



GENTING
HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

Stock Code : 678



YEARS OF BRINGING PEOPLE TOGETHER



GENTING

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(Continued into Bermuda with limited liability)

Interim Report for the six months ended 30 June 2014

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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, Chief Executive Officer
and Acting-President *)*

Mr. Lim Keong Hui

** Appointed as the Acting-President
with effect from 2 July 2014*

Independent Non-executive Directors

Mr. Alan Howard Smith *(Deputy Chairman)*

Mr. Heah Sieu Lay

Mr. Lam Wai Hon, Ambrose

Non-executive Director

Mr. Justin Tan Wah Joo

President

Mr. David Chua Ming Huat #

*# Resigned on 2 July 2014 as the President
with effect from 2 January 2015*

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

Appleby Services (Bermuda) Ltd.

Registered Office

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Hamilton HM 12, Bermuda

Corporate Headquarters

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Bermuda Principal Registrar

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The Belvedere Building,
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Tel: (441) 2951111
Fax: (441) 2956759

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East,
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Tel: (852) 28628555
Fax: (852) 28650990

Transfer Agent

M & C Services Private Limited
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Auditor

PricewaterhouseCoopers
Certified Public Accountants
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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 2014, as follows:

Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	Six months ended 30 June	
		2014	2013
		<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>unaudited</i>
Turnover	4	281,559	256,629
Operating expenses			
Operating expenses excluding depreciation and amortisation		(199,024)	(186,721)
Depreciation and amortisation	8	(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	8	(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	5	8,421	(3,059)
Other gains, net	6	167,052	81,020
Finance income		8,356	6,181
Finance costs	7	(19,548)	(24,757)
		239,448	47,571
Profit before taxation	8	218,117	32,625
Taxation expense	9	(1,403)	(9,565)
Profit for the period		<u>216,714</u>	<u>23,060</u>

Condensed Consolidated Statement of Comprehensive Income *(Continued)*

	<i>Note</i>	Six months ended 30 June	
		2014	2013
		<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>unaudited</i>
Profit for the period		216,714	23,060
Other comprehensive income/(loss):			
Items which 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		<u>49,691</u>	<u>(76,257)</u>
Total comprehensive income/(loss) for the period		<u>266,405</u>	<u>(53,197)</u>
Profit/(Loss) attributable to:			
Equity owners of the Company		216,906	23,436
Non-controlling interests		<u>(192)</u>	<u>(376)</u>
		<u>216,714</u>	<u>23,060</u>
Total comprehensive income/(loss) attributable to:			
Equity owners of the Company		266,597	(52,821)
Non-controlling interests		<u>(192)</u>	<u>(376)</u>
		<u>266,405</u>	<u>(53,197)</u>
Earnings per share attributable to equity owners of the Company	10		
– Basic (US cents)		2.70	0.30
– Diluted (US cents)		<u>2.59</u>	<u>0.30</u>

Condensed Consolidated Statement of Financial Position

	<i>Note</i>	As at	
		30 June	31 December
		2014	2013
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>audited</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,106,761	1,042,649
Land use right	11	1,229	1,280
Interests in jointly controlled entities	12	13,089	27,977
Interests in associates	13	1,255,313	1,269,261
Deferred tax assets		48	50
Available-for-sale investments	14	195,496	157,090
Restricted cash		2,257	4,380
Other assets	16	45,129	60,448
		<u>2,619,322</u>	<u>2,563,135</u>
CURRENT ASSETS			
Consumable inventories		25,100	22,030
Trade receivables	15	118,523	139,362
Prepaid expenses and other receivables	16	94,040	147,738
Derivative financial instruments	20	844	716
Financial assets at fair value through profit or loss	17	56,364	41,949
Available-for-sale investments	14	13,216	4,203
Amounts due from related companies	22	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)*

	<i>Note</i>	As at	
		30 June	31 December
		2014	2013
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>audited</i>
EQUITY			
Capital and reserves attributable to the Company's equity owners			
Share capital	18	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
		<u>3,088,937</u>	<u>2,902,278</u>
Non-controlling interests		46,716	46,908
TOTAL EQUITY		<u>3,135,653</u>	<u>2,949,186</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	19	362,541	386,066
Deferred tax liabilities		35	1,454
		<u>362,576</u>	<u>387,520</u>
CURRENT LIABILITIES			
Trade creditors	21	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	19	116,540	360,368
Amounts due to related companies	22	438	821
Advance ticket sales		22,544	16,206
		<u>361,324</u>	<u>530,279</u>
TOTAL LIABILITIES		<u>723,900</u>	<u>917,799</u>
TOTAL EQUITY AND LIABILITIES		<u>3,859,553</u>	<u>3,866,985</u>
NET CURRENT ASSETS		<u>878,907</u>	<u>773,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,498,229</u>	<u>3,336,706</u>

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>unaudited</i>
OPERATING ACTIVITIES		
Cash generated from operations	15,116	32,814
Interest paid	(16,085)	(19,474)
Interest received	8,356	5,974
Income tax paid	(3,046)	(1,161)
	<u>4,341</u>	<u>18,153</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(110,500)	(113,846)
Proceeds from sale of property, plant and equipment	17,302	—
Proceeds from disposal of equity interest in an associate	299,980	—
Proceeds from disposal of available-for-sale investments	—	16,220
Acquisition of preferred shares in a jointly controlled entity	—	(295)
Acquisition of available-for-sale investment	—	(19,108)
Loans to third parties	(5,642)	(1,086)
Repayments of loans from third parties	1,341	—
Dividend received	16,761	3,889
Refund of capital from a jointly controlled entity	10,223	—
	<u>229,465</u>	<u>(114,226)</u>
Net cash inflow/(outflow) from continuing investing activities	229,465	(114,226)
Net cash inflow from discontinued investing activities	18,522	98,173
	<u>247,987</u>	<u>(16,053)</u>
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	—	119,095
Repayments of loans and borrowings	(265,288)	(155,304)
Proceeds from issuance of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	161	4,750
Restricted cash	169	(283)
	<u>(264,958)</u>	<u>(31,742)</u>
Net cash outflow from financing activities	(264,958)	(31,742)
Effect of exchange rate changes on cash and cash equivalents	(1,091)	2,079
	<u>(13,721)</u>	<u>(27,563)</u>
Net decrease in cash and cash equivalents	(13,721)	(27,563)
Cash and cash equivalents at 1 January	935,413	450,683
	<u>921,692</u>	<u>423,120</u>
Cash and cash equivalents at 30 June	<u>921,692</u>	<u>423,120</u>

Condensed Consolidated Statement of Changes in Equity

Attributable to equity owners of the Company

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Contributed surplus <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Convertible bonds - equity component <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Available-for-sale investments reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>	Non-controlling interests <i>US\$'000</i>	Total equity <i>US\$'000</i>
Six months ended												
30 June 2014												
<u>unaudited</u>												
At 1 January 2014	803,378	16,289	936,823	112,183	3,854	(36,134)	(3,258)	375	1,068,768	2,902,278	46,908	2,949,186
Comprehensive income:												
Profit/(loss) for the period	—	—	—	—	—	—	—	—	216,906	216,906	(192)	216,714
Other comprehensive income/(loss) for the period:												
Foreign currency translation differences	—	—	—	—	—	17,237	—	—	—	17,237	—	17,237
Fair value gain on derivative financial instruments	—	—	—	—	—	—	305	—	—	305	—	305
Cash flow hedges transferred to profit or loss	—	—	—	—	—	—	(177)	—	—	(177)	—	(177)
Share of other comprehensive loss of an associate	—	—	—	(2,180)	—	—	(2,156)	—	—	(4,336)	—	(4,336)
Fair value gain on available-for-sale investments	—	—	—	—	—	—	—	36,193	—	36,193	—	36,193
Release of reserves upon disposal of equity interest of an associate	—	—	—	(186)	—	—	655	—	—	469	—	469
Total comprehensive income/(loss)	—	—	—	(2,366)	—	17,237	(1,373)	36,193	216,906	266,597	(192)	266,405
Transactions with equity owners:												
Issue of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	74	87	—	—	—	—	—	—	—	161	—	161
Amortisation of share option expense	—	—	—	246	—	—	—	—	—	246	—	246
Dividends relating to 2013	—	—	—	—	—	—	—	—	(80,345)	(80,345)	—	(80,345)
At 30 June 2014	<u>803,452</u>	<u>16,376</u>	<u>936,823</u>	<u>110,063</u>	<u>3,854</u>	<u>(18,897)</u>	<u>(4,631)</u>	<u>36,568</u>	<u>1,205,329</u>	<u>3,088,937</u>	<u>46,716</u>	<u>3,135,653</u>

Condensed Consolidated Statement of Changes in Equity (Continued)

	Attributable to equity owners of the Company											
	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Contributed surplus <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Convertible bonds - equity component <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Available- for-sale investments reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>	Non- controlling interests <i>US\$'000</i>	Total equity <i>US\$'000</i>
Six months ended												
30 June 2013												
<u>unaudited</u>												
At 1 January 2013	777,249	13	936,823	105,174	5,929	29,225	(5,896)	(40,144)	516,379	2,324,752	47,346	2,372,098
Comprehensive loss:												
Profit/(loss) for the period	—	—	—	—	—	—	—	—	23,436	23,436	(376)	23,060
Other comprehensive income/ (loss) for the period:												
Foreign currency translation differences	—	—	—	—	—	(46,956)	—	—	—	(46,956)	—	(46,956)
Fair value loss on derivative financial instruments	—	—	—	—	—	—	(613)	—	—	(613)	—	(613)
Cash flow hedges transferred to profit or loss	—	—	—	—	—	—	(103)	—	—	(103)	—	(103)
Share of other comprehensive loss of an associate	—	—	—	(1,334)	—	—	(13,305)	—	—	(14,639)	—	(14,639)
Fair value loss on available-for-sale investments	—	—	—	—	—	—	—	(13,946)	—	(13,946)	—	(13,946)
Total comprehensive income/(loss)	—	—	—	(1,334)	—	(46,956)	(14,021)	(13,946)	23,436	(52,821)	(376)	(53,197)
Transactions with equity owners:												
Issue of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	2,071	2,679	—	—	—	—	—	—	—	4,750	—	4,750
Amortisation of share option expense	—	—	—	527	—	—	—	—	—	527	—	527
At 30 June 2013	<u>779,320</u>	<u>2,692</u>	<u>936,823</u>	<u>104,367</u>	<u>5,929</u>	<u>(17,731)</u>	<u>(19,917)</u>	<u>(54,090)</u>	<u>539,815</u>	<u>2,277,208</u>	<u>46,970</u>	<u>2,324,178</u>

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 PREPARATION

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 financial 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 interim report 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.

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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 currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do 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.

(b) Fair value estimation

The Group uses the following hierarchy for categorising the fair values of all financial instruments carried at fair value based on the level of inputs to valuation techniques:

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 2014

	Level 1 <i>US\$'000</i>	Level 2 <i>US\$'000</i>	Level 3 <i>US\$'000</i>	Total <i>US\$'000</i>
Financial assets				
Available-for-sale financial assets	208,712	—	—	208,712
Financial assets at fair value through profit or loss	56,364	—	—	56,364
Derivatives used for hedging	—	844	—	844
Financial liabilities				
Convertible bonds	—	66,554	—	66,554

audited

As at 31 December 2013

	Level 1 <i>US\$'000</i>	Level 2 <i>US\$'000</i>	Level 3 <i>US\$'000</i>	Total <i>US\$'000</i>
Financial assets				
Available-for-sale financial assets	161,293	—	—	161,293
Financial assets at fair value through profit or loss	41,949	—	—	41,949
Derivatives used for hedging	—	716	—	716
Financial liabilities				
Convertible bonds	—	65,906	—	65,906

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the last financial year ended 31 December 2013.

There have been no transfers between the levels of the fair value hierarchy during the current half year ended 30 June 2014.

The fair values of trade and other receivables, other current financial assets, cash and cash equivalents, and trade and other payables approximate their carrying amounts.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. 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 <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
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	<u>273,843</u>	<u>7,716</u>	<u>281,559</u>
Segment results	<u>(21,626)</u>	<u>295</u>	<u>(21,331)</u>
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			<u>(19,548)</u>
Profit before taxation			218,117
Taxation expenses			<u>(1,403)</u>
Profit for the period			<u><u>216,714</u></u>
<u>unaudited</u> <u>As at 30 June 2014</u>	Cruise and cruise related activities <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
Segment assets	<u>2,468,795</u>	<u>1,390,758</u>	<u>3,859,553</u>
Total assets			<u><u>3,859,553</u></u>
Segment liabilities	236,035	5,980	242,015
Loans and borrowings (including current portion)	<u>469,570</u>	<u>9,511</u>	<u>479,081</u>
	<u>705,605</u>	<u>15,491</u>	721,096
Tax liabilities			<u>2,804</u>
Total liabilities			<u><u>723,900</u></u>
Capital expenditure	<u>122,462</u>	<u>2,598</u>	<u>125,060</u>
Depreciation and amortisation	<u>40,844</u>	<u>668</u>	<u>41,512</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. TURNOVER AND SEGMENT INFORMATION (Continued)

<u>unaudited</u> Six months ended 30 June 2013	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
	<u>250,838</u>	<u>5,791</u>	<u>256,629</u>
Total turnover			
Segment results	<u>(14,276)</u>	<u>(670)</u>	<u>(14,946)</u>
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			<u>23,060</u>
<u>audited</u> As at 31 December 2013	Cruise and cruise related activities US\$'000	Others US\$'000	Total US\$'000
Segment assets	<u>2,370,276</u>	<u>1,496,709</u>	<u>3,866,985</u>
Total assets			<u>3,866,985</u>
Segment liabilities	154,835	13,429	168,264
Loans and borrowings (including current portion)	<u>509,650</u>	<u>236,784</u>	<u>746,434</u>
	<u>664,485</u>	<u>250,213</u>	914,698
Tax liabilities			3,101
Total liabilities			<u>917,799</u>
Capital expenditure	<u>103,599</u>	<u>896</u>	<u>104,495</u>
Depreciation and amortisation	<u>81,032</u>	<u>1,341</u>	<u>82,373</u>

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

5. 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)
	<u>8,421</u>	<u>(3,059)</u>

6. 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 in 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 approximately 43.4% as a result of the initial public offering ("IPO") of the ordinary shares of NCLH, and consequently the Group 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 underwriting 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 approximately 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.

7. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	unaudited	unaudited
Amortisation of:		
– bank loans arrangement fees and commitment fee	5,640	5,716
Interest on:		
– bank loans and others	7,288	8,974
– convertible bonds	3,085	4,653
– RMB bonds	5,475	5,367
Amortised loan arrangement fees written off	—	47
Interest capitalised for qualifying assets	(1,940)	—
Total finance costs	<u>19,548</u>	<u>24,757</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
Total depreciation and amortisation analysed into:	41,512	38,813
– relating to operating function	38,217	34,462
– relating to selling, general and administrative function	3,295	4,351
Fuel costs	31,642	33,434
Advertising expenses	23,482	14,724

9. TAXATION

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

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

10. 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.

11. LAND USE RIGHT

	As at	
	30 June 2014 US\$'000 unaudited	31 December 2013 US\$'000 audited
At 1 January	1,280	1,281
Amortisation of prepaid operating lease for the period/year	(16)	(33)
Currency translation differences	(35)	32
At 30 June 2014 / 31 December 2013	1,229	1,280

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The Group's interests in jointly controlled entities are as follows:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
At 1 January	27,977	1,367,312
Equity investment in a jointly controlled entity	—	2,260
Refund of capital from a jointly controlled entity	(12,781)	—
Acquisition of preferred shares in a jointly controlled entity	—	17,730
Share of profit of jointly controlled entities	678	43,541
Transfer to interest in associates	—	(1,528,025)
Gain on deemed disposal of jointly controlled entities	—	220,180
Dividends	(2,929)	(74,393)
Currency translation differences	144	(20,628)
	<u>13,089</u>	<u>27,977</u>
At 30 June 2014 / 31 December 2013		

13. INTERESTS IN ASSOCIATES

The Group's interests in associates are as follows:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
At 1 January	1,269,261	115
Acquisition of an associate during the period/year	—	61
Transfer from interest in jointly controlled entities	—	1,528,025
Disposal of equity interest of an associate	(90,514)	(282,386)
Share of profit of associates	74,669	31,289
Share of reserves of an associate	(4,336)	3,815
Dividends	(661)	—
Currency translation differences	6,854	(11,945)
Others	40	287
	<u>1,255,313</u>	<u>1,269,261</u>
At 30 June 2014 / 31 December 2013		

The Group's share of the results in associates and their aggregated assets and liabilities, which, in the opinion of the Directors, are material to the Group are shown below:

	NCLH		Travellers	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
Assets	2,027,494	2,063,786	591,972	618,533
Liabilities	1,288,006	1,262,190	218,640	280,828
Revenue	414,858	1,039,155	154,254	388,837
Share of profit	<u>46,907</u>	<u>38,000</u>	<u>27,841</u>	<u>31,188</u>
Percentage held in ordinary shares/common shares	<u>28.0%</u>	<u>31.4%</u>	<u>44.9%</u>	<u>44.9%</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

14. AVAILABLE-FOR-SALE INVESTMENTS

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
At 1 January	161,293	222,259
Exchange differences	11,226	(32,317)
Additions	—	32,363
Disposals	—	(15,819)
Fair value gain/(loss) recognised in equity	36,193	(45,193)
	<u>208,712</u>	<u>161,293</u>
At 30 June 2014 / 31 December 2013	208,712	161,293
Less: Non-current portion	(195,496)	(157,090)
	<u>13,216</u>	<u>4,203</u>

Available-for-sale investments include the following:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
Listed investments:		
Equity securities – listed outside Hong Kong	188,747	140,546
Debt securities – listed outside Hong Kong	10,816	11,244
Debt securities – listed in Hong Kong	9,149	9,503
	<u>208,712</u>	<u>161,293</u>

15. TRADE RECEIVABLES

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

The ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
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).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

16. OTHER ASSETS, PREPAID EXPENSES AND OTHER RECEIVABLES

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
Other debtors, deposits and prepayments	50,917	41,298
Damages claim receivables	4,500	4,500
Loans to third parties	8,377	5,112
Receivables from trade agent on disposal of NCLH shares	—	53,079
Receivables from an associate relating to disposal of m.v. Norwegian Sky (note (a))	74,086	92,608
Dividend receivable from an associate	—	10,933
Amount due from an associate	1,289	656
	<u>139,169</u>	<u>208,186</u>
Less: Non-current portion	(45,129)	(60,448)
Current portion	<u>94,040</u>	<u>147,738</u>

Note:

- (a) Out of the total consideration US\$259.3 million in relation to the disposal of m.v. Norwegian Sky, US\$185.2 million has been received by the Group as at 30 June 2014. The remaining US\$74.1 million will be settled in 4 equal principal installment payments plus interest at 1.25% per annum up until 31 May 2016. Respective receivables from an associate of US\$37.1 million (non-current portion) and US\$37.0 million (current portion) have been recognised as at 30 June 2014.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of the following:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
Cash-settled total return equity swaps	<u>56,364</u>	<u>41,949</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

18. SHARE CAPITAL

	Authorised share capital			
	Preference shares of US\$0.10 each		Ordinary shares of US\$0.10 each	
	<i>No. of shares</i>	<i>US\$'000</i>	<i>No. of shares</i>	<i>US\$'000</i>
<u>unaudited</u>				
At 1 January 2014 and 30 June 2014	10,000	1	19,999,990,000	1,999,999
<u>audited</u>				
At 1 January 2013 and 31 December 2013	10,000	1	19,999,990,000	1,999,999
			Issued and fully paid ordinary shares of US\$0.10 each	
			<i>No. of shares</i>	<i>US\$'000</i>
<u>unaudited</u>				
At 1 January 2014			8,033,787,745	803,378
Issue of ordinary shares pursuant to the Post-listing Employee Share Option Scheme			729,378	74
At 30 June 2014			8,034,517,123	803,452
<u>audited</u>				
At 1 January 2013			7,772,490,872	777,249
Issue of ordinary shares pursuant to the Post-listing Employee Share Option Scheme			21,252,626	2,125
Issue of ordinary shares upon conversion of convertible bonds			240,044,247	24,004
At 31 December 2013			8,033,787,745	803,378

19. LOANS AND BORROWINGS

Loans and borrowings consist of the followings:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
Secured:		
US\$600 million secured term loan and revolving credit facility	308,173	331,570
US\$300 million secured term loan and revolving credit facility	94,843	92,823
RMB12.5 million entrustment loans (note (i))	4,030	4,133
RMB20 million entrustment loan (note (i))	3,224	3,306
RMB14 million entrustment loan (note (i))	2,257	2,314
Unsecured:		
Convertible bonds	66,554	65,906
RMB1.38 billion 3.95% bonds	—	227,032
Bank overdraft	—	19,350
Total liabilities	479,081	746,434
Less: Current portion	(116,540)	(360,368)
Non-current portion	362,541	386,066

Note:

(i) The entrustment loans are equivalent to the amount of restricted cash.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

19. LOANS AND BORROWINGS (Continued)

Movement in loans and borrowings is analysed as follows:

	<i>US\$'000</i>
Six months ended 30 June 2014	
Balance as at 1 January 2014	746,434
Repayments of loans and borrowings	(265,288)
Amortisation of loan arrangement fees	3,622
Convertible bonds and RMB1.38 billion bonds interest accrued for the period	8,560
Payment of convertible bonds and RMB1.38 billion bonds interest for the period	(6,789)
Exchange differences	(7,458)
	<hr/>
Balance as at 30 June 2014	<u>479,081</u>
	<i>US\$'000</i>
Six months ended 30 June 2013	
Balance as at 1 January 2013	842,424
Proceeds from loans and borrowings	119,095
Repayments of loans and borrowings	(155,304)
Loan arrangement fees incurred for the period	(11,218)
Amortisation of loan arrangement fees	3,756
Convertible bonds and RMB1.38 billion bonds interest accrued for the period	10,021
Payment of convertible bonds and RMB1.38 billion bonds interest for the period	(8,113)
Exchange differences	7,526
	<hr/>
Balance as at 30 June 2013	<u>808,187</u>

20. 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 financial position date or that will be realised in the future and do not include expenses that could be included in an actual sale or settlement.

The Group entered into fuel swap agreements with an aggregate notional amount of US\$14.9 million, to pay fixed price for fuel. As at 30 June 2014, the outstanding notional amount was approximately US\$23.6 million, maturing through December 2014 and the estimated fair market value of the fuel swap was approximately US\$0.8 million, which was favourable to the Group (31 December 2013: US\$0.7 million favourable). This amount has been recorded within the current portion of the derivative financial instruments in the condensed consolidated statement of financial position. These fuel swaps have been designated and qualified as cash flow hedges. The changes in the fair value of these fuel swaps are included as a separate component of reserves and are recognised in the profit or loss when the underlying hedged items are recognised.

The fair values of the above instruments have been estimated using public market prices or quotes from reputable financial institutions. The Group had no significant concentrations of credit risk as at 30 June 2014.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

21. TRADE CREDITORS

The ageing analysis of trade creditors is as follows:

	As at	
	30 June 2014 <i>US\$'000</i> <i>unaudited</i>	31 December 2013 <i>US\$'000</i> <i>audited</i>
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).

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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 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, Mr. Lim Keong Hui and certain other members of Tan Sri Lim Kok Thay's family, is a substantial shareholder of the Company.

Tan Sri Lim Kok Thay is the Chairman, an Executive Director, the Chief Executive Officer, the Acting-President and a substantial shareholder of the Company. Tan Sri Lim Kok Thay is the father of Mr. Lim Keong Hui who is an Executive Director and a substantial shareholder of the Company.

Genting Berhad ("GENT"), a company in which each of Tan Sri Lim Kok Thay and Mr. Lim Keong Hui has a deemed interest and which is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), controls Genting Malaysia Berhad ("GENM"), a company also listed on Bursa Malaysia which in turn indirectly controls Resorts World Limited, which is a substantial shareholder of the Company. GENT indirectly controls Genting Singapore PLC ("GENS"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited. Genting Management and Consultancy Services Sdn Bhd ("GMC") is a company incorporated in Malaysia and a wholly-owned subsidiary of GENT.

WorldCard International Limited ("WCIL") is currently a wholly-owned subsidiary of Star Cruise (C) Limited ("SC (C)", an indirect wholly-owned subsidiary of the Company). Prior to 31 December 2013, the date on which the completion of the acquisition of the WCIL group by SC (C) from Resorts World Inc Pte. Ltd. ("RWI") took place, WCIL had been a wholly-owned subsidiary of RWI since the completion of the disposal of 50% equity interest in WCIL by each of SC (C) and the GENS group to RWI on 4 November 2011. RWI is a company incorporated in Singapore and currently is a 50:50 jointly controlled 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 Golden Hope as trustee of the GHUT).

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information *(Continued)*

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

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 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.

Upon completion of the initial public offering of Norwegian Cruise Line Holdings Ltd. (“NCLH” or “Norwegian”) on 24 January 2013, Norwegian ceased to be a jointly controlled entity of the Company and became an associate of the Company. Each of Norwegian Sky, Ltd. (“NSL”) and NCL (Bahamas) Ltd. (“NCLB”) is a company incorporated under the laws of Bermuda with limited liability and an indirect wholly-owned subsidiary of Norwegian.

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

Following initial listing of the common shares of Travellers International Hotel Group, Inc. (“Travellers”) on 5 November 2013, Travellers ceased to be a jointly controlled entity of the Company and became an associate of the Company. Each of Genting Management Services, Inc. (“GMS”) and Genting-Star Tourism Academy Inc. (“GSTA”) is a jointly controlled entity of the Company.

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 jointly controlled entity of the Company.

Each of Star Cruises China Holdings Limited (“SCCH”), Wo De Ke Zhan Limited (“WDKZ”) and Dynamic Merits Limited (“Dynamic Merits”) is an indirect wholly-owned subsidiary of the Company. 3rd Valley (Zhang Jia Kou) Resort Corporation (“3rd Valley”) is a company in which Golden Hope as trustee of the GHUT has 30% indirect equity interest and Datuk Lim Chee Wah (a brother of Tan Sri Lim Kok Thay) has 44.9% indirect equity interest.

Glass Castle Limited (“GCL”) is a wholly-owned subsidiary of the Company and RWD US LLC (“RWD”) is an indirect wholly-owned subsidiary of GENM.

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2014 and 2013 are set out below:

- (a) On 20 December 2010, the Company entered into services agreements each for a period of three years commencing from 1 January 2011 with GMC, GENM and GENS separately in relation to the provision of certain services to the Group. On 31 October 2011 and 30 March 2012, the Company had entered into supplemental agreements with GENM and GENS respectively to amend the relevant services agreements for the purposes of expanding the scope of services. In view of the expiry of the agreements, on 23 December 2013, the parties further entered into supplemental agreements to extend the term of the respective agreements each for a further fixed term of 3 years commencing from 1 January 2014. For the six months ended 30 June 2014, (i) the amount charged to the Group in respect of secretarial, share registration, investor and other related services rendered by GMC was approximately US\$5,000 (30 June 2013: US\$2,000), (ii) the amount charged to the Group in respect of air ticket purchasing, leasing of office space, travel, information technology and implementation, support and maintenance services and other related services rendered by the GENM group was approximately US\$617,000 (30 June 2013: US\$1,138,000), and (iii) the amount charged to the Group in respect of administrative and other support services rendered by the GENS group was approximately US\$18,000 (30 June 2013: US\$21,000).
- (b) On 31 March 2011, the Company entered into services agreements each for a period of three years commencing from 1 January 2011 with GENS and GENM separately in relation to the provision of certain services by the Group. On 23 December 2013, the parties entered into supplemental agreements to extend the term of the respective agreements each for a further fixed term of 3 years commencing from 1 January 2014. For the six months ended 30 June 2014, (i) the amount charged by the Group in respect of air ticket purchasing, travel related services and administrative services rendered to the GENS group was approximately US\$123,000 (30 June 2013: US\$99,000) and (ii) the amount charged by the Group in respect of tourism consultancy services rendered to the GENM group was approximately US\$19,000 (30 June 2013: US\$17,000).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

- (c) WCIL, together with its subsidiaries, operates and administers the WorldCard programme on an international basis (save for Malaysia). The WorldCard programme is operated and managed by the GENM group in Malaysia. The Group participated as a merchant in the WorldCard programme (save for Malaysia) and was subsequently allowed to participate in the WorldCard programme in Malaysia through certain inter-operator arrangements. In May 2007, the WorldCard programme was extended to cover sale of travel and tour packages which are sold to WorldCard holders at onshore outlets of the Group in various territories, including the cruise packages to board for the cruise ships of the Company or of its affiliates. There are also transactions between the GENM group and the WCIL group in the cross-territory operation of the WorldCard programme under certain inter-operator agreement (as amended) (the "Inter-Operator Agreement").

The Group also implemented joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM group pursuant to certain joint promotion and marketing agreement and addenda (the "JPM Agreement").

In view of the expiry of the Inter-Operator Agreement and the JPM Agreement (as amended and supplemented from time to time) on 31 December 2013, the Group and the GENM group entered into supplemental agreements to renew the Inter-Operator Agreement and the JPM Agreement (as amended and supplemented from time to time) each for a further period of 3 years commencing from 1 January 2014.

During the six months ended 30 June 2014 and 2013, the following transactions took place:

	Group	
	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
Amounts charged by the GENT group to the Group	97	410
Amounts charged to the GENT group by the Group	<u>543</u>	<u>965</u>

- (d) On 29 May 2009 and 5 October 2012, TIECL entered into tenancy agreements with CCL in respect of the leases of office premises in Macau. During the six months ended 30 June 2014, the amount charged by CCL to the Group in respect of the rental amounted to US\$23,000 (30 June 2013: US\$23,000).
- (e) On 1 January 2012, SCHK as a tenant entered into a tenancy agreement with Rich Hope as landlord in respect of the lease of an apartment in Hong Kong. In view of the expiry of the tenancy agreement on 31 December 2013, the parties entered into a new tenancy agreement on 20 December 2013 for 2 years commencing from 1 January 2014. During the six months ended 30 June 2014, the amount charged by Rich Hope to SCHK in respect of the rental amounted to US\$117,000 (30 June 2013: US\$135,000).
- (f) On 1 September 2011 and 12 November 2012, SCA as tenant entered into tenancy agreements with Ambadell as landlord in respect of the lease of an office area in Australia. During the six months ended 30 June 2014, the amount charged by Ambadell to the Group in respect of the rental amounted to US\$28,000 (30 June 2013: US\$30,000).
- (g) On 31 December 2012, CAL entered into the Second Supplemental Agreement with RWS to renew the RWS Services Agreement (as amended by the First Supplemental Agreement) entered into between the two parties, the term of which would be expiring on 31 December 2012, for a further period of three years from 1 January 2013 to 31 December 2015, in respect of the provision of certain services by CAL for the integrated resort, Resorts World Sentosa which is located at Sentosa, Singapore and owned and operated by RWS. CAL provides the scope of services, including but not limited to 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, and handling of all amendment and cancellation related activities of any reservations and booking services. Amount charged to RWS in respect of these services rendered by CAL was approximately US\$697,000 for the six months ended 30 June 2014 (30 June 2013: US\$619,000).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

- (h) On 2 November 2011, SCCH and 3rd Valley entered into a hotel pre-opening technical services agreement in respect of the provision of consultancy services by SCCH with respect to the development, construction and completion of a first class international hotel ("Hotel") to be constructed in Zhang Jia Kou City, Hebei Province, the People's Republic of China for total service fees of RMB2,866,300 (equivalent to approximately US\$463,000). The last payment of consultancy fee of RMB573,260 (equivalent to approximately US\$94,000) was charged by SCCH to 3rd Valley in December 2013. On 16 April 2012, SCCH and 3rd Valley entered into a hotel management agreement in respect of the provision of management services and other services (including reservation and if required, marketing services) by SCCH for the Hotel. On 15 May 2013, a deed of assignment was executed between SCCH and Guangzhou Liyunhui Consulting and Management Services Limited ("GLCM", an indirect wholly-owned subsidiary of the Company) pursuant to which SCCH has assigned all its rights and obligations under the hotel management agreement with 3rd Valley to GLCM. During the six months ended 30 June 2014, the amount charged by the Group (via SCCH or GLCM, as the case may be) to 3rd Valley in respect of such management and other services was Nil (30 June 2013: Nil).
- (i) 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. During the six months ended 30 June 2014, the amount charged by GIML to SMHL in respect of the annual license fee was US\$10,000 (30 June 2013: US\$10,000).
- (j) On 24 October 2012, Chongli My Inn Hotel Company Limited, an indirect wholly-owned subsidiary of the Company as lessee, entered into a tenancy agreement with 3rd Valley as lessor in respect of the lease of a portion of Genting Star Secret Garden, a hotel area located at Zhang Jia Kou, China for a period of three years effective from 15 December 2012. The Group has prepaid three years rental expense of US\$557,000 to 3rd Valley in 2012. Subsequently, on 30 December 2013, a termination agreement was entered into by the lessor and the lessee whereby the aforesaid tenancy was terminated with effect from 14 April 2013 and part of the prepaid rental in the sum of RMB3,131,213 (equivalent to approximately US\$514,000) was refundable to the lessee. During the six months ended 30 June 2014, the amount charged by 3rd Valley to the Group in respect of the rental was Nil (30 June 2013: US\$87,000).
- (k) On 24 October 2012, WDKZ as lender entered into a facility agreement with 3rd Valley International Resort Corporation ("3rd Valley International", the 100% shareholder of 3rd Valley) as borrower in respect of the provision of a loan of USD equivalent of RMB3,477,385 (equivalent to approximately US\$557,000) for interest at the rate of USD 4.75% plus USD 6 months LIBOR. The loan is for the sole purpose of completing the structural works and renovation of Genting Star Secret Garden located at Zhang Jia Kou, China. The Group has advanced US\$557,000 to 3rd Valley International in 2012. During the six months ended 30 June 2014, the interest amount charged by WDKZ to 3rd Valley International in respect of the loan amounted to US\$16,000 (30 June 2013: US\$15,000).

Amounts outstanding at the end of each financial period in respect of the above transactions were included in the condensed consolidated statement of financial position within amounts due from/to related companies. The related party transactions described above were carried out on terms, conditions and prices comparable to transactions with independent parties.

- (l) 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.
- (m) 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information *(Continued)*

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

- (n) Famous City Holdings Limited (“Famous City”) and Star Cruise Pte Ltd (“SCPL”), both of which are wholly-owned subsidiaries of the Company entered into Contracts of Lease with Travellers in respect of the lease of office area in the Philippines. During the six months ended 30 June 2014, the amount charged by Travellers to the Group in respect of the rental amounted to US\$201,000 (30 June 2013: US\$188,000).
- (o) On 1 October 2010, Famous City entered into Service Agreements with GSTA and GMS in respect of provision of back-office support services. During the six months ended 30 June 2014, service revenue received from GSTA and GMS was US\$67,000 (30 June 2013: US\$52,000).
- (p) On 7 January 2011, NCLB has entered into a general services agreement with CAL for the provision of contact centre services by CAL. During the six months ended 30 June 2014, the amount charged by CAL to NCLB in respect of the services amounted to US\$143,000 (30 June 2013: US\$139,000).
- (q) Famous City and Travellers have 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 2014, the amount charged by Famous City to Travellers in respect of the services amounted to US\$527,000 (30 June 2013: US\$453,000).
- (r) CAL and Travellers have entered into a general services agreement for the provision of contact centre services and customer services by CAL to the customers of Travellers with effect from 1 July 2010. During the six months ended 30 June 2014, service revenue received from Travellers was US\$371,000 (30 June 2013: US\$498,000).
- (s) 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 2014, mobilisation fee and service revenue received from SCHKMS were Nil (30 June 2013: Nil) and US\$65,000 (30 June 2013: US\$34,000) respectively.
- (t) On 15 November 2012, the shareholders of MLIC (the immediate holding company of TIECL) have 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%)).
- (u) On 7 March 2013, Symbol Smart Limited, a wholly-owned subsidiary of the Company, entered into a consultancy services agreement with NCLB in respect of the provision of certain consultation services from NCLB. During the six months ended 30 June 2014, the consultancy fee charged by NCLB to Symbol Smart Limited amounted to US\$600,000 (30 June 2013: US\$600,000).
- (v) On 30 October 2013, Star Cruises Ship Management Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a service agreement with APEC Assets Limited (“APEC”, a wholly-owned subsidiary of Travellers) for the provision of technical consultancy services with effect from 14 October 2013. During the six months ended 30 June 2014, service revenue received from APEC was US\$33,000 (30 June 2013: Nil).
- (w) On 30 December 2013, Dynamic Merits entered into a cooperation agreement with 3rd Valley whereby 3rd Valley 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 (“Secret Garden”), for an aggregate consideration of RMB20,000,000 (equivalent to approximately US\$3.3 million). Secret Garden is located at 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. 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

- (x) On 30 December 2013, the Company entered into services agreements with 3rd Valley in respect of the provision of certain services by the Group to 3rd Valley 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 3rd Valley Group of hotel operation related and supporting services, property management, repair and maintenance, leasing of function rooms or dormitory, and other related services, as and when required, for 3 financial period/years ending 31 December 2015. During the six months ended 30 June 2014, (i) the amounts charged from 3rd Valley Group to the Group was Nil (30 June 2013: Nil); and (ii) the amounts charged to 3rd Valley Group by the Group was Nil (30 June 2013: Nil).
- (y) On 2 January 2014, GCL entered into a sale and purchase agreement with RWD for the disposal of an aircraft to RWD for a consideration of US\$17.3 million.
- (z) On 4 March 2014, Star NCLC Holdings Ltd. ("Star NCLC", a wholly-owned subsidiary of the Company) entered into an underwriting agreement with NCLH and others pursuant to which Star NCLC further disposed of 7.5 million ordinary shares in NCLH for a total consideration of approximately US\$246.9 million (after deduction of relevant expenses). As a result of the share disposal, the percentage of ordinary shares in NCLH beneficially owned by the Group further decreased from approximately 31.4% to approximately 27.7%, with a disposal gain of approximately US\$152.6 million to the Group.
- (aa) 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%)).

23. 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 2014 US\$'000 unaudited	31 December 2013 US\$'000 audited
Contracted but not provided for		
– Cruise ship and related costs	1,850,660	963,011
– Property under development	10,016	30,647
	<u>1,860,676</u>	<u>993,658</u>

- (ii) Material litigation and contingencies

There were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2013.

Interim Dividend

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

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 2013.

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 or cruise operating expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses. NCLH and its subsidiaries ("Norwegian Group"), reporting under US GAAP, accounts for drydocking costs under the direct expense method and these costs are classified as ship operating expenses. Under HKFRS, the drydocking costs are included as a separate component of the ship costs to be amortised to the subsequent drydocking 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.

Philippine Amusement and Gaming Corporation ("PAGCOR") is a government-owned and controlled corporation organised 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 authorise, supervise, license, and regulate the conduct and operations of casino gaming in the Philippines.

Six months ended 30 June 2014 ("1H2014") compared with six months ended 30 June 2013 ("1H2013")

The Group

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.

Management's Discussion and Analysis *(Continued)*

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 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 U.S. 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%

Management's Discussion and Analysis *(Continued)*

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 U.S. 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.

Management's Discussion and Analysis *(Continued)*

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.

Management's Discussion and Analysis *(Continued)*

Travellers Group

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 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 1 April 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.

Interests of Directors

As at 30 June 2014, 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

Name of Director	Beneficial owner	Nature of interests/capacity in which such interests were held			Total	Percentage of issued ordinary shares
		Interests of spouse	Interests of controlled corporation	Founder/Beneficiary of discretionary trusts		
Number of ordinary shares (Notes)						
Tan Sri Lim Kok Thay	362,703,613	36,298,108 (1)	2,034,082,196 (2)	5,150,707,524 (3) and (4)	6,096,338,153 (5)	75.88
Mr. Lim Keong Hui (6)	—	—	—	5,150,707,524 (3) and (4)	5,150,707,524	64.11

Notes:

As at 30 June 2014:

- (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 2,034,082,196 ordinary shares (comprising (i) 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% of its issued share capital; (ii) the same block of 546,628,908 ordinary shares directly held by Joondalup Limited in which Tan Sri Lim Kok Thay held 100% of its issued share capital; and (iii) the same block of 1,431,059,180 ordinary shares directly held by Resorts World Limited ("RWL") and the same block of 20,096,000 ordinary shares directly held by Genting Overseas Holdings Limited ("GOHL") by virtue of his interests in a chain of corporations holding RWL and GOHL (details of the percentage interests in such corporations were set out in the section headed "Interests of Substantial Shareholders" below)).
- (3) Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts (trustees of which are Parkview Management Sdn Bhd and First Names Trust Company (Isle of Man) Limited respectively) and Mr. Lim Keong Hui also as a beneficiary of these two discretionary trusts, had a deemed interest in the same block of 5,150,707,524 ordinary shares.
- (4) Out of the same block of 3,699,552,344 ordinary shares held directly by Golden Hope Limited as trustee of Golden Hope Unit Trust, 1,100,000,000 ordinary shares are 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) 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. Interests of the Director, Tan Sri Lim Kok Thay, set out in this subsection (A) need to 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 2014, 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 ordinary shares	Capacity in which such interests were held
Tan Sri Lim Kok Thay	7,632,740	0.095	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) need to 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

Name of associated corporation	Name of Director	Beneficial owner	Nature of interests/ capacity in which such interests were held			Total	Percentage of issued ordinary/common shares
			Interests of spouse	Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts		
Number of ordinary/common shares <i>(Notes)</i>							
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)	100
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)	58.42

Interests of Directors *(Continued)*

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

Notes:

As at 30 June 2014:

- (1) Starlet was a company in which each of a subsidiary of the Company and International Resort Management Services Pte. Ltd. ("IRMS") had a 50% interest. IRMS was owned as to 80% by Tan Sri Lim Kok Thay and 20% by his wife, 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.
- (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 the common shares and the series A preferred shares. 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 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 ordinary 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 ordinary shares of SCHKMS comprising (i) 3,000 ordinary shares directly held by SC Alliance; and (ii) 2,000 ordinary 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 ordinary shares of SCHKMS.
- (13) Travellers had two classes of issued shares, namely the common shares and the preferred B shares. 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 has been diluted from 50% to 44.93%. The Company's effective interest in the preferred B shares of Travellers remains 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 2014, 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, underlying shares or debentures in 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 2013. 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 2014 were as follows:

Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2014	Number of 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 30/06/2014	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	632,740	—	—	—	632,740	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	7,000,000	—	—	—	7,000,000	27/05/2008	HK\$1.7800	28/05/2009 – 27/05/2018
	7,632,740	—	—	—	7,632,740			
All other employees	9,332,703	(389,378) <i>(Note 1)</i>	—	—	8,943,325	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	3,090,000	(340,000) <i>(Note 2)</i>	—	—	2,750,000	27/05/2008	HK\$1.7800	28/05/2009 – 27/05/2018
	12,100,000	—	—	—	12,100,000	16/11/2010	HK\$3.7800	16/11/2011 – 15/11/2020
	24,522,703	(729,378)	—	—	23,793,325			
Grand Total	32,155,443	(729,378)	—	—	31,426,065			

Notes:

- (1) At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$3.11.
- (2) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$3.00.

The share options under the Post-listing Employee Share Option Scheme granted on (i) 23 August 2004 become exercisable in part or in full for a period of eight years commencing from two years after the date of offer; (ii) 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 (iii) 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 2014, 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 share capital, 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 <i>(Notes)</i>	Nature of interests/capacity in which such interests were held						Percentage of issued ordinary shares
	Beneficial owner	Interests of spouse	Interests of controlled corporation	Trustee	Beneficiary of trust	Total	
	Number of ordinary shares <i>(Notes)</i>						
Parkview Management Sdn Bhd (as trustee of a discretionary trust) <i>(1)</i>	—	—	1,451,155,180 <i>(11)</i>	1,451,155,180 <i>(13)</i>	—	1,451,155,180 <i>(21)</i>	18.06
Kien Huat International Limited <i>(2)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Kien Huat Realty Sdn. Berhad <i>(3)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Genting Berhad <i>(4)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Genting Malaysia Berhad <i>(5)</i>	—	—	1,431,059,180 <i>(12)</i>	—	—	1,431,059,180	17.81
Sierra Springs Sdn Bhd <i>(6)</i>	—	—	1,431,059,180 <i>(12)</i>	—	—	1,431,059,180	17.81
Resorts World Limited <i>(6)</i>	1,431,059,180	—	—	—	—	1,431,059,180	17.81
First Names Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) <i>(7)</i>	—	—	3,699,552,344 <i>(14)</i>	3,699,552,344 <i>(15)</i>	3,699,552,344 <i>(17)</i>	3,699,552,344 <i>(21)</i>	46.05
Cove Investments Limited <i>(8)</i>	—	—	—	—	3,699,552,344 <i>(18)</i>	3,699,552,344	46.05
Golden Hope Limited (as trustee of Golden Hope Unit Trust) <i>(9)</i>	—	—	—	3,699,552,344 <i>(16) and (20)</i>	—	3,699,552,344	46.05
Joondalup Limited <i>(10)</i>	546,628,908	—	—	—	—	546,628,908	6.80
Puan Sri Wong Hon Yee	—	6,096,338,153 <i>(19(a))</i>	36,298,108 <i>(19(b))</i>	—	—	6,096,338,153 <i>(21)</i>	75.88

Interests of Substantial Shareholders (Continued)

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

Notes:

As at 30 June 2014:

- (1) Parkview Management Sdn Bhd (“Parkview”) was a trustee of a discretionary trust (the “Discretionary Trust 1”), 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. Tan Sri KT Lim controlled an aggregate of 33.33% of the equity interest in Parkview directly and indirectly. Tan Sri KT Lim is the father of Mr. Lim Keong Hui.
- (2) Kien Huat International Limited (“KHI”) was a private company, the voting shares of which are wholly-owned by Parkview as trustee of the Discretionary Trust 1.
- (3) Kien Huat Realty Sdn. Berhad (“KHR”) was a private company, the voting shares of which are wholly-owned by KHI.
- (4) Genting Berhad (“GENT”) was a company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) of which KHR controlled 39.76% of its equity interest carrying voting power.
- (5) Genting Malaysia Berhad (“GENM”) was a company listed on the Main Market of Bursa Malaysia of which GENT controlled 49.30% of its equity interest.
- (6) Resorts World Limited (“RWL”) was a subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) and both of them were wholly-owned subsidiaries of GENM.
- (7) First Names Trust Company (Isle of Man) Limited (“First Names”) was the trustee of a discretionary trust (the “Discretionary Trust 2”), the beneficiaries of which were 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 2 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).
- (8) Cove Investments Limited (“Cove”) was wholly-owned by First Names as trustee of the Discretionary Trust 2.
- (9) Golden Hope Limited (“Golden Hope”) was the trustee of GHUT.
- (10) Joondalup Limited was wholly-owned by Tan Sri KT Lim.
- (11) Each of Parkview as trustee of the Discretionary Trust 1, KHI, KHR and GENT had a corporate interest in 1,451,155,180 ordinary shares (comprising the same block of 1,431,059,180 ordinary shares held directly by RWL and the same block of 20,096,000 ordinary shares held directly by Genting Overseas Holdings Limited (“GOHL”), a wholly-owned subsidiary of GENT).
- (12) Each of GENM and Sierra Springs had a corporate interest in the same block of 1,431,059,180 ordinary shares held directly by RWL.
- (13) The interest in 1,451,155,180 ordinary shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 1,431,059,180 ordinary shares held directly by RWL and the same block of 20,096,000 ordinary shares held directly by GOHL.
- (14) First Names as trustee of the Discretionary Trust 2 had a corporate interest in the same block of 3,699,552,344 ordinary shares held directly by Golden Hope as trustee of GHUT.
- (15) First Names in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 3,699,552,344 ordinary shares held directly by Golden Hope as trustee of GHUT.
- (16) The interest in 3,699,552,344 ordinary shares was held directly by Golden Hope in its capacity as trustee of GHUT.
- (17) First Names as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 3,699,552,344 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (18) Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 3,699,552,344 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (19) (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 6,096,338,153 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 need to 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.
- (20) Out of the same block of 3,699,552,344 ordinary shares held directly by Golden Hope as trustee of GHUT, 1,100,000,000 ordinary shares are pledged ordinary shares.
- (21) There was no duplication in arriving at the total interest.
- (22) 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.

Interests of Substantial Shareholders *(Continued)*

(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 ordinary shares	Nature of interests
Puan Sri Wong Hon Yee	7,632,740 <i>(Note)</i>	0.095	Interests of spouse

Note:

As at 30 June 2014, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 7,632,740 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 need to 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 2014, 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.

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 changes in information on Mr. Alan Howard Smith (“Mr. Smith”), the Deputy Chairman and an Independent Non-executive Director of the Company:

- (a) Mr. Smith has resigned as a director of VXL Capital Limited (now known as Crown International Corporation Limited), which is a company listed on the Stock Exchange, in May 2014.

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 August 2012, the Group entered into a new secured term loan and revolving credit facility in an aggregate amount of US\$600 million, of which US\$400 million and US\$75 million has been drawdown in September 2012 and October 2012 respectively, with a term of 7 years after the first utilisation of the facilities by the Company under the facility agreement (the “US\$600 million Facility Agreement”) for repayment, in September 2012, of all the outstanding loan balance under the US\$600 million secured term loan and revolving credit facility granted pursuant to the facility agreement entered into by the Group in November 2010.

In October 2012, the Group entered into another new secured term loan and revolving credit facility in an aggregate amount of US\$300 million, with a term of 3 years from the date of the facility agreement (the “US\$300 million Facility Agreement”).

In April 2014, the Group entered into another new secured term loan facility in an aggregate amount of USD equivalent of up to Euro 593,760,000 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 entered into another new secured term loan facility in an aggregate amount of USD equivalent of up to Euro 606,842,214 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).

General Disclosure pursuant to the Listing Rules *(Continued)*

Facility Agreements of the Group *(Continued)*

Pursuant to (i) the US\$600 million Facility Agreement; (ii) the US\$300 million Facility Agreement; (iii) the First Vessel Loan Facility Agreement; and (iv) the Second Vessel Loan Facility Agreement, the Lim Family (as defined therein, including Tan Sri Lim Kok Thay (the Chairman, Chief Executive Officer and Acting-President 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, 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 2014, the aggregate principal amount under the above facility agreements was US\$2,539.7 million and the aggregate outstanding loan balance thereunder was approximately US\$425 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 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.

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 2014 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 2014 to 30 June 2014 (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 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

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. Heah Sieu Lay, Mr. Alan Howard Smith and Mr. Lam Wai Hon, Ambrose.

On behalf of the Board

Tan Sri Lim Kok Thay

Chairman, Chief Executive Officer and Acting-President

Hong Kong, 22 August 2014

Genting Hong Kong Limited

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A decorative graphic at the bottom of the page consisting of several overlapping, rounded, wave-like shapes in various shades of blue, creating a layered, oceanic effect.