willing-buyer willing-seller basis after taking into consideration the open market value as appraised by an independent firm of professional valuers, Appraisal Property Consultants (M) Sdn. Bhd., using the comparison method of valuation based on valuation reports both dated 5 April 2000.

4.3 The excess of open market value of the GHB Lands over the open market value of the TSL Land of RM236,000 will be paid in cash by Tan Sri Lim Goh Tong and/or his nominee(s) upon completion of the Proposed Land Transactions.

The said cash proceeds of RM236,000 will be utilised as working capital of the Genting Group.

4.4 The TSL Land and GHB Lands are to be transacted free from all liens, encumbrances and claims but subject to all conditions of the document of titles, whether express or implied, affecting the said lands.

5. INFORMATION ON SCPLC

5.1 SCPLC was incorporated on 10 November 1993 under the Companies Acts, 1931 to 1993 in the Isle of Man under the name of Galactica Limited, which was subsequently changed to Star Cruises Limited on 25 March 1997. It was converted into a public limited company and adopted its present name on 16 April 1997.

The present authorised share capital of SCPLC is US\$100,000,000 comprising 999,990,000 ordinary shares of US\$0.10 each and 10,000 1% non-cumulative redeemable preference shares of US\$0.10 each. The present issued and paid-up share capital of SCPLC is US\$62,476,574 comprising 624,765,743 ordinary shares of US\$0.10 each.

SCPLC's principal activity is investment holding while its subsidiaries are involved in the ownership and management of a fleet of cruise liners, and the construction and management of ports and other cruise infrastructure facilities. The SCPLC Group is currently managing cruise terminals in Pulau Indah and Pulau Langkawi and has been awarded the contract to construct and operate a cruise terminal in Bangkok, Laem Chabang, Thailand.

The shares of SCPLC were listed on the Luxembourg Stock Exchange and quoted on CLOB International, Singapore on 2 March 1998 and 3 April 1998 respectively.

5.2 SCPLC's fleet consist of eleven (11) vessels currently in service:-

- (i) SuperStar Leo (76,800 tonnes, 1,800 lower berths) began operating out of Singapore as a new ship build on 1 November 1998, replacing Star Aquarius. It was relocated to Hong Kong in September 1999 and will be relocated to Japan sometime in April 2000.
- (ii) SuperStar Virgo (76,800 tonnes, 1,800 lower berths) has operated out of Singapore since 3 September 1999, replacing SuperStar Leo, which moved to Hong Kong.
- (iii) SuperStar Aries (38,000 tonnes, 610 lower berths) began regular operations out of Bangkok on 1 October 1999.
- (iv) SuperStar Gemini (20,000 tonnes, 750 lower berths) operates out of Singapore, and is aimed primarily at the fly-cruise market.
- (v) Star Pisces (40,000 tonnes, 1,080 lower berths) was the pathfinder vessel for Hong Kong. With the arrival of SuperStar Leo, Star Pisces will remain in Hong Kong, targeting the value/gambling-oriented segment of the market.
- (vi) Star Aquarius (40,000 tonnes, 1,050 lower berths) operates out of Taiwan as the pathfinder vessel.
- (vii) SuperStar Taurus (25,000 tonnes, 900 lower berths) has been chartered for three years and operates as a pathfinder vessel between Korea and Japan from March 2000 onwards.
- (viii) MegaStar Aries (5,000 tonnes, 70 lower berths) can be hired for private charter out of Singapore.
- (ix) MegaStar Taurus (5,000 tonnes, 70 lower berths) can be hired for private charter out of Singapore.
- (x) MegaStar Capricorn (4,200 tonnes, 120 lower berths) expected to start operation out of Dubai from 18 April 2000.
- (xi) MegaStar Sagittarius (4,200 tonnes, 120 lower berths) operates out of Singapore since 1 April 2000.

In addition, SCPLC also owns SuperStar Capricorn (28,000 tonnes, 730 lower berths) which has been chartered to Hyundai, and SuperStar Express (5,419 tonnes, 900 passengers, 175 cars),

which is a passenger and vehicle catamaran that has been chartered to P&O for a period of three (3) years from 1998 with an option exercisable by the charterer to extend the charter for a further two (2) years.

- 5.3 Presently, SCPLC's 11 ships are based throughout Asia-Pacific and offer a range of cruise itineraries departing from its hub ports in Singapore, Malaysia, Thailand, Hong Kong, Taiwan, Korea and Japan to various ports of call. SCPLC's fleet is believed to have the highest crew-to-passenger ratio reflecting the high standards of the hospitality industry in Asia-Pacific. Since her inception only six years ago, the "Star Cruises" brand name has become one of the most recognized in the Asia-Pacific region. The high quality of SCPLC's cruising products has been widely recognized by professionals in the cruise industry, as demonstrated by the following awards SCPLC has received:-

named "Best Cruise Operator" in 1996 and 1997 by World Travel Market;

named "Best Cruise Operator" in 1997 and 1999 by the Australian Federation of Travel Agents, Western Australia Chapter;

named "Best Cruise Operator in Asia-Pacific" in 1997, 1998 and 1999 by Miller Freeman - TTG Travel Awards;

in 1998, Dream World Cruise Destinations recognized Port Klang terminal where SCPLC's ships are berthed as the "Most Improved Port Facilities";

Venture Asia Publishing (publisher of Travel Asia) named SCPLC the "Best Cruise Company" in 1998 and the "New Player of the Year" in 1999;

Three (3) out of the eight (8) prestigious awards for SuperStar Leo by ShipPax Information for "Outstanding Cruise Saloons", "Outstanding Cruise Cabins" and Outstanding Cruise Sundeck; and

named "Best Cruises Product Overall in Tabs on Travel Industry" in 1999 by the New Zealand Travel Industry.

In March 1999, Star Cruises was rated by **Interbrand** - a leading international branding consultant, as one of the top 50 Asian Brands and one of the 3 brands in Asia most likely to improve its position.

- 5.4 With the acquisition of NCL, SCPLC has become the first global cruise company with cruise itineraries in Americas, Europe and Asia-Pacific. Including NCL in its fleet, SCPLC's fleet has increased to 20 ships with over 21,000 lower berths making SCPLC the joint-third largest cruise line in the world.

NCL was one of the pioneer modern cruise line operators in North America and commenced cruise services in the 1960's. SCPLC intends to strengthen the "Norwegian Cruise" and "Orient Line" brands in the next few years although both companies will exist and operate independently. SCPLC believes that the United States and European cruise markets can support four (4) large and profitable cruise companies and believes that passenger carryings will grow significantly in the future.

SCPLC and NCL will realise substantial synergies in cost savings through cross marketing of each company's products, and sharing of technical, purchasing and management expertise to take advantage of economies of scale that exists within each independent company.

6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Subscription

The SCPLC Group is principally in the same business as the Genting Group, offering short leisure vacations. The existing investment in SCPLC is a strategic one, offering the following advantages to the Genting Group:-

- (i) Participation by the Genting Group in the growing cruise market in the world;
- (ii) Synergies as both Groups are in the business of providing leisure, gaming and short vacations; and exchange of information and expertise; and
- (iii) Promotion of in-bound tourism into the country, especially to the Awana hotels and to Genting Highlands.

The Board of Directors of Genting is of the opinion that the cruise business has considerable growth potential in the long term. The Proposed Subscription will provide an opportunity to the Genting Group to increase its equity interest in SCPLC.

6.2 Proposed Share Buy-Back

The Proposed Share Buy-Back will enable the Genting Group to utilise its surplus financial resources to purchase shares in Genting. The Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of the shares in Genting.

The purchased shares could be held as treasury shares and resold on the KLSE with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. In the event of a distribution of the treasury shares as share dividends, it will serve to reward the shareholders of the Company.

6.3 The Proposed Land Transactions

The Ministry of Education had recently approved GCE's application to operate and manage a college. The newly approved college called "Kolej Antarabangsa Genting", will enable GCE to offer hospitality courses to the public in addition to its existing internal training programmes. The proposed acquisition of the TSL Land will enable GCE, which is presently located in rented premises, to set-up its own Main College Campus with full training and boarding facilities in tandem with its new status.

GCE has successfully entered into an agreement of cooperation with the world-renowned hotel business school, Ecole Hoteliere De Lausanne of Switzerland to conduct courses and award Diploma/Certificates for the ASEAN and Sri Lankan market. The establishment of the GCE's Main College Campus will enhance its image to attract both local and foreign students.

The proposed acquisition of the TSL Land will enable GCE to immediately apply for approval to construct the proposed Main College Campus as the TSL Land is already approved for educational use.

The proposed GCE's Main College Campus is expected to complement the existing activities of the Genting Group and hence, contribute to its future earnings.

Tan Sri Lim Goh Tong has agreed to sell the TSL Land to the RWB provided that he is able to acquire lands of approximately equivalent size from RWB in exchange.

7. FINANCIAL EFFECTS OF THE PROPOSALS

7.1 Proposed Subscription

The Proposed Subscription will have no effect on the share capital or shareholding structure of Genting.

Since the terms of the Proposed Subscription have not been finalised, it is not possible at this point of time to determine its impact on the net tangible assets per share and earnings of the Genting Group.

7.2 Proposed Share Buy-Back

7.2.1 Share Capital

In the event all the shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid-up share capital of Genting as at 31 December 1999 being reduced from RM352,169,477 comprising 704,338,954 ordinary shares of RM0.50 each to RM316,952,977 comprising 633,905,954 ordinary shares of RM0.50 each. However, it is not expected to have any effect on the issued and paid-up share capital if all the shares purchased are retained as treasury shares.

7.2.2 NTA

The effects of the Proposed Share Buy-Back on the NTA per share of the Group will depend on the purchase prices of shares in Genting and the effective funding cost or loss in interest income to the Company.

If all the shares purchased are cancelled, the Proposed Share Buy-Back would reduce the NTA per share of the Genting Group when the purchase price exceeds the NTA per share at the relevant point in time. Conversely, the NTA per share of the Genting Group would be increased when the purchase price is less than the NTA per share at the relevant point in time.

7.2.3 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Genting Group will depend on the purchase prices of shares in Genting and the effective funding cost or loss in interest income to the Company.

7.3 Proposed Land Transactions

The Proposed Land Transactions will have no effect on the share capital or shareholding structure of Genting.

The Proposed Land Transactions will have no material effect on the NTA of the Genting Group but will give rise to a profit of approximately RM120,000 at the Genting Group level.

8. CONDITIONS OF THE PROPOSALS

The Proposed Subscription is not subject to any approval.

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of Genting at an EGM to be convened and the Articles of Association of the Company being amended accordingly to facilitate the Proposed Share Buy-Back.

The Proposed Land Transactions are property transactions involving Directors under Section 132E of the Companies Act, 1965 and are accordingly conditional upon the approval of the shareholders of Genting and RWB at their respective EGMs to be convened.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

9.1 Proposed Subscription

Tan Sri Lim Goh Tong is a Director and shareholder of Genting, and has been granted options to subscribe for 600,000 shares in Genting. He is also a shareholder of SCPLC and a preference unit holder of the Golden Hope Unit Trust ("GHUT"), which is a substantial shareholder of SCPLC and of which Golden Hope Limited ("GHL") is acting as its trustee, and has a deemed interest in the units of the GHUT by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT.

Dato' Lim Kok Thay, a son of Tan Sri Lim Goh Tong, is a Director and shareholder of Genting, and has been granted options to subscribe for 400,000 shares in Genting. He is also a director, shareholder and call option holder of shares in SCPLC and a director of both GOHL and GHL, the trustee of the GHUT, and a preference unit holder of the GHUT, and has a deemed interest in the units of the GHUT by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT.

Mr. Colin Au Fook Yew is a Director and shareholder of Genting and has been granted options to subscribe for 400,000 shares in Genting. He is also a director, shareholder and call option holder of shares in SCPLC and a director of GOHL.

Tan Sri Mohd Amin bin Osman is a Director and shareholder of Genting and has been granted options to subscribe for 400,000 shares in Genting. He is also a call option holder of shares in SCPLC.

Mr. Teo Eng Siong is an Alternate Director of Genting and a director of GHL. He is also call option holder of shares in SCPLC.

As such, Tan Sri Lim Goh Tong, Dato' Lim Kok Thay, Mr. Colin Au Fook Yew, Tan Sri Mohd Amin bin Osman and Mr. Teo Eng Siong, are deemed to be interested in the Proposed Subscription and have accordingly abstained and will continue to abstain from voting on the Proposed Subscription at the relevant Board Meetings of Genting.

Save as mentioned above, none of the other Directors or substantial shareholders of Genting or persons connected to them has any interest, direct or indirect, in the Proposed Subscription.

9.2 Proposed Share Buy-Back

Save for the resulting increase in percentage shareholdings of shareholders in the Company as a consequence of the Proposed Share Buy-Back if the shares purchased are cancelled, none of

the Directors and substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

9.3 Proposed Land Transactions

Tan Sri Lim Goh Tong is the owner of the TSL Land and the proposed purchaser of the GHB Land. He is also a Director, shareholder and share option holder of Genting, and has a deemed interest only by virtue of being a beneficiary of a trust which owns the non-voting preference shares in Kien Huat Realty Sdn. Bhd. ("Kien Huat"), a substantial shareholder of Genting.

Dato' Lim Kok Thay, a son of Tan Sri Lim Goh Tong, is a Director, shareholder and share option holder of Genting, and has a deemed interest only by virtue of being a beneficiary of a trust which owns the non-voting preference shares in Kien Huat.

As such, Tan Sri Lim Goh Tong and Dato' Lim Kok Thay are deemed to be interested in the Proposed Land Transactions and have accordingly abstained from voting on the Proposed Land Transactions at the relevant Board Meetings of Genting.

The abovementioned Directors will also abstain from voting in respect of their direct and indirect shareholdings in Genting on the ordinary resolutions pertaining to the Proposed Land Transactions at the EGM of Genting to be convened.

Save as mentioned above, none of the other Directors or substantial shareholders of Genting or persons connected to them has any interest, direct or indirect, in the Proposed Land Transactions.

10. RECOMMENDATION

Your Directors, after careful deliberations on the Proposals, are of the opinion that the Proposals are in the best interest of the Company.

11. Adviser

CIMB has been appointed by Genting as the main adviser for the Proposals.