Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Directors of Genting Hong Kong Limited (the "Company") announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016, together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2016 US$'000 unaudited	Six months ended 30 June 2015 US$'000 unaudited
Turnover	3	435,825	275,083
Operating expenses			
Operating expenses excluding depreciation and amortisation		(344,677)	(199,147)
Depreciation and amortisation		(50,343)	(38,835)
		(395,020)	(237,982)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(119,278)	(46,303)
Depreciation and amortisation		(7,361)	(6,778)
		(126,639)	(53,081)
		(521,659)	(291,063)
		(85,834)	(15,980)
Share of profit of joint ventures		279	4,141
Share of profit of associates		19,248	24,821
Other income / (expenses), net	4	11,808	(12,389)
Other gains, net	5	-	2,171,232
Finance income		5,412	5,177
Finance costs		(576)	(8,555)
		36,171	2,184,427
(Loss) / Profit before taxation	6	(49,663)	2,168,447
Taxation	7	(4,922)	(3,616)
(Loss) / Profit for the period		(54,585)	2,164,831

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Six months ended 30 June 2016 US$'000 unaudited	2015 US$'000 unaudited
(Loss) / Profit for the period		(54,585)	2,164,831
Other comprehensive (loss) / income:			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		(2,038)	(2,938)
Fair value gain on derivative financial instruments		462	1,620
Fair value (loss) / gain on available-for-sale investments		(463,101)	72,522
Cash flow hedges transferred to profit or loss		-	8,618
Share of other comprehensive income of an associate		212	16,658
Release of reserves upon disposal of equity interest in an associate		-	29,191
Other comprehensive (loss) / income for the period		(464,465)	125,671
Total comprehensive (loss) / income for the period		(519,050)	2,290,502
(Loss) / Profit attributable to:			
Equity owners of the Company		(53,639)	2,165,033
Non-controlling interests		(946)	(202)
		(54,585)	2,164,831
Total comprehensive (loss) / income attributable to:			
Equity owners of the Company		(518,104)	2,290,704
Non-controlling interests		(946)	(202)
		(519,050)	2,290,502
(Loss) / Earnings per share attributable to equity owners of the Company	8		
- Basic (US cents)		(0.63)	26.77
- Diluted (US cents)		(0.63)	26.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2016 US$'000 unaudited	As at 31 December 2015 US$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		2,272,050	1,978,555
Land use right		3,894	4,040
Intangible assets		82,767	52,372
Interests in joint ventures		6,409	6,942
Interests in associates		556,113	542,319
Deferred tax assets		135	761
Available-for-sale investments		11,158	207,530
Other assets and receivables		18,115	23,918
		2,950,641	2,816,437
CURRENT ASSETS			
Properties under development		29,066	20,393
Inventories		61,280	52,553
Trade receivables	9	51,098	51,257
Prepaid expenses and other receivables		205,097	126,192
Available-for-sale investments		1,224,601	1,488,341
Amounts due from related companies		1,848	1,752
Restricted cash		172,055	173,035
Cash and cash equivalents		1,284,171	1,778,745
		3,029,216	3,692,268
TOTAL ASSETS		5,979,857	6,508,705

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2016 US$'000 unaudited	As at 31 December 2015 US$'000 audited
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital		848,249	848,249
Reserves:			
Share premium		41,634	41,634
Contributed surplus		936,823	936,823
Additional paid-in capital		111,856	111,644
Foreign currency translation adjustments		(95,822)	(93,784)
Available-for-sale investments reserve		(244,837)	218,264
Cash flow hedge reserve		(2,547)	(3,009)
Retained earnings		3,347,121	3,400,760
		4,942,477	5,460,581
Non-controlling interests		38,919	39,865
TOTAL EQUITY		4,981,396	5,500,446
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings		404,746	444,150
Deferred tax liabilities		17,142	14,913
Retirement benefit obligations		8,564	7,906
Advance ticket sales		25,434	-
		455,886	466,969
CURRENT LIABILITIES			
Trade payables	10	67,749	68,284
Current income tax liabilities		6,037	7,527
Provisions, accruals and other liabilities		158,770	169,368
Current portion of loans and borrowings		86,295	87,160
Derivative financial instruments		2,547	3,009
Amounts due to related companies		4,342	571
Advance ticket sales		216,835	205,371
		542,575	541,290
TOTAL LIABILITIES		998,461	1,008,259
TOTAL EQUITY AND LIABILITIES		5,979,857	6,508,705
NET CURRENT ASSETS		2,486,641	3,150,978
TOTAL ASSETS LESS CURRENT LIABILITIES		5,437,282	5,967,415

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

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

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the business of cruise and cruise-related operations and leisure, entertainment and hospitality activities.

This unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors on 23 August 2016.

On 24 April 2016, the Group completed the acquisition of assets for the construction of cruise ships and real estate properties of three shipyards in Germany located respectively in Wismar, Warnemünde and Stralsund, from an independent third party for an aggregate consideration of EUR230.6 million (equivalent to approximately US$260.6 million). The acquisition was accounted for as a business combination in accordance with the requirements of Hong Kong Financial Reporting Standards ("HKFRS") 3 (Revised), "Business Combinations".

2. Principal Accounting Policies and Basis of Preparation

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

The preparation of the unaudited condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited condensed consolidated interim financial information is prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, and retirement benefit assets which are carried at fair value. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2015.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This announcement should be read where relevant, in conjunction with the annual financial statements of the Group for the year ended 31 December 2015 which have been prepared in accordance with HKFRS.

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2015, except that the Group has adopted the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

(i) HKAS 16 and HKAS 38 (Amendments), "Clarification of acceptable methods of depreciation and amortisation" (effective from 1 January 2016). The amendments clarify the prohibition of revenue based depreciation for property, plant and equipment and rebuttable presumption that revenue based amortisation is not appropriate for intangible assets. The amendments do not have a material impact on the Group's consolidated financial statements.

(ii) HKAS 27 (Amendments), "Equity method in separate financial statements" (effective from 1 January 2016). The amendments include the option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The amendments do not have a material impact on the Group's consolidated financial statements.

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

(iii) HKFRS 11 (Amendments), "Accounting for acquisitions of interests in joint operations" (effective from 1 January 2016). The amendments clarify the treatment of acquisition of interest in joint operations that meet the definition of business in HKFRS 3. The amendments do not have a material impact on the Group's consolidated financial statements.

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

3. Turnover and Segment Information

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

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

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

Passenger ticket revenue and onboard revenue increased significantly for the six months ended 30 June 2016 due to the full six months' contribution from Crystal Cruises. However, one-time start-up and marketing costs for the launch of new Dream and Crystal cruise brands and products in 2016, together with higher overall operating and selling, general and administrative expenses including depreciation and amortisation resulted in segmental loss of our "cruise and cruise-related activities". Higher revenue of non-cruise activities was primarily contributed by revenue from yard repairs and conversion activities as a result of the acquisition of shipyards in Germany. The increase in segmental loss of our "non-cruise activities" was mainly due to higher overall operating and selling, general and administrative expenses including depreciation and amortisation as a direct result of the integration of the Group's recently acquired businesses.

The segment information of the Group is as follows:

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

3. Turnover and Segment Information (Continued)

unaudited As at 30 June 2016	Cruise and cruise-related activities	Non-cruise activities	Total
	US$'000	US$'000	US$'000
Segment assets	3,111,743	2,868,114	5,979,857
Total assets			5,979,857
Segment liabilities	421,766	79,617	501,383
Loans and borrowings (including current portion)	479,909	11,132	491,041
	901,675	90,749	992,424
Tax liabilities			6,037
Total liabilities			998,461
Capital expenditure	117,808	4,840	122,648
Depreciation and amortisation	46,794	10,910	57,704

unaudited Six months ended 30 June 2015	Cruise and cruise-related activities	Non-cruise activities	Total
	US$'000	US$'000	US$'000
Passenger ticket revenue	99,458	-	99,458
Onboard revenue	165,643	-	165,643
Other revenue	-	9,982	9,982
Total turnover	265,101	9,982	275,083
Segment results	302	(16,282)	(15,980)
Share of profit of joint ventures			4,141
Share of profit of associates			24,821
Other expenses, net			(12,389)
Other gains, net			2,171,232
Finance income			5,177
Finance costs			(8,555)
Profit before taxation			2,168,447
Taxation			(3,616)
Profit for the period			2,164,831

3. Turnover and Segment Information (Continued)

audited As at 31 December 2015	Cruise and cruise-related activities	Non-cruise activities	Total
	US$'000	US$'000	US$'000
Segment assets	3,498,752	3,009,953	6,508,705
Total assets			6,508,705
Segment liabilities	408,560	60,862	469,422
Loans and borrowings (including current portion)	519,180	12,130	531,310
	927,740	72,992	1,000,732
Tax liabilities			7,527
Total liabilities			1,008,259
Capital expenditure	390,259	10,937	401,196
Depreciation and amortisation	84,062	10,846	94,908

4. Other Income / (Expenses), net

	Six months ended 30 June	
	2016 US$'000	2015 US$'000
	unaudited	unaudited
Gain / (Loss) on foreign exchange	7,249	(15,131)
Other income, net	4,559	2,742
	11,808	(12,389)

5. Other Gains, net

	Six months ended 30 June	
	2016 US$'000	2015 US$'000
	unaudited	unaudited
Gain on de-recognition of an associate (note (a))	-	1,954,508
Gain on disposal of equity interest in an associate (note (b))	-	212,500
Gain on disposal of available-for-sale investments	-	4,224
	-	2,171,232

5. Other Gains, net (Continued)

Notes:

(a) In May 2015, the Group entered into an underwriting agreement to sell 10.0 million ordinary shares in NCLH ("NCLH Shares") at an offering price of US$54.66 per share and the disposal was completed on 26 May 2015. As a result, the percentage of NCLH Shares owned by the Group decreased from approximately 22.0% to approximately 17.7% and the Group ceased to account for its share of results and net assets of NCLH as an "associate" and, thereafter, recognised its interest in NCLH as an "available-for-sale investment", giving rise to a gain amounting to approximately US$1,954.5 million, which comprised (i) a gain of approximately US$387.1 million representing the difference between the sale proceeds and the carrying value of the NCLH Shares disposed of, and (ii) an one-off accounting gain of approximately US$1,567.4 million representing the difference between the market value of NCLH Shares retained by the Group as at 26 May 2015 and the carrying value of such retained NCLH Shares in the Group's consolidated financial statements upon the reclassification of the Group's interest in NCLH.

(b) In March 2015, the Group entered into an underwriting agreement to sell 6.25 million NCLH Shares at an offering price of US$50.76 per share. As a result of the share disposal, a gain of approximately US$212.5 million to the Group was recorded and the percentage of NCLH Shares owned by the Group decreased from approximately 24.9% to approximately 22.1%.

6. (Loss) / Profit Before Taxation

(Loss) / Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	unaudited	unaudited
Included in operating expenses:		
Incentives, transportation and other related costs	20,056	15,642
Onboard costs	56,154	31,450
Payroll and related costs	114,872	61,798
Food and supplies	22,045	10,330
Fuel costs	20,866	28,552
Included in selling, general and administrative expenses:		
Advertising expenses	32,442	7,352

7. Taxation

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	unaudited	unaudited
Overseas taxation		
- Current taxation	998	1,933
- Deferred taxation	2,255	1,723
	3,253	3,656
Under / (Over) provision in respect of prior years		
- Current taxation	1,669	66
- Deferred taxation	-	(106)
	4,922	3,616

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

8. (Loss) / Earnings Per Share

(Loss) / Earnings per share is computed as follows:

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
	unaudited	unaudited
BASIC		
(Loss) / Profit attributable to equity owners of the Company for the period	(53,639)	2,165,033
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,087,469
Basic (loss) / earnings per share for the period in US cents	(0.63)	26.77
DILUTED		
(Loss) / Profit attributable to equity owners of the Company for the period	(53,639)	2,165,033
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,087,469
Effect of dilutive potential ordinary shares, in thousands:		
- options	-	3,478
Weighted average outstanding ordinary shares after assuming dilution, in thousands	8,482,490	8,090,947
Diluted (loss) / earnings per share for the period in US cents	(0.63)	26.76

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

9. Trade Receivables

	As at	
	30 June 2016	31 December 2015
	US$'000	US$'000
	unaudited	audited
Trade receivables	246,850	238,805
Less: Provisions	(195,752)	(187,548)
	51,098	51,257

9. Trade Receivables (Continued)

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

	As at	
	30 June 2016 US$'000	31 December 2015 US$'000
	unaudited	audited
Current to 30 days	37,285	39,827
31 days to 60 days	3,367	2,647
61 days to 120 days	2,121	6,598
121 days to 180 days	2,317	803
181 days to 360 days	6,008	352
Over 360 days	-	1,030
	51,098	51,257

Credit terms generally range from payment in advance to 45 days credit (31 December 2015: payment in advance to 45 days credit).

10. Trade Payables

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

	As at	
	30 June 2016 US$'000	31 December 2015 US$'000
	unaudited	audited
Current to 60 days	40,874	47,054
61 days to 120 days	3,982	5,195
121 days to 180 days	5,503	4,625
Over 180 days	17,390	11,410
	67,749	68,284

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2015: no credit to 45 days credit).

INTERIM DIVIDEND

The Directors do not recommend the declaration of interim dividend in respect of the six months ended 30 June 2016 (30 June 2015: nil).

BUSINESS REVIEW

The commentary below is prepared based on a comparison of the results of the Group for the six months ended 30 June 2016 ("1H2016") and six months ended 30 June 2015 ("1H2015").

Turnover

Revenue from cruise and cruise-related activities increased 44.8% to US$384.0 million in 1H2016 compared with US$265.1 million in 1H2015. Net Revenue in 1H2016 increased 41.2% to US$307.8 million from US$218.0 million in 1H2015 due to an increase in Capacity Days of 20.9% and an increase in Net Yield of 16.8%. The increase in both Capacity Days and Net Yield was primarily due to the inclusion of full six months' contribution of Crystal Cruises in 1H2016, as compared with its post-acquisition contribution since 15 May 2015 in 1H2015.

Revenue from non-cruise activities was US$51.9 million in 1H2016 compared with US$10.0 million in 1H2015 primarily contributed by revenue from yard repairs and conversion activities as a result of the acquisition of shipyards in Germany.

Costs and Expenses

Total operating expenses, excluding depreciation and amortisation, increased 73.1% to US$344.7 million compared with US$199.1 million in 1H2015 due to additional operating expenses mainly contributed by Crystal Cruises and recently acquired businesses. Selling, general and administrative ("SG&A") expenses, excluding depreciation and amortisation, increased 157.6% to US$119.3 million in 1H2016 from US$46.3 million in 1H2015 mainly due to inclusion of Crystal Cruises and recently acquired businesses, one-off acquisition related expenses, one-time start up and marketing costs for the launch of new Dream and Crystal cruise brands and products in 2016.

Net Cruise Cost per Capacity Day increased 45.7% primarily due to inclusion of Crystal Cruises and higher expenses of existing Star Cruises fleet, such increase was partially offset by lower fuel expenses (1H2016: US$283 per metric ton; 1H2015: US$388 per metric ton).

Total depreciation and amortisation increased 26.5% to US$57.7 million in 1H2016 compared with US$45.6 million in 1H2015 primarily due to the additional depreciation of Crystal Cruises fleet and shipyards in Germany.

EBITDA

The Group's EBITDA for 1H2016 was negative US$28.1 million compared with US$29.6 million in 1H2015.

Share of Profits of Joint Ventures and Associates

Share of profit of Travellers totalled US$19.1 million in 1H2016 compared with US$22.6 million in 1H2015, primarily due to increase in general marketing and depreciation expense during the period.

No profit contribution from NCLH in 1H2016 compared with US$2.9 million in 1H2015, primarily due to the reduction of the Group's equity interest in NCLH and reclassification of NCLH from "associate" to "available-for-sale investment" in May last year.

Other Income / (Expenses), net

Net other income in 1H2016 amounted to US$11.8 million compared with US$12.4 million net other expenses in 1H2015. In 1H2016, net other income mainly included a US$7.2 million foreign exchange gain resulting primarily from the appreciation of several currencies against US dollars.

In 1H2015, net other expenses mainly included a US$15.1 million foreign exchange loss resulting primarily from the depreciation of several currencies against US dollars.

Other Gains, net

No net other gains was recorded in 1H2016. Net other gains of US$2,171.2 million in 1H2015 included a US$212.5 million gain on disposals of certain NCLH Shares and a gain on de-recognition of an associate amounting to approximately US$1,954.5 million as further explained in note 5 to this financial information.

Net Finance Income / Costs

Net finance income (i.e. finance income, net of finance costs) in 1H2016 of US$4.8 million was recorded compared with the net finance costs (i.e. finance costs, net of finance income) amounted to US$3.4 million in 1H2015 primarily due to lower interest expenses resulting from lower outstanding loan balances and conversion of remaining convertible bonds in June 2015, and higher capitalised interests for certain qualifying assets.

(Loss) / Profit before Taxation

Loss before taxation for 1H2016 was US$49.7 million compared with the profit before taxation of US$2,168.4 million for 1H2015.

(Loss) / Profit Attributable to Equity Owners

Loss attributable to equity owners of the Company was US$53.6 million for 1H2016 compared with the profit attributable to equity owners of US$2,165.0 million in 1H2015.

Liquidity and Financial Resources

As at 30 June 2016, cash and cash equivalents amounted to US$1,284.2 million, a decrease of US$494.5 million compared with US$1,778.7 million as at 31 December 2015. The decrease in cash and cash equivalents was primarily due to cash outflow of (i) US$278.6 million for the acquisition of shipyards in Germany, (ii) US$31.6 million for operating activities, (iii) US$42.1 million for repayment of existing bank loans and borrowings, and (iv) US$160.0 million for capital expenditure (including US$32.1 million for existing Star Cruises fleet, US$88.4 million for Dream Cruises' new build vessels and US$21.5 million for Crystal Cruises' vessels and aircrafts). The cash outflow was partially offset by cash inflow of (i) US$9.2 million dividend received from a joint venture, associate and available-for-sale investment and (ii) US$18.5 million deferred consideration from a previous disposal of a vessel.

The majority of the Group's cash and cash equivalents are held in U.S. dollars, Singapore dollars, Australian dollars, Renminbi, Hong Kong dollars and Malaysia Ringgit. The Group's liquidity as at 30 June 2016 was US$1,513.0 million (31 December 2015: US$2,008.5 million), comprising cash and cash equivalents and undrawn credit facilities.

As at 30 June 2016, total loans and borrowings amounted to US$491.0 million (31 December 2015: US$531.3 million) and were mainly denominated in US dollars. Approximately 2% (31 December 2015: 2%) of the Group's loans and borrowings was under fixed rate and 98% (31 December 2015: 98%) was under floating rate, after taking into consideration of loan origination costs. Loans and borrowings of US$86.3 million (31 December 2015: US$87.2 million) are repayable within a year. The outstanding borrowings and unused credit facilities of the Group are secured by legal charges over assets including fixed and floating charges of US$1.1 billion (31 December 2015: US$1.2 billion).

The Group remained in a net cash position of US$793.1 million as at 30 June 2016, as compared with net cash position of US$1,247.4 million as at 31 December 2015. The total equity of the Group was approximately US$4,981.4 million (31 December 2015: US$5,500.4 million).

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

Travellers

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

In 1H2016, Travellers reported US$292.0 million in total revenues and US$63.7 million in EBITDA, compared with US$318.4 million in total revenues and US$79.4 million in EBITDA in 1H2015.

Direct costs amounted to US$109.7 million in 1H2016, which decreased from US$117.8 million in 1H2015, mainly due to lower gaming license fee during the period.

General and administrative expenses amounted to US$109.4 million in 1H2016, compared with US$98.2 million in 1H2015. The increase was mainly due to increase in general marketing and depreciation expense.

Finance costs amounted to US$6.0 million in 1H2016, which decreased from US$12.3 million in 1H2015, primarily due to the higher capitalisation of borrowing costs in connection with higher capital expenditure for the ongoing developments of Phase 2 and Phase 3.

Net income decreased from US$53.2 million in 1H2015 to US$38.3 million in 1H2016.

The cash and cash equivalents balance increased from US$262.0 million as at 31 December 2015 to US$275.3 million as at 30 June 2016, while the loans and borrowings balance increased from US$303.4 million as at 31 December 2015 to US$366.6 million as at 30 June 2016 to fund the working capital.

Prospects

The Company continues to develop its three-brand cruise portfolio with focus on each of the major cruise market segments – Crystal Cruises for the ultra-luxury segment, Dream Cruises for the premium segment and Star Cruises for the contemporary segment.

Crystal Cruises continues to be the core of the world's premier luxury hospitality and lifestyle brand portfolio, not only for the immediate future but for years to come. Crystal Cruises has put the previously announced expansion plan into action by launching and christening the Crystal Mozart in Vienna, Austria in July 2016. The Crystal Mozart represents everything Crystal – the hallmarks of the all-inclusive, all-exclusive Crystal Experience – spacious suites, personal butlers, six-star service featuring the highest guest to crew ratio in river cruising at 1.74, luxurious amenities, world-class cuisine and the only river ship with a full wrap around promenade. Crystal Cruises' CEO and President, Ms. Edie Rodriguez, personally welcomed each guest on the inaugural sailing aboard the newly reimagined vessel. Crystal Cruises will continue to expand Crystal River Cruises with four brand new cutting-edge river yachts to launch in 2017 and 2018. Crystal Cruises will also extend its competencies in ocean cruises with the new Crystal Endeavor delivery planned in 2018. Crystal Cruises will continue to think bigger, aiming to create unparalleled luxury experiences and adventures for our loyal and new guests.

Dream Cruises is the Group's cruise brand specifically conceived and built for Asia. The Dream Cruises brand is dedicated to delivering luxury vacation experiences to the expanding Asian, and specifically Chinese, upscale market. The delivery of the first Dream vessel, Genting Dream, is on schedule and will take place in October 2016. The second vessel, World Dream, is under construction and is expected to be delivered in 2017. They will offer its guests the highest level of service and spacious comfort in the region. Dream Cruises' product strategy transposes the elegant accommodations, luxury service standards and memorable onboard experiences of Crystal Cruises and customises them to serve and inspire the fast growing Chinese market and our Asian guests. Genting Dream commences sailing in November 2016 and will have its primary home port in Guangzhou (Nansha Port). The ship will serve residents of the Pearl River Delta region, and domestic/international fly-cruise guests flying into the airports of Guangzhou, Shenzhen, Zhuhai and Hong Kong.

Star Cruises continues to reaffirm and expand its reach in the contemporary cruise market segment across Asia, especially in China, introducing a series of 'firsts' to develop the cruise tourism industry regionally. In the first quarter of 2016, Star Cruises paved the way for the development of the Pearl River Delta as a major cruise hub with the homeport deployment of SuperStar Virgo at Guangzhou's Nansha Cruise Terminal, and the return of SuperStar Libra to Xiamen, after a successful debut in the previous year, which led to the longest deployment ever by any cruise ship in Xiamen. In November 2016, SuperStar Virgo will be redeployed to Tai Zi Bay, Shekou, Shenzhen, marking another milestone for Star Cruises as the first international cruise line to homeport at Shenzhen. Concurrently, as part of the Company's South China strategy, Dream Cruises' inaugural ship, Genting Dream will debut and homeport at Guangzhou's Nansha Cruise Terminal. Star Cruises continues to advance and strengthen its position with all-year round homeport deployments in Keelung(Taiwan), Hong Kong and Singapore, offering unrivalled and unique on board experiences including Beatship by Zouk – a one of a kind party and DJ event at sea, collaborations with award-winning restaurants, special thematic cruises and more. In May 2016, the Company announced two "Global Class" ships for Star Cruises to be delivered in 2020. The "Global Class" cruise ships, each measuring 201,000 gross tons with 5,000 lower berths will be designed with "Chinese Characteristics" and will be the first purpose built cruise ships deployed for the contemporary Chinese market.

Since the acquisition of our three shipyards in Wismar, Warnemünde and Stralsund, Germany, the Group evaluated the strengths and capabilities of each site and devised a strategic plan for the future. In July 2016, the Group announced a new strategic initiative to operate the three shipyards as one entity and will be renamed as MV Werften after the German State of Mecklenburg-Vorpommern. MV Werften, led by an experienced management team, will exclusively focus on the Group's new shipbuilding program, including luxury Crystal River ships in 2017, the first of a series of 20,000 gross ton Crystal Endeavor Class polar expedition yachts in 2018 and the first of a series of 201,000 gross ton Star Cruises Global Class cruise ships by 2020. The combination of the three yards' proximity, size and facilities on-site makes it a natural builder of large cruise ships. Post re-organization, the Group's goal is to transform MV Werften to become the world's leading and most efficient cruise shipbuilder by making key investments and modernizations, such as thin plate laser welding lines, a cabin module factory, a new covered section block building hall, the modernization of manufacturing control systems and new offices and facilities. Combined with these improvements and the growing workforce of 1,400 employees, the Group envisions MV Werften to output two Neo-Panamax and one Panamax cruise ships per year.

Since the Group's acquisition of the iconic Singapore nightclub brand, Zouk, on 19 October 2015, Zouk has continued on its path to become Asia's premier all-encompassing lifestyle brand. Zouk's brand new, 31,000 square foot flagship in Clarke Quay (opening in December 2016), will combine multiple nightclub concepts tailor to all clientele from posh big-spenders to contemporary party-goers. Zouk also remains focused on expanding its ZoukOut franchise internationally. Following the successful overseas installations of ZoukOut in Boracay, Philippines in April 2016, more events will be held in various cities this year, including Tokyo in August and Hong Kong in October. As well, the popular BEATSHIP by Zouk parties will continue to onboard Superstar Virgo. Zouk will wrap up 2016 with its signature event, ZoukOut Singapore in December 2016.

Resorts World Manila (RWM) is well positioned for the 6.5 million tourists arrivals targeted by the Department of Tourism's "Visit the Philippines Again 2016" campaign. The 3,000 square meter Marriott Grand Ballroom has been well received by the public and significantly contributes to the growth of the country's meetings, incentives, conventions and exhibition (MICE) industry. Other new features of the integrated resort include the Remington Entertainment Center which includes a food court, Bingo and more gaming areas. The new Marriott West Wing will be in operation by September 2016. Ongoing developments which will introduce three new hotels – Hilton Manila Hotel, Sheraton Hotel Manila, and a new Maxims hotel – are expected to be completed by the end of 2017. It will also include additional gaming and retail facilities. Looking ahead, RWM's Phase 4 development will give way to more retail alternatives and another international hotel brand. The diversified integrated resorts operation strategically located across the NAIA international airport continues to attract both domestic and international guests.

Operating Statistics

The following table sets forth selected statistical information:

	Six months ended 30 June	
	2016	2015
Passenger Cruise Days	1,363,490	952,350
Capacity Days	1,658,255	1,372,095
Occupancy Percentage	82.2%	69.4%

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

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
Passenger ticket revenue	201,914	99,458
Onboard revenue	182,046	165,643
Total cruise and cruise-related revenue	383,960	265,101
Less:		
Incentives, transportation and other related costs	(20,056)	(15,642)
Onboard costs	(56,154)	(31,450)
Net Revenue	307,750	218,009
Capacity Days	1,658,255	1,372,095
Gross Yield (US$)	231.5	193.2
Net Yield (US$)	185.6	158.9

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

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
Total operating expenses	395,020	237,982
Selling, general and administrative expenses	126,639	53,081
	521,659	291,063
Less: Depreciation and amortisation	(57,704)	(45,613)
	463,955	245,450
Less: Expenses relating to non-cruise activities	(77,249)	(22,034)
Gross Cruise Cost	386,706	223,416
Less:		
Incentives, transportation and other related costs	(20,056)	(15,642)
Onboard costs	(56,154)	(31,450)
Net Cruise Cost	310,496	176,324
Less: Fuel costs	(20,866)	(28,552)
Net Cruise Cost Excluding Fuel	289,630	147,772
Capacity Days	1,658,255	1,372,095
Gross Cruise Cost per Capacity Day (US$)	233.2	162.8
Net Cruise Cost per Capacity Day (US$)	187.2	128.5
Net Cruise Cost Excluding Fuel per Capacity Day (US$)	174.7	107.7

SIGNIFICANT SUBSEQUENT EVENT

In July 2016, the Group entered into a new secured term loan and revolving credit facility in an aggregate amount of US$500 million with a term of 72 months after the first utilisation of the facilities for refinancing a secured term loan and revolving credit facility in respect of six vessels of the Group and for general corporate purposes of the Group. As at the date of this announcement, US$300 million has been utilised.

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 2016.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2016, 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 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 F.1.3 states that the Company Secretary should report to the Board Chairman and/or the Chief Executive.

Considered reasons for the aforesaid deviations as well as further information of the Company's corporate governance practices were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2015 issued in April 2016.

REVIEW BY AUDIT COMMITTEE

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

BOARD OF DIRECTORS

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

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 23 August 2016

Forward-looking statements

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

Terminology

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

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

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

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

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

- MV Werften: shipyard business formed by the Group as a result of the acquisition of assets for the construction of cruise ships and real estate properties of three shipyards in Germany located respectively in Wismar, Warnemünde and Stralsund

- NCLH: Norwegian Cruise Line Holdings Ltd.

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

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

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

- Net Yield: Net Revenue per Capacity Day

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

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

- Travellers: Travellers International Hotel Group, Inc.