# A Visionary Enterprise

## 2016 Interim Report

GENTING
HONG KONG

**Genting Hong Kong Limited**

(Continued into Bermuda with limited liability)

Stock Code : 678

GENTING
HONG KONG

# Genting Hong Kong Limited

*(Continued into Bermuda with limited liability)*

## Interim Report for the six months ended 30 June 2016

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**Forward-looking statements**

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

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

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

### Independent Non-executive Directors

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

## Secretary

Ms. Louisa Tam Suet Lin

## Assistant Secretary

Estera Services (Bermuda) Limited
(formerly Appleby Services (Bermuda) Ltd.)

## Registered Office

Canon's Court, 22 Victoria Street,
Hamilton HM 12, Bermuda

## Corporate Headquarters

Suite 1501, Ocean Centre, 5 Canton Road,
Tsimshatsui, Kowloon, Hong Kong SAR
Tel: (852) 23782000
Fax: (852) 23143809

## Bermuda Principal Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building, 69 Pitts Bay Road,
Pembroke HM08, Bermuda
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,
Hong Kong SAR
Tel: (852) 28628555
Fax: (852) 28650990

## Transfer Agent

M & C Services Private Limited
112 Robinson Road #05-01,
Singapore 068902
Tel: (65) 62280507
Fax: (65) 62251452

## Auditor

PricewaterhouseCoopers
*Certified Public Accountants*
22nd Floor, Prince's Building,
Central, Hong Kong SAR

## Internet Homepage

www.gentinghk.com

## Investor Relations

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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 2016, as follows:

## Condensed Consolidated Statement of Comprehensive Income

| | Note | Six months ended 30 June 2016 US$'000 unaudited | 2015 US$'000 unaudited |
|---|---|---|---|
| Turnover | 4 | 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 | 5 | 11,808 | (12,389) |
| Other gains, net | 6 | — | 2,171,232 |
| Finance income | | 5,412 | 5,177 |
| Finance costs | 7 | (576) | (8,555) |
| | | 36,171 | 2,184,427 |
| (Loss)/Profit before taxation | 8 | (49,663) | 2,168,447 |
| Taxation | 9 | (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 | 10 | | |
| – 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 | 11 | 6,409 | 6,942 |
| Interests in associates | 12 | 556,113 | 542,319 |
| Deferred tax assets | | 135 | 761 |
| Available-for-sale investments | 13 | 11,158 | 207,530 |
| Other assets and receivables | 15 | 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 | 14 | 51,098 | 51,257 |
| Prepaid expenses and other receivables | 15 | 205,097 | 126,192 |
| Available-for-sale investments | 13 | 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 equity owners of the Company | | | |
| Share capital | 16 | 848,249 | 848,249 |
| Reserves: | | | |
| Share premium | | 41,634 | 41,634 |
| Contributed surplus | | 936,823 | 936,823 |
| Additional paid-in capital | | 111,856 | 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 | 17 | 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 | 19 | 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 | 17 | 86,295 | 87,160 |
| Derivative financial instruments | 18 | 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 |

# Condensed Consolidated Statement of Cash Flows

| | Note | Six months ended 30 June 2016 US$'000 unaudited | 2015 US$'000 unaudited |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Cash used in operations | | (23,753) | (44,442) |
| Interest paid | | (8,201) | (10,464) |
| Payment on loan arrangement fees | | (48) | (3,051) |
| Interest received | | 3,124 | 5,141 |
| Income tax paid | | (2,693) | (2,814) |
| Net cash outflow from operating activities | | (31,571) | (55,630) |
| INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries and business, net of cash acquired | 22 | (278,644) | (345,788) |
| Purchase of property, plant and equipment | | (159,949) | (69,980) |
| Proceeds from sale of property, plant and equipment | | 1,683 | 47 |
| Proceeds from disposal of equity interest in an associate | | — | 863,850 |
| Proceeds from disposal of available-for-sale investments | | — | 45,935 |
| Dividends received | | 9,217 | 11,079 |
| Loans to a joint venture | | (5,888) | (4,927) |
| Acquisition of equity shares in a joint venture | | — | (576) |
| Net cash (outflow)/inflow from continuing investing activities | | (433,581) | 499,640 |
| Net cash inflow from discontinued operations | | 18,522 | 18,522 |
| Net cash (outflow)/inflow from investing activities | | (415,059) | 518,162 |
| FINANCING ACTIVITIES | | | |
| Proceeds from loans and borrowings | | — | 300,000 |
| Repayments of loans and borrowings | | (42,058) | (26,613) |
| Net cash (outflow)/inflow from financing activities | | (42,058) | 273,387 |
| Effect of exchange rate changes on cash and cash equivalents | | (5,886) | (3,160) |
| Net (decrease)/increase in cash and cash equivalents | | (494,574) | 732,759 |
| Cash and cash equivalents at 1 January | | 1,778,745 | 718,574 |
| Cash and cash equivalents at 30 June | | 1,284,171 | 1,451,333 |

# Condensed Consolidated Statement of Changes in Equity

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

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

| Six months ended 30 June 2015 | Share capital US$'000 | Share premium US$'000 | Contributed surplus US$'000 | Additional paid-in capital US$'000 | Convertible bonds - equity component US$'000 | Foreign currency translation adjustments US$'000 | Available-for-sale investments reserve US$'000 | Cash flow hedge reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity owners of the Company | | | | | | | | | | | |
| unaudited | | | | | | | | | | | | |
| At 1 January 2015 | 803,669 | 16,618 | 936,823 | 123,761 | 3,854 | (63,430) | 76,097 | (76,303) | 1,372,898 | 3,193,987 | 46,497 | 3,240,484 |
| Comprehensive income: | | | | | | | | | | | | |
| Profit/(loss) for the period | — | — | — | — | — | — | — | — | 2,165,033 | 2,165,033 | (202) | 2,164,831 |
| Other comprehensive income/(loss) for the period: | | | | | | | | | | | | |
| Foreign currency translation differences | — | — | — | — | — | (2,938) | — | — | — | (2,938) | — | (2,938) |
| Fair value gain on derivative financial instruments | — | — | — | — | — | — | — | 1,620 | — | 1,620 | — | 1,620 |
| Cash flow hedges transferred to profit or loss | — | — | — | — | — | — | — | 8,618 | — | 8,618 | — | 8,618 |
| Share of other comprehensive income/(loss) of an associate | — | — | — | 17,168 | — | — | — | (510) | — | 16,658 | — | 16,658 |
| Fair value gain on available-for-sale investments | — | — | — | — | — | — | 72,522 | — | — | 72,522 | — | 72,522 |
| Release of reserves upon disposal of equity interest of an associate | — | — | — | (29,478) | — | — | — | 58,669 | — | 29,191 | — | 29,191 |
| Total comprehensive income/(loss) | — | — | — | (12,310) | — | (2,938) | 72,522 | 68,397 | 2,165,033 | 2,290,704 | (202) | 2,290,502 |
| Transactions with equity owners: | | | | | | | | | | | | |
| Issue of ordinary shares upon conversion of convertible bonds | 44,580 | 25,016 | — | — | (3,854) | — | — | — | — | 65,742 | — | 65,742 |
| Amortisation of share option expense | — | — | — | 110 | — | — | — | — | — | 110 | — | 110 |
| Dividends paid | — | — | — | — | — | — | — | — | (84,825) | (84,825) | — | (84,825) |
| At 30 June 2015 | 848,249 | 41,634 | 936,823 | 111,561 | — | (66,368) | 148,619 | (7,906) | 3,453,106 | 5,465,718 | 46,295 | 5,512,013 |

## 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 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 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 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 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 condensed consolidated interim financial information should be read where relevant, in conjunction with the annual financial statements of the Group for the year ended 31 December 2015 which have been prepared in accordance with HKFRS.

The accounting policies and methods of computation used in the preparation of this 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.

(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 this condensed consolidated interim financial information.

## 3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

### (a) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

### (b) Fair value estimation

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

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

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

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

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

unaudited
As at 30 June 2016

| | Level 1<br>*US$'000* | Level 2<br>*US$'000* | Level 3<br>*US$'000* | Total<br>*US$'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Available-for-sale financial assets | 1,224,601 | 11,158 | — | 1,235,759 |
| **Financial liabilities** | | | | |
| Derivative financial instruments | — | 2,547 | — | 2,547 |

audited
As at 31 December 2015

| | Level 1<br>*US$'000* | Level 2<br>*US$'000* | Level 3<br>*US$'000* | Total<br>*US$'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Available-for-sale financial assets | 1,684,940 | 10,931 | — | 1,695,871 |
| **Financial liabilities** | | | | |
| Derivative financial instruments | — | 3,009 | — | 3,009 |

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the last financial year ended 31 December 2015.

There have been no transfers between the levels of the fair value hierarchy during the six months ended 30 June 2016.

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

## 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 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<br>Six months ended 30 June 2016 | Cruise and cruise-related activities<br>*US$'000* | Non-cruise activities<br>*US$'000* | Total<br>*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) |

## 4. TURNOVER AND SEGMENT INFORMATION *(Continued)*

| unaudited<br>As at 30 June 2016 | Cruise and cruise-related activities<br>*US$'000* | Non-cruise activities<br>*US$'000* | Total<br>*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<br>Six months ended 30 June 2015 | Cruise and cruise-related activities<br>*US$'000* | Non-cruise activities<br>*US$'000* | Total<br>*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 |

## 4. TURNOVER AND SEGMENT INFORMATION *(Continued)*

| audited<br>As at 31 December 2015 | Cruise and cruise-related activities<br>*US$'000* | Non-cruise activities<br>*US$'000* | Total<br>*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 |

## 5. OTHER INCOME/(EXPENSES), NET

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

## 6. OTHER GAINS, NET

| | Six months ended 30 June | |
|---|---|---|
| | 2016<br>*US$'000*<br>*unaudited* | 2015<br>*US$'000*<br>*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 |

*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%.

## 7. FINANCE COSTS

| | Six months ended 30 June 2016 | 2015 |
|---|---|---|
| | *US$'000* | *US$'000* |
| | *unaudited* | *unaudited* |
| Commitment fees and amortisation of bank loans arrangement fees | 2,861 | 5,700 |
| Interests on: | | |
| – bank loans and others | 6,871 | 7,280 |
| – convertible bonds | — | 896 |
| Interest capitalised for qualifying assets | (9,156) | (5,321) |
| Finance costs expensed | 576 | 8,555 |

## 8. (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 |

## 9. 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.

## 10. (LOSS)/EARNINGS PER SHARE

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

| | Six months ended 30 June 2016 *US$'000 unaudited* | Six months ended 30 June 2015 *US$'000 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 loss per share. Therefore, the diluted loss per share is the same as basic loss per share.

## 11. INTERESTS IN JOINT VENTURES

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

| | As at 30 June 2016 *US$'000 unaudited* | As at 31 December 2015 *US$'000 audited* |
|---|---|---|
| At 1 January | 6,942 | 127,706 |
| Equity investment in a joint venture | — | 576 |
| Share of profit of joint ventures | 279 | 247 |
| Disposal of equity of a joint venture | — | (117,750) |
| Dividends | (1,085) | (3,837) |
| Others | 273 | — |
| At 30 June 2016 / 31 December 2015 | 6,409 | 6,942 |

## 12. INTERESTS IN ASSOCIATES

The Group's interests in associates are as follows:

| | As at 30 June 2016 US$'000 unaudited | As at 31 December 2015 US$'000 audited |
|---|---|---|
| At 1 January | 542,319 | 1,394,279 |
| Share of profit of associates | 19,248 | 36,418 |
| Share of reserves of an associate | 212 | 16,658 |
| Disposal of equity interest of an associate | — | (100,770) |
| De-recognition of an associate | — | (778,676) |
| Dividends | (6,025) | (11,128) |
| Currency translation differences | 359 | (16,969) |
| Others | — | 2,507 |
| At 30 June 2016 / 31 December 2015 | 556,113 | 542,319 |

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

| | Travellers 30 June 2016 US$'000 unaudited | Travellers 31 December 2015 US$'000 audited |
|---|---|---|
| Assets | 1,576,340 | 1,486,057 |
| Liabilities | 659,763 | 591,023 |
| Revenue | 291,978 | 609,833 |
| Share of profit | 19,077 | 33,909 |
| Percentage held in common shares | 44.9% | 44.9% |

## 13. AVAILABLE-FOR-SALE INVESTMENTS

| | As at 30 June 2016 US$'000 unaudited | As at 31 December 2015 US$'000 audited |
|---|---|---|
| At 1 January | 1,695,871 | 225,458 |
| Currency translation differences | 2,795 | (22,232) |
| Additions | — | 2,212,651 |
| Disposals | — | (935,193) |
| Fair value (loss)/gain recognised in equity | (463,101) | 215,187 |
| Others | 194 | — |
| At 30 June 2016 / 31 December 2015 | 1,235,759 | 1,695,871 |
| Less: non-current portion | (11,158) | (207,530) |
| Current portion | 1,224,601 | 1,488,341 |

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

Available-for-sale investments include the following:

| | As at 30 June 2016 *US$'000* *unaudited* | As at 31 December 2015 *US$'000* *audited* |
|---|---|---|
| Listed investments: | | |
| Equity securities – listed outside Hong Kong | 1,224,601 | 1,684,940 |
| Unlisted investments: | | |
| Equity securities | 11,158 | 10,931 |
| | 1,235,759 | 1,695,871 |

## 14. TRADE RECEIVABLES

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

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

| | As at 30 June 2016 *US$'000* *unaudited* | As at 31 December 2015 *US$'000* *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).

## 15. OTHER ASSETS, PREPAID EXPENSES AND OTHER RECEIVABLES

| | As at 30 June 2016 US$'000 unaudited | As at 31 December 2015 US$'000 audited |
|---|---|---|
| Other debtors | 62,265 | 33,524 |
| Deposits | 4,116 | 4,129 |
| Prepayment | 102,458 | 53,052 |
| Receivables relating to disposal of m.v. Norwegian Sky (note (a)) | — | 18,522 |
| Loan and receivable to a joint venture (note (b)) | 43,164 | 35,803 |
| Amount due from an associate | 11,209 | 5,080 |
| | 223,212 | 150,110 |
| Less: non-current portion | (18,115) | (23,918) |
| Current portion | 205,097 | 126,192 |

*Notes:*

(a) The balance of US$18.5 million as at 31 December 2015 relates to the remaining consideration of disposal of m.v. Norwegian Sky in prior years. The amount has been received during the six months ended 30 June 2016.

(b) The loan granted to a joint venture includes a EUR0.5 million (equivalent to US$0.7 million) unsecured, interest free investor loan and a EUR18.1 million (equivalent to US$20.1 million) facility agreement, which is unsecured and subject to interest at EURIBOR plus 5.5% per annum, to Wider S.R.L. for construction of yacht.

## 16. SHARE CAPITAL

| | Authorised share capital | | | |
|---|---|---|---|---|
| | Preference shares of US$0.10 each | | Ordinary shares of US$0.10 each | |
| | *No. of shares* | *US$'000* | *No. of shares* | *US$'000* |
| unaudited | | | | |
| At 1 January 2016 and 30 June 2016 | 10,000 | 1 | 19,999,990,000 | 1,999,999 |
| audited | | | | |
| At 1 January 2015 and 31 December 2015 | 10,000 | 1 | 19,999,990,000 | 1,999,999 |

| | Issued and fully paid ordinary shares of US$0.10 each | |
|---|---|---|
| | *No. of shares* | *US$'000* |
| unaudited | | |
| At 1 January 2016 and 30 June 2016 | 8,482,490,202 | 848,249 |
| audited | | |
| At 1 January 2015 | 8,036,693,743 | 803,669 |
| Issue of ordinary shares upon conversion of convertible bonds | 445,796,459 | 44,580 |
| At 31 December 2015 | 8,482,490,202 | 848,249 |

## 17. LOANS AND BORROWINGS

Loans and borrowings consist of the followings:

| | As at 30 June 2016 *US$'000* *unaudited* | As at 31 December 2015 *US$'000* *audited* |
|---|---|---|
| **SECURED:** | | |
| US$600 million secured term loan and revolving credit facility | 214,608 | 237,996 |
| US$300 million secured term loan | 265,302 | 281,184 |
| RMB24 million entrustment loan (note (i)) | 2,107 | — |
| RMB14 million entrustment loan (note (i)) | — | 2,156 |
| RMB12.5 million entrustment loans (note (i)) | 3,763 | 3,850 |
| RMB10 million entrustment loan (note (i)) | 828 | 1,540 |
| RMB9 million entrustment loan (note (i)) | 753 | 770 |
| EUR3.6 million secured term loan | 3,680 | 3,814 |
| | 491,041 | 531,310 |
| Less: current portion | (86,295) | (87,160) |
| Non-current portion | 404,746 | 444,150 |

*Note:*

(i) As at 30 June 2016 and 31 December 2015, the entrustment loans are secured by equivalent amount of restricted cash.

Movement in loans and borrowings is analysed as follows:

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

| | *US$'000* |
|---|---|
| **Six months ended 30 June 2015** | |
| Balance as at 1 January 2015 | 458,451 |
| Proceeds from loans and borrowings | 300,000 |
| Repayments of loans and borrowings | (26,613) |
| Loan arrangement fees incurred for the period | (3,051) |
| Amortisation of loan arrangement fees | 3,685 |
| Conversion of convertible bonds to ordinary shares | (65,744) |
| Convertible bonds interest accrued for the period | 896 |
| Payment of convertible bonds interest for the period | (2,438) |
| Balance as at 30 June 2015 | 665,186 |

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group entered into forward contracts to buy Euro dollar at a fixed exchange rate. As at 30 June 2016, the notional amount of these contracts was US$663.5 million (31 December 2015: US$262.6 million) and the estimated fair value loss of these forward contracts was approximately US$2.5 million (31 December 2015: US$3.0 million). These forward contracts have been designated and qualified as cash flow hedges. The changes in the fair value of these forward contracts were included as a separate component of reserves, and upon maturity will be included in the initial measurement of the cost of the underlying hedged items which are non-financial assets.

The fair values of the above instruments have been estimated using quotes from reputable financial institutions. The Group has no significant concentrations of credit risk as at 30 June 2016.

## 19. TRADE PAYABLES

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

| | As at | |
|---|---|---|
| | 30 June 2016 | 31 December 2015 |
| | *US$'000* | *US$'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).

## 20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group during the six months ended 30 June 2016 and 2015 are set out below:

Golden Hope Limited ("Golden Hope"), a company incorporated in the Isle of Man acting as trustee of the Golden Hope Unit Trust ("GHUT"), a private unit trust which is 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 and Chief Executive Officer, an Executive Director 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, the Executive Director – Chairman's Office and Chief Information Officer and a substantial shareholder of the Company.

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

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") has become a wholly-owned subsidiary of Star Cruise (C) Limited ("SC (C)", an indirect wholly-owned subsidiary of the Company) subsequent to the completion of the acquisition of the WCIL group by SC (C) from Resorts World Inc Pte. Ltd. ("RWI") on 31 December 2013. RWI is a company incorporated in Singapore and currently is a 50:50 joint venture company of Genting Intellectual Property Pte. Ltd. ("GIP", a company incorporated in Singapore and a wholly-owned subsidiary of GENT) and KHRV Limited ("KHRV", a company incorporated in the Isle of Man and wholly-owned by Tan Sri Lim Kok Thay).

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.

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.

Norwegian Cruise Line Holdings Ltd. ("NCLH" or "Norwegian") had been an associate of the Company until the completion of a secondary offering of its ordinary shares on 26 May 2015 to become an available-for-sale investment of the Company. Prior to that, Norwegian had been a joint venture of the Company until the completion of its initial public offering on 24 January 2013. 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.

Travellers International Hotel Group, Inc. ("Travellers") had been a joint venture of the Company until the initial listing of its common shares on 5 November 2013 to become an associate of the Company. APEC Assets Limited ("APEC") is a wholly-owned subsidiary of Travellers. Each of Genting Management Services, Inc. ("GMS") and Genting-Star Tourism Academy Inc. ("GSTA") is a joint venture of the Company.

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

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

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 40.05% indirect equity interest and Datuk Lim Chee Wah (a brother of Tan Sri Lim Kok Thay) has 59.95% indirect equity interest.

RW Tech Labs Sdn Bhd ("RWT") is a company incorporated in Malaysia and a wholly-owned subsidiary of RWI.

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

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

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

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2016 and 2015 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 2016, (i) the amount charged to the Group in respect of secretarial, share registration, investor and other related services rendered by GMC was approximately US$3,000 (30 June 2015: US$6,000), (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$1,150,000 (30 June 2015: US$545,000), and (iii) no amount was charged by the GENS group to the Group (30 June 2015: Nil).

(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 2016, (i) the amount charged by the Group in respect of air ticket purchasing and travel related services to the GENS group was approximately US$37,000 (30 June 2015: US$57,000) and (ii) the amount charged by the Group in respect of tourism consultancy services rendered to the GENM group was approximately US$21,000 (30 June 2015: US$22,000).

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

(c) The customer loyalty programme known as "WorldCard" ("WorldCard Programme") has been operated and managed by the GENM group in Malaysia and by the WCIL group in countries and territories outside Malaysia. There are transactions between the GENM group and the WCIL group in the cross-territory operation of the WorldCard Programme under the 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 the joint promotion and marketing agreement (as amended and supplemented) (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 2016 and 2015, the following transactions took place:

| | Group | |
|---|---|---|
| | Six months ended 30 June | |
| | 2016 | 2015 |
| | *US$'000* | *US$'000* |
| | *unaudited* | *unaudited* |
| Amounts charged by the GENT group to the Group | 15 | 38 |
| Amounts charged to the GENT group by the Group | 93 | 327 |

(d) On 5 October 2012 and 13 June 2016, TIECL entered into two tenancy agreements with CCL in respect of the leases of office premises in Macau. During the six months ended 30 June 2016, the amount charged by CCL to the Group in respect of the rental amounted to US$32,000 (30 June 2015: US$23,000).

(e) On 20 December 2013, SCHK as a tenant entered into a tenancy agreement for 2 years commencing from 1 January 2014 with Rich Hope as landlord in respect of the lease of an apartment in Hong Kong. A new tenancy agreement was entered into by the parties on 9 December 2015 to renew the lease for another 2 years commencing from 1 January 2016. During the six months ended 30 June 2016, the amount charged by Rich Hope to SCHK in respect of the rental amounted to US$126,000 (30 June 2015: US$116,000).

(f) On 12 November 2012 and 21 September 2015, SCA as tenant entered into two tenancy agreements with Ambadell as landlord in respect of the lease of an office area in Australia and renewal of the said lease respectively. On 7 June 2016, SCA entered into a services agreement with Ambadell in respect of the provision of administrative, accounting and other support services by Ambadell to SCA. During the six months ended 30 June 2016, the total amount charged by Ambadell to the Group in respect of the rental and service charges amounted to US$42,000 (30 June 2015: US$51,000).

(g) On 31 December 2012, CAL entered into the Second Supplemental Agreement with RWS to renew the RWS Services Agreement dated 21 January 2010 (as amended by the First Supplemental Agreement dated 29 December 2011) entered into between the two parties, the term of which expired 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. In view of the expiry of the Second Supplemental Agreement on 31 December 2015, the parties entered into the Third Supplemental Agreement on 21 December 2015 to extend the term for a further one year ending on 31 December 2016. Amount charged to RWS in respect of these services rendered by CAL was approximately US$840,000 for the six months ended 30 June 2016 (30 June 2015: US$697,000).

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

(h) (1) 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 (the "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 (the "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.

(2) Subsequently, on 13 March 2015, a termination agreement was entered into between GLCM and 3rd Valley whereby the Hotel Management Agreement was terminated with immediate effect in consideration of the payment of the outstanding amount due and payable by 3rd Valley to the Group under the said agreement. During the six months ended 30 June 2016, the amount charged by the Group to 3rd Valley in respect of such management and other services was Nil (30 June 2015: 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. The agreement was renewed on 16 September 2015 for a further 3 years ending on 31 March 2018. During the six months ended 30 June 2016, the amount charged by GIML to SMHL in respect of the annual license fee was US$14,000 (30 June 2015: US$5,000).

(j) 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. The loan was repaid by 3rd Valley International in November 2015. During the six months ended 30 June 2016, the interest amount charged by WDKZ to 3rd Valley International in respect of the loan was Nil (30 June 2015: US$17,000).

(k) 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.

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

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

(m) Famous City Holdings Limited ("Famous City"), Star Cruise Pte Ltd and Genting Philippines Holdings Limited, all of which are wholly-owned subsidiaries of the Company entered into Contracts of Lease and amendment agreement (as applicable) with Travellers in respect of the lease of office area in the Philippines. During the six months ended 30 June 2016, the amount charged by Travellers to the Group in respect of the rental amounted to US$181,000 (30 June 2015: US$159,000).

(n) 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 2016, service revenue received from GSTA and GMS was Nil (30 June 2015: US$77,000).

(o) On 7 January 2011, NCLB entered into a general services agreement with CAL for the provision of contact centre services by CAL. During the six months ended 30 June 2016, the amount charged by CAL to NCLB in respect of the services amounted to US$7,000 (30 June 2015: US$139,000).

(p) Famous City and Travellers entered into a service agreement for the provision of various services by Famous City to Travellers with effect from 1 January 2011. The parties may enter into and have entered into, pursuant to the service agreement, supplemental agreements for provision of other additional services as they may consider necessary. During the six months ended 30 June 2016, the amount charged by Famous City to Travellers in respect of the services amounted to US$279,000 (30 June 2015: US$425,000).

(q) CAL and Travellers 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 2016, service revenue received from Travellers was Nil (30 June 2015: US$130,000).

(r) 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 2016, service revenue received from SCHKMS was US$13,000 (30 June 2015: US$29,000).

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

(t) On 30 October 2013, Star Cruises Ship Management Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a service agreement with APEC for the provision of technical consultancy services with effect from 14 October 2013. On 19 June 2015 and 6 May 2016, the parties entered into the first supplemental agreement and the second supplemental agreement to renew the term of the service agreement for one year ending on 13 October 2015 and 2016 respectively. During the six months ended 30 June 2016, service revenue received from APEC was US$30,000 (30 June 2015: US$34,000).

(u) 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. During the six months ended 30 June 2016, the amount paid to 3rd Valley was Nil (30 June 2015: Nil).

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

(v) 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 ended 31 December 2015. In view of the expiry of the services agreements, on 31 December 2015, the parties entered into new services agreements to renew the respective services agreements (with the addition of the provision of ski ticket sales and related services by 3rd Valley group to the Group) each for a further 3 years ending on 31 December 2018. During the six months ended 30 June 2016, (i) the amounts charged by 3rd Valley group to the Group was US$14,000 (30 June 2015: US$1,000); and (ii) the amounts charged to 3rd Valley group by the Group was US$50,000 (30 June 2015: US$16,000).

(w) 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%)).

(x) On 1 September 2014, the Group entered into a master services agreement with IRMS to appoint IRMS as consultant to provide ongoing design consultancy services to support the Group's operations effective from 1 September 2014 to 31 December 2016. During the six months ended 30 June 2016, the amount charged by IRMS to the Group in respect of the consultancy services amounted to SGD277,000 (equivalent to approximately US$202,000) (30 June 2015: SGD307,000 (equivalent to approximately US$228,000)).

(y) On 18 November 2014, World Arena and Silverland signed a waiver (i) with the intention to provide MLIC (the immediate holding company of TIECL) further shareholders' loans of up to HK$10,300,000 (equivalent to approximately US$1,328,000) (the "Loan") to meet the working capital requirement of MLIC and its subsidiaries (the "MLIC Group"); and (ii) to waive the Group's obligation from advancing MLIC the corresponding share of the Loan in accordance with the Specified Proportion (as defined in the Shareholders Agreement dated 19 March 2007 entered into between MLIC, the Group, World Arena and Silverland). On 24 December 2014, Silverland advanced HK$865,000 (equivalent to approximately US$112,000) under the Loan to the MLIC Group. On 2 June 2015, Silverland further advanced HK$2,500,000 (equivalent to approximately US$323,000) under the Loan to the MLIC Group.

(z) On 5 March 2015, 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 6.25 million ordinary shares in NCLH ("NCLH Shares") for a total consideration of approximately US$316.9 million (after deduction of relevant expenses). As a result of the share disposal, the then percentage of NCLH Shares beneficially owned by the Group further decreased from approximately 24.9% to approximately 22.1%, with a disposal gain of approximately US$212.5 million to the Group.

(aa) On 19 May 2015, Star NCLC entered into an underwriting agreement with NCLH and others pursuant to which Star NCLC further disposed of 10 million NCLH Shares for a total consideration of approximately US$546.1 million (after deduction of relevant expenses). As a result of the share disposal, the then percentage of NCLH Shares beneficially owned by the Group further decreased from approximately 22% to approximately 17.7%, with a disposal gain of approximately US$387.1 million to the Group.

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

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

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

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

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

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

The related party transactions described above were carried out on terms, conditions and prices comparable to transactions with independent parties.

## 21. CAPITAL COMMITMENTS AND CONTINGENCIES

### (i) Capital expenditure

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

| | As at | |
|---|---|---|
| | 30 June 2016 | 31 December 2015 |
| | *US$'000* | *US$'000* |
| | *unaudited* | *audited* |
| Contracted but not provided for | | |
| – Cruise ships and related costs | 1,615,851 | 1,319,810 |
| – Aircrafts and related costs | 107,327 | 153,149 |
| – Properties under development and others | 53,469 | 54,710 |
| | 1,776,647 | 1,527,669 |

### (ii) Material litigation

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

## 22. BUSINESS COMBINATIONS

**Acquisition of subsidiaries and business**

(i) On 23 November 2015, the Group acquired 50% and 70% of the equity interest in Lloyd Investitions- und Verwaltungs GmbH ("LIV") and Lloyd Werft Bremerhaven AG ("LWB") respectively (collectively "Lloyd Werft") for a consideration of EUR17.5 million (approximately US$19.1 million).

In accordance with an option agreement in relation to the acquisition, it allows either the Group to exercise a call option to acquire the remaining 50% equity interest in LIV and 30% equity interest in LWB (collectively "NCI") or the owner of NCI to exercise a put option to dispose of the NCI to the Group at a fixed consideration of EUR16.5 million (approximately US$18.0 million). As a result, for accounting purpose, it has been determined that the existence of the option agreement has given the Group the full access to the economic benefits and risks associated with the actual ownership of the NCI. Therefore, both LIV and LWB have been accounted for as wholly-owned subsidiaries without non-controlling interests and an option liability has been recognised as at the date of acquisition. On 31 December 2015, the Group has exercised the call option and the acquisition of the NCI was completed on 11 January 2016.

In respect of the acquisition, during the period the Group has finalised the fair value assessments for the net assets acquired from the business combination. On completion of the fair value assessments, adjustment made to the provisional calculation of identifiable assets and liabilities amounted to US$467,000, with an equivalent increase in the reported value of goodwill. The changes mainly represent finalisation of the fair value of property, plant and equipment and deferred tax liabilities.

The following table summarises the consideration paid for Lloyd Werft, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

| | As at the date of acquisition *US$'000* |
|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed:** | |
| Cash and cash equivalents | 20,949 |
| Property, plant and equipment | 35,008 |
| Other assets | 461 |
| Inventories | 6,162 |
| Trade and other receivables | 8,226 |
| Trade and other payables | (27,489) |
| Retirement benefit obligations | (4,439) |
| Deferred tax liabilities | (3,255) |
| Total identifiable net assets | 35,623 |
| Goodwill | 1,514 |
| Net assets acquired | 37,137 |

| | *US$'000* |
|---|---|
| Outflow of cash to acquire subsidiaries, net of cash acquired | |
| Purchase consideration settled in cash | 37,137 |
| Less: Cash and cash equivalents in subsidiaries acquired | (20,949) |
| Net cash outflow on acquisition | 16,188 |
| Acquisition-related costs | 1,567 |

## 22. BUSINESS COMBINATIONS *(Continued)*

**Acquisition of subsidiaries and business** *(Continued)*

(ii) On 24 April 2016, the Group has completed acquisition of the assets for the construction of cruise ships and real estate properties of three shipyards in Germany located respectively in Wismar, Warnemünde and Stralsund (collectively, "MV Werften"), from an independent third party for an aggregate consideration of EUR230.6 million (approximately US$260.6 million).

The following table summarises the consideration paid for MV Werften, and the provisional fair value of the assets acquired at the acquisition date.

| | As at the date of acquisition *US$'000* |
|---|---|
| **Provisional fair value of the assets acquired:** | |
| Property, plant and equipment | 229,256 |
| Deferred tax liabilities | (568) |
| Total identifiable net assets | 228,688 |
| Goodwill | 31,959 |
| Net assets acquired | 260,647 |

| | *US$'000* |
|---|---|
| Purchase consideration settled in cash | 260,647 |
| Acquisition-related costs | 8,836 |

## 23. 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 condensed consolidated interim financial information, US$300 million has been utilised.

## 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).

## 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 2015.

**Terminology**

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

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

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

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

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

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.

### Six months ended 30 June 2016 ("1H2016") compared with six months ended 30 June 2015 ("1H2015")

**The Group**

**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 6 to the unaudited condensed consolidated interim financial information of this interim report.

### 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 US 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 US 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 in 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.

**Prospects** *(Continued)*

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 |

### Operating Statistics *(Continued)*

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

| | Six months ended 30 June 2016 *US$'000* | 2015 *US$'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 |

### Human Resources

As at 30 June 2016, the Group had 9,710 employees, consisting of 6,523 (or 67%) shipbased officers and crew as well as 3,187 (or 33%) staff employed in the various world-wide offices of the Group. The Group is always striving to provide competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Group entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

For the six months ended 30 June 2016, there is no significant change in the remuneration policies, bonus, share options scheme and training schemes for the Group.

## Interests of Directors

As at 30 June 2016, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

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

| | Nature of interests/capacity in which such interests were held | | | | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **Beneficial owner** | **Interests of spouse** | **Interests of controlled corporation** | **Founder/ Beneficiary of discretionary trusts** | **Total** | **Percentage of issued voting shares** |
| | | | **Number of ordinary shares** *(Notes)* | | | |
| Tan Sri Lim Kok Thay | 368,643,353 | 36,298,108 *(1)* | 1,487,453,288 *(2)* | 6,003,571,032 *(3) and (4)* | 6,408,512,493 *(5)* | 75.55 |
| Mr. Lim Keong Hui *(6)* | — | — | — | 6,003,571,032 *(3) and (4)* | 6,003,571,032 | 70.78 |
| Mr. Justin Tan Wah Joo | 968,697 *(7)* | 968,697 *(7)* | — | — | 968,697 *(5)* | 0.01 |

*Notes:*

As at 30 June 2016:

(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 1,487,453,288 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% equity interests; and (ii) 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 6,003,571,032 ordinary shares.

(4) Out of the same block of 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope Limited as trustee of Golden Hope Unit Trust, 3,104,131,600 ordinary shares were pledged ordinary shares.

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

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

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

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

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

## Interests of Directors *(Continued)*

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

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

As at 30 June 2016, the Director had personal interests in the following underlying shares of the Company held through share options granted under the Post-listing Employee Share Option Scheme:

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

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

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

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

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

*Notes:*

As at 30 June 2016:

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

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

## Interests of Directors *(Continued)*

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

*Notes: (Continued)*

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

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

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

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

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

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

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

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

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

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

(13) Travellers had two classes of issued shares, namely 15,755,874,850 common shares and 10,000,000,000 preferred B shares, each of which carried equal voting right. Following initial listing of the common shares of Travellers on the Main Board of The Philippine Stock Exchange, Inc. on 5 November 2013 and the exercise of the over-allotment option by the stabilizing agent on 4 December 2013 to purchase 23,645,600 common shares, the Company's effective interest in the common shares of Travellers 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 2016, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and

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

## Share Options

Details of the Company's Post-listing Employee Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2015. 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 2016 were as follows:

### Post-listing Employee Share Option Scheme

| | Number of options outstanding at 01/01/2016 | Number of ordinary shares acquired upon exercise of options during the period | Number of options lapsed during the period | Number of options cancelled during the period | Number of options outstanding at 30/06/2016 | Date granted | Exercise price per ordinary share | Exercisable period |
|---|---|---|---|---|---|---|---|---|
| Tan Sri Lim Kok Thay (Director) | 7,000,000 | — | — | — | 7,000,000 | 27/05/2008 | HK$1.7800 | 28/05/2009 – 27/05/2018 |
| | **7,000,000** | — | — | — | **7,000,000** | | | |
| All other employees | 2,525,000 | — | (50,000) | — | 2,475,000 | 27/05/2008 | HK$1.7800 | 28/05/2009 – 27/05/2018 |
| | 10,350,000 | — | (1,158,000) | — | 9,192,000 | 16/11/2010 | HK$3.7800 | 16/11/2011 – 15/11/2020 |
| | **12,875,000** | — | **(1,208,000)** | — | **11,667,000** | | | |
| **Grand Total** | **19,875,000** | — | **(1,208,000)** | — | **18,667,000** | | | |

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

## Interests of Substantial Shareholders

As at 30 June 2016, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued shares, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

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

| | Nature of interests/capacity in which such interests were held | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name of shareholder** *(Notes)* | **Beneficial owner** | **Interests of spouse** | **Interests of controlled corporation** | **Trustee** | **Beneficiary of trust** | **Total** | **Percentage of issued voting shares** |
| | | | **Number of ordinary shares** *(Notes)* | | | | |
| Parkview Management Sdn Bhd (as trustee of a discretionary trust) *(1)* | — | — | 1,451,155,180 *(11)* | 1,451,155,180 *(13)* | — | 1,451,155,180 *(22)* | 17.11 |
| Kien Huat International Limited *(2)* | — | — | 1,451,155,180 *(11)* | — | — | 1,451,155,180 | 17.11 |
| Kien Huat Realty Sdn. Berhad *(3)* | — | — | 1,451,155,180 *(11)* | — | — | 1,451,155,180 | 17.11 |
| Genting Berhad *(4)* | — | — | 1,451,155,180 *(11)* | — | — | 1,451,155,180 | 17.11 |
| Genting Malaysia Berhad *(5)* | — | — | 1,431,059,180 *(12)* | — | — | 1,431,059,180 | 16.87 |
| Sierra Springs Sdn Bhd *(6)* | — | — | 1,431,059,180 *(12)* | — | — | 1,431,059,180 | 16.87 |
| Resorts World Limited *(6)* | 1,431,059,180 | — | — | — | — | 1,431,059,180 | 16.87 |
| First Names Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) *(7)* | — | — | 4,552,415,852 *(14)* | 4,552,415,852 *(16)* | 4,552,415,852 *(18)* | 4,552,415,852 *(22)* | 53.67 |
| Cove Investments Limited *(8)* | — | — | — | — | 4,552,415,852 *(19)* | 4,552,415,852 | 53.67 |
| Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(9)* | — | — | 546,628,908 *(15)* | 4,552,415,852 *(17) and (21)* | — | 4,552,415,852 *(22)* | 53.67 |
| Joondalup Limited *(10)* | 546,628,908 | — | — | — | — | 546,628,908 | 6.44 |
| Puan Sri Wong Hon Yee | — | 6,408,512,493 *(20(a))* | 36,298,108 *(20(b))* | — | — | 6,408,512,493 *(22)* | 75.55 |

## Interests of Substantial Shareholders *(Continued)*

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

*Notes:*

As at 30 June 2016:

(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 were 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 were 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 39.68% 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 49.32% 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 ("Joondalup") was wholly-owned by Golden Hope as trustee of GHUT.

(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 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT (comprising 4,005,786,944 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

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

(16) First Names in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT (comprising 4,005,786,944 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(17) The interest in 4,552,415,852 ordinary shares was held directly and indirectly by Golden Hope in its capacity as trustee of GHUT (comprising 4,005,786,944 ordinary shares held directly by Golden Hope as trustee of GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(18) First Names as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.

(19) Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.

## Interests of Substantial Shareholders *(Continued)*

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

*Notes: (Continued)*

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

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

(21) Out of the same block of 4,552,415,852 ordinary shares held directly and indirectly by Golden Hope as trustee of GHUT, 3,104,131,600 ordinary shares were pledged ordinary shares.

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

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

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

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

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

*Note:*

As at 30 June 2016, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 7,000,000 underlying ordinary shares of the Company by virtue of the share options granted to Tan Sri KT Lim under the Post-listing Employee Share Option Scheme. These interests represented long positions in the underlying shares in respect of physically settled derivatives of the Company and shall be aggregated with her interests set out in subsection (A) above to give her total interests pursuant to the SFO.

Save as disclosed above and in the sections headed "Interests of Directors" and "Share Options" above, as at 30 June 2016, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## General Disclosure pursuant to the Listing Rules

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

### Facility Agreements of the Group

In August 2012, the Group obtained a secured term loan and revolving credit facility in an aggregate amount of US$600 million 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. The US$600 million Facility Agreement was later fully repaid in July 2016 by financing that the Group has obtained under the US$500 million Facility Agreement (as defined below).

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

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

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

In July 2016, the Group obtained another new secured term loan and revolving credit facility in an aggregate amount of up to US$500 million with a term of 72 months after the first utilisation of the facilities by the Company under the facility agreement (the "US$500 million Facility Agreement") for refinancing, in July 2016, of all the outstanding loan balance under the US$600 million Facility Agreement and for general corporate purposes.

Pursuant to (i) the US$600 million Facility Agreement; (ii) the First Vessel Loan Facility Agreement; (iii) the Second Vessel Loan Facility Agreement; (iv) the Crystal Vessel Loan Facility Agreement; and (v) the US$500 million Facility Agreement, the Lim Family (as defined therein, including Tan Sri Lim Kok Thay (the Chairman and Chief Executive Officer of the Company), his spouse, his direct lineal descendants, the personal estate of any of the above persons; and any trust created for the benefit of one or more of the aforesaid persons and their respective estates) is required, together or individually, directly or indirectly, to hold the largest percentage of the issued share capital of, and equity interest in, the Company. The Lim Family's holding shall include any interest which the Lim Family, together or individually, is deemed to hold in accordance with Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Disclosure of Interests) and in addition, any interest in the Company held by GENT, GENM and their respective Affiliates (as defined in each of the respective facility agreements).

Save for the US$500 million Facility Agreement, as at 30 June 2016, the aggregate principal amount under the above facility agreements was US$2,233.5 million and the aggregate outstanding loan balance thereunder was approximately US$492.9 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 2016.

## 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 2016 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 2016 to 30 June 2016 (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 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.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company discloses the following change in information on Mr. Alan Howard Smith ("Mr. Smith"), the Deputy Chairman and an Independent Non-executive Director of the Company:

(a) Mr. Smith has retired by rotation as a director of Noble Group Limited (a company listed on the Singapore Exchange Securities Trading Limited) at its annual general meeting held in April 2016.

## Review by Audit Committee

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

On behalf of the Board

**Tan Sri Lim Kok Thay**
*Chairman and Chief Executive Officer*

Hong Kong, 23 August 2016

# GENTING HONG KONG LIMITED

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