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Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Directors of Genting Hong Kong Limited (the "Company") announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017, together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2017 US$'000 unaudited	Six months ended 30 June 2016 US$'000 unaudited
Revenue	3	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	4	3,074	11,808
Other losses, net	5	(15,034)	-
Finance income		2,332	5,412
Finance costs		(17,100)	(576)
		(24,199)	36,171
Loss before taxation	6	(202,076)	(49,663)
Taxation	7	(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	8		
- 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		2,130	3,847
Interests in associates		541,111	549,885
Deferred tax assets		1,693	2,130
Available-for-sale investments		9,600	9,585
Other assets and receivables		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	9	42,107	49,765
Prepaid expenses and other receivables		116,668	173,434
Available-for-sale investments		1,558,879	1,257,073
Derivative financial instruments		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		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		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	10	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		135,702	135,243
Derivative financial instruments		-	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

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 announcement 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.

2. Principal Accounting Policies and Basis of Preparation (Continued)

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 these unaudited condensed consolidated interim financial information.

3. 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	Non-cruise activities	Total
	US$'000	US$'000	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

3. 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

3. Revenue and Segment Information (Continued)

audited As at 31 December 2016	Cruise and cruise-related activities	Non-cruise activities	Total
	US$'000	US$'000	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

4. 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

5. 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.

6. Loss Before Taxation

Loss before taxation is stated after charging the following:

	Six months ended 30 June	
	2017	2016
	US$'000	US$'000
	unaudited	unaudited
Included in operating expenses:		
Commission, incentives, 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

7. Taxation

	Six months ended 30 June	
	2017	2016
	US$'000	US$'000
	unaudited	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.

8. Loss Per Share

Loss per share is computed as follows:

	Six months ended 30 June	
	2017 US$'000 unaudited	2016 US$'000 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.

9. Trade Receivables

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

9. Trade Receivables (Continued)

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

	As at	
	30 June 2017 US$'000 unaudited	31 December 2016 US$'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).

10. Trade Payables

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

	As at	
	30 June 2017 US$'000 unaudited	31 December 2016 US$'000 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).

INTERIM DIVIDEND, RECORD DATE AND DIVIDEND PAYMENT DATE

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 about 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.

Closure of Register of Members for determining the entitlements to the Interim Dividend

The Registers of Members of the Company (both the Principal Register in Bermuda and Hong Kong Branch Register) will be closed from the close of business on 11 September 2017 to 13 September 2017, during which period no transfer of shares will be registered, for determining the entitlement to the interim dividend.

In order to qualify for the interim dividend, shareholders of the Company are reminded to ensure that all share transfer documents accompanied by the relevant share certificates must be (i) lodged for registration with the Bermuda Principal Registrar, MUFG Fund Services (Bermuda) Limited c/o RBC Corporate Services Hong Kong Limited at 51/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong SAR; and Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong SAR, by no later than 4:30 p.m. on 11 September 2017 (Hong Kong time); or (ii) lodged for registration with the Company's transfer agent in Singapore, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 by no later than 5:00 p.m. on 11 September 2017 (Singapore time).

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares of the Company as at 5:00 p.m. on 11 September 2017 will be entitled to the interim dividend.

BUSINESS REVIEW

The commentary below is prepared based on a comparison of the results of the Group for the six months ended 30 June 2017 ("1H2017") and six months ended 30 June 2016 ("1H2016").

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 dollars.

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 dollars. 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.

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.

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

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 US$'000	2016 US$'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

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.

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.

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.

REVIEW BY AUDIT COMMITTEE

This unaudited condensed consolidated interim financial information set out in this announcement 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.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises two Executive Directors, namely Tan Sri Lim Kok Thay and Mr. Lim Keong Hui, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 17 August 2017

Forward-looking statements

This announcement 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 announcement 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.

Terminology

Unless otherwise indicated in this announcement, 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.