GENTING
HONG KONG

INTERIM REPORT 2019

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

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HONG KONG

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(Continued into Bermuda with limited liability)

Interim Report for the six months ended 30 June 2019

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Forward-looking Statements

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

CORPORATE INFORMATION

Board of Directors

Executive Directors

Tan Sri Lim Kok Thay
(Chairman and Chief Executive Officer)
Mr. Lim Keong Hui
(Deputy Chief Executive 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

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The Board of Directors (the "Directors") of Genting Hong Kong Limited (the "Company") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019, as follows:

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2019 US$'000 unaudited	2018 US$'000 unaudited
Revenue	5	729,163	777,627
Operating expenses			
Operating expenses excluding depreciation and amortisation		(527,245)	(647,384)
Depreciation and amortisation		(101,143)	(102,136)
		(628,388)	(749,520)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(125,059)	(135,272)
Depreciation and amortisation		(14,016)	(10,614)
		(139,075)	(145,886)
		(767,463)	(895,406)
Operating loss		(38,300)	(117,779)
Share of profit of joint ventures		2,909	869
Share of profit of associates		6,211	14,323
Other expenses, net	6	(4,398)	(663)
Other gains, net	7	2,176	5,473
Finance income		2,331	5,151
Finance costs	8	(22,373)	(38,818)
		(13,144)	(13,665)
Loss before taxation	9	(51,444)	(131,444)
Taxation	10	(5,058)	(9,826)
Loss for the period		(56,502)	(141,270)

Condensed Consolidated Statement of Comprehensive Income *(Continued)*

	Note	Six months ended 30 June 2019 US$'000 unaudited	2018 US$'000 unaudited
Loss for the period		(56,502)	(141,270)
Other comprehensive income/(loss):			
Items that have been or may be reclassified to consolidated statement of comprehensive income:			
Foreign currency translation differences		15,509	(91,458)
Fair value loss on derivative financial instruments		(2,224)	(13,091)
Share of other comprehensive income of an associate		172	194
		13,457	(104,355)
Item that will not be reclassified subsequently to consolidated statement of comprehensive income:			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		163	(209)
Other comprehensive income/(loss) for the period		13,620	(104,564)
Total comprehensive loss for the period		(42,882)	(245,834)
Loss attributable to:			
Equity owners of the Company		(55,162)	(140,106)
Non-controlling interests		(1,340)	(1,164)
		(56,502)	(141,270)
Total comprehensive loss attributable to:			
Equity owners of the Company		(41,542)	(244,670)
Non-controlling interests		(1,340)	(1,164)
		(42,882)	(245,834)
Loss per share attributable to equity owners of the Company	11		
– Basic (US cents)		(0.65)	(1.65)
– Diluted (US cents)		(0.65)	(1.65)

Condensed Consolidated Statement of Financial Position

	Note	As at 30 June 2019 *US$'000 unaudited*	As at 31 December 2018 *US$'000 audited*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,168,791	4,703,825
Right-of-use assets	3	36,575	–
Land use rights		3,451	3,499
Intangible assets		281,045	272,375
Interests in joint ventures	12	5,680	3,498
Interests in associates	13	522,070	503,853
Deferred tax assets		2,010	2,983
Financial assets at fair value through other comprehensive income ("FVOCI")	14	9,017	8,854
Other assets and receivables	16	27,132	17,560
		6,055,771	5,516,447
CURRENT ASSETS			
Completed properties for sale		40,019	40,550
Inventories		38,060	38,211
Trade receivables	15	52,816	33,261
Prepaid expenses and other receivables	16	151,439	116,524
Contract assets		1,407	1,320
Contract costs		13,949	13,224
Amounts due from related companies		1,596	1,224
Restricted cash		91,179	105,831
Cash and cash equivalents		694,293	904,131
		1,084,758	1,254,276
TOTAL ASSETS		7,140,529	6,770,723

Condensed Consolidated Statement of Financial Position *(Continued)*

	Note	As at 30 June 2019 US$'000 unaudited	As at 31 December 2018 US$'000 audited
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital	17	848,249	848,249
Reserves:			
Share premium		41,634	41,634
Contributed surplus		936,823	936,823
Additional paid-in capital		109,336	109,353
Foreign currency translation adjustments		(124,841)	(140,350)
Financial assets at FVOCI reserve		(578)	(741)
Cash flow hedge reserve		(27,508)	(25,284)
Retained earnings		2,203,059	2,255,830
		3,986,174	4,025,514
Non-controlling interests		32,201	33,541
TOTAL EQUITY		4,018,375	4,059,055
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	18	1,867,871	1,684,086
Deferred tax liabilities		28,119	23,789
Provisions, accruals and other liabilities		310	586
Retirement benefit obligations		8,961	8,964
Contract liabilities		46,638	29,514
Lease liabilities		30,354	–
Derivative financial instruments	19	3,128	8,540
		1,985,381	1,755,479
CURRENT LIABILITIES			
Trade payables	20	110,901	117,942
Current income tax liabilities		10,461	8,362
Provisions, accruals and other liabilities		233,399	249,655
Contract liabilities		332,106	259,452
Lease liabilities		11,829	–
Current portion of loans and borrowings	18	413,622	303,973
Derivative financial instruments	19	24,382	16,744
Amounts due to related companies		73	61
		1,136,773	956,189
TOTAL LIABILITIES		3,122,154	2,711,668
TOTAL EQUITY AND LIABILITIES		7,140,529	6,770,723

Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June 2019	2018
		US$'000	*US$'000*
	Note	*unaudited*	*unaudited*
OPERATING ACTIVITIES			
Cash generated from operations		106,960	22,513
Interest received		2,202	5,253
Income tax paid		(2,735)	(6,370)
Net cash inflow from operating activities		106,427	21,396
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	23	(10,606)	–
Purchase of property, plant and equipment		(562,602)	(343,265)
Proceeds from sale of property, plant and equipment		232	16
Cash received from lease receivables (including interest)		1,359	–
Proceeds from disposal of a financial asset at fair value through profit or loss		–	543,550
Dividends received		1,290	–
Net cash (outflow)/inflow from investing activities		(570,327)	200,301
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		400,000	101,405
Repayments of loans and borrowings		(109,862)	(210,287)
Payment of loan arrangement fees		(7,884)	–
Interest paid		(42,388)	(36,637)
Payment for lease liabilities (including interest)		(6,879)	–
Net cash inflow/(outflow) from financing activities		232,987	(145,519)
Effect of exchange rate changes on cash and cash equivalents		21,075	(15,850)
Net (decrease)/increase in cash and cash equivalents		(209,838)	60,328
Cash and cash equivalents at 1 January		904,131	1,147,702
Cash and cash equivalents at 30 June		694,293	1,208,030

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2019	Share capital	Share premium	Contributed surplus	Additional paid-in capital	Foreign currency translation adjustments	Financial asset at FVOCI reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity owners of the Company										
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
unaudited											
At 1 January 2019	848,249	41,634	936,823	109,353	(140,350)	(741)	(25,284)	2,255,830	4,025,514	33,541	4,059,055
Adjustment on adoption of HKFRS 16 (Note 3)	–	–	–	–	–	–	–	2,202	2,202	–	2,202
At 1 January 2019 (restated)	848,249	41,634	936,823	109,353	(140,350)	(741)	(25,284)	2,258,032	4,027,716	33,541	4,061,257
Comprehensive income/(loss):											
Loss for the period	–	–	–	–	–	–	–	(55,162)	(55,162)	(1,340)	(56,502)
Other comprehensive income/(loss):											
Foreign currency translation differences	–	–	–	–	15,509	–	–	–	15,509	–	15,509
Fair value loss on derivative financial instruments	–	–	–	–	–	–	(2,224)	–	(2,224)	–	(2,224)
Share of other comprehensive income of an associate	–	–	–	172	–	–	–	–	172	–	172
Fair value gain on financial assets at FVOCI	–	–	–	–	–	163	–	–	163	–	163
Total comprehensive income/(loss)	–	–	–	172	15,509	163	(2,224)	(55,162)	(41,542)	(1,340)	(42,882)
Transactions with equity owners:											
Lapse of share options	–	–	–	(189)	–	–	–	189	–	–	–
At 30 June 2019	848,249	41,634	936,823	109,336	(124,841)	(578)	(27,508)	2,203,059	3,986,174	32,201	4,018,375

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

Six months ended 30 June 2018	Attributable to equity owners of the Company											
	Share capital	Share premium	Contributed surplus	Additional paid-in capital	Foreign currency translation adjustments	Available-for-sale investments reserve	Financial asset at FVOCI reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
unaudited												
At 1 January 2018	848,249	41,634	936,823	110,987	(20,057)	–	15	–	2,635,038	4,552,689	35,967	4,588,656
Comprehensive loss:												
Loss for the period	–	–	–	–	–	–	–	–	(140,106)	(140,106)	(1,164)	(141,270)
Other comprehensive income/(loss):												
Foreign currency translation differences	–	–	–	–	(91,458)	–	–	–	–	(91,458)	–	(91,458)
Fair value losses on derivative financial instruments	–	–	–	–	–	–	–	(13,091)	–	(13,091)	–	(13,091)
Share of other comprehensive income of an associate	–	–	–	194	–	–	–	–	–	194	–	194
Fair value losses on financial assets at FVOCI	–	–	–	–	–	–	(209)	–	–	(209)	–	(209)
Total comprehensive income/(loss)	–	–	–	194	(91,458)	–	(209)	(13,091)	(140,106)	(244,670)	(1,164)	(245,834)
Transactions with equity owners:												
Lapse of share options	–	–	–	(1,653)	–	–	–	–	1,653	–	–	–
Dividends related to 2017	–	–	–	–	–	–	–	–	(84,825)	(84,825)	–	(84,825)
At 30 June 2018	848,249	41,634	936,823	109,528	(111,515)	–	(194)	(13,091)	2,411,760	4,223,194	34,803	4,257,997

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

Genting Hong Kong Limited (the "Company") is an exempted company continued into Bermuda with limited liability and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, whereas the principal place of business of the Company is situated at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

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.

This unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors on 30 August 2019.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The preparation of the unaudited condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited condensed consolidated interim financial information is prepared under the historical cost convention, as modified by the financial assets at fair value through other comprehensive income ("FVOCI"), financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVPL"), and retirement benefit assets which are carried at fair value. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the financial year ended 31 December 2018.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This unaudited condensed consolidated interim financial information should be read where relevant, in conjunction with the annual financial statements of the Group for the financial year ended 31 December 2018 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the financial year ended 31 December 2018, except that the Group has adopted the following new standards and interpretations that are first effective for the current accounting period of the Group:

(i) HKFRS 16, "Leases" (effective from 1 January 2019). It results in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The effects of the adoption of HKFRS 16 are set out in note 3.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION *(Continued)*

(ii) Annual Improvement to HKFRSs 2015 – 2017 Cycle - Amendments to HKAS 23 "Borrowing Costs" (effective from 1 January 2019). The improvement clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. As a result, there was an increase in property, plant and equipment due to an increase in capitalisation of borrowing costs and corresponding decrease in finance costs recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2019.

(iii) 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. The interpretation does not have a material impact on the Group's condensed consolidated interim financial information.

(iv) Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures" (effective from 1 January 2019) clarify that an entity should apply HKFRS 9 "Financial Instruments" (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. The amendments do not have a material impact on the Group's condensed consolidated interim financial information.

(v) Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" (effective from 1 January 2019) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. The amendments do not have a material impact on the Group's condensed consolidated interim financial information.

(vi) Amendments to HKFRS 3 "Definition of a Business" (effective from 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. The amendments shall be applied prospectively. The amendments do not have a material impact on the Group's condensed consolidated interim financial information.

(vii) HKFRS 10 and HKAS 28 (Amendments), "Sale or contribution of assets between an investor and its associate or joint venture" (effective date to be determined). 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 amendments do not have a material impact on the Group's condensed consolidated interim financial information.

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

3. CHANGES IN ACCOUNTING POLICIES

HKFRS 16

As explained in note 2 above, the Group has adopted HKFRS 16 that is effective for the financial year beginning on 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial information. The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16 *(Continued)*

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.1%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	2019
	US$'000
Operating lease commitments disclosed as at 31 December 2018	46,830
Discounted using the lessee's incremental borrowing rate at the date of initial application	(5,484)
Add: finance lease liabilities recognised as at 31 December 2018	968
Less: short-term leases recognised on a straight-line basis as expense	(2,044)
Less: low-value leases recognised on a straight-line basis as expense	(125)
Less: contracts reassessed as service agreements	(5,300)
Add: adjustments as a result of a different treatment of extension options	11,844
Less: contracts commenced after 1 January 2019 but entered into on or before 31 December 2018	(1,143)
Lease liabilities recognised as at 1 January 2019	45,546
Of which are:	
Current lease liabilities	10,639
Non-current lease liabilities	34,907
	45,546

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019	As at 1 January 2019
	US$'000 unaudited	*US$'000 unaudited*
Office and hotel	25,512	29,576
Equipment and others	11,063	11,116
	36,575	40,692

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16 *(Continued)*

(i) Adjustments recognised on adoption of HKFRS 16 *(Continued)*

The impact on the Group's financial position by the application of HKFRS 16 as at 1 January 2019 and profit or loss effect for the period ended 30 June 2019 is as follows:

	As at 1 January 2019		
	As previously stated	Adjustments under HKFRS 16	Restated
	US$'000	*US$'000*	*US$'000*
Condensed consolidated statement of financial position (extract)			
NON-CURRENT ASSETS			
Property, plant and equipment	4,703,825	(1,520)	4,702,305
Right-of-use assets	–	40,692	40,692
Lease receivables (included in other assets and receivables)	–	9,268	9,268
CURRENT ASSETS			
Lease receivables (included in prepaid expenses and other receivables)	–	1,408	1,408
Prepayments (included in prepaid expenses and other receivables)	97,908	(2,444)	95,464
CURRENT LIABILITIES			
Provisions, accruals and other liabilities	249,655	(968)	248,687
Lease liabilities	–	10,639	10,639
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23,789	624	24,413
Lease liabilities	–	34,907	34,907
EQUITY			
Retained earnings	2,255,830	2,202	2,258,032

	Six months ended 30 June 2019		
	Results without the adoption of HKFRS 16	Effects of the adoption of HKFRS 16	Results as reported
	US$'000	*US$'000*	*US$'000*
Condensed consolidated statement of comprehensive income (extract)			
Revenue	730,009	(846)	729,163
Operating expenses			
– Operating expenses excluding depreciation and amortisation	(529,729)	2,484	(527,245)
– Depreciation and amortisation	(100,268)	(875)	(101,143)
Selling, general and administrative expenses			
– Selling, general and administrative expenses excluding depreciation and amortisation	(129,138)	4,079	(125,059)
– Depreciation and amortisation	(9,318)	(4,698)	(14,016)
Other expenses, net	(3,816)	(582)	(4,398)
Finance income	2,078	253	2,331
Finance costs	(21,319)	(1,054)	(22,373)
Taxation	(4,667)	(391)	(5,058)
Loss for the period	(54,872)	(1,630)	(56,502)

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16 *(Continued)*

(i) Adjustments recognised on adoption of HKFRS 16 *(Continued)*

a. Impact on segment disclosures and loss per share

Segment EBITDA for the six months ended 30 June 2019, segment assets and segment liabilities as at 30 June 2019 increased as a result of the change in accounting policy as follows:

	Segment EBITDA	Segment assets	Segment liabilities
	US$'000	*US$'000*	*US$'000*
Cruise and cruise-related activities	3,277	28,256	20,973
Shipyard	1,177	5,968	6,074
Non-cruise activities	1,263	10,984	14,450
	5,717	45,208	41,497

There was no material impact on loss per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

b. Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases as at 1 January 2019;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(ii) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices, hotel, warehouses, equipment and land use rights. Rental contracts are made for fixed periods of 1 to 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Up to 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset (including land use rights which are presented as a separate line item or within property, plant and equipment as "leasehold land" in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16 *(Continued)*

(ii) The Group's leasing activities and how these are accounted for *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the substance of the fixed lease payments or a change in assessment to purchase the underlying asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise small items of office furniture and equipment.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the financial year ended 31 December 2018.

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

(b) Fair value estimation

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

unaudited As at 30 June 2019	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
Financial assets at FVOCI	–	–	9,017	9,017
Financial liabilities				
Derivative financial instruments	–	27,510	–	27,510

audited As at 31 December 2018	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
Financial assets at FVOCI	–	–	8,854	8,854
Financial liabilities				
Derivatives financial instruments	–	25,284	–	25,284

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

The financial assets at FVOCI measured at level 3 of the fair value hierarchy are pertaining to investments in unquoted equity securities. The investee is currently under development stage and has not commenced operations. The net assets of the investee comprised mainly land use rights, construction work in progress and other financial assets and liabilities. Accordingly, the adjusted net asset method was adopted in deriving the fair value of the investee's equity instruments by reference to the fair value of the investee's net assets.

The adjusted net asset method measures the fair value of the individual assets and liabilities recognised in the investee's statement of financial position as well as the fair value of any unrecognised assets and liabilities at the measurement date.

The land use rights was adjusted to fair value determined based on the income approach. The key assumptions used in the income approach include annual rental rate, growth rate, capitalisation rate, discount rate and the estimated annual administrative expenses associated with the land use rights. The fair values of other financial assets and liabilities approximate their carrying amounts due to short-term maturities of these instruments. There is no other unrecognised assets and liabilities at the measurement date that will cause significant adjustments to the net assets of the investee as of the measurement date.

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

	As at	
	30 June 2019	31 December 2018
	US$'000 *unaudited*	*US$'000* *audited*
Carrying amount	2,281,493	1,988,059
Fair value	2,407,448	2,092,899

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

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 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 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.

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") exclude, if any, share of profit of joint ventures and associates, other income/gains or expenses/losses.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information of the Group is as follows:

unaudited Six months ended 30 June 2019	Cruise and cruise-related activities[1]	Shipyard	Non-cruise activities	Inter-segment elimination/ adjustments[2]	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Passenger ticket revenue	487,104	–	5,093		492,197
Onboard revenue	165,260	–	–		165,260
Revenue from shipyard	–	465,960	–		465,960
Other revenue	–	–	23,441		23,441
Reportable segment revenue	652,364	465,960	28,534		1,146,858
Less: Inter-segment revenue	–	(411,491)	(6,204)		(417,695)
Total revenue from external customers[3]	652,364	54,469	22,330		729,163
Segment EBITDA	82,296	27,934	(9,498)	(23,873)	76,859
Less: Depreciation and amortisation	(95,660)	(18,651)	(17,954)	17,106	(115,159)
Segment results	(13,364)	9,283	(27,452)	(6,767)	(38,300)
Share of profit of joint ventures					2,909
Share of profit of associates					6,211
Other expenses, net					(4,398)
Other gains, net					2,176
Finance income					2,331
Finance costs					(22,373)
Loss before taxation					(51,444)
Taxation					(5,058)
Loss for the period					(56,502)

(1) Consistent with the internal reporting to the chief operating decision maker, included in the passenger ticket revenue of US$487.1 million (six months ended 30 June 2018: US$448.1 million) were revenue allocated from onboard activities of US$88.8 million (six months ended 30 June 2018: US$79.0 million) mainly for cruise cabins provided to customers in support of the Group's entertainment onboard activities.

(2) These eliminations are mainly to eliminate revenue and expenses relating to shipbuilding for the Group.

(3) During the six months ended 30 June 2019, revenue of the Group amounted to US$729.2 million, of which revenue from contracts with customers totalled US$627.2 million.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue from contracts with customers is recognised as follows:

unaudited Six months ended 30 June 2019	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Timing of revenue recognition for revenue from contracts with customers:				
At a point in time	46,438	4,463	12,080	62,981
Over time	504,760	49,493	9,943	564,196
	551,198	53,956	22,023	627,177

unaudited As at 30 June 2019	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	4,685,424	925,245	1,527,850	7,138,519
Deferred tax assets				2,010
Total assets				7,140,529
Segment liabilities	610,602	151,959	39,520	802,081
Loans and borrowings (including current portion)	2,262,332	19,161	–	2,281,493
	2,872,934	171,120	39,520	3,083,574
Current income tax liabilities				10,461
Deferred tax liabilities				28,119
Total liabilities				3,122,154
Capital expenditure:				
Property, plant and equipment	524,336	47,774	16,402	588,512
Intangible assets	–	4,174	–	4,174
Property, plant and equipment arising from acquisition of a subsidiary	–	488	–	488
Intangible assets arising from acquisition of a subsidiary	–	3,688	–	3,688
	524,336	56,124	16,402	596,862

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

unaudited Six months ended 30 June 2018	Cruise and cruise-related activities[1]	Shipyard	Non-cruise activities	Inter-segment elimination/ adjustments[2]	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Passenger ticket revenue	448,093	–	4,651		452,744
Onboard revenue	193,868	–	–		193,868
Revenue from shipyard	–	460,769	–		460,769
Other revenue	–	–	32,139		32,139
Reportable segment revenue	641,961	460,769	36,790		1,139,520
Less: Inter-segment revenue	–	(358,542)	(3,351)		(361,893)
Total revenue from external customers[3]	641,961	102,227	33,439		777,627
Segment EBITDA	62,973	(46,697)	(15,111)	(6,194)	(5,029)
Less: Depreciation and amortisation	(85,436)	(10,472)	(16,842)	–	(112,750)
Segment results	(22,463)	(57,169)	(31,953)	(6,194)	(117,779)
Share of profit of joint ventures					869
Share of profit of associates					14,323
Other expenses, net					(663)
Other gains, net					5,473
Finance income					5,151
Finance costs					(38,818)
Loss before taxation					(131,444)
Taxation					(9,826)
Loss for the period					(141,270)

(3) During the six months ended 30 June 2018, revenue of the Group amounted to US$777.6 million, of which revenue from contracts with customers totalled US$662.9 million.

Revenue from contracts with customers is recognised as follows:

unaudited Six months ended 30 June 2018	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Timing of revenue recognition for revenue from contracts with customers:				
At a point in time	48,094	4,002	19,947	72,043
Over time	482,154	95,923	12,790	590,867
	530,248	99,925	32,737	662,910

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

audited As at 31 December 2018	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	4,404,815	766,573	1,596,352	6,767,740
Deferred tax assets				2,983
Total assets				6,770,723
Segment liabilities	512,476	149,545	29,437	691,458
Loans and borrowings (including current portion)	1,967,541	20,518	–	1,988,059
	2,480,017	170,063	29,437	2,679,517
Current income tax liabilities				8,362
Deferred tax liabilities				23,789
Total liabilities				2,711,668
Capital expenditure:				
Property, plant and equipment	633,580	130,332	39,919	803,831
Intangible assets	–	128,228	335	128,563
	633,580	258,560	40,254	932,394

6. OTHER EXPENSES, NET

	Six months ended 30 June	
	2019	2018
	US$'000 *unaudited*	*US$'000* *unaudited*
Loss on foreign exchange, net	(2,845)	(1,088)
Write off and loss on disposal of property, plant and equipment	(2,211)	(446)
Other income, net	658	871
	(4,398)	(663)

7. OTHER GAINS, NET

	Six months ended 30 June 2019	2018
	US$'000 unaudited	*US$'000 unaudited*
Reversal of impairment loss on other receivables	2,176	–
Gain on disposal of financial assets at FVPL	–	24,363
Fair value loss on financial assets at FVPL	–	(18,890)
	2,176	5,473

8. FINANCE COSTS

	Six months ended 30 June 2019	2018
	US$'000 unaudited	*US$'000 unaudited*
Commitment fees and amortisation of bank loans arrangement fees	9,756	11,756
Interests on bank loans and others	46,881	36,868
Interest expense on lease liabilities	1,087	–
Interest capitalised for qualifying assets	(35,351)	(9,806)
Finance costs expensed	22,373	38,818

9. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	Six months ended 30 June 2019	2018
	US$'000 unaudited	*US$'000 unaudited*
Commission, incentives, transportation and other related costs (including amortisation of incremental costs for obtaining contracts of US$47,187,000 (six months ended 30 June 2018: US$44,800,000))	88,565	81,239
Onboard costs	51,306	46,456
Payroll and related costs included in operating expenses	156,219	189,546
Food and supplies	38,422	37,042
Fuel costs	58,374	61,534
Advertising expenses	43,682	40,928

10. TAXATION

	Six months ended 30 June 2019	2018
	US$'000 unaudited	*US$'000 unaudited*
Overseas taxation		
– Current taxation	1,314	3,196
– Deferred taxation	3,512	6,044
	4,826	9,240
Under provision in respect of prior years		
– Current taxation	232	586
	5,058	9,826

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.

11. LOSS PER SHARE

Loss per share is computed as follows:

	Six months ended 30 June 2019	2018
	unaudited	*unaudited*
BASIC		
Loss attributable to equity owners of the Company for the period (US$'000)	(55,162)	(140,106)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Basic loss per share for the period in US cents	(0.65)	(1.65)
DILUTED		
Loss attributable to equity owners of the Company for the period (US$'000)	(55,162)	(140,106)
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 period in US cents	(0.65)	(1.65)

* The calculation of diluted loss per share for the six months ended 30 June 2019 and 30 June 2018 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. INTERESTS IN JOINT VENTURES

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

	As at 30 June 2019	As at 31 December 2018
	US$'000 unaudited	*US$'000 audited*
At 1 January	3,498	3,555
Share of profit of joint ventures	2,909	1,016
Dividends	(726)	(1,059)
Currency translation differences	(1)	(14)
At 30 June 2019 / 31 December 2018	5,680	3,498

13. INTERESTS IN ASSOCIATES

The Group's interests in associates are as follows:

	As at 30 June 2019	As at 31 December 2018
	US$'000 unaudited	*US$'000 audited*
At 1 January	503,853	534,597
Acquisition of a subsidiary	88	–
Share of profit of associates	6,211	12,456
Share of other comprehensive income of an associate	172	471
Dividends	(1,290)	(750)
Currency translation differences	13,036	(42,921)
At 30 June 2019 / 31 December 2018	522,070	503,853

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2019	As at 31 December 2018
	US$'000 unaudited	*US$'000 audited*
Unlisted equity investments at fair value through other comprehensive income:		
At 1 January	8,854	9,610
Fair value gain/(loss) recognised in other comprehensive income	163	(756)
At 30 June 2019 / 31 December 2018	9,017	8,854

15. TRADE RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	US$'000 *unaudited*	*US$'000* *audited*
Trade receivables	74,901	98,693
Less: Loss allowance	(22,085)	(65,432)
	52,816	33,261

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

	As at 30 June 2019	As at 31 December 2018
	US$'000 *unaudited*	*US$'000* *audited*
Current to 30 days	40,028	27,017
31 days to 60 days	8,887	1,067
61 days to 120 days	2,706	3,226
121 days to 180 days	649	1,154
181 days to 360 days	450	657
Over 360 days	96	140
	52,816	33,261

Credit terms generally range from payment in advance to 45 days credit (31 December 2018: payment in advance to 45 days credit).

16. OTHER ASSETS, PREPAID EXPENSES AND OTHER RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	US$'000 *unaudited*	*US$'000* *audited*
Other debtors	27,351	7,290
Lease receivables	10,098	–
Deposits	19,619	8,280
Indirect taxes recoverable	20,992	18,054
Prepayments	100,204	97,908
Amount due from an associate	307	2,552
	178,571	134,084
Less: Non-current portion	(27,132)	(17,560)
Current portion	151,439	116,524

17. SHARE CAPITAL

	Authorised share capital			
	Preference shares of US$0.10 each		Ordinary shares of US$0.10 each	
	No. of shares	*US$'000*	*No. of shares*	*US$'000*
unaudited				
At 1 January 2019 and 30 June 2019	10,000	1	19,999,990,000	1,999,999
audited				
At 1 January 2018 and 31 December 2018	10,000	1	19,999,990,000	1,999,999

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	*US$'000*
unaudited		
At 1 January 2019 and 30 June 2019	8,482,490,202	848,249
audited		
At 1 January 2018 and 31 December 2018	8,482,490,202	848,249

18. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	As at 30 June 2019	As at 31 December 2018
	US$'000 unaudited	*US$'000 audited*
US$500 million secured term loan and revolving credit facility	272,856	197,173
US$300 million secured term loan and revolving credit facility	295,219	–
US$300 million secured term loan	170,586	186,450
US$664 million secured term loan	497,098	521,797
US$689 million secured term loan	568,438	593,912
US$192 million secured term loan	159,256	169,861
US$200 million revolving credit facility	198,879	198,348
US$100 million revolving credit facility	100,000	100,000
EUR4 million secured term loan	2,537	2,754
EUR17 million secured term loan	16,624	17,764
Total liabilities	2,281,493	1,988,059
Less: Current portion	(413,622)	(303,973)
Non-current portion	1,867,871	1,684,086

Movements in loans and borrowings are analysed as follows:

	Six months ended 30 June 2019	Six months ended 30 June 2018
	US$'000 unaudited	*US$'000 unaudited*
Balance as at 1 January 2019 / 1 January 2018	1,988,059	1,888,159
Proceeds from loans and borrowings	400,000	101,405
Repayments of loans and borrowings	(109,862)	(210,287)
Loan arrangement fees incurred for the period	(5,145)	(3,654)
Amortisation of loan arrangement fees	8,738	9,640
Currency translation differences	(297)	(265)
Balance as at 30 June 2019 / 30 June 2018	2,281,493	1,784,998

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2019	As at 31 December 2018
	US$'000 unaudited	*US$'000 audited*
Liabilities		
Foreign exchange forward contracts		
– cash flow hedges	26,681	25,284
Interest rate swap contracts		
– cash flow hedges	829	–
	27,510	25,284
Analysed as:		
Current	24,382	16,744
Non-current	3,128	8,540
	27,510	25,284

The fair values of financial instruments including derivatives are determined based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realised as at the date of consolidated statement of financial position or that will be realised in the future and do not include expenses that could be incurred in an actual sale or settlement. They are presented as current assets or liabilities if they are expected to be settled within twelve months after the end of the reporting period. The following are the estimated fair values of the Group's financial instruments and the methods used to estimate such fair value.

(a) Foreign exchange forward contracts

The Group entered into forward contracts to buy Euro dollar at a fixed exchange rate. As at 30 June 2019, the notional amount of these contracts was US$447.5 million (31 December 2018: US$619.9 million) and the estimated fair value loss of these forward contracts was approximately US$26.7 million (31 December 2018: US$25.3 million). These forward contracts have been designated and qualified as cash flow hedges. The changes in the fair value of these forward contracts were included as a separate component of reserves and upon maturity will be included in the initial measurement of the cost of the underlying hedged items which are non-financial assets.

(b) Interest rate swap contracts

The Group entered into interest rate swap contracts to minimise its exposures to cash flow changes of its floating-rate bank borrowings by swapping certain USD floating-rate bank borrowings with aggregate principal of US$100.0 million from floating rates to fixed rates. The interest rate swap contracts with aggregate notional amount of US$100.0 million (31 December 2018: nil) have fixed interest payments monthly at fixed interest rates ranging from 1.86% to 1.91% per annum plus margin and floating interest receipts monthly at USD1-month LIBOR plus margin for the periods up to April 2023.

The interest rate swap contracts and the corresponding bank borrowings have similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, and the Group considers that the interest rate swap contracts are highly effective hedging instruments. Interest rate swap contracts are designated and qualified as cash flow hedges from floating interest rates to fixed interest rates. The estimated fair value loss of these interest rate swap contracts was approximately US$0.8 million (31 December 2018: nil). The Group did not hold any such derivative financial instruments as at 31 December 2018.

The fair values of the above instruments have been estimated using quotes from reputable financial institutions. The Group has no significant concentrations of credit risk as at 30 June 2019.

20. TRADE PAYABLES

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

	As at 30 June 2019	As at 31 December 2018
	US$'000 *unaudited*	*US$'000* *audited*
Current to 60 days	79,196	99,392
61 days to 120 days	13,495	6,785
121 days to 180 days	5,721	452
Over 180 days	12,489	11,313
	110,901	117,942

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2018: no credit to 45 days credit).

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties of the Group in respect of the significant related party transactions during the six months ended 30 June 2019 are set out below:

Each of Tan Sri Lim Kok Thay ("Tan Sri Lim") and Mr. Lim Keong Hui ("Mr. Lim") is an Executive Director and a related party 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"). Genting Management and Consultancy Services Sdn Bhd ("GMC") is a wholly-owned subsidiary of GENT. Genting Malaysia Berhad ("GENM") and Genting Singapore Limited ("GENS") are also subsidiaries of GENT. Accordingly, each of GENT, GENM, GENS and GMC is a 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.

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%.

Resorts World at Sentosa Pte. Ltd. ("RWS") is a company incorporated in Singapore and an indirect wholly-owned subsidiary of GENS.

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") is an associate of the Company.

Resorts World Inc Pte. Ltd. ("RWI") is a company incorporated in Singapore and currently is 50:50 owned by Genting Intellectual Property Pte. Ltd. (a company incorporated in Singapore and a wholly-owned subsidiary of GENT) and KHRV Limited (a company incorporated in the Isle of Man and wholly owned by Tan Sri Lim). RWI is an indirect subsidiary of GENT.

FreeStyle Gaming Pte Ltd ("FSGPL") is a wholly-owned subsidiary of RWI.

21. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2019 are set out below:

		Six months ended 30 June	
		2019	2018
Item	Details of transactions	*US$'000 unaudited*	*US$'000 unaudited*
(a)	Service fee expenses in respect of air ticket purchasing, leasing of office space, travel related services, information technology and implementation, support and maintenance services and ancillary services charged by • GENM and its subsidiaries	1,160	1,057
	Service fee expenses in respect of information technology and implementation, support and maintenance services, leasing and management, housekeeping and maintenance and marketing and promotion services charged by • GENS and its subsidiaries	324	472
	Service fee expenses in respect of secretarial, share registration, investor and related ancillary services charged by • GMC	–	2
(b)	Rent expenses for the lease of an apartment charged by • Rich Hope	132	132
(c)	Receivables in respect of joint promotion and marketing programmes for promoting the business of GENM and its subsidiaries • GENM and its subsidiaries	102	174
	Payables in respect of joint promotion and marketing programmes for promoting the business of the Group • GENM and its subsidiaries	4	11
(d)	Call centre services income from • RWS(1)	–	804
(e)	Rent expenses for the lease of an office premises charged by • Travellers	138	168
(f)	Service fee income in respect of provision of various services to • Travellers	–	197
(g)	Consultancy services expenses charged by • IRMS	119	462

21. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2019 are set out below: *(Continued)*

		Six months ended 30 June	
		2019	2018
		US$'000	*US$'000*
Item	Details of transactions	*unaudited*	*unaudited*
(h)	Purchase of electronic equipment and devices for electronic games and related services from		
	• FSGPL	156	129
(i)	Management fee income earned from		
	• GENM	139	125
	License fee income earned from		
	• GENM	51	12
(j)	Service fee income earned from		
	• GENM and its subsidiaries	902	14

(1) On 1 July 2018, RWS served a termination notice to terminate the call centre services with effect from 31 December 2018.

The significant related party transactions described above were carried out in the normal course of business of the Group under terms and conditions negotiated amongst the related parties.

22. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

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

	As at	
	30 June 2019	31 December 2018
	US$'000	*US$'000*
	unaudited	*audited*
Contracted but not provided for		
– Cruise ships and related costs	1,250,652	1,425,987
– Properties, plant and equipment	135,171	88,883
	1,385,823	1,514,870
Authorised but not contracted for	17,859	64,193

22. CAPITAL COMMITMENTS AND CONTINGENCIES *(Continued)*

(ii) Material litigation

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

(iii) 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 30 June 2019, these guarantees provided by the Group are approximately US$19.6 million (31 December 2018: US$25.6 million).

The management considers 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 condensed consolidated interim financial information for the guarantees.

23. BUSINESS COMBINATION

Acquisition of a subsidiary

On 7 March 2019, the Group acquired the entire equity interest in Neptun Ship Design GmbH (“NSD”) for a consideration of EUR12.0 million (approximately US$13.7 million). NSD is engaged in design, development, engineering and project management for ships.

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

23. BUSINESS COMBINATION *(Continued)*

Acquisition of a subsidiary *(Continued)*

	As at the date of acquisition
	US$'000
Recognised amounts of the identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	3,142
Property, plant and equipment	488
Intangible assets	3,688
Interest in an associate	88
Contract assets	791
Trade receivables	606
Prepaid expenses and other receivables	1,064
Trade payables	(59)
Provisions, accruals and other liabilities	(1,129)
Current income tax liabilities	(86)
Deferred tax liabilities	(1,184)
Total identifiable net assets	7,409
Provisional goodwill	6,339
Net assets acquired	13,748

	Six months ended 30 June 2019
	US$'000
Outflow of cash to acquire a subsidiary, net of cash acquired	
Purchase consideration settled in cash	13,748
Less: Cash and cash equivalents in a subsidiary acquired	(3,142)
Net cash outflow on acquisition	10,606
Acquisition-related costs	95

The acquisition of NSD did not have a material impact on the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2019.

24. SIGNIFICANT SUBSEQUENT EVENTS

(i) In August 2019, the Group entered into a share purchase agreement with independent third parties to sell up to 35% of the equity interest in Dream Cruises Holding Limited, an indirect wholly-owned subsidiary of the Company, for a cash consideration up to US$488.6 million and additional incentive payments based on achievement of certain profitability level of Dream Cruises and delivery of each of the Global Class ships.

Further details of the transaction are set out in the Company's announcement dated 6 August 2019.

(ii) In August 2019, the Group entered into loan agreements of EUR2.6 billion (equivalent to approximately US$3.0 billion) for construction and post-delivery financing for two Global Class new ships which are currently built at the Group's wholly-owned MV Werften in Germany.

Interim Dividend

The Board of Directors of the Company do not recommend the declaration of interim dividend in respect of the six months ended 30 June 2019 (30 June 2018: US$0.01 per ordinary share).

Management's Discussion and Analysis

The following discussion is based on, and should be read in conjunction with, the unaudited condensed consolidated interim financial information and the notes thereto included elsewhere in this interim report and the annual report of the Group for the year ended 31 December 2018.

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 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

Operating Profit/Loss: EBITDA less depreciation and amortisation

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

Six months ended 30 June 2019 ("1H2019") compared with six months ended 30 June 2018 ("1H2018")

The Group

The commentary below is prepared based on a comparison of the results of the Group for 1H2019 and 1H2018.

Highlights

- Cruise segment revenue increased 2% with 12% increase in Net Yield, offset by an 11% reduction in capacity with SuperStar Libra re-positioned as accommodation ship in MVW Wismar shipyard
- Shipbuilding segment results improved with 36% completion of Global Dream, the first of two 206,500 gross ton "Global Class" ship and 52% completion of the 20,000 gross ton Crystal Endeavor
- Group EBITDA swung to a positive US$76.9 million for 1H2019 versus a loss of US$5 million in 1H2018
- Barring unexpected circumstances, the Group expects further improvement in the second half of 2019

Cruise revenue was US$652.4 million in 1H2019 compared with US$642.0 million in 1H2018, a growth of about 2%. Fleet Capacity Days was reduced by 11% due to the withdrawal of the SuperStar Libra in July 2018 to be an accommodation ship for subcontractors in the MV Werften Wismar Shipyard. Occupancy Percentage grew to 90.6% in 1H2019 from 84.4% in 1H2018. Gross Yield increased 14% and Net Yield increased 12% in 1H2019 from 1H2018. The Group revenue reduced by 6% to US$729.2 million in 1H2019 as compared with US$777.6 million in 1H2018, mainly due to higher third-party shipyard revenue in 1H2018.

Cruise EBITDA was US$82.3 million in 1H2019 versus US$63.0 million in 1H2018 due to improved occupancies and yield. Shipyard, on a standalone basis, recorded an EBITDA of US$27.9 million in 1H2019 versus a loss of US$46.7 million in 1H2018 mainly due to higher shipyard utilisation rate of 94% in 1H2019 versus 75% in 1H2018. However, as shipyard is wholly owned by the Group, inter-group transactions were eliminated for consolidation purpose, resulting an EBITDA of US$4.3 million in 1H2019 compared with an EBITDA loss of US$52.9 million in 1H2018 on group level.

The Group recorded an EBITDA of US$76.9 million in 1H2019, a significant improvement of US$81.9 million over the EBITDA loss of US$5.0 million in 1H2018.

Share of Profit of Joint Ventures and Associates

Share of profit of joint ventures and associates totalled US$9.1 million in 1H2019 compared with US$15.2 million in 1H2018. The decrease was mainly due to smaller contribution from Travellers International Hotel Group, Inc. which was mainly due to absence of non-operating income recognised in 1H2018.

Other Expenses, net

Net other expenses in 1H2019 amounted to US$4.4 million compared with US$0.7 million in 1H2018. In 1H2019, net other expenses mainly included write off and loss on disposal of property, plant and equipment of US$2.2 million (1H2018: US$0.4 million) and foreign exchange loss amounted to US$2.8 million (1H2018: US$1.1 million) resulting primarily from the depreciation of certain foreign currencies against US dollar.

Other Gains, net

Net other gains in 1H2019 amounted to US$2.2 million represented reversal of impairment loss on other receivables. Net other gains in 1H2018 amounted to US$5.5 million included US$24.4 million gain on disposal of a financial asset at FVPL, partially offset by the fair value loss on a financial asset at FVPL of US$18.9 million.

Net Finance Costs

Net finance costs (i.e. finance costs, net of finance income) in 1H2019 was US$20.0 million compared with US$33.7 million in 1H2018 due to increase in interest capitalisation in 1H2019 resulting from the adoption of Annual Improvement to HKFRSs 2015 – 2017 Cycle - Amendments to HKAS 23 "Borrowing Costs" from 1 January 2019, partly offset by higher interest expenses arising from higher outstanding loan balances and borrowing rates.

Six months ended 30 June 2019 ("1H2019") compared with six months ended 30 June 2018 ("1H2018") *(Continued)*

Loss for the period

The Group recorded an improvement with consolidated net loss of US$56.5 million in 1H2019, as compared with a consolidated net loss of US$141.3 million in 1H2018.

Liquidity and Financial Resources

As at 30 June 2019, cash and cash equivalents amounted to US$694.3 million, a decrease of US$209.8 million compared with US$904.1 million as at 31 December 2018.

The decrease in cash and cash equivalents was primarily due to cash outflows of (i) US$562.6 million for capital expenditure of property, plant and equipment; and (ii) US$160.1 million for repayments of existing bank loans and borrowings and finance costs. Cash outflows were partially offset by cash inflows of (i) positive cash flows from operating activities of US$106.4 million; and (ii) US$400.0 million from the drawdown of bank loans and borrowings.

The majority of the Group's cash and cash equivalents are held in Euro, US dollar, Hong Kong dollar, Chinese Renminbi and Singapore dollar. The Group's liquidity as at 30 June 2019 was US$830.9 million (31 December 2018: US$1,140.7 million), comprising cash and cash equivalents and undrawn credit facilities.

As at 30 June 2019, total loans and borrowings amounted to US$2,281.5 million (31 December 2018: US$1,988.1 million) and were mainly denominated in US dollar. Taking into account the effect of hedging from the interest rate swap contracts, approximately 36% (31 December 2018: 39%) of the Group's loans and borrowings was under fixed rate and 64% (31 December 2018: 61%) was under floating rate. Loans and borrowings of US$413.6 million (31 December 2018: US$304.0 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$3.0 billion (31 December 2018: US$3.0 billion).

The Group's net debt position was US$1,587.2 million as at 30 June 2019, as compared with US$1,083.9 million as at 31 December 2018. The total equity of the Group was approximately US$4,018.4 million (31 December 2018: US$4,059.1 million). The gearing ratio as at 30 June 2019 was 39.5% (31 December 2018: 26.7%). 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 condensed 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. For operating activities, the Group, to the extent possible, takes advantage of natural offsets of its foreign currency revenues and expenses to reduce its exposure by way of natural hedge as the expenses incurred from the local offices are offset with the income derived locally.

2019 Outlook

The demand for cruising remains robust with healthy booking trends in the first half of 2019. Trading results to August and forward bookings are good. Barring heightened geopolitical and macroeconomic headwinds within the region impacting on the operating performance for the last quarter of the year, we are cautiously optimistic that the Group results will continue to improve.

Other Business Highlights

World Dream continues to do well with its dual homeport of Hong Kong and Guangzhou, cruising to Okinawa, Japan, Vietnam and the Philippines. Genting Dream will add new destinations such as Christmas Island in Australia and Belitung in the Riau Islands of Indonesia whilst maintaining regular calls at ports in Malaysia, Thailand, Indonesia and the Philippines. Explorer Dream, the former SuperStar Virgo, joined Dream Cruises in April this year as the third ship in the fleet. She is sailing in North and East China during summer to bring Dream Cruises brand awareness and in preparation for the early 2021 arrival of the 206,500 gross ton Global Dream to these parts of China. Explorer Dream is highly successful with record occupancies of over 120% year-to-date.

Management's Discussion and Analysis *(Continued)*

Six months ended 30 June 2019 ("1H2019") compared with six months ended 30 June 2018 ("1H2018") *(Continued)*

Other Business Highlights *(Continued)*

In 2020, Crystal will celebrate its 30th anniversary and is the industry's most awarded luxury cruise brand. Crystal Endeavor, the world's largest and the world's most luxurious expedition yacht will join the Crystal Cruises fleet during the Tokyo Olympics in August 2020 with excellent advance bookings. Crystal River Cruises will have the most modern and luxurious river cruise fleet with four identical new river ships, after the dedication of the older Crystal Mozart to Asian sourced market in 2020.

The shipyard segment performance improved with 52% completion construction of the Crystal Endeavor and 36% completion of the Global Dream. MV Werften was awarded the Top Innovator Award 2019 as one of the 100 most innovative small and medium-sized companies in Germany.

On 6 August 2019, the Company announced the sale of up to 35% of the equity interest in Dream Cruises Holding Limited for up to US$489 million. This results in a US$470 million gain for the Group and strengthens the consolidated statement of financial position of the Group. The sale is subject to customary closing conditions, which the Company expects to be completed by year-end.

On 16 August 2019, the Company signed loan agreements of EUR2.6 billion with a consortium led by KfW IPEX-Bank for construction and post-delivery financing for Dream Cruises' two new Global Class ships. The name of the first Global Class ship, Global Dream was announced in Beijing on 28 August during the IBTM China, the nation's largest MICE and hospitality show. A Dream Cruises exhibition was launched at the same time, with a full-scale mockup of a typical 20-square-meter Global Class cabin equipped with advanced digital technology as its star attraction. The promotional activity of the Global Dream will continue in Singapore and other major cities of Asia.

Operating Statistics

The following table sets forth selected statistical information:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Passenger Cruise Days	2,346,366	2,453,747
Capacity Days	2,589,109	2,907,795
Occupancy Percentage	90.6%	84.4%

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

	Six months ended 30 June 2019	Six months ended 30 June 2018
	US$'000	*US$'000*
Passenger ticket revenue	487,104	448,093
Onboard revenue	165,260	193,868
Total cruise and cruise-related revenue	652,364	641,961
Less:		
Commission, incentives, transportation and other related costs	(88,392)	(81,170)
Onboard costs	(51,306)	(46,456)
Net Revenue	512,666	514,335
Gross Yield (US$)	252.0	220.8
Net Yield (US$)	198.0	176.9

Six months ended 30 June 2019 ("1H2019") compared with six months ended 30 June 2018 ("1H2018") *(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:

	Six months ended 30 June 2019	2018
	US$'000	*US$'000*
Total operating expenses	628,388	749,520
Total selling, general and administrative expenses	139,075	145,886
	767,463	895,406
Less: Depreciation and amortisation	(115,159)	(112,750)
	652,304	782,656
Less: Expenses relating to shipyard and non-cruise activities	(82,236)	(203,668)
Gross Cruise Cost	570,068	578,988
Less:		
Commission, incentives, transportation and other related costs	(88,392)	(81,170)
Onboard costs	(51,306)	(46,456)
Net Cruise Cost	430,370	451,362
Less: Fuel costs	(57,580)	(60,080)
Net Cruise Cost Excluding Fuel	372,790	391,282
Gross Cruise Cost per Capacity Day (US$)	220.2	199.1
Net Cruise Cost per Capacity Day (US$)	166.2	155.2
Net Cruise Cost Excluding Fuel per Capacity Day (US$)	144.0	134.6

Human Resources

As at 30 June 2019, the Group had approximately 14,500 employees, consisting of approximately 8,900 (or 61%) shipbased officers and crew as well as approximately 5,600 (or 39%) 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.

For the six months ended 30 June 2019, there is no significant change in the remuneration policies, bonus, share option scheme and training schemes for the Group.

Interests of Directors

As at 30 June 2019, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

(A) Interests in the shares of the Company

	Nature of interests/capacity in which such interests were held					
Name of Director *(Notes)*	**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 30 June 2019:

(1) Tan Sri Lim Kok Thay ("Tan Sri Lim") 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 ("Puan Sri Wong") had a corporate interest.

(2) Tan Sri Lim 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 and Puan Sri Wong held 50% equity interests.

(3) Tan Sri Lim as founder and a beneficiary of a discretionary trust (trustee of which is Summerhill Trust Company (Isle of Man) Limited) and Mr. Lim Keong Hui ("Mr. Lim") 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, 4,635,000,000 ordinary shares were pledged ordinary shares.

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

(6) Mr. Lim is a son of Tan Sri Lim.

(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.

Interests of Directors *(Continued)*

(B) Interests in the shares of associated corporations of the Company

Name of associated corporation *(Notes)*	Name of Director	Nature of interests/capacity in which such interests were held: 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)*					
Grand Banks Yachts Limited ("Grand Banks") *(1)*	Tan Sri Lim Kok Thay	3,056,497	–	–	49,553,497 *(2)*	52,609,994 *(17) and (18)*	28.56
Starlet Investments Pte. Ltd. ("Starlet") *(3)*	Tan Sri Lim Kok Thay	–	250,000 *(4)*	250,000 *(5)*	250,000 *(6)*	500,000 *(17) and (18)*	100
SC Alliance VIP World Philippines, Inc. ("SC Alliance") *(7)*	Tan Sri Lim Kok Thay	–	2,000 *(8)*	2,000 *(9)*	2,000 *(10)*	2,000 *(17) and (18)*	40
Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") *(11)*	Tan Sri Lim Kok Thay	–	5,000 *(12)*	5,000 *(13)*	5,000 *(14)*	5,000 *(17) and (18)*	100
Travellers International Hotel Group, Inc. ("Travellers") *(15)*	Mr. Lim Keong Hui	1,910,000	–	–	9,203,350,000 *(16)*	9,205,260,000 *(18)*	35.74

Notes:

As at 30 June 2019:

(1) Grand Banks had one class of issued shares, namely 184,234,649 ordinary shares, each of which carried equal voting right. A subsidiary of the Company had a 26.90% interest in Grand Banks.

(2) As founder and a beneficiary of a discretionary trust, Tan Sri Lim had a deemed interest in 49,553,497 ordinary shares of Grand Banks.

(3) Starlet had one class of issued shares, namely 500,000 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 and 20% by his spouse, Puan Sri Wong.

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

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

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

(7) 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.

(8) As the spouse of Puan Sri Wong, Tan Sri Lim 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.

Interests of Directors *(Continued)*

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

Notes: (Continued)

(9) Tan Sri Lim 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.

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

(11) SCHKMS had one class of issued shares, namely 5,000 common shares, each of which carried equal voting right. SCHKMS was owned as to (i) 60% by SC Alliance; and (ii) 40% by Starlet.

(12) As the spouse of Puan Sri Wong, Tan Sri Lim 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.

(13) Tan Sri Lim 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.

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

(15) 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 stabilising 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.

(16) As a beneficiary of a discretionary trust, Mr. Lim had a deemed interest in 9,203,350,000 common shares of Travellers.

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

(18) These interests represented long positions in the shares of the relevant associated corporations of the Company.

(19) Tan Sri Lim held qualifying shares in certain associated corporations of the Company on trust for a subsidiary of the Company.

Save as disclosed above and in the section headed "Interests of Substantial Shareholders" below:

(a) as at 30 June 2019, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and

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

Share Options

Details of the 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") are set out in the published annual report of the Company for the year ended 31 December 2018. 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 employees of the Group under the Post-listing Employee Share Option Scheme during the period and outstanding as at 30 June 2019 were as follows:

Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2019	Number of ordinary shares acquired upon exercise of options during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options outstanding at 30/06/2019	Date granted	Exercise price per ordinary share	Exercisable period
The employees	6,010,000	–	(506,000)	–	5,504,000	16/11/2010	HK$3.7800	16/11/2011 – 15/11/2020

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

Interests of Substantial Shareholders

As at 30 June 2019, 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:

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)*				
Summerhill 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

Interests of Substantial Shareholders *(Continued)*

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

Notes:

As at 30 June 2019:

(1) Summerhill Trust Company (Isle of Man) Limited ("Summerhill") was the trustee of a discretionary trust (the "Discretionary Trust"), the beneficiaries of which were Tan Sri Lim Kok Thay ("Tan Sri Lim"), Mr. Lim Keong Hui and certain other members of Tan Sri Lim's family. Summerhill 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 Summerhill 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) Summerhill 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) Summerhill 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) Summerhill 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.

(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 Lim, had a family interest in the same block of 6,408,512,493 ordinary shares in which Tan Sri Lim had a deemed interest.

(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, 4,635,000,000 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.

Save as disclosed above and in the section headed "Interests of Directors" above, as at 30 June 2019, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

General Disclosure pursuant to the Listing Rules

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

Facility Agreements of the Group

In 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, as amended by the consent and amendment agreement dated 24 April 2019 (collectively 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 30 June 2019, the aggregate principal amount under the above facility agreements was US$2,345 million and the aggregate outstanding loan balance thereunder was approximately US$1,739 million.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2019.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in force during the six months ended 30 June 2019 as its code of conduct regarding securities transactions by its Directors. All Directors have confirmed, following specific enquiry by the Company, that during the period from 1 January 2019 to 30 June 2019 (both dates inclusive), they have complied with the required standard set out in the Model Code as contained in Appendix 10 of the Listing Rules in force during the said period.

Corporate Governance

In the opinion of the Directors, during the six months ended 30 June 2019, 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") in force during the period under review, save for certain deviations from the relevant Code Provisions A.2.1 and F.1.3 as listed below:

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

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

Considered reasons for the aforesaid deviations as well as further information of the Company's corporate governance practices were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2018 issued in April 2019.

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. Lam Wai Hon, Ambrose ("Mr. Lam"), an Independent Non-executive Director of the Company:

(a) Mr. Lam has been appointed as an Independent Non-executive Director of Playmates Toys Limited, a company listed on the Stock Exchange, with effect from 12 August 2019.

Review by Audit Committee

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

On behalf of the Board

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Hong Kong, 30 August 2019

GENTING
HONG KONG

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