Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of Genting Hong Kong Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 US$'000 audited	2018 US$'000 audited
Revenue	4	1,560,921	1,600,101
Operating expenses			
Operating expenses excluding depreciation and amortisation		(1,158,751)	(1,256,559)
Depreciation and amortisation		(210,496)	(196,489)
		(1,369,247)	(1,453,048)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(259,693)	(271,265)
Depreciation and amortisation		(28,168)	(17,260)
		(287,861)	(288,525)
		(1,657,108)	(1,741,573)
Operating Loss		(96,187)	(141,472)
Share of profit of joint ventures		3,018	1,016
Share of profit of associates		6,673	12,456
Other expenses, net	5	(11,252)	(20,964)
Other (losses) / gains, net	6	(15,382)	15,505
Finance income		5,742	8,341
Finance costs	7	(48,963)	(78,691)
		(60,164)	(62,337)
Loss before taxation	8	(156,351)	(203,809)
Taxation	9	(2,242)	(9,492)
Loss for the year		(158,593)	(213,301)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Year ended 31 December 2019 US$'000 audited	2018 US$'000 audited
Loss for the year		(158,593)	(213,301)
Other comprehensive (loss) / income:			
Items that have been or may be reclassified to consolidated statement of comprehensive income:			
Foreign currency translation differences		(16,205)	(120,293)
Fair value loss on derivative financial instruments		(24,726)	(25,284)
Hedging gains reclassified to profit or loss		(121)	-
Share of other comprehensive (loss) / income of an associate		(1,937)	471
Release of reserves upon disposal of a subsidiary		1,507	-
		(41,482)	(145,106)
Items that will not be reclassified subsequently to consolidated statement of comprehensive income:			
Remeasurements of retirement benefit obligations		510	(79)
Fair value gain / (loss) on financial assets at fair value through other comprehensive income		1,480	(756)
Other comprehensive loss for the year		(39,492)	(145,941)
Total comprehensive loss for the year		(198,085)	(359,242)
Loss attributable to:			
Equity owners of the Company		(151,461)	(210,875)
Non-controlling interests		(7,132)	(2,426)
		(158,593)	(213,301)
Total comprehensive loss attributable to:			
Equity owners of the Company		(190,953)	(356,816)
Non-controlling interests		(7,132)	(2,426)
		(198,085)	(359,242)
Loss per share attributable to equity owners of the Company			
- Basic (US cents)	10	(1.79)	(2.49)
- Diluted (US cents)	10	(1.79)	(2.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 US$'000 audited	2018 US$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,574,212	4,703,825
Right-of-use assets	11	211,806	-
Land use rights		-	3,499
Intangible assets		265,010	272,375
Interests in joint ventures		5,784	3,498
Interests in associates		524,950	503,853
Deferred tax assets		2,677	2,983
Financial assets at fair value through other comprehensive income ("FVOCI")		10,334	8,854
Other assets and receivables		110,245	17,560
		6,705,018	5,516,447
CURRENT ASSETS			
Completed properties for sale		38,681	40,550
Inventories		46,142	38,211
Trade receivables	12	57,765	33,261
Prepaid expenses and other receivables		139,272	116,524
Contract assets		647	1,320
Contract costs		14,128	13,224
Amounts due from related companies		6,616	1,224
Restricted cash		374,131	105,831
Cash and cash equivalents		595,124	904,131
		1,272,506	1,254,276
TOTAL ASSETS		7,977,524	6,770,723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December 2019 US$'000 audited	2018 US$'000 audited
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital		848,249	848,249
Reserves:			
Share premium		41,634	41,634
Contributed surplus		936,823	936,823
Additional paid-in capital		107,147	109,353
Foreign currency translation adjustments		(155,048)	(140,350)
Financial assets at FVOCI reserve		739	(741)
Cash flow hedge reserve		(14,971)	(25,284)
Other reserve		432,457	-
Retained earnings		2,107,350	2,255,830
		4,304,380	4,025,514
Non-controlling interests		40,708	33,541
TOTAL EQUITY		4,345,088	4,059,055
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings		2,523,074	1,684,086
Deferred tax liabilities		22,525	23,789
Provisions, accruals and other liabilities		1,822	586
Retirement benefit obligations		8,139	8,964
Contract liabilities		42,648	29,514
Lease liabilities		31,685	-
Derivative financial instruments		684	8,540
		2,630,577	1,755,479
CURRENT LIABILITIES			
Trade payables	13	156,670	117,942
Current income tax liabilities		10,328	8,362
Provisions, accruals and other liabilities		249,266	249,655
Contract liabilities		341,409	259,452
Lease liabilities		13,417	-
Current portion of loans and borrowings		216,341	303,973
Derivative financial instruments		14,287	16,744
Amounts due to related companies		141	61
		1,001,859	956,189
TOTAL LIABILITIES		3,632,436	2,711,668
TOTAL EQUITY AND LIABILITIES		7,977,524	6,770,723

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2019 US$'000 audited	2018 US$'000 audited
OPERATING ACTIVITIES			
Cash generated from operations		212,351	115,435
Interest received		4,801	8,732
Income tax paid		(4,395)	(10,064)
Net cash inflow from operating activities		212,757	114,103
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired	14	(10,606)	-
Purchase of property, plant and equipment		(1,231,438)	(776,609)
Purchase of intangible assets		(250)	(121,272)
Proceeds from grants in relation to acquisition of property, plant and equipment		4,889	13,650
Proceeds from sale of property, plant and equipment		579	242
Proceeds from disposal of a subsidiary, net of cash disposed of		212	-
Cash received from lease receivables (including interest)		1,898	-
Increase in restricted cash		(280,525)	-
Proceeds from disposal of financial assets at fair value through profit or loss ("FVPL")		-	702,340
Dividends received		2,015	2,692
Net cash outflow from investing activities		(1,513,226)	(178,957)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		1,023,030	408,208
Repayments of loans and borrowings		(255,775)	(320,302)
Proceeds from loans from non-controlling shareholders of a subsidiary		-	5,108
Interest paid		(103,349)	(79,349)
Payment of loan arrangement fees		(103,257)	(2,185)
Payment for lease liabilities (including interest)		(15,286)	-
Proceeds from partial disposal of interests in subsidiaries, net of transaction costs		446,756	-
Dividends paid		-	(169,650)
Net cash inflow / (outflow) from financing activities		992,119	(158,170)
Effect of exchange rate changes on cash and cash equivalents		(657)	(20,547)
Net decrease in cash and cash equivalents		(309,007)	(243,571)
Cash and cash equivalents at beginning of year		904,131	1,147,702
Cash and cash equivalents at end of year		595,124	904,131

NOTES TO THE CONSOLIDATED 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.

These audited consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2020.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial information, contained in this announcement, has been based on the audited consolidated financial statements of the Group for the year ended 31 December 2019 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") 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 audited consolidated financial statements in conformity with HKFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The audited consolidated financial statements are prepared under the historical cost convention, as modified by the financial assets at fair value through other comprehensive income ("FVOCI"), derivative financial instruments and retirement benefit assets which are carried at fair value.

The accounting policies and methods of computation used in the preparation of these audited consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2018, except that the Group has adopted the following revised HKFRSs and interpretations ("HK (IFRIC)") that are first effective for the current accounting period:

(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, a right-of-use asset 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.

(ii) Annual Improvement to HKFRSs 2015 - 2017 Cycle – Amendments to Hong Kong Accounting Standard ("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.

(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 consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

The accounting policies and methods of computation used in the preparation of these audited consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2018, except that the Group has adopted the following revised HKFRSs and interpretations ("HK (IFRIC)") that are first effective for the current accounting period: (Continued)

(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 consolidated financial statements.

(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 consolidated financial statements.

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 financial statements. Where necessary, comparative information has been reclassified and expanded from previously reported consolidated financial information to take into account any presentational changes made in the annual financial statements or in this consolidated financial information.

3. CHANGES IN ACCOUNTING POLICIES

HKFRS 16

As explained in note 2 above, the Group 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 consolidated financial statements. 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.

(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: reclassification of 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

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 (Continued)

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

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

	As at 1 January 2019
	US$'000
Leasehold land and buildings	208,299
Equipment and others	11,116
	219,415

The impact on the Group's financial position by the application of HKFRS 16 as at 1 January 2019 and the consolidated statement of comprehensive income for the year ended 31 December 2019 is as follows:

	As at 1 January 2019		
	As previously stated	Adjustments under HKFRS 16	Restated
	US$'000	US$'000	US$'000
Consolidated statement of financial position (extract)			
NON-CURRENT ASSETS			
Property, plant and equipment	4,703,825	(176,744)	4,527,081
Right-of-use assets	-	219,415	219,415
Land use rights	3,499	(3,499)	-
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

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 the consolidated statement of comprehensive income for the year ended 31 December 2019 is as follows: (Continued)

	Year ended 31 December 2019		
	Results without the adoption of HKFRS 16	Effects of the adoption of HKFRS 16	Results as reported
	US$'000	US$'000	US$'000
Consolidated statement of comprehensive income (extract)			
Revenue	1,562,691	(1,770)	1,560,921
Operating expenses			
- Operating expenses excluding depreciation and amortisation	(1,165,336)	6,585	(1,158,751)
- Depreciation and amortisation	(208,666)	(1,830)	(210,496)
Selling, general and administrative expenses			
- Selling, general and administrative expenses excluding depreciation and amortisation	(268,394)	8,701	(259,693)
- Depreciation and amortisation	(17,856)	(10,312)	(28,168)
Finance income	5,401	341	5,742
Finance costs	(46,593)	(2,370)	(48,963)
Taxation	(1,999)	(243)	(2,242)
Loss for the year	(157,695)	(898)	(158,593)

a. Impact on segment disclosures and loss per share

Segment EBITDA for the year ended 31 December 2019, segment assets and segment liabilities as at 31 December 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	6,791	15,698	19,055
Shipyard	4,047	8,519	8,690
Non-cruise activities	2,678	23,331	17,420
	13,516	47,548	45,165

There was no material impact on loss per share for the year ended 31 December 2019 as a result of the adoption of HKFRS 16.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 (Continued)

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

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 the lease.

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

The Group mainly leases various offices, hotel, warehouses, equipment and leasehold land. Lease 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 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.

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.

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 options

Extension 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 options held are exercisable only by the Group and not by the respective lessor.

4. 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, revenue from third party concessionaires, 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.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information of the Group is as follows:

audited For the year ended 31 December 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	1,037,184	-	15,457		1,052,641
Onboard revenue	346,506	-	-		346,506
Revenue from shipyard	-	1,029,166	-		1,029,166
Other revenue	-	-	51,898		51,898
Reportable segment revenue	1,383,690	1,029,166	67,355		2,480,211
Less: Inter-segment revenue[2]	-	(906,844)	(12,446)		(919,290)
Total revenue from external customers[3]	1,383,690	122,322	54,909		1,560,921
Segment EBITDA	189,829	(43,009)	(23,456)	19,113	142,477
Less: Depreciation and amortisation	(190,219)	(44,106)	(37,373)	33,034	(238,664)
Segment results	(390)	(87,115)	(60,829)	52,147	(96,187)
Share of profit of joint ventures					3,018
Share of profit of associates					6,673
Other expenses, net					(11,252)
Other losses, net					(15,382)
Finance income					5,742
Finance costs					(48,963)
Loss before taxation					(156,351)
Taxation					(2,242)
Loss for the year					(158,593)
Other segment information:					
Impairment loss on property, plant and equipment	11,242	-	4,554		15,796

(1) Consistent with the internal reporting to the chief operating decision maker, included in the passenger ticket revenue of US$1,037.2 million (2018: US$987.7 million) were revenue contributed by onboard activities of US$177.2 million (2018: US$178.3 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 year ended 31 December 2019, revenue of the Group amounted to US$1,560.9 million, of which revenue from contracts with customers totalled US$1,343.0 million.

Revenue from contracts with customers is recognised as follows:

audited For the year ended 31 December 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	99,943	16,883	27,203	144,029
Over time	1,071,838	104,471	22,696	1,199,005
	1,171,781	121,354	49,899	1,343,034

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

audited As at 31 December 2019	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	US$'000	US$'000	US$'000
Segment assets	5,568,414	1,045,629	1,360,804	7,974,847
Deferred tax assets				2,677
Total assets				7,977,524
Segment liabilities	578,145	225,880	56,143	860,168
Loans and borrowings (including current portion)	2,696,886	42,529	-	2,739,415
	3,275,031	268,409	56,143	3,599,583
Current income tax liabilities				10,328
Deferred tax liabilities				22,525
Total liabilities				3,632,436
Capital expenditure:				
Property, plant and equipment	1,164,794	100,343	73,290	1,338,427
Property, plant and equipment arising from acquisition of a subsidiary	-	488	-	488
Intangible assets	-	3,315	250	3,565
Intangible assets arising from acquisition of a subsidiary	-	3,688	-	3,688
	1,164,794	107,834	73,540	1,346,168

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

audited For the year ended 31 December 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	987,655	-	18,482		1,006,137
Onboard revenue	360,819	-	-		360,819
Revenue from shipyard	-	792,639	-		792,639
Other revenue	-	-	66,113		66,113
Reportable segment revenue	1,348,474	792,639	84,595		2,225,708
Less: Inter-segment revenue[(2)]	-	(613,488)	(12,119)		(625,607)
Total revenue from external customers[(3)]	1,348,474	179,151	72,476		1,600,101
Segment EBITDA	152,391	3,594	(20,022)	(63,686)	72,277
Less: Depreciation and amortisation	(177,096)	(21,751)	(34,324)	19,422	(213,749)
Segment results	(24,705)	(18,157)	(54,346)	(44,264)	(141,472)
Share of profit of joint ventures					1,016
Share of profit of associates					12,456
Other expenses, net					(20,964)
Other gains, net					15,505
Finance income					8,341
Finance costs					(78,691)
Loss before taxation					(203,809)
Taxation					(9,492)
Loss for the year					(213,301)

[(3)] During the year ended 31 December 2018, revenue of the Group amounted to US$1,600.1 million, of which revenue from contracts with customers totalled US$1,365.7 million.

Revenue from contracts with customers is recognised as follows:

audited For the year ended 31 December 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	95,201	7,058	39,038	141,297
Over time	1,023,380	169,004	32,039	1,224,423
	1,118,581	176,062	71,077	1,365,720

4. 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	39,914	803,826
Intangible assets	-	128,228	335	128,563
	633,580	258,560	40,249	932,389

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue

Revenue from cruise and cruise-related activities are analysed based on geographical territory of departure port. Revenue from shipyard and non-cruise activities are based on the location at which the services were provided or goods delivered, in the case of contract revenue, based on the location of the customers, except for revenue from AirCruises which are based on geographical territory of place of departure.

	Year ended 31 December	
	2019 US$'000 audited	2018 US$'000 audited
Asia Pacific (note (a))	1,021,185	1,060,350
America	244,931	311,281
Europe	264,817	197,340
Others	29,988	31,130
	1,560,921	1,600,101

Non-current assets, other than financial instruments and deferred tax assets

	As at 31 December	
	2019 US$'000 audited	2018 US$'000 audited
Asia Pacific (note (a))	3,164,606	3,129,340
Europe	2,691,762	1,516,305
Unallocated (note (b))	822,200	856,719
	6,678,568	5,502,364

Notes:

(a) Asia Pacific mainly includes Australia, Cambodia, Mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region, Indonesia, Japan, the Philippines, Malaysia, New Zealand, Singapore, Taiwan, Thailand and Vietnam.

(b) With the exception of Crystal River Cruises ships operating in Europe, unallocated includes non-current assets other than financial instruments and deferred tax assets of Crystal Cruises as it is operated on a global basis. Accordingly, management considers that there is no suitable basis for allocating such assets by geographical territory.

5. OTHER EXPENSES, NET

	Year ended 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Write off and loss on disposal of property, plant and equipment	(3,364)	(16,299)
Loss on foreign exchange	(10,090)	(9,869)
Other income, net	2,202	5,204
	(11,252)	(20,964)

6. OTHER (LOSSES) / GAINS, NET

	Year ended 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Reversal of impairment loss on other receivables	2,176	-
Impairment loss on property, plant and equipment (Note)	(15,796)	-
Gain on disposal of financial assets at fair value through profit or loss ("FVPL")	-	34,395
Fair value loss on financial assets at FVPL	-	(18,890)
Loss on disposal of a subsidiary	(1,762)	-
	(15,382)	15,505

Note:

The Group performed a review of the carrying value of certain of its property, plant and equipment. Accordingly, for the year ended 31 December 2019, the Group wrote down the carrying value of five cruise ships, a yacht and an aircraft by US$15.8 million, being excess of the carrying value over the recoverable amount.

7. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Commitment fees and amortisation of bank loans arrangement fees	19,238	21,849
Interests on bank loans and others	101,277	81,981
Fair value gains on interest rate swaps designated as cash flow hedges – transfer from other comprehensive income	(121)	-
Interest expense on lease liabilities	2,370	-
	122,764	103,830
Interest capitalised for qualifying assets	(73,801)	(25,139)
Finance costs expensed	48,963	78,691

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	Year ended 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Commission, incentives, transportation and other related costs (including amortisation of incremental costs for obtaining contracts of US$96,741,000 (2018: US$95,200,000))	178,024	178,711
Onboard costs	120,017	99,291
Staff costs excluding directors' remuneration	449,760	523,190
Food and supplies	80,758	77,033
Fuel costs	124,834	131,012
Advertising expenses	87,692	83,738

9. TAXATION

	Year ended 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Overseas taxation		
- Current taxation	3,722	7,805
- Deferred taxation	(2,598)	2,850
	1,124	10,655
Under / (Over) provision in respect of prior years		
- Current taxation	1,118	(1,163)
	2,242	9,492

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

10. LOSS PER SHARE

Loss per share is computed as follows:

	Year ended 31 December	
	2019	2018
	audited	audited
BASIC		
Loss attributable to equity owners of the Company for the year (US$'000)	(151,461)	(210,875)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Basic loss per share for the year in US cents	(1.79)	(2.49)
DILUTED		
Loss attributable to equity owners of the Company for the year (US$'000)	(151,461)	(210,875)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Effect of dilutive potential ordinary shares on exercise of share options, in thousands	-*	-*
Weighted average outstanding ordinary shares after assuming dilution, in thousands	8,482,490	8,482,490
Diluted loss per share for the year in US cents	(1.79)	(2.49)

* The calculation of diluted loss per share for the years ended 31 December 2019 and 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.

11. RIGHT-OF-USE ASSETS

The movements in the recognised right-of-use assets during the year are as follows:

	Leasehold land and buildings US$'000	Equipment and others US$'000	Total US$'000
Cost			
At 1 January 2019	-	-	-
Adjustments on adoption of HKFRS 16:			
- reclassified from property, plant and equipment	288,709	-	288,709
- reclassified from land use rights	4,206	-	4,206
- recognition of right-of-use assets	28,056	11,116	39,172
	320,971	11,116	332,087
Currency translation differences	25	(94)	(69)
Additions	1,435	10,285	11,720
Disposal of a subsidiary	(989)	-	(989)
At 31 December 2019	321,442	21,307	342,749
Accumulated depreciation and impairment			
At 1 January 2019	-	-	-
Adjustments on adoption of HKFRS 16:			
- reclassified from property, plant and equipment	(111,965)	-	(111,965)
- reclassified from land use rights	(707)	-	(707)
	(112,672)	-	(112,672)
Currency translation differences	(17)	(5)	(22)
Charge for the year	(13,667)	(4,691)	(18,358)
Disposal of a subsidiary	109	-	109
At 31 December 2019	(126,247)	(4,696)	(130,943)
Net book value			
At 31 December 2019	195,195	16,611	211,806

12. TRADE RECEIVABLES

	As at 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Trade receivables	73,010	98,693
Less: Loss allowance	(15,245)	(65,432)
	57,765	33,261

The ageing analysis of trade receivables after loss allowance by invoice date is as follows:

	As at 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Current to 30 days	43,366	27,017
31 days to 60 days	11,726	1,067
61 days to 120 days	1,114	3,226
121 days to 180 days	594	1,154
181 days to 360 days	29	657
Over 360 days	936	140
	57,765	33,261

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

13. TRADE PAYABLES

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

	As at 31 December	
	2019	2018
	US$'000	US$'000
	audited	audited
Current to 60 days	135,165	99,392
61 days to 120 days	8,540	6,785
121 days to 180 days	2,856	452
Over 180 days	10,109	11,313
	156,670	117,942

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

14. BUSINESS COMBINATIONS

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 fair value of assets acquired and liabilities assumed at the acquisition date.

	As at the date of acquisition
	US$'000
Recognised amounts of the identifiable assets acquired and liabilities assumed:	
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
Goodwill	6,339
Purchase consideration	13,748

	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

15. DIVIDENDS

The Directors do not recommend the declaration of any final dividend in respect of the year ended 31 December 2019 (2018: Nil).

BUSINESS REVIEW

The commentary below is prepared based on the comparison of results for the years ended 31 December 2019 ("2019") and 2018 ("2018") of the Group.

Full Year 2019 Highlights

- Cruise segment recorded a 3% increase in revenue to US$1,384 million from US$1,348 million in 2018 despite a reduction in capacity day of 6%. Occupancy grew by 2% to 93% in 2019 from 91% in 2018 with improvements in both Gross Yield and Net Yield at 9% and 7% respectively.

- Construction of Crystal Endeavor and Global Dream achieved 68% and 51% progressive completion respectively as at the end of 2019.

- Group EBITDA was US$142.5 million, doubled that of US$72.3 million in 2018, mainly driven by a combination of improved cruise revenues and higher utilisation of the shipyard.

- Operating Loss reduced by 32% to US$96.2 million with cruise segment at breakeven. Net Loss was 26% lower compared to 2018 at US$158.6 million.

Full Year 2019 Results

Revenue reduced by 2.4% to US$1,561 million compared to US$1,600 million in 2018. The decline was primarily due to a lower third party revenue recognised in the Shipyard segment offset by an improved net yield.

Cruise segment remains a key revenue driver for the Group posted a 3% increase in revenue to US$1,384 million from US$1,348 million in 2018, mainly attributed to improved net yield compared to 2018. Overall occupancy grew by 1.9% to 93.3% in 2019 from 91.4% in 2018 with improvements in Gross Yield and Net Yield at 8.8% and 7.1% respectively.

Cruise EBITDA saw a significant improvement of US$37.4 million, rose to US$189.8 million in 2019 from US$152.4 million in 2018.

Shipyard EBITDA posted a lower loss of US$23.3 million in 2019 compared to US$59.6 million in 2018 as a result of higher utilisation of the shipyard.

The Group registered a higher EBITDA of US$142.5 million in 2019 from US$72.3 million in 2018 with a significant improvement of US$70.2 million. After depreciation and amortisation, Operating Loss reduced significantly at US$96.2 million in 2019 compared to US$141.5 million in 2018.

The Group's consolidated net loss was lower at US$158.6 million in 2019 from US$213.3 million in 2018 as a result of its improved EBITDA and a reduction of finance costs of US$29.7 million which is mainly due to higher interest capitalisation compared to 2018 offset by impairment losses of US$15.8 million.

Share of Profit of Joint Ventures and Associates

Share of profit of joint ventures and associates totalled US$9.7 million in 2019 compared with US$13.5 million in 2018. 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 2018.

Other Expenses, net

Net other expenses in 2019 amounted to US$11.3 million compared with US$21.0 million in 2018. Net other expenses mainly included write off and loss on disposal of property, plant and equipment of US$3.4 million (2018: US$16.3 million) and loss on foreign exchange amounted to US$10.1 million (2018: US$9.9 million) resulting from depreciation of certain foreign currencies against US dollar.

Other Losses / Gains, net

Net other losses in 2019 amounted to US$15.4 million compared with net other gains of US$15.5 million in 2018. In 2019, net other losses of US$15.4 million included a loss on disposal of a subsidiary of US$1.8 million and impairment loss of US$15.8 million on certain vessels and an aircraft which is partially offset by reversal of impairment loss on other receivables of US$2.2 million.

In 2018, net other gains of US$15.5 million related to fair value loss and gain on disposal of shares of Norwegian Cruise Line Holdings Ltd.

Net Finance Costs

Net finance costs (i.e. finance costs, net of finance income) in 2019 of US$43.2 million was recorded compared with US$70.4 million in 2018 primarily due to increase in interest capitalisation in 2019 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.

Loss for the Year

The Group recorded an improvement with consolidated net loss of US$158.6 million in 2019, as compared with a consolidated net loss of US$213.3 million in 2018.

Liquidity and Financial Resources

As at 31 December 2019, cash and cash equivalents amounted to US$595.1 million, a decrease of US$309.0 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$1,231.7 million for capital expenditure of property, plant and equipment and intangible assets; (ii) US$462.4 million for repayments of existing bank loans and borrowings and payments for interest and financing costs; (iii) increase in restricted cash of US$280.5 million; and (iv) net cash outflow of US$10.6 million for the acquisition of a subsidiary. Cash outflows were partially offset by cash inflows of (i) positive cash flows from operating activities of US$212.8 million; (ii) US$446.8 million proceeds from partial disposal of interests in subsidiaries, net of transaction costs; and (iii) US$1,023.0 million from the drawdowns of bank loans and borrowings.

The majority of the Group's cash and cash equivalents are held in Euro, US dollar, Chinese Renminbi, Hong Kong dollar and Singapore dollar. The Group's liquidity as at 31 December 2019 amounted to US$631.6 million (31 December 2018: US$1,140.7 million), which comprised cash and cash equivalents and undrawn credit facilities.

As at 31 December 2019, total loans and borrowings amounted to US$2,739.4 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 29% (31 December 2018: 39%) of the Group's loans and borrowings was under fixed rate and 71% (31 December 2018: 61%) was under floating rate. Loans and borrowings of US$216.3 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$4.0 billion (31 December 2018: US$3.0 billion).

The Group was in a net debt position of US$2,144.3 million as at 31 December 2019, as compared with US$1,083.9 million as at 31 December 2018. The total equity of the Group was approximately US$4,345.1 million (31 December 2018: US$4,059.1 million). The gearing ratio as at 31 December 2019 was 49.3% (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 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.

Second Half 2019 Results

Revenue increased by 1.2% to US$832 million compared to US$822 million in the second half of 2018 ("2H 2018"). The increase was primarily due to a slight growth in Cruise revenue in the second half of 2019 ("2H 2019") .

Cruise revenue is 3.4% higher at US$731 million compared to US$707 million in 2H 2018. The increase was mainly contributed by improved pricing. Occupancy percentage dropped slightly to 95.8% from 98.7% in 2H 2018 while Gross Yield and Net Yield increased by 3.6% and 2.3% respectively.

Cruise EBITDA improved at US$107.5 million in 2H 2019 with US$18.1 million increase from US$89.4 million in 2H 2018.

Shipyard EBITDA saw a higher loss of US$27.7 million in 2H 2019 compared to a loss of US$6.7 million in 2H 2018.

The Group recorded a decline of US$11.7 million in EBITDA at US$65.6 million in 2H 2019 versus US$77.3 million in 2H 2018. After depreciation and amortisation, Operating Loss posted US$34.2 million higher at US$57.9 million in 2H 2019 from US$23.7 million in 2H 2018.

The Group consolidated net loss is higher at US$102.1 million in 2H 2019 compared with US$72 million in 2H 2018 mainly attributed to impairment losses of US$15.8 million and a gain of US$10 million arising from the disposal of all its remaining shares in Norwegian Cruise Line Holdings Ltd. in 2H 2018.

Prospects and Strategy

2020 Outlook

Global economic growth in 2019 was marred by uncertainty arising from protracted US-China trade war, social unrest in Hong Kong and regional geopolitical tensions. The COVID-19 outbreak in the first quarter of 2020 puts further pressure on many businesses globally. Hospitality, travel and tourism sector suffered a major setback resulting from widespread travel advisories, temporary closure of cruise ports and suspension of flights as part of the drastic measures implemented in many countries to curb the spread of the global pandemic.

The COVID-19 outbreak has caused the Group to cancel many sailings and suspend almost all of its cruise operations temporarily in the first quarter of 2020 and the operations in all three shipyards of MV Werften in Wismar, Rostock and Stralsund, Germany to suspend for approximately four weeks commencing from 21 March 2020. In mitigation, the Chairman and Chief Executive Officer, Deputy Chairman, Deputy Chief Executive Officer, Directors and Group President of the Company have waived 100% of their fees and compensation from February until the end of year 2020, subject to further review during the year, if appropriate. The Company also implemented voluntary reduction in salary of 20-50% on managers in corporate office and 90% of the managers have supported the initiative with saving of US$15 million, or about 16% of the shore salaries and wages for 2020. As part of the precautionary cost control measures, the Company has reduced the crew onboard to correspond to reduced demand, imposed a company-wide recruitment freeze and restricted all non-essential staff travel to avoid risk of infection, apart from encouraging its employees to take voluntary unpaid leave.

With the rapid transmission of COVID-19, the Group anticipates an operating loss in 2020, despite efforts and remedial measures taken to contain costs. The magnitude of the impact on the Group's performance is difficult to quantify as the COVID-19 outbreak continues to spread globally. The Group will continue to monitor its business closely during this temporary disruption and adjust its plans in the best interest of the Group.

Since mid-March 2020, there has been a decline in reported new infections in China and most enterprises in China have rolled out active preventive measures while resuming production progressively. This is an encouraging sign albeit slow improvement in consumer sentiment. Genting Dream will recommence operation when Singapore authority reopens its cruise terminal. In the interim, the Company will continue to evaluate alternative deployment plans for World Dream while the Star Cruises fleets has suspended operations until the situation in the region improves.

Supplemental information

The unaudited consolidated income statement for the six months ended 31 December 2019 with comparatives is as follows:

	Six months ended 31 December	
	2019	2018
	US$'000	US$'000
	unaudited	unaudited
Revenue	831,758	822,474
Operating expenses		
Operating expenses excluding depreciation and amortisation	(631,506)	(609,175)
Depreciation and amortisation	(109,353)	(94,353)
	(740,859)	(703,528)
Selling, general and administrative expenses		
Selling, general and administrative expenses excluding depreciation and amortisation	(134,634)	(135,993)
Depreciation and amortisation	(14,152)	(6,646)
	(148,786)	(142,639)
	(889,645)	(846,167)
Operating Loss	(57,887)	(23,693)
Share of profit of joint ventures	109	147
Share of profit / (loss) of associates	462	(1,867)
Other expenses, net	(6,854)	(20,301)
Other (losses) / gains, net	(17,558)	10,032
Finance income	3,411	3,190
Finance costs	(26,590)	(39,873)
	(47,020)	(48,672)
Loss before taxation	(104,907)	(72,365)
Taxation	2,816	334
Loss for the period	(102,091)	(72,031)
Loss attributable to:		
Equity owners of the Company	(96,299)	(70,769)
Non-controlling interests	(5,792)	(1,262)
	(102,091)	(72,031)
Loss per share attributable to equity owners of the Company		
- Basic (US cents)	(1.14)	(0.83)
- Diluted (US cents)	(1.14)	(0.83)

Operating Statistics

The following table sets forth selected statistical information:

	Six months ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
Passenger Cruise Days	2,640,057	2,724,328	4,986,423	5,178,075
Capacity Days	2,756,718	2,759,625	5,345,827	5,667,420
Occupancy Percentage	95.8%	98.7%	93.3%	91.4%

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 31 December		Year ended 31 December	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Passenger ticket revenue	550,080	539,562	1,037,184	987,655
Onboard revenue	181,246	166,951	346,506	360,819
Total cruise and cruise-related revenue	731,326	706,513	1,383,690	1,348,474
Less:				
Commission, incentives, transportation and other related costs	(93,469)	(96,794)	(181,861)	(177,964)
Onboard costs	(68,720)	(52,835)	(120,026)	(99,291)
Net Revenue	569,137	556,884	1,081,803	1,071,219
Gross Yield (US$)	265.3	256.0	258.8	237.9
Net Yield (US$)	206.5	201.8	202.4	189.0

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 31 December		Year ended 31 December	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Total operating expenses	740,859	703,528	1,369,247	1,453,048
Total selling, general and administrative expenses	148,786	142,639	287,861	288,525
	889,645	846,167	1,657,108	1,741,573
Less: Depreciation and amortisation	(123,505)	(100,999)	(238,664)	(213,749)
	766,140	745,168	1,418,444	1,527,824
Less: Expenses relating to shipyard and non-cruise activities	(142,347)	(128,073)	(224,583)	(331,741)
Gross Cruise Cost	623,793	617,095	1,193,861	1,196,083
Less:				
Commission, incentives, transportation and other related costs	(93,469)	(96,794)	(181,861)	(177,964)
Onboard costs	(68,720)	(52,835)	(120,026)	(99,291)
Net Cruise Cost	461,604	467,466	891,974	918,828
Less: Fuel costs	(62,891)	(65,470)	(120,471)	(125,550)
Net Cruise Cost Excluding Fuel	398,713	401,996	771,503	793,278
Gross Cruise Cost per Capacity Day (US$)	226.3	223.6	223.3	211.0
Net Cruise Cost per Capacity Day (US$)	167.4	169.4	166.9	162.1
Net Cruise Cost Excluding Fuel per Capacity Day (US$)	144.6	145.7	144.3	140.0
EBITDA for the period/year as reported	65,618	77,306	142,477	72,277

SIGNIFICANT SUBSEQUENT EVENTS

(i) In January 2020, the Group has completed the sale and leaseback of Genting Dream for a financing of US$900 million with four leasing companies. Part of the funds received was used for repayment of the outstanding balance of the existing bank loan for Genting Dream. The transaction shall be accounted for as a financing arrangement. Further details of this transaction are set out in the Company's circular dated 28 November 2019.

(ii) The widespread of the COVID-19 since the beginning of 2020 is a fluid and challenging situation facing all industries. This has resulted in widespread travel advisories and temporary closure of cruise ports which have negatively impacted the Group's businesses as follows:

   (i) World Dream stopped operation on 9 February 2020 due to non-approval by Hong Kong and Nansha for all cruise ships and the Company is evaluating alternative deployment;
   (ii) Genting Dream stopped operation on 23 February 2020 and will recommence cruising upon approval from Singapore Government;
   (iii) SuperStar Gemini stopped operation on 27 January 2020 in Xiamen due to closure of the port for cruises;
   (iv) SuperStar Aquarius stopped operation on 8 February 2020 in Keelung and will resume operations when the situation improves;
   (v) Star Pisces stopped operation on 5 February 2020 and will resume operations when the situation improves;
   (vi) The closure of Asian ports for cruise ships and travel advisory on cruising issued by the Centers for Disease Control and Prevention and State Department have also affected Crystal Cruises; and
   (vii) MV Werften with sites in Wismar, Rostock and Stralsund, Germany has suspended its shipbuilding operations for approximately four weeks commencing from 21 March 2020 after considering the restrictions in business operations and the health of its employees.

   To mitigate the above negatives, the Chairman and Chief Executive Officer, Deputy Chairman, Deputy Chief Executive Officer, Directors and Group President of the Company have waived 100% of fees and compensation from February 2020 till the end of this year, subject to further review during the year, if appropriate. The Company also implemented voluntary reduction in salary on managers.

   The Company is moving to the next phase of cost reduction by:

   (i) Reduction in onboard crew by not renewing expiring contracts;
   (ii) Reduction in shore headcount by not filling any vacancies or departures;
   (iii) Reduction in all expenses, especially travel, to avoid possible virus infection; and
   (iv) Voluntary no-pay leave.

   HKAS 10 "Events After the Reporting Period" defines an adjusting event as an event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date. The widespread of the COVID-19 was not evident as at 31 December 2019, and it is therefore a non-adjusting event. The measurement of assets and liabilities as well as the impairment assessments as at 31 December 2019 prepared by management reflect only the conditions that existed as of that date and have not reflected the possible effects of the outbreak. The effects will be reflected in the financial results for the year 2020.

   Up to the date on which the consolidated financial statements were authorised for issue, the Group is continuously assessing the impact of the COVID-19 on the performance of the Group based on the latest development. However, the Group expects that the consolidated net loss of the Group for the six months ending 30 June 2020 will be much higher than the corresponding period in 2019 due to lower revenue.

   In addition, the estimated future cash flows of the Group's various cash-generating units ("CGUs") which are used for the impairment tests will be updated continuously based on the development of the COVID-19 outbreak. The recoverable amount of the Group's cruise and cruise-related CGUs may be lower if the COVID-19 outbreak continues for a prolonged period.

   Notwithstanding the recent negative impact on the Group's operations, management's assessment indicates that the going concern basis continues to be appropriate for the Group for the next 12 months from the reporting date and the Group will be able to comply with all bank covenants for the year 2020.

CLOSURE OF REGISTERS OF MEMBERS

For determining the entitlements to attend and vote at the 2020 annual general meeting of the Company ("AGM")

The Registers of Members of the Company (both the Principal Register in Bermuda and Hong Kong Branch Register) will be closed from 28 May 2020 to 2 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, shareholders of the Company are reminded to ensure that all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Bermuda Principal Registrar, MUFG Fund Services (Bermuda) Limited c/o RBC Corporate Services Hong Kong Limited at 42nd Floor, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong SAR; or Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR, by no later than 4:30 p.m. on 27 May 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the year ended 31 December 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 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.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2019, which will be available for publication as soon as possible.

REVIEW BY AUDIT COMMITTEE

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

BOARD OF DIRECTORS

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

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 27 March 2020

Forward-looking statements

This announcement contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of 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 announcement only. The Company is under no obligation to revise or update publicly these forward-looking statements or any part thereof to reflect events or circumstances resulting from any new information, future events or otherwise on which any such statement was based.

Terminology

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

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

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