Interim Report 2017

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

Stock Code: 678

GENTING
HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

Interim Report for the six months ended 30 June 2017

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Forward-looking statements

This interim report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the Company about the industry and markets in which the Company and its subsidiaries (the "Group") is operating or will operate in the future. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual results to differ materially from those expected or forecasted in the forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include general economic, political and business conditions, changes in cruise industry competition, weather, force majeure events and/or other factors. Reliance should not be placed on these forward-looking statements, which merely reflect the view of the Company as of the date of this report only. The Company is under no obligation to revise or update publicly these forward-looking statements or any part thereof to reflect events or circumstances resulting from any new information, future events or otherwise on which any such statement was based.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Tan Sri Lim Kok Thay
(Chairman and Chief Executive Officer)
Mr. Lim Keong Hui
(Executive Director – Chairman's Office and Chief Information Officer)

Independent Non-executive Directors

Mr. Alan Howard Smith *(Deputy Chairman)*
Mr. Lam Wai Hon, Ambrose
Mr. Justin Tan Wah Joo

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

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The Board of Directors (the "Directors") of Genting Hong Kong Limited (the "Company") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017, as follows:

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2017	2016
		US$'000	*US$'000*
	Note	*unaudited*	*unaudited*
Revenue	4	532,508	435,825
Operating expenses			
Operating expenses excluding depreciation and amortisation		(477,523)	(344,677)
Depreciation and amortisation		(79,460)	(50,343)
		(556,983)	(395,020)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(146,729)	(119,278)
Depreciation and amortisation		(6,673)	(7,361)
		(153,402)	(126,639)
		(710,385)	(521,659)
		(177,877)	(85,834)
Share of profit of joint ventures		340	279
Share of profit of associates		2,189	19,248
Other income, net	5	3,074	11,808
Other losses, net	6	(15,034)	–
Finance income		2,332	5,412
Finance costs	7	(17,100)	(576)
		(24,199)	36,171
Loss before taxation	8	(202,076)	(49,663)
Taxation	9	(1,101)	(4,922)
Loss for the period		(203,177)	(54,585)

Condensed Consolidated Statement of Comprehensive Income *(Continued)*

	Note	Six months ended 30 June 2017 US$'000 unaudited	2016 US$'000 unaudited
Loss for the period		(203,177)	(54,585)
Other comprehensive income/(loss):			
Items that have been or may be reclassified to profit or loss:			
Foreign currency translation differences		30,501	(2,038)
Fair value gain on derivative financial instruments		33,342	462
Fair value gain/(loss) on available-for-sale investments		305,735	(463,101)
Share of other comprehensive income of an associate		1	212
Release of reserves upon disposal of available-for-sale investments		(1,264)	–
Other comprehensive income/(loss) for the period		368,315	(464,465)
Total comprehensive income/(loss) for the period		165,138	(519,050)
Loss attributable to:			
Equity owners of the Company		(202,175)	(53,639)
Non-controlling interests		(1,002)	(946)
		(203,177)	(54,585)
Total comprehensive income/(loss) attributable to:			
Equity owners of the Company		166,140	(518,104)
Non-controlling interests		(1,002)	(946)
		165,138	(519,050)
Loss per share attributable to equity owners of the Company	10		
– Basic (US cents)		(2.38)	(0.63)
– Diluted (US cents)		(2.38)	(0.63)

Condensed Consolidated Statement of Financial Position

	Note	As at 30 June 2017 *US$'000 unaudited*	As at 31 December 2016 *US$'000 audited*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		3,268,935	3,111,526
Land use right		3,715	3,671
Intangible assets		83,239	80,189
Interests in joint ventures	11	2,130	3,847
Interests in associates	12	541,111	549,885
Deferred tax assets		1,693	2,130
Available-for-sale investments	13	9,600	9,585
Other assets and receivables	15	196,227	11,909
		4,106,650	3,772,742
CURRENT ASSETS			
Properties under development		56,696	45,056
Inventories		41,159	65,947
Trade receivables	14	42,107	49,765
Prepaid expenses and other receivables	15	116,668	173,434
Available-for-sale investments	13	1,558,879	1,257,073
Derivative financial instruments	18	16,062	–
Amounts due from related companies		1,134	1,153
Restricted cash		130,545	141,251
Cash and cash equivalents		895,339	1,040,274
		2,858,589	2,773,953
TOTAL ASSETS		6,965,239	6,546,695

Condensed Consolidated Statement of Financial Position *(Continued)*

	Note	As at 30 June 2017 US$'000 unaudited	As at 31 December 2016 US$'000 audited
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital	16	848,249	848,249
Reserves:			
Share premium		41,634	41,634
Contributed surplus		936,823	936,823
Additional paid-in capital		111,781	111,780
Foreign currency translation adjustments		(105,977)	(137,601)
Available-for-sale investments reserve		407,385	104,037
Cash flow hedge reserve		16,062	(17,280)
Retained earnings		2,610,616	2,897,616
		4,866,573	4,785,258
Non-controlling interests		36,956	37,958
TOTAL EQUITY		4,903,529	4,823,216
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	17	1,178,083	1,036,936
Deferred tax liabilities		18,425	18,597
Provisions, accruals and other liabilities		1,433	1,123
Retirement benefit obligations		9,406	8,934
Advance ticket sales		23,296	19,394
		1,230,643	1,084,984
CURRENT LIABILITIES			
Trade payables	19	116,084	85,606
Current income tax liabilities		4,695	6,875
Provisions, accruals and other liabilities		359,270	224,062
Current portion of loans and borrowings	17	135,702	135,243
Derivative financial instruments	18	–	17,280
Amounts due to related companies		434	2,458
Advance ticket sales		214,882	166,971
		831,067	638,495
TOTAL LIABILITIES		2,061,710	1,723,479
TOTAL EQUITY AND LIABILITIES		6,965,239	6,546,695
NET CURRENT ASSETS		2,027,522	2,135,458
TOTAL ASSETS LESS CURRENT LIABILITIES		6,134,172	5,908,200

Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June 2017 *US$'000 unaudited*	2016 *US$'000 unaudited*
OPERATING ACTIVITIES			
Cash used in operations		(1,034)	(23,753)
Interest paid		(19,908)	(8,201)
Payment of loan arrangement fees		(4,695)	(48)
Interest received		2,332	3,124
Income tax paid		(2,844)	(2,693)
Net cash outflow from operating activities		(26,149)	(31,571)
INVESTING ACTIVITIES			
Acquisition of subsidiaries and business, net of cash acquired	22	993	(278,644)
Purchase of property, plant and equipment		(279,904)	(159,949)
Proceeds from sale of property, plant and equipment		–	1,683
Acquisition of additional equity interest in an associate		(54)	–
Proceeds from disposal of available-for-sale investments		3,924	–
Dividends received		–	9,217
Loans to a joint venture		–	(5,888)
Net cash outflow from continuing investing activities		(275,041)	(433,581)
Net cash inflow from discontinued operations		–	18,522
Net cash outflow from investing activities		(275,041)	(415,059)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		205,755	–
Repayments of loans and borrowings		(68,918)	(42,058)
Net cash inflow/(outflow) from financing activities		136,837	(42,058)
Effect of exchange rate changes on cash and cash equivalents		19,418	(5,886)
Net decrease in cash and cash equivalents		(144,935)	(494,574)
Cash and cash equivalents at 1 January		1,040,274	1,778,745
Cash and cash equivalents at 30 June		895,339	1,284,171

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2017	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Additional paid-in capital US$'000	Foreign currency translation adjustments US$'000	Available-for-sale investments reserve US$'000	Cash flow hedge reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
	Attributable to equity owners of the Company										
unaudited											
At 1 January 2017	848,249	41,634	936,823	111,780	(137,601)	104,037	(17,280)	2,897,616	4,785,258	37,958	4,823,216
Comprehensive income/(loss):											
Loss for the period	–	–	–	–	–	–	–	(202,175)	(202,175)	(1,002)	(203,177)
Other comprehensive income/(loss) for the period:											
Foreign currency translation differences	–	–	–	–	30,501	–	–	–	30,501	–	30,501
Fair value gain on derivative financial instruments	–	–	–	–	–	–	33,342	–	33,342	–	33,342
Share of other comprehensive income of an associate	–	–	–	1	–	–	–	–	1	–	1
Fair value gain on available-for-sale investments	–	–	–	–	–	305,735	–	–	305,735	–	305,735
Release of reserves upon disposal of available-for-sale investments	–	–	–	–	1,123	(2,387)	–	–	(1,264)	–	(1,264)
Total comprehensive income/(loss)	–	–	–	1	31,624	303,348	33,342	(202,175)	166,140	(1,002)	165,138
Transaction with equity owners:											
Dividends related to 2016	–	–	–	–	–	–	–	(84,825)	(84,825)	–	(84,825)
At 30 June 2017	848,249	41,634	936,823	111,781	(105,977)	407,385	16,062	2,610,616	4,866,573	36,956	4,903,529

Condensed Consolidated Statement of Changes in Equity *(Continued)*

	Attributable to equity owners of the Company										
Six months ended 30 June 2016	Share capital *US$'000*	Share premium *US$'000*	Contributed surplus *US$'000*	Additional paid-in capital *US$'000*	Foreign currency translation adjustments *US$'000*	Available-for-sale investments reserve *US$'000*	Cash flow hedge reserve *US$'000*	Retained earnings *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
unaudited											
At 1 January 2016	848,249	41,634	936,823	111,644	(93,784)	218,264	(3,009)	3,400,760	5,460,581	39,865	5,500,446
Comprehensive income/(loss):											
Loss for the period	–	–	–	–	–	–	–	(53,639)	(53,639)	(946)	(54,585)
Other comprehensive income/(loss) for the period:											
Foreign currency translation differences	–	–	–	–	(2,038)	–	–	–	(2,038)	–	(2,038)
Fair value gain on derivative financial instruments	–	–	–	–	–	–	462	–	462	–	462
Share of other comprehensive income of an associate	–	–	–	212	–	–	–	–	212	–	212
Fair value loss on available-for-sale investments	–	–	–	–	–	(463,101)	–	–	(463,101)	–	(463,101)
Total comprehensive income/(loss)	–	–	–	212	(2,038)	(463,101)	462	(53,639)	(518,104)	(946)	(519,050)
At 30 June 2016	848,249	41,634	936,823	111,856	(95,822)	(244,837)	(2,547)	3,347,121	4,942,477	38,919	4,981,396

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

Genting Hong Kong Limited (the "Company") is an exempted company continued into Bermuda with limited liability and the shares of the Company are primary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and secondary listed on the Main Board of the Singapore Exchange Securities Trading Limited. The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

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 and leisure, entertainment and hospitality activities.

This unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors on 17 August 2017.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The preparation of the unaudited condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited condensed consolidated interim financial information is prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, and retirement benefit assets which are carried at fair value. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2016.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This unaudited condensed consolidated interim financial information should be read where relevant, in conjunction with the annual financial statements of the Group for the year ended 31 December 2016 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2016, except that the Group has adopted the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

(i) HKAS 7 (Amendments), "Disclosure initiative" (effective from 1 January 2017). The amendments introduce an additional disclosure on changes in liabilities arising from financing activities. The amendments do not have a material impact on the Group's consolidated financial statements.

(ii) HKAS 12 (Amendments), "Recognition of deferred tax assets for unrealised losses" (effective from 1 January 2017). The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively. The amendments do not have a material impact on the Group's consolidated financial statements.

Apart from the impact mentioned above and certain presentational changes, the adoption of these amendments to HKFRSs has no significant impact on the Group's financial information. Where necessary, comparative information has been reclassified and expanded from previously reported consolidated interim financial information to take into account any presentational changes made in the annual financial statements or in this unaudited condensed consolidated interim financial information.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rate risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no changes in any risk management policies since the previous year end.

(b) Fair value estimation

The table below analyses financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

unaudited As at 30 June 2017	Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total *US$'000*
Financial assets				
Available-for-sale investments	1,558,879	–	–	1,558,879
Derivative financial instruments	–	16,062	–	16,062
	1,558,879	16,062	–	1,574,941

audited As at 31 December 2016	Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total *US$'000*
Financial assets				
Available-for-sale investments	1,257,073	–	–	1,257,073
Financial liabilities				
Derivative financial instruments	–	17,280	–	17,280

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the last financial year ended 31 December 2016.

There have been no transfers between the levels of the fair value hierarchy during the six months ended 30 June 2017.

The fair values of cash and cash equivalents, trade and other receivables, trade payables and accrued liabilities approximate their carrying amounts due to short-term maturities of these instruments.

The carrying amounts and fair value of the loans and borrowings (including the current portion) are as follows:

	30 June 2017 *US$'000*	31 December 2016 *US$'000*
Carrying amount	1,313,785	1,172,179
Fair value	1,371,687	1,233,719

The fair value of loans and borrowings is estimated based on rates currently available for the same or similar terms and remaining maturities.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the operation of passenger cruise ships. Senior management reviews the performance and makes operating decisions and resources allocation based on the Group's internal reports. The Group's business is divided into cruise operation and non-cruise operation. Accordingly, two reportable segments namely, cruise and cruise-related activities and non-cruise activities are identified.

Revenue from our cruise and cruise-related activities are categorised as "passenger ticket revenue" and "onboard revenue". Passenger ticket revenue primarily consists of revenue from the sale of passenger tickets and the sale of transportation to and from our cruise ships to the extent guests purchase these items from the Group. Onboard revenue primarily consists of revenue from food and beverage sales, shore excursion, entertainment and other onboard services.

Revenue from our non-cruise activities primarily consists of revenue from our onshore hotel, travel agent, aviation (including AirCruises and air-related services), entertainment, shipyard business and dividend income from investments, none of which are of a significant size to be reported separately.

Passenger ticket revenue and onboard revenue increased significantly for the six months ended 30 June 2017 was mainly due to the full six months' operation of Genting Dream and Crystal Mozart. However, additional depreciation of Genting Dream and Crystal Mozart, higher marketing costs and startup costs of new Crystal river ships resulted in segmental loss of our "cruise and cruise-related activities". Higher revenue of non-cruise activities was primarily contributed by revenue from its shipyard activities. The increase in segmental loss of our "non-cruise activities" was mainly due to startup costs of new Crystal AirCruises operations in 2017 and higher overall operating and selling, general and administrative expenses including depreciation and amortisation as a result of full six months' startup and newbuild activities of the shipyards in Germany in 2017 as compared with its two months' post-acquisition activities for the six months ended 30 June 2016.

The segment information of the Group is as follows:

unaudited Six months ended 30 June 2017	Cruise and cruise-related activities *US$'000*	Non-cruise activities *US$'000*	Total *US$'000*
Passenger ticket revenue	275,310	952	276,262
Onboard revenue	195,903	–	195,903
Other revenue	–	60,343	60,343
Total revenue from external customers	471,213	61,295	532,508
Inter-segment revenue	–	57,054	57,054
Reportable segment revenue	471,213	118,349	589,562
Segment results	(102,240)	(75,637)	(177,877)
Share of profit of joint ventures			340
Share of profit of associates			2,189
Other income, net			3,074
Other losses, net			(15,034)
Finance income			2,332
Finance costs			(17,100)
Loss before taxation			(202,076)
Taxation			(1,101)
Loss for the period			(203,177)
Depreciation and amortisation	67,547	18,586	86,133

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

unaudited As at 30 June 2017	Cruise and cruise-related activities *US$'000*	Non-cruise activities *US$'000*	Total *US$'000*
Segment assets	3,566,786	3,398,453	6,965,239
Total assets			6,965,239
Segment liabilities	573,137	170,093	743,230
Loans and borrowings (including current portion)	1,298,015	15,770	1,313,785
	1,871,152	185,863	2,057,015
Current income tax liabilities			4,695
Total liabilities			2,061,710
Capital expenditure:			
Property, plant and equipment	93,589	126,529	220,118
Acquisition of subsidiaries and business	–	16,092	16,092
	93,589	142,621	236,210

unaudited Six months ended 30 June 2016	Cruise and cruise-related activities *US$'000*	Non-cruise activities *US$'000*	Total *US$'000*
Passenger ticket revenue	201,914	–	201,914
Onboard revenue	182,046	–	182,046
Other revenue	–	51,865	51,865
Total revenue from external customers	383,960	51,865	435,825
Inter-segment revenue	–	–	–
Reportable segment revenue	383,960	51,865	435,825
Segment results	(49,538)	(36,296)	(85,834)
Share of profit of joint ventures			279
Share of profit of associates			19,248
Other income, net			11,808
Other gains, net			–
Finance income			5,412
Finance costs			(576)
Loss before taxation			(49,663)
Taxation			(4,922)
Loss for the period			(54,585)
Depreciation and amortisation	46,794	10,910	57,704

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

audited As at 31 December 2016	Cruise and cruise-related activities *US$'000*	Non-cruise activities *US$'000*	Total *US$'000*
Segment assets	3,673,773	2,872,922	6,546,695
Total assets			6,546,695
Segment liabilities	182,767	361,658	544,425
Loans and borrowings (including current portion)	1,162,225	9,954	1,172,179
	1,344,992	371,612	1,716,604
Current income tax liabilities			6,875
Total liabilities			1,723,479
Capital expenditure:			
Property, plant and equipment	1,004,087	37,868	1,041,955
Acquisition of subsidiaries and business	–	229,160	229,160
	1,004,087	267,028	1,271,115

5. OTHER INCOME, NET

	Six months ended 30 June	
	2017 *US$'000* *unaudited*	2016 *US$'000* *unaudited*
Gain on foreign exchange	2,467	7,249
Other income, net	607	4,559
	3,074	11,808

6. OTHER LOSSES, NET

	Six months ended 30 June	
	2017 *US$'000* *unaudited*	2016 *US$'000* *unaudited*
Gain on disposal of an available-for-sale investment	1,264	–
Impairment loss on goodwill (note (a))	(10,945)	–
Impairment loss on other receivables	(5,353)	–
	(15,034)	–

Note:

(a) On 11 April 2017, the Group acquired remaining 50% equity interest in a 50% owned joint venture, Wider S.R.L. ("Wider"). The goodwill on acquisition of US$10,945,000 has been fully impaired during the six months ended 30 June 2017 after assessment by the Group.

7. FINANCE COSTS

	Six months ended 30 June 2017 US$'000 unaudited	2016 US$'000 unaudited
Commitment fees and amortisation of bank loans arrangement fees	5,140	2,861
Interests on bank loans and others	20,541	6,871
Interest capitalised for qualifying assets	(8,581)	(9,156)
Finance costs expensed	17,100	576

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	Six months ended 30 June 2017 US$'000 unaudited	2016 US$'000 unaudited
Included in operating expenses:		
Commission, incentive, transportation and other related costs	66,591	20,056
Onboard costs	41,173	56,154
Payroll and related costs	138,511	114,872
Food and supplies	25,336	22,045
Fuel costs	38,157	20,866
Included in selling, general and administrative expenses:		
Advertising expenses	53,127	32,442

9. TAXATION

	Six months ended 30 June 2017 US$'000 unaudited	2016 US$'000 unaudited
Overseas taxation		
– Current taxation	1,576	998
– Deferred taxation	(1,330)	2,255
	246	3,253
Under provision in respect of prior years		
– Current taxation	855	1,669
	1,101	4,922

The Group has incurred tax charges, as shown above, based on income derived from certain jurisdictions where it operates. The appropriate tax rates have been applied in order to determine the applicable tax charges in accordance with relevant tax regulations. Certain revenue of the Group derived from international waters or outside taxing jurisdictions is not subject to income tax and/or is eligible to tax exemption.

10. LOSS PER SHARE

Loss per share is computed as follows:

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	unaudited	*unaudited*
BASIC		
Loss attributable to equity owners of the Company for the period	(202,175)	(53,639)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Basic loss per share for the period in US cents	(2.38)	(0.63)
DILUTED		
Loss attributable to equity owners of the Company for the period	(202,175)	(53,639)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Effect of dilutive potential ordinary shares, in thousands: – options	–*	–*
Weighted average outstanding ordinary shares after assuming dilution, in thousands	8,482,490	8,482,490
Diluted loss per share for the period in US cents	(2.38)	(0.63)

* The calculation of diluted loss per share for the six months ended 30 June 2017 and 30 June 2016 did not take into account the share options of the Company as the assumed exercise had an anti-dilutive effect on the basic loss per share. Therefore, the diluted loss per share is the same as basic loss per share.

11. INTERESTS IN JOINT VENTURES

The Group's interests in joint ventures are as follows:

	As at	
	30 June 2017	31 December 2016
	US$'000	*US$'000*
	unaudited	*audited*
At 1 January	3,847	6,942
Share of profit/(loss) of joint ventures	340	(516)
Dividends	(2,079)	(2,839)
Currency translation differences	22	260
At 30 June 2017 / 31 December 2016	2,130	3,847

12. INTERESTS IN ASSOCIATES

The Group's interests in associates are as follows:

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
At 1 January	549,885	542,319
Additions	54	–
Share of profit of associates	2,189	32,890
Share of reserves of an associate	1	136
Dividends	(4,522)	(7,437)
Currency translation differences	(6,496)	(18,023)
At 30 June 2017 / 31 December 2016	541,111	549,885

The Group's share of the results in Travellers International Hotel Group, Inc. ("Travellers") and its aggregated assets and liabilities, which, in the opinion of the Directors, are material to the Group are shown below:

	Travellers 30 June 2017 *US$'000* *unaudited*	Travellers 31 December 2016 *US$'000* *audited*
Assets	1,719,574	1,541,437
Liabilities	841,090	640,012
Revenue	233,901	577,584
Share of profit	2,184	32,717
Percentage held in common shares	44.9%	44.9%

13. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
At 1 January	1,266,658	1,695,871
Currency translation differences	10	1,350
Disposals	(3,924)	(24,915)
Fair value losses from equity	–	(305,034)
Fair value gains/(losses) recognised in equity	305,735	(97,918)
Impairment loss recognised in profit or loss	–	(2,696)
At 30 June 2017 / 31 December 2016	1,568,479	1,266,658
Less: non-current portion	(9,600)	(9,585)
Current portion	1,558,879	1,257,073

13. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Available-for-sale investments include the following:

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
Listed investments:		
Equity securities – listed outside Hong Kong	1,558,879	1,257,073
Unlisted investments:		
Equity securities	9,600	9,585
	1,568,479	1,266,658

14. TRADE RECEIVABLES

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
Trade receivables	236,159	244,092
Less: Provisions	(194,052)	(194,327)
	42,107	49,765

The ageing analysis of the trade receivables after provisions by invoice date is as follows:

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
Current to 30 days	36,057	45,731
31 days to 60 days	2,269	1,760
61 days to 120 days	2,016	126
121 days to 180 days	1,071	789
181 days to 360 days	640	87
Over 360 days	54	1,272
	42,107	49,765

Credit terms generally range from payment in advance to 45 days credit (31 December 2016: payment in advance to 45 days credit).

15. OTHER ASSETS, PREPAID EXPENSES AND OTHER RECEIVABLES

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
Other debtors	67,803	25,902
Deposits	5,057	4,603
Prepayments	232,441	107,192
Loans and advance to a joint venture (note (a))	–	43,247
Amount due from an associate	5,515	4,399
Amount due from a joint venture	2,079	–
	312,895	185,343
Less: non-current portion	(196,227)	(11,909)
Current portion	116,668	173,434

Note:

(a) As at 31 December 2016, the loan granted to a joint venture included EUR18.1 million (equivalent to US$20.1 million) facility agreement, which was secured and subject to interest at EURIBOR plus 5.5% per annum, to Wider S.R.L. ("Wider") for construction of yacht. On 11 April 2017, the Group acquired 50% of the equity interest in Wider and Wider became a wholly-owned subsidiary of the Group.

16. SHARE CAPITAL

	Authorised share capital			
	Preference shares of US$0.10 each		Ordinary shares of US$0.10 each	
	No. of shares	*US$'000*	*No. of shares*	*US$'000*
unaudited				
At 1 January 2017 and 30 June 2017	10,000	1	19,999,990,000	1,999,999
audited				
At 1 January 2016 and 31 December 2016	10,000	1	19,999,990,000	1,999,999

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	*US$'000*
unaudited		
At 1 January 2017 and 30 June 2017	8,482,490,202	848,249
audited		
At 1 January 2016 and 31 December 2016	8,482,490,202	848,249

17. LOANS AND BORROWINGS

Loans and borrowings consist of the followings:

	As at 30 June 2017 US$'000 unaudited	As at 31 December 2016 US$'000 audited
SECURED:		
US$500 million secured term loan and revolving credit facility	469,550	293,488
US$300 million secured term loan	233,590	249,470
US$664 million secured term loan	594,876	619,085
RMB24 million entrustment loan (note (i))	2,876	2,806
RMB12.5 million entrustment loans (note (i))	3,688	3,598
RMB9 million entrustment loan (note (i))	443	431
EUR3.6 million secured term loan	3,373	3,301
EUR17.1 million secured term loan	5,389	–
	1,313,785	1,172,179
Less: Current portion	(135,702)	(135,243)
Non-current portion	1,178,083	1,036,936

Note:

(i) As at 30 June 2017 and 31 December 2016, the entrustment loans are secured by equivalent amount of restricted cash.

Movement in loans and borrowings is analysed as follows:

	US$'000 unaudited
Six months ended 30 June 2017	
Balance as at 1 January 2017	1,172,179
Proceeds from loans and borrowings	205,755
Repayments of loans and borrowings	(68,918)
Loan arrangement fees incurred for the period	(891)
Amortisation of loan arrangement fees	4,901
Exchange differences	759
Balance as at 30 June 2017	1,313,785

	US$'000 unaudited
Six months ended 30 June 2016	
Balance as at 1 January 2016	531,310
Repayments of loans and borrowings	(42,058)
Loan arrangement fees incurred for the period	(48)
Amortisation of loan arrangement fees	1,851
Exchange differences	(14)
Balance as at 30 June 2016	491,041

18. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of financial instruments including derivatives are determined based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realised as at the date of consolidated statement of financial position or that will be realised in the future and do not include expenses that could be incurred in an actual sale or settlement. The following are the estimated fair values of the Group's financial instruments and the methods used to estimate such fair value.

The Group entered into forward contracts to buy Euro dollar at a fixed exchange rate. As at 30 June 2017, the notional amount of these contracts was US$494.5 million (31 December 2016: US$317.1 million) and the estimated fair value gain of these forward contracts was approximately US$16.1 million (31 December 2016: fair value loss of US$17.3 million). These forward contracts have been designated and qualified as cash flow hedges. The changes in the fair value of these forward contracts were included as a separate component of reserves, and upon maturity will be included in the initial measurement of the cost of the underlying hedged items which are non-financial assets.

The fair values of the above instruments have been estimated using quotes from reputable financial institutions. The Group has no significant concentrations of credit risk as at 30 June 2017.

19. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	As at	
	30 June 2017	31 December 2016
	US$'000	*US$'000*
	unaudited	*audited*
Current to 60 days	68,936	63,191
61 days to 120 days	15,257	3,098
121 days to 180 days	14,510	8,413
Over 180 days	17,381	10,904
	116,084	85,606

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2016: no credit to 45 days credit).

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group during the six months ended 30 June 2017 and 2016 are set out below:

Golden Hope Limited ("Golden Hope"), a company incorporated in the Isle of Man acting as trustee of the Golden Hope Unit Trust ("GHUT"), a private unit trust which is wholly held directly and indirectly by First Names Trust Company (Isle of Man) Limited as trustee of a discretionary trust, the beneficiaries of which are Tan Sri Lim Kok Thay ("Tan Sri Lim"), Mr. Lim Keong Hui ("Mr. Lim") and certain other members of Tan Sri Lim's family, is a substantial shareholder of the Company.

Tan Sri Lim and Mr. Lim are each Executive Directors and related parties of the Company. Each of Tan Sri Lim and Mr. Lim is a beneficiary of another discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in Genting Berhad ("GENT"). Genting Management and Consultancy Services Sdn Bhd ("GMC") is a wholly-owned subsidiary of GENT. Genting Malaysia Berhad ("GENM") and Genting Singapore PLC ("GENS") are also subsidiaries of GENT. Accordingly, each of GENT, GENM, GENS and GMC is a related party of the Company. Each of GENT and GENM is a company listed on the Main Market of Bursa Malaysia Securities Berhad while GENS is a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

WorldCard International Limited ("WCIL") is a wholly-owned subsidiary of Star Cruise (C) Limited ("SC (C)") which is in turn a wholly-owned subsidiary of the Company.

Resorts World Inc Pte. Ltd. ("RWI") is a company incorporated in Singapore and currently is a 50:50 joint venture company of Genting Intellectual Property Pte. Ltd. ("GIP", a company incorporated in Singapore and a wholly-owned subsidiary of GENT) and KHRV Limited ("KHRV", a company incorporated in the Isle of Man and wholly-owned by Tan Sri Lim).

Clever Create Limited ("CCL") is a company in which Mr. Kwan Yany Yan Chi ("Mr. Kwan") and his wife have an interest. Mr. Kwan is a director and an indirect substantial shareholder of Treasure Island Entertainment Complex Limited ("TIECL"). TIECL is a company wholly-owned by Macau Land Investment Corporation ("MLIC"), which in turn is owned by an indirect wholly-owned subsidiary of the Company as to 75%, World Arena Corporation ("World Arena") as to 15% and Silverland Concept Corporation ("Silverland") as to 10%.

Rich Hope Limited ("Rich Hope") is a company in which each of Tan Sri Lim and his wife has an attributable interest as to 50%. Tan Sri Lim is also a director of Star Cruises (HK) Limited ("SCHK"), an indirect wholly-owned subsidiary of the Company.

Ambadell Pty Limited ("Ambadell") is ultimately wholly-owned by Golden Hope as trustee of GHUT. Star Cruises (Australia) Pty Ltd ("SCA") is a company incorporated in Australia and an indirect wholly-owned subsidiary of the Company.

Resorts World at Sentosa Pte. Ltd. ("RWS") is a company incorporated in Singapore and an indirect wholly-owned subsidiary of GENS.

Crystal Aim Limited ("CAL") is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company.

Genting International Management Limited ("GIML"), a company incorporated in the Isle of Man and an indirect wholly-owned subsidiary of GENS, is the registered owner of the "Crockfords and device" trademark (the "Crockfords" Trademark) and "MAXIMS" trademarks.

Star Market Holdings Limited ("SMHL") is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

International Resort Management Services Pte. Ltd. ("IRMS") is a company incorporated in Singapore and owned as to 80% by Tan Sri Lim and 20% by his wife.

Travellers International Hotel Group, Inc. ("Travellers") was a joint venture of the Company before the initial listing of its common shares on 5 November 2013 whereupon it became an associate of the Company. APEC Assets Limited ("APEC") is a wholly-owned subsidiary of Travellers.

Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") is a company incorporated in the Republic of the Philippines and 64% owned indirectly by Starlet Investments Pte. Ltd. (a company incorporated in Singapore), which is in turn 50% owned directly and indirectly by each of IRMS and the Company respectively. SCHKMS is a joint venture of the Company.

Dynamic Merits Limited ("Dynamic Merits") is an indirect wholly-owned subsidiary of the Company. Secret Garden (Zhangjiakou) Resort Co., Ltd. (formerly known as 3rd Valley (Zhang Jia Kou) Resort Corporation) ("Secret Garden (ZJK)") is a company in which Golden Hope as trustee of the GHUT has 40.05% indirect equity interest and Datuk Lim Chee Wah (a brother of Tan Sri Lim and an uncle of Mr. Lim) has 59.95% indirect equity interest.

Each of RW Tech Labs Sdn Bhd ("RWT"), RW Services Pte Ltd ("RW Services") and FreeStyle Gaming Limited ("FSG") is a wholly-owned subsidiary of RWI.

Genting Singapore Aviation III Ltd. ("GSA") is a company incorporated in Bermuda and a direct wholly-owned subsidiary of GENS.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

Petram Beteiligungs GmbH ("Petram") was a substantial shareholder of Lloyd Werft Bremerhaven AG (now known as Lloyd Werft Bremerhaven GmbH) ("LWB", the then non-wholly-owned subsidiary of the Company) and Lloyd Investitions- und Verwaltungs GmbH ("LIV", the then non-wholly-owned subsidiary of the Company) from 23 November 2015 to 10 January 2016. During this period, Petram held 30% of the total issued shares in LWB and 50% of the total share capital in LIV (together the "Remaining Petram LWB Shares and LIV Shares") and the Group held the remaining 70% interest in LWB and 50% interest in LIV. Subsequently, upon completion of the acquisition of the Remaining Petram LWB Shares and LIV Shares by the Group on 11 January 2016, LWB and LIV became wholly-owned subsidiaries of the Company and Petram ceased to be a substantial shareholder of LWB and LIV and concurrently ceased to be a related party of the Company.

German Dry Docks GmbH & Co. KG (now known as German Dry Docks AG) ("GDD") is a wholly-owned subsidiary of Petram.

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2017 and 2016 are set out below:

(a) On 30 December 2016, the Company entered into new services agreements with GMC, GENM and GENS separately to extend the term and to modify the scope of services (as the case may be) of the respective services agreements, all of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision of certain services to the Group. During the six months ended 30 June 2017, (i) the amount charged to the Group in respect of secretarial and share registration services rendered by GMC was approximately US$3,000 (30 June 2016: US$3,000), (ii) the amount charged to the Group in respect of sale of tour and transport related services (including travel services and air ticket purchasing services), leasing, and information technology and implementation, support and maintenance services rendered by the GENM group was approximately US$898,000 (30 June 2016: US$1,150,000), and (iii) the amount charged to the Group in respect of leasing and management, housekeeping and maintenance, and information technology and implementation, support and maintenance services rendered by the GENS group was approximately US$879,000 (30 June 2016: Nil).

(b) On 30 December 2016, the Company entered into new services agreements with GENS and GENM separately to extend the term and to modify the scope of services of the two services agreements, both of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision of certain services by the Group. During the six months ended 30 June 2017, (i) the amount charged by the Group in respect of air ticket purchasing services rendered to the GENS group was approximately US$24,000 (30 June 2016: US$37,000 in respect of air ticket purchasing and travel related services) and (ii) the amount charged by the Group in respect of tourism and consultancy services rendered to the GENM group was approximately US$19,000 (30 June 2016: US$21,000).

(c) On 30 December 2016, the Company and GENM entered into a new joint promotion and marketing agreement to renew and amend the joint promotion and marketing agreement which expired on 31 December 2016 for a further fixed term of 3 years commencing from 1 January 2017 in relation to the implementation of joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM group.

Due to the change in the customer loyalty programme for the GENM group and the cessation in the exchange of the WorldCard points, the inter-operator agreement dated 25 October 2004 (as supplemented) in relation to the cross-territory operation of the customer loyalty programme known as "WorldCard" operated and managed by the GENM group in Malaysia and by the WCIL group in countries and territories outside Malaysia was not renewed upon its expiry on 31 December 2016.

During the six months ended 30 June 2017 and 2016, the following transactions took place:

	Group Six months ended 30 June 2017 *US$'000* *unaudited*	 2016 *US$'000* *unaudited*
Amounts charged by the GENT group to the Group	13	15
Amounts charged to the GENT group by the Group	210	93

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(d) On 5 October 2012 and 13 June 2016, TIECL entered into two tenancy agreements with CCL in respect of the leases of office premises in Macau. During the six months ended 30 June 2017, the amount charged by CCL to the Group in respect of the rental amounted to US$26,000 (30 June 2016: US$32,000).

(e) On 9 December 2015, SCHK as a tenant entered into a new tenancy agreement with Rich Hope as landlord in respect of the lease of an apartment in Hong Kong to renew the lease for another 2 years commencing from 1 January 2016. During the six months ended 30 June 2017, the amount charged by Rich Hope to SCHK in respect of the rental amounted to US$124,000 (30 June 2016: US$126,000).

(f) On 21 September 2015, SCA as tenant entered into a new tenancy agreement with Ambadell as landlord in respect of the lease of an office area in Australia to renew the lease ending on 31 December 2017. On 7 June 2016, SCA entered into a services agreement with Ambadell in respect of the provision of administrative, accounting and other support services by Ambadell to SCA up to 31 December 2017. During the six months ended 30 June 2017, the total amount charged by Ambadell to the Group in respect of the rental and service charges amounted to US$32,000 (30 June 2016: US$42,000).

(g) On 14 December 2016, Genting Philippines Holdings Limited ("GPHL") – Philippine Branch (a branch of GPHL (an indirect wholly-owned subsidiary of the Company) registered in the Philippines) replaced CAL as the service provider and entered into a new services agreement with RWS to renew the services agreement which expired on 31 December 2016 for a further period of 3 years commencing from 1 January 2017 in relation to the provision of the Call Centre Services (as defined below). Pursuant to the new services agreement, GPHL – Philippine Branch provides the services (the "Call Centre Services") in the scope of, including but not limited to (i) the handling of English speaking inbound and outbound operation administration calls and provision of any reservations and booking services of tour packages, hotel rooms and any tickets for local and overseas customers of RWS in connection with Resorts World Sentosa (the integrated destination resort located at Sentosa, Singapore, owned and operated by RWS) and Genting Hotel Jurong (a hotel developed, owned and operated by a wholly-owned subsidiary of RWS); and (ii) the handling of all amendment and cancellation related activities of any reservations and booking services of Resorts World Sentosa and Genting Hotel Jurong. For the six months ended 30 June 2017, the amount charged to RWS in respect of the Call Centre Services rendered by GPHL – Philippine Branch in connection with Resorts World Sentosa and Genting Hotel Jurong was approximately US$804,000 (30 June 2016: US$840,000 in respect of the Call Centre Services rendered by CAL in connection with Resorts World Sentosa).

(h) On 12 April 2012, SMHL entered into a trademark license agreement with GIML to obtain the right to use the "MAXIMS" trademarks in the Philippines for the purpose of the integrated resorts with the right to sub-license the "MAXIMS" trademarks to any of the Company and its subsidiaries and associates. The agreement was renewed on 16 September 2015 for a further 3 years ending on 31 March 2018. During the six months ended 30 June 2017, the amount charged by GIML to SMHL in respect of the annual license fee was US$14,000 (30 June 2016: US$14,000).

(i) On 9 April 2009, Star Cruises (BVI) Limited ("SCBVI"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with GIML to obtain the right to use and authorisation to grant to any companies within the Group and to any authorised third party (the "Authorised Company") subject to prior consent of GIML the right to use, the "Crockfords" Trademark in Macau, the Philippines and such other locations as may be mutually agreed in writing by SCBVI and GIML (the "Territories") for a consideration of GBP1.00. In addition, the Group and/or the Authorised Company shall expend an amount equivalent to GBP50,000 per annum in each of the Territories to promote and market the "Crockfords" Trademark in the Territories.

(j) On 1 March 2010, the Company and SMHL entered into a Cross Licensing Agreement with GENT, GIP, GENS and GIML (as amended and restated by an Amended and Restated Cross License Agreement dated 23 November 2010) in respect of the grant of license for the "GENTING" trade marks and intellectual property rights (the "Genting IP") to GIP in consideration of the payment to each of GIML and SMHL of a sum of US$10 each, and the grant of license for the Resorts World Trade Mark and the Resorts World Know How (the "Resorts World IP") to GIML and SMHL in consideration of the payment to GIP from GIML and SMHL of a sum of US$10 each. On 23 November 2010, GIML and SMHL entered into a Genting IP License Agreement (the "Genting IP License Agreement") with RWI in respect of the grant of license for the Genting IP to RWI in consideration of the payment to each of GIML and SMHL of a sum of SGD10 each. On 15 December 2011, GIML and SMHL entered into an Amending Agreement to the Genting IP License Agreement with RWI to allow the wholly-owned subsidiaries of RWI to further sub-license the Genting IP to any permitted sub-licensees in consideration of the payment to each of GIML and SMHL of a sum of SGD10 each.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(k) Famous City Holdings Limited ("Famous City"), Star Cruise Pte Ltd and GPHL, all of which are wholly-owned subsidiaries of the Company entered into Contracts of Lease and amendment agreement (as applicable) with Travellers in respect of the lease of office area in the Philippines. During the six months ended 30 June 2017, the amount charged by Travellers to the Group in respect of the rental amounted to US$127,000 (30 June 2016: US$181,000).

(l) Famous City and Travellers entered into a service agreement for the provision of various services by Famous City to Travellers with effect from 1 January 2011. The parties may enter into and have entered into, pursuant to the service agreement, supplemental agreements for provision of other additional services as they may consider necessary. During the six months ended 30 June 2017, the amount charged by Famous City to Travellers in respect of the services amounted to US$225,000 (30 June 2016: US$279,000).

(m) On 22 December 2011, Famous City and SCHKMS entered into a services agreement in respect of the provision of back office support services by Famous City. During the six months ended 30 June 2017, service revenue received from SCHKMS was US$1,000 (30 June 2016: US$13,000).

(n) On 15 November 2012, the shareholders of MLIC (the immediate holding company of TIECL) advanced interest-bearing shareholders' loans to TIECL in an aggregate sum of HK$5 million (equivalent to approximately US$645,000) to meet the working capital requirement of TIECL in proportion to their respective effective percentage of equity interests in TIECL (i.e. HK$3.75 million (equivalent to approximately US$484,000) from the Group (as to 75%); HK$0.75 million (equivalent to approximately US$97,000) from World Arena (as to 15%); and HK$0.5 million (equivalent to approximately US$64,000) from Silverland (as to 10%)).

(o) On 19 July 2017, Star Cruise Administrative Services Sdn. Bhd. (a wholly-owned subsidiary of the Company) replaced Star Cruises Ship Management Sdn. Bhd. (another wholly-owned subsidiary of the Company) and entered into a new service agreement with APEC to renew the service agreement which expired on 31 December 2016 for a further period of 5 years from 1 January 2017 to 31 December 2021 in relation to the provision of technical consultancy services to APEC. During the six months ended 30 June 2017, service revenue received from APEC was US$44,000 (30 June 2016: US$30,000).

(p) On 30 December 2013, Dynamic Merits entered into a cooperation agreement with Secret Garden (ZJK) whereby Secret Garden (ZJK) agreed to provide certain consultancy services and maintenance services, and grant certain access rights, in respect of the development of Genting World and Genting Residences by the Group, and grant the right to use all ski-related facilities at the Genting Resort, Secret Garden, for an aggregate consideration of RMB20,000,000 (equivalent to approximately US$3.0 million). Genting World and Genting Residences are properties located and/or to be developed and constructed at Secret Garden, Chongli County, Zhang Jia Kou City, Hebei Province, the People's Republic of China. The durations of the maintenance services and access rights and each of the other services as set out in the cooperation agreement are 70 years and 3 years respectively, and the details of the durations of these services are more specifically defined and provided in the cooperation agreement. The provision of the consultancy services by Secret Garden (ZJK) under the cooperation agreement was not extended upon its expiry of the 3-year term of services at the end of December 2016. During the six months ended 30 June 2017, the amount paid to Secret Garden (ZJK) was Nil (30 June 2016: Nil).

(q) On 31 December 2015, the Company entered into new services agreements with Secret Garden (ZJK) to renew the two services agreements, both of which expired on 31 December 2015, for a further 3 years ending on 31 December 2018 in respect of the provision of certain services by the Group to Secret Garden (ZJK) group, and/or vice versa, including, inter alia, the provision by the Group of travel agency, leasing of hotel rooms or shops, sales, contact center, marketing, advertising and promotion related services, and other related services, and the provision by Secret Garden (ZJK) group of hotel operation related and supporting services, property management, repair and maintenance, leasing of function rooms or dormitory, ski ticket sales, and other related services, as and when required. During the six months ended 30 June 2017, (i) the amounts charged by Secret Garden (ZJK) group to the Group was US$4,000 (30 June 2016: US$14,000); and (ii) the amounts charged to Secret Garden (ZJK) group by the Group was US$14,000 (30 June 2016: US$50,000).

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(r) During the period between October 2013 and June 2014, the shareholders of MLIC (the immediate holding company of TIECL) advanced interest-bearing shareholders' loans to TIECL in an aggregate sum of HK$10 million (equivalent to approximately US$1,290,000) to meet the working capital requirement of TIECL in proportion to their respective effective percentage of equity interests in TIECL (i.e. HK$7.5 million (equivalent to approximately US$968,000) from the Group (as to 75%); HK$1.5 million (equivalent to approximately US$193,000) from World Arena (as to 15%); and HK$1 million (equivalent to approximately US$129,000) from Silverland (as to 10%)).

(s) On 22 November 2016, the Group entered into a new master services agreement with IRMS to renew the master services agreement which expired on 31 December 2016 for a further term of 3 years commencing from 1 January 2017 in relation to the appointment of IRMS as consultant to provide ongoing design consultancy services to support the Group's operations. During the six months ended 30 June 2017, the amount charged by IRMS to the Group in respect of the consultancy services amounted to SGD363,000 (equivalent to approximately US$254,000) (30 June 2016: SGD277,000 (equivalent to approximately US$202,000)).

(t) On 18 November 2014, World Arena and Silverland signed a waiver (i) with the intention to provide MLIC (the immediate holding company of TIECL) further shareholders' loans of up to HK$10,300,000 (equivalent to approximately US$1,328,000) (the "Loan") to meet the working capital requirement of MLIC and its subsidiaries (the "MLIC Group"); and (ii) to waive the Group's obligation from advancing MLIC the corresponding share of the Loan in accordance with the Specified Proportion (as defined in the Shareholders Agreement dated 19 March 2007 entered into between MLIC, the Group, World Arena and Silverland). On 24 December 2014, Silverland advanced HK$865,000 (equivalent to approximately US$112,000) under the Loan to the MLIC Group. On 2 June 2015, Silverland further advanced HK$2,500,000 (equivalent to approximately US$323,000) under the Loan to the MLIC Group.

(u) On 19 October 2015, LWB entered into an agreement on charged rates for the provision of dock facilities and related services and personnel leasing (the "Agreement on Charged Rates") with GDD in relation to the provision of dock facilities, personnel leasing, services and other works (i) by GDD to the LWB group and (ii) by the LWB group to GDD respectively for a period from 19 October 2015 to 31 December 2016. During the six months ended 30 June 2017, upon the expiry of the Agreement on Charged Rates on 31 December 2016, (i) the amount paid/payable by the LWB group was Nil (30 June 2016: Nil) and (ii) the amount received/receivable by the LWB group was Nil (30 June 2016: EUR69,000 (approximately US$75,000)).

(v) On 20 December 2015, Crystal Luxury Airbus Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser entered into an aircraft sale and purchase agreement with GSA as seller for the acquisition of one Airbus ACJ319 aircraft for a consideration of US$23.0 million. As the purchaser's conditions precedent could not be satisfied on or before the final delivery date, on 24 March 2016, the parties entered into a termination agreement to terminate the aircraft sale and purchase agreement with immediate effect.

(w) On 31 December 2015, Star Cruises Singapore Investment Holding Pte. Ltd. ("SCSIH", a wholly-owned subsidiary of the Company) issued an exercise notice to Petram to exercise a call option (the "Option") for the acquisition of 30% of the total issued shares in LWB and 50% of the total share capital in LIV by SCSIH from Petram for a total consideration of EUR16,469,000 (equivalent to approximately US$17,997,000) in accordance with the call and put option agreement entered into between SCSIH and Petram on 17 September 2015 (as amended) (the "Option Agreement"). The acquisition was completed on 11 January 2016.

(x) As a term of the Option Agreement, on 11 January 2016, LIV entered into a sale and purchase agreement with Petram in respect of the disposal of the floating dock IV located at Bremerhaven, Germany by LIV to Petram at a consideration of EUR1.5 million (equivalent to approximately US$1.6 million) upon exercise of the Option under the Option Agreement. The consideration was paid by SCSIH on behalf of Petram out of part of the purchase price payable by SCSIH upon exercise of the Option under the Option Agreement. The disposal was completed on 11 January 2016.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(y) On 18 August 2015, Star Cruise Services Limited ("SCSL", a wholly-owned subsidiary of the Company) entered into a service agreement with RWT whereby SCSL agreed to subscribe a software system and RWT agreed to provide system management services on customers' data for SCSL for a term commencing from 1 June 2015 to 31 May 2017. The service agreement had been renewed for a successive period of 24 months up to 31 May 2019. Pursuant to the service agreement, SCSL may enter into separate agreements with other Genting group of companies that have subscribed the software system to share respective customers' data with each other. During the six months ended 30 June 2017, the amount charged by RWT to SCSL in respect of the services amounted to US$6,000 (30 June 2016: US$11,000).

(z) On 14 September 2016, SC (C) entered into a Genting Rewards Alliance agreement (the "GRA Agreement") with RW Services whereby RW Services granted to SC (C) the non-exclusive right to become an alliance participant in the customer loyalty programme known as "Genting Rewards Alliance" (the "GRA Programme") at an annual alliance fee of the higher of (i) US$30,000 (which will not be applicable to the first twelve months from the effective date of the GRA Agreement) or (ii) a fee equivalent to 3% of the value of the total products and/or services supplied by or for and on behalf of SC (C) and redeemed by members of the GRA Programme within the consecutive twelve months period effective from the date of agreement to 31 December 2018, which shall be renewable at the option of SC (C) for a 3-year term of up to a maximum of nine such renewals.

The GRA Programme is a multi-jurisdictional and multilateral alliance of customer rewards programme and provides a network through which multiple customer rewards programmes from different localities and countries can participate as part of the network, facilitating the redemption of loyalty or reward points across loyalty programmes by participants in the GRA Programme.

During the six months ended 30 June 2017, (i) the aggregate amount paid/payable by the Group under the GRA Agreement was US$3,000 (30 June 2016: Nil) and (ii) the aggregate amount received/receivable by the Group under the GRA Agreement was US$29,000 (30 June 2016: Nil).

(aa) On 8 November 2016, the Company as purchaser entered into a master agreement (the "FSG Master Agreement") with FSG as vendor whereby FSG provided the Group with the electronic equipment and devices for electronic games (the "Equipment") and services in relation to (i) installation and set-up of hardware and software for the Equipment; (ii) training personnel; (iii) after-sales-services; (iv) software enhancement and development; and (v) other services related to the Equipment, for a term commencing from 8 November 2016 until 31 December 2018, which shall be renewable at the option of the Company for such duration and upon such terms and conditions as shall be mutually approved by the Company and FSG. During the six months ended 30 June 2017, the aggregate amount paid/payable by the Group under the FSG Master Agreement was approximately US$938,000 (30 June 2016: Nil).

(bb) On 23 June 2017, MLIC as borrower entered into a loan facility agreement with its shareholders as lenders in relation to the provision of a loan facility in an aggregate amount of up to HK$2,000,000 (equivalent to approximately US$256,000) to MLIC for financing the working capital requirement of TIECL. During the period between March 2017 and June 2017, the Group advanced HK$1,500,000 (equivalent to approximately US$192,000), World Arena advanced HK$300,000 (equivalent to approximately US$38,000) and Silverland advanced HK$200,000 (equivalent to approximately US$26,000) to MLIC. The loan facility shall terminate on 30 April 2018 and may be extended beyond the initial fixed term for a further one year period up to 3 times upon the written notice of MLIC.

The related party transactions above were carried out in the normal course of business of the Group under terms and conditions negotiated amongst the related parties.

21. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

Capital expenditure contracted but not provided for at the statement of financial position date are as follows:

	As at 30 June 2017 *US$'000* *unaudited*	As at 31 December 2016 *US$'000* *audited*
Contracted but not provided for		
– Cruise ships and related costs	1,268,957	661,497
– Aircrafts and related costs	10,534	107,327
– Property, plant and equipment and properties under development	62,478	69,064
	1,341,969	837,888
Authorised but not contracted for	173,608	142,938

(ii) Material litigation

The Group is routinely involved in personal injury and personal property damage claims typical of the cruise ship business. After application of deductibles, these claims are covered by insurance and other indemnity arrangements. The Group is also involved in other contractual disputes. In the opinion of management, all the aforesaid claims, if decided adversely, individually or in the aggregate, would not have a material adverse effect on the results of operation, cash flows, and financial position of the Group.

22. BUSINESS COMBINATION

Acquisition of a subsidiary

On 11 April 2017, the Group acquired 50% of the equity interest in Wider S.R.L. ("Wider") for a consideration of EUR200,000 (approximately US$215,000). Wider is engaged in the operation of a shipyard in Italy. Before the acquisition, the Group owned 50% of the equity interest of Wider and accounted Wider as an interest in a joint venture of the Group. Wider became a wholly-owned subsidiary of the Group after the acquisition.

22. BUSINESS COMBINATION *(Continued)*

Acquisition of a subsidiary *(Continued)*

The following table summarises the consideration paid for Wider, and the provisional fair value of assets acquired and liabilities assumed recognised at the acquisition date.

	As at the date of acquisition *US$'000*
Provisional fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	1,208
Property, plant and equipment	16,092
Intangible assets	1,142
Inventories	19,353
Trade and other receivables	2,450
Trade payables	(7,740)
Provisions, accruals and other liabilities	(1,685)
Current income tax liabilities	(71)
Total identifiable net assets	30,749
Goodwill	10,945
Net assets acquired	41,694

	US$'000
Purchase consideration:	
Settled in cash	215
Loans and advance to Wider as a joint venture before acquisition	41,479
	41,694
Outflow of cash to acquire a subsidiary, net of cash acquired	
Purchase consideration settled in cash	215
Less: Cash and cash equivalents in a subsidiary acquired	(1,208)
Net cash inflow on acquisition	(993)
Acquisition-related costs	250

The goodwill on acquisition of US$10,945,000 has been fully impaired as at 30 June 2017 after assessment by the Group.

The acquisition of Wider did not have a material impact on the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2017.

23. SIGNIFICANT SUBSEQUENT EVENTS

In July 2017, the Group disposed of 46.4 million ordinary shares in The Star Entertainment Group Limited at a consideration of approximately A$235.2 million (approximately US$180.3 million). The Group expects to recognise a gain on disposal of available-for-sale investments of approximately US$56.2 million, including the reclassification of the related available-for-sale investments reserve and foreign currency translation adjustments during the year ending 31 December 2017.

In August 2017, the Group entered into an underwriting agreement to dispose of 7.5 million ordinary shares in Norwegian Cruise Line Holdings Ltd. for a consideration of approximately US$409.1 million. The Group expects to recognise a gain on disposal of available-for-sale investments of approximately US$90.1 million, including the reclassification of the related available-for-sale investments reserve during the year ending 31 December 2017.

Interim Dividend

The Board of Directors of the Company has declared an interim dividend of US$0.01 per ordinary share (2016: Nil), amounting to a total of approximately US$84.8 million, for the six months ended 30 June 2017 to be payable on or around 29 September 2017 in US$ to the shareholders of the Company whose names appeared on the Registers of Members of the Company (both the Principal Register in Bermuda and Hong Kong Branch Register) as at the close of business on 11 September 2017.

This interim dividend has not been recognised as a liability in this unaudited condensed consolidated interim financial information. It will be reflected as an appropriation of retained earnings for the year ending 31 December 2017.

Management's Discussion and Analysis

The following discussion is based on, and should be read in conjunction with, the unaudited condensed consolidated interim financial information and the notes thereto included elsewhere in this interim report and the annual report of the Group for the year ended 31 December 2016.

Terminology

Unless otherwise indicated in this report, the following terms have the meanings set forth below:

Capacity Days: double occupancy per available cabin multiplied by the number of cruise days for the period

EBITDA: earnings before interest, taxes, depreciation and amortisation. EBITDA excludes, if any, share of profit of joint ventures and associates, other income/gains or expenses

Gross Cruise Cost: the sum of total operating expenses and selling, general and administrative expenses less expenses relating to non-cruise activities

Gross Yield: total revenue from cruise and cruise-related activities per Capacity Day

Net Cruise Cost: Gross Cruise Cost less commission, incentives, transportation and other related costs and onboard costs

Net Cruise Cost Excluding Fuel: Net Cruise Cost less fuel costs

Net Revenue: total revenue from cruise and cruise-related activities less commission, incentives, transportation and other related costs and onboard costs

Net Yield: Net Revenue per Capacity Day

Occupancy Percentage: the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins

Passenger Cruise Days: the number of passengers carried for the period, multiplied by the number of days in their respective cruises

Travellers: Travellers International Hotel Group, Inc.

Six months ended 30 June 2017 ("1H2017") compared with six months ended 30 June 2016 ("1H2016")

The Group

Revenue

Revenue from cruise and cruise-related activities increased 22.7% to US$471.2 million in 1H2017 compared with US$384.0 million in 1H2016. Net Revenue in 1H2017 increased 18.2% to US$363.7 million from US$307.8 million in 1H2016 was mainly due to an increase in Capacity Days. The increase in Capacity Days of 39.3% was primarily due to the inclusion of full six months' operation of Genting Dream and Crystal Mozart in 1H2017 pursuant to its launch in late October 2016 and July 2016 respectively.

Revenue from non-cruise activities from external customers increased 18.1% to US$61.3 million in 1H2017 compared with US$51.9 million in 1H2016 primarily contributed by revenue from its shipyard activities.

Costs and Expenses

Total operating expenses, excluding depreciation and amortisation, increased 38.5% to US$477.5 million compared with US$344.7 million in 1H2016 mainly due to the full six months' operation of Genting Dream and Crystal Mozart, startup costs of new Crystal river ships and AirCruises operations, and full six months' startup and newbuild activities of the shipyards in Germany to gear up for the Global Class and Endeavor Class ships in 2017 as compared with its two months' post-acquisition activities in 1H2016. Selling, general and administrative expenses, excluding depreciation and amortisation, increased 23.0% to US$146.7 million in 1H2017 from US$119.3 million in 1H2016 mainly due to the full six months' operation of Genting Dream and higher marketing costs of Crystal Cruises.

Net Cruise Cost per Capacity Day decreased 7.9% primarily due to lower expenses of existing Star Cruises fleet, such decrease was partially offset by higher fuel expenses (1H2017: US$398 per metric ton; 1H2016: US$283 per metric ton).

Total depreciation and amortisation increased 49.3% to US$86.1 million in 1H2017 compared with US$57.7 million in 1H2016 primarily due to the additional full six-month depreciation of Genting Dream and Crystal Mozart and shipyards in Germany acquired in April 2016.

EBITDA

The Group's EBITDA for 1H2017 was negative US$91.7 million compared with negative US$28.1 million in 1H2016. Cruise and cruise-related activities (excluding Dream and Crystal pre-operating costs for the new ships) recorded a negative EBITDA of US$18.3 million in 1H2017, compared to positive EBITDA of US$18.8 million (excluding Dream and Crystal pre-operating costs for the new ships) in 1H2016.

Share of Profits of Joint Ventures and Associates

Share of profit of Travellers totalled US$2.2 million in 1H2017 compared with US$19.1 million in 1H2016, primarily due to closure of the gaming area and portions of non-gaming segment for most of June 2017 following the incident on 2 June.

Other Income, net

Net other income in 1H2017 amounted to US$3.1 million compared with US$11.8 million in 1H2016. In 1H2017, net other income mainly included a US$2.5 million (1H2016: US$7.2 million) foreign exchange gain resulting primarily from the appreciation of several currencies against US dollar.

Other Losses, net

Net other losses in 1H2017 amounted to US$15.0 million mainly included an impairment loss on goodwill from acquisition of Wider in 1H2017 of US$10.9 million and an impairment loss on other receivables of US$5.4 million, offset by gain on disposal of an available-for-sale investment of US$1.3 million. No net other losses was recorded in 1H2016.

Net Finance Income/Costs

Net finance costs (i.e. finance costs, net of finance income) in 1H2017 was US$14.8 million compared with the net finance income (i.e. finance income, net of finance costs) of US$4.8 million in 1H2016 primarily due to higher interest expenses resulting from higher outstanding loan balances and borrowing rate.

Loss before Taxation

Loss before taxation for 1H2017 was US$202.1 million compared with US$49.7 million for 1H2016.

Loss Attributable to Equity Owners

Loss attributable to equity owners of the Company was US$202.2 million for 1H2017 compared with US$53.6 million in 1H2016.

Total Comprehensive Income Attributable to Equity Owners

Total comprehensive income attributable to equity owners of the Company was US$166.1 million for 1H2017 compared with total comprehensive loss of US$518.1 million for 1H2016.

Liquidity and Financial Resources

As at 30 June 2017, cash and cash equivalents amounted to US$895.3 million, a decrease of US$145.0 million compared with US$1,040.3 million as at 31 December 2016. The decrease in cash and cash equivalents was primarily due to cash outflow of (i) US$279.9 million for capital expenditure (including US$15.4 million for Star and Dream Cruises' existing vessels, US$32.4 million for Dream Cruises' newbuild vessel and US$150.6 million for Crystal Cruises' vessels and aircrafts) and (ii) US$93.5 million for repayment of existing bank loans and borrowings and financing costs. Cash outflow was partially offset by cash inflow of US$205.8 million proceeds from the drawdown of bank loans and borrowings.

The majority of the Group's cash and cash equivalents are held in US dollar, Euro dollar, Hong Kong dollar, Chinese Renminbi and Singapore dollar. The Group's liquidity as at 30 June 2017 was US$1,234.1 million (31 December 2016: US$1,269.7 million), comprising cash and cash equivalents and undrawn credit facilities.

As at 30 June 2017, total loans and borrowings amounted to US$1,313.8 million (31 December 2016: US$1,172.2 million) and were mainly denominated in US dollar. Approximately 1% (31 December 2016: 1%) of the Group's loans and borrowings was under fixed rate and 99% (31 December 2016: 99%) was under floating rate, after taking into consideration of loan origination costs. Loans and borrowings of US$135.7 million (31 December 2016: US$135.2 million) are repayable within a year. The outstanding borrowings and unused credit facilities of the Group are secured by legal charges over assets including fixed and floating charges of US$2.0 billion (31 December 2016: US$2.0 billion).

The Group's net debt position was US$418.5 million as at 30 June 2017, as compared with net debt position of US$131.9 million as at 31 December 2016. The total equity of the Group was approximately US$4,903.5 million (31 December 2016: US$4,823.2 million). The gearing ratio as at 30 June 2017 was 8.5% (31 December 2016: 2.7%). The ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current loans and borrowings" as shown in the condensed consolidated statement of financial position) less cash and cash equivalents.

The Group adopts a prudent treasury policy with all financing and treasury activities being managed and controlled at its corporate head office. The Group manages its foreign exchange exposures primarily through forward rate agreements. It is also the Group's policy that hedging will not be performed in excess of actual requirements.

Travellers

The commentary below is based on Travellers' financial statements prepared in accordance with the Philippine Accounting Standards. Figures, originally reported by Travellers in Philippine Peso, have been translated into US dollar in conformity with the Group's reporting currency.

In 1H2017, Travellers reported P11,223.1 million (US$223.9 million) in total revenues and P2,187.6 million (US$43.6 million) in EBITDA, compared with P13,707.9 million (US$292.0 million) in total revenues and P2,988.8 million (US$63.7 million) in EBITDA in 1H2016.

Direct costs amounted to P4,751.7 million (US$94.8 million) in 1H2017, which decreased from P5,151.6 million (US$109.7 million) in 1H2016, mainly due to lower gaming license fee during the period.

General and administrative expenses amounted to P4,386.0 million (US$87.5 million) in 1H2017, compared with P5,134.3 million (US$109.4 million) in 1H2016. The decrease was mainly due to decrease in general and marketing expenses.

Finance costs amounted to P565.5 million (US$11.3 million) in 1H2017, which increased from P280.9 million (US$6.0 million) in 1H2016, primarily due to increase in borrowings for the development of Phase 3.

Net profit decreased from P1,797.4 million (US$38.3 million) in 1H2016 to P373.0 million (US$7.4 million) in 1H2017.

The cash and cash equivalents balance increased from P13,250.2 million (US$267.7 million) as at 31 December 2016 to P19,693.8 million (US$389.9 million) as at 30 June 2017, while the loans and borrowings balance increased from P21,879.1 million (US$442.0 million) as at 31 December 2016 to P32,611.9 million (US$645.7 million) as at 30 June 2017 to meet capital expenditure requirements.

Management's Discussion and Analysis *(Continued)*

Prospects

To focus on the growth of the Genting Group in the cruise business, Genting Group formed Genting Cruise Lines, a new division of Genting Hong Kong comprising of its three cruise brands, Star Cruises – "The Most Popular Cruise Line in Asia", Dream Cruises – "Asia's Luxury Cruise Line" and Crystal Cruises "The World's Most Awarded Luxury Cruise Line". The core Asian cruise segment of the Genting Group is doing well with sequential quarterly growth in occupancy and yields this year.

Dream Cruises' first cruise ship, Genting Dream has dual homeports in Guangzhou and Hong Kong, providing 2-night weekend cruises and 5-night weekday cruises to the Okinawa Islands in Japan during summer and 5-night weekday cruises to Manila and Boracay in the Philippines and 5-night weekday cruises to Ho Chi Minh City and Nha Trang in Vietnam during winter. The arrival of the World Dream replacing Genting Dream in Guangzhou and Hong Kong homeports in November will further strengthen the Dream brand with Genting Dream making Singapore as its new homeport, operating 2-night weekend cruises and 5-night weekday cruises that will alternate between 5-night weekday cruises to Bali and Surabaya in Indonesia and 5-night weekday cruises to Kuala Lumpur, Penang and Phuket. Dream Cruises has launched the all-inclusive concept for Dream Palace Suites to improve yields and DreamElite, a new loyalty and recognition program custom-designed to personally engage and build a community among the growing number of Dream guests.

Star Cruises will reposition the SuperStar Libra from Penang to Port Klang in September offering 3 night cruises to Penang and Phuket and 4 night cruises to Penang, Phuket and Pulau Langkawi. This will enable SuperStar Libra to tap into the larger population base of Peninsular Malaysia and Southern Thailand. Fly-cruise passengers will be able to use the two large airports in Kuala Lumpur. With the arrival of a Dream ship in Singapore, SuperStar Gemini will be repositioned from Singapore to Bangkok, offering a 2-night cruise to Koh Kong in Cambodia, a 2-night cruise to Koh Kong and Koh Kut in Thailand and a 3-night cruise to Sihanoukville in Cambodia and Koh Samui in Thailand. SuperStar Libra and SuperStar Gemini will open the entire Thailand for year-round cruising. Fly-cruise passengers can use the two large airports in Bangkok.

From July SuperStar Virgo was deployed year-round in Shanghai and due to her fast speed, she can offer a 7 night cruise from Shanghai to Osaka, Tokyo (Yokohama), Mount Fuji (Shimizu) and Kagoshima during the summer months and Laoag, Manila and Vigan in the Philippines and Ishigaki in Okinawa, Japan during the winter months. These cruises will also allow Japanese and Filipinos to board in their own countries and for fly-cruise passengers to use the major airports of Shanghai, Osaka, Tokyo and Manila. Star Cruises was voted "Asia's Leading Cruise Line 2017" at the 24th Annual World Travel Awards Asia & Australasia Gala Ceremony in June 2017.

Crystal Cruises' two ocean cruise ships will be renovated in 2017 and 2018 to increase the number of suites and for open dining seating in 2017 and 2018. Crystal River Cruise started with a renovated Crystal Mozart last year, the new build Crystal Bach in August, the Crystal Mahler in September and the Crystal Ravel and Crystal Debussy in early 2018. Crystal Skye, Crystal AirCruises' fully customized Boeing 777-200LR, will have its first charter from the US to China by the United States National Hockey League in September and a special AirCruise, timed for China's October "Golden Week", will encompass an African safari and a Tahitian sea adventure.

Crystal Cruises remains "The World's Most Awarded Luxury Cruise Line" by continuing to earn top accolades from consumer and travel industry experts around the world. Travel + Leisure awarded Best River Cruise Line to Crystal River Cruises and Best Small-Ship Ocean Cruise Line to Crystal Yacht Expedition Cruises, and Crystal Cruises included in the Gold List – World's Best by Condé Nast Traveler Magazine. Crystal Mozart, the first Crystal River Cruise ship, was voted the "Best New River Ship" by Cruise Critic.

Due to long delivery dates for cruise ships with orders up to 2026, Genting Group decided to invest in MV Werften in order to build cruise ships for its three brands promptly. The first of four river ships was delivered in August, the first Crystal "Endeavor Class" expedition yacht in late 2019 and the first of two 204,000 gross ton "Global Class" ships for Genting Cruises in late 2020.

Prospects *(Continued)*

With the regional expansion of the Zouk brand being at the forefront of its objectives, 2017 has proven to be a gainful year for Zouk as it sets it sights on becoming a global nightlife and lifestyle brand. To lead the charge for this objective, Zouk has focused on solidifying its brand presence with a targeted approach through its various entities – its clubs, festivals and events. In Singapore, at its new 31,000 square foot flagship in Clarke Quay a new concept room, Capital, has been developed to stay in track with consumer needs, wants and changing spending behavior, targeted at a premium demographic.

Recently, it also maintained its presence as one of the world's best clubs having been ranked Asia's best and #4 globally by the DJ Mag Top 100 Clubs in The World polls. The DJ Mag poll is the world's preeminent industry standard setter in the dance music scene. Its festival entity, ZoukOut, which saw expansions take place in Tokyo, Boracay and Hong Kong in 2016, is expected to continue to grow in 2017. The festival has plans to expand to Kuala Lumpur and Manila while reinforcing its presence in Singapore with a new focus on a multilayered experience such as improvements on stage production and F&B. With the objective of introducing the Zouk brand to high-spending, "new money", millennials in China and Hong Kong, Zouk introduced Zouk At Sea, a periodic event series in collaboration with Dream Cruises in 2017.

Zouk remains on course in its goal to become a major player in the global nightlife industry in the future and committed towards being a platform to lead the charge of introducing millennials to Zouk's and Genting's entities.

Resorts World Manila (RWM), the Philippines' pioneer integrated entertainment and tourism destination, marks its eighth year in operation with significant milestones, continuous expansion, and a slew of world-class entertainment offerings. In April, an enclosed pedestrian bridge directly connecting Ninoy Aquino International Airport Terminal 3 to Newport City and the RWM complex was officially opened. Dubbed Runway Manila, the air-conditioned bridge with moving walkways allows the average person to walk the distance between the airport and Newport City in just three minutes.

Phase 3 of RWM's expansion continues to be fast-tracked with the completion of the Sheraton Manila Hotel, Hilton Manila, and Maxims II targeted for early 2018, effectively making RWM a six-hotel integrated resort. The new lodgings will also include additional gaming areas, more retail space, and six basement parking decks. The Sheraton Manila Hotel will offer 391 new hotel rooms and Maxims II an additional 190 rooms, while Hilton Manila will house 355 rooms. Upon completion of all three, RWM's room count will increase to 2,390 – the biggest among all the integrated resorts in the Philippines.

The multi-award-winning show's all-Filipino cast was in line with both RWM and FHTC's commitment to champion Filipino talent and promote Philippine performing arts. This year, RWM brings Ian Fleming's Chitty Chitty Bang Bang to the stage of the award-winning Newport Performing Arts Theater (NPAT). To date, NPAT has entertained over half a million patrons – a testament to the ongoing revolution in Philippine theater.

Come 2020, another Resorts World brand will have its second location in the country. The Westside City Resorts World will be a 31-hectare property situated in Philippine Amusement and Gaming Corporation's Entertainment City and is projected to have at least 1,500 hotel rooms from in-house and international hotel brands.

Operating Statistics

The following table sets forth selected statistical information:

	Six months ended 30 June 2017	2016
Passenger Cruise Days	1,748,147	1,363,490
Capacity Days	2,309,476	1,658,255
Occupancy Percentage	75.7%	82.2%

In relation to the Group's cruise and cruise-related activities, Net Revenue, Gross Yield and Net Yield were calculated as follows:

	Six months ended 30 June 2017 *US$'000*	2016 *US$'000*
Passenger ticket revenue	275,310	201,914
Onboard revenue	195,903	182,046
Total cruise and cruise-related revenue	471,213	383,960
Less:		
Commission, incentives, transportation and other related costs	(66,413)	(20,056)
Onboard costs	(41,099)	(56,154)
Net Revenue	363,701	307,750
Gross Yield (US$)	204.0	231.5
Net Yield (US$)	157.5	185.6

Operating Statistics *(Continued)*

In relation to the Group's cruise and cruise-related activities, Gross Cruise Cost, Net Cruise Cost and Net Cruise Cost Excluding Fuel were calculated as follows:

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
Total operating expenses	556,983	395,020
Selling, general and administrative expenses	153,402	126,639
	710,385	521,659
Less: Depreciation and amortisation	(86,133)	(57,704)
	624,252	463,955
Less: Expenses relating to non-cruise activities	(118,346)	(77,249)
Gross Cruise Cost	505,906	386,706
Less:		
Commission, incentives, transportation and other related costs	(66,413)	(20,056)
Onboard costs	(41,099)	(56,154)
Net Cruise Cost	398,394	310,496
Less: Fuel costs	(38,139)	(20,866)
Net Cruise Cost Excluding Fuel	360,255	289,630
EBITDA for cruise and cruise-related activities (excluding Dream and Crystal pre-operating costs for the new ships)	(18,316)	18,817
Gross Cruise Cost per Capacity Day (US$)	219.1	233.2
Gross Cruise Cost per Capacity Day (excluding Dream and Crystal pre-operating costs for the new ships) (US$)	212.0	220.2
Net Cruise Cost per Capacity Day (US$)	172.5	187.2
Net Cruise Cost per Capacity Day (excluding Dream and Crystal pre-operating costs for the new ships) (US$)	165.4	174.2
Net Cruise Cost Excluding Fuel per Capacity Day (US$)	156.0	174.7

Human Resources

As at 30 June 2017, the Group had approximately 11,460 employees, consisting of approximately 7,410 (or 65%) shipbased officers and crew as well as approximately 4,050 (or 35%) staff employed in the various world-wide offices of the Group. The Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Group entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

For the six months ended 30 June 2017, there is no significant change in the remuneration policies, bonus, share option scheme and training schemes for the Group.

Interests of Directors

As at 30 June 2017, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

(A) Interests in the shares of the Company

	Nature of interests/capacity in which such interests were held					
Name of Director	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Founder/ Beneficiary of discretionary trusts**	**Total**	**Percentage of issued voting shares**
	Number of ordinary shares *(Notes)*					
Tan Sri Lim Kok Thay	368,643,353	36,298,108 *(1)*	36,298,108 *(2)*	6,003,571,032 *(3) and (4)*	6,408,512,493 *(5)*	75.55
Mr. Lim Keong Hui *(6)*	–	–	–	6,003,571,032 *(3) and (4)*	6,003,571,032	70.78
Mr. Justin Tan Wah Joo	968,697 *(7)*	968,697 *(7)*	–	–	968,697 *(5)*	0.01

Notes:

As at 30 June 2017:

(1) Tan Sri Lim Kok Thay had a family interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee had a corporate interest.

(2) Tan Sri Lim Kok Thay was also deemed to have a corporate interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine in which each of Tan Sri Lim Kok Thay and Puan Sri Wong Hon Yee held 50% equity interests.

(3) Tan Sri Lim Kok Thay as founder and a beneficiary of a discretionary trust (trustee of which is First Names Trust Company (Isle of Man) Limited) and Mr. Lim Keong Hui also as a beneficiary of the discretionary trust, had a deemed interest in the same block of 6,003,571,032 ordinary shares.

(4) Out of the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope Limited as trustee of Golden Hope Unit Trust, 4,636,846,124 ordinary shares were pledged ordinary shares.

(5) There was no duplication in arriving at the total interest.

(6) Mr. Lim Keong Hui is a son of Tan Sri Lim Kok Thay.

(7) These shares were jointly held by Mr. Justin Tan Wah Joo and his wife.

(8) The Company had one class of issued shares, namely the ordinary shares, each of which carried equal voting right.

(9) All the above interests represented long positions in the shares and excluded those in the underlying shares held through share options, convertible bonds or other equity derivatives, if any. Interests of the Director, Tan Sri Lim Kok Thay, set out in this subsection (A) shall be aggregated with his interests in the underlying shares held through share options, convertible bonds or other equity derivatives of the Company set out in subsection (B) below in order to give the total interests of the Director in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Directors *(Continued)*

(B) Interests in the underlying shares of the Company held through share options, convertible bonds or other equity derivatives

Share options were granted to a Director under the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002) (the "Post-listing Employee Share Option Scheme").

As at 30 June 2017, the Director had personal interests in the following underlying shares of the Company held through share options granted under the Post-listing Employee Share Option Scheme:

Name of Director	Number of underlying ordinary shares	Percentage of issued voting shares	Capacity in which such interests were held
Tan Sri Lim Kok Thay	7,000,000	0.083	Beneficial owner

Further details of share options granted to the Director under the Post-listing Employee Share Option Scheme are set out in the section headed "Share Options" below.

These interests in share options represented long positions in the underlying shares in respect of physically settled derivatives of the Company. Interests of the Director, Tan Sri Lim Kok Thay, set out in this subsection (B) shall be aggregated with his interests in the shares of the Company set out in subsection (A) above in order to give the total interests of the Director in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(C) Interests in the shares of associated corporations of the Company

		Nature of interests/capacity in which such interests were held					
Name of associated corporation	Name of Director	Beneficial owner	Interests of spouse	Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts	Total	Percentage of issued voting shares
		Number of ordinary/common shares *(Notes)*					
Starlet Investments Pte. Ltd. ("Starlet") *(1)*	Tan Sri Lim Kok Thay	–	250,000 *(2)*	250,000 *(3)*	250,000 *(4)*	500,000 *(15) and (16)*	100
SC Alliance VIP World Philippines, Inc. ("SC Alliance") *(5)*	Tan Sri Lim Kok Thay	–	2,000 *(6)*	2,000 *(7)*	2,000 *(8)*	2,000 *(15) and (16)*	40
Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") *(9)*	Tan Sri Lim Kok Thay	–	5,000 *(10)*	5,000 *(11)*	5,000 *(12)*	5,000 *(15) and (16)*	100
Travellers International Hotel Group, Inc. ("Travellers") *(13)*	Mr. Lim Keong Hui	1,910,000	–	–	9,203,350,000 *(14)*	9,205,260,000 *(16)*	35.74

Notes:

As at 30 June 2017:

(1) Starlet had one class of issued shares, namely the ordinary shares, each of which carried equal voting right. Each of a subsidiary of the Company and International Resort Management Services Pte. Ltd. ("IRMS") had a 50% interest in Starlet. IRMS was owned as to 80% by Tan Sri Lim Kok Thay and 20% by his spouse, Puan Sri Wong Hon Yee.

(2) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 250,000 ordinary shares of Starlet directly held by IRMS in which Puan Sri Wong Hon Yee had a 20% interest.

Interests of Directors *(Continued)*

(C) Interests in the shares of associated corporations of the Company *(Continued)*

Notes: (Continued)

(3) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 250,000 ordinary shares of Starlet directly held by IRMS.

(4) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 250,000 ordinary shares of Starlet.

(5) SC Alliance had two classes of issued shares, namely 2,000 common shares and 3,000 series A preferred shares, each of which carried equal voting right. All the issued common shares in SC Alliance were held by Starlet.

(6) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 2,000 common shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.

(7) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 2,000 common shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest.

(8) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 2,000 common shares of SC Alliance.

(9) SCHKMS had one class of issued shares, namely the common shares, each of which carried equal voting right. SCHKMS was owned as to (i) 60% by SC Alliance; and (ii) 40% by Starlet.

(10) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 5,000 common shares of SCHKMS directly and indirectly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.

(11) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 5,000 common shares of SCHKMS comprising (i) 3,000 common shares directly held by SC Alliance; and (ii) 2,000 common shares directly held by Starlet.

(12) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 5,000 common shares of SCHKMS.

(13) Travellers had two classes of issued shares, namely 15,755,874,850 common shares and 10,000,000,000 preferred B shares, each of which carried equal voting right. Following initial listing of the common shares of Travellers on the Main Board of The Philippine Stock Exchange, Inc. on 5 November 2013 and the exercise of the over-allotment option by the stabilizing agent on 4 December 2013 to purchase 23,645,600 common shares, the Company's effective interest in the common shares of Travellers had been diluted from 50% to 44.93%. The Company's effective interest in the preferred B shares of Travellers remained unchanged at 50% following the listing.

(14) As a beneficiary of a discretionary trust, Mr. Lim Keong Hui had a deemed interest in 9,203,350,000 common shares of Travellers.

(15) There was no duplication in arriving at the total interest.

(16) These interests represented long positions in the shares of the relevant associated corporations of the Company.

(17) Tan Sri Lim Kok Thay held qualifying shares in certain associated corporations of the Company on trust for a subsidiary of the Company.

Save as disclosed above and in the sections headed "Share Options" and "Interests of Substantial Shareholders" below:

(a) as at 30 June 2017, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and

(b) at no time during the period was the Company and its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Options

Details of the Company's Post-listing Employee Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2016. The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options can be granted under the scheme but the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme. Details of the movement in the share options granted to the Directors of the Company and the employees of the Group under the Post-listing Employee Share Option Scheme during the period and outstanding as at 30 June 2017 were as follows:

Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2017	Number of ordinary shares acquired upon exercise of options during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options outstanding at 30/06/2017	Date granted	Exercise price per ordinary share	Exercisable period
Tan Sri Lim Kok Thay (Director)	7,000,000	–	–	–	7,000,000	27/05/2008	HK$1.7800	28/05/2009 – 27/05/2018
	7,000,000	**–**	**–**	**–**	**7,000,000**			
All other employees	2,475,000	–	–	–	2,475,000	27/05/2008	HK$1.7800	28/05/2009 – 27/05/2018
	8,692,000	–	(216,000)	–	8,476,000	16/11/2010	HK$3.7800	16/11/2011 – 15/11/2020
	11,167,000	**–**	**(216,000)**	**–**	**10,951,000**			
Grand Total	**18,167,000**	**–**	**(216,000)**	**–**	**17,951,000**			

The share options under the Post-listing Employee Share Option Scheme granted on (i) 27 May 2008 vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the five years from 2009 to 2013; and (ii) 16 November 2010 vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the five years from 2011 to 2015. All the share options under the Post-listing Employee Share Option Scheme are subject to further terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

Interests of Substantial Shareholders

As at 30 June 2017, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued shares, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

(A) Interests in the shares of the Company

Name of shareholder *(Notes)*	Beneficial owner	Interests of spouse	Interests of controlled corporation	Trustee	Beneficiary of trust	Total	Percentage of issued voting shares
	Nature of interests/capacity in which such interests were held						
	Number of ordinary shares *(Notes)*						
First Names Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) *(1)*	–	–	6,003,571,032 *(5)*	6,003,571,032 *(7)*	6,003,571,032 *(9)*	6,003,571,032 *(13)*	70.78
Cove Investments Limited *(2)*	–	–	–	–	6,003,571,032 *(10)*	6,003,571,032	70.78
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(3)*	–	–	546,628,908 *(6)*	6,003,571,032 *(8) and (12)*	–	6,003,571,032 *(13)*	70.78
Joondalup Limited *(4)*	546,628,908	–	–	–	–	546,628,908	6.44
Puan Sri Wong Hon Yee	–	6,408,512,493 *(11(a))*	36,298,108 *(11(b))*	–	–	6,408,512,493 *(13)*	75.55

Notes:

As at 30 June 2017:

(1) First Names Trust Company (Isle of Man) Limited ("First Names") was the trustee of a discretionary trust (the "Discretionary Trust"), the beneficiaries of which were Tan Sri Lim Kok Thay ("Tan Sri KT Lim"), Mr. Lim Keong Hui and certain other members of Tan Sri KT Lim's family. First Names as trustee of the Discretionary Trust held 99.99% of the units in Golden Hope Unit Trust ("GHUT"), a private unit trust directly and 0.01% of the units in GHUT indirectly through Cove (as defined below).

(2) Cove Investments Limited ("Cove") was wholly-owned by First Names as trustee of the Discretionary Trust.

(3) Golden Hope Limited ("Golden Hope") was the trustee of GHUT.

(4) Joondalup Limited ("Joondalup") was wholly-owned by Golden Hope as trustee of GHUT.

(5) First Names as trustee of the Discretionary Trust had a corporate interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(6) Golden Hope as trustee of GHUT had a corporate interest in the same block of 546,628,908 ordinary shares held directly by Joondalup.

(7) First Names in its capacity as trustee of the Discretionary Trust had a deemed interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(8) The interest in 6,003,571,032 ordinary shares was held directly and indirectly by Golden Hope in its capacity as trustee of GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

Interests of Substantial Shareholders *(Continued)*

(A) Interests in the shares of the Company *(Continued)*

Notes (Continued):

(9) First Names as trustee of the Discretionary Trust was deemed to have interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.

(10) Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.

(11) (a) Puan Sri Wong Hon Yee ("Puan Sri Wong") as the spouse of Tan Sri KT Lim, had a family interest in the same block of 6,408,512,493 ordinary shares in which Tan Sri KT Lim had a deemed interest. These interests did not include the deemed interests of Puan Sri Wong in the underlying shares of the Company through share options held personally by Tan Sri KT Lim and shall be aggregated with such interests set out in subsection (B) below to give the total interests of Puan Sri Wong pursuant to the SFO.

(b) Puan Sri Wong also had a corporate interest in 36,298,108 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.

(12) Out of the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT, 4,636,846,124 ordinary shares were pledged ordinary shares.

(13) There was no duplication in arriving at the total interest.

(14) The Company had one class of issued shares, namely the ordinary shares, each of which carried equal voting right.

(15) All the above interests represented long positions in the shares of the Company and excluded those in the underlying shares held through share options, convertible bonds or other equity derivatives, if any.

(B) Interests in the underlying shares of the Company held through share options, convertible bonds or other equity derivatives

Name of shareholder	Number of underlying ordinary shares	Percentage of issued voting shares	Nature of interests
Puan Sri Wong Hon Yee	7,000,000 *(Note)*	0.083	Interests of spouse

Note:

As at 30 June 2017, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 7,000,000 underlying ordinary shares of the Company by virtue of the share options granted to Tan Sri KT Lim under the Post-listing Employee Share Option Scheme. These interests represented long positions in the underlying shares in respect of physically settled derivatives of the Company and shall be aggregated with her interests set out in subsection (A) above to give her total interests pursuant to the SFO.

Save as disclosed above and in the sections headed "Interests of Directors" and "Share Options" above, as at 30 June 2017, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

General Disclosure pursuant to the Listing Rules

Pursuant to Rules 13.18 and 13.21 of the Listing Rules, the Company discloses the following information:

Facility Agreements of the Group

In April 2014, the Group obtained a secured term loan facility in an aggregate amount of USD equivalent of up to EUR593,760,000 with a term of 144 months after the first utilisation of the facility by the Group under the facility agreement (the "First Vessel Loan Facility Agreement") for financing the construction and purchase of the vessel to be constructed pursuant to the shipbuilding contract dated 7 October 2013.

In May 2014, the Group obtained a secured term loan facility in an aggregate amount of USD equivalent of up to EUR606,842,214 with a term of 144 months after the first utilisation of the facility by the Group under the facility agreement (the "Second Vessel Loan Facility Agreement") for financing the construction and purchase of the vessel to be constructed pursuant to the shipbuilding contract dated 10 February 2014 and the Hermes Fee (as defined in the Second Vessel Loan Facility Agreement).

In April 2015, the Group obtained a secured term loan facility in an aggregate amount of up to the lower of US$300 million and 60% of the aggregate market value of two vessels, namely, Crystal Serenity and Crystal Symphony (the "Vessels"), with a term of 84 months after the utilisation of the facility by the Group under the facility agreement (the "Crystal Vessel Loan Facility Agreement") for part financing the acquisition of the entire equity interest in Crystal Cruises, LLC (the indirect owner of the Vessels) by the Borrower (as defined in the Crystal Vessel Loan Facility Agreement which is an indirect wholly-owned subsidiary of the Company) as purchaser pursuant to the purchase agreement dated 3 March 2015 and for general corporate purpose of the Borrower.

In July 2016, the Group obtained a secured term loan and revolving credit facility in an aggregate amount of up to US$500 million with a term of 72 months after the first utilisation of the facilities by the Company under the facility agreement (the "US$500 million Facility Agreement") for, amongst others, general corporate purposes of the Group.

In January 2017, the Group obtained a secured term loan facility in an aggregate amount of USD equivalent of up to (i) EUR160 million for financing part of the cost of construction and purchase of four river cruise ships to be constructed pursuant to the relevant shipbuilding contracts all dated 7 September 2016 (as amended from time to time); and (ii) 100% of each Hermes Fee (as defined therein) with a term of 102 months after the first utilisation of the facility by the Group under the facility agreement (the "River Cruise Ship Facility Agreement").

Pursuant to (i) the First Vessel Loan Facility Agreement; (ii) the Second Vessel Loan Facility Agreement; (iii) the Crystal Vessel Loan Facility Agreement; (iv) the US$500 million Facility Agreement; and (v) the River Cruise Ship Facility Agreement, the Lim Family (as defined therein, including Tan Sri Lim Kok Thay (the Chairman and Chief Executive Officer of the Company), his spouse, his direct lineal descendants, the personal estate of any of the above persons; and any trust created for the benefit of one or more of the aforesaid persons and their respective estates) is required, together or individually, directly or indirectly, to hold the largest percentage of the issued share capital of, and equity interest in, the Company. The Lim Family's holding shall include any interest which the Lim Family, together or individually, is deemed to hold in accordance with Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Disclosure of Interests) and in addition, where applicable, any interest in the Company held by GENT, GENM and their respective Affiliates (as defined in each of the respective facility agreements).

As at 30 June 2017, the aggregate principal amount under the above facility agreements was US$2,328 million and the aggregate outstanding loan balance thereunder was approximately US$1,347 million.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in force during the six months ended 30 June 2017 as its code of conduct regarding securities transactions by its Directors. All Directors have confirmed, following specific enquiry by the Company, that during the period from 1 January 2017 to 30 June 2017 (both dates inclusive), they have complied with the required standard set out in the Model Code as contained in Appendix 10 of the Listing Rules in force during the said period.

Corporate Governance

In the opinion of the Directors, during the six months ended 30 June 2017, the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules (the "Code Provisions"), save for certain deviations from the relevant Code Provisions A.1.3, A.2.1, E.1.2 and F.1.3 as listed below:

(a) Code Provision A.1.3 states that notice of at least 14 days should be given of a regular Board meeting.

(b) Code Provision A.2.1 states that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

(c) Code Provision E.1.2 states that the Chairman of the Board should attend the annual general meeting and invite the Chairmen of the Audit, Remuneration, Nomination and any other Committees (as appropriate) to attend and in their absence, invite another member of the committee or failing this, his duly appointed delegate, to attend.

(d) Code Provision F.1.3 states that the Company Secretary should report to the Board Chairman and/or the Chief Executive.

Considered reasons for deviations from Code Provisions A.2.1 and F.1.3 as well as further information of the Company's corporate governance practices were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2016 issued in April 2017.

In respect of Code Provision A.1.3, notice of at least 14 days was given for each regular Board meeting during the interim period unless all Directors agreed otherwise having regard to the circumstances.

In respect of Code Provision E.1.2, the Chairman of the Board (who is also a member of the Remuneration and Nomination Committees) was unable to attend the Company's 2017 annual general meeting held on 6 June 2017 due to an ad hoc business engagement. Mr. Alan Howard Smith, the Deputy Chairman of the Board and an Independent Non-executive Director of the Company (who is also the Chairman of the Remuneration and Nomination Committees and a member of the Audit Committee) attended and chaired the said general meeting pursuant to the Company's Bye-laws and he together with the Chairman and/or other members of the Audit, Remuneration and Nomination Committees as well as an Executive Director, the Management and the external auditor of the Company were available to answer questions at the general meeting.

Disclosure of Information on Directors pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company discloses the following change in information on Mr. Lim Keong Hui ("Mr. Lim"), the Executive Director – Chairman's Office and Chief Information Officer of the Company:

(a) Mr. Lim resigned as the Chief Information Officer of Genting Plantations Berhad ("GENP") (a company listed on the Main Market of Bursa Malaysia Securities Berhad) on 5 May 2017 and was redesignated from a Non-Independent Executive Director to a Non-Independent Non-Executive Director of GENP on the same day.

Review by Audit Committee

This interim report has been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant provisions of the Corporate Governance Code. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely Mr. Justin Tan Wah Joo, Mr. Alan Howard Smith and Mr. Lam Wai Hon, Ambrose.

On behalf of the Board

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Hong Kong, 17 August 2017

Genting Hong Kong Limited

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