ANNUAL REPORT 2017

Genting Hong Kong Limited
(Continued into Bermuda with limited liability)
Stock Code: 678

OUR MISSION

We are a leading global leisure, entertainment and hospitality corporation committed to enhancing shareholder value and maintaining long term sustainable growth in our core businesses.

WE WILL

Be responsive to the changing demands of our customers and excel in providing quality products and services.

Be committed to innovation and the adoption of new technology to achieve competitive advantage.

Generate a fair return to our shareholders.

Pursue personnel policies which recognise and reward performance and contributions of employees and provide proper training, development and opportunities for career advancement.

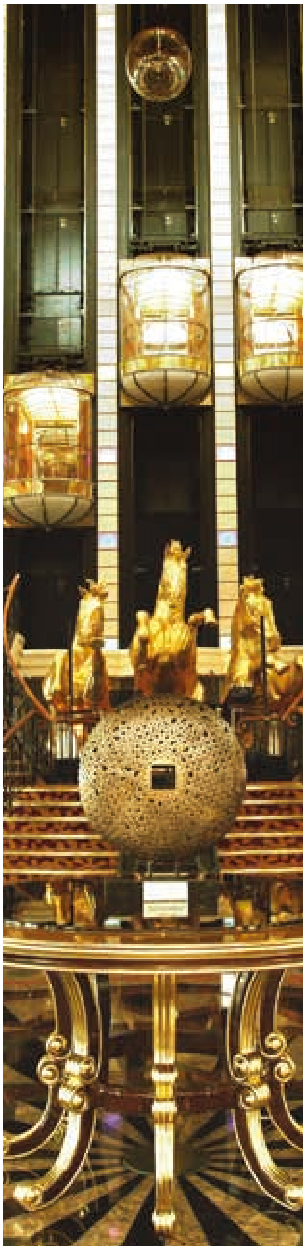
Be a responsible corporate citizen, committed to enhancing corporate governance and transparency.

FORWARD-LOOKING STATEMENTS

This annual 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 expressed 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.

CONTENTS






CORPORATE PROFILE

About us

Genting Hong Kong Limited ("Genting Hong Kong") is a leading global leisure, entertainment and hospitality enterprise, with core competences in both land and sea-based businesses including Genting Cruise Lines comprising of Star Cruises, Dream Cruises and Crystal Cruises, along with German shipyards MV Werften and Lloyd Werft, prominent nightlife brand Zouk, and Resorts World Manila ("RWM"), an associate of Genting Hong Kong.

Headquartered in Hong Kong, Genting Hong Kong has a presence in more than 20 locations worldwide with offices and representation in Australia, China, Germany, India, Indonesia, Japan, Malaysia, the Netherlands, the Philippines, Singapore, Sweden, Taiwan, and the United States.

A pioneer in its own right, Genting Hong Kong was incorporated in November 1993, operating its fleet under Star Cruises, to take on a bold initiative to grow the Asia Pacific region as an international cruise destination. Star Cruises has built its reputation on offering first-rate Asian hospitality throughout its fleet of six vessels including SuperStar Virgo, SuperStar Gemini, SuperStar Aquarius, SuperStar Libra, Star Pisces and The Taipan.

Dream Cruises' two new vessels, Genting Dream and World Dream, launched in 2016 and 2017 respectively, deliver the highest level of guest service and spacious comfort in the region. Catering to a wide spectrum of consumers in China and Asia, the Dream Cruises experience will provide passengers with more choice, comfort and value to create a perfect dream voyage. Production has also started in Germany on a new Global Class ship that is scheduled to join the fleet in 2020 with a sister ship scheduled for 2021.

Crystal Cruises is the world's leading luxury cruise provider, having earned more "World's Best" awards than any other cruise line, hotel, or resort in history. Crystal Cruises offers extensive itineraries traversing the globe, ranging from five days to approximately 100-day World Cruises and regionally-focused Grand Cruises. In 2015, Crystal embarked on the most significant brand expansion in the history of luxury travel and hospitality, which introduced two new classes of cruising – Crystal Yacht Expedition Cruises and Crystal River Cruises – and reached new heights with Crystal Luxury Air and Crystal AirCruises.

To capitalize on the growing demand for new cruise ships and to realize the company's own expansion plans, in 2016, Genting Hong Kong established MV Werften comprising of three shipyards in Wismar, Rostock and Stralsund, Germany following the purchase of Lloyd Werft the previous year which specializes in building megayachts and other

newbuilds. With the consolidated expertise and facilities of the shipyards, including approximately 2,000 experienced management and workers, MV Werften will be capable of building large ships.

Zouk is an iconic music-driven entertainment club that provides a world-class clubbing experience by pushing the boundaries of electronic dance music and bringing in a constant flow of internationally renowned DJs to play. As the only club from the Asia Pacific region to regularly retain its top 10 position in DJ Mag's Top 100 Clubs global poll, Zouk is currently ranked third and is the trendsetter in propelling Asia's dance music scene forward.

Travellers International Hotel Group, Inc. ("Travellers"), an associate of Genting Hong Kong, opened its first land-based attraction, Resorts World Manila in the Philippines in August 2009. RWM is the Philippines' first one-stop, nonstop vacation spot for top-notch entertainment and world-class leisure alternatives, featuring four hotels including the all-suite Maxims Hotel, an iconic shopping mall, four high-end cinemas and a multi-purpose performing arts theatre. Travellers has been listed on the Philippine Stock Exchange since November 2013.

Genting Hong Kong's unique venues and itineraries, coupled with a promise to deliver best-in-class services, will ensure an unforgettable experience for each and every guest. The company will continue to leverage off the Genting Group's unrivalled regional expertise in land-based resorts development as it looks to expand its individual footprint. Genting Hong Kong constantly seeks new scalable business opportunities and ways in which the company can excel and improve its business proposition.

Genting Hong Kong is listed on the Main Board of the Stock Exchange of Hong Kong Limited under the stock code "678". Travellers is listed on the Philippine Stock Exchange under the ticker "RWM".

"Genting Hong Kong's unique venues and itineraries, coupled with a promise to deliver best-in-class services, will ensure an unforgettable experience by all."

GENTING CRUISE LINES FLEET

Reaching all corners of the globe, Genting Hong Kong's cruise business is organised under Genting Cruise Lines' encompassing brands that cater to everyone from contemporary guests to ultra-luxury patrons. Genting Hong Kong's visionary plans for the company will see the addition of new vessels capable of yacht expeditions, river cruises, polar explorations and even soaring the skies to exotic destinations.

Dream Cruises

Dream Cruises aims to be a pacesetter in the region's cruise industry, meeting the needs of the emerging generation of confident, independently-minded and upwardly-mobile Asian travellers. Dream Cruises' two new vessels offer inspirational journeys, which are Asian at heart and international in spirit.

WORLD DREAM

GENTING DREAM

Star Cruises

Star Cruises is a pioneer in the Asia Pacific cruise industry and has a fleet of six ships which includes SuperStar Virgo, SuperStar Gemini, SuperStar Aquarius, SuperStar Libra, Star Pisces and The Taipan, offering various cruise itineraries in Asia.

SUPERSTAR VIRGO

SUPERSTAR LIBRA

SUPERSTAR AQUARIUS

THE TAIPAN

SUPERSTAR GEMINI

STAR PISCES

GENTING CRUISE LINES FLEET

Crystal Cruises

Crystal Cruises is the world's most awarded luxury cruise line, having earned more "World's Best" accolades than any other cruise line, hotel, or resort in history. Crystal has embarked on the most significant brand expansion in the history of luxury travel and hospitality, introducing two new classes of cruising – Crystal Yacht Expedition Cruises and Crystal River Cruises – as well as Crystal Luxury Air and Crystal AirCruises.

CRYSTAL SERENITY

CRYSTAL SYMPHONY

CRYSTAL MOZART

CRYSTAL BACH

CRYSTAL ESPRIT

CRYSTAL MAHLER

CRYSTAL LUXURY AIR

CRYSTAL AIRCRUISES – CRYSTAL SKYE

EIGHT YEARS OF RWM, INTEGRATED RESORT INDUSTRY PIONEER

With the recent growth and popularity of the integrated resort industry, tourism and entertainment in the Philippines has changed for the better, and it all began in 2009. Today, RWM is one of the premier leisure brands in the Philippines and holds the distinction of being the country's first integrated resort. Among its diverse attractions are the all-suite Maxims Hotel, the five-star Marriott Hotel Manila, the value for money Holiday Inn Express Hotel, the business traveller's Belmont Hotel Manila, the iconic Newport Mall that boasts shops and boutiques for international luxury brands, high-end cinemas, as well as the Newport Performing Arts Theater (NPAT) – an award-winning, state-of-the-art 1,500-seat venue for local and international artists and productions.

RWM also managed to tap the local talent pool and create employment opportunities for the local Filipinos by hiring up to 3,000 staff across various operations at the property. Star Cruises, a wholly-owned subsidiary of Genting Hong Kong, had also shifted and relocated its entire surveillance and call center operations to the Newport City site. The establishment of RWM also allowed candidates to be trained locally on site and later sent abroad to other Genting Group and Star Cruises establishments to gain overseas working experience. Travellers made its debut on the Philippine Stock Exchange in November 2013 as the country's fourth and biggest listing of that year.

Having recently celebrated eight years in the business, RWM continues to maintain its leading position in the Philippine entertainment and tourism industries, sponsoring sports events like the RWM Masters, the country's richest golf tournament, and bringing to the stage top-rated productions like The King and I, Priscilla, Queen of the Desert, Annie, and the upcoming Chitty Chitty Bang Bang. To date, NPAT has entertained over half a million patrons—a testament to the ongoing revolution in Philippine theater.

In 2015, RWM opened Marriott Grand Ballroom (MGB), the country's biggest hotel ballroom and has since become a popular choice for Meeting, Incentive, Conference, and Exhibition (MICE) activities. Among the notable MICE activities held at MGB were the 27th Asia-Pacific Economic Cooperation Ministerial Meeting including the 10th World Trade Organisation Ministerial Conference, the 1st YouTube FanFest, and the 23rd Public Relations Society of the Philippines PR Congress, to name a few.

> *"Today, RWM is one of the premier leisure brands in the Philippines and holds the distinction of being the country's first integrated resort."*

Philippine tourist arrivals have been on the rise over the past eight years, reaching six million in 2016. To accommodate the influx of tourists to the country, RWM currently has four hotels with 1,934 rooms. With the imminent completion of its Phase 3 expansion which will add the Hilton Manila, Sheraton Manila Hotel, and the Hotel Okura Manila to its portfolio of international lodging brands, RWM will ultimately boast six hotels with 2,390 rooms.

Travellers is also well into the development of its second Resorts World location in the country. Westside City Resorts World, a 31-hectare property situated in Philippine Amusement and Gaming Corporation's Entertainment City in Paranaque, is scheduled to open in 2020. It is projected to have at least 1,500 hotel rooms from in-house and international hotel brands, plus a grand opera house that will be unlike anything the country has ever seen.

The integrated resort industry in the Philippines may be relatively new, but at the rate the Resorts World brand is growing, all signs indicate that it is an industry that is here to stay. As RWM's president and CEO Kingson Sian put it, "We look at these important milestones as game-changing developments that should provide a further boost to the company's growth in the future, even amidst intensifying competition. Hand-in-hand with the country's improving economic prospects, indeed, the future of RWM has never looked brighter."

TAN SRI LIM KOK THAY

Chairman and Chief Executive Officer
Genting Hong Kong Limited

CHAIRMAN'S STATEMENT

"We are focused on growing our cruise fleet with world-class ships built at the Group's MV Werften shipyard in Germany. Ownership of the yard allows us to side-step global supply constraints as the order book for large cruise ships are up to seven years of current production capacity. While 2017 was challenging, the outlook for 2018 is encouraging due to full year operations of two ships for Dream Cruises, reduction of cruise capacity in Asia and improvements in the performance of Crystal Cruises."

Dear Shareholders,

Genting Hong Kong (the "Group") founded the Asian cruise business 25 years ago under the Star Cruises brand and successfully developed Star Cruises to be the dominant cruise brand in Asia. In 2000, the Group expanded globally by acquiring Norwegian Cruise Line ("NCL") and grew NCL to be the third largest and most profitable on a per passenger cruise day basis. As the Group focused its attention on growing NCL in the North American and European markets, the company continued to closely monitor the significant size and rapid growth of the cruise market in Asia, especially after the announcement of highly supportive cruise policies by the Chinese Government starting in early 2013.

DREAM CRUISES
– Asia's Global Cruise Line

In October 2013, the Group decided to order two 150,000 tons ships from Meyer Werft for delivery in 2016 and 2017. These two new ships would be launched under a new cruise brand, Dream Cruises, to capture the Asian passengers' desire for new and larger cruise ships. The inaugural ship, Genting Dream, was positioned in China's Pearl River Delta with dual homeports in Guangzhou and Hong Kong in November 2016.

With the arrival of the second ship in November 2017, World Dream replaced Genting Dream which was re-positioned to Singapore for homeporting. Both ships operate 2-night weekend getaway cruises and 2, 3 and 5-night weekday cruises to destinations in the region. World Dream calls at the Okinawa Islands in Japan during the summer season and the Philippines and Vietnam during the winter season while Genting Dream calls at ports in Indonesia, Malaysia, Thailand and Cambodia.

The market reception for Dream Cruises has been very successful for a new cruise brand. In just one year of operations, Dream Cruises has already garnered numerous awards and accolades, including:

- Genting Dream rated "Star Performer Top Ten" in the Large Resort category of the highly-revered Berlitz Cruising and Cruise Guide 2018
- Dream Cruises voted "Most Popular Cruise Brand Among Chinese Families" by the Global Times Global Traveler 9th "Most Popular Cruise Brand Among Chinese Families"
- Genting Dream voted "Best New Cruise Ship" at the TTG China Travel Awards 2018
- Genting Dream voted "Best New Ship" and Dream Cruises voted "Best Cruise Line – Entertainment" at the Travel Weekly Asia Reader's Choice Awards 2017
- Dream Cruises' Garden Penthouse, our top suite onboard, was featured on CNN Travel's list of "The Ocean's Most Luxurious Rooms"

Two Global Class ships of 204,000 gross tons with 5,000 lower berths each will be delivered in late 2020 and 2021, bringing Dream Cruises to a fleet of four vessels. They will be positioned in Shanghai and Tianjin during the summer months and re-positioned to Australia, New Zealand, California and ASEAN during the winter months. Steel cutting for the first Global Class ship occurred on 8 March 2018. Developed "from the keel up" for our Asian guests, Dream Cruises will offer global itineraries for the Asian and Chinese sourced markets and become Asia's global cruise line with the youngest fleet in the world.

STAR CRUISES
– The Most Popular Cruise Line in Asia

Star Cruises was voted "Asia's Leading Cruise Line 2017" at the 24th Annual World Travel Awards Asia & Australasia Gala Ceremony in June 2017. In addition, Star Cruises received the "Best Itinerary" Award from the Shanghai Cruise Tourism Festival for SuperStar Virgo's 7-night cruises to Osaka and Tokyo with additional ports of call at Mount Fuji and Kagoshima in September 2017. Star Cruises continues to offer best-in-class services across its fleet, innovating and introducing new concepts with exciting new destinations and cruise itineraries.

Star Cruises has been negatively impacted by the cascading effect of the arrival of new large cruise ships in Shanghai, which displaced older and smaller ships to homeports where Star Cruises' fleet was positioned. Some of these older and smaller competitor ships will be deployed to the US and Europe by late 2018 and it is expected that Chinese cruise capacity will fall about 18% in 2018, leading to a better outlook. The Company has started the design of a new series of cruise ships for Star Cruises, which will replace the aging fleet of Star Cruises.

CRYSTAL CRUISES
– The World's Most Awarded Luxury Cruise Line

Crystal Cruises embarked on a new era of expanded luxury travel and continued its plans to broaden its portfolio and introduce the "Crystal Difference" to Crystal ocean cruise ships, Crystal Yacht Expedition Cruises, Crystal River Cruises, Crystal AirCruises, and Crystal Luxury Air. Crystal Cruises celebrated the delivery of two Rhine Class river cruise vessels, Crystal Bach and Crystal Mahler, in 2017 with another two vessels to come in 2018. Combined with Crystal Mozart which launched in 2016, Crystal River Cruises will have a fleet of 5 vessels.

Crystal Yacht Expedition Cruises started with the delivery of the Crystal Esprit in 2015 and will be joined by Crystal Endeavor in late 2019 for cruises commencing 2020. At 20,000 gross tons, Crystal Endeavor will be the world's largest polar code compliant (PC6) luxury mega yacht, capable of cruising in the Arctic and Antarctic. Unrivaled among expedition ships, she will feature the largest luxury suites, multiple restaurants, a full-service spa and a complete range of "exploration toys" including helicopters, submarines and kayaks. Steel cutting for the first of the Endeavor Class occurred on 15 January 2018.

Crystal Cruises results were impacted in 2017 by the addition of new luxury cruise ships by competitors. However, with the renovation and conversion of Crystal Symphony in 2017 and Crystal Serenity in 2018 to more suites, less passengers and open-seating with more restaurants, profitability will stabilize in 2018 and improve in 2019.

MV WERFTEN & LLOYD WERFT

Faced with supply-side constraints and long lead times from the two European shipyard companies capable of producing large cruise ships, the Group decided to acquire three ship yards with covered halls in the State of Mecklenburg-Vorpommern, Germany in 2016 and named them MV Werften. Significant investments were made to transform them into one of the world's most modern and efficient cruise shipyards. Two "Rhine Class" river ships were delivered in 2017 with two more in 2018. The first of two Endeavor Class expedition ships for Crystal Cruises will be delivered in late 2019 and the first of two 204,000 gross tons "Global Class" ships for Dream Cruises will be delivered in late 2020. Lloyd Werft, in Bremerhaven, was purchased in 2015 and is focused on building luxury private yachts and special vessels.

RESORTS WORLD MANILA AND ZOUK

Resorts World Manila operations have stabilized in its 8th year of operation with a new pedestrian bridge connecting the property to Terminal 3 of the Ninoy Aquino International Airport. Phase 3 of Resorts World Manila's expansion to become a six-hotel integrated resort will be completed by end of 2018. The 31-hectare 1,500 room Westside City Resorts World situated in Philippine Amusement and Gaming Corporation's (PAGCOR) Entertainment City will be completed by 2020. Zouk continues to be a premier lifestyle brand and was voted as Asia's best and #3 globally by the DJ Mag Top 100 Clubs in The World polls. Zouk at Sea is featured onboard all Dream Cruises ships.

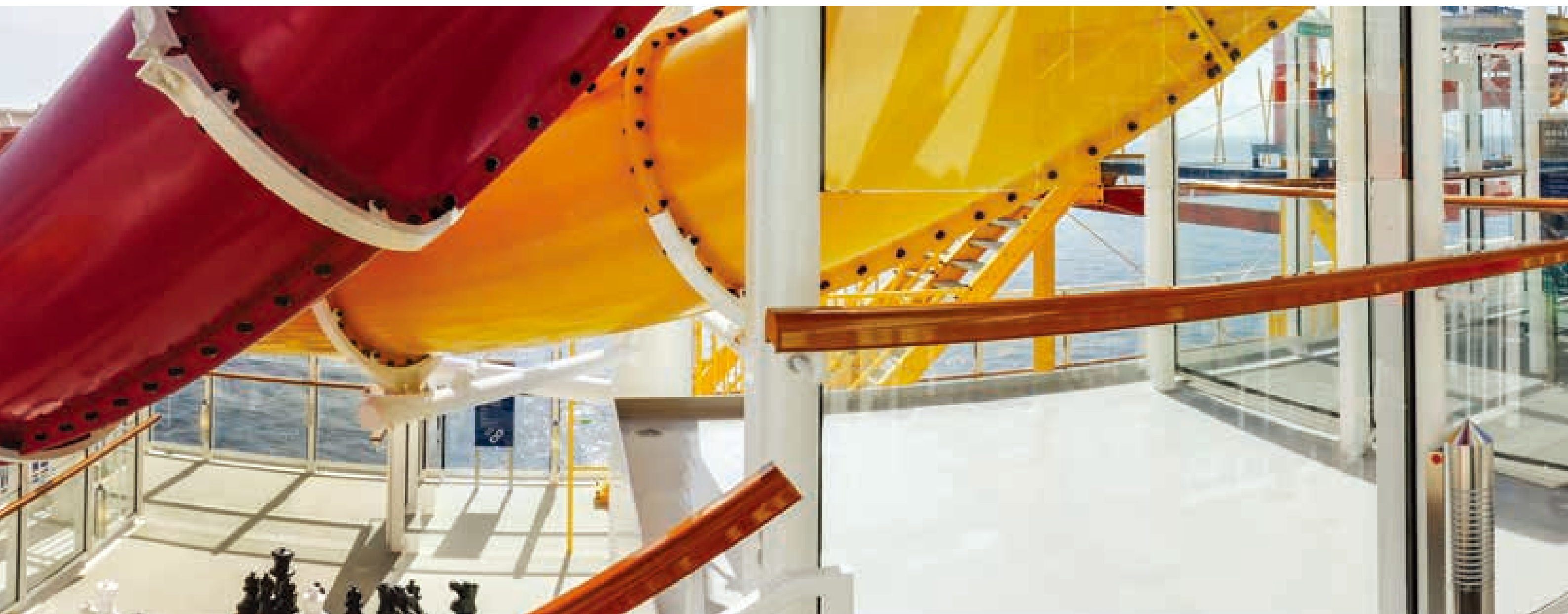
FUTURE OUTLOOK

The Group's outlook for 2018 is encouraging as Dream Cruises will have the first full year of operations of both Dream Class ships, reduction of cruise capacity in Asia resulting in higher demand for Star Cruises and improvement of Crystal Cruises with more capacity and renovated ocean ships. The medium term outlook is also positive as the new Dream Global Class and Crystal Endeavor Class ships are delivered between 2019 and 2022 whilst design work are completed for the Crystal Diamond Class and neo-Star Cruises ships for delivery post 2022.

APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere gratitude and appreciation to all shareholders, valued customers, travel agents, suppliers and business partners as well as various regulatory authorities, for their unwavering support throughout the year. My greatest appreciation is also extended to my distinguished colleagues on the Board for their dedicated contribution. Lastly, I would like to thank the Management and all our employees for their commitment towards ensuring the success of the Group. I look forward to the continued support from all our stakeholders in the coming years.

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer
29 March 2018



GLOBAL HIGHLIGHTS

Launch of World Dream

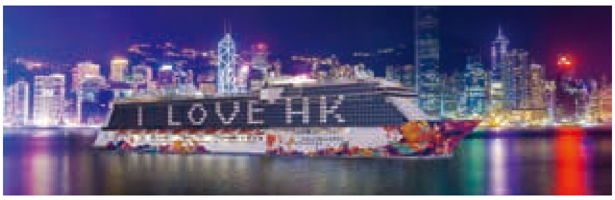
World Dream unveils her new hull artwork

Genting Cruise Lines celebrated the float out of World Dream on 26 August at the Meyer Werft shipyard in Papenburg, Germany. This milestone also marked the unveiling of World Dream's new hull artwork entitled "A Tale of Two Dreams" by renowned artist, Jacky Tsai.

Christening Ceremony of World Dream

During the Christening Ceremony of World Dream in Hong Kong on 17 November, The Chief Executive of the Hong Kong Special Administrative Region, the Honourable Mrs Carrie Lam Cheng Yuet-ngor presented mementos to Tan Sri Lim Kok Thay, Chairman and Chief Executive Officer of Genting Hong Kong and Puan Sri Cecilia Lim, World Dream's Godmother. World Dream is also the first-ever cruise ship to be christened in the history of Hong Kong.

World Dream becomes the first cruise ship to take part in Hong Kong's "A Symphony of Lights"



The daily multi-media show "A Symphony of Lights" in Hong Kong's renowned Victoria Harbour has transformed its performance in December. In addition to the spectacle's 40 participating buildings, World Dream became the first cruise ship to take part in the show.

Handover Ceremony of World Dream

Dream Cruises commemorated the official handover of World Dream on 26 October during a special event in Bremerhaven, Germany. Shipbuilder Meyer Werft delivered World Dream to Dream Cruises with the traditional Changing of the Flag ceremony to signify the official transfer of the ship to Dream Cruises.

World Dream's inaugural arrival at Guangzhou

World Dream officially arrived at her homeport in Guangzhou Nansha on 19 November to begin her deployment. World Dream will succeed her sister ship Genting Dream to serve Guangzhou and the Pearl River Delta with more innovative facilities, itineraries and quality cruise experiences.

Dream Cruises sets a new world record for World Dream

In celebration of World Dream's arrival in Hong Kong, Dream Cruises launched an innovative campaign to build a large-scale replica of World Dream. Collectively built by over 1,000 cruising guests, members of the public and LEGO® Certified Professionals, the giant ship model was declared the largest LEGO® ship in the world and received an official Guinness World Records certificate on 15 November.

Star Cruises fulfils a cancer patient's dream on board SuperStar Libra

Star Cruises made Tan Yan Joo, a 5-year-old cancer patient's dream come true with a specially arranged 1-Night High Seas cruise on board SuperStar Libra for him in May as well as his grandparents, parents and three siblings in Penang, Malaysia.

TWGH Charity Voyages on board Genting Dream

Dream Cruises co-organized two TWGH Charity Voyages on board Genting Dream in January and September. Genting Hong Kong also donated HKD600,000 to support Tung Wah Group of Hospitals' medical, education and community services.

Travel and hospitality career talk with St. James Settlement

On 11 May, around 30 tourism and hospitality students from St. James Settlement visited Star Cruises' SuperStar Virgo. From the ship tour, students gained a better understanding of the operations and working environment of the tourism and hospitality industry, as well as the job requirements needed to enter this field.

Scouts enjoyed a fun day on Genting Dream

Nearly 60 scouts and family members visited Genting Dream in Hong Kong on 4 June. Families enjoyed the ropes course and rock climbing facilities in the open deck after touring around the ship.

Genting Hong Kong supports the Breast Cancer Foundation

During the Breast Cancer Awareness Month in October, Genting Hong Kong joined hands with the Breast Cancer Foundation for the Pink Ribbon Walk and Wear The Pink Ribbon Campaign in Singapore as well as to conduct a breast cancer awareness talk for SuperStar Gemini passengers and crew members as well as staff in the Singapore office.

10 Years Plus Caring Company logo

The Hong Kong Council of Social Service awarded the 10 Years Plus Caring Company Logo to Genting Hong Kong Limited, in recognition of the company's commitment in caring for the community, caring for the employees and caring for the environment over the past years.

GLOBAL HIGHLIGHTS

Awards

Star Cruises Celebrates a Decade at the TTG "Travel Hall of Fame"

Star Cruises received the Travel Trade Gazette's "Travel Hall of Fame" Award, celebrating ten years of induction into the Hall of Fame in recognition of Star Cruises' outstanding achievement in winning "Best Cruise Operator in the Asia-Pacific" ten years in a row.

Employer of Choice Award

Genting Hong Kong was awarded "Employer of Choice Award", "Asia Pacific Outstanding Employer Award" and "Innovative Recruitment Strategy Award" in recognition of the company's excellence in leadership and innovation in HR functions and practices across Asia Pacific.

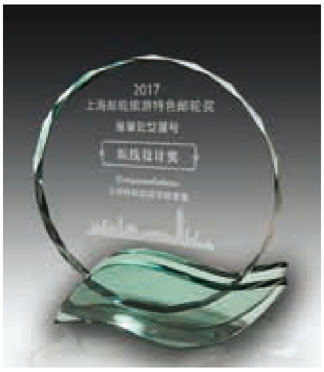
"World's Best" medium sized cruise line

The readers of Condé Nast Traveler have once again voted Crystal Cruises as the "World's Best" medium sized cruise line (501-2,499 guests), marking the record-making 24th year Crystal has earned top honors.

Asia's Leading Cruise Line 2017

Star Cruises was voted "Asia's Leading Cruise Line 2017" at the 24th Annual World Travel Awards. Star Cruises was once again recognised by travel and tourism professionals worldwide as "Asia's Leading Cruise Line" for six consecutive years since 2012.

The Best Itinerary Design Award



Star Cruises, was honoured with the Best Itinerary Award during the Shanghai Cruise Tourism Festival organized by the Shanghai Baoshan Government in recognition of its innovative 8D7N "Golden Sea Route" itinerary to Japan departing from Shanghai.

Travel + Leisure's 2017 "World's Best Awards"

In Travel + Leisure's 2017 "World's Best Awards," Crystal River Cruises was voted "Best River Cruise Line" and Crystal Yacht Expedition Cruises was voted "Best Small-Ship Ocean Cruise Line." Crystal Cruises continued to shine as well, having been named as one of the Best Large-Ship Ocean Cruise Lines again.

Travel Weekly Asia Reader's Choice Awards

In Travel Weekly Asia Reader's Choice Awards 2017, Star Cruises continues to dominate the F&B segment by winning the 'Best Cruise Line – Cuisine' category, while Crystal Cruises took the 'Best Cruise Line – Luxury' category once again this year. Adding to the honours, Dream Cruises, was also proud to garner two awards with the debut of Genting Dream as the 'Best New Ship' and in the 'Best Cruise Line – Entertainment' category.

TravelAge West WAVE Awards

During the annual TravelAge West WAVE Awards black-tie gala in Los Angeles, Crystal Cruises was presented two awards from the editors of TravelAge West – 'Cruise Line with the Highest Guest Satisfaction (under 1,300 guests)' and 'Best Suites (Crystal Serenity)'.

2017 Cruise Critic Awards 'Editors' Pick' For Luxury

The 2017 Tenth Annual Cruise Critic Editors' Picks Awards named Crystal Cruises as the Editors' Pick in the luxury category for Best Service, Best for Solo Travelers, and Best Ship Refurbishment for Crystal Symphony. In the river category, Crystal River Cruises won for Best Dining.

The Best Employer in the Tourism & Hospitality Industry

Genting Cruise Lines was named "The Best Employer in the Tourism & Hospitality Industry" in recognition of its outstanding performance in HR practices, service innovation, brand awareness & social responsibility in the industry.

Virtuoso "Best Culinary Experience" in the cruise category

The diverse, globally-inspired culinary experience offered aboard Crystal Symphony and Crystal Serenity has earned the top honors from the savvy travel professionals of Virtuoso, who voted Crystal Cruises as the "Best Culinary Experience" in the cruise category during the organisation's annual Virtuoso Travel Week in Las Vegas.

GLOBAL HIGHLIGHTS

Marketing Activities

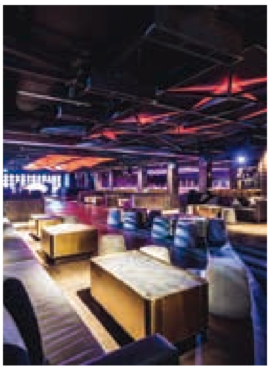
SuperStar Virgo's deployment in the Philippines

The Philippines welcomed SuperStar Virgo's arrival on 19 March in Manila when she began her inaugural homeport deployment in the country. The occasion was commemorated with a special ceremony at Manila South Harbour, which was attended by Executive Secretary Salvador C. Medialdea as the Guest of Honour, representing President Rodrigo Roa Duterte from the Office of the President of the Philippines, together with Secretary Wanda Corazon Tulfo-Teo from the Philippines Department of Tourism.

SuperStar Virgo begins her Shanghai deployment

On 5 July, Star Cruises held an official ceremony to commemorate SuperStar Virgo's new homeport deployment in Shanghai. The new deployment takes passengers on a multi-homeport "Golden Sea Route" itinerary from Shanghai, Tokyo and Osaka with a unique and first-of-its-kind 8-day/7-night cruise elevating Chinese itineraries to international standards.

Zouk Singapore Opens Luxurious New Lounge



Capital, a luxurious lounge on the 2nd floor of Zouk Singapore, newly opened in February. On top of a clubbing space, the lounge also houses an intimate enclave that carries over 40 different types of exquisite whiskies.

Launch of Crystal AirCruises

Genting Hong Kong launched Crystal Skye, the world's only twin-aisle private plane and the newest member of Crystal AirCruises in July. Crystal Skye will offer wondrous new experience to discerning travelers, increasing Crystal's brand presence in the region.

DreamElite launch

DreamElite 星夢薈

DreamElite, the guest recognition programme of Dream Cruises, officially launched on 14 May. Upon enrolment, guests will earn Dream Points on all qualifying cruise nights and spending on board for exclusive member benefits and privileges to enrich their cruising experience on board Genting Dream and World Dream.

Models Go On Board SuperStar Virgo

Taiwan TV variety show, Models Go, filmed two special cruise episodes on board SuperStar Virgo during its Kaohsiung / Hong Kong / Manila / Laoag / Kaohsiung cruise in March. Both episodes were broadcasted on TV during prime time and through online video channels, reaching an audience of more than 300,000.

Marketing Activities

Genting Dream arrives at her new homeport in Singapore

Genting Dream arrived at her new whole-year homeport in Singapore on 15 November. Guests can now enjoy inspirational cruises to a number of extraordinary Southeast Asian ports-of-call including Indonesia, Malaysia and Thailand.

SuperStar Virgo's inaugural calls to Japanese ports

SuperStar Virgo visited Osaka, Yokohama and Shimizu for the first time in July. Festive events were held at each port to warmly welcome the arrival of the ship.

Crystal River Cruises Christens Crystal Bach

Crystal River Cruises christened Crystal Bach, the first of its four new build "Rhine Class" river ships, on August 20 in Germany. German opera star Anna-Maria Kaufmann was named Crystal Bach's godmother.

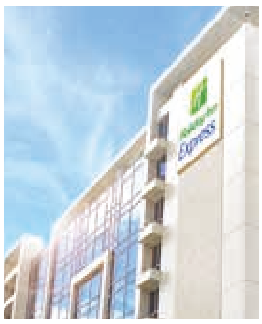
"Old Master Q At Sea" theme cruise

Star Cruises collaborated with one of Hong Kong's all-time favourite comic strips to introduce Asia's first-ever "Old Master Q At Sea" themed cruises from 26 November to 31 December where guests can enjoy fun-filled activities with Old Master Q and friends.

Crystal Mahler sets sail

Crystal River Cruises officially welcomed Crystal Mahler to its fleet on 20 September in Germany during a handover ceremony held at MV Werften Shipyard. The second "Rhine Class" river ship was christened by godmother Lauren Barfield.

Holiday Inn Express joins RWM hotel lineup



InterContinental Hotels Group opened its first and only Holiday Inn Express location in the country in Newport City, joining Resorts World Manila's growing portfolio of international hotel brands.

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

Group President

Mr. Colin Au Fook Yew

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

Estera Services (Bermuda) Limited

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

Auditor

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

Internet Homepage

www.gentinghk.com

Investor Relations

Enquiries may be directed to:

Mr. Kenneth Ho
Vice President – Corporate Finance
Hong Kong SAR
Tel: (852) 23782000
Fax: (852) 29574635
E-mail: kenneth.ho@gentinghk.com

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General Description of the Group's Business

Genting Hong Kong Limited ("Genting Hong Kong", "the Group", "we") is a leading global leisure, entertainment and hospitality enterprise. Our portfolio includes Genting Cruise Lines comprising of Dream Cruises, Star Cruises and Crystal Cruises; our German shipyards MV Werften and Lloyd Werft; prominent nightlife brand Zouk; and Resorts World Manila ("RWM").

Headquartered in Hong Kong, Genting Hong Kong has a presence in more than 20 locations worldwide with offices and representation in Australia, China, Germany, India, Indonesia, Japan, Malaysia, the Netherlands, the Philippines, Singapore, Sweden, Taiwan and the United States.

A pioneer in its own right, Genting Hong Kong was incorporated in November 1993. Operating its fleet under Star Cruises the Group has since nurtured and grown the Asia Pacific region as an international cruise destination. Star Cruises has built its reputation on offering first-rate Asian hospitality throughout its fleet of six vessels including SuperStar Virgo, SuperStar Gemini, SuperStar Aquarius, SuperStar Libra, Star Pisces and The Taipan.

Dream Cruises' two new vessels Genting Dream and World Dream, launched in 2016 and 2017 respectively. Production has also started in Germany on a new Global Class ship that is scheduled to join the fleet in 2020.

Crystal Cruises offers luxurious itineraries traversing the globe, featuring journeys with Crystal Cruises, Crystal River Cruises and Crystal AirCruises. In 2016, Crystal Cruises took delivery of two best-in-class river vessels Crystal Bach and Crystal Mahler from MV Werften in Germany. A new Endeavor Class ship will be joining the fleet in late 2019.

In 2016, Genting Hong Kong established MV Werften comprising of three shipyards in Wismar, Rostock and Stralsund, Germany. Together with Lloyd Werft in Bremerhaven, Germany, MV Werften is capable of building mega size ships with the consolidated expertise of approximately 2,000 workers and extensive facilities of the shipyards.

Zouk is an iconic music-driven entertainment club that provides a world-class clubbing experience featuring electronic dance music and internationally renowned DJs. Zouk is currently ranked amongst the top-three in DJ Mag's Top 100 Clubs global poll, and is recognized as the trendsetter in Asia's dance music scene.

Travellers International Hotel Group, Inc. (" Travellers"), an associate of Genting Hong Kong, opened its first land-based attraction, RWM, in the Philippines in August 2009. RWM is the Philippines' first one-stop, nonstop vacation spot for topnotch entertainment, featuring four hotels, an iconic shopping mall, four high-end cinemas and a multi-purpose performing arts theatre. Travellers has been listed on the Philippine Stock Exchange since November 2013.

Genting Hong Kong is listed on the Main Board of the Stock Exchange of Hong Kong Limited under the stock code "678". Travellers is listed on the Philippine Stock Exchange under the ticker "RWM".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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/losses
- Gross Cruise Cost: the sum of total operating expenses and selling, general and administrative expenses less expenses relating to shipyard operations and non-cruise activities
- Gross Yield: total revenue from cruise and cruise-related activities per Capacity Day
- Net Cruise Cost: Gross Cruise Cost less commission, incentives, transportation and other related costs and onboard costs
- Net Cruise Cost Excluding Fuel: Net Cruise Cost less fuel costs
- Net Revenue: total revenue from cruise and cruise-related activities less commission, incentives, transportation and other related costs and onboard costs
- Net Yield: Net Revenue per Capacity Day
- Occupancy Percentage: the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins
- Passenger Cruise Days: the number of passengers carried for the period, multiplied by the number of days in their respective cruises
- Travellers: Travellers International Hotel Group, Inc.

Overview

Total revenues

Total revenues of the Group consist of the following:

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 shipyard operations primarily consists of revenue from shipbuilding, repairs and conversion activities.

Revenue from our non-cruise activities primarily consists of revenue from our onshore hotel, travel agent, aviation (including AirCruises and air-related services), entertainment, sales of residential property units and dividend income from investments, none of which are of a significant size to be reported separately.

Overview (Continued)

Operating expenses

Operating expenses consist of commissions, transportation and other expenses, onboard and other expenses, payroll and related expenses, fuel expenses, food expenses, cost of sales of residential property units and other operating expenses.

Commissions, incentive, transportation and other expenses consist of those amounts directly associated with passenger ticket revenues. These amounts include travel agent commissions, air and other transportation expenses, credit card fees and certain port expenses.

Onboard and other expenses consist of direct costs that are incurred primarily in connection with onboard and other revenues. These costs are incurred in connection with entertainment onboard, shore excursions, beverage sales, land packages and sales of travel protection for vacation packages.

Payroll and related expenses represent the cost of wages and benefits for employees and food costs for crew.

Fuel expenses include fuel costs, the impact of fuel hedges and delivery costs.

Food expenses consist of food costs for passengers, which typically vary according to the number of passengers onboard a particular cruise ship.

Other operating expenses consist of costs such as repairs and maintenance, insurance and other expenses.

Selling, general and administrative expenses

Selling expenses consist of the expenses in respect of the Group's marketing activities. These marketing activities include advertising and promotional activities, and other passenger related services, such as the Group's loyalty programmes.

General and administrative expenses consist of shoreside personnel wages and benefits, and expenses relating to the Group's world-wide offices, information technology support, crew training and support, operation of the Group's reservation call centres and support functions, accounting, purchasing operations, ship administration and other support activities.

Depreciation and amortisation expenses

Depreciation and amortisation expenses consist primarily of depreciation of ships and shoreside assets. Costs associated with drydocking a ship are deferred and included in the cost of the ship and amortised over the period to that ship's next scheduled drydocking which is generally once every two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016")

Loss for the year of the Group improved from US$504.2 million in 2016 to US$244.3 million in 2017. The reduction in loss is mainly attributable to a number of factors including:

(i) One-off gain of US$205.0 million in respect of the disposal of certain available-for-sale investments and the absence of an impairment loss on ordinary shares in Norwegian Cruise Line Holdings Ltd. ("NCLH") of US$305.0 million in 2016; offset by:

(ii) Start-up losses in the Dream Cruises brand for World Dream that arrived in Hong Kong and the re-positioning of Genting Dream to Singapore in November 2017, Crystal Cruises brand extensions in river cruises and the launch of AirCruises;

(iii) Dream Cruises, launched slightly more than a year ago is performing well with improving occupancies and net yields in both the Hong Kong/Guangzhou and Singapore markets. However, the arrivals of new and large ships of competitors have caused smaller and older ships to relocate to ports where Star Cruises ships are positioned, creating downward pressures on occupancies and yields. This situation is expected to improve as competitors had announced approximately 18% reduction in capacity by the end of this year. Crystal Cruises faces significant competition in 2017, as competitors have launched new luxury ships, leading to approximately 16% increase in berth capacity in the luxury sector. The renovation of Crystal Symphony in late 2017 and Crystal Serenity in late 2018 with less passengers, more suites and an additional Chinese restaurant will enable free seating, an essential feature for Crystal Cruises to compete more effectively in the luxury sector;

(iv) MV Werften recorded a full year start-up losses in 2017 as compared to an eight months losses in 2016. However, with the steel cutting for both the Endeavor Class and Global Class ships in January and March 2018 respectively, the Group will capitalise the shipbuilding cost as part of the new builds;

(v) Additional depreciation and amortisation of the shipyards along with new Dream and Crystal vessels; and

(vi) Additional finance costs on new Dream and Crystal vessels.

Revenue

Revenue from cruise and cruise-related activities increased 11.9% to US$1,016.0 million in 2017 compared with US$908.1 million in 2016. Net Revenue in 2017 increased 14.0% to US$786.0 million from US$689.7 million in 2016 due to an increase in Capacity Days of 33.7%. The increase in Capacity Days was primarily due to the inclusion of full year operation of Genting Dream and Crystal Mozart as well as the launch of World Dream, Crystal Bach and Crystal Mahler during 2017.

Revenue from shipyard operations and non-cruise activities from external customers increased 60.6% to US$174.4 million in 2017 compared with US$108.6 million in 2016 primarily contributed by revenue from its shipyard activities and from sales of residential property units in Mainland China.

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Costs and Expenses

Total operating expenses, excluding depreciation and amortisation, increased 25.6% to US$1,066.2 million from US$848.8 million in 2016 due to inclusion of full year operation of Genting Dream and Crystal Mozart as well as the launch of World Dream, Crystal Bach, Crystal Mahler and AirCruises during 2017, and full year startup and newbuild activities of the shipyards in Germany to gear up for the Global Class and Endeavor Class ships in 2017, as compared with its eight months' post-acquisition activities in 2016. Selling, general and administrative expenses, excluding depreciation and amortisation, increased 10.2% to US$285.2 million in 2017 from US$258.9 million in 2016 mainly due to the full year operation of Genting Dream and higher marketing costs of Crystal Cruises.

Net Cruise Cost per Capacity Day decreased 10.2% primarily due to better cost control of Star Cruises and Dream Cruises fleet, such decrease was partially offset by higher fuel expenses (2017: US$401 per metric ton; 2016: US$318 per metric ton).

Total depreciation and amortisation expenses increased 44.1% to US$190.5 million in 2017 compared with US$132.2 million in 2016 primarily due to additional depreciation of new Dream and Crystal cruise vessels and full year depreciation of shipyards in Germany acquired in April 2016.

Share of Profit/(Loss) of Joint Ventures and Associates

Share of profit of joint ventures and associates totalled US$1.3 million compared with US$32.4 million in 2016. The decrease is mainly due to lower contribution from Travellers which was affected by closure of the gaming area and portions of non-gaming segment for most of June 2017 following the incident on 2 June.

Other Expenses, net

Net other expenses in 2017 amounted to US$0.8 million compared with US$7.5 million in 2016. In 2017, net other expenses mainly included write off and loss on disposal of property, plant and equipment of US$17.3 million, which was partially offset by the gain on foreign exchange amounted to US$12.9 million resulting from appreciation of certain foreign currencies against US dollar and other miscellaneous income of US$3.6 million. In 2016, net other expenses mainly included the reorganisation costs for shipyard operations amounted to US$13.0 million which was partially offset by other miscellaneous income of US$6.4 million.

Other Gains/(Losses), net

Net other gains in 2017 amounted to US$166.1 million compared with net other losses of US$301.1 million in 2016. In 2017, net other gains mainly included US$205.0 million gain on disposal of certain available-for-sale investments and impairment loss of US$22.6 million on an aircraft.

Net other losses in 2016 mainly included an impairment loss of US$305.0 million on ordinary shares in NCLH and US$10.0 million gain on disposal of certain available-for-sale investments.

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Net Finance Costs/Income

Net finance costs (i.e. finance costs, net of finance income) in 2017 of US$42.3 million was recorded compared with the net finance income (i.e. finance income, net of finance costs) amounted to US$3.7 million in 2016 primarily due to higher interest expenses resulting from higher outstanding loan balances and borrowing rates and lower capitalised interest for certain qualifying assets.

Loss Before Taxation

Loss before taxation for 2017 was US$227.3 million compared with loss before taxation of US$495.6 million in 2016.

Loss Attributable To Equity Owners

Loss attributable to equity owners of the Company was US$242.3 million for 2017 compared with the loss attributable to equity owners of US$502.3 million in 2016.

Liquidity and Financial Resources

As at 31 December 2017, cash and cash equivalents amounted to US$1,147.7 million, an increase of US$107.4 million compared with US$1,040.3 million as at 31 December 2016. The increase in cash and cash equivalents was primarily due to cash inflow of (i) net proceeds from disposal of available-for-sale investments of US$862.7 million; and (ii) US$1,292.3 million from loans drawdown. The cash inflow was partially offset by cash outflow of (i) US$1,236.6 million for capital expenditure of property, plant and equipment (including US$24.2 million for Star Cruises' and Dream Cruises' existing vessels, US$678.6 million for Dream Cruises new build vessel, US$246.4 million for Crystal Cruises vessels and aircrafts); (ii) US$616.3 million for repayment of existing bank loans and borrowings and payments of financing costs; and (iii) payment of dividends of US$169.7 million.

The majority of the Group's cash and cash equivalents are held in US dollar, Euro, Chinese Renminbi, Hong Kong dollar and Singapore dollar. The Group's liquidity as at 31 December 2017 amounted to US$1,784.2 million (31 December 2016: US$1,269.7 million), which comprised cash and cash equivalents and undrawn credit facilities.

As at 31 December 2017, total loans and borrowings amounted to US$1,888.2 million (31 December 2016: US$1,172.2 million) and were mainly denominated in US dollar. Approximately 39% (31 December 2016: 1%) of the Group's loans and borrowings was under fixed rate and 61% (31 December 2016: 99%) was under floating rate. Loans and borrowings of US$297.4 million (31 December 2016: US$135.2 million) are repayable within a year. The outstanding borrowings and unused credit facilities of the Group are secured by legal charges over assets including fixed and floating charges of US$2.9 billion (31 December 2016: US$2.0 billion).

The Group was in a net debt position of US$740.5 million as at 31 December 2017, as compared with US$131.9 million as at 31 December 2016. The total equity of the Group was approximately US$4,579.3 million (31 December 2016: US$4,823.2 million). The gearing ratio as at 31 December 2017 was 16.2% (31 December 2016: 2.7%). The ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current loans and borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents.

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

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Travellers

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

In 2017, Travellers reported P19,258.9 million (US$381.3 million) in net revenues and P3,458.3 million (US$68.5 million) in EBITDA, compared with P25,094.6 million (US$527.2 million) in net revenues and P6,420.5 million (US$134.9 million) in EBITDA in 2016.

Direct costs amounted to P9,093.2 million (US$180.0 million) in 2017, which decreased from P10,616.1 million (US$223.0 million) in 2016. The decrease was primarily due to decrease in gaming license fees in 2017.

General and administrative expenses amounted to P8,639.3 million (US$171.1 million) in 2017, compared with P9,701.1 million (US$203.8 million) in 2016. The decrease was due to (i) decrease in general and marketing expenses mainly pertains to commission paid to junket operators; and partially offset by (ii) full year depreciation for Marriott West Wing which was capitalised in November 2016.

Finance costs amounted to P844.5 million (US$16.7 million) in 2017, which decreased from P1,458.6 million (US$30.7 million) in 2016, primarily due to maturity of the US$300.0 million bond in November 2017 which took away the foreign exchange fluctuation and brought down interest expenses.

Losses from casualty, net of insurance claims amounted to P430.4 million (US$8.5 million) as a result of the incident on 2 June 2017.

Net profit decreased from P3,398.5 million (US$71.4 million) in 2016 to P241.7 million (US$4.8 million) in 2017.

The cash and cash equivalents balance decreased from P13,250.2 million (US$267.7 million) as at 31 December 2016 to P10,553.2 million (US$212.1 million) as at 31 December 2017, while the loans and borrowings balance increased from P21,879.1 million (US$442.0 million) as at 31 December 2016 to P31,443.1 million (US$632.0 million) as at 31 December 2017 for capital expenditure requirements.

Prospects and Strategy

Genting Cruise Lines, a new division of Genting Hong Kong comprising of the three cruise brands, Dream Cruises – "Asia's Global Cruise Line", Star Cruises – "The Most Popular Cruise Line in Asia", and Crystal Cruises – "The World's Most Awarded Luxury Cruise Line", will continue to expand our business and provide global itineraries for our passengers.

With the rapid growth of cruise passengers in the Asian region, the Group decided to order two new 150,000 gross ton cruise ships in 2013 for delivery in November 2016 and November 2017. In order to differentiate the new, billion-dollar ships from the older tonnage in the market, Dream Cruises was established with the first ship "Genting Dream" positioned in the Pearl River Delta of China with dual homeports in Guangzhou and Hong Kong. With the launch of "World Dream" in November 2017 in Guangzhou and Hong Kong, "Genting Dream" was re-positioned to Singapore for homeporting. Both ships operate a variety of itineraries including 2-night weekend getaway cruises and 2, 3 and 5-night weekday cruises to destinations in the region. The World Dream visits the Okinawa Islands in Japan during the summer season and Manila and Boracay in the Philippines and Ho Chi Minh City and Nha Trang in Vietnam during the winter season. The Genting Dream visits Bali and Surabaya in Indonesia, Kuala Lumpur and Penang in Malaysia and Phuket in Thailand. Both ships are profitable and continue to improve with refined itineraries, more channels of distribution, increased market penetration and more efficiency in operations.

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Prospects and Strategy (Continued)

Dream Cruises has been very well received in the Asian market, being the first authentic Asian designed ship drawing on the 25 years' experiences of the Group. Genting Dream was rated "Star Performer Top Ten" in the Large Resort category of the highly-revered Berlitz Cruising and Cruise Guide 2018. This acknowledgement comes on the heels of other awards for Dream Cruises such as the Global Times's "Most Popular Cruise Brand Among Chinese Families", Travel Weekly Asia Reader's Choice Awards 2017 'Best New Ship' award for the Genting Dream, "Best Cruise Line – Entertainment" award for Dream Cruises, Genting Dream's Garden Penthouse listed on "The Ocean's Most Luxurious Rooms" by CNN and many other awards.

Asia is the world's largest and fastest growing outbound market, in particular Chinese outbound tourists. About a billion people in Asia will reach middle-class status by 2030 and they have the disposable income to travel and cruise. In addition to boarding from nearby homeports, Asians who are traveling to other regions such as Australia/New Zealand, Europe and the Americas will increasingly consider cruising as the more comfortable and convenient alternative to a land vacation. As compared with other nations such as the United States, United Kingdom, Germany and Italy who have multiple global cruise brands, Dream Cruises' mission is to become "Asia's Global Cruise Line", offering not only cruises in Asia but in other global regions such as Australia, Europe and the United States. These global itineraries mean advanced bookings and payments as passengers have to book flights to travel to those destinations.

With a global fleet in mind, the Company designed, from the ground up, the 204,000 gross ton "Global Class" ships with features preferred by the Asian source markets. Whilst the ships are similar in size to the latest generation of ships of other cruise lines, the "Global Class" ships will incorporate Asia's early adoption of artificial intelligence and biometrics such as facial recognition & voice activation, robotics, and other digital advancements. The "Global Class" ships will also feature the world's first Cineplex and theme park with roller coaster, Asian and Western spa facilities, multiple authentic Asian dining experiences, including fast-casual food alternatives, and affordable shopping facilities in addition to luxury retail boutiques.

The "Global Class" ships are designed with spacious standard staterooms, which are larger than other cruise lines and can accommodate 2, 3 or 4 passengers with a king bed and king sofa bed. Split (two) bathrooms are convenient as two persons can be using them at the same time. For Asians who usually travel with families, the ability to offer free fares for the third and fourth passengers in the same cabin during the low season will be a great competitive advantage and the ability to price full fares for four passengers during the peak season will significantly improve yields. In order to cater for the peak season, sufficient lifeboats are provided for a peak capacity of 9,500 passengers. 8 sets of escalators will connect public areas for efficient traffic flow.

After three years of design, the steel cutting ceremony for the first of two Global Class ships occurred on 8 March 2018 at the Group-owned MV Werften and these ships are to be delivered in late 2020 and 2021. These two Global Class ships are currently planned to be positioned in Shanghai and Tianjin during the summer months and in Australia, New Zealand, California and the ASEAN region during the winter months. With four new large ships and world itineraries, Dream Cruises will be "Asia's Global Cruise Line" with the youngest cruise fleet in the world.

Star Cruises will position SuperStar Virgo mainly in Shanghai and Manila, with shorter deployment in Taiwan, Dalian, Tianjin and Qingdao. SuperStar Aquarius will continue her deployment in Keelung. SuperStar Gemini will spend the majority of her time in Xiamen and in Keelung during the winter. These ships offer cruises to Naha, Miyakojima, Ishigaki and ports in the main island of Kyushu. Star Cruises was voted "Asia's Leading Cruise Line 2017" at the 24th Annual World Travel Awards Asia & Australasia Gala Ceremony in June 2017. In addition, Star Cruises received "Best Itinerary" from Shanghai Cruise Tourism Festival for SuperStar Virgo's 7-night cruises to Osaka and Tokyo with additional port of calls at Mount Fuji and Kagoshima in September 2017. The Company is starting the design of a new class of ships for Star Cruises to replace the current fleet in the coming years.

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Prospects and Strategy (Continued)

Crystal Cruises' two ocean cruise ships are being extensively renovated to allow for open dining seating, a must have feature in luxury cruise ships. Open seating was achieved by an increase in the number of suites, which lowers passenger capacity and adding new culinary venues. Crystal Symphony was renovated in October 2017 with great reviews and Crystal Serenity will be renovated in November 2018. Crystal River Cruises is comprised of five all-suite river ships including the completely reimagined Crystal Mozart (July 2016), and four new build sister ships: Crystal Bach (August 2017), Crystal Mahler (September 2017), Crystal Debussy (April 2018), and Crystal Ravel (May 2018). Crystal Yacht Expedition Cruises offers boutique yachting aboard the reimagined all-suite Crystal Esprit (December 2015), and polar expedition cruising on the purpose-built PC6 Crystal Endeavor, the world's premier luxury polar class expedition yacht (debuting 2020). Crystal AirCruises' fully customized Boeing 777-200LR jet, Crystal Skye (August 2017), is available for private charter on customized global itineraries and two special AirCruises to Sydney and Tahiti during the last New Year holiday and an African safari during China's "Golden Week". Further, a new class of ocean ships are being designed for Crystal's ocean fleet to provide more itineraries for guests and reach increasing economies of scale.

Crystal Cruises remains "The World's Most Awarded Luxury Cruise Line", continuing to earn top accolades from consumer and travel industry experts from around the world. In 2017, Travel + Leisure awarded Crystal River Cruises "World's Best River Cruise Line", and Crystal Yacht Expedition Cruises "World's Best Small-Ship Ocean Cruise". In her debut year, Crystal Mozart was voted the "Best New River Ship" by Cruise Critic.

Due to long delivery dates for cruise ships with orders up to 2026, MV Werften, a group of three shipyards in Germany continues to support Genting Cruise Lines with newbuilding efforts. Two "Rhine Class" river ships were delivered in 2017 and two more in 2018. The first "Endeavor Class" expedition yacht for Crystal Cruises will be delivered in late 2019 and the first of two 204,000 gross ton "Global Class" ships for Dream Cruises will be delivered in late 2020.

Zouk continues to solidify its regional expansion as a premium lifestyle and nightlife brand for millennials via its various entities such as F&B outlets, nightclubs and festivals. Zouk has continued to hold annual dance music festival ZoukOut in December, which last attracted 41,000 millennials over 2 days. The 2017 edition was live-streamed to China and reached 1.8 million youth, with more ambitious plans to focus on experiential elements for the festival in 2018. Zouk's latest social gaming lounge concept Red Tail has seen phenomenal success since its inception in December of last year and Zouk Genting in Genting Highlands Resort will open in Q4 2018.

New, exciting projects in Zouk's pipeline include opening a hip seafood concept by 2018 and franchising the Zouk Club model in various other countries. Zouk is committed to its goal of being an industry leader in the global nightlife and lifestyle scene, all whilst introducing millennials to the new Zouk entities and existing Genting group entities. Zouk Singapore clinched #3 in the DJ Mag Top 100 Clubs in The World poll, the best so far in its last 27 years of existence. The DJ Mag poll is the world's preeminent industry benchmark in the dance music scene.

Resorts World Manila (RWM), the Philippines' pioneer integrated entertainment and tourism destination, marked its eighth year in operation with significant milestones, continuous expansion, and many world-class entertainment offerings. In April, an enclosed air-conditioned pedestrian bridge directly connecting Ninoy Aquino International Airport (NAIA) Terminal 3 to Newport City and the RWM complex was officially opened. Dubbed Runway Manila, the bridge, with moving walkways, allows the average person to walk the distance between the airport and Newport City in just a few minutes.

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

Prospects and Strategy (Continued)

Phase 3 of RWM's expansion will continue to be fast-tracked in 2018 when international chain InterContinental Hotels Group (IHG) opens its first and only Holiday Inn Express location in the country in Q1, replacing RWM's value for money Remington Hotel. Completion of the Sheraton Manila Hotel, Hilton Manila, and Hotel Okura Manila is targeted for the fourth quarter, effectively making RWM a six-hotel integrated resort. The new lodgings will also include additional gaming areas, more retail space, and six basement parking decks. The Sheraton Manila Hotel will offer 391 new hotel rooms and Hotel Okura Manila an additional 190 rooms, while Hilton Manila will house 355 rooms. Upon completion of all three, RWM's room count will increase to 2,390 – the biggest among all the integrated resorts in the Philippines. The Westside City Resorts World, a 31-hectare property situated in Philippine Amusement and Gaming Corporation's (PAGCOR) Entertainment City, is planned for 2021 with about 1,000 hotel rooms operated under selected international hotel brands.

Operating Statistics

The following table sets forth selected statistical information:

	Year ended 31 December	
	2017	2016
Passenger cruise days	**3,692,223**	2,922,480
Capacity days	**4,781,990**	3,576,660
Occupancy percentage	**77.2%**	81.7%

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

	Year ended 31 December	
	2017 US$'000	2016 US$'000
Passenger ticket revenue	**611,986**	503,448
Onboard revenue	**404,020**	404,663
Total cruise and cruise-related revenue	**1,016,006**	908,111
Less:		
Commission, incentives, transportation and other related costs	**(146,076)**	(125,996)
Onboard costs	**(83,944)**	(92,457)
Net Revenue	**785,986**	689,658
Gross Yield (US$)	**212.5**	253.9
Net Yield (US$)	**164.4**	192.8

Year ended 31 December 2017 ("year 2017") compared with year ended 31 December 2016 ("year 2016") (Continued)

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:

	Year ended 31 December	
	2017 US$'000	2016 US$'000
Total operating expenses	**1,241,737**	972,175
Total selling, general and administrative expenses	**300,185**	267,695
	1,541,922	1,239,870
Less: Depreciation and amortisation	**(190,505)**	(132,201)
	1,351,417	1,107,669
Less: Expenses relating to shipyard operations and non-cruise activities	**(292,094)**	(198,968)
Gross Cruise Cost	**1,059,323**	908,701
Less:		
Commission, incentives, transportation and other related costs	**(146,076)**	(125,996)
Onboard costs	**(83,944)**	(92,457)
Net Cruise Cost	**829,303**	690,248
Less: Fuel costs	**(84,420)**	(51,339)
Net Cruise Cost Excluding Fuel	**744,883**	638,909
Gross Cruise Cost per Capacity Day (US$)	**221.5**	254.1
Net Cruise Cost per Capacity Day (US$)	**173.4**	193.0
Net Cruise Cost Excluding Fuel per Capacity Day (US$)	**155.8**	178.6

Human Resources

As at 31 December 2017, the Group had approximately 16,127 employees, consisting of approximately 11,755 (or 73%) shipbased officers and crew as well as approximately 4,372 (or 27%) staff employed in the various world-wide offices of the Group. The Group provides 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 Employee 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 year ended 31 December 2017, there is no significant change in the remuneration policies, bonus, share option scheme and training schemes for the Group.

Risk

The Group recognises and continues to manage certain risks and uncertainties that can impact its business. Adverse environmental factors such as typhoons and geopolitical disputes can disrupt cruise itineraries. Cruise assets are mobile and are appropriately re-deployed if needed. Meanwhile, industry organizations such as Cruise Lines International Association, continues to be a global advocate for a safe, secure, healthy, and sustainable cruise ship environment.

Risk (Continued)

Financial Instruments

General

The functional currency of the Group is the US dollar as a substantial portion of the Group's transactions are realised or settled in US dollar. Transactions in currencies other than US dollar ("foreign currencies") are translated into US dollar at exchange rates in effect at the transaction dates. Monetary assets and liabilities expressed in foreign currencies are translated at exchange rates at the date of consolidated statement of financial position. All such exchange differences are reflected in the consolidated statement of comprehensive income.

The Group is exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. The Group attempts to minimise these risks through a combination of the normal operating and financing activities and through the use of derivative financial instruments. The financial impacts of these hedging instruments are primarily offset by corresponding changes in the underlying exposures being hedged. The Group achieves this by closely matching the amounts, terms and conditions of the derivative instruments with the underlying risk being hedged.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate fluctuations on the US dollar value of the Group's foreign currency denominated forecasted transactions. The Group's principal net foreign currency exposure mainly relates to the Euro, Hong Kong dollar, Chinese Renminbi, Singapore dollar and Malaysian Ringgit. To manage this exposure, the Group takes advantage of any natural offsets of the Group's foreign currency revenues and expenses and from time to time when appropriate, to enter into foreign currency forward contracts and/or option contracts for a portion of the remaining exposure relating to these forecasted transactions.

Interest rate risk

Majority of the Group's indebtedness and its related interest expenses are denominated in US dollar and are based upon floating rates of interest. The Group limits its exposure to interest rate fluctuation by entering into variable to fixed interest rate swaps from time to time when appropriate, to fix a portion of interest costs over a period of time. The Group continuously evaluates its debt portfolio, including interest rate swaps to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement.

Fuel price risk

The Group's exposure to market risk on changes in fuel prices relates to the consumption of fuel on its ships. The Group mitigates the financial impact of fluctuation in fuel prices by entering into fuel swap agreements from time to time when appropriate.

Corporate Social Responsibility

Environmental policies and performance

Genting Hong Kong believes that sustainability is a business strategy that creates long-term value. We are committed to protecting the environment, minimizing the environmental impact of our business operations and complying with applicable environmental legislative and regulatory requirements. We have adopted a series of environmental policies that guide our daily operations to achieve higher environmental standards. Our Environmental Management System identifies and manages the environmental impact of our business. The system is also able to identify environmental opportunities, enforce programs, promote awareness among our employees and stakeholders and seek continuous improvement.

Corporate Social Responsibility (Continued)

Compliance with Laws & Regulations

The legal and regulatory environment is monitored by the Group's Legal Department. It is responsible for monitoring daily legal affairs of the Group, including preparing, reviewing and approving all legal documents in conjunction with finance, business units and other relevant departments of the Group, and advising the Management of the Group on legal and commercial issues of concern. To ensure regulatory compliance in different jurisdictions, the Group's Legal Department monitors and reviews applicable laws and regulations within the frameworks of the Group's operations and the Group also adopts various internal policies and procedures to enable the business units to comply with the applicable laws and regulations accordingly. The Group's Legal Department also engages external legal advisers to ensure the requisite professional standards are adhered to.

Relationships with key stakeholders

Genting Hong Kong's success relies on the trust and support from our stakeholders including customers, business partners, employees and the community. We are committed to establishing stronger relationships with our stakeholders and to jointly working towards our common goal of sustainable development.

Customers

Genting Hong Kong is dedicated to reinforce our leadership position in the global leisure entertainment and hospitality industry; hence, our guests' experience is our top priority. To demonstrate our commitment to providing quality services for our guests, we actively engage with our guests through interviews and satisfaction surveys. Guests are also welcome to give us feedback through the Group's website and social media platforms.

Business partners and suppliers

We work with our business partners and suppliers to build long-term and mutually beneficial relationships. We emphasize on compliance and adherence to the Group's procurement policies and procedures when engaging our business partners and suppliers. We strive to promote sustainability by incorporating environmental considerations in our supply chain.

Employees

The employees of Genting Hong Kong are an important asset and we strive to provide our employees with a fair and diverse working environment. We encourage communication between management and employees; the periodic review provides an opportunity for management and employees to discuss opportunities for career advancement.

Our major business operations are cruise and shipyard operations, and we are dedicated to protecting our employees' health and safety. We have a comprehensive Safety, Health and Environmental Protection Policy to provide clear guidelines on work-related health and safety issues as well as to ensure our operations comply with relevant laws and regulations.

Community

As a global corporation, we pay close attention to the needs of the communities in which we operate by contributing resources through the organisation of sponsorships and activities and participation in different charity activities across the region including China, Hong Kong, Singapore, Malaysia, Taiwan and the Philippines.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Directors' Profiles

Executive Directors

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Tan Sri Lim Kok Thay, aged 66, was appointed an Executive Director of the Company in September 1994. He is the Chairman and Chief Executive Officer of the Company, a member of the Remuneration Committee and the Nomination Committee and a director of a number of subsidiaries of the Company. He is a Director of Travellers International Hotel Group, Inc., which is listed on the Main Board of The Philippine Stock Exchange, Inc. and an associate of the Company. During the period from July 2011 to March 2015, Tan Sri Lim had served as a Director and the Chairman of the Board of Directors of Norwegian Cruise Line Holdings Ltd., which was an associate of the Company, and was listed on NASDAQ Global Select Market ("Nasdaq") until its transfer of listing from Nasdaq to the New York Stock Exchange in December 2017. Tan Sri Lim focuses on long-term policies and new shipbuildings. He has been with the Group since the formation of the Company in 1993.

Tan Sri Lim is the Executive Chairman of Genting Singapore PLC, a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited and a subsidiary of Genting Berhad ("GENT"); Chairman and Chief Executive of GENT, a company listed on the Main Market of Bursa Malaysia Securities Berhad; Chairman and Chief Executive of Genting Malaysia Berhad ("GENM"), a public listed company in Malaysia in which GENT holds 49.41% equity interest; and a director and Chief Executive of Genting Plantations Berhad, a public listed company in Malaysia and a subsidiary of GENT; Executive Chairman of Genting UK Plc, a public company and an indirect wholly-owned subsidiary of GENM; and a director of Golden Hope Limited, Joondalup Limited and Cove Investments Limited. Golden Hope Limited (acting as trustee of the Golden Hope Unit Trust), Joondalup Limited and Cove Investments Limited are substantial shareholders of the Company.

In addition, Tan Sri Lim is a Founding Member and a Permanent Trustee of The Community Chest, Malaysia. He also sits on the Boards of Trustees of several charitable organisations in Malaysia. Tan Sri Lim is the father of Mr. Lim Keong Hui, the Executive Director – Chairman's Office and Chief Information Officer, and a substantial shareholder of the Company.

Tan Sri Lim holds a Bachelor of Science degree in Civil Engineering from the University of London. He attended the Programme for Management Development of Harvard Business School, Harvard University in 1979. He is a Visiting Professor of the Department of Electrical and Electronic Engineering, Imperial College London and an Honorary Professor of Xiamen University, China.

Directors' Profiles (Continued)

Executive Directors (Continued)

Mr. Lim Keong Hui

Executive Director – Chairman's Office and Chief Information Officer

Mr. Lim Keong Hui, aged 33, was appointed an Executive Director of the Company in June 2013. He is currently the Executive Director – Chairman's Office and Chief Information Officer of the Company and has served the Company for more than nine years. He was the Senior Vice President – Business Development of the Company prior to his redesignation as the Executive Director – Chairman's Office following his appointment as an Executive Director of the Company. Mr. Lim has taken up additional role of Chief Information Officer of the Company since 1 December 2014.

Mr. Lim is also a Non-Independent Executive Director, the Executive Director – Chairman's Office and the Chief Information Officer of GENT, a Non-Independent Executive Director and the Chief Information Officer of GENM and a Non-Independent Non-Executive Director of Genting Plantations Berhad ("GENP"), all of which are listed on the Main Market of Bursa Malaysia Securities Berhad. GENP is a subsidiary of GENT which in turn holds 49.41% equity interest in GENM. Mr. Lim is a director of Genting UK Plc, a public company which is an indirect wholly-owned subsidiary of GENM.

Prior to joining the Company, Mr. Lim had embarked on an investment banking career with The Hongkong and Shanghai Banking Corporation Limited. He holds a Master's Degree in International Marketing Management from Regent's Business School London and a Bachelor of Science (Honours) Degree in Computer Science from the Queen Mary and Westfield College, University of London. Mr. Lim is a son of Tan Sri Lim Kok Thay (the Chairman, an Executive Director and the Chief Executive Officer, and a substantial shareholder of the Company). He is also a member of the Board of Trustees of Yayasan Lim Goh Tong, a family foundation set up for charitable purposes.

Independent Non-executive Directors

Mr. Alan Howard Smith

Deputy Chairman

Mr. Alan Howard Smith, aged 74, has been an Independent Non-executive Director of the Company since August 2000 and is the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee of the Company.

Mr. Smith was the Vice Chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was Chief Executive of the Jardine Fleming Group from 1983 to 1994 and was Chairman of the Jardine Fleming Group from 1994 to 1996. Mr. Smith has over 27 years of investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on two occasions. He was a member of the Hong Kong Special Administrative Region Government's Economic Advisory Committee, and was for 10 years a member of the Hong Kong Government's Standing Committee on Company Law Reform.

Mr. Smith graduated with an LL.B. (Honours) degree from Bristol University, England in 1964, and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970. Mr. Smith is also a director of Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited) and Wheelock and Company Limited, which are listed on the Stock Exchange; and a director of ICBC Credit Suisse Asset Management Co., Ltd.. Mr. Smith had been a director of Noble Group Limited, which is listed on the Singapore Exchange Securities Trading Limited, during the period from March 2002 to April 2016.

Directors' Profiles (Continued)

Independent Non-executive Directors (Continued)

Mr. Lam Wai Hon, Ambrose

Mr. Lam Wai Hon, Ambrose, aged 64, was appointed an Independent Non-executive Director of the Company in June 2013. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lam joined Able Capital Partners Limited in November 2017 and currently serves as its Chairman and Managing Partner. Between April 2011 and October 2017, Mr. Lam served as the Chief Executive Officer and latterly, Country Head (China & Hong Kong) of Investec Capital Asia Limited (formerly known as Access Capital Limited of which Mr. Lam was a director and the co-founder prior to its acquisition by Investec Bank PLC in April 2011). Prior to establishing Access Capital Limited in 2000, Mr. Lam was the managing director and head of Investment Banking for Greater China of Deutsche Bank AG. He was also the managing director and head of Investment Banking for Greater China of Bankers Trust Company, and the managing director of Yuanta Securities (Hong Kong) Company Limited. Mr. Lam started his investment banking career with Kleinwort Benson Group in London in 1984 before joining Standard Chartered Asia Limited in Hong Kong where he held the position of managing director in corporate finance.

Mr. Lam is also an Independent Non-executive Director of China Agri-Industries Holdings Limited, which is listed on the Stock Exchange.

Mr. Lam is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree in Economics & Accounting from University of Newcastle Upon Tyne in England.

Mr. Justin Tan Wah Joo

Mr. Justin Tan Wah Joo, aged 67, was first appointed a Non-executive Director of the Company in August 2014 and was subsequently re-designated as an Independent Non-executive Director and appointed as a member and the Chairman of the Audit Committee of the Company with effect from 22 April 2015.

Mr. Tan has extensive experience in corporate finance and management especially in leisure and hospitality business. He had also served on the boards of a number of listed and public companies. Mr. Tan had been a Non-Executive Director of Genting Singapore PLC ("GENS") from November 1991 to October 2000 and was appointed as its Managing Director from November 2000 to February 2010. Mr. Tan was previously a Non-Independent Non-Executive Director of GENM from September 2005 to December 2005 (prior to that, he held the position of Executive Director from April 1999 up to August 2005). GENS is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited since December 2005 (GENS had also been listed on the Luxembourg Stock Exchange from April 1990 until March 2007 following its application for de-listing). GENM is a public company listed on the Main Market of Bursa Malaysia Securities Berhad since December 1989.

Mr. Tan was also a director of Genting UK Plc from October 2006 to May 2010. He was the President of Resorts World Inc Pte. Ltd. from February 2010 until he retired in April 2013.

Mr. Tan was awarded with a Bachelor of Economics (Honours) degree from the University of Malaya in 1973 and is a Fellow of the Australian Society of Certified Practising Accountants and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

Senior Management Profiles

Mr. Colin Au Fook Yew
Group President

Mr. Colin Au Fook Yew, aged 68, was appointed the Group President of the Company in March 2017. He was the founding President and CEO of the Company, which pioneered the Asian cruise business 25 years ago.

Mr. Au is responsible for Genting Cruise Lines, a collection of the Group's three cruise brands, Dream Cruises, Star Cruises and Crystal Cruises. He is also responsible for MV Werften Holdings Limited, a wholly owned subsidiary of the Company, which owns three German shipyards in the German state of Mecklenburg-Vorpommern, principally involved in building new cruise ships for Genting Cruise Lines; and for Lloyd Werft in the state of Bremerhaven, principally involved in building personal megayachts and specialized vessels.

Mr. Au joined Genting Berhad, Malaysia, 38 years ago and served in different positions globally with affiliates of the Genting Group. Prior to joining the Genting Group, Mr. Au worked for Exxon Corporation for five years in Hong Kong and Malaysia from 1974 to 1979. Mr. Au graduated with a B. Sc (Hons) in Chemical Engineering degree from the University of Birmingham, UK in 1972 and a MBA from the Harvard Graduate School of Business in 1974.

Mr. Blondel So King Tak
Executive Vice President, Corporate Services

Mr. Blondel So King Tak, aged 57, joined the Company in July 2007 as Chief Financial Officer until September 2009 and was appointed as Chief Operating Officer of the Company in October 2009. Mr. So took up the current position as the Executive Vice President, Corporate Services in August 2014.

Mr. So looks after various corporate functions of the Company and also acts as a director of various subsidiaries of the Company as well as the various investments. Mr. So is also a member of the Advisory Committee on Cruise Industry (ACCI).

Mr. So has over 23 years of experience in the financial sector. Prior to joining the Company, he has held a number of senior positions in multinational corporations and listed companies. He graduated with a Bachelor degree in Mathematics from Simon Fraser University, Canada in 1984 and a Master degree in Corporate Finance from Hong Kong Polytechnic University in 2003.

Mr. Chris Chan Kam Hing
Chief Financial Officer

Mr. Chris Chan Kam Hing, aged 52, was appointed as Chief Financial Officer of the Company in December 2017.

Mr. Chan is responsible for the internal control, accounting and financial functions of the Group.

Prior to joining the Group, Mr. Chan has over 27 years of experience in hotel and casino businesses with the last 9 years with Marriott International – Corporate Office for Greater China in Hong Kong to oversee almost 300 hotels. He also spent most of his last 18 years with Chow Tai Fook Group (including Grand Hyatt Hong Kong and Hyatt Hotel & Casino Manila) and Marco Polo Hotel Group.

Mr. Chan is a member of the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. He holds a Master of Science in E-Commerce from the Chinese University of Hong Kong and a Master of Business Administration from the University of Sheffield, United Kingdom. In addition, he has experience in listing and complying as a listed company in Hong Kong.

Senior Management Profiles (Continued)

Mr. Kent Zhu Fuming
President, Genting Cruise Lines

Mr. Kent Zhu Fuming, aged 54, joined the Company in May 2017 as President of Genting Cruise Lines. In his role, he is responsible for the development of the strategic directions and the implementation of innovative business plans to ensure the long term growth of the Company's cruise brands.

Prior to joining the Company, Mr. Zhu held key management positions and has over 30 years of experience in the hotel and hospitality industry including Executive Vice President at Wanda Hotels & Resorts, and Vice President and Global Chief Marketing Officer at Shangri-La Hotels and Resorts.

Mr. Ang Moo Lim
President, Star Cruises

Mr. Ang Moo Lim, aged 43, assumed the position of President, Star Cruises in November 2015. In addition to his role in Star Cruises, he is also responsible for Genting World and Genting Residences located in Chongli, Zhangjiakou, China, one of the sites for the 2022 Winter Olympics, with principal activities of ski apartment sales; and Genting Star hotels in Shanghai, Hangzhou and Suzhou, a budget hotel chain within Greater Shanghai.

Mr. Ang joined the Company in May 1999, and has over the years assumed responsibilities in Finance, Corporate Planning and Investor Relations, before transferring to China in September 2008 to head China Operations. During his tenure in China, Mr. Ang expanded Genting Travel Agency (Shanghai) Company Limited, a wholly-owned foreign entity to various key cities in China. Thereafter, he was progressively promoted to the current position. He also acts as the legal representative and director for a number of subsidiaries of the Company. Mr. Ang holds a Master degree in Business Administration from Universiti Putra Malaysia (1999), and a Bachelor degree in Economic Statistics from Universiti Kebangsaan Malaysia (1997).

Mr. Thatcher Brown
President, Dream Cruises

Mr. Thatcher Brown, aged 50, joined the Company in August 2015 as Chief Marketing Officer. The Company appointed Mr. Brown President of Dream Cruises in November 2015. Mr. Brown is responsible for developing and launching the Dream Cruises brand and its two ships, Genting Dream and World Dream, providing strategic and operational leadership to successfully position Dream Cruises as "Asia's Global Cruise Line" while localizing the ships' guest experience to suit their deployment and market contexts. Mr. Brown is responsible for defining Dream Cruises' immediate and longer-term brand and business strategies that contribute to the overall growth of the Company. Most recently, the Company gave Mr. Brown the additional responsibility to build and lead the newly formed "Crystal Asia" business unit to grow Crystal's luxury Ocean, Riverboat, Yacht, and AirCruise brands and market share throughout Asia.

Prior to joining the Company, Mr. Brown held senior management positions in operations, brand strategy, business development, distribution and marketing with such international hospitality companies as Crystal Cruises, Costa Cruises, Jumeirah Group and Fairmont Hotels & Resorts. He has over 27 years of combined experience in the hospitality and cruise industries. Mr. Brown graduated from the School of Hotel Administration at Cornell University in 1991 with a Bachelor of Science degree in International Management.

Mr. Thomas Michael Wolber
President and Chief Executive Officer, Crystal Cruises

Mr. Thomas Michael Wolber, aged 58, was appointed as President and Chief Executive Officer of Crystal Cruises in September 2017. He served in various executive roles at the Walt Disney Company ("Disney") for the last 28 years, 10 of which were with Disney Cruise Line where he acted as Senior Vice President of Operations. He was involved in transforming Disney Cruise Line from a Port Canaveral based vacation provider to a global cruise line with itineraries covering North America, the Mediterranean and the Baltic. During his time at Disney, Mr. Wolber assisted with the successful design and launch of new-builds including Disney Dream and Disney Fantasy. Additionally, he served as President and Chief Executive Officer of Euro Disney, Paris and held senior executive positions in Disney theme parks and resort operations at the Walt Disney World Resort in Orlando, Florida.

Mr. Wolber graduated with a Bachelor of Science degree in Economics in NHTV, University of Breda and studied Construction Engineering in HTS Leeuwarden.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2017.

Principal Activities, Business Review and Geographical Analysis of Operations

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, shipyard operations and leisure, entertainment and hospitality activities. Further review, discussion and analysis of these activities as required by paragraph 28(2)(d) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") with reference to Schedule 5 to the Hong Kong Companies Ordinance (including a fair review of the Group's business, a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business) can be found in the Chairman's Statement and the Management's Discussion and Analysis of Financial Condition and Results of Operations set out on pages 10 to 13 and 21 to 33 of this annual report respectively, which form part of this report.

Details of the Company's principal subsidiaries are set out in note 36 to the consolidated financial statements.

Geographical analysis of financial information for the year ended 31 December 2017 is set out in note 5 to the consolidated financial statements.

Results

The results of the Company and its subsidiaries for the year ended 31 December 2017 are set out in the consolidated statement of comprehensive income on pages 100 and 101.

Dividends

The Directors have recommended a final dividend in respect of the year ended 31 December 2017 of US$0.01 per ordinary share, totalling approximately US$84.8 million (2016: US$0.01 per ordinary share, totalling approximately US$84.8 million), which will be payable subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Including the interim dividend, total dividend for the full year 2017 will amount to a total of US$0.02 per ordinary share, totalling approximately US$169.6 million (2016: US$0.01 per ordinary share, totalling approximately US$84.8 million).

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 39 to the consolidated financial statements and on pages 106 and 107 of this annual report respectively.

Distributable reserves of the Company at 31 December 2017, calculated under the Companies Act 1981 of Bermuda (as amended), amounted to US$1,359.7 million (2016: US$1,582.8 million).

Audited Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 189.

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 year ended 31 December 2017.

Donations

Charitable and other donations made by the Group during the year amounted to US$0.1 million. As a global corporation, the Company pays close attention to the needs of the communities in which it operates by contributing resources through the organisation of sponsorships and activities and participation in different charity activities. Please refer to the section headed "Corporate Social Responsibility" in "Global Highlights" on page 15 for details.

Principal Properties

Details of the principal properties owned by the Group as at 31 December 2017 are set out on pages 190 and 191.

Share Capital

Details of the movements in share capital of the Company during the year, if any, are set out in note 26 to the consolidated financial statements.

Indebtedness

Details of long-term financing facilities of the Company and its subsidiaries as at 31 December 2017 are set out in note 27 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this report are:

Tan Sri Lim Kok Thay
Mr. Alan Howard Smith
Mr. Lam Wai Hon, Ambrose
Mr. Lim Keong Hui
Mr. Justin Tan Wah Joo

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Lim Keong Hui and Mr. Lam Wai Hon, Ambrose will retire by rotation at the forthcoming Annual General Meeting (subject to the composition of the Directors at the date of the notice convening the said meeting) and will be eligible for re-election at such meeting. The retiring Directors, being eligible, will offer themselves for re-election.

The Company has received from each of the three Independent Non-executive Directors (namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo) an annual confirmation of his independence in accordance with the guidelines set out in Rules 3.13(a) and (c) of the Listing Rules. The Company considers that all Independent Non-executive Directors are regarded as having satisfied the independence guidelines set out in the Listing Rules and are accordingly independent in accordance therewith.

Biographical details of the Directors and senior management are set out on pages 34 to 38.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in relation to the Group's Business

Save as disclosed in the section headed "Connected Transactions" below and in the section headed "Significant Related Party Transactions and Balances" in note 32 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors or the Director's connected entity (within the meaning of section 486 of the Hong Kong Companies Ordinance) had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in the section headed "Connected Transactions" below and in the section headed "Significant Related Party Transactions and Balances" in note 32 to the consolidated financial statements, no contracts of significance (i) between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries; and (ii) for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year.

Connected Transactions

(a) Significant related party transactions entered into by the Group during the year ended 31 December 2017 are disclosed in note 32 to the consolidated financial statements.

(b) Transactions set out in items (a) to (h), (p), (w), (y) and (z) of these related party transactions constitute continuing connected transactions under the Listing Rules, details of which are required to be disclosed in this annual report in accordance with the Listing Rules are given below:

(1) On 30 December 2016, the Company entered into three services agreements with Genting Management and Consultancy Services Sdn Bhd ("GMC"), Genting Malaysia Berhad ("GENM") and Genting Singapore PLC ("GENS") separately to extend the term and to modify the scope of services (as the case may be) of the respective old services agreements, all of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision to relevant members of the Group as and when required from time to time of secretarial, share registration, investor and related ancillary services by GMC (the "GENT-GENHK Services Agreement"); sale of tour and transport related services (including travel and air ticket purchasing), leasing, tickets (other than air tickets) distribution, information technology and implementation, support and maintenance, marketing and promotion, aviation and related ancillary services by relevant members of the GENM group (the "GENM-GENHK Services Agreement"); and leasing and management, housekeeping and maintenance, marketing and promotion, ticket distribution, administrative and other support, information technology and implementation, support and maintenance, and related ancillary services by relevant members of the GENS group (the "GENS-GENHK Services Agreement") respectively.

Transactions under the GENT-GENHK Services Agreement, the GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement are collectively referred to as the "GENT/GENM/GENS (Payable) Transactions".

The prices and the terms of the GENT/GENM/GENS (Payable) Transactions have been determined in accordance with the pricing policies and guidelines set out in the Company's announcement dated 30 December 2016.

Connected Transactions (Continued)

Each of Tan Sri Lim Kok Thay ("Tan Sri Lim") and Mr. Lim Keong Hui ("Mr. Lim") is an Executive Director and a connected person (as defined under Chapter 14A of the Listing Rules) of the Company. Each of Tan Sri Lim and Mr. Lim is a beneficiary of a discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in Genting Berhad ("GENT"). GMC is a wholly-owned subsidiary of GENT. GENM and GENS are also subsidiaries of GENT. Accordingly, pursuant to the Listing Rules, each of GENT, GENM, GENS and GMC is considered to be an associate (as defined under Chapter 14A of the Listing Rules) of each of Tan Sri Lim and Mr. Lim, and is therefore a connected person of the Company. Each of GENT and GENM is a company listed on the Main Market of Bursa Malaysia Securities Berhad while GENS is a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The maximum aggregate annual consideration (the "Annual Cap") for the transactions contemplated under the GENT-GENHK Services Agreement, the GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement respectively for each of the 3 financial years ended/ending 31 December 2017, 2018 and 2019 was/is expected to be as follows:

	For the year ended/ending 31 December		
	2017 US$	2018 US$	2019 US$
Annual amounts paid/payable by the Group under the GENT-GENHK Services Agreement	0.2 million	0.2 million	0.2 million
Annual amounts paid/payable by the Group under the GENM-GENHK Services Agreement	6 million	7 million	10 million
Annual amounts paid/payable by the Group under the GENS-GENHK Services Agreement	6 million	8 million	11 million

For the year ended 31 December 2017, the aggregate amount paid/payable by the Group in respect of the transactions contemplated under the GENT-GENHK Services Agreement, the GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement was approximately US$0.005 million, US$2.2 million and US$1.96 million respectively and has not exceeded the Annual Cap of US$0.2 million, US$6 million and US$6 million respectively.

(2) On 30 December 2016, the Company entered into two services agreements with GENS and GENM separately to extend the term and to modify the scope of services of the respective old services agreements, both of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision by the Group of air ticket purchasing, travel and tickets (other than air tickets) related services, administrative services including human resources and payroll related services, leasing of office space and equipment, marketing and promotion, entertainment and related ancillary services to the GENS group as and when required from time to time (the "GENHK-GENS Services Agreement"); and leasing of office space and equipment, tourism and consultancy, ticket related services, marketing and promotion, purchase of holiday package, aviation and related ancillary services to the GENM group as and when required from time to time (the "GENHK-GENM Services Agreement") respectively.

Transactions under the GENHK-GENS Services Agreement and the GENHK-GENM Services Agreement are collectively referred to as the "GENS/GENM (Receivable) Transactions".

The prices and the terms of the GENS/GENM (Receivable) Transactions have been determined in accordance with the pricing policies and guidelines set out in the Company's announcement dated 30 December 2016.

Connected Transactions (Continued)

The Annual Cap for the transactions contemplated under the GENHK-GENS Services Agreement and the GENHK-GENM Services Agreement respectively for each of the 3 financial years ended/ending 31 December 2017, 2018 and 2019 was/is expected to be as follows:

	For the year ended/ending 31 December		
	2017 US$	2018 US$	2019 US$
Annual amounts received/receivable by the Group under the GENHK-GENS Services Agreement	1 million	1 million	1 million
Annual amounts received/receivable by the Group under the GENHK-GENM Services Agreement	1.5 million	1.5 million	2 million

For the year ended 31 December 2017, the aggregate amount received/receivable by the Group in respect of the transactions contemplated under the GENHK-GENS Services Agreement and the GENHK-GENM Services Agreement was approximately US$0.1 million and US$0.04 million respectively and has not exceeded the Annual Cap of US$1 million and US$1.5 million respectively.

(3) On 9 December 2015, Star Cruises (HK) Limited ("SCHK") as tenant entered into a tenancy agreement (the "Rich Hope Tenancy Agreement") with Rich Hope Limited ("Rich Hope") as landlord in respect of the lease of an apartment located at Flat No. 8 on the 46th Floor (including the Roof Garden thereof) of the Apartment Tower on the Western Side of Convention Plaza, No. 1 Harbour Road, Hong Kong having a gross area of 2,987 sq. ft. with a walk-out garden of 1,829 sq. ft. for 2 years commencing from 1 January 2016 at a fixed rent of HK$160,000 per calendar month, exclusive of rates and management fee (including air-conditioning fee).

SCHK is an indirect wholly-owned subsidiary of the Company. Rich Hope is a company in which each of Tan Sri Lim and his wife holds an attributable interest as to 50%. Transactions under the Rich Hope Tenancy Agreement are referred to as the "Rich Hope Tenancy".

The price and the terms of the Rich Hope Tenancy have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 30 December 2016.

The Annual Cap for the amounts paid/payable by the Group under the Rich Hope Tenancy Agreement for the financial year ended 31 December 2017 would not exceed HK$2.5 million.

For the year ended 31 December 2017, the aggregate amount paid/payable by the Group in respect of the Rich Hope Tenancy was approximately HK$1.9 million and has not exceeded the Annual Cap of HK$2.5 million.

In view of the expiry of the Rich Hope Tenancy Agreement on 31 December 2017, Genting Corporate Services (HK) Limited (an indirect wholly-owned subsidiary of the Company) replacing SCHK as tenant and Rich Hope as landlord entered into a new tenancy agreement (the "2017 Rich Hope Tenancy Agreement") on 27 November 2017 to renew the Rich Hope Tenancy Agreement for a further term of 2 years commencing from 1 January 2018.

Details of the 2017 Rich Hope Tenancy Agreement as well as related Annual Caps and transactions contemplated thereunder will be disclosed in subsequent published annual reports and accounts of the Company for each of the said financial years during the term of the agreement in accordance with the Listing Rules.

Connected Transactions (Continued)

(4) On 21 September 2015, Star Cruises (Australia) Pty Ltd ("SCA") as tenant entered into a lease agreement (the "Ambadell Lease Agreement") with Ambadell Pty Limited ("Ambadell") as landlord in respect of the lease of an office premises located at Suite 801, Level 8, Sussex Centre, 401 Sussex Street, Sydney NSW 2000, Australia having an area of 79.6 sq. m. for 2 years and 4 months commencing from 1 September 2015 at annual rental and fees comprising (i) approximately AUD45,000 per annum plus GST for office; (ii) approximately AUD6,000 per annum plus GST for car parking; and (iii) approximately AUD4,000 per annum plus GST for exterior signage. The annual rent review is at a 3% fixed increase (in respect of office and car parking rental amount) on each anniversary.

SCA is an indirect wholly-owned subsidiary of the Company. Ambadell is ultimately wholly-owned by Golden Hope Limited ("Golden Hope") as trustee of the Golden Hope Unit Trust ("GHUT"). Golden Hope as trustee of the GHUT is a substantial shareholder of the Company.

Transactions under the Ambadell Lease Agreement are referred to as the "Ambadell Lease".

The price and the terms of the Ambadell Lease have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 30 December 2016.

The Annual Cap for the amounts paid/payable by the Group under the Ambadell Lease Agreement for the financial year ended 31 December 2017 would not exceed AUD114,000.

For the year ended 31 December 2017, the aggregate amount paid/payable by the Group in respect of the Ambadell Lease was approximately AUD63,000 and has not exceeded the Annual Cap of AUD114,000.

In view of the expiry of the Ambadell Lease Agreement on 31 December 2017, the parties entered into a new lease agreement (the "2017 Ambadell Lease Agreement") on 21 December 2017 to renew the Ambadell Lease Agreement for a further term of 3 years commencing from 1 January 2018.

Details of the 2017 Ambadell Lease Agreement as well as related Annual Caps and transactions contemplated thereunder will be disclosed in subsequent published annual reports and accounts of the Company for each of the said financial years during the term of the agreement in accordance with the Listing Rules.

(5) On 7 June 2016, SCA entered into a services agreement (the "Ambadell Services Agreement") with Ambadell in respect of the provision of administrative, accounting and other support services by Ambadell to SCA for 2 years commencing from 1 January 2016.

Transactions under the Ambadell Services Agreement are referred to as the "Ambadell Services".

The price and the terms of the Ambadell Services have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 30 December 2016.

The Annual Cap for the amounts paid/payable by the Group under the Ambadell Services Agreement for the financial year ended 31 December 2017 would not exceed AUD52,000.

For the year ended 31 December 2017, the aggregate amount paid/payable by the Group in respect of the Ambadell Services was approximately AUD38,000 and has not exceeded the Annual Cap of AUD52,000.

Connected Transactions (Continued)

In view of the expiry of the Ambadell Services Agreement on 31 December 2017, the parties entered into a new services agreement (the "2017 Ambadell Services Agreement") on 21 December 2017 to renew the Ambadell Services Agreement for a further term of 3 years commencing from 1 January 2018.

Details of the 2017 Ambadell Services Agreement as well as related Annual Caps and transactions contemplated thereunder will be disclosed in subsequent published annual reports and accounts of the Company for each of the said financial years during the term of the agreement in accordance with the Listing Rules.

(6) On 31 December 2015, the Company entered into two services agreements with Secret Garden (Zhangjiakou) Resort Co., Ltd. (formerly known as 3rd Valley (Zhang Jia Kou) Resort Corporation) ("ZJK") for 3 years commencing from 1 January 2016 in respect of the provision of certain services by the Group to ZJK group, and/or vice versa, including the provision by the Group of travel agency, leasing of hotel rooms, shops and/or other areas, sales, contact centre, marketing, advertising and promotion, and other related services, as and when required (the "GENHK-ZJK Services Agreement"); and the provision by ZJK group of hotel operation related and supporting services, including without limitation food and beverage provisioning, catering, laundry, transportation, housekeeping supporting services, leasing of equipment and facilities, property management, repair and maintenance, leasing of rooms, dormitory, convention or function room, activity equipment and facilities, ski tickets sales, and other related services, as and when required (the "ZJK-GENHK Services Agreement").

ZJK is a company in which Golden Hope as trustee of the GHUT has 40.05% indirect equity interest and Datuk Lim Chee Wah has 59.95% indirect equity interest. Datuk Lim Chee Wah is a brother of Tan Sri Lim and an uncle of Mr. Lim.

Transactions under the GENHK-ZJK Services Agreement and the ZJK-GENHK Services Agreement are collectively referred to as the "ZJK Services".

The prices and the terms of the ZJK Services have been determined in accordance with the pricing policies and guidelines set out in the Company's announcement dated 30 December 2016.

The Annual Cap for the transactions contemplated under the GENHK-ZJK Services Agreement and the ZJK-GENHK Services Agreement respectively for each of the 2 financial years ended/ending 31 December 2017 and 2018 was/is expected to be as follows:

	For the year ended/ ending 31 December	
	2017 US$	2018 US$
Annual amounts received/receivable by the Group under the GENHK-ZJK Services Agreement	119,000	131,000
Annual amounts paid/payable by the Group under the ZJK-GENHK Services Agreement	621,000	683,000

For the year ended 31 December 2017, (i) the aggregate amount received/receivable by the Group in respect of the transactions contemplated under the GENHK-ZJK Services Agreement was approximately US$24,000 and has not exceeded the Annual Cap of US$119,000; and (ii) the aggregate amount paid/payable by the Group in respect of the transactions contemplated under the ZJK-GENHK Services Agreement was approximately US$10,000 and has not exceeded the Annual Cap of US$621,000.

Connected Transactions (Continued)

As disclosed in the Company's announcement dated 30 December 2016, for the purpose of computation of the percentage ratios under the Listing Rules, the Annual Caps of the agreements as mentioned under items (1) to (6) above have been/shall be aggregated with each other for the relevant financial years, due to their similar nature. However, each of the transactions set out in items (3) to (6) above is, individually and separately, exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as these transactions were entered into on normal commercial terms or better and the relevant percentage ratios in respect of their respective aggregate annual consideration is under 0.1% de minimis threshold.

(7) On 30 December 2016, the Company entered into a joint promotion and marketing agreement (the "JPM Agreement") with GENM to renew and amend the old joint promotion and marketing agreement which expired on 31 December 2016 for a further fixed term of 3 years commencing from 1 January 2017 in relation to the implementation of joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM group.

Transactions under the JPM Agreement are referred to as the "JPM Transactions".

The prices and the terms of the JPM Transactions have been determined in accordance with the pricing policies and guidelines set out in the Company's announcement dated 30 December 2016.

The Annual Cap for each of the aggregate amounts paid/payable and the aggregate amounts received/receivable by the Group under the JPM Agreement for each of the 3 financial years ended/ending 31 December 2017, 2018 and 2019 was/is expected to be US$1.5 million and US$3 million respectively.

For the year ended 31 December 2017, (i) the aggregate amount paid/payable by the Group in respect of the JPM Transactions was approximately US$0.05 million and has not exceeded the Annual Cap of US$1.5 million; and (ii) the aggregate amount received/receivable by the Group in respect of the JPM Transactions was approximately US$0.5 million and has not exceeded the Annual Cap of US$3 million.

(8) On 14 December 2016, Genting Philippines Holdings Limited ("GPHL") – Philippine Branch (a branch of GPHL registered in the Philippines) replaced Crystal Aim Limited ("CAL") as the service provider and entered into a services agreement (the "RWS Services Agreement") with Resorts World at Sentosa Pte. Ltd. ("RWS") to renew the old services agreement which expired on 31 December 2016 for a further period of 3 years commencing from 1 January 2017 in relation to the provision of the call centre services (the "Call Centre Services"). Pursuant to the RWS Services Agreement, GPHL – Philippine Branch provides the Call Centre Services in the scope of, including but not limited to (i) the 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 in connection with Resorts World Sentosa (the integrated destination resort located at Sentosa, Singapore, owned and operated by RWS) and Genting Hotel Jurong (a hotel developed, owned and operated by a wholly-owned subsidiary of RWS); and (ii) the handling of all amendment and cancellation related activities of any reservations and booking services of Resorts World Sentosa and Genting Hotel Jurong (the "RWS Transactions").

GPHL and CAL are indirect wholly-owned subsidiaries of the Company. RWS is an indirect wholly-owned subsidiary of GENS, which in turn is a subsidiary of GENT.

The price and the terms of the RWS Transactions have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 14 December 2016.

Connected Transactions (Continued)

The Annual Cap for the transactions contemplated under the RWS Services Agreement for each of the 3 financial years ended/ending 31 December 2017, 2018 and 2019 would not exceed US$3 million.

For the year ended 31 December 2017, the aggregate amount received/receivable by GPHL – Philippine Branch in respect of the RWS Transactions was approximately US$1.6 million and has not exceeded the Annual Cap of US$3 million.

(9) On 30 December 2013, Dynamic Merits Limited (an indirect wholly-owned subsidiary of the Company) entered into a cooperation agreement (the "Cooperation Agreement") with ZJK in respect of the provision by ZJK of certain consultancy services and maintenance services, and grant of certain access rights, in respect of the development of Genting World and Genting Residences by the Group, and grant of 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$3.1 million) (the "ZJK (Payable) Transactions"). Genting World and Genting Residences are properties located, developed and constructed at Secret Garden, Chongli County, Zhang Jia Kou City, Hebei Province, the People's Republic of China.

The pricing policy and guidelines for the above transaction have been determined after taking into account the tight time schedule required to obtain the relevant titles, approvals and licenses for the land use rights, the continued commitment to develop and maintain public utilities and infrastructure of Secret Garden, as well as the enhanced value of the usage of the facilities at Secret Garden in relation to the ski apartment holders (no less favourable than prices of ski pass of surrounding areas operated by independent third parties).

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. The provision of the consultancy services by ZJK under the Cooperation Agreement was not extended upon its expiry of the 3-year term of services at the end of December 2016.

To comply with the Listing Rules, an independent financial adviser ("IFA") has been appointed to advise the Board in respect of the duration of the Maintenance Services and Access Rights in the Cooperation Agreement which is longer than three years. Taking into account the factors as set out in the Company's announcement dated 30 December 2013, the IFA is of the view that a term of longer than 3 years is required for the Maintenance Services and Access Rights in the Cooperation Agreement. In addition, in the context of the development of Genting Residences and Genting World, the IFA considered that it is normal business practice for service of this type to be of such duration.

For the year ended 31 December 2017, the aggregate amount paid/payable to ZJK in respect of the ZJK (Payable) Transactions was RMB3,000,000 (equivalent to approximately US$452,000). From the date of the Cooperation Agreement until 31 December 2017, the aggregate amount paid/payable to ZJK in respect of the ZJK (Payable) Transactions was RMB20,000,000 (equivalent to approximately US$3.1 million) and has not exceeded the aggregate consideration of RMB20,000,000 (equivalent to approximately US$3.1 million) as mentioned in the Cooperation Agreement.

Connected Transactions (Continued)

(10) On 14 September 2016, Star Cruise (C) Limited ("SC (C)") entered into a Genting Rewards Alliance agreement (the "GRA Agreement") with RW Services Pte Ltd ("RW Services") whereby RW Services granted to SC (C) the non-exclusive right to become an alliance participant in the customer loyalty programme known as "Genting Rewards Alliance" (the "GRA Programme") at an annual alliance fee of the higher of (i) US$30,000 (which will not be applicable to the first twelve months from the effective date of the GRA Agreement) or (ii) a fee equivalent to 3% of the value of the total products and/or services supplied by or for and on behalf of SC (C) and redeemed by members of the GRA Programme from the GRA Programme within the consecutive twelve months period effective from the date of the GRA Agreement to 31 December 2018, which shall be renewable at the option of SC (C) for a 3-year term of up to a maximum of nine such renewals.

The GRA Programme is a multi-jurisdictional and multilateral alliance of customer rewards programme and provides a network through which multiple customer rewards programmes from different localities and countries can participate as part of the network, facilitating the redemption of loyalty or reward points across loyalty programmes by participants in the GRA Programme.

On 4 May 2017, RW Services, RW Tech Labs Sdn Bhd ("RWT") and SC (C) entered into a novation agreement whereby RW Services transferred all its rights and obligations under the GRA Agreement to RWT with effect from 1 April 2017.

SC (C) is an indirect wholly-owned subsidiary of the Company. Each of RW Services and RWT is a direct wholly-owned subsidiary of Resorts World Inc Pte. Ltd. ("RWI") which in turn is a joint venture held as to 50% indirectly by each of GENT and Tan Sri Lim. Transactions under the GRA Agreement/ the GRA Agreement (as novated) are referred to as the "GRA Transactions".

The price and the terms of the GRA Transactions have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 14 September 2016.

The Annual Cap for the amounts paid/payable and the amounts received/receivable by the Group under the GRA Transactions for each of the financial period/years ended/ending 31 December 2016, 2017 and 2018 was/is expected to be as follows:

	For the period/year ended/ ending 31 December		
	2016 US$'000	2017 US$'000	2018 US$'000
Annual amounts paid/payable by the Group under the GRA Transactions	100	500	1,000
Annual amounts received/receivable by the Group under the GRA Transactions	100	500	1,000

For the year ended 31 December 2017, (i) the aggregate amount paid/payable by the Group in respect of the GRA Transactions was US$7,000 and has not exceeded the Annual Cap of US$500,000; and (ii) the aggregate amount received/receivable by the Group in respect of the GRA Transactions was US$33,000 and has not exceeded the Annual Cap of US$500,000.

For the purpose of computation of the percentage ratios under the Listing Rules, the Annual Caps of the GRA Transactions have been/shall be aggregated with the Annual Caps of the JPM Transactions (as disclosed in item (7) above) for the financial years ended/ending 31 December 2017 and 2018, due to their similar and complementary nature of customer loyalty and marketing programmes.

Connected Transactions (Continued)

(11) On 8 November 2016, the Company as purchaser entered into a master agreement (the "FSG Master Agreement") with FreeStyle Gaming Limited ("FSGL") as vendor whereby FSGL provided the Group with the electronic equipment and devices for electronic games (the "Equipment") and services in relation to (i) installation and set-up of hardware and software for the Equipment; (ii) training personnel; (iii) after-sales-services; (iv) software enhancement and development; and (v) other services related to the Equipment, for a term commencing from 8 November 2016 until 31 December 2018, which shall be renewable at the option of the Company for such duration and upon such terms and conditions as shall be mutually approved by the Company and FSGL.

On 23 March 2018, FSGL, FreeStyle Gaming Pte Ltd ("FSGPL") and the Company entered into a novation agreement whereby FSGL transferred all its rights and obligations under the FSG Master Agreement to FSGPL with effect from 9 February 2018.

FSGL is an indirect wholly-owned subsidiary of RWI while FSGPL is a direct wholly-owned subsidiary of RWI. Transactions under the FSG Master Agreement/the FSG Master Agreement (as novated) are referred to as the "FSG Transactions".

The price and the terms of the FSG Transactions have been determined in accordance with the pricing policy and guidelines set out in the Company's announcement dated 8 November 2016.

The Annual Cap for the aggregate consideration paid/payable by the Group under the FSG Transactions for each of the 3 years ended/ending 31 December 2016 (including the transaction amounts for a series of completed transactions of a similar nature in the past 12 months prior to the FSG Master Agreement), 2017 and 2018 was/is expected to be US$4.2 million, US$3.6 million and US$2.1 million respectively.

For the year ended 31 December 2017, the aggregate amount paid/payable by the Group in respect of the FSG Transactions was approximately US$1.4 million and has not exceeded the Annual Cap of US$3.6 million.

(12) On 14 December 2017, Zouk Genting Sdn. Bhd. ("Zouk Genting") entered into a management agreement (the "Zouk Management Agreement") with GENM whereby GENM appointed Zouk Genting to perform certain management services and develop, supervise, manage, direct and operate the Zouk Club (the discotheque, restaurant and lounge to be developed or constructed in Resorts World Genting (an integrated leisure and entertainment resort at Genting Highlands, Pahang Darul Makmur, Malaysia (the "Territory") owned and operated by GENM)) for a management fee and an incentive management fee to be payable by GENM. The Zouk Management Agreement is for an initial term of 3 years commencing from the date of the Zouk Management Agreement, with an option to renew and right of termination by either party.

On 14 December 2017, Zouk IP Pte. Ltd. ("Zouk IP") entered into a licence agreement (the "Zouk Licence Agreement") with GENM whereby Zouk IP agreed to grant to GENM an exclusive transferable licence to use certain trade marks owned by Zouk IP within the GENM group of companies in the Territory for the day to day operations of the Zouk Club for a licence fee to be payable by GENM. The Zouk Licence Agreement is for an initial term of 3 years commencing from the date of the Zouk Licence Agreement, with an option for GENM to renew and right of termination by either party.

Zouk Genting and Zouk IP are indirect wholly-owned subsidiaries of the Company. Transactions under the Zouk Management Agreement and the Zouk Licence Agreement are collectively referred to as the "Zouk Transactions".

The prices and the terms of the Zouk Transactions have been determined in accordance with the pricing policies and guidelines set out in the Company's announcement dated 14 December 2017.

Connected Transactions (Continued)

The Annual Cap for the transactions contemplated under the Zouk Management Agreement and the Zouk Licence Agreement respectively for the relevant financial periods/years was/is expected to be as follows:

	For the period from 14 December 2017 to 31 December 2017 RM'000	For the year ending 31 December 2018 RM'000	For the year ending 31 December 2019 RM'000	For the period from 1 January 2020 to 13 December 2020 RM'000
Annual amounts received/ receivable by Zouk Genting under the Zouk Management Agreement	241	2,902	3,065	3,236
Annual amounts received/ receivable by Zouk IP under the Zouk Licence Agreement	144	1,732	1,818	1,908

During the period ended 31 December 2017, the Zouk Club had not commenced operations and accordingly, (i) the aggregate amount received/receivable by Zouk Genting in respect of the transactions contemplated under the Zouk Management Agreement was Nil and has not exceeded the Annual Cap of RM241,000; and (ii) the aggregate amount received/receivable by Zouk IP in respect of the transactions contemplated under the Zouk Licence Agreement was Nil and has not exceeded the Annual Cap of RM144,000.

The Audit Committee comprising all Independent Non-executive Directors of the Company has reviewed the GENT/GENM/GENS (Payable) Transactions, the GENS/GENM (Receivable) Transactions, the Rich Hope Tenancy, the Ambadell Lease, the Ambadell Services, the ZJK Services, the JPM Transactions, the RWS Transactions, the ZJK (Payable) Transactions, the GRA Transactions, the FSG Transactions and the Zouk Transactions (collectively, the "Non-exempt Continuing Connected Transactions") and confirmed that the Non-exempt Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's Non-exempt Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued the unqualified letter containing the findings and conclusions in respect of the Non-exempt Continuing Connected Transactions disclosed by the Group on pages 41 to 50 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions (Continued)

(c) Transactions set out in items (i), (j), (k), (n), (q) and (v) of these related party transactions, which also constitute continuing connected transactions under the Listing Rules, are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as these transactions were entered into on normal commercial terms or better and the respective aggregate annual consideration under these continuing connected transactions for the year ended 31 December 2017 is less than the relevant de minimis threshold of 0.1% of the applicable percentage ratios (as prescribed in the applicable Listing Rules).

(d) Other related party transactions entered into by the Group during the year ended 31 December 2017 as set out in note 32 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Directors' Interests in Competing Business

Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer and a substantial shareholder of the Company, is the Chairman and Chief Executive, a substantial shareholder and a warrant holder of Genting Berhad ("GENT") as well as the Chairman and Chief Executive, a substantial shareholder and a holder of the rights to participate in the performance shares of Genting Malaysia Berhad ("GENM"). GENT and GENM are listed on the Main Market of Bursa Malaysia Securities Berhad and both were substantial shareholders of the Company before the disposal by the respective subsidiaries of GENT and GENM of their respective equity interests in the Company to Golden Hope Limited (as trustee of the Golden Hope Unit Trust) (a substantial shareholder of the Company) effective 21 October 2016, whereupon they ceased to have equity interests in the Company and are no longer substantial shareholders of the Company. Tan Sri Lim Kok Thay is also the Executive Chairman, a substantial shareholder and a holder of the rights to participate in the performance share scheme of Genting Singapore PLC ("GENS"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

Mr. Lim Keong Hui, an Executive Director, the Executive Director – Chairman's Office and Chief Information Officer and a substantial shareholder of the Company, is also a Non-Independent Executive Director, the Executive Director – Chairman's Office, the Chief Information Officer and a substantial shareholder of GENT, and a Non-Independent Executive Director, the Chief Information Officer, a substantial shareholder and a holder of the rights to participate in the performance shares of GENM. He is also a substantial shareholder of GENS.

GENM is involved in a tourist resort business at Genting Highlands and its principal activities cover leisure and hospitality services, which comprise gaming, hotel, entertainment and amusement. The principal activities of GENM's subsidiaries include operation of casinos, leisure and hospitality services, property investment and management, investments, tours and travel related services and provision of sales and marketing services. The principal activity of GENS is that of an investment holding company. The principal activities of GENS's subsidiaries include the development and operation of integrated resort, operation of casinos, provision of sales and marketing support services to leisure and hospitality related businesses and investments. GENS owns Resorts World Sentosa in Singapore. As at the date of this report, GENT held approximately 49.41% and 52.75% equity interests in GENM and GENS respectively.

The Group is principally engaged in the business of cruise and cruise-related operations, shipyard operations and leisure, entertainment and hospitality activities.

Tan Sri Lim Kok Thay and Mr. Lim Keong Hui are therefore considered as having interests in business (the "Deemed Competing Business") apart from the Group's business, which may compete indirectly with the Group's business under Rule 8.10 of the Listing Rules. The Company's management team is separate and independent from GENT, GENM and GENS. Coupled with the appointment of three Independent Non-executive Directors to the Board, the Group is capable of carrying on its business independent of and at arm's length from the Deemed Competing Business.

Interests of Directors

As at 31 December 2017, 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 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)*	36,298,108 *(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 31 December 2017:

(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 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.

(3) Tan Sri Lim Kok Thay as founder and a beneficiary of a discretionary trust (trustee of which is First Names Trust Company (Isle of Man) Limited) and Mr. Lim Keong Hui also as a beneficiary of the discretionary trust, had a deemed interest in the same block of 6,003,571,032 ordinary shares.

(4) Out of the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope Limited as trustee of the Golden Hope Unit Trust, 5,035,000,000 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 31 December 2017, 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 and note 35 to the consolidated financial statements.

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

Interests of Directors (Continued)

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

Notes:

As at 31 December 2017:

(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.

(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 had been diluted from 50% to 44.93%. The Company's effective interest in the preferred B shares of Travellers remained 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.

Interests of Directors (Continued)

Save as disclosed above and in the sections headed "Share Options" and "Interests of Substantial Shareholders" below:

(a) as at 31 December 2017, 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 year 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 note 35 to the consolidated financial statements. 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 year and outstanding as at 31 December 2017 were as follows:

Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2017	Number of ordinary shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2017	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	2,475,000	–	–	–	2,475,000	27/05/2008	HK$1.7800	28/05/2009 – 27/05/2018
	8,692,000	–	(1,466,000)	–	7,226,000	16/11/2010	HK$3.7800	16/11/2011 – 15/11/2020
	11,167,000	**-**	**(1,466,000)**	**-**	**9,701,000**			
Grand Total	**18,167,000**	**-**	**(1,466,000)**	**-**	**16,701,000**			

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 31 December 2017, 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)*				
First Names Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) *(1)*	–	–	6,003,571,032 *(5)*	6,003,571,032 *(7)*	6,003,571,032 *(9)*	6,003,571,032 *(13)*	70.78
Cove Investments Limited *(2)*	–	–	–	–	6,003,571,032 *(10)*	6,003,571,032	70.78
Golden Hope Limited (as trustee of the Golden Hope Unit Trust) *(3)*	–	–	546,628,908 *(6)*	6,003,571,032 *(8) and (12)*	–	6,003,571,032 *(13)*	70.78
Joondalup Limited *(4)*	546,628,908	–	–	–	–	546,628,908	6.44
Puan Sri Wong Hon Yee	–	6,408,512,493 *(11(a))*	36,298,108 *(11(b))*	–	–	6,408,512,493 *(13)*	75.55

Notes:

As at 31 December 2017:

(1) First Names Trust Company (Isle of Man) Limited ("First Names") was the trustee of a discretionary trust (the "Discretionary Trust"), 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. First Names as trustee of the Discretionary Trust held 99.99% of the units in the Golden Hope Unit Trust ("GHUT"), a private unit trust directly and 0.01% of the units in the GHUT indirectly through Cove (as defined below).

(2) Cove Investments Limited ("Cove") was wholly-owned by First Names as trustee of the Discretionary Trust.

(3) Golden Hope Limited ("Golden Hope") was the trustee of the GHUT.

(4) Joondalup Limited ("Joondalup") was wholly-owned by Golden Hope as trustee of the GHUT.

(5) First Names as trustee of the Discretionary Trust had a corporate interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

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

(7) First Names in its capacity as trustee of the Discretionary Trust had a deemed interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(8) The interest in 6,003,571,032 ordinary shares was held directly and indirectly by Golden Hope in its capacity as trustee of the GHUT (comprising 5,456,942,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(9) First Names as trustee of the Discretionary Trust was deemed to have interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT in its capacity as beneficiary of the GHUT.

Interests of Substantial Shareholders (Continued)

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

Notes (Continued):

(10) Cove which held 0.01% of the units in the GHUT was deemed to have interest in the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT in its capacity as beneficiary of the GHUT.

(11) (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.

(12) Out of the same block of 6,003,571,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT, 5,035,000,000 ordinary shares were pledged ordinary shares.

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

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

(15) 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 31 December 2017, 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 31 December 2017, 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.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws in Bermuda.

Retirement Benefit Schemes

The Group contributes to the statutory defined contribution plans, including provident fund scheme of various countries in which it operates. Information on the Group's retirement benefit schemes is set out in note 33 to the consolidated financial statements.

Management Contracts

Save for the arrangements relating to the provision of services by Genting Berhad and its related companies to the Group as set out in the section headed "Connected Transactions" above and in the section headed "Significant Related Party Transactions and Balances" in note 32 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major Customers and Suppliers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers combined and the aggregate amount of revenue from sales of goods or rendering of services attributable to the Group's five largest customers combined was less than 30% of such revenue.

Emolument Policy

The Group's emolument policy and structure are periodically reviewed by the Remuneration Committee. The Group provides competitive salaries, benefits and incentives including statutory provident fund scheme and voluntary schemes where applicable and insurance schemes covering term life, accident and medical for its employees.

Directors' emoluments are determined with reference to, inter alia, their duties and responsibilities, the Group's emolument policy as well as emolument benchmark in the industry, the country in which they are based and prevailing market conditions.

The key areas of the Group's emolument policy are drawn up on the following basis:

Base Salary

Base salaries are set at levels competitive with remuneration for leisure and tourism industry companies based in similar locations which the Group competes for talent. This is to ensure an overall pay structure capable of attracting, motivating and retaining high quality individuals within a cost-effective framework. The Group's employee reward is organised around the financial performance and the markets in which the Group operates. Salary reviews are compared against the external market on an annual basis and adjustments are then recommended to reflect promotions, changes in level of responsibilities and competitive pay levels.

Annual Bonus

Payout of annual bonuses is dependent on the Group's performance taking into account individual contribution towards achievement of the Group's overall performance.

Share Option Scheme

The Company adopted a Post-listing Employee Share Option Scheme to motivate employees and to allow them to participate in the growth and success of the Group. Options at market value at the date of grant had been offered from time to time to eligible employees entitling them to subscribe for ordinary shares in 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.

Retirement Benefits

The Group contributes to retirement schemes for its employees in accordance with statutory requirements in the countries where the Group operates.

Permitted Indemnity Provisions for Directors

Certain permitted indemnity provisions (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of certain Directors of the Company and its associated companies (as defined in the Hong Kong Companies Ordinance) are currently in force and were in force throughout the financial year.

Corporate Governance

In the opinion of the Directors, during the year ended 31 December 2017, the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules (the "Code Provisions"), save for certain deviations from the relevant Code Provisions A.1.3, A.2.1, E.1.2 and F.1.3 as listed below:

(a) Code Provision A.1.3 states that notice of at least 14 days should be given of a regular Board meeting.

(b) Code Provision A.2.1 states that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

(c) Code Provision E.1.2 states that the Chairman of the Board should attend the annual general meeting and invite the Chairmen of the Audit, Remuneration, Nomination and any other Committees (as appropriate) to attend and in their absence, invite another member of the committee or failing this, his duly appointed delegate, to attend.

(d) Code Provision F.1.3 states that the Company Secretary should report to the Board Chairman and/or the Chief Executive.

Considered reasons for the aforesaid deviations as well as further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 62 to 99.

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. Justin Tan Wah Joo ("Mr. Tan"), an Independent Non-executive Director of the Company:

(a) Mr. Tan has ceased to own any interest in the bonds of Genting Singapore PLC ("GENS") which were redeemed by GENS in full on 12 September 2017. GENS is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited and a connected person of the Company by virtue of the direct and/or deemed interests of each of Tan Sri Lim Kok Thay and Mr. Lim Keong Hui (an Executive Director and a connected person of the Company) in GENS.

Review by Audit Committee

This annual report has been reviewed by the Audit Committee which currently comprises three Independent Non-executive Directors of the Company, namely Mr. Justin Tan Wah Joo, Mr. Alan Howard Smith and Mr. Lam Wai Hon, Ambrose.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has complied with the 10% public float requirement (as imposed by the Stock Exchange on the Company at the time of listing) during the year and up to the date of this report.

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 April 2014, the Group obtained a 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 a 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 a 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 a 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, amongst others, general corporate purposes of the Group.

In January 2017, the Group obtained a secured term loan facility in an aggregate amount of USD equivalent of up to (i) EUR160 million for financing part of the cost of construction and purchase of four river cruise ships to be constructed pursuant to the relevant shipbuilding contracts all dated 7 September 2016 (as amended from time to time); and (ii) 100% of each Hermes Fee (as defined therein) with a term of 102 months after the first utilisation of the facility by the Group under the facility agreement (the "River Cruise Ship Facility Agreement").

Pursuant to (i) the First Vessel Loan Facility Agreement; (ii) the Second Vessel Loan Facility Agreement; (iii) the Crystal Vessel Loan Facility Agreement; (iv) the US$500 million Facility Agreement; and (v) the River Cruise Ship 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, where applicable, any interest in the Company held by GENT, GENM and their respective Affiliates (as defined in each of the respective facility agreements).

As at 31 December 2017, the aggregate principal amount under the above facility agreements was US$2,342 million and the aggregate outstanding loan balance thereunder was approximately US$1,858 million.

Significant Subsequent Event

In February 2018, the Group entered into an underwriting agreement to dispose of 9.75 million ordinary shares in Norwegian Cruise Line Holdings Ltd. for a consideration of approximately US$543.6 million. The Group expects to recognise a gain on disposal of approximately US$24.4 million during the year ending 31 December 2018.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Hong Kong, 29 March 2018

(I) Statement of Compliance

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Summarised below is a statement on how the Company during the year ended 31 December 2017 has applied the principles and complied with the code provisions as set out in the Corporate Governance Code in effect during the year ended 31 December 2017 (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange") (the "Listing Rules"), save for certain deviations from the relevant Code Provisions A.1.3, A.2.1, E.1.2 and F.1.3 listed below.

A. Directors

A.1 The Board

Principle

An issuer should be headed by an effective Board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.1.1	At least 4 regular physical Board meetings should be held each year.	No	The Board has overall responsibility for the proper conduct of the Company's business. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.
A.1.2	All Directors should be given an opportunity to include matters in the agenda for regular Board meetings.	No	Draft notice and agenda for regular Board meetings are provided to all Directors for comments and consideration and inclusion of any matters for deliberation at the meetings.
A.1.3	Notice of at least 14 days should be given of a regular Board meeting. For all other Board meetings, reasonable notice should be given.	Yes	Formal notice of at least 14 days is given for each regular Board meeting during the year under review unless all Directors agreed otherwise having regard to the circumstances. Reasonable notice will be given for all other Board meetings.
A.1.4	Minutes of Board and Board Committees meetings should be kept by a duly appointed secretary of the meeting and should be open for inspection on reasonable notice by any Director.	No	Minutes of the meetings of the Board, the Audit Committee, the Nomination Committee, the Share Option Committee and other ad hoc Board Committees established for specific transaction purposes are kept by the Company Secretary while minutes of the Remuneration Committee meetings are kept by the Head of the Corporate Human Resources Department who is the Secretary of the Remuneration Committee. Such minutes are available for inspection on reasonable notice by any Director.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.1 The Board (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.1.5	Draft and final versions of minutes of Board meetings should be sent to all Directors for their comments and records within a reasonable time after the Board meeting is held.	No	Draft and final versions of minutes of Board meetings are sent to all Directors for their comments and records within a reasonable time.
A.1.6	There should be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense.	No	The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to perform their duties.
A.1.7	If a substantial shareholder or a Director has a conflict of interest in a material matter to be considered by the Board, the matter should be dealt with by a physical Board meeting rather than a written resolution.	No	Material transactions with connected persons will be considered at Board meetings whereat the Directors may consider, if appropriate, granting approval in-principle for the proposed transactions and authorising the final forms thereof be further approved by way of circulation of written resolution or by a Board committee set up for that purpose. The Company's Bye-laws and the Bermuda laws allow the attendance of the Company's Directors by means of, inter alia, telephone or electronic facilities and such attendance shall be counted as attendance at a physical Board meeting.
A.1.8	Issuer should arrange appropriate insurance cover in respect of legal action against its Directors.	No	All Directors are provided with appropriate insurance cover in respect of legal action against them.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive

Principle

There are two key aspects of the management of every issuer - the management of the Board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.2.1	Roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.	Yes	Tan Sri Lim Kok Thay ("Tan Sri KT Lim") is the Chairman and Chief Executive Officer of the Company. Tan Sri KT Lim has been with the Group since the formation of the Company in 1993 and has considerable experience in the leisure and entertainment industry. Tan Sri KT Lim provides leadership for the Board in considering and setting the overall strategies and objectives of the Company; and with support of the other Executive Director of the Company and the Senior Management team of the Group, implement the Company's strategies and policies laid down by the Board with respect to the development of the business of the Group. The Board is of the view that the arrangement in having the same individual performing the dual roles of Chairman and Chief Executive Officer is in the interests of the Company as it enables the Board to have the benefit of a chairman who is knowledgeable about the business of the Group and is capable to guide discussions and brief the Board in a timely manner on key issues and developments. Given that there is a balanced Board with three Independent Non-executive Directors ("INEDs"), representing more than one-half of the Board, and an INED acting as the Deputy Chairman throughout the year, the Board is of the view that there is a strong independent element on the Board to exercise independent judgement and provide sufficient check and balance. The Board will evaluate from time to time the appropriateness of the dual roles of Chairman and Chief Executive Officer performed by the same individual and ensures that the arrangement will continue to be in the interests of the Company and its shareholders as a whole.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.2.2	The Chairman should ensure that all Directors are properly briefed on issues arising at Board meetings.	No	All Directors are properly briefed on issues arising at Board meetings.
A.2.3	The Chairman should ensure that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	No	Adequate business documents and information about the Group are provided to all Directors in a timely manner.
A.2.4	The Chairman provides leadership for the Board and should ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.	No	The Board, under the leadership of the Chairman, works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Comments on the draft notice and agenda of regular Board meetings and matters proposed to be included in such drafts by any Director will be duly considered before finalisation.
A.2.5	The Chairman should ensure that good corporate governance practices and procedures are established.	No	The Board establishes and maintains good corporate governance practices and procedures.
A.2.6	The Chairman should encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the issuer.	No	All Directors are encouraged to make a full and active contribution to the Board's affairs and to voice their concerns if they have different views. Directors are given sufficient time for discussion at Board meetings. All Directors endeavour to act in the best interests of the Company.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.2.7	The Chairman should at least annually hold meetings with the Non-executive Directors (including INEDs) without the Executive Directors present.	No	During the year under review, the Chairman (who is also the Chief Executive Officer and an Executive Director) of the Company had held a meeting with the INEDs of the Company.
A.2.8	The Chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.	No	Shareholders' Communication Policy has been established by the Board to ensure that an effective system of communication with shareholders is in place. Shareholders are encouraged to participate in general meetings whereat members of the Board and Board Committees are available to answer their questions.
A.2.9	The Chairman should promote a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensuring constructive relations between Executive and Non-executive Directors.	No	All Directors are encouraged to openly share their views on the Company's affairs and issues and they are entitled to have access to Senior Management who will respond to queries raised by the Directors as promptly and fully as possible. The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to perform their duties.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.3 Board composition

Principle

The Board should have a balance of skills and experience and diversity of perspectives appropriate to the requirements of the issuer's business. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive Directors should be of sufficient calibre and number for their views to carry weight.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.3.1	INEDs should be identified in all corporate communications that disclose the names of Directors.	No	Throughout the year under review, the Board has three INEDs, representing more than one-half of the Board and constituting a balanced Board with strong independent element. Please refer to the section headed "Directors and Senior Management Profiles" of the Company's Annual Report for the skills and experience of each Director. Composition of the Board at the prevailing time throughout the year, by category of Directors, including names of Executive Director(s) and INEDs has been disclosed in all corporate communications.
A.3.2	Issuer should maintain on the websites of its own and the Exchange an updated list of its Directors identifying their roles and functions and whether they are INEDs.	No	An updated list of the Company's Directors identifying their roles and functions and whether they are INEDs is available on the websites of the Company and the Exchange.

(I) Statement of Compliance (Continued)

A. *Directors (Continued)*

A.4 Appointments, re-election and removal

Principle

There should be a formal, considered and transparent procedure for the appointment of new Directors. There should be plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any Director.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.4.1	Non-executive Directors should be appointed for a specific term, subject to re-election.	No	During the year under review, all Non-executive Directors of the Company are INEDs. A formal letter of appointment had been entered into between the Company and each of the INEDs whereby, the term of his office is generally fixed for a term of not more than approximately two years expiring at the conclusion of the annual general meeting ("AGM") of the Company held in the second year following the year of his last re-election by shareholders, subject to the requirements for retirement by rotation at the AGM in accordance with the Company's Bye-laws.
A.4.2	All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every Director should be subject to retirement by rotation at least once every three years.	No	The Company's Bye-laws conform with this code provision whereby every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and Directors appointed by the Board to fill casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.
A.4.3	Re-appointment of any INED who has served more than 9 years should be subject to a separate resolution to be approved by shareholders and the papers to shareholders accompanying that resolution should include the reasons why the Board believes he is still independent and should be re-elected.	No	During the year under review, a retiring INED, who had served on the Board for more than 9 years, being eligible and offered himself for re-election, was elected individually by shareholders at the 2017 AGM. Circular to shareholders accompanying the relevant resolution for his re-appointment had included the reasons why the Board considered that he remained to be independent and should be re-elected.

(I) Statement of Compliance (Continued)

A. *Directors (Continued)*

A.5 Nomination Committee

Principle

In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the Principles under A.3 and A.4 above.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.5.1	A Nomination Committee should be established and be chaired by the Chairman of the Board or an INED and comprises a majority of INEDs.	No	The Board has established a Nomination Committee which is chaired by an INED. A majority of the members of the Nomination Committee are INEDs.
A.5.2	The Nomination Committee should have specific written terms of reference to include the prescribed specific duties.	No	The Nomination Committee has specific written terms of reference which contain all the specific duties as prescribed by the CG Code. Please refer to section (III)(C)(2) of this Report for the principal duties of the Nomination Committee.
A.5.3	The Nomination Committee should make available its terms of reference by including them on the websites of the Exchange and the issuer.	No	Terms of reference of the Nomination Committee (including its role and functions) are available on the websites of the Exchange and the Company.
A.5.4	The Nomination Committee should be provided with sufficient resources to perform its duties.	No	The Nomination Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.
A.5.5	Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the reasons why it believes the individual should be elected and considers him to be independent.	No	For the proposed re-appointment of the retiring INED during the year under review, the Company has included in the circular to shareholders accompanying the notice of the relevant general meeting the reasons why the Board considered him to be independent and recommended him to be re-elected.
A.5.6	The Nomination Committee (or the Board) should have a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	No	The Nomination Committee has adopted the Director Nomination Policy for the Company which incorporated the policy concerning diversity of the Board members. A summary of the policy regarding Board diversity is disclosed in section (III)(C)(5) of this Report.

(I) Statement of Compliance (Continued)

A. *Directors (Continued)*

A.6 Responsibilities of Directors

Principle

Every Director must always know his responsibilities as a Director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the Board, Non-executive Directors have the same duties of care and skill and fiduciary duties as Executive Directors.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.6.1	Every newly appointed Director should receive a comprehensive, formal and tailored induction on appointment. Subsequently, he should receive such briefing and professional development as is necessary.	No	On appointment, new Directors will be given a comprehensive formal induction. The Directors are provided with "A Guide on Directors' Duties" issued by the Hong Kong Companies Registry, and the "Guidelines for Directors" and the "Guide for Independent Non-executive Directors" published by the Hong Kong Institute of Directors. They are also furnished with continuous updates and briefings on the latest changes or material developments in statutes, the Listing Rules, corporate governance practices, etc. and are encouraged to participate in continuous professional development programmes to update and enhance their knowledge and skills for performing Directors' roles and responsibilities.
A.6.2	Functions of Non-executive Directors should include the following: (a) participating in Board meetings to bring an independent judgement; (b) taking the lead where potential conflicts of interests arise; (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.	No	All INEDs of the Company in office during the year under review have duly performed these functions.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.6 Responsibilities of Directors (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.6.3	Every Director should give sufficient time and attention to the issuer's affairs.	No	Every Director continues to give appropriate time and attention to the affairs of the Company.
A.6.4	Written guidelines should be established for relevant employees' dealings in the securities of the issuer, which shall be on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. "Relevant Employee" includes any employee or a Director or employee of a subsidiary or holding company who is likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities.	No	The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules in force during the year ended 31 December 2017 as its code of conduct regarding securities transactions by its Directors. The Model Code has been extended and has become equally applicable to dealings in the securities of the Company by members of Senior Management as included in the Company's latest Annual Report or as otherwise resolved by the Board from time to time.
A.6.5	All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	No	All Directors are provided with continuous updates and briefings on the latest changes or material developments in statutes, the Listing Rules, corporate governance practices, etc. and are encouraged to participate in continuous professional development programmes, at the Company's expenses, to update and enhance their knowledge and skills for performing Directors' roles and responsibilities. The Company maintains and updates a record of training received by the Directors. Please refer to sections (III)(A)(10) to (12) of this Report for further details.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.6 Responsibilities of Directors (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.6.6	Each Director should disclose to the issuer at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed.	No	Each Director is required, on appointment, to disclose to the Board his directorships in public companies or organisations and other significant commitments, and provides continuous updates, on a regular basis, for any change therein, with an indication of the time involved.
A.6.7	INEDs and other Non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	No	During the year under review, all INEDs of the Company have given the Board and any Board Committees on which they served the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at meetings of the Board and relevant Board Committees (as the case may be). All INEDs of the Company had attended the 2017 AGM of the Company held on 6 June 2017, and were available to answer questions thereat. Save for the 2017 AGM, no other general meeting of the Company was held during the year under review.
A.6.8	INEDs and other Non-executive Directors, should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.	No	Throughout the year under review, there were three INEDs on the Board, representing more than one-half of the Board and constituting a balanced Board with strong independent element. Please refer to the section headed "Directors and Senior Management Profiles" of the Company's Annual Report for the skills and experience of each Director. Adequate business documents and information about the Group were provided to all Directors in a timely manner. The INEDs in office during the year were able to provide independent, constructive and informed comments and decisions on the development of the Company's strategy and policies.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.7 Supply of and access to information

Principle

Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.7.1	For regular Board meetings, and as far as practicable in all other cases, Board papers should be sent, in full, to all Directors at least 3 days (or other agreed period) before a Board or Board Committee meeting.	No	Board papers in respect of regular Board meetings, and as far as practicable in all other cases, are sent to all Directors or Board Committee members (as the case may be) at least 3 days (or other agreed period) before the relevant meeting.
A.7.2	Management has an obligation to supply the Board and its committees with adequate information in a timely manner. The Board and individual Directors should have separate and independent access to the issuer's Senior Management.	No	The Company continues to supply the Board and its committees with adequate information in a timely manner. There are formal and informal contacts between the Board and the Senior Management from time to time at Board meetings and other events.
A.7.3	All Directors are entitled to have access to Board papers and related materials. Queries raised by Directors should receive a prompt and full response, if possible.	No	Board papers, minutes and related corporate documentation are made available for inspection by all Directors. All Directors are entitled to have access to Senior Management who will respond to queries raised by the Directors as promptly and fully as possible.

(I) Statement of Compliance (Continued)

B. Remuneration of Directors and Senior Management and Board Evaluation

B.1 The level and make-up of remuneration and disclosure

Principle

An issuer should disclose its Directors' remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain Directors to run the company successfully without paying more than necessary. No Director should be involved in deciding his own remuneration.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
B.1.1	The Remuneration Committee should consult the Chairman and/or Chief Executive about their remuneration proposals for other Executive Directors and have access to independent professional advice if necessary.	No	The Chairman and Chief Executive Officer of the Company is one of the Remuneration Committee members and shall participate in formulating proposals on the remuneration of other Executive Directors, if any (except his associates), prior to their due consideration by the Remuneration Committee. The Chairman and Chief Executive Officer of the Company is to abstain from voting when his and his associates' remuneration is considered by the Remuneration Committee.
B.1.2	The terms of reference of the Remuneration Committee should include, as a minimum, the prescribed specific duties.	No	Terms of reference of the Remuneration Committee contain all the specific duties as prescribed by the CG Code. Please refer to section (III)(B)(2) of this Report for the principal duties of the Remuneration Committee.
B.1.3	The Remuneration Committee should make available its terms of reference by including them on the websites of the Exchange and the issuer.	No	Terms of reference of the Remuneration Committee (including its role and functions) are available on the websites of the Exchange and the Company.
B.1.4	The Remuneration Committee should be provided with sufficient resources to perform its duties.	No	The Remuneration Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.
B.1.5	Issuer should disclose details of any remuneration payable to members of Senior Management by band in its annual reports.	No	Remuneration paid to members of Senior Management has been disclosed by band in the Company's Annual Report. Please refer to note 13 headed "Emoluments of Directors and Senior Management" of the Notes to the Consolidated Financial Statements in the Company's Annual Report.

(I) Statement of Compliance (Continued)

C. Accountability and Audit

C.1 Financial reporting

Principle

The Board should present a balanced, clear and comprehensible assessment of the issuer's performance, position and prospects.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.1.1	Management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval.	No	The Directors are regularly provided with relevant reports and updates on the Company's business and financial information.
C.1.2	Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board and each Director to discharge their duties.	No	All Directors are provided with monthly updates giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects, where applicable, in sufficient details to keep the Directors abreast of the Group's affairs in order to perform their duties.
C.1.3	The Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the Auditors' Report on the financial statements.	No	The Directors are responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for the year then ended. In preparing accounts for the year ended 31 December 2017, the Directors have: (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared accounts on the going concern basis. The Independent Auditor's Report states the auditor's reporting responsibilities.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.1 Financial reporting (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.1.4	The Directors should include in the separate statement containing a discussion and analysis of the issuer group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.	No	The Company's corporate strategy and long term business model as well as a description of the Company's environmental policies and performance, compliance with relevant laws and regulations and relationships with key stakeholders are explained in the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report to complement the understanding of the development, performance and position of the Company's business.
C.1.5	The Board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules; and for reports to regulators and information disclosed under statutory requirements.	No	The Board endeavours to present a balanced, clear and understandable assessment of the Group's position in all corporate communications issued under statutory and/or regulatory requirements.

C.2 Risk management and internal control

Principle

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee Management in the design, implementation and monitoring of the risk management and internal control systems, and Management should provide a confirmation to the Board on the effectiveness of these systems.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.2.1	The Board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in the Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	No	The Board through the Audit Committee, has conducted bi-annual reviews of the effectiveness of the Group's systems of risk management and internal control, which cover all material controls including financial, operational and compliance controls. The Board is of the view that the Group maintains reasonably sound and effective systems of risk management and internal control relevant to its level of operations. Please refer to section (II) of this Report headed "State of Risk Management and Internal Control" for the details.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.2 Risk management and internal control (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.2.2	The Board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions.	No	The Board through the Audit Committee has conducted an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.
C.2.3	The Board's annual review should, in particular, consider: (a) the changes, since the last annual review, in the nature and extent of significant risks, and the issuer's ability to respond to changes in its business and the external environment; (b) the scope and quality of Management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the Board (or Board Committee(s)); (d) significant control failings or weaknesses that have been identified during the period have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (e) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance.	No	The Board through the Audit Committee has conducted an annual review and considered the followings: (a) The changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment have been considered. (b) The scope and quality of Management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its Internal Audit Department and other assurance providers. (c) The ongoing process and detailed monitoring results of the risk management and internal control systems are shared and communicated to the Board bi-annually. (d) No significant control failing or weakness were identified during the period which have had, could have, or may in the future have, a material impact on the Company's financial performance or condition. (e) The Company's processes for financial reporting and Listing Rule compliance have been operating effectively.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.2 Risk management and internal control (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.2.4	Issuer should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, it should disclose: (a) the process used to identify, evaluate and manage significant risks; (b) the main features of the risk management and internal control systems; (c) an acknowledgement by the Board that it is responsible for the risk management and internal control systems and reviewing their effectiveness; (d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and (e) the procedures and internal controls for the handling and dissemination of inside information.	No	The Board has the ultimate responsibilities for the Group's risk management and internal control systems, which are managed through a number of practices and related policies and procedures established and renewed from time to time which were assessed, on the effectiveness and compliance, from time to time by the internal audit function of the Group which reported to the Audit Committee directly. In addition, a risk management framework and program was adopted with supporting policy and manual pursuant to which the Audit Committee has been delegated oversight authority and responsibilities over risk management matters and should report to the Board its findings and recommendations for confirmation. Please refer to section (II) of this Report headed "State of Risk Management and Internal Control" for further details of the Group's risk management and internal control systems and the key process and procedures involved in the respective areas as required to be disclosed in this Report. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company adopted the "Disclosure of Inside Information Policy" which contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.
C.2.5	Issuer should have an internal audit function.	No	The internal audit function is performed by the Internal Audit Department of the Company, reporting directly to the Audit Committee.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.3 Audit Committee

Principle

The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The Audit Committee established under the Listing Rules should have clear terms of reference.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.3.1	Minutes of Audit Committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the meetings should be sent to all committee members for their comments and records within a reasonable time after the meeting.	No	Minutes of the Audit Committee meetings are kept by the Company Secretary as Secretary of the Audit Committee. Draft and final versions of minutes of Audit Committee meetings are sent to all committee members for their comments and records within a reasonable time.
C.3.2	A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its Audit Committee for a period of 1 year from the date of his ceasing: (a) to be partner of the firm; or (b) to have any financial interest in the firm, whichever is later.	No	None of the Directors who served on the Audit Committee during the year under review were former partners of the external auditor.
C.3.3	The Audit Committee's terms of reference should include at least the prescribed specific duties.	No	The terms of reference of the Audit Committee contain at least the specific duties as prescribed by the CG Code in force during the year. Please refer to section (III)(D)(2) of this Report for the principal duties of the Audit Committee.
C.3.4	The Audit Committee should make available its terms of reference by including them on the websites of the Exchange and the issuer.	No	The relevant versions of the terms of reference of the Audit Committee (including its role and functions) are available on the websites of the Exchange and the Company during their respective applicable periods.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.3 Audit Committee (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.3.5	Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer shall include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and the reasons why the Board has taken a different view.	No	The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming AGM, PricewaterhouseCoopers be re-appointed as the external auditor. The Board endorsed the Audit Committee's recommendation on the re-appointment of the external auditor.
C.3.6	The Audit Committee should be provided with sufficient resources to perform its duties.	No	The Audit Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.
C.3.7	The terms of reference of the Audit Committee should also require it to review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the issuer's relations with the external auditor.	No	The terms of reference of the Audit Committee contain at least the specific duties as prescribed by the CG Code in force during the year. Please refer to section (III)(D)(2) of this Report for the principal duties of the Audit Committee.

(I) Statement of Compliance (Continued)

D. Delegation by the Board

D.1 Management functions

Principle

An issuer should have a formal schedule of matters specifically reserved for Board approval. The Board should give clear directions to Management on the matters that must be approved by it before decisions are made on the issuer's behalf.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.1.1	When the Board delegates aspects of its management and administration functions to Management, it must also give clear directions as to the Management's powers.	No	The Board delegates management and administration functions to Management as it considers appropriate from time to time, with clear directions as to the Management's powers including circumstances where Management shall report back and obtain prior Board approval.
D.1.2	Issuer should formalise the functions reserved to the Board and those delegated to Management and review those arrangements periodically.	No	There is a formal schedule of matters reserved for the Board's decision, including: (i) Overall strategic direction; (ii) Annual operating plan; (iii) Annual capital expenditure plan; (iv) Major acquisitions and disposals; (v) Major capital projects; and (vi) Monitoring of the Group's operating and financial performance.
D.1.3	Issuer should disclose the respective responsibilities, accountabilities and contributions of the Board and Management.	No	Please refer to sections (III)(A)(1) and (2) of this Report for the respective responsibilities, accountabilities and contributions of the Board and Management.
D.1.4	Issuer should have formal letters of appointment for Directors who should clearly understand delegation arrangements in place.	No	A formal letter of appointment setting out the key terms and conditions of appointment had been entered into between the Company and individual Directors. Each Director understands the delegation arrangements in place.

(I) Statement of Compliance (Continued)

D. Delegation by the Board (Continued)

D.2 Board Committees

Principle

Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.2.1	The Board should give sufficiently clear terms of reference to Board Committees.	No	Clear terms of reference have been adopted for the formal Board Committees of the Company, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Share Option Committee and any other Board Committees established for investment and/or specific transaction purposes.
D.2.2	The terms of reference of Board Committees should require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.	No	This term has been included in the terms of reference of the relevant Board Committees.

D.3 Corporate Governance Functions

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.3.1	The terms of reference of the Board (or a committee or committees performing the corporate governance functions) should include, as a minimum, the prescribed specific duties.	No	Terms of reference of the Board contain all the specific corporate governance duties as prescribed by the CG Code. Please refer to section (III)(A)(7) of this Report for the principal corporate governance duties of the Board.
D.3.2	The Board should perform or delegate to a committee or committees to perform the prescribed corporate governance duties.	No	The Board is responsible for performing the corporate governance duties as prescribed by the CG Code.

(I) Statement of Compliance (Continued)

E. Communication with Shareholders

E.1 Effective communication

Principle

The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
E.1.1	A separate resolution on each substantially separate issue should be proposed by the Chairman of a general meeting to avoid "bundling" resolutions unless they are interdependent and linked and in such case, the reasons and material implications should be explained in the notice of meeting.	No	A separate resolution is proposed on each substantially separate issue at a general meeting.
E.1.2	Chairman of the Board should attend the annual general meeting and invite the Chairmen of the Audit, Remuneration, Nomination and any other Committees (as appropriate) to attend and in their absence, invite another member of the committee or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.	Yes	The Chairman of the Board (who is also a member of the Remuneration and Nomination Committees) was unable to attend the Company's 2017 AGM due to an ad hoc business engagement. The Deputy Chairman (who is also the Chairman of the Remuneration and Nomination Committees and a member of the Audit Committee) attended and chaired the said general meeting pursuant to the Company's Bye-laws and he together with the Chairman and/or other members of the Audit, Remuneration and Nomination Committees as well as an Executive Director, the Management and the external auditor of the Company were available to answer questions at the general meeting.

(I) Statement of Compliance (Continued)

E. Communication with Shareholders (Continued)

E.1 Effective communication (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
E.1.3	Issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	No	During the year under review, more than 20 clear business days' notice period had been given for the 2017 AGM. Save for the 2017 AGM, no other general meeting of the Company was convened during year 2017.
E.1.4	The Board should establish a shareholders' communication policy and review it regularly to ensure its effectiveness.	No	Shareholders' Communication Policy has been established by the Board and will be reviewed regularly to ensure its effectiveness.

E.2 Voting by poll

Principle

The issuer should ensure that shareholders are familiar with the detailed procedures for conducting a poll.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
E.2.1	The Chairman of a meeting should provide an explanation on the detailed procedures for conducting a poll and answer questions from shareholders on voting by poll.	No	During the year under review, procedures for conducting a poll were properly explained during the Company's general meeting proceedings.

(I) Statement of Compliance (Continued)

F. Company Secretary

Principle

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Chief Executive on governance matters and should also facilitate induction and professional development of Directors.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
F.1.1	The Company Secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.	No	The Company Secretary is an employee of the Company and has general knowledge of its affairs.
F.1.2	The Board should approve the selection, appointment or dismissal of the Company Secretary.	No	The selection, appointment or dismissal of the Company Secretary shall be approved by the Board as appropriate at Board meeting, as and when the occasion arises.
F.1.3	The Company Secretary should report to the Board Chairman and/or the Chief Executive.	Yes	The Company Secretary reports to the Board of Directors on Board matters and to the Executive Vice President of Corporate Services on company secretarial and administrative matters. The Board is of the view that the above arrangement shall be maintained for effective performance of the roles and responsibilities of the Company Secretary.
F.1.4	All Directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.	No	All Directors have access to the advice and services of the Company Secretary on Board procedures and corporate governance matters as and when required.

(II) State of Risk Management and Internal Control

(A) Board responsibilities

The Board has the ultimate responsibilities for the Group's systems of risk management and internal control and, through the Audit Committee, has reviewed the adequacy and effectiveness of the systems including, inter alia, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function(s). The systems are designed to provide reasonable, but not absolute, assurance against material misstatements or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's business objectives.

(B) Key features, process and procedures of risk management and internal control systems

The key aspects of the risk management and internal control systems, within the Group are as follows:

(1) The Company has in place a formal organisation structure that clearly defines the Group's management roles, responsibilities and reporting lines.

(2) The Board has delegated the responsibilities to various committees with appropriate empowerment to implement and monitor the operating procedures and systems of risk management and internal control. These committees meet on a regular basis and address financial, operational and management matters.

(3) There are policies and guidelines to govern the delegation of authority to various levels of management staff, to ensure accountability and responsibility.

(4) The Group has in place several policies, which govern employees in observing high standards of ethics and integrity in the performance of duties.

(5) Policies and procedures to ensure compliance with risk management, internal control and relevant laws and regulations are set out in the standard operating manuals, guidelines and directives issued by Management, which are reviewed and updated from time to time.

(6) There is a strategic planning, annual budgeting and target-setting process, which include forecasts for each area of business with detailed reviews at all levels of operations. The Board reviews and approves budgets.

(7) There is a comprehensive management and financial accounting system in place providing financial and operational performance measure indicators to Management, and the relevant financial information for reporting and disclosure purpose.

(8) Performance trends and forecasts, as well as actual performance, cash flow reports and other pertinent business/financial/operation statistics are reviewed and closely monitored by the respective operating units with oversight by Management Committee on a regular basis.

(9) Regulatory and statutory compliance are monitored through the Disclosure Committee, the Head of Legal and Compliance, the Company Secretary and Internal Auditors to support the Board on proper management of effective corporate governance practices and requirements.

(10) The Risk Management ("RM") Framework and Program with supporting policy and manual for the Group adopted by the Board in August 2015 has been applied for the risk management program of the Group (the "RM Program") since 2016. The Group has put in place a formalised RM Framework and Program, which is supported by written policy and manual and sets out the oversight authority and responsibilities of the Board, the Audit Committee and the Risk Management Committee (the "RMC") which is formed at Executive Management level and assisted by the Risk Management Department (the "RMD").

(II) State of Risk Management and Internal Control (Continued)

(B) Key features, process and procedures of risk management and internal control systems (Continued)

The RM Framework adopts both "top-down" and "bottom-up" approaches to manage risks. The "top-down" approach emphasises on the strong oversight from the Board, through the Audit Committee and RMC, in providing leadership and guidance to the business units and steering the Group to the planned direction. The "bottom-up" approach relies on the risk identification, and control self-assessment performed by the business units in identifying and prioritising the risks.

The RM Framework is based on a "three lines of defence" governance model to manage its risks at all levels and context.

- First line of defence – Business units are responsible for identification, mitigation, monitoring and upward reporting of their respective risks.

- Second line of defence – The RMD monitors the risk management system and facilitates the adherence to the RM Framework and Program. It provides insights and guidance to business units on effective implementation of the risk management system.

- Third line of defence – The Internal Audit Department independently assesses the adequacy and effectiveness of the risk management system.

The annual risk management exercise of 2017 was conducted in accordance with the RM Program. The RMC, RMD and the Units met bi-annually to communicate the details of the RM Program, evaluate and assess the extent of the significant risks of the Group and the respective action plans. In addition, the Internal Audit performed an independent review on the effectiveness of the RM Program.

An in-house developed software is used to track the risk management approach and to record risk profiles.

(11) The Group has reporting mechanisms in place for improprieties or suspected fraudulent acts. There is a whistleblower system and all reported cases are deliberated by the Whistleblower Committee.

(12) The Internal Audit Department is responsible for monitoring the Group's internal governance and provides objective assurance to the Board that a sound internal control system is maintained and operated by Management in compliance with approved policies, procedures and standards.

The annual internal audit plan, which is established on a risk based approach, is reviewed and approved by the Audit Committee. Internal audit reports incorporating control weaknesses and remedial actions are issued to the relevant division/department heads upon completion of audits and summary of reports issued are included in the progress report tabled at Audit Committee meeting on a half-yearly basis.

(13) The Board through the Audit Committee, has conducted (a) bi-annual reviews of the effectiveness of the Group's systems of risk management and internal control, which cover all material controls including financial, operational and compliance controls; and (b) an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The reviews are supported by periodic reports received from Management, external and internal auditors.

(C) Statement from Directors

The Board is of the view that the Group maintains reasonably sound and effective systems of risk management and internal control relevant to its level of operations.

(III) Other Information

In addition to the information disclosed above, set out below is other information required to be disclosed pursuant to the rules on Corporate Governance Report contained in Appendix 14 to the Listing Rules in force during the year ended 31 December 2017.

(A) Board of Directors

(1) The Board oversees and enhances the overall management and development of the Group's businesses, including considering and setting the overall strategies and objectives of the Company while allowing Management substantial autonomy to run and develop the business of the Group.

(2) The Board delegates management and administration functions to Management as it considers appropriate from time to time, with clear directions as to the Management's powers including circumstances where Management shall report back and obtain prior Board approval. There is a formal schedule of matters reserved for the Board's decision, including:

(a) Overall strategic direction;
(b) Annual operating plan;
(c) Annual capital expenditure plan;
(d) Major acquisitions and disposals;
(e) Major capital projects; and
(f) Monitoring of the Group's operating and financial performance.

(3) The Board is collectively responsible for performing the corporate governance duties, including, inter alia, developing, reviewing and monitoring compliance with the Company's policies and practices on corporate governance to ensure that they accord with the appropriate standards for good corporate governance.

(4) 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 year ended 31 December 2017 as its code of conduct regarding securities transactions by its Directors. Each of the Directors has confirmed, following specific enquiry by the Company, that during the year from 1 January 2017 to 31 December 2017 (both dates inclusive), he has 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 year.

(5) During the year under review, there has been no change in composition of members of the Board.

(6) During the year under review, four Board meetings and one general meeting were held and details of individual Directors' attendance of respective meetings are set out below:

	Board Meeting Attendance	**2017 AGM Attendance**
Executive Directors:		
Tan Sri Lim Kok Thay [(Note)] *(Chairman and Chief Executive Officer)*	4/4	0/1
Mr. Lim Keong Hui [(Note)]	4/4	1/1
INEDs:		
Mr. Alan Howard Smith *(Deputy Chairman)*	4/4	1/1
Mr. Lam Wai Hon, Ambrose	4/4	1/1
Mr. Justin Tan Wah Joo	4/4	1/1

Note:

Tan Sri Lim Kok Thay is the father of Mr. Lim Keong Hui.

(III) Other Information (Continued)

(A) Board of Directors (Continued)

(7) The principal corporate governance functions of the Board include the following:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and Senior Management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the Company's policies and procedures with regard to conflict of interest and compliance applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

(8) During the year 2017, in accordance with the CG Code, the Board has, inter alia:

(a) reviewed the progress and status in respect of the implementation of the Group's anti-money laundering program ("AML Program") (which was adopted by the Board and launched in 2013) with an aim to monitoring and ensuring due and proper implementation of the AML Program and its effectiveness for complying with all applicable laws and regulations relating to anti-money laundering, counter-terrorism and economic sanctions;

(b) reviewed and revised the composition of AML Committee and authorised incidental and housekeeping changes to the AML Committee Charter; and

(c) considered and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, taking into account the related reports and views of the Board Committees in their respective areas.

(9) During the year 2017, the Board has reviewed and approved the Company's first set of Environmental, Social and Governance ("ESG") Report for the financial year ended 31 December 2016 prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Listing Rules for disclosure by way of publication as a separate report on the websites of the Company, the Exchange and Singapore Exchanges Securities Trading Limited.

(10) All Directors are committed to participate in continuous professional development programmes to update and enhance their knowledge and skills for performing Directors' roles and responsibilities, and would update and confirm to the Company, on a regular basis, the related programmes attended and training received by them. The Company maintains and updates a record of training received by each Director accordingly.

(III) Other Information (Continued)

(A) Board of Directors (Continued)

(11) New Directors, on appointment, will be given a comprehensive formal induction covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. All Directors are also furnished with continuous updates and briefings on the latest changes or material developments in statutes, the Listing Rules, and corporate governance practices, etc.. The updates and briefings cover a broad range of topics including, inter alia, directors' duties, dealing in securities by directors, disclosure obligation of inside information, financial information and general information, and rules and regulations relating to notifiable transactions, connected transactions and corporate governance. During the year 2017, all Directors are provided with monthly updates giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects, where applicable, in sufficient details to keep the Directors abreast of the Group's affairs in order to perform their duties. In addition, as part of the continuous professional development programmes, familiarisation cruises on board vessels of the Group/industry peers have been organised and funded by the Company for the Directors to keep them abreast of the recent development of the business of the Group and the industry.

(12) The participation by individual Directors in the continuous professional development programmes in 2017 is summarised as follows:

	Type of trainings
Executive Directors:	
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	A, B, C, D
Mr. Lim Keong Hui	A, B, C
INEDs:	
Mr. Alan Howard Smith *(Deputy Chairman)*	A, B, C, D
Mr. Lam Wai Hon, Ambrose	A, B, C, D
Mr. Justin Tan Wah Joo	A, B, C, D

A: attending in-house briefings and/or reading relevant material
B: attending training relevant to the Group's business/paying visits to the facilities of the Group/industry peers
C: reading material relevant to the director's duties and responsibilities
D: attending training/seminars/conferences on applicable laws, rules and regulations update

(III) Other Information (Continued)

(B) Remuneration Committee

(1) During the year under review, one Remuneration Committee meeting was held and details of attendance of the Remuneration Committee members are set out below:

	Attendance
Mr. Alan Howard Smith *(Chairman of the Remuneration Committee and INED)*	1/1
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	1/1
Mr. Lam Wai Hon, Ambrose *(INED)*	1/1

(2) The principal duties of the Remuneration Committee include the following:

(a) to review and make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to review and determine the remuneration packages of individual Executive Directors and Senior Management including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointments); to review and make recommendations to the Board on the remuneration of Non-executive Directors (including INEDs); and to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(d) to review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(f) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(g) when the occasion arises, to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules; and

(h) to consider other topics, as may be delegated by the Board.

(3) During the year 2017, the Remuneration Committee has, inter alia:

(a) considered, reviewed and, where applicable, determined the specific remuneration packages (including annual bonus, benefits in kind, pension rights and compensation payments, if any) of Executive Directors and certain Senior Management; and

(b) recommended the Directors' fee for the year 2016 which has been approved by the shareholders of the Company at the 2017 AGM.

(4) No Director or any of his associates is involved in deciding his own remuneration.

(III) Other Information (Continued)

(C) Nomination Committee

(1) During the year under review, one Nomination Committee meeting was held and details of attendance of the Nomination Committee members are set out below:

	Attendance
Mr. Alan Howard Smith *(Chairman of the Nomination Committee and INED)*	1/1
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	1/1
Mr. Lam Wai Hon, Ambrose *(INED)*	1/1

(2) The principal duties of the Nomination Committee include the following:

(a) to review the structure, size and diversity (including the skills, knowledge, experience and length of service) of the Board at least annually; and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify and nominate candidates to the Board for its approval for appointment to the Board in accordance with the Director Nomination Policy;

(c) to assess the independence of INEDs on their appointments, re-appointments or when their independence is called into question, to review the annual confirmations of the INEDs on their independence; and to make relevant disclosure in accordance with the requirements under the Listing Rules;

(d) to review the contribution required from a Director to perform his responsibilities and to assess whether the Director is spending sufficient time to fulfill his duties;

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive Officer; and

(f) to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.

(3) During the financial year under review, there have not been any changes to the Board composition.

(III) Other Information (Continued)

(C) Nomination Committee (Continued)

(4) During the year 2017, the Nomination Committee has (a) reviewed the contribution of Directors and assessed the sufficiency of time spent by Directors in performing their duties and responsibilities; (b) reviewed the structure, size and composition of the Board and assessed the independence of the INEDs; and (c) following due consideration, nominated the retiring Directors for re-appointment taking into account, inter alia, their qualifications, experience, expertise, Board diversity aspects as set out in the Director Nomination Policy (as outlined below) and in the case of nominating a retiring INED for re-appointment, each of the factors for assessing independence of a Director as set out in the Listing Rules.

On nomination of the Nomination Committee, the Board has recommended the re-appointment of Mr. Alan Howard Smith and Mr. Justin Tan Wah Joo (both retired by rotation pursuant to Bye-law 99 of the Company's Bye-laws) as Directors of the Company at the 2017 AGM of the Company. As stated in the Company's circular to shareholders dated 27 April 2017 in relation to, inter alia, re-election of Directors, the two INEDs retiring at the 2017 AGM namely, Mr. Alan Howard Smith had satisfied, and Mr. Justin Tan Wah Joo (notwithstanding his minor interest as a shareholder of the Company and a shareholder/warrant holder/bondholder of certain core connected persons of the Company and his role as a Non-executive Director of the Company prior to his re-designation as an INED of the Company with effect from 22 April 2015) was regarded as having satisfied, the independence guidelines set out in Rule 3.13 of the Listing Rules as each of Mr. Smith and Mr. Tan is independent from Management and any major shareholder group of the Company and is free from any business or other relationship which might interfere with the exercise of his independent judgement. The respective resolutions for re-election of the said retiring Directors were duly approved by shareholders at the 2017 AGM of the Company.

Following re-appointment of the retiring Directors at the 2017 AGM of the Company mentioned above, the Board has:

(a) re-appointed Tan Sri Lim Kok Thay as Chairman of the Company and Mr. Alan Howard Smith as Deputy Chairman of the Company to hold office until the conclusion of the 2018 AGM of the Company pursuant to the Company's Bye-laws;

(b) re-appointed Mr. Alan Howard Smith, Tan Sri Lim Kok Thay and Mr. Lam Wai Hon, Ambrose as members of the Remuneration Committee to hold office until the conclusion of the 2018 AGM of the Company and re-appointed Mr. Alan Howard Smith as the Chairman of the Remuneration Committee;

(c) re-appointed Mr. Alan Howard Smith, Tan Sri Lim Kok Thay and Mr. Lam Wai Hon, Ambrose as members of the Nomination Committee to hold office until the conclusion of the 2018 AGM of the Company and re-appointed Mr. Alan Howard Smith as the Chairman of the Nomination Committee; and

(d) re-appointed Mr. Justin Tan Wah Joo, Mr. Alan Howard Smith and Mr. Lam Wai Hon, Ambrose as members of the Audit Committee to hold office until the conclusion of the 2018 AGM of the Company and re-appointed Mr. Justin Tan Wah Joo as the Chairman of the Audit Committee.

(III) Other Information (Continued)

(C) Nomination Committee (Continued)

(5) A summary of the Director Nomination Policy regarding Board diversity including objectives set and progress made on achieving these objectives is given below:

(a) The benefits of Board diversity in supporting the achievement of the Company's strategic objectives and sustainable development are recognised by the Nomination Committee and the Board and would be duly considered with regard to the Company's business model and specific needs in the Board appointment process;

(b) Selection of candidates (including new Board nominees and retiring Directors) and ultimate Board appointments and re-appointments will be based on the merit and contribution that the candidates will bring to the Board, having due regard for the benefits of diversity on the Board;

(c) At any given time the Nomination Committee may, if deem fit, seek to improve one or more aspects of Board diversity, including, without limitation, background, skills, knowledge, business experience, professional expertise, length of service, age and/or gender diversity, make recommendations to the Board, and measure progress accordingly; and

(d) In evaluating the nomination of the retiring Directors for re-appointment during the year under review, the Nomination Committee has given due regard to selection criteria set out in the Director Nomination Policy including, inter alia, the following:

(i) the qualifications, skills, expertise and background of each retiring Director that would continue to complement the existing Board;

(ii) other relevant details of each retiring Director including, inter alia, particulars of other commitments and the ability to devote sufficient time to the business and affairs of the Company; and

(iii) maintenance of Board diversity, taking into consideration factors, including but not limited to, background, skills, knowledge, business experience, professional expertise, length of service, age and/or gender, as the Nomination Committee considered appropriate to complement the business model and to meet any specific needs of the Company.

(III) Other Information (Continued)

(D) Audit Committee

(1) During the year under review, two Audit Committee meetings were held and details of attendance of Audit Committee members are set out below:

	Attendance
INEDs:	
Mr. Justin Tan Wah Joo *(Chairman of the Audit Committee)*	2/2
Mr. Alan Howard Smith	2/2
Mr. Lam Wai Hon, Ambrose	2/2

(2) The principal duties of the Audit Committee include the following:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and to ensure co-ordination where more than one audit firm is involved;

(c) to develop and implement policy on engaging an external auditor to supply non-audit services, and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) to act as the key representative body for overseeing the Company's relations with the external auditor;

(e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them before submission to the Board, focusing particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgemental areas;

(iii) significant adjustments resulting from the audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

(III) Other Information (Continued)

(D) Audit Committee (Continued)

(f) in regard to (e) above,

(i) members of the Audit Committee should liaise with the Board and Senior Management and the Audit Committee must meet, at least twice a year, with the auditor; and

(ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(g) to review the external auditor's management letter, any material queries raised by the auditor to Management about accounting records, financial accounts or systems of control and Management's response;

(h) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(i) to review the Company's financial controls, risk management and internal control systems;

(j) to discuss the risk management and internal control systems with Management to ensure that Management has performed its duty to have effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(k) to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review arrangements the Company's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(n) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Management's response to these findings; and

(o) to consider other topics, as defined by the Board.

(III) Other Information (Continued)

(D) Audit Committee (Continued)

(3) During the year 2017, the Audit Committee has, inter alia:

(a) reviewed the financial reports for the year ended 31 December 2016 and for the six months ended 30 June 2017;

(b) reviewed the internal and external audit plans;

(c) reviewed the internal and external audit reports;

(d) reviewed the risk management program reports;

(e) reviewed the Group's systems of risk management and internal control including, inter alia, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

(f) reviewed connected transactions and significant related party transactions as set out in the section headed "Connected Transactions" in the Report of the Directors and in note 32 to the consolidated financial statements;

(g) reviewed the first ESG Report for the year ended 31 December 2016 before submission to the Board for review;

(h) reviewed semi-annually the report in respect of the implementation of the AML Program before submission to the Board for review;

(i) considered the appointment of the external auditor including the proposed audit fees;

(j) considered the engagement of the external auditor to provide non-audit services;

(k) discussed periodically with internal and external auditor to ensure co-ordination between them;

(l) discussed periodically with Management and internal audit team to ensure that the Group's internal audit function was adequately resourced and had appropriate standing within the Company; and

(m) reported to the Board conclusions of its review and recommendations on the matters set out in (a) to (j) above.

(III) Other Information (Continued)

(E) Auditor's Remuneration

A remuneration of US$2.1 million was paid/payable to the Company's external auditor for the provision of audit services in 2017. During the same year, the fees paid/payable to the external auditor for non-audit related activities amounted to US$0.9 million of which US$0.2 million related to tax services fees, US$0.1 million related to due diligence services fees and US$0.6 million related to advisory services fees.

(F) Shareholders' Rights

(1) Procedures to convene Special General Meeting ("SGM")

(a) Shareholders holding not less than one-tenth of the paid-up capital of the Company can deposit a written request to convene a SGM to the Corporate Headquarters of the Company, for the attention of the Company Secretary.

(b) The written request must state the purposes of the meeting, signed by the shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

(c) The request will be verified with the Company's Share Registrars and/or Transfer Agent (as appropriate) and upon their confirmation that the request is proper and in order, the Company Secretary will seek approval of the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

(d) If the Board does not within twenty-one days from the date of the deposit of the properly made requisition proceed duly to convene a general meeting, the shareholders who make such requisition, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date and any reasonable expenses so incurred shall be reimbursed by the Company.

(e) The minimum notice period to be given to shareholders for consideration of the proposal raised by the shareholders concerned at a SGM varies according to the nature of the proposal, as follows:

(i) fourteen days' notice in writing if the proposal constitutes an ordinary resolution of the Company; and

(ii) twenty-one days' notice in writing if the proposal constitutes a special resolution of the Company;

provided that at least ten business days' notice in writing shall be given for any SGM.

(III) Other Information (Continued)

(F) Shareholders' Rights (Continued)

(2) Procedures for submitting enquiries to the Company/the Board

(a) Shareholders are encouraged to check the Corporate Information page on the Company's website particularly the Investor Relations section before submitting an enquiry because the information being sought is often available on the website.

(b) Shareholders should direct their questions about their shareholdings to the Company's Share Registrars or Transfer Agent (where applicable).

(c) In order to enable the Company to respond to shareholders' enquiries more efficiently, the enquiries should be made in writing to help avoid miscommunication and directed to the officer in charge of Investor Relations at the Corporate Headquarters of the Company in Hong Kong whose contact details are given in the Corporate Information section of the Company's Annual Report.

(3) Procedures for making proposals at shareholders' meetings

(a) Shareholders holding not less than one-twentieth of the paid-up capital of the Company, or of not less than one hundred in number, can deposit a written request to the Corporate Headquarters of the Company, for the attention of the Company Secretary, at the expense of the requisitionists, to:

(i) move a resolution at an annual general meeting; and/or

(ii) circulate any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting (the "Statement").

(b) The written request, which may consist of several documents in like form, must be signed by all requisitionists, and, in the case of a requisition requiring notice of a resolution as referred to in paragraph (F)(3)(a)(i) above, must state the resolution, and, in the case of any requisition as referred to in paragraph (F)(3)(a)(ii) above, be accompanied by the Statement.

(c) The written request must be deposited at the Corporate Headquarters of the Company not less than six weeks before the next annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

(d) The request will be verified in the same manner as set out in paragraph (F)(1)(c) above, and if the request is verified as proper and in order, it will duly be processed provided that the requisitionists have deposited with the requisition a sum of money reasonably sufficient to meet the Company's expenses in serving notice of the resolution (where applicable) and circulating the Statement in accordance with the statutory requirements to all the shareholders.

(G) Investor Relations

There were no changes in the constitutional documents of the Company during the year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 US$'000	2016 US$'000
Revenue	5	**1,190,415**	1,016,668
Operating expenses			
Operating expenses excluding depreciation and amortisation		**(1,066,227)**	(848,789)
Depreciation and amortisation	9	**(175,510)**	(123,386)
		(1,241,737)	(972,175)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		**(285,190)**	(258,880)
Depreciation and amortisation	9	**(14,995)**	(8,815)
		(300,185)	(267,695)
		(1,541,922)	(1,239,870)
		(351,507)	(223,202)
Share of profit/(loss) of joint ventures	17	**1,048**	(516)
Share of profit of associates	18	**225**	32,890
Other expenses, net	6	**(849)**	(7,474)
Other gains/(losses), net	7	**166,050**	(301,054)
Finance income		**7,098**	10,548
Finance costs	8	**(49,373)**	(6,841)
		124,199	(272,447)
Loss before taxation	9	**(227,308)**	(495,649)
Taxation	10	**(16,972)**	(8,583)
Loss for the year		**(244,280)**	(504,232)

	Note	2017 US$'000	2016 US$'000
Loss for the year		**(244,280)**	(504,232)
Other comprehensive income/(loss):			
Items that have been or may be reclassified to consolidated statement of comprehensive income:			
Foreign currency translation differences		**64,331**	(50,104)
Fair value gain/(loss) on derivative financial instruments		**46,139**	(14,271)
Fair value gain/(loss) on available-for-sale investments		**292,455**	(402,952)
Transfer of available-for-sale investments reserve to consolidated statement of comprehensive income on impairment		**–**	305,034
Share of other comprehensive income of an associate		**385**	136
Release of reserves upon disposal of available-for-sale investments		**(204,994)**	(10,022)
		198,316	(172,179)
Item that will not be reclassified subsequently to consolidated statement of comprehensive income:			
Actuarial gain/(loss) on retirement benefit plans		**548**	(819)
Other comprehensive income/(loss) for the year		**198,864**	(172,998)
Total comprehensive loss for the year		**(45,416)**	(677,230)
Loss attributable to:			
Equity owners of the Company		**(242,289)**	(502,325)
Non-controlling interests		**(1,991)**	(1,907)
		(244,280)	(504,232)
Total comprehensive loss attributable to:			
Equity owners of the Company		**(43,425)**	(675,323)
Non-controlling interests		**(1,991)**	(1,907)
		(45,416)	(677,230)
Loss per share attributable to equity owners of the Company			
– Basic (US cents)	11	**(2.86)**	(5.92)
– Diluted (US cents)	11	**(2.86)**	(5.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 US$'000	2016 US$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**4,256,589**	3,111,526
Land use rights	15	**3,813**	3,671
Intangible assets	16	**84,062**	80,189
Interests in joint ventures	17	**3,555**	3,847
Interests in associates	18	**535,410**	549,885
Deferred tax assets	29	**4,025**	2,130
Available-for-sale investments	19	**9,610**	9,585
Other assets and receivables	23	**21,058**	11,909
		4,918,122	3,772,742
CURRENT ASSETS			
Completed properties for sale		**47,211**	–
Properties under development	20	**–**	45,056
Inventories	21	**37,389**	65,947
Trade receivables	22	**66,937**	49,765
Prepaid expenses and other receivables	23	**113,145**	173,434
Available-for-sale investments	19	**686,835**	1,257,073
Amounts due from related companies		**852**	1,153
Restricted cash	24	**126,851**	141,251
Cash and cash equivalents	25	**1,147,702**	1,040,274
		2,226,922	2,773,953
TOTAL ASSETS		**7,145,044**	6,546,695

	Note	2017 US$'000	2016 US$'000
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital	26	**848,249**	848,249
Reserves:			
Share premium		**41,634**	41,634
Contributed surplus		**936,823**	936,823
Additional paid-in capital		**110,987**	111,780
Foreign currency translation adjustments		**(20,057)**	(137,601)
Available-for-sale investments reserve		**138,285**	104,037
Cash flow hedge reserve		**–**	(17,280)
Retained earnings		**2,487,403**	2,897,616
		4,543,324	4,785,258
Non-controlling interests		**35,967**	37,958
TOTAL EQUITY		**4,579,291**	4,823,216
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	27	**1,590,805**	1,036,936
Deferred tax liabilities	29	**21,751**	18,597
Provisions, accruals and other liabilities	31	**818**	1,123
Retirement benefit obligations	33	**9,109**	8,934
Advance ticket sales		**17,903**	19,394
		1,640,386	1,084,984
CURRENT LIABILITIES			
Trade payables	30	**101,012**	85,606
Current income tax liabilities		**13,017**	6,875
Provisions, accruals and other liabilities	31	**320,303**	224,062
Current portion of loans and borrowings	27	**297,354**	135,243
Derivative financial instruments	28	**–**	17,280
Amounts due to related companies		**522**	2,458
Advance ticket sales		**193,159**	166,971
		925,367	638,495
TOTAL LIABILITIES		**2,565,753**	1,723,479
TOTAL EQUITY AND LIABILITIES		**7,145,044**	6,546,695
NET CURRENT ASSETS		**1,301,555**	2,135,458
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,219,677**	5,908,200

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Mr. Lim Keong Hui
Executive Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 US$'000	2016 US$'000
OPERATING ACTIVITIES			
Cash used in operations	(a)	**(59,327)**	(48,743)
Interest paid		**(43,894)**	(18,745)
Payment of loan arrangement fees	(c)	**(34,457)**	(34,720)
Interest received		**10,694**	11,446
Income tax paid		**(10,129)**	(6,751)
Net cash outflow from operating activities		**(137,113)**	(97,513)
INVESTING ACTIVITIES			
Acquisitions of subsidiaries and business, net of cash acquired	37	**993**	(278,644)
Purchase of property, plant and equipment		**(1,236,568)**	(1,088,773)
Purchase of intangible assets		**(90)**	–
Proceeds from sale of property, plant and equipment		**-**	6,127
Acquisition of additional equity interest in an associate		**(781)**	–
Capital contribution to a joint venture		**(1,585)**	–
Proceeds from disposal of available-for-sale investments		**862,678**	24,915
Dividends received		**7,716**	13,354
Loans to a joint venture		**-**	(5,888)
Net cash outflow from continuing investing activities		**(367,637)**	(1,328,909)
Net cash inflow from discontinued operations	(b)	**–**	18,522
Net cash outflow from investing activities		**(367,637)**	(1,310,387)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	(c)	**1,292,345**	964,628
Repayments of loans and borrowings	(c)	**(537,950)**	(284,433)
Dividends paid		**(169,650)**	–
Net cash inflow from financing activities		**584,745**	680,195
Effect of exchange rate changes on cash and cash equivalents		**27,433**	(10,766)
Net increase/(decrease) in cash and cash equivalents		**107,428**	(738,471)
Cash and cash equivalents at beginning of year		**1,040,274**	1,778,745
Cash and cash equivalents at end of year	25	**1,147,702**	1,040,274

Notes to Consolidated Statement of Cash Flows

(a) Cash used in operations

	2017 US$'000	2016 US$'000
OPERATING ACTIVITIES		
Loss before taxation	**(227,308)**	(495,649)
Depreciation and amortisation		
– relating to operating function	**175,510**	123,386
– relating to selling, general and administrative function	**14,995**	8,815
	190,505	132,201
Finance costs	**49,373**	6,841
Finance income	**(7,098)**	(10,548)
Share of (profit)/loss of joint ventures	**(1,048)**	516
Share of profit of associates	**(225)**	(32,890)
Gain on disposal of available-for-sale investments	**(204,994)**	(10,022)
Write off and loss on disposal of property, plant and equipment	**17,276**	431
Write off of intangible assets	**86**	–
Impairment loss on available-for-sale investments	**–**	307,730
Waiver of loan and interest receivable from a joint venture	**–**	657
Dividend income from available-for-sale investments	**–**	(4,832)
Impairment loss on property, plant and equipment	**22,646**	–
Impairment loss on goodwill	**10,945**	–
Impairment loss on other receivables	**5,353**	2,689
Provision for retirement benefit obligations	**700**	978
Reorganisation costs	**–**	13,003
Others	**–**	(828)
	(143,789)	(89,723)
Decrease/(Increase) in:		
Trade receivables	**(15,036)**	(1,621)
Inventories	**(945)**	(33,410)
Restricted cash	**15,150**	31,784
Completed properties for sale	**34,874**	–
Properties under development, other assets, prepaid expenses and other receivables	**(61,623)**	(35,500)
Increase/(Decrease) in:		
Trade payables	**8,034**	17,322
Provisions, accruals and other liabilities	**81,627**	78,367
Amounts due to related companies	**(1,635)**	3,402
Advance ticket sales	**24,697**	(19,006)
Retirement benefit obligations	**(681)**	(358)
Cash used in operations	**(59,327)**	(48,743)

(b) Net cash inflow from discontinued operations

On 1 June 2012, the Group as a seller entered into a memorandum of agreement with Norwegian Sky, Ltd., buyer nominated by NCL (Bahamas) Ltd., the charterer of m.v. Norwegian Sky, in relation to the disposal of the vessel for a consideration of approximately US$259.3 million. The disposal was completed on 6 June 2012. The consideration has been fully settled and received by the Group during the year ended 31 December 2016.

(c) Reconciliation of liabilities arising from financing activities

	US$'000
Total loans and borrowings as at 1 January 2017	**1,172,179**
Cash flows from financing activities:	
– Proceeds from loans and borrowings	**1,292,345**
– Repayments of loans and borrowings	**(537,950)**
Payment of loan arrangement fees	**(34,457)**
Currency translation differences	**1,411**
Other non-cash changes	**(5,369)**
Total loans and borrowings as at 31 December 2017	**1,888,159**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to equity owners of the Company										
	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Additional paid-in capital US$'000	Foreign currency translation adjustments US$'000	Cash flow hedge reserve US$'000	Available-for-sale investments reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2017	848,249	41,634	936,823	111,780	(137,601)	(17,280)	104,037	2,897,616	4,785,258	37,958	4,823,216
Comprehensive loss:											
Loss for the year	-	-	-	-	-	-	-	(242,289)	(242,289)	(1,991)	(244,280)
Other comprehensive income/(loss) for the year:											
Foreign currency translation differences	-	-	-	-	64,331	-	-	-	64,331	-	64,331
Fair value gain on derivative financial instruments	-	-	-	-	-	46,139	-	-	46,139	-	46,139
Share of other comprehensive income of an associate	-	-	-	385	-	-	-	-	385	-	385
Fair value gain on available-for-sale investments	-	-	-	-	-	-	292,455	-	292,455	-	292,455
Actuarial gain of retirement benefit plans	-	-	-	-	-	-	-	548	548	-	548
Release of reserves upon disposal of available-for-sale investments	-	-	-	-	53,213	-	(258,207)	-	(204,994)	-	(204,994)
Total comprehensive income/(loss)	-	-	-	385	117,544	46,139	34,248	(241,741)	(43,425)	(1,991)	(45,416)
Transaction with equity owners:											
Lapse of share options	-	-	-	(1,178)	-	-	-	1,178	-	-	-
Cash flow hedges reclassified to property, plant and equipment	-	-	-	-	-	(28,859)	-	-	(28,859)	-	(28,859)
2016 final dividend paid	-	-	-	-	-	-	-	(84,825)	(84,825)	-	(84,825)
2017 interim dividend paid	-	-	-	-	-	-	-	(84,825)	(84,825)	-	(84,825)
At 31 December 2017	848,249	41,634	936,823	110,987	(20,057)	-	138,285	2,487,403	4,543,324	35,967	4,579,291

	Attributable to equity owners of the Company										
	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Additional paid-in capital US$'000	Foreign currency translation adjustments US$'000	Cash flow hedge reserve US$'000	Available-for-sale investments reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2016	848,249	41,634	936,823	111,644	(93,784)	(3,009)	218,264	3,400,760	5,460,581	39,865	5,500,446
Comprehensive loss:											
Loss for the year	–	–	–	–	–	–	–	(502,325)	(502,325)	(1,907)	(504,232)
Other comprehensive income/(loss) for the year:											
Foreign currency translation differences	–	–	–	–	(50,104)	–	–	–	(50,104)	–	(50,104)
Fair value loss on derivative financial instruments	–	–	–	–	–	(14,271)	–	–	(14,271)	–	(14,271)
Share of other comprehensive income of an associate	–	–	–	136	–	–	–	–	136	–	136
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(402,952)	–	(402,952)	–	(402,952)
Actuarial loss of retirement benefit plans	–	–	–	–	–	–	–	(819)	(819)	–	(819)
Release of reserves upon disposal of available-for-sale investments	–	–	–	–	6,287	–	(16,309)	–	(10,022)	–	(10,022)
Transfer of available-for-sale investments reserve to consolidated statement of comprehensive income on impairment	–	–	–	–	–	–	305,034	–	305,034	–	305,034
Total comprehensive income/(loss)	–	–	–	136	(43,817)	(14,271)	(114,227)	(503,144)	(675,323)	(1,907)	(677,230)
At 31 December 2016	848,249	41,634	936,823	111,780	(137,601)	(17,280)	104,037	2,897,616	4,785,258	37,958	4,823,216

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 "Singapore Exchange"). The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, whereas the principal place of business of the Company is situated at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

During the year ended 31 December 2017, the Company has sought the voluntary delisting of the shares of the Company from the Main Board of the Singapore Exchange (the "Delisting") and has received a confirmation from the Singapore Exchange that it has no objection to the Delisting. The last day for trading of the shares on the Main Board of the Singapore Exchange will be 10 April 2018 and the date of Delisting will be 17 April 2018.

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, shipyard operations, leisure, entertainment and hospitality activities.

2. Principal Accounting Policies and Basis of Preparation

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale 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.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Standard and amendments to existing standard effective in 2017

From 1 January 2017, the Group has adopted the following revised HKFRS/Hong Kong Accounting Standard ("HKAS"), and amendments to existing standard, which are relevant to its operations.

(i) HKAS 7 (Amendments), "Disclosure initiative" (effective from 1 January 2017). The amendments introduce an additional disclosure on changes in liabilities arising from financing activities. An additional disclosure has been included in note (c) to consolidated statement of cash flows to satisfy the new disclosure requirements. Other than that, the adoption of the amendments did not have any impact on the current period.

(ii) HKAS 12 (Amendments), "Recognition of deferred tax assets for unrealised losses" (effective from 1 January 2017). The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively. The amendments do not have a material impact on the Group's consolidated financial statements.

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

(a) Basis of preparation (Continued)

New and amended standards and interpretations that have been issued and not yet effective and have not been early adopted

Certain new and amended accounting standards and interpretations ("HK (IFRIC)") have been published that are not mandatory for the year ended 31 December 2017 and have not been early adopted by the Group.

(i) HKFRS 9, "Financial Instruments" (effective from 1 January 2018). HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The majority of the Group's equity instruments that are currently classified as available-for-sale investments will be classified as fair value through profit or loss ("FVPL"). Related fair value gains of approximately US$138.3 million will be transferred from the available-for-sale investments reserve to retained earnings on 1 January 2018. However, certain equity instruments of the Group that are currently classified as available-for-sale investments satisfy the conditions for classification as fair value through other comprehensive income ("FVOCI"). Accordingly, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified from the FVOCI reserve to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

As at 31 December 2017, the Group does not hold any hedging instruments and hence, the new hedge accounting rules will have no impact to the Group.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. The Group anticipates that the application of ECL might result in earlier provision of credit losses in relation to the Group's financial assets classified at amortised costs. However, the Group expects the effect would not be significant.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply HKFRS 9 from 1 January 2018 retrospectively, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

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

(a) Basis of preparation (Continued)

New and amended standards that have been issued and not yet effective and have not been early adopted (Continued)

(ii) HKFRS 15, "Revenue from Contracts with Customers" (effective from 1 January 2018). The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard and has identified the following areas that will be affected:

- Accounting for certain costs incurred in obtaining a contract – In 2017, the Group expensed commission expenses incurred related to voyages not yet departed as at 31 December 2017, as they did not qualify for recognition as an asset under any of the other accounting standards. However, the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered. They will therefore be eligible for capitalisation under HKFRS 15 and recognised as a contract asset as of 1 January 2018. The Group expects the effect would not be significant.

- Presentation of contract assets and contract liabilities in the statement of financial position – HKFRS 15 requires separate presentation of contract assets and liabilities in the statement of financial position. This will result in some reclassifications as of 1 January 2018 in relation to prepaid commission expenses for voyages not yet departed, advance ticket sales, advance receipts from customers and the accruals for obligations under customer loyalty programmes which are currently included in other balance sheet items.

  The Group intends to adopt the standard using modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

(iii) HK (IFRIC) 22, 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018). The Interpretations Committee clarified the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The interpretation does not have a material impact on the Group's consolidated financial statements.

(iv) HKFRS 16, "Leases" (effective from 1 January 2019). Under HKFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. HKFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). HKFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in HKAS 16 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the consolidated statement of comprehensive income. For lessors, HKFRS 16 retains most of the requirements in HKAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

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

(a) Basis of preparation (Continued)

New and amended standards that have been issued and not yet effective and have not been early adopted (Continued)

(v) HK (IFRIC) 23, "Uncertainty over Income Tax Treatments" (effective from 1 January 2019). The Interpretations Committee clarified how the recognition and measurement requirements of HKAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments.

(vi) HKFRS 10 and HKAS 28 (Amendments), "Sale or contribution of assets between an investor and its associate or joint venture" (to be determined the effective date). The amendments clarify the treatment of gains and losses on the sale of a subsidiary to an associate or joint venture which did not qualify as a business as defined in HKFRS 3.

The Group plans to apply the new standards and amendments when they become effective. The Group has already commenced assessments of the related impacts of new and amended standards not yet effective on 1 January 2018 to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant policies and presentation of the financial information will result.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds from the disposal and the Group's share of its net assets, including the cumulative amount of any foreign currency translation differences that relate to the subsidiary recognised in equity in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates".

In the Company's statement of financial position, interests in subsidiaries are stated at cost less provision of impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Transaction with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

(b) Consolidation (Continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in relation to that entity are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(iv) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's interests in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial information of associates was prepared using accounting policies of the respective countries and where necessary, appropriate adjustments were made to conform with the accounting policies adopted by the Group.

(v) Joint ventures

The Group's interests in joint ventures are accounted for using the equity method of accounting in the consolidated financial statements. Equity accounting involves recognising the Group's share of post-acquisition results of joint ventures in the consolidated statement of comprehensive income and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount, which includes goodwill identified on acquisition (net of accumulated impairment loss).

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

(b) Consolidation (Continued)

(v) Joint ventures (Continued)

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint ventures that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint ventures that result from the purchase of assets by the Group from the joint ventures until it resells the assets to an external party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value or an impairment of an asset transferred.

The financial information of joint ventures was prepared using accounting policies of the respective countries and where necessary, appropriate adjustments were made to conform with the accounting policies adopted by the Group.

(vi) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

The options over the equity of the subsidiary that are to be settled by exchange of a fixed amount of cash or another financial assets for a fixed number of shares in the subsidiary to transfer to the Group are accounted for as a contingent consideration arrangement. In the event that the options expire unexercised, the liabilities are derecognised with a corresponding adjustment to the non-controlling interests.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of comprehensive income.

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

(b) Consolidation (Continued)

(vi) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

(c) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollar, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated using the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated using the average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Foreign exchange differences arising are recognised in other comprehensive income.

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

(c) Translation of foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity owners of the Company are reclassified to the consolidated statement of comprehensive income.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences, are reattributed to non-controlling interest and are not recognised in the consolidated statement of comprehensive income. For all other partial disposal (that is, reduction in the Group's ownership interest in associates or joint venture that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the consolidated statement of comprehensive income.

(d) Revenue and expense recognition

Revenues are recognised when the relevant services have been rendered. Cruise revenue, and all associated direct costs of a voyage, are generally recognised on a pro rata basis over the voyage period. Where services are provided on credit, revenue is recognised when it is probable that future economic benefits will flow to the Group. Ongoing credit evaluations are performed and potential credit losses are expensed at the time accounts receivable are estimated to be uncollectible.

Deposits received from customers for future voyages are recorded as advance ticket sales until such passenger ticket revenue is earned. Interest income and expense are recognised on a time proportion basis using the effective interest method.

Revenue from aviation service and onshore hotel operations are recognised when the services are rendered.

Entertainment onboard revenue is the aggregate of wins and losses. Commission rebated directly or indirectly through promoters to customers, cash discounts and other cash incentives are recorded as a reduction of gross entertainment onboard revenue.

Contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is measured by reference to the contract costs incurred to date, as compared to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the consolidated statement of comprehensive income.

Revenue from sales of completed properties for sale is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

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

(e) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(f) Drydocking costs

Drydocking costs represent major inspection and overhaul costs and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally every two to three years. The Group has included these drydocking costs as a separate component of the ship costs in accordance with HKAS 16 'Property, Plant and Equipment'.

(g) Advertising costs

The Group's advertising costs are generally expensed as incurred.

(h) Start up expenses

Start up expenses, which primarily comprise expenses of deploying a ship from the dockyard to its port of operations and repositioning a ship to develop a new market, including crew payroll and ship expenses, are expensed as incurred and included in operating expenses. Marketing expenses incurred during the year are included in selling, general and administrative expenses.

(i) Current and deferred income tax

The tax expense for the year comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

(j) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments which are subject to an insignificant risk of change in value and exclude restricted cash and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within loans and borrowings in current liabilities.

(k) *Properties under development and for sale*

Properties under development and for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties for sale. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion. Properties under development and for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(l) *Inventories*

Inventories include consumable inventories and inventories used in construction.

Consumable inventories consist mainly of provisions and supplies and are carried at the lower of cost, determined on a weighted average basis, and net realisable value. Net realisable value is determined on the basis of estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories used in construction consist of raw materials and work-in-progress and are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Raw materials will be used in the construction contracts, therefore they are not written down to net realisable value when the market prices for those inventories fall below cost, if the overall construction contract is expected to be profitable.

(m) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors and the probability that the debtor will default in payments are considered indicators that the trade receivables are impaired. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

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

(n) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the date of the consolidated statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of consolidated statement of financial position. These are classified as non-current assets. The Group's loans and receivables comprise "cash and cash equivalents", "amounts due from related companies" and "trade and other receivables" in the consolidated statement of financial position.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses. Loans and receivables are carried at amortised cost using the effective interest method.

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

(n) Financial assets (Continued)

(ii) Recognition and measurement (Continued)

The Group assesses at each date of consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of comprehensive income – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Impairment testing of trade receivables is described in note (m).

(o) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realised the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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

(p) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are recognised for a contract that is onerous, a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provisions are not recognised for future operating losses.

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the reporting date. This provision is calculated based on historical experience of the level of repairs and replacements.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated statement of comprehensive income when the changes arise.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, the asset is recognised.

(q) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

(r) Assets under leases

(i) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. The land held under a long-term lease is classified as an operating lease if the risks and rewards incidental to ownership will not be transferred to the lessee. Rental payments applicable to such operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

(ii) Operating leases – where the Group is the lessor

When assets are leased out under an operating lease, the assets are included in the consolidated statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

(s) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Tradenames

Separately acquired tradenames are shown at historical cost. Tradenames acquired in a business combination are recognised at fair value at the acquisition date. Tradenames have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of tradenames over their estimated useful lives of 10 years to 40 years.

(iii) Others

Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 years to 10 years.

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

(t) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Significant cruise ship refurbishing costs are capitalised as additions to the cruise ship, only when it is probable that future economic benefits associated with these items will flow to the Group and the costs of these items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Cruise ships and ships improvement are depreciated to their estimated residual values on a straight-line basis over periods ranging from 15 to 40 years.

Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Jetties, docks, buildings, terminal building and improvements	20 – 50 years
Equipment and motor vehicles	3 – 20 years
Aircrafts	10 – 20 years
Yacht and submersible	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of consolidated statement of financial position.

Freehold land is not depreciated as it has infinite life. No depreciation is provided on property, plant and equipment, which are under construction. The Group capitalises interest based on the weighted average cost of borrowings on cruise ships and other capital projects during the period required to get such assets ready for their intended use. Interest capitalisation ceases when the asset is substantially completed.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives of 40 to 90 years.

Capitalised project costs are reviewed at the end of each reporting period in order to determine if these costs should continue to be capitalised. When a project has been aborted or circumstances indicate that a project has become commercially not viable, all costs previously capitalised relating to such projects are expensed to the consolidated statement of comprehensive income.

Construction-in-progress represents cruise ships, buildings, and plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. This includes cost of construction, plant and equipment and other directly attributable costs. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy stated above.

The gain or loss on disposal of a property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated statement of comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note (aa)).

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

(u) *Earnings per share*

Basic earnings per share is computed by dividing profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during each year.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has the dilutive potential ordinary shares on exercise of share options. Certain shares under share options will have an effect on the adjusted weighted average number of shares in issue if the average market price is higher than the average exercise price.

(v) *Share option expense*

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each date of the consolidated statement of financial position, the Company revises its estimates of the number of shares under the options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Where the terms and conditions of the options are modified before the vesting date, the incremental fair value of the options granted, measured immediately before and after the modification, is recognised in the consolidated statement of comprehensive income over the remaining vesting period. If the modification occurred after the vesting date, the incremental fair value of the options granted, measured immediately before and after the modification, is recognised immediately in the consolidated statement of comprehensive income.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

(w) *Retirement benefit costs*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

(w) Retirement benefit costs (Continued)

The current service cost of the defined benefit plan, recognised in the consolidated statement of comprehensive income, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated statement of comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff costs in the consolidated statement of comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(x) Employee leave entitlements

Employees' entitlement to annual leave are recognised when they are accrued to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the date of consolidated statement of financial position.

Employees' entitlement to sick leave and maternity or paternity leave are not recognised until the time of leave.

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Borrowings and borrowing costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the consolidated statement of comprehensive income in the year in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of consolidated statement of financial position.

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

(aa) *Impairment of assets*

At each date of consolidated statement of financial position, both internal and external sources of information are considered to assess whether there is any indication that interests in subsidiaries, joint ventures, associates, property, plant and equipment and intangible assets are impaired. If any indication of impairment of an asset exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. In the case of goodwill, impairment assessment is performed at least on an annual basis. Such impairment losses are recognised in the consolidated statement of comprehensive income. For the purpose of assessing impairment, assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

The Group measures the amount of the impairment by comparing the carrying amount of an asset to its recoverable amount, which is the higher of an asset's fair value less costs of disposal or its value in use. The Group estimates recoverable amount based on the best information available. Fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties less costs of disposal. The estimation of value in use is measured using various financial modeling techniques such as discounting future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful lives at discount rates which commensurate with the risk involved.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment losses made against goodwill arising from acquisition of subsidiaries are not reversed. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of comprehensive income in the year in which the reversals are recognised.

(bb) *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(cc) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman who makes strategic decisions.

(dd) *Financial guarantee contracts*

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

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

(ee) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The fair values of the various derivative financial instruments used for hedging purposes are disclosed in note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income. Amounts accumulated in equity are recognised in the consolidated statement of comprehensive income when the underlying hedged items are recognised in the consolidated statement of comprehensive income. When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

(ff) Customer loyalty programmes

The Group operates loyalty programmes where customers accumulate points for voyages made which entitle them to discounts or onboard benefit on future voyages. The reward points are recognised as a separate identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as a liability at their fair value based on a number of assumptions including historical experience, expected redemption rates and programme design. Revenue from the reward points is recognised when the points are redeemed or upon expiry.

3. Financial Risk Management

(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 and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to recognise potential adverse effects on the Group's financial performance. The Group enters into derivative financial instruments, primarily foreign currency forward contracts to limit its exposures to fluctuations in foreign currency exchange rates.

(i) Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate fluctuations on the US dollar value of the Group's foreign currency denominated forecasted transactions. The Group's principal net foreign currency exposure mainly relates to the Euro, Hong Kong dollar, Chinese Renminbi, Singapore dollar and Malaysian Ringgit. To manage this exposure, the Group takes advantage of any natural offsets of the Group's foreign currency revenues and expenses and from time to time when appropriate, to enter into foreign currency forward contracts and/or option contracts for a portion of the remaining exposure relating to these forecasted transactions.

At 31 December 2017, if Euro, Chinese Renminbi, Singapore dollar and Malaysian Ringgit had weakened/strengthened by 5% (2016: 5%) against US dollar with all other variables held constant, the foreign exchange losses/gains as a result of translation of Euro, Chinese Renminbi, Singapore dollar and Malaysian Ringgit denominated trade receivables, trade payables and cash and cash equivalents would be as follows:

	2017 US$'000	2016 US$'000
Foreign exchange losses/gains	**17,322**	15,522

Since Hong Kong dollar is pegged to US dollar, management considered that the Group does not have any material foreign exchange exposure in this regard.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale investments. As at 31 December 2017, if the equity securities price had increased/decreased by 10% (2016: 10%) with all other variables held constant, other comprehensive income would increase/decrease by US$68.7 million (2016: US$125.7 million). The investments made by the Group are for strategic purposes, and each investment is managed by senior management on a case by case basis. The Group is exposed to fluctuations in fuel price relating to the consumption of fuel on its ships. Management monitors the market conditions and fuel price fluctuations and where appropriate, fuel swap agreements are entered to mitigate the financial impact.

3. Financial Risk Management (Continued)

(a) *Financial risk factors (Continued)*

(iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, advances to third parties, as well as sales of services made on deferred credit terms. For cash and cash equivalents and deposits with banks, the Group deposits the cash with reputable financial institutions with Moody's long-term obligation ratings ranging from Aa1 to A3. The Group seeks to control credit risk by setting credit limits and ensuring that the advances are made to third parties and services are made to customers with an appropriate credit history following background checks and investigations of their creditworthiness. The Group also manages its credit risk by performing regular reviews of the ageing profile of trade receivables, damages claim receivables and advances to third parties. The Group considers the risk of material loss in the event of non-performance by a debtor to be unlikely. In addition, certain debtors provide security to the Group in the form of bank and assets guarantees.

The Group has provided guarantees to certain banks in respect of mortgage loan facilities to secure obligations of certain purchasers of residential property units developed by the Group for repayments. Detailed disclosure of these guarantees is made in note 34(iv).

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash (2017: US$1,147.7 million and 2016: US$1,040.3 million) and committed credit lines available (2017: US$636.5 million and 2016: US$229.4 million).

Management also monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents based on expected cash flows to ensure that it will have sufficient cash flows to meet its working capital, loan repayments and covenant requirements. This is generally carried out on a regular and frequent basis at the Group level. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of assets necessary to meet these projections; monitoring the financial position liquidity ratios against internal and external financing requirements; and maintaining debt financing plans.

The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period from the date of consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
2017				
Non-derivative financial liabilities				
Loans and borrowings	**381,789**	**267,615**	**756,886**	**936,185**
Trade payables	**101,012**	**–**	**–**	**–**
Accruals and other liabilities	**201,458**	**394**	**339**	**85**
Amounts due to related companies	**522**	**–**	**–**	**–**
2016				
Non-derivative financial liabilities				
Loans and borrowings	152,665	137,847	413,595	529,612
Trade payables	85,606	–	–	–
Accruals and other liabilities	149,869	160	642	321
Amounts due to related companies	2,458	–	–	–
Derivative financial liabilities				
Inflow arising from derivative financial instruments	(294,644)	–	–	–
Outflow arising from derivative financial instruments (note 28)	317,120	–	–	–

(v) Interest rate risk

Majority of the Group's indebtedness and its related interest expenses are denominated in US dollar and are based upon floating rates of interest. The Group limits its exposure to interest rate fluctuation by entering into variable to fixed interest rate swaps from time to time when appropriate, to fix a portion of interest costs over a period of time. The Group continuously evaluates its debt portfolio, including interest rate swaps to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement.

As at 31 December 2017 and 2016, the Group had loans and borrowings bearing fixed interest rates which exposed the Group to fair value interest rate risk. The Group has assessed and considered the fair value interest rate risk to be insignificant.

For the year ended 31 December 2017, if the interest rates on variable-rate borrowings had been higher or lower by one percent, loss before taxation would have increased or decreased by the amounts shown below:

	2017 US$'000	2016 US$'000
Increase/decrease in loss before taxation	**11,915**	12,156

3. Financial Risk Management (Continued)

(b) *Capital risk management*

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents.

The gearing ratio as at 31 December 2017 was as follows:

	2017 US$'000	2016 US$'000
Total borrowings (note 27)	**1,888,159**	1,172,179
Less: cash and cash equivalents (note 25)	**(1,147,702)**	(1,040,274)
Net debt	**740,457**	131,905
Total equity	**4,579,291**	4,823,216
Gearing ratio	**16.2%**	2.7%

The Group was in compliance with financial debt covenants imposed by the financial institutions for the years ended 31 December 2017 and 2016.

(c) *Fair value estimation*

The table below analyses financial instruments carried at fair value by level of the inputs and 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:

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2017				
Financial assets				
Available-for-sale investments	**686,835**	**–**	**–**	**686,835**
2016				
Financial assets				
Available-for-sale investments	1,257,073	–	–	1,257,073
Financial liabilities				
Derivatives financial instruments	–	17,280	–	17,280

There have been no transfers between the levels of the fair value hierarchy during the years ended 31 December 2017 and 2016.

3. Financial Risk Management (Continued)

(c) Fair value estimation (Continued)

The fair value of financial instruments traded in active market is based on quoted market prices at the date of consolidated statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques recognise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar financial instruments is used
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of consolidated statement of financial position, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

Loans and borrowings

The carrying amount and fair value of the loans and borrowings (including the current portion) are as follows:

	2017 US$'000	2016 US$'000
Carrying amount	**1,888,159**	1,172,179
Fair value	**2,056,487**	1,233,719

The fair value of loans and borrowings is estimated based on rates currently available for the same or similar terms and remaining maturities.

(d) Fair value of financial assets and liabilities measured at amortised cost

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

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Impairment of assets*

The Group reviews its assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Where an impairment indicator exists, the recoverable amount of the asset is determined based on the valuation performed by independent valuers or value-in-use calculations prepared on the basis of management's assumptions and estimates about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the Group takes into consideration assumptions that are mainly based on market condition existing at the date of consolidated statement of financial position and appropriate market and discount rates. These estimates are regularly compared with actual market data and actual transactions entered into by the Group.

(b) *Estimated useful lives of property, plant and equipment*

In accordance with HKAS 16 'Property, Plant and Equipment', the Group estimates the useful lives of property, plant and equipment to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

(c) *Impairment of trade receivables*

Management reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. Management assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions. Management reassesses the provision at each date of consolidated statement of financial position.

(d) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax assessment is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4. Critical Accounting Estimates and Judgements (Continued)

(e) Loyalty points fair value assessment

The Group recognises the fair values of the customer loyalty award credits, based on the published redemption terms, historical redemption pattern of customers, life expectancy of customers and fair value of cabins onboard and other goods and services as at year end. The Group reassess the measurement basis used for calculating the fair value of customer loyalty award credits for redemption of cabin onboard and other goods and services on a regular basis.

(f) Impairment of available-for-sale investments

The Group follows the guidance of HKFRS 39 'Financial Instruments: Recognition and measurement' to determine when available-for-sale investments is impaired. The determination requires significant judgements. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, and operation and financing cash flow.

(g) Construction contracts

The Group uses the percentage-of-completion method in accounting for its construction contracts. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total contract costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue, respectively. In making these estimates, management have used their accumulative knowledge of the industry, market conditions, and its customers, and corroborated with the experience gained from the most recent deliveries.

(h) Impairment of goodwill

The Group conducts reviews annually whether goodwill has suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts of CGUs are determined based on value-in-use calculations or fair value less costs of disposal. Value-in-use calculations require the use of management judgements and estimates in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Fair value less costs of disposal calculations require available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Group's financial condition and results of operations.

Details of the key assumptions applied by management in assessing impairment of goodwill are stated in note 16.

5. Revenue and Segment Information

The Group is principally engaged in the operation of passenger cruise ships. Senior management reviews the performance and makes operating decisions and resources allocation based on the Group's internal reports. The Group's business is divided into cruise operation, shipyard operation and non-cruise operation. Accordingly, three reportable segments namely, cruise and cruise-related activities, shipyard operations 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 shipyard operations primarily consists of revenue from shipbuilding, repairs and conversion activities.

Revenue from our non-cruise activities primarily consists of revenue from our onshore hotel, travel agent, aviation (including AirCruises and air-related services), entertainment, sales of residential property units 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 in 2017 compared to 2016 mainly due to the full year's operation of Genting Dream and Crystal Mozart, as well as the launch of World Dream, Crystal Bach and Crystal Mahler during the year. However, additional depreciation of new Dream and Crystal cruise vessels, startup costs of new Crystal river ships resulted in segmental loss from our "cruise and cruise-related activities". Reportable segment revenue from shipyard operations increased in 2017 mainly due to more shipbuilding activities in 2017 compared to 2016. Higher overall operating and selling, general, administrative expenses including depreciation and amortisation as a result of full year's startup and newbuild activities of the shipyards in Germany in 2017 compared with its eight months' post-acquisition activities in 2016 resulted in segmental loss of our "shipyard operations". Higher revenue from non-cruise activities was primarily contributed by sales of residential property units in Mainland China. Notwithstanding a profit was recorded from sales of residential property units in Mainland China, our "non-cruise activities" recorded segmental loss mainly due to startup costs of new AirCruises operations in 2017.

5. Revenue and Segment Information (Continued)

The segment information of the Group is as follows:

For the year ended 31 December 2017	Cruise and cruise-related activities US$'000	Elimination* US$'000	Cruise and cruise-related activities US$'000	Shipyard opertions# US$'000	Non-cruise activities US$'000	Total US$'000
Passenger ticket revenue	728,324	(116,338)	611,986	–	2,339	614,325
Onboard revenue	287,682	116,338	404,020	–	–	404,020
Revenue from shipyard operations	–	–	–	52,546	–	52,546
Other revenue	–	–	–	–	119,524	119,524
Total revenue from external customers	1,016,006	–	1,016,006	52,546	121,863	1,190,415
Inter-segment revenue	–	–	–	140,708	14,703	155,411
Reportable segment revenue	1,016,006	–	1,016,006	193,254	136,566	1,345,826
Segment results	(186,113)	–	(186,113)	(122,282)	(43,112)	(351,507)
Share of profit of joint ventures						1,048
Share of profit of associates						225
Other expenses, net						(849)
Other gains, net						166,050
Finance income						7,098
Finance costs						(49,373)
Loss before taxation						(227,308)
Taxation						(16,972)
Loss for the year						(244,280)
Other segment information:						
Depreciation and amortisation			142,796	19,697	28,012	190,505
Impairment loss on:						
– Property, plant and equipment			–	–	22,646	22,646
– Goodwill			–	–	10,945	10,945
– Other receivables			–	–	5,353	5,353
			–	–	38,944	38,944

* Consistent with the internal reporting to the chief operating decision maker, included in the passenger ticket revenue of US$728.3 million (2016: US$625.4 million) were revenue allocated from onboard activities of US$116.3 million (2016: US$122.0 million) for cruise cabins provided to customers in support of the Group's onboard activities. The comparatives have been restated.

\# The shipyard operations of the Group has become a reportable segment during the year. Accordingly, the comparatives have been restated.

5. Revenue and Segment Information (Continued)

As at 31 December 2017	Cruise and cruise-related activities US$'000	Shipyard operations# US$'000	Non-cruise activities US$'000	Total US$'000
Segment assets	4,577,659	530,777	2,032,583	7,141,019
Deferred tax assets				4,025
Total assets				7,145,044
Segment liabilities	459,912	144,500	38,414	642,826
Loans and borrowings (including current portion)	1,865,027	15,991	7,141	1,888,159
	2,324,939	160,491	45,555	2,530,985
Current income tax liabilities				13,017
Deferred tax liabilities				21,751
Total liabilities				2,565,753
Capital expenditure:				
Property, plant and equipment	970,252	215,122	124,898	1,310,272
Property, plant and equipment arising from acquisitions of subsidiaries and business	–	–	16,092	16,092
	970,252	215,122	140,990	1,326,364

5. Revenue and Segment Information (Continued)

For the year ended 31 December 2016	Cruise and cruise-related activities US$'000	Elimination* US$'000	Cruise and cruise-related activities US$'000	Shipyard operations# US$'000	Non-cruise activities US$'000	Total US$'000
Passenger ticket revenue	625,408	(121,960)	503,448	–	–	503,448
Onboard revenue	282,703	121,960	404,663	–	–	404,663
Revenue from shipyard operations	–	–	–	66,978	–	66,978
Other revenue	–	–	–	–	41,579	41,579
Total revenue from external customers	908,111	–	908,111	66,978	41,579	1,016,668
Inter-segment revenue	–	–	–	62,580	–	62,580
Reportable segment revenue	908,111	–	908,111	129,558	41,579	1,079,248
Segment results	(106,236)	–	(106,236)	(61,617)	(55,349)	(223,202)
Share of loss of joint ventures						(516)
Share of profit of associates						32,890
Other expenses, net						(7,474)
Other losses, net						(301,054)
Finance income						10,548
Finance costs						(6,841)
Loss before taxation						(495,649)
Taxation						(8,583)
Loss for the year						(504,232)
Other segment information:						
Depreciation and amortisation			105,647	14,367	12,187	132,201
Impairment loss on:						
– Other receivables			–	–	2,689	2,689
– Available-for-sale investments			–	–	307,730	307,730
			–	–	310,419	310,419

As at 31 December 2016	Cruise and cruise–related activities US$'000	Shipyard operations# US$'000	Non-cruise activities US$'000	Total US$'000
Segment assets	3,673,056	521,835	2,349,674	6,544,565
Deferred tax assets				2,130
Total assets				6,546,695
Segment liabilities	167,863	73,219	284,746	525,828
Loans and borrowings (including current portion)	1,162,043	3,301	6,835	1,172,179
	1,329,906	76,520	291,581	1,698,007
Current income tax liabilities				6,875
Deferred tax liabilities				18,597
Total liabilities				1,723,479
Capital expenditure:				
Property, plant and equipment	1,004,087	22,676	15,192	1,041,955
Property, plant and equipment arising from acquisitions of subsidiaries and business	–	–	229,160	229,160
	1,004,087	22,676	244,352	1,271,115

5. Revenue and Segment Information (Continued)

Geographical information

Revenue

Revenue from cruise and cruise-related activities are analysed based on geographical territory of departure port. Revenue from shipyard operations and non-cruise activities are based on the location at which the services were provided or goods delivered, in the case of contract revenue, based on the location of the customers, except for revenue from AirCruises which are based on geographical territory of place of departure.

	2017 US$'000	2016 US$'000
Asia Pacific (note (a))	**810,973**	571,192
America	**204,312**	256,810
Europe	**157,415**	172,852
Others	**17,715**	15,814
	1,190,415	1,016,668

Non-current assets, other than financial instruments and deferred tax assets

	2017 US$'000	2016 US$'000
Asia Pacific (note (a))	**3,240,602**	2,569,271
Europe	**749,398**	333,598
Unallocated (note (b))	**911,682**	846,249
	4,901,682	3,749,118

Notes:

(a) Asia Pacific mainly includes Australia, Cambodia, Mainland China (including Macau Special Administrative Region), Hong Kong Special Administrative Region ("Hong Kong"), Indonesia, Japan, the Philippines, Malaysia, Singapore, Taiwan, Thailand and Vietnam.

(b) With the exception of Crystal River Cruises ships operating in Europe, unallocated includes non-current assets other than financial instruments and deferred tax assets of Crystal Cruises as it is operated on a global basis. Accordingly, management considers that there is no suitable basis for allocating such assets by geographical territory.

6. Other Expenses, Net

	2017 US$'000	2016 US$'000
Write off and loss on disposal of property, plant and equipment	**(17,276)**	(431)
Write off of intangible assets	**(86)**	–
Gain/(loss) on foreign exchange	**12,914**	(425)
Reorganisation costs (note (a))	**–**	(13,003)
Other income, net	**3,599**	6,385
	(849)	(7,474)

Note:

(a) During the year ended 31 December 2016, the Group communicated to the representatives of affected employees a detailed formal reorganisation plan of its shipyard operations and accordingly provided for an estimated cost of approximately EUR11.9 million (approximately US$13.0 million) for the year ended 31 December 2016.

7. Other Gains/(Losses), Net

	2017 US$'000	2016 US$'000
Gain on disposal of available-for-sale investments	**204,994**	10,022
Impairment loss on:		
– property, plant and equipment (note (a))	**(22,646)**	–
– available-for-sale investments (note (b))	**–**	(307,730)
– goodwill (note (c))	**(10,945)**	–
– other receivables	**(5,353)**	(2,689)
Waiver of loan and interest receivable from a joint venture (note (d))	**–**	(657)
	166,050	(301,054)

Notes:

(a) The Group performed a review of the carrying value of certain of its property, plant and equipment. Accordingly, for the year ended 31 December 2017, the Group wrote down the carrying value of an aircraft by US$22.6 million, being excess of the carrying value over the recoverable amount.

(b) The Group completed a review of the carrying value of its available-for-sale investments in December 2016 and determined that there was a decline in fair value of ordinary shares in Norwegian Cruise Line Holdings Ltd. ("NCLH"). Accordingly, for the year ended 31 December 2016, the Group transferred the fair value loss amounting to US$305.0 million from available-for-sale investments reserve to the consolidated statement of comprehensive income. In addition, an impairment loss on an unlisted available-for-sale investment amounted to US$2.7 million was recorded.

(c) On 11 April 2017, the Group acquired the remaining 50% equity interest in a 50% owned joint venture, Wider S.R.L. ("Wider"). The goodwill on acquisition of US$10.9 million has been fully impaired during the year ended 31 December 2017 after assessment by the Group.

(d) The Group waived an investor loan receivable of EUR0.5 million (approximately US$0.5 million) granted to Wider in prior years and the interest receivable of EUR0.2 million (approximately US$0.2 million) arising from an existing loan facility entered into between the Group and Wider to improve the equity position of Wider. As a result of the waiver, a loss of US$0.7 million to the Group was recorded for the year ended 31 December 2016.

8. Finance Costs

	2017 US$'000	2016 US$'000
Commitment fees and amortisation of bank loans arrangement fees	**13,778**	17,156
Interests on bank loans and others	**49,492**	19,528
Interest capitalised for qualifying assets	**(13,897)**	(29,843)
Finance costs expensed	**49,373**	6,841

9. Loss before Taxation

Loss before taxation is stated after charging the following:

	2017 US$'000	2016 US$'000
Total depreciation and amortisation analysed into:	**190,505**	132,201
– relating to operating function	**175,510**	123,386
– relating to selling, general and administrative function	**14,995**	8,815
Commission, incentives, transportation and other related costs	**146,342**	125,996
Onboard costs	**84,125**	92,457
Staff costs excluding directors' remuneration (note 12)	**445,324**	424,949
Food and supplies	**56,682**	45,069
Fuel costs	**85,073**	51,339
Operating leases – land and buildings	**10,647**	14,621
Auditors' remuneration:		
– audit services	**2,064**	1,684
– non-audit services	**853**	664
Advertising expenses	**93,423**	77,567

10. Taxation

	2017 US$'000	2016 US$'000
Overseas taxation		
– Current taxation	**16,484**	5,416
– Deferred taxation (note 29)	**(450)**	1,778
	16,034	7,194
Under provision in respect of prior years		
– Current taxation	**938**	1,389
	16,972	8,583

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.

	2017 US$'000	2016 US$'000
Loss before taxation	**(227,308)**	(495,649)
Tax calculated at domestic tax rates applicable to loss in the respective jurisdictions	**(90,300)**	(52,987)
Tax effects of:		
– Income not subject to taxation purposes	**(617)**	(5,518)
– Expenses not deductible for taxation purposes	**67,923**	8,535
– Utilisation of previously unrecognised tax losses and deductible temporary differences	**(884)**	(95)
– Deductible temporary differences not recognised	**38,178**	56,616
– Others	**1,734**	643
Under provision in respect of prior years	**938**	1,389
Total tax expense	**16,972**	8,583

11. Loss per Share

Loss per share is computed as follows:

	2017	2016
BASIC		
Loss attributable to equity owners of the Company for the year (US$'000)	**(242,289)**	(502,325)
Weighted average outstanding ordinary shares, in thousands	**8,482,490**	8,482,490
Basic loss per share for the year in US cents	**(2.86)**	(5.92)

	2017	2016
DILUTED		
Loss attributable to equity owners of the Company for the year (US$'000)	**(242,289)**	(502,325)
Weighted average outstanding ordinary shares, in thousands	**8,482,490**	8,482,490
Effect of dilutive potential ordinary shares on exercise of share options, in thousands	**–***	–*
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**8,482,490**	8,482,490
Diluted loss per share for the year in US cents	**(2.86)**	(5.92)

* The calculation of diluted loss per share for the years ended 31 December 2017 and 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.

12. Staff Costs

Staff costs include employee salaries and other employee related benefits but excluding directors' remuneration.

	2017 US$'000	2016 US$'000
Wages and salaries	**411,204**	388,185
Termination benefits	**1,387**	14,821
Social security costs	**23,916**	14,823
Post-employment benefits		
– defined contribution plan	**8,240**	6,255
– defined benefit plan	**577**	865
	445,324	424,949

Total staff costs include payroll and related staff expenses of US$300.9 million (2016: US$286.9 million) relating to operating function.

13. Emoluments of Directors and Senior Management

(i) Directors' emoluments

The aggregate amounts of emoluments of the Directors of the Company for the year ended 31 December 2017 are set out as follows:

Name of directors	Fees US$'000	Salary US$'000	Discretionary bonus US$'000	Other benefits [(a)] US$'000	Contribution to provident fund US$'000	Total US$'000
2017						
Tan Sri Lim Kok Thay	**50**	**1,798**	**150**	**12**	**2**	**2,012**
Mr. Alan Howard Smith	**74**	**–**	**–**	**–**	**–**	**74**
Mr. Lam Wai Hon, Ambrose	**70**	**–**	**–**	**–**	**–**	**70**
Mr. Lim Keong Hui	**50**	**378**	**32**	**10**	**2**	**472**
Mr. Justin Tan Wah Joo	**64**	**–**	**–**	**–**	**–**	**64**
	308	**2,176**	**182**	**22**	**4**	**2,692**

Name of directors	Fees US$'000	Salary US$'000	Discretionary bonus US$'000	Other benefits [(a)] US$'000	Contribution to provident fund US$'000	Total US$'000
2016						
Tan Sri Lim Kok Thay	50	1,799	753	10	2	2,614
Mr. Alan Howard Smith	74	–	–	–	–	74
Mr. Lam Wai Hon, Ambrose	72	–	–	–	–	72
Mr. Lim Keong Hui	50	379	95	13	2	539
Mr. Justin Tan Wah Joo	62	–	–	–	–	62
	308	2,178	848	23	4	3,361

Note:

(a) Other benefits include housing allowances, other allowances and benefits in kind.

13. Emoluments of Directors and Senior Management (Continued)

(ii) Directors' material interests in transactions, arrangements or contracts

In respect of the Directors' material interests in transactions, arrangements or contracts, save as disclosed in note 32 to the consolidated financial statements, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(iii) Five highest paid individuals

Details of the emoluments of the five highest paid individuals in the Group are as follows:

	2017 US$'000	2016 US$'000
Fees	**50**	50
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	**4,570**	5,467
Contributions to provident fund	**6**	7
	4,626	5,524
Number of Directors included in the five highest paid individuals	**1**	1

The emoluments of the 5 individuals fall within the following bands:

	Number of individuals	
	2017	2016
HK$4,000,001 – HK$10,000,000	**4**	4
HK$10,000,001 – HK$20,000,000	**1**	–
HK$20,000,001 – HK$21,000,000	**–**	1

(iv) Emoluments of senior management

The emoluments of the members of senior management fall within the following bands:

	Number of individuals	
	2017	2016
HK$2,000,001 – HK$5,000,000	**7**	5
HK$5,000,001 – HK$8,000,000	**–**	1

14. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	Cruise ships and ship improvements US$'000	Land, jetties, docks, buildings and improvements US$'000	Equipment, yachts and motor vehicles US$'000	Construction in progress US$'000	Aircrafts US$'000	Total US$'000
Cost						
At 1 January 2017	**2,702,737**	**566,700**	**459,770**	**311,291**	**228,718**	**4,269,216**
Currency translation differences	**–**	**34,299**	**8,409**	**9,412**	**–**	**52,120**
Additions	**14,580**	**4,964**	**124,000**	**1,161,569**	**5,159**	**1,310,272**
Acquisition of subsidiaries and business	**–**	**515**	**84**	**15,493**	**–**	**16,092**
Write off/disposals	**(18,361)**	**(3,551)**	**(6,983)**	**–**	**(1,240)**	**(30,135)**
Reclassification	**997,221**	**10,618**	**(37,651)**	**(1,084,037)**	**113,849**	**–**
At 31 December 2017	**3,696,177**	**613,545**	**547,629**	**413,728**	**346,486**	**5,617,565**
Accumulated depreciation and impairment loss						
At 1 January 2017	**(853,155)**	**(124,212)**	**(172,879)**	**–**	**(7,444)**	**(1,157,690)**
Currency translation differences	**–**	**(4,175)**	**(751)**	**–**	**–**	**(4,926)**
Charge for the year	**(101,553)**	**(26,620)**	**(43,971)**	**–**	**(16,429)**	**(188,573)**
Write off/disposals	**7,151**	**1,120**	**3,395**	**–**	**1,193**	**12,859**
Impairment	**–**	**–**	**–**	**–**	**(22,646)**	**(22,646)**
At 31 December 2017	**(947,557)**	**(153,887)**	**(214,206)**	**–**	**(45,326)**	**(1,360,976)**
Net book value						
At 31 December 2017	**2,748,620**	**459,658**	**333,423**	**413,728**	**301,160**	**4,256,589**

	Cruise ships and ship improvements US$'000	Land, jetties, docks, buildings and improvements US$'000	Equipment, yachts and motor vehicles US$'000	Construction in progress US$'000	Aircrafts US$'000	Total US$'000
Cost						
At 1 January 2016	1,847,673	368,969	312,265	303,568	194,160	3,026,635
Currency translation differences	–	(20,691)	(2,616)	(223)	–	(23,530)
Additions	13,100	11,505	53,994	928,798	34,558	1,041,955
Acquisition of subsidiaries and business	–	216,339	12,821	–	–	229,160
Write off/disposals	–	(9,431)	(14,236)	–	–	(23,667)
Reclassification	841,964	9	78,879	(920,852)	–	–
Transfer from inventories	–	–	18,663	–	–	18,663
At 31 December 2016	2,702,737	566,700	459,770	311,291	228,718	4,269,216
Accumulated depreciation and impairment loss						
At 1 January 2016	(772,016)	(110,100)	(161,272)	–	(4,692)	(1,048,080)
Currency translation differences	–	2,055	827	–	–	2,882
Charge for the year	(81,139)	(19,405)	(26,305)	–	(2,752)	(129,601)
Write off/disposals	–	3,238	13,871	–	–	17,109
At 31 December 2016	(853,155)	(124,212)	(172,879)	–	(7,444)	(1,157,690)
Net book value						
At 31 December 2016	1,849,582	442,488	286,891	311,291	221,274	3,111,526

14. Property, Plant and Equipment (Continued)

At 31 December 2017, the net book value of property, plant and equipment pledged as security for the Group's long-term bank loans amounted to US$2.9 billion (2016: US$2.0 billion).

During the year, the Group has capitalised borrowing costs amounting to US$12.0 million (2016: US$29.8 million) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.79% (2016: 5.65%) per annum.

For the year ended 31 December 2017, the Group incurred operating losses in the operating segments, namely cruise and cruise-related activities, shipyard operations and non-cruise activities. In addition, the Group's leasehold land is located in a geographical territory where the economic environment is highly competitive. Management have reviewed the recoverability of the relevant carrying amounts of these CGUs, which is determined at each brand of cruise ship and other business, each group of shipyards and leasehold land that generates independent cash flows.

The recoverable amount of the CGU of Star Cruises and Crystal Cruises is primarily determined based on the valuations performed by an independent valuer with reference to the available market information having taken into account the conditions, ages and sizes of the cruise ships and ship improvements.

The recoverable amounts of CGUs of MV Werften and Lloyd Werft are determined based on discounted cash flows calculations. These calculations use discounted cash flows based on plans projected and approved by management. Details of key assumptions are disclosed in note 16.

The Group has engaged an independent valuer to evaluate the recoverable amount of leasehold land based on residual method. This calculation uses discounted cash flows based on plans projected and approved by management. Key assumptions used in the projections include hotel occupancy rates, growth rate, net profit margin, capitalisation rate, discount rate and the total estimated development costs for comparable properties in the geographical territory where the leasehold land is located.

As a result of the impairment reviews, except for an aircraft as disclosed in note 7(a), the recoverable amounts of other CGUs are higher than the respective carrying values of these CGUs. Accordingly, no impairment loss provision is considered necessary.

15. Land Use Rights

The Group's interest in land use rights represent prepaid operating lease payments which are analysed as follows:

	2017 US$'000	2016 US$'000
Outside Hong Kong:		
Medium leasehold (less than 50 years but not less than 10 years)	**3,813**	3,671

	2017 US$'000	2016 US$'000
At 1 January	**3,671**	4,040
Amortisation of prepaid operating lease payments for the year	**(110)**	(110)
Currency translation differences	**252**	(259)
At 31 December	**3,813**	3,671

16. Intangible Assets

	Goodwill (note (a)) US$'000	Tradenames (note (b)) US$'000	Others US$'000	Total US$'000
Cost				
At 1 January 2017	**43,315**	**40,230**	**–**	**83,545**
Acquisitions of subsidiaries and business	**10,945**	**–**	**1,142**	**12,087**
Addition	**–**	**–**	**90**	**90**
Write off	**–**	**–**	**(86)**	**(86)**
Currency translation differences	**4,098**	**420**	**432**	**4,950**
At 31 December 2017	**58,358**	**40,650**	**1,578**	**100,586**
Accumulated amortisation and impairment				
At 1 January 2017	**–**	**(3,356)**	**–**	**(3,356)**
Amortisation charge for the year	**–**	**(1,482)**	**(340)**	**(1,822)**
Impairment (note 7(c))	**(10,945)**	**–**	**–**	**(10,945)**
Currency translation differences	**–**	**(91)**	**(310)**	**(401)**
At 31 December 2017	**(10,945)**	**(4,929)**	**(650)**	**(16,524)**
Net book value				
At 31 December 2017	**47,413**	**35,721**	**928**	**84,062**

16. Intangible Assets (Continued)

	Goodwill (note (a)) US$'000	Tradenames (note (b)) US$'000	Total US$'000
Cost			
At 1 January 2016	13,008	40,230	53,238
Acquisitions of subsidiaries and business	32,052	–	32,052
Adjustment to fair value of assets and liabilities acquired	467	–	467
Currency translation differences	(2,212)	–	(2,212)
At 31 December 2016	43,315	40,230	83,545
Accumulated amortisation and impairment			
At 1 January 2016	–	(866)	(866)
Amortisation charge for the year	–	(2,490)	(2,490)
At 31 December 2016	–	(3,356)	(3,356)
Net book value			
At 31 December 2016	43,315	36,874	80,189

Notes:

(a) Goodwill is monitored by management at the CGU level within an operating segment level with reference to each brand of cruise ship, each group of shipyards and other businesses. A summary of the allocation of goodwill to the identified CGUs of the Group is as follows:

	2017 US$'000	2016 US$'000
Crystal Cruises	**10,356**	10,356
Lloyd Werft	**1,518**	1,512
Zouk	**1,605**	1,605
MV Werften	**33,934**	29,842
	47,413	43,315

The recoverable amount is calculated based on the higher of value-in-use calculation or fair value less costs of disposal.

The recoverable amount of Crystal Cruises is determined based on discounted cash flows calculation. This calculation uses cash flow projections based on five-year financial budgets, with reference to past performance and expectations for market development, approved by management. The annual revenue growth rate during the projection period is 1.8% to 26.2% (2016: 3%) whereas the cash flows beyond the five-year period are extrapolated with an estimated general annual growth rate of 1.68% (2016: 2.44%) which does not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used of approximately 8.00% (2016: 8.61%) is pre-tax and reflects the specific risks related to the relevant business.

The recoverable amount of MV Werften is determined based on income approach, calculated based on a nine-year discounted cash flows projection of the Group's long term shipbuilding programme, by taking into account the Group's committed investments in the capabilities of the yards and a reasonable shipbuilder's contract margin established on a negotiated basis. The discount rate used of approximately 7.00% (2016: 6.48%) is post-tax and reflects the specific risks related to the relevant business. The measurement of fair value is classified as level 3 in the fair value hierarchy based on significant inputs used in valuation.

The recoverable amounts of these CGUs that take into account the fair value of the underlying assets and liabilities are not less than the carrying amounts of the CGUs. Any reasonably possible change in any of these assumptions would not cause the recoverable amounts of the CGU to fall below its carrying amounts. Accordingly, no impairment loss was considered necessary.

(b) The tradenames arose from the acquisition of equity shares of Crystal Cruises and the business of Zouk. Included within the carrying amount of tradenames, US$30.4 million (2016: US$31.2 million) relates to Crystal Cruises for which the remaining life is 37.4 years (2016: 38.4 years).

17. Interests in Joint Ventures

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

	2017 US$'000	2016 US$'000
At 1 January	**3,847**	6,942
Capital contribution to a joint venture	**1,585**	–
Share of profit/(loss) of joint ventures	**1,048**	(516)
Dividends	**(2,961)**	(2,839)
Currency translation differences	**36**	260
At 31 December	**3,555**	3,847

As at 31 December 2017 and 2016, there are no material joint ventures that have significant impact towards the financial position of the Group.

18. Interests in Associates

The Group's interests in associates are as follows:

	2017 US$'000	2016 US$'000
At 1 January	**549,885**	542,319
Acquisition of additional equity interest in an associate	**781**	–
Share of profit of associates	**225**	32,890
Share of reserves of an associate	**385**	136
Dividends	**(5,638)**	(7,437)
Currency translation differences	**(10,228)**	(18,023)
At 31 December	**535,410**	549,885

18. Interests in Associates (Continued)

Travellers International Hotel Group, Inc. ("Travellers"), in the opinion of the directors, is a material associate to the Group as at 31 December 2017. Travellers has share capital consisting of ordinary shares and preferred shares, which are held directly by the Group.

Nature of interest in Travellers as at 31 December 2017 and 2016 is as follows:

Name	Country of incorporation	Principal country of operations	% of ownership interest 2017	% of ownership interest 2016	Nature of relationship	Measurement method
Travellers	Republic of the Philippines	Republic of the Philippines	**44.9**	44.9	Note 1	Equity

Note 1: Travellers operates Resorts World Manila, the Philippines' first one-stop, non-stop vacation spot for top-notch entertainment and world class leisure alternatives. Travellers is the Group's first foray in a land-based attraction.

As at 31 December 2017, the fair value of the Group's interest in Travellers, which is listed on The Philippines Stock Exchange, Inc, was approximately US$565.9 million (2016: US$470.1 million) and the carrying amount of the Group's interest was approximately US$526.3 million (2016: US$540.9 million).

Summarised financial information of an associate

Set out below are the summarised financial information of Travellers which is accounted for using the equity method.

Summarised statement of financial position

	Travellers 2017 US$'000	Travellers 2016 US$'000
Current		
Cash and cash equivalents	**212,119**	267,654
Other current assets (excluding cash)	**182,149**	123,730
Total current assets	**394,268**	391,384
Loans and borrowings	**(391,950)**	(441,957)
Other current liabilities (including trade payables)	**(205,818)**	(191,299)
Total current liabilities	**(597,768)**	(633,256)
Non-current		
Assets	**1,342,785**	1,150,053
Loans and borrowings	**(240,057)**	–
Other liabilities	**(10,129)**	(6,756)
Total non-current liabilities	**(250,186)**	(6,756)
Net assets	**889,099**	901,425

18. Interests in Associates (Continued)

Summarised financial information of an associate (Continued)

Summarised statement of comprehensive income

	Travellers	
	2017 US$'000	2016 US$'000
Revenue	**381,326**	527,238
Depreciation and amortisation	**(38,251)**	(34,523)
Interest income	**3,335**	1,816
Interest expense	**(16,720)**	(30,646)
Profit before taxation	**9,110**	72,754
Taxation	**(4,324)**	(1,351)
Profit for the year	**4,786**	71,403
Other comprehensive loss	**(857)**	(128)
Total comprehensive income	**3,929**	71,275
Dividends received from an associate	**5,638**	7,437

The information above reflects the amounts presented in the financial information of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information to the Group's interests in the associate

	Travellers	
	2017 US$'000	2016 US$'000
Net assets as at 1 January	**901,425**	895,034
Profit for the year	**4,786**	71,403
Other comprehensive loss	**(857)**	(128)
Dividend declaration	**(12,580)**	(15,913)
Currency translation differences	**(3,675)**	(48,971)
Net assets as at 31 December	**889,099**	901,425
Interest in an associate @ 44.9%	**399,205**	404,740
Carrying amount	**526,336**	540,877
Fair value adjustment from acquisition	**(117,258)**	(120,204)
Translation differences on the consolidation level	**(9,873)**	(15,933)
Share of net assets of the associate	**399,205**	404,740

19. Available-for-Sale Investments

	2017 US$'000	2016 US$'000
At 1 January	**1,266,658**	1,695,871
Currency translation differences	**10**	1,350
Disposals	**(862,678)**	(24,915)
Fair value losses from equity	**–**	(305,034)
Fair value gains/(losses) recognised in equity	**292,455**	(97,918)
Impairment loss recognised in consolidated statement of comprehensive income	**–**	(2,696)
At 31 December	**696,445**	1,266,658
Less: non-current portion	**(9,610)**	(9,585)
Current portion	**686,835**	1,257,073

Available-for-sale investments include the following:

	2017 US$'000	2016 US$'000
Listed investments:		
Equity securities – listed outside Hong Kong	**686,835**	1,257,073
Unlisted investments:		
Equity securities	**9,610**	9,585
	696,445	1,266,658

Available-for-sale investments are denominated in the following currencies:

	2017 US$'000	2016 US$'000
US dollar	**686,835**	1,080,190
Australian dollar	**–**	176,883
Philippine Peso	**9,401**	9,401
Euro	**209**	184
	696,445	1,266,658

20. Properties under Development

	2017 US$'000	2016 US$'000
Properties under development	**–**	45,056

During the year ended 31 December 2017, the construction of properties under development was completed and transferred to completed properties for sale.

21. Inventories

	2017 US$'000	2016 US$'000
Food and beverages	**10,745**	12,193
Supplies and consumables	**14,093**	12,108
Retail inventories	**7,726**	24,277
Raw materials	**1,206**	889
Work-in-progress	**3,619**	16,480
	37,389	65,947

22. Trade Receivables

	2017 US$'000	2016 US$'000
Trade receivables	**262,393**	244,092
Less: Provisions	**(195,456)**	(194,327)
	66,937	49,765

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

	2017 US$'000	2016 US$'000
Current to 30 days	**58,000**	45,731
31 days to 60 days	**3,060**	1,760
61 days to 120 days	**5,272**	126
121 days to 180 days	**62**	789
181 days to 360 days	**70**	87
Over 360 days	**473**	1,272
	66,937	49,765

Credit terms generally range from payment in advance to 45 days credit (31 December 2016: payment in advance to 45 days credit).

Receivables amounting to US$3.1 million (2016: US$4.5 million) are secured by the underlying pledged securities and bear interest ranging from 5.3% to 6.3% (2016: 5.0% to 6.5%) per annum.

The carrying amounts of the Group's trade receivables after provision are denominated in the following currencies:

	2017 US$'000	2016 US$'000
Hong Kong dollar	**20,458**	10,838
US dollar	**10,467**	16,665
Singapore dollar	**12,576**	5,973
Malaysian Ringgit	**1,209**	543
Chinese Renminbi	**870**	352
Euro	**18,692**	12,049
Other currencies	**2,665**	3,345
	66,937	49,765

22. Trade Receivables (Continued)

The Group has provided US$10.5 million for trade receivables in 2017 (2016: US$14.7 million), and US$9.5 million was recovered during the year (2016: US$7.9 million).

The aged debt profile of trade receivables is reviewed on a regular basis to ensure that the trade receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been extended. Overdue balances are reviewed regularly by senior management. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. As at 31 December 2017, the trade receivables that were past due but not provided was US$8.9 million (2016: US$4.0 million). No provision has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery.

The ageing analysis of these trade receivables that are past due but not impaired is as follows:

	2017 US$'000	2016 US$'000
Up to 3 months	**8,332**	1,886
3 months to 1 year	**132**	876
Over 1 year	**473**	1,272
	8,937	4,034

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables mentioned above.

23. Other Assets, Prepaid Expenses and other Receivables

	2017 US$'000	2016 US$'000
Other debtors	**13,186**	25,902
Deposits	**16,144**	4,603
Prepayments	**100,764**	107,192
Loans and advance to a joint venture (note (a))	**–**	43,247
Amount due from a joint venture	**1,859**	–
Amount due from an associate	**2,250**	4,399
	134,203	185,343
Less: non-current portion	**(21,058)**	(11,909)
Current portion	**113,145**	173,434

Note:

(a) As at 31 December 2016, the loan granted to a joint venture included EUR18.1 million (equivalent to US$19.1 million) facility agreement, which was secured and subject to interest at EURIBOR plus 5.5% per annum, to Wider for construction of yacht. On 11 April 2017, the Group acquired the remaining 50% of the equity interest in Wider and Wider became a wholly-owned subsidiary of the Group.

24. Restricted Cash

Restricted cash of the Group includes an amount of US$90.5 million (2016: US$108.4 million) pledged to the banks for the issuance of irrevocable standby letter of credit in favour of third parties. Restricted cash is presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

25. Cash and Cash Equivalents

Deposits, cash and bank balances consist of the following:

	2017 US$'000	2016 US$'000
Deposits with banks	**555,443**	386,776
Cash and bank balances	**592,259**	653,498
	1,147,702	1,040,274

Cash and cash equivalents include the following for the purpose of the consolidated statement of cash flows:

	2017 US$'000	2016 US$'000
Deposits, cash and bank balances	**1,147,702**	1,040,274

Cash and cash equivalents are denominated in the following currencies:

	2017 US$'000	2016 US$'000
US dollar	**684,948**	610,621
Singapore dollar	**57,974**	62,189
Hong Kong dollar	**96,177**	101,909
Malaysian Ringgit	**13,761**	16,224
Chinese Renminbi	**101,519**	76,563
Euro	**178,442**	156,261
Indian Rupee	**2,317**	7,104
New Taiwan dollar	**6,887**	6,442
Other currencies	**5,677**	2,961
	1,147,702	1,040,274

26. 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
At 1 January 2017 and 31 December 2017	**10,000**	**1**	**19,999,990,000**	**1,999,999**
At 1 January 2016 and 31 December 2016	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
At 1 January 2017 and 31 December 2017	**8,482,490,202**	**848,249**
At 1 January 2016 and 31 December 2016	8,482,490,202	848,249

27. Loans and Borrowings

Loans and borrowings consist of the following:

	2017 US$'000	2016 US$'000
US$500 million secured term loan and revolving credit facility	**245,514**	293,488
US$300 million secured term loan	**218,121**	249,470
US$664 million secured term loan	**570,702**	619,085
US$689 million secured term loan	**644,381**	–
US$91 million secured term loan	**87,398**	–
US$200 million revolving credit facility	**98,911**	–
RMB25 million secured entrustment loan (note (i))	**2,995**	2,806
RMB12.5 million secured entrustment loans (note (i))	**3,839**	3,598
RMB9 million secured entrustment loan (note (i))	**307**	431
EUR3.6 million secured term loan	**3,322**	3,301
EUR17.0 million secured term loan	**12,669**	–
Total liabilities	**1,888,159**	1,172,179
Less: Current portion	**(297,354)**	(135,243)
Non-current portion	**1,590,805**	1,036,936

Note:

(i) As at 31 December 2017 and 2016, the secured entrustment loans are secured by equivalent amount of restricted cash.

27. Loans and Borrowings (Continued)

The carrying amounts of the loans and borrowings are denominated in the following currencies:

	2017 US$'000	2016 US$'000
US dollar	**1,865,027**	1,162,043
Euro	**15,991**	3,301
Chinese Renminbi	**7,141**	6,835
	1,888,159	1,172,179

As at 31 December 2017, the outstanding balances of loans and borrowings denominated in Chinese Renminbi and Euro was approximately RMB46.5 million (2016: RMB47.5 million) and EUR13.4 million (2016: EUR3.1 million) respectively.

As at 31 December 2017, approximately 39% of the Group's loans and borrowings was fixed rated (2016: 1%) and 61% was variable rated (2016: 99%).

The following is a schedule of repayments of the loans and borrowings in respect of the outstanding borrowings as at 31 December 2017:

	2017 US$'000	2016 US$'000
Within one year	**297,354**	135,243
In the second year	**193,270**	129,372
In the third to fifth years	**591,647**	393,838
After the fifth year	**805,888**	513,726
	1,888,159	1,172,179

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the dates of consolidated statement of financial position are as follows:

	2017 US$'000	2016 US$'000
6 months or less	**1,145,917**	1,162,044

The secured loans and borrowings were secured by legal charges over assets including fixed and floating charges of US$2.9 billion (2016: US$2.0 billion).

The weighted average interest rates per annum at the date of consolidated statement of financial position were as follows:

	2017	2016
Bank borrowings in US dollar	**3.5%**	2.7%
Bank borrowings in Chinese Renminbi	**4.4%**	4.4%
Bank borrowings in Euro	**1.2%**	2.2%

28. Derivative Financial Instruments

As at 31 December 2016, the Group had forward contracts to buy Euro at a fixed exchange rate with notional amount of US$317.1 million and the estimated fair value loss of these forward contracts was approximately US$17.3 million. These forward contracts had 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 would be included in the initial measurement of the cost of the underlying hedged items which were non-financial assets. The Group did not hold any such derivative financial instruments as at 31 December 2017.

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 31 December 2016.

29. Deferred Tax

Movements in net deferred income tax liabilities are as follows:

	2017 US$'000	2016 US$'000
At 1 January	**16,467**	14,152
Currency translation differences	**1,709**	(28)
Acquisitions of subsidiaries and business	**–**	565
Deferred taxation (credited)/charged to consolidated statement of comprehensive income	**(450)**	1,778
At 31 December	**17,726**	16,467

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2017		
	Undistributed profit of associate US$'000	**Excess of capital allowances over depreciation US$'000**	**Total US$'000**
Deferred tax liabilities			
The movements in deferred tax liabilities are as follows:			
At 1 January	**13,520**	**5,077**	**18,597**
Currency translation differences	**–**	**2,010**	**2,010**
Deferred taxation (credited)/charged to consolidated statement of comprehensive income	**(712)**	**1,856**	**1,144**
At 31 December	**12,808**	**8,943**	**21,751**

29. Deferred Tax (Continued)

	2017		
	Tax losses US$'000	**Others deductible temporary differences US$'000**	**Total US$'000**
Deferred tax assets			
The movements in the deferred tax assets are as follows:			
At 1 January	**2,130**	**–**	**2,130**
Currency translation differences	**301**	**–**	**301**
Deferred taxation credited to consolidated statement of comprehensive income	**226**	**1,368**	**1,594**
At 31 December	**2,657**	**1,368**	**4,025**

	2016		
	Undistributed profit of associate US$'000	Excess of capital allowances over depreciation US$'000	Total US$'000
Deferred tax liabilities			
The movements in deferred tax liabilities are as follows:			
At 1 January	10,740	4,173	14,913
Currency translation differences	–	28	28
Acquisitions of subsidiaries and business	–	565	565
Deferred taxation charged to consolidated statement of comprehensive income	2,780	311	3,091
At 31 December	13,520	5,077	18,597

	2016 Tax losses US$'000
Deferred tax assets	
The movements in the deferred tax assets are as follows:	
At 1 January	761
Currency translation differences	56
Deferred taxation credited to consolidated statement of comprehensive income	1,313
At 31 December	2,130

As at 31 December 2017, the unused tax losses for which no deferred tax asset was recognised in the consolidated statement of financial position were approximately US$549 million (2016: US$449 million), of which approximately US$15 million (2016: US$12 million) will expire in five to ten years (2016: three to twenty years).

30. Trade Payables

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

	2017 US$'000	2016 US$'000
Current to 60 days	**70,090**	63,191
61 days to 120 days	**8,141**	3,098
121 days to 180 days	**12,157**	8,413
Over 180 days	**10,624**	10,904
	101,012	85,606

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2016: no credit to 45 days credit).

The carrying amounts of trade payables are denominated in the following currencies:

	2017 US$'000	2016 US$'000
US dollar	**44,385**	48,670
Hong Kong dollar	**15,147**	14,381
Malaysian Ringgit	**2,295**	3,117
Euro	**30,146**	14,141
Other currencies	**9,039**	5,297
	101,012	85,606

31. Provisions, Accruals and other Liabilities

Provisions, accruals and other liabilities consist of the following:

	2017 US$'000	2016 US$'000
Payroll, taxes and related benefits	**53,382**	42,938
Accruals for obligations under customer loyalty programmes	**24,305**	25,692
Interest accrued	**14,756**	7,993
Port charges accrued	**15,197**	7,768
Accruals for repairs and maintenance	**2,305**	1,607
Accrued expenses	**84,203**	53,149
Provision for reorganisation costs	**967**	12,522
Deposits received from customers	**17,679**	25,350
Amounts due to customers on construction contracts (note (a))	**76,861**	23,151
Others	**31,466**	25,015
	321,121	225,185
Less: non-current portion	**(818)**	(1,123)
Current portion	**320,303**	224,062

31. Provisions, Accruals and other Liabilities (Continued)

Note:

(a) Amounts due to customers on construction contracts

	2017 US$'000	2016 US$'000
Contract costs incurred	**37,014**	69,627
Recognised profits less recognised losses	**8,137**	10,726
	45,151	80,353
Less: progress billings	**(122,012)**	(103,504)
	(76,861)	(23,151)
Analysed for reporting purposes as:		
Amounts due to customers on construction contracts	**76,861**	23,151

32. Significant Related Party Transactions and Balances

Related parties of the Group during the year ended 31 December 2017 and 2016 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 wholly 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 ("Tan Sri Lim"), Mr. Lim Keong Hui ("Mr. Lim") and certain other members of Tan Sri Lim's family, is a substantial shareholder of the Company.

Each of Tan Sri Lim and Mr. Lim is an Executive Director, a connected person (as defined under Chapter 14A of the Listing Rules) and a related party of the Company. Each of Tan Sri Lim and Mr. Lim is a beneficiary of another discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in Genting Berhad ("GENT"). Genting Management and Consultancy Services Sdn Bhd ("GMC") is a wholly-owned subsidiary of GENT. Genting Malaysia Berhad ("GENM") and Genting Singapore PLC ("GENS") are also subsidiaries of GENT. Accordingly, pursuant to the Listing Rules, each of GENT, GENM, GENS and GMC is considered to be an associate (as defined under Chapter 14A of the Listing Rules) of each of Tan Sri Lim and Mr. Lim, and is therefore a connected person and related party of the Company. Each of GENT and GENM is a company listed on the Main Market of Bursa Malaysia Securities Berhad while GENS is a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

WorldCard International Limited ("WCIL") is a wholly-owned subsidiary of Star Cruise (C) Limited ("SC (C)") which is in turn a wholly-owned subsidiary of the Company.

Resorts World Inc Pte. Ltd. ("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).

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

32. Significant Related Party Transactions and Balances (Continued)

Ambadell Pty Limited ("Ambadell") is ultimately wholly-owned by Golden Hope as trustee of the 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 company incorporated in the Isle of Man and an indirect 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.

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

Travellers International Hotel Group, Inc. ("Travellers") was a joint venture of the Company before the initial listing of its common shares on 5 November 2013 whereupon it became an associate of the Company. APEC Assets Limited ("APEC") is a wholly-owned subsidiary of Travellers.

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.

Dynamic Merits Limited ("Dynamic Merits") is an indirect wholly-owned subsidiary of the Company. Secret Garden (Zhangjiakou) Resort Co., Ltd. (formerly known as 3rd Valley (Zhang Jia Kou) Resort Corporation) ("ZJK") 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 and an uncle of Mr. Lim) has 59.95% indirect equity interest.

Each of RW Tech Labs Sdn Bhd ("RWT"), RW Services Pte Ltd ("RW Services"), FreeStyle Gaming Limited ("FSGL") and FreeStyle Gaming Pte Ltd ("FSGPL") is a wholly-owned subsidiary of RWI.

Genting Singapore Aviation III Ltd. ("GSA"), a then direct wholly-owned subsidiary of GENS incorporated in Bermuda was dissolved.

Petram Beteiligungs GmbH ("Petram") was a substantial shareholder of Lloyd Werft Bremerhaven AG (now known as Lloyd Werft Bremerhaven GmbH) ("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 and concurrently ceased to be a related party of the Company.

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

32. Significant Related Party Transactions and Balances (Continued)

Significant related party transactions entered into or subsisting between the Group and the above companies during the year ended 31 December 2017 and 2016 are set out below:

(a) On 30 December 2016, the Company entered into three services agreements with GMC, GENM and GENS separately to extend the term and to modify the scope of services (as the case may be) of the respective old services agreements, all of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision of certain services to the Group. During the year ended 31 December 2017, (i) the amount charged to the Group in respect of secretarial and share registration services rendered by GMC was approximately US$5,000 (2016: US$7,000), (ii) the amount charged to the Group in respect of sale of tour and transport related services (including travel services and air ticket purchasing services), leasing, and information technology and implementation, support and maintenance services rendered by the GENM group was approximately US$2,227,000 (2016: US$2,006,000), and (iii) the amount charged to the Group in respect of leasing and management, housekeeping and maintenance, information technology and implementation, support and maintenance, and marketing and promotion services rendered by the GENS group was approximately US$1,963,000 (2016: US$287,000 in respect of leasing and information technology services).

(b) On 30 December 2016, the Company entered into two services agreements with GENS and GENM separately to extend the term and to modify the scope of services of the respective old services agreements, both of which expired on 31 December 2016, for a further fixed term of 3 years commencing from 1 January 2017 in relation to the provision of certain services by the Group. During the year ended 31 December 2017, (i) the amount charged by the Group in respect of air ticket purchasing, and marketing and promotion services rendered to the GENS group was approximately US$101,000 (2016: US$157,000 in respect of air ticket purchasing and travel related services) and (ii) the amount charged by the Group in respect of tourism and consultancy services rendered to the GENM group was approximately US$37,000 (2016: US$40,000).

(c) On 9 December 2015, SCHK as a tenant entered into a tenancy agreement with Rich Hope as landlord in respect of the lease of an apartment in Hong Kong for 2 years commencing from 1 January 2016. During the year ended 31 December 2017, the amount charged by Rich Hope to SCHK in respect of the rental amounted to HK$1,929,000 (equivalent to approximately US$247,000) (2016: HK$1,935,000 (equivalent to approximately US$249,000)).

(d) On 21 September 2015, SCA as tenant entered into a tenancy agreement with Ambadell as landlord in respect of the lease of an office area in Australia for a period ended on 31 December 2017. During the year ended 31 December 2017, the amount charged by Ambadell to the Group in respect of the rental amounted to AUD63,000 (equivalent to approximately US$48,000) (2016: AUD59,000 (equivalent to approximately US$44,000)).

(e) 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 up to 31 December 2017. During the year ended 31 December 2017, the amount charged by Ambadell to the Group in respect of the service charges amounted to AUD38,000 (equivalent to approximately US$29,000) (2016: AUD46,000 (equivalent to approximately US$34,000)).

32. Significant Related Party Transactions and Balances (Continued)

(f) On 31 December 2015, the Company entered into two services agreements with ZJK for 3 years commencing from 1 January 2016 in respect of the provision of certain services by the Group to ZJK group, and/or vice versa, including, inter alia, the provision by the Group of travel agency, leasing of hotel rooms, shops and/or other areas, sales, contact centre, marketing, advertising and promotion, and other related services, as and when required; and the provision by ZJK group of hotel operation related and supporting services, including without limitation food and beverage provisioning, catering, laundry, transportation, housekeeping supporting services, leasing of equipment and facilities, property management, repair and maintenance, leasing of rooms, dormitory, convention or function room, activity equipment and facilities, ski ticket sales, and other related services, as and when required. During the year ended 31 December 2017, (i) the amounts charged to ZJK group by the Group was US$24,000 (2016: US$64,000); and (ii) the amounts charged by ZJK group to the Group was US$10,000 (2016: US$16,000).

(g) On 30 December 2016, the Company and GENM entered into a joint promotion and marketing agreement to renew and amend the old joint promotion and marketing agreement which expired on 31 December 2016 for a further fixed term of 3 years commencing from 1 January 2017 in relation to the implementation of joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM group.

Due to the change in the customer loyalty programme for the GENM group and the cessation in the exchange of the WorldCard points, the inter-operator agreement dated 25 October 2004 (as supplemented) in relation to the cross-territory operation of the customer loyalty programme known as "WorldCard" operated and managed by the GENM group in Malaysia and by the WCIL group in countries and territories outside Malaysia was not renewed upon its expiry on 31 December 2016.

During the year ended 31 December 2017 and 2016, the following transactions took place:

	Group	
	2017 US$'000	2016 US$'000
Amounts charged by the GENM group to the Group	**46**	35
Amounts charged to the GENM group by the Group	**455**	300

(h) On 14 December 2016, Genting Philippines Holdings Limited ("GPHL") – Philippine Branch (a branch of GPHL (an indirect wholly-owned subsidiary of the Company) registered in the Philippines) replaced CAL as the service provider and entered into a services agreement with RWS to renew the old services agreement which expired on 31 December 2016 for a further period of 3 years commencing from 1 January 2017 in relation to the provision of the call centre services (the "Call Centre Services"). Pursuant to the services agreement, GPHL – Philippine Branch provides the Call Centre Services in the scope of, including but not limited to (i) the 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 in connection with Resorts World Sentosa (the integrated destination resort located at Sentosa, Singapore, owned and operated by RWS) and Genting Hotel Jurong (a hotel developed, owned and operated by a wholly-owned subsidiary of RWS); and (ii) the handling of all amendment and cancellation related activities of any reservations and booking services of Resorts World Sentosa and Genting Hotel Jurong. For the year ended 31 December 2017, the amount charged to RWS in respect of the Call Centre Services rendered by GPHL – Philippine Branch in connection with Resorts World Sentosa and Genting Hotel Jurong was approximately US$1,621,000 (2016: US$1,683,000 in respect of the Call Centre Services rendered by CAL in connection with Resorts World Sentosa).

32. Significant Related Party Transactions and Balances (Continued)

(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 term of 3 years ending on 31 March 2018. During the year ended 31 December 2017, the amount charged by GIML to SMHL in respect of the annual license fee was US$28,000 (2016: US$28,000).

(j) 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.

(k) 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.

(l) Famous City Holdings Limited ("Famous City"), Star Cruise Pte Ltd and GPHL, 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 year ended 31 December 2017, the amount charged by Travellers to the Group in respect of the rental amounted to US$253,000 (2016: US$254,000).

(m) 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 year ended 31 December 2017, the amount charged by Famous City to Travellers in respect of the services amounted to US$402,000 (2016: US$518,000).

(n) 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 year ended 31 December 2017, service revenue received from SCHKMS was US$3,000 (2016: US$14,000).

(o) On 19 July 2017, Star Cruise Administrative Services Sdn. Bhd. (a wholly-owned subsidiary of the Company) replaced Star Cruises Ship Management Sdn. Bhd. (another wholly-owned subsidiary of the Company) and entered into a service agreement with APEC to renew the old service agreement which expired on 31 December 2016 for a further period of 5 years from 1 January 2017 to 31 December 2021 in relation to the provision of technical consultancy services to APEC. During the year ended 31 December 2017, service revenue received from APEC was US$107,000 (2016: US$69,000).

32. Significant Related Party Transactions and Balances (Continued)

(p) On 30 December 2013, Dynamic Merits entered into a cooperation agreement with ZJK whereby ZJK 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$3.1 million). Genting World and Genting Residences are properties located, developed and constructed at Secret Garden, 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. The provision of the consultancy services by ZJK under the cooperation agreement was not extended upon its expiry of the 3-year term of services at the end of December 2016. During the year ended 31 December 2017, the amount paid/payable to ZJK was RMB3,000,000 (equivalent to approximately US$452,000) (2016: RMB7,000,000 (equivalent to approximately US$1,079,000)).

(q) On 22 November 2016, the Group entered into a master services agreement with IRMS to renew the old master services agreement which expired on 31 December 2016 for a further term of 3 years commencing from 1 January 2017 in relation to the appointment of IRMS as consultant to provide ongoing design consultancy services to support the Group's operations. During the year ended 31 December 2017, the amount charged by IRMS to the Group in respect of the consultancy services was US$851,000) (2016: US$366,000).

(r) On 19 October 2015, LWB entered into an agreement on charged rates for the provision of dock facilities and related services and personnel leasing (the "Agreement on Charged Rates") with GDD in relation to the provision of dock facilities, personnel leasing, services and other works (i) by GDD to the LWB group and (ii) by the LWB group to GDD respectively for a period from 19 October 2015 to 31 December 2016. During the year ended 31 December 2017, upon the expiry of the Agreement on Charged Rates on 31 December 2016, (i) the amount paid/payable by the LWB group was Nil (2016: EUR212,000 (approximately US$234,000)) and (ii) the amount received/receivable by the LWB group was Nil (2016: EUR5,333,000 (approximately US$5,884,000)).

(s) 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.

(t) 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.

(u) 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.

32. Significant Related Party Transactions and Balances (Continued)

(v) 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. The service agreement had been renewed for a successive period of 24 months up to 31 May 2019. 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 year ended 31 December 2017, the amount charged by RWT to SCSL in respect of the services amounted to US$12,000 (2016: US$18,000).

(w) On 14 September 2016, SC (C) entered into a Genting Rewards Alliance agreement (the "GRA Agreement") with RW Services whereby RW Services granted to SC (C) the non-exclusive right to become an alliance participant in the customer loyalty programme known as "Genting Rewards Alliance" (the "GRA Programme") at an annual alliance fee of the higher of (i) US$30,000 (which will not be applicable to the first twelve months from the effective date of the GRA Agreement) or (ii) a fee equivalent to 3% of the value of the total products and/or services supplied by or for and on behalf of SC (C) and redeemed by members of the GRA Programme within the consecutive twelve months period effective from the date of agreement to 31 December 2018, which shall be renewable at the option of SC (C) for a 3-year term of up to a maximum of nine such renewals.

The GRA Programme is a multi-jurisdictional and multilateral alliance of customer rewards programme and provides a network through which multiple customer rewards programmes from different localities and countries can participate as part of the network, facilitating the redemption of loyalty or reward points across loyalty programmes by participants in the GRA Programme.

On 4 May 2017, RW Services, RWT and SC (C) entered into a novation agreement whereby RW Services transferred all its rights and obligations under the GRA Agreement to RWT with effect from 1 April 2017.

During the year ended 31 December 2017, (i) the aggregate amount paid/payable by the Group under the GRA Agreement (as novated) was US$7,000 (2016: Nil) and (ii) the aggregate amount received/receivable by the Group under the GRA Agreement (as novated) was US$33,000 (2016: Nil).

(x) On 17 October 2016, Zouk Consulting Pte. Ltd. ("Zouk Consulting", a wholly-owned subsidiary of the Company) entered into a joint marketing and promotion agreement with RWS in respect of the promotion of a specified event organised by RWS whereby Zouk Consulting provided certain marketing and promotional services for RWS and the event in consideration of certain sponsorships from RWS during the period from 17 October 2016 to 31 October 2016.

(y) On 8 November 2016, the Company as purchaser entered into a master agreement (the "FSG Master Agreement") with FSGL as vendor whereby FSGL provided the Group with the electronic equipment and devices for electronic games (the "Equipment") and services in relation to (i) installation and set-up of hardware and software for the Equipment; (ii) training personnel; (iii) after-sales-services; (iv) software enhancement and development; and (v) other services related to the Equipment, for a term commencing from 8 November 2016 until 31 December 2018, which shall be renewable at the option of the Company for such duration and upon such terms and conditions as shall be mutually approved by the Company and FSGL. On 23 March 2018, FSGL, FSGPL and the Company entered into a novation agreement whereby FSGL transferred all its rights and obligations under the FSG Master Agreement to FSGPL with effect from 9 February 2018. During the year ended 31 December 2017, the aggregate amount paid/payable by the Group under the FSG Master Agreement was approximately US$1,405,000 (2016: US$3,816,000 (including the transaction amounts for a series of completed transactions of a similar nature in the past 12 months prior to the FSG Master Agreement)).

32. Significant Related Party Transactions and Balances (Continued)

(z) On 14 December 2017, Zouk Genting Sdn. Bhd. ("Zouk Genting", a wholly-owned subsidiary of the Company) entered into a management agreement (the "Zouk Management Agreement") with GENM in relation to the provision of certain management services by Zouk Genting for the operation of the Zouk Club in Resorts World Genting (an integrated leisure and entertainment resort at Genting Highlands, Malaysia (the "Territory") owned and operated by GENM) for an initial term of 3 years commencing from the date of the Zouk Management Agreement, with an option to renew and right of termination by either party.

On 14 December 2017, Zouk IP Pte. Ltd. ("Zouk IP", a wholly-owned subsidiary of the Company) entered into a licence agreement (the "Zouk Licence Agreement") with GENM in relation to the grant of an exclusive transferable licence to use certain trade marks owned by Zouk IP within the GENM group of companies in the Territory for the day to day operations of the Zouk Club for an initial term of 3 years commencing from the date of the Zouk Licence Agreement, with an option for GENM to renew and right of termination by either party.

During the period ended 31 December 2017, the Zouk Club had not commenced operations and accordingly, (i) the amount charged by Zouk Genting to GENM in respect of the Zouk Management Agreement was Nil; and (ii) the amount charged by Zouk IP to GENM in respect of the Zouk Licence Agreement was Nil.

The related party transactions described above were carried in the normal course of business of the Group under terms and conditions negotiated amongst the related parties.

Transactions with Directors

(aa) Certain Directors of the Company and the Group were granted share options entitling them to subscribe for ordinary shares in the share capital of the Company under the Post-listing Employee Share Option Scheme. Share options granted under the Post-listing Employee Share Option Scheme are exercisable at the price of HK$1.78 (US$0.23) and HK$3.78 (US$0.49) per share. Details of the movements of the share options during the year ended 31 December 2017 and the outstanding share options as at 31 December 2017 are set out in the section headed "Share Options" in the Report of the Directors.

Key management compensation

(bb) The key management compensations are analysed as follows:

	2017 US$'000	2016 US$'000
Salaries and other short-term employee benefits	**7,130**	6,638
Post-employment benefits	**21**	18
	7,151	6,656

33. Retirement Benefit Obligations

The Group maintains (i) the Crystal Cruises Pension Plan ("Crystal Pension Plan") in the US, a non-contributory defined benefit pension plan; (ii) Lloyd Werft Occupational Pension Scheme ("Lloyd Werft Pension Scheme") in Germany and (iii) Lloyd Werft Managing Directors Pension Scheme ("Lloyd Werft MDPS") in Germany for certain executive management.

All of the plans provide benefits to members in the form of a guaranteed level of pension payable for life. In the Crystal Pension Plan, the level of benefits are provided based on members' average compensation and the number of years of service and it is funded in accordance with the terms of the plan and statutory requirements. In the two Germany plans, the levels of benefits provided are fixed based on the factors defined in the plans and they are unfunded plans where the Group meets the benefit payment obligation as it falls due.

The independent actuarial valuation of the Crystal Pension Plan was prepared by Principal Financial Services, Inc., using the projected unit credit method in 2017 and 2016. The actuarial valuation indicates that the Group's obligations under the Crystal Pension Plan was 87% (2016: 83%) covered by the plan assets held by the trustees at 31 December 2017.

The independent actuarial valuation of the Lloyd Werft Pension Scheme and Lloyd Werft MDPS was prepared by Rüß, Dr. Zimmermann und Partner (GbR), using the projected unit credit method in 2017 and 2016. There is no plan asset covering the Group's obligations.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2017 US$'000	2016 US$'000
Present value of funded obligations	**29,806**	27,540
Fair value of plan assets	**(20,697)**	(18,606)
Liability in the consolidated statement of financial position	**9,109**	8,934

The movement in the defined benefit liability is as follows:

	Present value of obligation US$'000	**Fair value of plan assets US$'000**	**Total US$'000**
At 1 January 2017	**27,540**	**(18,606)**	**8,934**
Current service cost	**321**	**–**	**321**
Interest expense/(income)	**998**	**(742)**	**256**
Administrative expenses	**–**	**123**	**123**
	28,859	**(19,225)**	**9,634**
Currency translation differences	**704**	**–**	**704**
Contributions:			
– Employers	**–**	**(625)**	**(625)**
Payments from plans:			
– Benefit payments	**(993)**	**937**	**(56)**
Remeasurements:			
– Experience adjustments	**(286)**	**–**	**(286)**
– Losses arising from changes in financial assumptions	**1,522**	**–**	**1,522**
– Return on plan assets	**–**	**(1,784)**	**(1,784)**
At 31 December 2017	**29,806**	**(20,697)**	**9,109**

33. Retirement Benefit Obligations (Continued)

	Present value of obligation US$'000	Fair value of plan assets US$'000	Total US$'000
At 1 January 2016	25,778	(17,872)	7,906
Current service cost	594	–	594
Interest expense/(income)	1,037	(766)	271
Administrative expenses	–	113	113
	27,409	(18,525)	8,884
Currency translation differences	(206)	–	(206)
Contributions:			
– Employers	–	(500)	(500)
Payments from plans:			
– Benefit payments	(946)	883	(63)
Remeasurements:			
– Experience adjustments	168	–	168
– Losses arising from changes in financial assumptions	1,115	–	1,115
– Return on plan assets	–	(464)	(464)
At 31 December 2016	27,540	(18,606)	8,934

The defined benefit obligation and plan assets are composed by country as follows:

	2017		
	US US$'000	**Germany US$'000**	**Total US$'000**
Present value of obligation	**23,889**	**5,917**	**29,806**
Fair value of plan assets	**(20,697)**	**–**	**(20,697)**
Total	**3,192**	**5,917**	**9,109**

	2016		
	US US$'000	Germany US$'000	Total US$'000
Present value of obligation	22,482	5,058	27,540
Fair value of plan assets	(18,606)	–	(18,606)
Total	3,876	5,058	8,934

As at the last valuation date, the present value of the defined benefit obligation comprised approximately US$9.0 million (2016: US$11.0 million) relating to active employees, US$7.2 million (2016: US$4.2 million) relating to deferred members and US$13.6 million (2016: US$12.3 million) relating to members in retirement.

33. Retirement Benefit Obligations (Continued)

The significant actuarial assumptions were as follows:

	2017 US	2017 Germany
Discount rate	**3.6% (2016: 4.1%)**	**1.7% (2016: 1.8%)**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.6% (2016: Decrease by 3.6%)	Increase by 3.9% (2016: Increase by 3.8%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The major categories of plan assets are as follows:

	2017 US$'000	2016 US$'000
Investment funds:		
– Large US Equity	**4,917**	4,099
– Small/Mid US Equity	**1,273**	1,116
– International Equity	**1,657**	1,290
– Fixed Income	**12,850**	12,101
Total	**20,697**	18,606

34. Commitments and Contingencies

(i) Capital expenditure

	2017 US$'000	2016 US$'000
Contracted but not provided for		
– Cruise ships and related costs	**712,024**	661,497
– Aircrafts and related costs	**–**	107,327
– Property , plant and equipment and properties under development	**125,398**	69,064
	837,422	837,888
Authorised but not contracted for	**83,688**	142,938

34. Commitments and Contingencies (Continued)

(ii) Operating leases

Rental expense under non-cancellable operating lease commitments was US$10.6 million for the year ended 31 December 2017 (2016: US$14.6 million).

At 31 December 2017, future minimum lease payments payable under non-cancellable operating leases are as follows:

	2017 US$'000	2016 US$'000
Within one year	**13,045**	12,366
In the second to fifth year inclusive	**17,276**	35,646
After the fifth year	**3,271**	15,898
	33,592	63,910

The rental expense under non-cancellable operating lease commitments mainly relates to rental of offices occupied by the Group.

(iii) 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.

(iv) Guarantees

The Group had provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain purchasers of residential property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the default purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The guarantees will be gradually discharged along with the settlement of the mortgage loans granted by the banks to the purchasers. Such guarantees will also be discharged upon the earlier of (i) the issuance of the real estate ownership certificates of the relevant residential property units to the purchasers; and (ii) the full repayment of the mortgage loans by the purchasers. As at 31 December 2017, these guarantees provided by the Group are approximately US$26.3 million (31 December 2016: Nil).

The directors consider that in case of default in payments, the net realisable value of the related residential property units can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Therefore, no provision has been made in the financial statements for the guarantees.

35. Share Option Scheme

Post-listing Employee Share Option Scheme

The Company adopted a share option scheme on 23 August 2000 which was effected on 30 November 2000 upon listing of the Company's shares on the Stock Exchange and amended on 22 May 2002 (the "Post-listing Employee Share Option Scheme") to comply with the new requirements set out in Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange effective 1 September 2001. The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options can be granted under the scheme.

A summary of the Post-listing Employee Share Option Scheme is given below:

Purpose

The main purpose of the Post-listing Employee Share Option Scheme is to motivate the employees of the Group including any executive directors of any company in the Group.

Participants

The participants are the employees of the Group including any executive director of any company in the Group.

Total number of ordinary shares available for issue

The maximum number of ordinary shares available for issue under the Post-listing Employee Share Option Scheme and options to be granted under any other schemes of the Company is 132,733,953, representing approximately 3.2% of the issued share capital of the Company as of 22 May 2002 (the date of adoption of the Post-listing Employee Share Option Scheme (as amended)) and approximately 1.56% of the issued share capital as at the date of this Report. No further options can be granted under the Post-listing Employee Share Option Scheme following its expiry on 29 November 2010.

Maximum entitlement of each employee

The total number of ordinary shares issued and to be issued upon exercise of the options granted to any one employee (including the exercised, cancelled and outstanding options) in any 12-month period up to and including the proposed date of the latest grant shall not exceed 1 per cent of ordinary shares in issue, provided that the Company may grant further options in excess of this 1 per cent limit subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such employee and his associates (as defined in the Listing Rules) abstaining from voting.

Granting options to Directors, Chief Executive or Substantial Shareholders

Any grant of options to a Director, the Chief Executive or a Substantial Shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the Independent Non-executive Directors of the Company (excluding any Independent Non-executive Director who is a grantee of the options).

35. Share Option Scheme (Continued)

Post-listing Employee Share Option Scheme (Continued)

Granting options to Directors, Chief Executive or Substantial Shareholders (Continued)

If the Company proposes to grant options to a Substantial Shareholder (as defined in the Listing Rules) or any Independent Non-executive Director of the Company or their respective associates (as defined in the Listing Rules) which will result in the number of ordinary shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the ordinary shares in issue; and

(b) having an aggregate value in excess of HK$5 million, based on the closing price of the ordinary shares as quoted in the Stock Exchange's daily quotation sheet at the offer date of such option,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which the connected persons (as defined in the Listing Rules) of the Company shall abstain from voting except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

Period within which the shares must be taken up under an option

The period during which the options may be exercised will be determined by the Board of Directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted.

Minimum period for which an option must be held before it can be exercised

The Board of Directors of the Company may determine at its absolute discretion the minimum period, if any, for which an option must be held before it can be exercised.

The share options 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 5 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 5 years from 2011 to 2015.

Amount payable on acceptance of the option and period within which payments must be made

An offer of options shall be open for acceptance for a period of ninety days after the date of offer or such period as the Board of Directors may at its sole discretion determine. An option price of US$1 shall be payable by the employee concerned on acceptance of the option.

Basis of determining the exercise price of the ordinary shares

The exercise price shall be determined by the Board of Directors of the Company, save that such price will not be less than the highest of (a) the closing price of the ordinary shares as stated on the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average of the closing prices of the ordinary shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of an ordinary share of the Company.

35. Share Option Scheme (Continued)

Post-listing Employee Share Option Scheme (Continued)

Remaining life of the Post-listing Employee Share Option Scheme

The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options may be granted under the scheme. All outstanding share options remain exercisable subject to terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

Details of the movement during the year for options outstanding are set out in the section headed "Share Options" in the Report of Directors.

Movements in the number of ordinary shares under options outstanding and their related weighted average exercise prices are as follows:

	2017	
	Average exercise price in HK$ per ordinary share	**Number of ordinary shares under options (thousands)**
At 1 January	**2.7369**	**18,167**
Lapsed	**3.7800**	**(1,466)**
At 31 December	**2.6453**	**16,701**

	2016	
	Average exercise price in HK$ per ordinary share	Number of ordinary shares under options (thousands)
At 1 January	2.8215	19,875
Forfeited	3.7215	(1,708)
At 31 December	2.7369	18,167

A summary of the share options outstanding are as follows:

	2017		
	Options outstanding		**Options exercisable**
Exercise price	**Number of ordinary shares (in thousands)**	**Weighted average remaining life (years)**	**Number of ordinary shares (in thousands)**
HK$1.7800	**9,475**	**0.4**	**9,475**
HK$3.7800	**7,226**	**2.9**	**7,226**
	16,701	**1.5**	**16,701**

	2016		
	Options outstanding		Options exercisable
Exercise price	Number of ordinary shares (in thousands)	Weighted average remaining life (years)	Number of ordinary shares (in thousands)
HK$1.7800	9,475	1.4	9,475
HK$3.7800	8,692	3.9	8,692
	18,167	2.6	18,167

36. Principal Subsidiaries

The following is a list of principal subsidiaries of the Company as at 31 December 2017:

Name of Company	Country of incorporation and place of business	Principal activities	Issued and fully paid up share/registered capital	Proportion of ownership interest held by the Group (%)
Subsidiaries held directly:				
Star NCLC Holdings Ltd.	Bermuda	Investment holding	10,000 ordinary shares of US$1.00 each	100
Resorts Entertainment Holdings Limited	British Virgin Islands	Investment holding	2 ordinary shares of US$1.00 each	100
Subsidiaries held indirectly:				
Star Cruise Management Limited	Note (1)	Investment holding and provision of management services	2,000,000 ordinary shares of US$1.00 each	100
Inter-Ocean Limited	Isle of Man	Investment holding	52,000,000 ordinary shares of US$1.00 each	100
Superstar Virgo Limited	Isle of Man	Bareboat chartering	25,000,002 ordinary shares of US$1.00 each	100
Chinese Dream Limited	Bermuda	Bareboat chartering	100 common shares of US$1.00 each	100
Chinese Percept Limited	Bermuda	Bareboat chartering	100 common shares of US$1.00 each	100
Zhangjiakou Chongli District My Inn Hotel Co., Limited (Note (2))	The People's Republic of China	Operation and management of hotel	RMB500,000	100
Zhangjiakou Genting Property Development Company Limited (Note (3))	The People's Republic of China	Development and sale of commercial property; lease of owned property; property management; catering services and management; hotel management	RMB380,000,000	100
Treasure Island Entertainment Complex Limited (Note (4))	Macau Special Administrative Region	Development of hospitality facilities	MOP100,000	75

36. Principal Subsidiaries (Continued)

Name of Company	Country of incorporation and place of business	Principal activities	Issued and fully paid up share/registered capital	Proportion of ownership interest held by the Group (%)
Subsidiaries held indirectly (continued):				
Genting Philippines Holdings Limited	Note (5)	Investment holding	10,002 ordinary shares of US$1.00 each	100
Star Cruises (HK) Limited	Hong Kong	Cruise sales, marketing and support services and carrier of passengers	23,000,000 ordinary shares (HK$230,000,000)	100
Dream Cruises Management Limited	Hong Kong	Ship operator	1 ordinary share (HK$1)	100
Exa Limited	Isle of Man	Investment holding	41,034 1% Convertible Non-Cumulative Redeemable Preference shares of US$1.00 each and 2 ordinary shares of US$1.00 each	100
Crystal Cruises, LLC	Note (6)	Cruise line operator	4,071.8824 shares of common stock	100
Crystal Acquisition Company Limited	Isle of Man	Investment holding	838,785,775 ordinary shares of US$1.00 each	100
Symphony Holdings Limited	Isle of Man	Cruise services	100 ordinary shares of US$0.01 each	100
Serenity Holdings Limited	Isle of Man	Cruise services	100 ordinary shares of US$0.01 each	100
Crystal Air Holdings Limited	Isle of Man	Investment holding	2 ordinary shares of US$1.00 each	100
Lloyd Werft Bremerhaven GmbH	Bremerhaven, Germany	Investment holding and operates the Lloyd Werft shipyard and offers newbuilding, conversion and maintenance services for ships	6,750,000 shares of EUR1.00 each	100
MV Werften Stralsund GmbH	Note (7)	Operation of shipyards and docking facilities at Stralsund	EUR2,025,000	100
MV Werften Stralsund Property GmbH	Note (7)	Holding and management of real estate in Stralsund	EUR1,025,000	100

36. Principal Subsidiaries (Continued)

Name of Company	Country of incorporation and place of business	Principal activities	Issued and fully paid up share/registered capital	Proportion of ownership interest held by the Group (%)
Subsidiaries held indirectly (continued):				
MV Werften Rostock GmbH	Note (8)	Operation of shipyards and docking facilities at Warnemünde	EUR3,025,000	100
MV Werften Rostock Property GmbH	Note (8)	Holding and management of real estate in Warnemünde	EUR1,025,000	100
MV Werften Wismar GmbH	Note (9)	Operation of shipyards and docking facilities at Wismar	EUR25,025,000	100
MV Werften Wismar Property GmbH	Note (9)	Holding and management of real estate in Wismar	EUR1,025,000	100
Zouk Event Pte. Ltd.	Singapore	Event organizer	3,000,001 ordinary shares (SGD3,000,001)	100
Zouk Clarke Quay Pte. Ltd.	Singapore	Operation of entertainment business	24,000,001 ordinary shares (SGD24,000,001)	100

Notes:

(1) This company was incorporated in Isle of Man and provides ship management and marketing services to cruise ships operating substantially in international waters.

(2) This company was incorporated in The People's Republic of China as domestic capital enterprise.

(3) This company was incorporated in The People's Republic of China as wholly foreign owned enterprise.

(4) The Group held 75% interest in this company, while the remaining 25% interest was held by non-controlling interests.

(5) This company was incorporated in British Virgin Islands and the place of business is in Republic of the Philippines.

(6) This company was incorporated in California, USA and provides cruise operating services substantially in international waters.

(7) These companies were incorporated in Bremerhaven, Germany and the place of business is in Stralsund, Germany.

(8) These companies were incorporated in Bremerhaven, Germany and the place of business is in Rostock, Germany.

(9) These companies were incorporated in Bremerhaven, Germany and the place of business is in Wismar, Germany.

37. Business Combinations

Acquisition of subsidiaries and business

(i) On 11 April 2017, the Group acquired the remaining 50% of the equity interest in Wider S.R.L. ("Wider") for a consideration of EUR200,000 (approximately US$215,000). Wider is engaged in the operation of a shipyard in Italy. Before the acquisition, the Group owned 50% of the equity interest of Wider and accounted Wider as an interest in a joint venture of the Group. Wider became a wholly-owned subsidiary of the Group after the acquisition.

The following table summarises the consideration paid for Wider, 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	1,208
Property, plant and equipment	16,092
Intangible assets	1,142
Inventories	19,353
Trade and other receivables	2,450
Trade payables	(7,740)
Provisions, accruals and other liabilities	(1,685)
Current income tax liabilities	(71)
Total identifiable net assets	30,749
Goodwill	10,945
Net assets acquired	41,694
Purchase consideration:	
Settled in cash	215
Settled by loans and advance to Wider as a joint venture before acquisition	41,479
	41,694
Outflow of cash to acquire a subsidiary, net of cash acquired	
Purchase consideration settled in cash	215
Less: Cash and cash equivalents in a subsidiary acquired	(1,208)
Net cash inflow on acquisition	(993)
Acquisition-related costs	250

The goodwill on acquisition of US$10,945,000 has been fully impaired in 2017 after assessment by the Group.

The acquisition of Wider did not have a material impact on the Group's consolidated statement of comprehensive income for the year ended 31 December 2017.

37. 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 fair value of the assets acquired and liabilities assumed at the acquisition date.

	As at the date of acquisition US$'000
Recognised amounts of the identifiable assets acquired and liabilities assumed	
Property, plant and equipment	229,160
Deferred tax liabilities	(565)
Total identifiable net assets	228,595
Goodwill	32,052
Net assets acquired	260,647
Purchase consideration settled in cash	260,647
Acquisition-related costs	9,033

The acquisition of MV Werften did not have a material impact on the Group's consolidated statement of comprehensive income for the year ended 31 December 2016.

38. Significant Subsequent Event

In February 2018, the Group entered into an underwriting agreement to dispose of 9.75 million ordinary shares in NCLH for a consideration of approximately US$543.6 million. The Group expects to recognise a gain on disposal of approximately US$24.4 million during the year ending 31 December 2018.

39. Statement of Financial Position and Reserve Movement of the Company

Statement of financial position of the Company as at 31 December 2017

	2017 US$'000	2016 US$'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	**222**	464
Interests in subsidiaries	**1,838,317**	1,838,317
	1,838,539	1,838,781
CURRENT ASSETS		
Prepaid expenses and other receivables	**860**	435
Amounts due from subsidiaries	**4,549,404**	4,119,370
Cash and cash equivalents	**99,025**	22,886
	4,649,289	4,142,691
TOTAL ASSETS	**6,487,828**	5,981,472

39. Statement of Financial Position and Reserve Movement of the Company (Continued)

Statement of financial position of the Company as at 31 December 2017 (Continued)

	Note	2017 US$'000	2016 US$'000
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital		**848,249**	848,249
Reserves:			
Share premium	(a)	**41,634**	41,634
Contributed surplus	(a)	**936,823**	936,823
Additional paid-in capital	(a)	**101,364**	102,542
Retained earnings	(a)	**422,838**	645,971
TOTAL EQUITY		**2,350,908**	2,575,219
LIABILITIES			
NON-CURRENT LIABILITY			
Loans and borrowings		**196,720**	245,529
		196,720	245,529
CURRENT LIABILITIES			
Provisions, accruals and other liabilities		**5,308**	5,488
Current portion of loans and borrowings		**147,705**	47,959
Amounts due to subsidiaries		**3,787,187**	3,107,277
		3,940,200	3,160,724
TOTAL LIABILITIES		**4,136,920**	3,406,253
TOTAL EQUITY AND LIABILITIES		**6,487,828**	5,981,472
NET CURRENT ASSETS		**709,089**	981,967
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,547,628**	2,820,748

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Mr. Lim Keong Hui
Executive Director

39. Statement of Financial Position and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

COMPANY	Share capital US$'000	Share premium[1] US$'000	Contributed surplus US$'000	Additional paid-in capital[1] US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2017	**848,249**	**41,634**	**936,823**	**102,542**	**645,971**	**2,575,219**
Comprehensive loss:						
Loss for the year	**-**	**-**	**-**	**-**	**(54,661)**	**(54,661)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**(54,661)**	**(54,661)**
Transaction with equity owners:						
Lapse of share options	**-**	**-**	**-**	**(1,178)**	**1,178**	**-**
2016 final dividend paid	**-**	**-**	**-**	**-**	**(84,825)**	**(84,825)**
2017 interim dividend paid	**-**	**-**	**-**	**-**	**(84,825)**	**(84,825)**
At 31 December 2017	**848,249**	**41,634**	**936,823**	**101,364**	**422,838**	**2,350,908**
At 1 January 2016	848,249	41,634	936,823	102,542	668,008	2,597,256
Comprehensive loss:						
Loss for the year	–	–	–	–	(22,037)	(22,037)
Total comprehensive loss	–	–	–	–	(22,037)	(22,037)
At 31 December 2016	848,249	41,634	936,823	102,542	645,971	2,575,219

Note:

1. These reserves are non-distributable as dividends to equity owners of the Company.

40. Dividends

	2017 US$'000	2016 US$'000
(i) Dividends paid		
– Final dividend for the year ended 31 December 2016 of US$0.01 (2015: Nil) per ordinary share	**84,825**	-
– Interim dividend for the year ended 31 December 2017 of US$0.01 (2016: Nil) per ordinary share	**84,825**	-
	169,650	-
(ii) Dividend not recognised at the end of the year	**84,825**	84,825

A final dividend in respect of the year ended 31 December 2017 of US$0.01 per ordinary share amounting to a total dividend of approximately US$84,825,000 was recommended by the Directors at a meeting held on 29 March 2018, which will be payable subject to shareholders' approval at the 2018 annual general meeting of the Company. The proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018. Subject to the approval by the shareholders of the Company at the 2018 annual general meeting of the Company, the proposed final dividend will be paid on 17 July 2018 in US$ to the shareholders of the Company whose names appear on the Registers of Members of the Company (both the Principal Register in Bermuda and Hong Kong Branch Register) on 5 July 2018.

41. Approval of Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2018.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Genting Hong Kong Limited
(Continued into Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Genting Hong Kong Limited (the "Company") and its subsidiaries (the "Group") set out on pages 100 to 181, which comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment assessment of non-financial assets

Key audit matters	How our audit addressed the Key audit matters
Revenue recognition Refer to note 5 to the consolidated financial statements. During the financial year ended 31 December 2017, the Group recorded passenger ticket revenue of US$614.3 million and onboard revenue of US$404.0 million respectively.	

Passenger ticket revenue
 	
Passenger ticket revenue primarily consists of revenue from sale of passenger tickets. The Group recognises passenger ticket revenue based on the provision of services on a pro rata basis. Recognition of passenger ticket revenue is a key audit matter because of the huge volume of transactions and the recording of revenue involves certain manual processes which pose a higher risk of misstatement that revenue may not be recorded accurately.
	Our procedures performed in relation to the Group's passenger ticket revenue included the following:
	
	• Understood, evaluated and tested the Group's key controls, on a sample basis, over:
	  • recording of ticket sales transactions in the cruise reservation system;
	  • reliability of voyage reports generated from the cruise reservation system;
	  • recording of passenger ticket revenue in the general ledger based on the system generated voyage reports; and
	
	• Tested the passenger ticket revenue on a sample basis by agreeing the transactions to supporting documents, including voyage reports, booking confirmation slips and remittance advices.

Key audit matters	How our audit addressed the Key audit matters

Revenue recognition (continued)
 	
Onboard revenue
 	
Onboard revenue consists of revenue from food and beverages, shore excursions, entertainment and other onboard services.
 	
Recognition of entertainment onboard revenue is considered as a key audit matter because of the volume of transactions, the involvement of large number of employees handling relevant currencies and tokens, and the recording of revenue involves certain manual processes which pose a higher risk of misstatement that revenue may not be recorded completely and accurately or in the proper period.
	Our procedures performed in relation to the Group's entertainment onboard revenue included the following:
	
	• Understood, evaluated and tested the Group's key manual controls, on a sample basis, over:
	  • count procedures over relevant currencies and tokens;
	  • recording of daily net wins and losses to the operating system based on the count results;
	  • recording of revenue to the general ledger;
	• Observed the count processes over the relevant currencies and tokens performed by management on selected cruises at the year end date; and
	• Tested, on a sample basis, the entertainment onboard revenue recorded in the general ledger to the daily reconciliation report, which reconciles the movement in relevant currencies and tokens to the daily count results.
	
	We did not identify any material exception from performing the above procedures.

Impairment assessment of non-financial assets Refer to notes 4, 14 and 16 to the consolidated financial statements. As of 31 December 2017, the carrying amounts of the Group's property, plant and equipment and intangible assets amounted to US$4,256.6 million (2016: US$3,111.5 million) and US$84.1 million (2016: US$80.2 million) respectively. These non-financial assets mainly comprised cruise ships and ship improvements, aircrafts, shipyard assets, tradenames, goodwill and leasehold land held by different cash generating units ("CGUs") that generated independent cash flows. Management considers each brand of cruise ships and aircrafts, which included Star Cruises and Crystal Cruises; each group of shipyard, which included MV Werften and Lloyd Werft; and the leasehold land to be separate CGUs.	We assessed management's determination of CGUs for the respective stand alone cash-generating units and noted they are reasonable based on our understanding of the Group's business and available evidence. Our procedures performed in relation to the impairment assessments of respective CGUs include: ***For assessments of property, plant and equipment of Star Cruises and Crystal Cruises using market approach*** • Evaluated the competency, qualifications, experience and objectivity of the independent valuers; • Read the valuation reports issued by the independent valuers. Discussed with the independent valuers to understand and evaluate the appropriateness of methodology, assumptions and adjustments applied, including the assessment of types, models, conditions, ages and sizes of cruises ships and aircrafts based on our understanding of the Group and industry knowledge; and

Key audit matters	How our audit addressed the Key audit matters
Impairment assessment of non-financial assets (continued) During the year, the Group incurred operating losses in the operating segments, namely cruise and cruise-related activities, shipyard operations and non-cruise activities. In addition, the Group's leasehold land is located in a geographical territory where the economic environment is highly competitive. These were considered as indicators of impairment to the Group's non-financial assets and accordingly, impairment assessments were carried out for each of the relevant CGUs as detailed below. The recoverable amounts of the Group's CGUs were determined based on the higher of management's cash flow projections for the value-in-use, or fair value less cost of disposal valuations. ***For assessments of property, plant and equipment of Star Cruises and Crystal Cruises using market approach*** Management engaged independent valuers to evaluate the recoverable amount of the CGUs that suffered losses and whose financial performance were subject to high degree of uncertainty. The independent valuers performed valuations based on market approach using market values of cruise ships and aircrafts of similar type and condition as compared to those of the Group and adjusted the market values to reflect the type and condition of cruise ships and aircrafts held by the Group, and such selection and adjustment required significant judgements and assumptions. ***For assessments of goodwill of Crystal Cruises, MV Werften and Lloyd Werft using the discounted cash flows method*** For these CGUs that contain goodwill, management estimated their respective recoverable amounts using discounted cash flows method. The model represented a cash flow projection of the CGU for a period of 5 to 9 years which involved significant judgements towards future results of businesses, in particular, the key assumptions in future cash flow forecasts including the annual growth rate, terminal growth rate applied to the end of the 5th and 9th year and discount rate.	• Compared the values of the cruise ships and aircrafts determined by the independent valuers to available information through market research. ***For assessments of goodwill of Crystal Cruises, MV Werften and Lloyd Werft using the discounted cash flows method*** • Discussed and evaluated management's key assumptions used in each of the cash flow projections, including the annual revenue growth rate and the terminal growth rate by comparing them to the Group's historical data and trends, market research reports and to the development plan of the CGUs approved by the Board of Directors. We also compared the discount rate used in the projection to comparable businesses in the industry; and • Performed sensitivity analysis around the key assumptions for annual revenue and terminal growth rates and discount rate and considered the extent of change in those assumptions that would result in impairment. ***For assessment of the leasehold land using residual value approach*** • Discussed with management on the status of the construction; • Read the valuation report issued by the independent valuer and discussed with the independent valuer and management to understand the methodology and assumptions used; • Evaluated the competency, qualifications, experience and objectivity of the independent valuer; • Reconciled the data input in the cash flow projections to supporting evidence, including budgets approved by Board of Directors; • Evaluated and tested the key assumptions used in the cash flow projections by comparing the key assumptions including hotel occupancy rates, growth rate, net profit margin, capitalisation rate and discount rate to available market information and assessing whether they are reasonable; and

Key audit matters	How our audit addressed the Key audit matters
Impairment assessment of non-financial assets (continued) ***For assessment of the leasehold land using residual value approach*** The Group engaged an independent valuer to estimate the recoverable amount of the leasehold land using residual value approach. Significant assumptions were made in the cash flows projection including hotel occupancy rates, growth rate, net profit margin, capitalisation rate and discount rate. Based on management's assessments described above, no impairment charge was made for the Group's non-financial assets for the year ended 31 December 2017 except for the Group's aircraft which was impaired by US$22.6 million as the carrying amount was in excess of the recoverable amount. We focused on the above impairment assessments because the carrying amounts of these non-financial assets are significant to the consolidated financial statements. Further, the judgements, assumptions and adjustments applied to these assessments are fundamental in determining whether an impairment charge is required.	• Performed sensitivity analysis around these key assumptions and considered the extent of change in those assumptions that would result in impairment. We found the judgements made and assumptions used by management in assessing the impairment of these non-financial assets to be reasonable based on the evidence obtained.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information included in annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2018

AUDITED FIVE YEARS FINANCIAL SUMMARY

	2017 US$'000	2016 US$'000	2015 US$'000	2014 US$'000	2013 US$'000
Results					
Revenue	**1,190,415**	1,016,668	689,954	570,810	554,729
Results from operations	**(351,507)**	(223,202)	(88,753)	(41,902)	(35,479)
Share of profit/(loss) of joint ventures	**1,048**	(516)	247	1,530	43,278
Share of profit of associates	**225**	32,890	36,418	147,276	31,291
Other (expenses)/income, net	**(849)**	(7,474)	(42,888)	8,424	(14,903)
Other gains/(losses), net	**166,050**	(301,054)	2,223,778	300,952	576,254
Finance income	**7,098**	10,548	11,363	12,997	13,219
Finance costs	**(49,373)**	(6,841)	(25,959)	(31,442)	(47,800)
(Loss)/Profit before taxation	**(227,308)**	(495,649)	2,114,206	397,835	565,860
Taxation	**(16,972)**	(8,583)	(8,151)	(13,771)	(13,909)
(Loss)/Profit for the year	**(244,280)**	(504,232)	2,106,055	384,064	551,951
(Loss)/Profit attributable to:					
Equity owners of the Company	**(242,289)**	(502,325)	2,112,687	384,475	552,389
Non-controlling interests	**(1,991)**	(1,907)	(6,632)	(411)	(438)
	(244,280)	(504,232)	2,106,055	384,064	551,951
Basic (loss)/earnings per share (US cents)	**(2.86)**	(5.92)	25.50	4.79	7.00
Diluted (loss)/earnings per share (US cents)	**(2.86)**	(5.92)	25.48	4.61	6.61
Assets and Liabilities					
Total assets	**7,145,044**	6,546,695	6,508,705	3,871,051	3,866,985
Total liabilities	**(2,565,753)**	(1,723,479)	(1,008,259)	(630,567)	(917,799)
Total equity	**4,579,291**	4,823,216	5,500,446	3,240,484	2,949,186

PROPERTIES SUMMARY

As at 31 December 2017

	Location	Lot No.	Approximate land area	Approximate gross built-up area	Lease term (years)	Usage
1.	Star Cruises Jetty, Porto Malai, Langkawi, Kedah Darul Aman, Malaysia	Lot 2930 (previously Lot PT 740)	137,962 ft^2 (12,817 m^2)	96,123 ft^2 (8,930 m^2)	Until 31 October 2087	J
2.	An adjoining site to the Star Cruises Jetty, Porto Malai, Langkawi, Kedah Darul Aman, Malaysia	Lot 2931 (previously Lot PT 741)	40,462 ft^2 (3,759 m^2)	–	Until 31 October 2087	J
3.	No. 288 Suzhou Avenue East, Suzhou Industrial Park, Suzhou, China	Lot No: 75034	4,220 m^2	870 m^2	Until 30 August 2046	O/H
4.	A piece of land located at Tai Zi Cheng Cun, Sitaizui Township, Chongli District, Zhangjiakou City, Hebei Province, China	Lot No: [2013]21	15,106 m^2	2,500 m^2	Until 1 March 2054	H/RT
5.	Two (2) pieces of land located at Tai Zi Cheng Cun, Sitaizui Township, Chongli District, Zhangjiakou City, Hebei Province, China	Lot No: (a) [2013]20 Lot No: (b) [2016]14	(a) 22,644 m^2 (b) 9,440 m^2	(a) – (b) 6,000 m^2	(a) Until 1 March 2084 (b) Until 29 June 2086	(a) RSD (b) RSD
6.	Bruckenstr. 25, 27568 Bremerhaven, Germany	Lot Nos: 0056, 0160, 0161, 0201, 0203, 0205, 0207, 0262, 0263, and 0276	264,061 m^2	59,580 m^2	Freehold	OSB
7.	Bruckenstr. 25, 27568 Bremerhaven, Germany	Lot Nos: 0023 and 0215	23,987 m^2	450 m^2	Until 31 December 2025	OSB
8	Werftallee 10/Passagierkai 6 18119 Rostock, Germany	Lot No: 9019	684,238 m^2	115,000 m^2	Freehold	OSB
9	An der Werft 5 18439 Stralsund, Germany	Lot No: 20853	340,672 m^2	112,000 m^2	Freehold	OSB
10	Werftstraße 4/Wendorfer Weg 5 23966 Wismar, Germany	Lot Nos: 11885, 12005, 13456 and 13611	539,014 m^2	177,700 m^2	Freehold	OSB
11	Zum Magazin 1 23966 Wismar, Germany	Lot No: 13456 (part)	25,466 m^2	10,300 m^2	Freehold	OSB
12	An der Westtangente 1 23966 Wismar, Germany	Lot No: 40372	27,286 m^2	13,585 m^2	Freehold	OSB
13	Alter Holzhafen, 23966 Wismar, Germany	Lot Nos. 3611/246; 3611/255; 3611/227; 3611/253; 3611/258; 3611/264; 3611/245	*(in total:)* 22,667 m^2	nil	Freehold	H
14	A piece of land located at "Terreno a aterrar junto à Praca de Ferreira do Amaral" in Macau which is generally known as "1 Lago Nam Van, Macao"	Reclamation Area (Lot A)	8,100 m^2	–	Until 24 June 2033	H/C

Notes:

i The Group owns 100% of each of the properties listed in items 1 to 13 above. The Group owns 75% of the property listed in item 14 above by virtue of the Group's equity interest in the company which owns the property.

ii. Usage:

J – Jetty

O – Office

H – Hotel

C – Casino (subject to approval of the Government of the Macau)

RT – Restaurant

RSD – Residential

OSB – Operational shipyard business

iii. The two (2) pieces of land in Chongli District listed in item 5 are adjacent to each other.

iv. The Group has acquired beneficial ownership of the property listed in item 13 in 2017; legal ownership will be transferred upon registration in the real estate register in 2018. Individual lots will be combined in 2018 so only the total area is listed. A hotel building is currently under construction and completion is estimated for 2018-2019.

WORLDWIDE OFFICES AND REPRESENTATIVES

Corporate Headquarters
Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong S.A.R.
Tel: (852) 2378 2000 Fax: (852) 2314 3809

Australia
Level 8, 401 Sussex Street, Sydney, 2000 NSW, Australia
Tel: (61) 2 9212 6288 Fax: (61) 2 9212 6188

China

Beijing
Unit 1507, Huateng Mansion, No.302 Chaoyang Jinsong 3 District Beijing, 100021 P.R.C
Tel: (86) 10 6505 6223 Fax: (86) 10 6505 6221

Chengdu
Room 2802, Yanlord Landmark Office Tower, No. 1, Section 2 of Ren Min Nan Road, Jin Jiang District, Chengdu 610016 P.R.C
Tel: (86) 28 8658 7988 Fax: (86) 28 8658 7899

Guangzhou
Unit 2001, West Tower, Yuexiu Neo-metropolis, No. 238 Zhong Shan Liu Road, Yuexiu District, Guangzhou City, Guangdong Province, 510180, P.R.C
Tel: (86) 20 3811 6388

Shanghai
1102 Zhong Shan Bei Yi Road, Hongkou, Shanghai 200080 P.R.C
Tel: (86) 21 6272 0101 Fax: (86) 21 6218 2826

Xiamen
29/F Block E, Xiamen International Plaza, No. 8 Lu Jiang Dao, Xiamen, 361001 P.R.C
Tel: (86) 592 2110 268 Fax: (86) 592 2110 298

Shenzhen
Unit 0107, 1/F, Lang Qiao Hua Yuan, the South East Joint of Huang Gang Road and Bai He Road, Fu Tian District, Shenzhen, Guangdong, 518033 PRC
Tel: (86) 755 8278 9299 Fax: (86) 755 2390 2606

India

Ahmedabad
502, 5th Floor, Hrishikesh, Opp Water Tank, Near IDBI Bank, Vasant Baugh, Gulbai Tekra, Ellis Bridge, Ahmedabad – 380006, Gujarat, India.
Tel: (91) 79 2630 8099/8199

Bangalore
Unit 16, Level 11, Prestige Khoday Tower, #5 Raj Bhavan Road, Bangalore-560 001, Karnataka, India
Tel: (91) 80 4635 7792

Mumbai
A/520, Kanakia Zillion, CST Road, BKC Annexe, Lal Bahadur Shastri Marg, Kapadia Nagar, Kurla, Mumbai, Maharashtra 400070 India
Tel: (91) 22 7100 2888 Fax: (91) 22 7100 2911

New Delhi
606, DLF Tower A, Jasola District Center, New Delhi 110025, India
Tel: (91) 11 41077900-01-02 Fax: (91) 11 4054 8883

Indonesia
Level 23 Unit F1, The Plaza Office Tower, Jln. MH Thamrin Kav. 28-30, Jakarta 10350, Indonesia
Tel: (62) 21 2992 2928

Japan
8F Palazzo Siena, 2-4-6 Higashi Shinbashi Minato-ku, Tokyo, 105-0021 Japan
Tel: (81) 3 6403 5188 Fax: (81) 3 6403 5189

Malaysia

Kuala Lumpur
21/F, Wisma Genting, 28 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Tel: (60) 3 2302 1288

Penang
Logan Heritage, No 6 Beach Street, 10300 George Town, Penang, Malaysia
Tel: (60) 4 269 8388 Fax: (60) 4 261 2888

Philippines
4/F, Star Cruises Centre, 100 Andrews Avenue, Newport Pasay City, Metro Manila 1309, Philippines
Tel: (63) 2 836 6000 Fax: (63) 2 836 6835

Singapore
3 Lim Teck Kim Road,#01-04/05 Genting Centre, 088934 Singapore
Tel: (65) 6226 1168

Sweden
Star Cruises AB
S: t Johannesgatan 2, 3 tr. S-211 46 Malmö, Sweden
Tel: (46) 40 688 0988

Taiwan
Room E-1, 6F., No.168, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
Tel: (886) 2 2175 9500 Fax (886) 2 2175 9501

Thailand
Unit 12A - 16, Chartered Square Building, 152 North Sathon Road, Silom, Bangrak, 10500 Bangkok, Thailand
Tel: (66) 2235 7838 FAX: (66) 2235 7839

Crystal Cruises

Corporate Headquarters
11755 Wilshire Blvd., Suite 900
Los Angeles, CA 90025, U.S.A.
Tel: (1) 310 785 9300

Miami
501 Biscayne Blvd., Suite 500
Miami, FL 33132, U.S.A.
Tel: (1) 310 785 9300

Resorts World Manila
10F NECC Building, Newport Boulevard, Newport City Pasay 1309, Metro Manila, Philippines
Tel: (63) 2 908 8000

MV Werften
Wendorfer Weg 5
23966 Wismar, Germany
Tel.: (49) 38 41 77-0 Fax: (49) 38 41 7636 24

Lloyd Werft
Brückenstraße 25
27568 Bremerhaven, Germany
Tel: (49) 0 471 478 0 Fax: (49) 0 471 478 280

GENTING
HONG KONG

Genting Hong Kong Limited

Suite 1501, Ocean Centre, 5 Canton Road,
Tsimshatsui, Kowloon, Hong Kong SAR

www.gentinghk.com