

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



Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2014	2013
		US\$'000	US\$'000
		unaudited	unaudited
Turnover	3	281,559	256,629
Operating expenses			
Operating expenses excluding depreciation and amortisation		(199,024)	(186,721)
Depreciation and amortisation		(38,217)	(34,462)
		(237,241)	(221,183)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(62,354)	(46,041)
Depreciation and amortisation		(3,295)	(4,351)
		(65,649)	(50,392)
		(302,890)	(271,575)
		(21,331)	(14,946)
Share of profit of jointly controlled entities		532	32,174
Share of profit / (loss) of associates		74,635	(43,988)
Other income / (expenses), net	4	8,421	(3,059)
Other gains, net	5	167,052	81,020
Finance income		8,356	6,181
Finance costs		(19,548)	(24,757)
		239,448	47,571
Profit before taxation		218,117	32,625
Taxation expense	6	(1,403)	(9,565)
Profit for the period		216,714	23,060

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Six months ended 30 June	
		2014	2013
		US\$'000 unaudited	US\$'000 unaudited
Profit for the period		216,714	23,060
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		17,237	(46,956)
Fair value gain / (loss) on derivative financial instruments		305	(613)
Fair value gain / (loss) on available-for-sale investments		36,193	(13,946)
Cash flow hedges transferred to profit or loss		(177)	(103)
Share of other comprehensive loss of an associate		(4,336)	(14,639)
Release of reserves upon disposal of equity interest in an associate		469	-
Other comprehensive income / (loss) for the period		49,691	(76,257)
Total comprehensive income / (loss) for the period		266,405	(53,197)
Profit attributable to:			
Equity owners of the Company		216,906	23,436
Non-controlling interests		(192)	(376)
		216,714	23,060
Total comprehensive income / (loss) attributable to:			
Equity owners of the Company		266,597	(52,821)
Non-controlling interests		(192)	(376)
		266,405	(53,197)
Earnings per share attributable to equity owners of the Company	7		
- Basic (US cents)		2.70	0.30
- Diluted (US cents)		2.59	0.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June	31 December
		2014	2013
		US\$'000	US\$'000
		unaudited	audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,106,761	1,042,649
Land use right		1,229	1,280
Interests in jointly controlled entities		13,089	27,977
Interests in associates		1,255,313	1,269,261
Deferred tax assets		48	50
Available-for-sale investments		195,496	157,090
Restricted cash		2,257	4,380
Other assets		45,129	60,448
		<u>2,619,322</u>	<u>2,563,135</u>
CURRENT ASSETS			
Consumable inventories		25,100	22,030
Trade receivables	8	118,523	139,362
Prepaid expenses and other receivables		94,040	147,738
Derivative financial instruments		844	716
Financial assets at fair value through profit or loss		56,364	41,949
Available-for-sale investments		13,216	4,203
Amounts due from related companies		3,198	6,898
Restricted cash		7,254	5,541
Cash and cash equivalents		921,692	935,413
		<u>1,240,231</u>	<u>1,303,850</u>
TOTAL ASSETS		<u>3,859,553</u>	<u>3,866,985</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at	
		30 June	31 December
		2014	2013
		US\$'000	US\$'000
		unaudited	audited
EQUITY			
Capital and reserves attributable to the			
Company's equity owners			
Share capital		803,452	803,378
Reserves:			
Share premium		16,376	16,289
Contributed surplus		936,823	936,823
Additional paid-in capital		110,063	112,183
Convertible bonds - equity component		3,854	3,854
Foreign currency translation adjustments		(18,897)	(36,134)
Available-for-sale investments reserve		36,568	375
Cash flow hedge reserve		(4,631)	(3,258)
Retained earnings		1,205,329	1,068,768
		3,088,937	2,902,278
Non-controlling interests		46,716	46,908
TOTAL EQUITY		3,135,653	2,949,186
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings		362,541	386,066
Deferred tax liabilities		35	1,454
		362,576	387,520
CURRENT LIABILITIES			
Trade creditors	9	38,475	46,952
Current income tax liabilities		2,804	3,101
Provisions, accruals and other liabilities		180,523	102,831
Current portion of loans and borrowings		116,540	360,368
Amounts due to related companies		438	821
Advance ticket sales		22,544	16,206
		361,324	530,279
TOTAL LIABILITIES		723,900	917,799
TOTAL EQUITY AND LIABILITIES		3,859,553	3,866,985
NET CURRENT ASSETS		878,907	773,571
TOTAL ASSETS LESS CURRENT LIABILITIES		3,498,229	3,336,706

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 primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and secondarily 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.

These unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors on 22 August 2014.

2. Principal Accounting Policies and Basis of Presentation

The unaudited condensed consolidated interim financial information of the Group have 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 are prepared under the historical cost convention, as modified by the revaluations of certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value. In preparing these 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 2013.

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 report of the Group for the year ended 31 December 2013 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 these unaudited condensed consolidated interim financial information are consistent with those used in the annual report for the year ended 31 December 2013, except that the Group has adopted the following revised HKAS:

- (i) HKAS 32 (Amendment), ‘Financial instruments: Presentation - Offsetting financial assets and financial liabilities’ (effective from 1 January 2014). The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of ‘currently has a legally enforceable right of set-off’; and (ii) that some gross settlement systems may be considered equivalents to net settlement. The amendments do not have a material impact on the Group’s consolidated financial information.
- (ii) HKAS 36 (Amendment), ‘Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets’ (effective from 1 January 2014). This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in HKAS 36 by the issue of HKFRS 13. The amendments do not have a material impact on the Group’s consolidated financial information.
- (iii) HK(IFRIC) – Int 21, ‘Levies’ (effective from 1 January 2014). It sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligation event is that gives rise to pay a levy and when should a liability be recognised. As the Group is not currently subject to significant levies so the impact on the Group is not material.

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

Apart from the impact mentioned above and certain presentational changes, the adoption of these revised HKAS 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 change made in the annual financial statements or in these unaudited condensed consolidated interim financial information.

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

This announcement 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 as at 31 December 2013.

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

3. Turnover 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 considered from a cruise operation and a non-cruise operation perspective. Accordingly, two reportable segments namely, cruise and cruise related activities and others are identified.

Cruise and cruise related revenues comprise sales of passenger tickets which include air transportation to and from the cruise ship, gaming revenue and revenues from onboard services and other related services, including food and beverage and entertainment. Other operations of the Group comprise hotel operations and others, none of which are of a significant size to be reported separately.

Certain income has been reclassified from "Onboard and other revenues" under cruise and cruise related activities to "Others" segment in segment information, which is considered as more appropriate presentation and comparative figures have been reclassified to conform with the revised presentation.

The "Others" segment in segment results improved from a loss of US\$0.7 million in 2013 to US\$0.3 million profit in 2014 mainly due to the increase in dividend income received from available-for-sale investments.

The segment information of the Group is as follows:

<u>unaudited</u> <u>Six months ended 30 June 2014</u>	Cruise and cruise related activities US\$'000	Others US\$'000	Total US\$'000
Passenger ticket revenue	68,320	-	68,320
Onboard and other revenues	32,680	-	32,680
Gaming revenue	167,004	-	167,004
Others	5,839	7,716	13,555
Total turnover	273,843	7,716	281,559
Segment results	(21,626)	295	(21,331)
Share of profit of jointly controlled entities			532
Share of profit of associates			74,635
Other income, net			8,421
Other gains, net			167,052
Finance income			8,356
Finance costs			(19,548)
Profit before taxation			218,117
Taxation expenses			(1,403)
Profit for the period			216,714

3. Turnover and Segment Information (Continued)

<u>unaudited</u> <u>As at 30 June 2014</u>	Cruise and cruise related activities US\$'000	Others US\$'000	Total US\$'000
Segment assets	2,468,795	1,390,758	3,859,553
Total assets			3,859,553
Segment liabilities	236,035	5,980	242,015
Loans and borrowings (including current portion)	469,570	9,511	479,081
	705,605	15,491	721,096
Tax liabilities			2,804
Total liabilities			723,900
Capital expenditure	122,462	2,598	125,060
Depreciation and amortisation	40,844	668	41,512
<u>unaudited</u> <u>Six months ended 30 June 2013</u>	Cruise and cruise related activities US\$'000	Others US\$'000	Total US\$'000
Passenger ticket revenue	73,064	-	73,064
Onboard and other revenues	30,904	-	30,904
Gaming revenue	146,870	-	146,870
Others	-	5,791	5,791
Total turnover	250,838	5,791	256,629
Segment results	(14,276)	(670)	(14,946)
Share of profit of jointly controlled entities			32,174
Share of loss of associates			(43,988)
Other expenses, net			(3,059)
Other gains, net			81,020
Finance income			6,181
Finance costs			(24,757)
Profit before taxation			32,625
Taxation expenses			(9,565)
Profit for the period			23,060

3. Turnover and Segment Information (Continued)

<u>audited</u> <u>As at 31 December 2013</u>	Cruise and cruise related activities	Others	Total
	US\$'000	US\$'000	US\$'000
Segment assets	2,370,276	1,496,709	3,866,985
Total assets			3,866,985
Segment liabilities	154,835	13,429	168,264
Loans and borrowings (including current portion)	509,650	236,784	746,434
	664,485	250,213	914,698
Tax liabilities			3,101
Total liabilities			917,799
Capital expenditure	103,599	896	104,495
Depreciation and amortisation	81,032	1,341	82,373

No geographical information is shown as the turnover and operating profit of the Group are substantially derived from activities in Asia-Pacific region.

4. Other Income / (Expenses), net

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	unaudited	unaudited
Gain on disposal of property, plant and equipment	3,434	158
Loss on derivative financial instruments	-	(30)
Dividend income from an investment	-	561
Bad debt recovered from a third party loan	-	3,111
Gain/(Loss) on foreign exchange	4,219	(6,529)
Other income / (expenses), net	768	(330)
	8,421	(3,059)

5. Other Gains, net

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	unaudited	unaudited
Gain on deemed disposal of a jointly controlled entity (note (a))	-	80,988
Gain on disposal of equity interest of an associate (note (b))	152,638	-
Gain on disposal of available-for-sale investments	-	32
Fair value gain on financial assets at fair value through profit or loss (note(c))	14,414	-
	<u>167,052</u>	<u>81,020</u>

Notes:

- (a) In January 2013, the Group's equity interest in Norwegian Cruise Line Holdings Ltd. ("NCLH" or "Norwegian") was diluted from 50% to 43.4% as a result of the initial public offering ("IPO") of the ordinary shares of NCLH and consequently recorded a gain on deemed disposal of the jointly controlled entity of approximately US\$81.0 million. Upon completion of the IPO, NCLH and its subsidiaries ceased to be a jointly controlled entity of the Group and became an associate of the Group.
- (b) In March 2014, the Group entered into an agreement to sell 7.5 million ordinary shares of NCLH at an offering price of US\$32.97 per share. As a result of the share disposal, a gain of approximately US\$152.6 million to the Group was recorded and the percentage of ordinary shares in NCLH owned by the Group decreased from approximately 31.4% to 27.7%.
- (c) The Group recorded a fair value gain of US\$14.4 million during the period ended 30 June 2014, being the excess of the fair value of certain financial assets over their carrying amounts.

6. Taxation

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	unaudited	unaudited
Overseas taxation		
- Current taxation	919	7,817
- Deferred taxation	-	1,419
	<u>919</u>	<u>9,236</u>
Under provision in respect of prior years		
- Current taxation	431	248
- Deferred taxation	53	81
	<u>1,403</u>	<u>9,565</u>

The Company, which is domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions. However, the Group has incurred a tax charge, as shown in the table above, based on the income which is subject to local tax in certain jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

7. Earnings Per Share

Earnings per share is computed as follows:

	Six months ended 30 June	
	2014 US\$'000 unaudited	2013 US\$'000 unaudited
<u>BASIC</u>		
Earnings attributable to equity owners of the Company	216,906	23,436
Weighted average outstanding ordinary shares, in thousands	8,034,104	7,782,458
Basic earnings per share in US cents	2.70	0.30
<u>DILUTED</u>		
Earnings attributable to equity owners of the Company	216,906	23,436
Interest expense on convertible bonds	3,085	-
Earnings used to determine diluted earnings per share	219,991	23,436
Weighted average outstanding ordinary shares, in thousands	8,034,104	7,782,458
Effect of dilutive ordinary shares, in thousands:	454,490	10,345
- options	8,694	10,345
- convertible bonds *	445,796	-
Weighted average outstanding ordinary shares after assuming dilution, in thousands	8,488,594	7,792,803
Diluted earnings per share for the period in US cents	2.59	0.30

* For the six months ended 30 June 2013, as the effect of the assumed conversion of the convertible bonds of the Company was anti-dilutive, no conversion was assumed in the computation of diluted earnings per share.

8. Trade Receivables

	As at	
	30 June 2014 US\$'000 unaudited	31 December 2013 US\$'000 audited
Trade receivables	120,206	140,668
Less: Provisions	(1,683)	(1,306)
	118,523	139,362

8. Trade Receivables (Continued)

The ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2014 US\$'000 unaudited	31 December 2013 US\$'000 audited
Current to 30 days	72,061	100,179
31 days to 60 days	12,833	1,406
61 days to 120 days	7,751	3,747
121 days to 180 days	6,660	5,832
181 days to 360 days	4,760	21,681
Over 360 days	16,141	7,823
	<u>120,206</u>	<u>140,668</u>

Credit terms generally range from payment in advance to 45 days credit (31 December 2013: payment in advance to 45 days).

9. Trade Creditors

The ageing analysis of trade creditors is as follows:

	As at	
	30 June 2014 US\$'000 unaudited	31 December 2013 US\$'000 audited
Current to 60 days	13,333	28,827
61 days to 120 days	7,545	8,091
121 days to 180 days	3,888	1,316
Over 180 days	13,709	8,718
	<u>38,475</u>	<u>46,952</u>

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2013: no credit to 45 days).

INTERIM DIVIDEND

The Directors do not recommend the declaration of interim dividend in respect of the six months ended 30 June 2014.

BUSINESS REVIEW

The commentary below is prepared based on the comparison of the results for the first half of 2014 (“1H2014”) and 2013 (“1H2013”) of the Group.

Key points for 1H2014 in comparison with 1H2013:

- Group profit of US\$216.7 million for 1H2014, representing an increase of approximately 840% from US\$23.1 million in 1H2013
- Gain of US\$152.6 million on disposal of certain ordinary shares in Norwegian Cruise Line Holdings Ltd. (“NCLH” or “Norwegian”) in March 2014, which generated US\$246.9 million net sale proceeds to the Group
- Fair value gain of US\$14.4 million arising from a revaluation of certain financial assets
- Revenue of US\$281.6 million, a 9.7% increase from 1H2013, mainly contributed by the growth in gaming revenue
- Share of profit of NCLH amounted to US\$46.9 million in 1H2014, compared with a loss of US\$44.0 million in 1H2013, primarily due to the improvement in NCLH’s operating income and the absence of one-off expenses related to early repayment of debts pursuant to NCLH’s initial public offering (“IPO”) in 1H2013 notwithstanding the reduction of the Group’s equity interest in NCLH
- Share of profit of Travellers International Hotel Group, Inc. (“Travellers”) totalled US\$27.8 million, compared with US\$26.6 million in 1H2013, primarily due to the improvement in Travellers’ operating expenses on cost management initiatives
- The Group maintained a strong net cash position of US\$442.6 million as at 30 June 2014, compared with net cash of US\$189.0 million as of 31 December 2013

Turnover

The Group reported revenue of US\$281.6 million for 1H2014, a 9.7% growth from that of 1H2013. Gaming revenue increased 13.7% to US\$167.0 million as a result of a stronger overall luck factor. Onboard and other revenues grew 5.7% to US\$32.7 million primarily driven by higher onboard retail sales. Passenger ticket revenue decreased 6.5% to US\$68.3 million mainly due to m.v. SuperStar Virgo’s drydock and its relocation to Hong Kong.

Cost and Expenses

Total cost and expenses, excluding depreciation and amortisation, increased to US\$261.4 million in 1H2014 compared with US\$232.8 million in 1H2013, mainly attributable to higher salaries and marketing and promotion expenses. Total costs and expenses, excluding fuel expenses and depreciation and amortisation, increased 15.3% to US\$229.7 million but increased only 10.7% on a per-capacity-day basis compared with that of 1H2013.

Fuel expenses, included in total costs and expenses, declined 5.4% to US\$31.6 million due to lower overall fuel consumption mainly as a result of the drydock of m.v. Superstar Virgo in January 2014 coupled with a 2.8% decrease in average fuel price. Star Cruises’ average fuel price per metric ton, net of hedges, was US\$636 in 1H2014 compared with US\$654 in 1H2013.

Total depreciation and amortisation expenses increased 7.0% to US\$41.5 million in 1H2014, primarily due to the additional capitalised drydock expenses of m.v. Superstar Virgo in 1H2014.

Share of Profits of Jointly Controlled Entities (“JCE”) and Associates

Share of profit of NCLH amounted to US\$46.9 million in 1H2014, compared with a loss of US\$44.0 million in 1H2013, primarily due to the improvement in NCLH’s operating income and the absence of one-off expenses related to early repayment of debts pursuant to NCLH’s IPO in 1H2013 notwithstanding the reduction of the Group’s equity interest in NCLH. NCLH was accounted for as an associate in 1H2014.

Share of profit of Travellers totalled US\$27.8 million, compared with US\$26.6 million in 1H2013, primarily due to the improvement in Travellers’ operating expenses on cost management initiatives. Travellers was accounted for as an associate in 1H2014.

EBITDA

The Group's EBITDA for 1H2014 was US\$20.2 million compared with US\$23.9 million in 1H2013.

Other Income / (Expenses), net

Net other income in 1H2014 amounted to US\$8.4 million compared with US\$3.1 million net other expenses in 1H2013. In 1H2014, net other income mainly included a US\$4.2 million foreign exchange gain resulting primarily from the depreciation of Renminbi against US dollars and a US\$3.4 million realised gain on disposal of certain non-current asset.

Other Gains, net

Net other gains in 1H2014 amounted to US\$167.1 million compared with US\$81.0 million in 1H2013. In 1H2014, net other gains included a US\$152.6 million gain on disposal of certain ordinary shares in NCLH and a US\$14.4 million gain on revaluation of certain financial assets. Net other gains in 1H2013 mainly comprised US\$81.0 million gain on deemed disposal in connection with the IPO of NCLH in 2013.

Net Finance Costs

Finance costs, net of finance income, decreased 40% to US\$11.2 million in 1H2014 as a result of higher net cash position in 1H2014 compared with that of 1H2013.

Profit before Taxation

Profit before taxation for 1H2014 was US\$218.1 million compared with US\$32.6 million for 1H2013.

Profit Attributable to Equity Owners

Profit attributable to equity owners of the Company was US\$216.9 million for 1H2014 compared with US\$23.4 million in 1H2013.

The operating data of the Group is as follows:

	Six months ended 30 June	
	2014	2013
Passenger Cruise Days	886,285	911,251
Capacity Days	1,290,835	1,240,230
Occupancy as a percentage of total capacity days	69%	74%

Liquidity and Financial Resources

As at 30 June 2014, cash and cash equivalents amounted to US\$921.7 million, a decrease of US\$13.7 million compared with US\$935.4 million as at 31 December 2013. The decrease in cash and cash equivalents was primarily due to net cash outflow from the maturity of Renminbi bonds of US\$220.9 million and US\$110.5 million capital expenditure, of which US\$84.4 million mainly relates to deposit for newbuild vessels. The net cash outflow was partially offset by net cash inflow mainly from US\$18.5 million receipts of deferred consideration from the disposal of a vessel, US\$17.3 million from the disposal of an aircraft, US\$13.8 million dividend received from an associate and jointly controlled entity, and US\$300.0 million net proceeds from disposal of certain ordinary shares in NCLH.

The majority of the Group's cash and cash equivalents are held in U.S. dollars, Singapore dollars, Renminbi, Hong Kong dollars and Malaysia Ringgit. The Group's liquidity as at 30 June 2014 was US\$1,356.4 million (31 December 2013: US\$1,352.9 million), comprising cash and cash equivalents and undrawn credit facilities.

As at 30 June 2014, total loans and borrowings amounted to US\$479.1 million (31 December 2013: US\$746.4 million) and were denominated in US dollars and Renminbi. Approximately 11% (31 December 2013: 37%) of the Group's loans and borrowings was under fixed rate and 89% (31 December 2013: 63%) was under floating rate, after taking into consideration of loan origination costs. Loans and borrowings of US\$116.5 million (31 December 2013: US\$360.4 million) are repayable within a year. The outstanding borrowings and unused facilities of the Group are secured by legal charges over assets including fixed and floating charges of US\$1.6 billion (31 December 2013: US\$1.5 billion).

The Group remained in a net cash position of US\$442.6 million as at 30 June 2014, as compared with net cash position of US\$189.0 million as at 31 December 2013. The total equity of the Group was approximately US\$3,135.7 million (31 December 2013: US\$2,949.2 million).

The Group adopts a prudent treasury policy with all financing and treasury activities managed and controlled at its corporate head office. The Group manages its fuel exposure primarily through fuel swap agreements. It is also the Group's policy that hedging will not be performed in excess of actual requirement. The Group also applies a fuel surcharge to mitigate the fluctuation in fuel prices.

Prospects

From November 2014, m.v. SuperStar Virgo and m.v. SuperStar Gemini will continue their homeport deployment in Hong Kong and Singapore, respectively. M.v. SuperStar Gemini will be offering various itineraries cruising to destinations including Penang, Langkawi, Port Klang and Malacca while m.v. SuperStar Virgo will focus on offering over-night cruises to the high seas from its homeport. To enhance customer experience, m.v. SuperStar Virgo is scheduled to undergo minor facility enhancement projects in the third quarter of 2014 for its Hong Kong deployment. M.v. SuperStar Aquarius will commence its seasonal homeport deployment for the 2014/15 winter season, returning to Kota Kinabalu, the capital of Sabah, Malaysia.

Star Cruises' announced newbuild program has made good progress. Two new ships are on order with Meyer Werft GmbH at Papenburg, Germany for delivery scheduled in the fourth quarter of 2016 and 2017, respectively. Each of these sister ships is approximately 150,000 gross tons and will be designed to offer a wide variety of Asian and international food & beverage outlets as well as world-class recreation, health & fitness and conference facilities catering to the unique demand of the Asian clientele. The two new ships are expected to reinforce Star Cruises' leading position in Asia-Pacific and our commitment to develop the region as an international cruise destination.

Travellers continues with its expansion project developing new hotels and other gaming and non-gaming attractions at Resorts World Manila ("RWM"). The second phase of the project involves the expansion of the existing Marriott Hotel Manila with the Marriott Grand Ballroom and Marriott West Wing which will add 227 room keys. The Marriott Grand Ballroom and the Marriott West Wing are expected to be fully operational by the first quarter of 2015 and the end of 2015, respectively. The third phase of the project will involve three new hotels – the Sheraton Hotel Manila, the Hilton Manila as well as an extension to the existing Maxims Hotel, which will add a total of 877 room keys in RWM. The third phase, targeted to be completed prior to the end of 2017, shall also include a new gaming area, additional retail space and six basement parking decks.

Norwegian Group will continue with its newbuild program for the next generation of Freestyle Cruising vessels. Four new ships are on order with Meyer Werft GmbH for delivery in the fourth quarter of 2015, the first quarter of 2017, the second quarter of 2018 and the fourth quarter of 2019. These ships will be similar in design and innovation to Norwegian's Breakaway-class ships and range from approximately 163,000 gross tons to 164,600 gross tons with 4,200 passenger berths each. Export credit financing is in place that provides financing for 80% of their contract prices.

Norwegian Group

The commentary below is prepared based on Norwegian Group's US GAAP financial statements.

Total revenue increased 22.0% to US\$1.4 billion in 1H2014 compared to US\$1.2 billion in 1H2013. Net revenue in 1H2014 increased 25.5% to US\$1,095.0 million from US\$872.8 million in 1H2013 due to an increase in capacity days of 21.3% and net yield of 3.4%. The increase in capacity days was primarily due to the delivery of Norwegian Breakaway in April 2013 and Norwegian Getaway in January 2014. The net yield improvement was due to higher occupancy percentage, higher onboard and other revenue and benefits from initiatives to reduce its cost of sales.

Total cruise operating expense increased 17.0% in 1H2014 compared to 1H2013 primarily due to the increase in capacity days as discussed above. Total other operating expense increased 11.3% in 1H2014 compared to 1H2013 primarily due to an increase in depreciation and amortisation expense related to the addition of Norwegian Breakaway and Norwegian Getaway and certain inaugural and launch-related costs for Norwegian Getaway. On a capacity day basis, net cruise cost decreased 4.2% due to decreases in fuel expense and general and administrative expenses. The decrease in fuel expense was primarily the result of a 6.9% decrease in the average fuel price to US\$633 per metric ton in 1H2014 from US\$680 in 1H2013. The decrease in general and administrative expense was primarily due to non-cash expenses included in 1H2013 which related to share-based compensation recognised upon the realisation of the IPO. Adjusted net cruise cost excluding fuel per capacity day remained relatively unchanged.

Interest expense, net decreased to US\$63.0 million in 1H2014 from US\$231.3 million in 1H2013 primarily due to lower interest rates resulting from the benefits from the redemption of higher rate debt and refinancing transactions partially offset by an increase in average debt outstanding. In addition, 1H2013 included US\$160.6 million of expenses associated with debt prepayments partially offset by lower interest rates.

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 U.S. dollars in conformity with the Group's reporting currency.

In 1H2014, Travellers reported US\$343.5 million in total revenues and US\$105.4 million in EBITDA (including management fee), compared with US\$468.9 million total revenues and US\$109.0 million EBITDA (including management fee) in 1H2013. The decrease in total revenues was mainly due to lower VIP drops and lower hold percentage during the period.

Total operating expenses amounted to US\$88.2 million in 1H2014, compared with US\$159.6 million in 1H2013, which was mainly due to cost management initiatives.

Finance costs amounted to US\$14.1 million in 1H2014, which is comparable to the finance cost US\$16.3 million in 1H2013.

Net income increased from US\$55.7 million in 1H2013 to US\$64.8 million in 1H2014.

The cash and cash equivalents balance decreased from US\$579.9 million as at 31 December 2013 to US\$460.8 million as at 30 June 2014, while the loans and borrowings balance decreased from US\$397.5 million as at 31 December 2013 to US\$299.9 million as at 30 June 2014.

Travellers is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation ("PAGCOR"). In April 2013, however, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended.

On May 2014, PAGCOR issued Guidelines for a 10% Income Tax Allocation (ITA) measure whereby, effective April 1, 2014, the 25% and 15% license fees were effectively reduced to 15% and 5%, respectively, inasmuch as 10% of the license fees was allocated for income tax on gaming, subject to quarterly and annual true-up mechanisms obliging the licensees to remit to PAGCOR any savings from the excess of the 10% ITA over the actual income tax paid on the gaming revenues.

The 10% ITA measure is in keeping with the true spirit and intent of the terms of the Provisional License insofar as the license fees are intended and contemplated to be in lieu of all taxes with reference to the income component of the gross gaming revenues, while preserving at the same time the financial benefits of the Provisional License for the Philippine Government.

Terminology

- *Net revenue represents total revenues less commissions, transportation and other expenses, and onboard and other expenses.*
- *Net yield represents net revenue per capacity day.*
- *Ship operating expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses. Norwegian Group, reporting under US GAAP, accounts for dry-docking costs under the direct expense method and these costs are classified as ship operating expenses. Under HKFRS, the dry-docking costs are included as a separate component of the ship costs to be amortised to the subsequent dry-docking generally every 2 to 3 years in the depreciation and amortisation.*
- *EBITDA represents earnings before interest and other income (expense) including taxes, and depreciation and amortisation. The Group uses EBITDA to measure operating performance of the business.*
- *Capacity days represent double occupancy per cabin multiplied by the number of cruise days for the period.*
- *Passenger cruise days represent the number of passengers carried for the period, multiplied by the number of days in their respective cruises.*
- *Occupancy percentage, in accordance with cruise industry practice, represents the ratio of passenger cruise days to capacity days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.*
- *PAGCOR is a government-owned and controlled corporation organized under the laws of the Republic of the Philippines, specifically, Presidential Decree 1869, as amended, also known as the PAGCOR Charter. Under the said Charter, PAGCOR's primary mandate is to authorize, supervise, license, and regulate the conduct and operations of casino gaming in the Philippines.*

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 2014, save for (i) the issuance by the Company of 729,378 new ordinary shares of US\$0.10 each in the Company at an aggregate price of approximately HK\$1,236,000 pursuant to the exercise of options granted under the Post-listing Employee Share Option Scheme; and (ii) the redemption of all of the outstanding RMB1,380,000,000 3.95% Bonds (the "RMB Bonds") by the Company in full amounted to RMB1,407.2 million (including principal and accrued interest) upon their maturity on 30 June 2014 in accordance with the terms and conditions of the RMB Bonds.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2014, 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.2.1, A.6.7 and F.1.3 as listed below:

- (a) 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.
- (b) Code Provision A.6.7 states that, inter alia, Independent Non-executive Directors and other Non-executive Directors, as equal Board members, should attend general meetings.
- (c) Code Provision F.1.3 states that the Company Secretary should report to the Board Chairman and/or the Chief Executive.

Considered reasons for the deviations from Code Provisions A.2.1 and F.1.3 were set out in the Corporate Governance Report of the Company’s annual report for the year ended 31 December 2013 issued in April 2014.

In respect of Code Provision A.6.7, save for certain Director(s) who, due to other engagements, was/were unable to attend the respective general meetings held by the Company during the period, a majority of the Board members had attended each of these meetings and were available to answer questions. Further details of the attendances are given below:

- (i) save for the Chairman and an Independent Non-executive Director of the Company, all the other Directors of the Company (including an Executive Director and two Independent Non-executive Directors) had attended the Company’s special general meeting held on 25 April 2014; and
- (ii) save for an Independent Non-executive Director of the Company, all the other Directors of the Company (including the Chairman, an Executive Director and two Independent Non-executive Directors) had attended the Company’s 2014 annual general meeting.

REVIEW BY AUDIT COMMITTEE

The 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. Heah Sieu Lay, 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, three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Heah Sieu Lay and Mr. Lam Wai Hon, Ambrose and one Non-executive Director, namely Mr. Justin Tan Wah Joo.

On behalf of the Board

TAN SRI LIM KOK THAY

Chairman, Chief Executive Officer and Acting-President

Hong Kong, 22 August 2014

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.