# Genting Hong Kong Limited

*(Continued into Bermuda with limited liability)*
**(Stock Code: 678)**

# (1) DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020; (2) POSSIBLE DELAY IN DESPATCH OF 2020 ANNUAL REPORT; AND (3) UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

This announcement is made by Genting Hong Kong Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to Rules 13.09(2)(a) and 13.49(3) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

## DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement in relation to the final results of the Group for the year ended 31 December 2020 (the "**2020 Annual Results**") not later than three months after the end of the financial year of the Company (i.e. on or before 31 March 2021). Under Rule 13.49(2) of the Listing Rules, such announcement shall be based on 2020 Annual Results which shall have been agreed with the auditor.

The Board of Directors of the Company (the "**Board**") would like to inform the shareholders of the Company and potential investors that the auditors of the Company (the "**Auditors**") have notified the Company that more time is required to complete the audit of the Company due to the following reasons:

(a) The Company operates a global business, with operations in Hong Kong, Malaysia, Germany, the United Kingdom and the United States. The Auditors are based in Hong Kong and would ordinarily travel to these locations to complete the audit procedures. Due to the travel restrictions imposed as a result of the COVID-19 pandemic, the Auditors have not been able to travel to these locations and instead have had to carry out the audit procedures remotely. Due to local government order, the Company's finance team in Malaysia have been restricted from travelling to office to attend to their work in support of the audit. This inconvenience has led to more time being required to complete the audit procedures.

(b) As explained in the announcements by the Company dated 19 and 24 August 2020 and the circular of the Company dated 29 January 2021, the Company has been working on a solvent, consensual and holistic restructuring solution with its financial creditors. Given the complexity of the restructuring, time consuming and intense negotiations have been required to progress agreement. However, due to travel restrictions and quarantine requirements, management of the Company has been delayed in travelling to meet relevant financial creditors and stakeholders, including the Wirtschaftsstabilisierungsfonds, being the German Economic Stablisation Fund. As a result, the Company has not to date been able to provide the Auditors with final and signed term sheets of the solvent, consensual and holistic restructuring solution. Nevertheless, the "Ad Hoc Group" of the Company's financial creditors, acting through their advisers, has noted the significant progress made to date in negotiations, and its belief that a restructuring can be successfully consummated, provided that agreement from other stakeholders are also secured. Management of the Company is now in final negotiations with relevant financial creditors and stakeholders.

As a result of the above, the Board wishes to inform shareholders of the Company (the "Shareholders") that the publication of the 2020 Annual Results will be delayed. After discussion with the Auditors, it is expected that the 2020 Annual Results to be published on or before 30 June 2021.

The Board acknowledges that the delay in the publication of the 2020 Annual Results constitutes non-compliance with Rule 13.49(1) of the Listing Rules. Further announcement(s) in relation to the date of publication of the 2020 Annual Results will be made by the Company as and when appropriate.

Pursuant to Rule 13.49(3)(i)(c) of the Listing Rules, where an issuer is unable to make an announcement of its preliminary results, so far as the information is available, it must announce its results for the financial year based on the financial results which have yet to be agreed with the auditor. In order to keep the Shareholders and potential investors of the Company informed of the Group's business operation and financial position, set out at the end of this announcement are the unaudited annual results of the Group for the year ended 31 December 2020 which have yet to be agreed with the auditor (the "**2020 Unaudited Annual Results**") but which have been reviewed by the audit committee of the Company.

**POSSIBLE DELAY IN DESPATCH OF 2020 ANNUAL REPORT**

Pursuant to Rule 13.46(2)(a) of the Listing Rules, the Company is required to despatch its annual report for the year ended 31 December 2020 (the "**2020 Annual Report**") to the Shareholders not more than four months after the end of the financial year (i.e. on or before 30 April 2021). Due to the delay in the publication of the 2020 Annual Results, it is expected that there may be a possible delay in the despatch of the 2020 Annual Report. After discussion with the Auditors, it is expected that the 2020 Annual Report to be despatched on or before 30 June 2021.

The Board acknowledges that the possible delay in the despatch of the 2020 Annual Report, if materialised, will constitute non-compliance with Rule 13.46(2)(a) of the Listing Rules. Further announcement(s) in relation to the date of despatch of the 2020 Annual Report will be made by the Company as and when appropriate.

**BOARD MEETING**

Reference is made to the announcement of the Company dated 19 March 2021 in relation to the meeting of the Board (the "**Board Meeting**") to be held on 31 March 2021 for the purpose of, among other matters, approving the 2020 Annual Results. As a result of the delay in the finalization of the 2020 Annual Results, the Board has reviewed and approved, among other matters, the publication of the 2020 Unaudited Annual results as set out in this announcement.

**UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors of the Company announce the unaudited consolidated results of the Group for the year ended 31 December 2020 together with the comparative figures for the year 2019 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Year ended 31 December | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | US$'000 | US$'000 |
| | Note | unaudited | audited |
| Revenue | 3 | 366,822 | 1,560,921 |
| Operating expenses | | | |
| Operating expenses excluding depreciation and amortisation | | (585,597) | (1,158,751) |
| Depreciation and amortisation | | (195,458) | (210,496) |
| | | (781,055) | (1,369,247) |
| Selling, general and administrative expenses | | | |
| Selling, general and administrative expenses excluding depreciation and amortisation | | (167,069) | (259,693) |
| Depreciation and amortisation | | (28,848) | (28,168) |
| | | (195,917) | (287,861) |
| | | (976,972) | (1,657,108) |
| Operating Loss | | (610,150) | (96,187) |
| Share of profit of joint ventures | | 939 | 3,018 |
| Share of (loss)/profit of associates | | (55,932) | 6,673 |
| Other expenses, net | 4 | (103,648) | (11,252) |
| Other losses, net | 5 | (863,005) | (15,382) |
| Finance income | | 3,461 | 5,742 |
| Finance costs | 6 | (99,119) | (48,963) |
| | | (1,117,304) | (60,164) |
| Loss before taxation | 7 | (1,727,454) | (156,351) |
| Taxation | 8 | 11,824 | (2,242) |
| Loss for the year | | (1,715,630) | (158,593) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| | Note | Year ended 31 December 2020 US$'000 unaudited | 2019 US$'000 audited |
|---|---|---|---|
| Loss for the year | | (1,715,630) | (158,593) |
| Other comprehensive income/(loss): | | | |
| Items that have been or may be reclassified to consolidated statement of comprehensive income: | | | |
| Foreign currency translation differences | | 83,257 | (16,205) |
| Changes in fair value of derivative financial instruments | | (8,900) | (24,726) |
| Reclassification to consolidated statement of comprehensive income on discontinuation of hedge accounting | | 4,390 | - |
| Hedging losses/(gains) reclassified to consolidated statement of comprehensive income | | 1,597 | (121) |
| Share of other comprehensive loss of an associate | | (1,471) | (1,937) |
| Release of reserves upon disposal of subsidiaries | | 613 | 1,507 |
| | | 79,486 | (41,482) |
| Items that will not be reclassified subsequently to consolidated statement of comprehensive income: | | | |
| Remeasurements of retirement benefit obligations | | 106 | 510 |
| Fair value gain on financial assets at fair value through other comprehensive income | | 237 | 1,480 |
| Other comprehensive income/(loss) for the year | | 79,829 | (39,492) |
| Total comprehensive loss for the year | | (1,635,801) | (198,085) |
| Loss attributable to: | | | |
| Equity owners of the Company | | (1,566,067) | (151,461) |
| Non-controlling interests | | (149,563) | (7,132) |
| | | (1,715,630) | (158,593) |
| Total comprehensive loss attributable to: | | | |
| Equity owners of the Company | | (1,486,687) | (190,953) |
| Non-controlling interests | | (149,114) | (7,132) |
| | | (1,635,801) | (198,085) |
| Loss per share attributable to equity owners of the Company | | | |
| - Basic (US cents) | 9 | (18.46) | (1.79) |
| - Diluted (US cents) | 9 | (18.46) | (1.79) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 December 2020 US$'000 unaudited | 2019 US$'000 audited |
|---|---|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 5,390,553 | 5,574,212 |
| Right-of-use assets | | 31,457 | 211,806 |
| Intangible assets | | 71,354 | 265,010 |
| Interests in joint ventures | | 4,215 | 5,784 |
| Interests in associates | | 492,674 | 524,950 |
| Deferred tax assets | | 585 | 2,677 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | | 10,571 | 10,334 |
| Other assets and receivables | | 74,955 | 110,245 |
| | | 6,076,364 | 6,705,018 |
| CURRENT ASSETS | | | |
| Completed properties for sale | | 40,517 | 38,681 |
| Inventories | | 51,313 | 46,142 |
| Trade receivables | 10 | 24,064 | 57,765 |
| Prepaid expenses and other receivables | | 136,151 | 139,272 |
| Contract assets | | 1,202 | 647 |
| Contract costs | | 2,823 | 14,128 |
| Amounts due from related companies | | 8,553 | 6,616 |
| Restricted cash | | 136,894 | 374,131 |
| Cash and cash equivalents | | 242,752 | 595,124 |
| | | 644,269 | 1,272,506 |
| TOTAL ASSETS | | 6,720,633 | 7,977,524 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | Note | As at 31 December 2020 US$'000 unaudited | 2019 US$'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 | | 103,709 | 107,147 |
| Foreign currency translation adjustments | | (71,627) | (155,048) |
| Financial assets at FVOCI reserve | | 976 | 739 |
| Cash flow hedge reserve | | - | (14,971) |
| Other reserve | | 437,095 | 432,457 |
| Retained earnings | | 543,356 | 2,107,350 |
| | | 2,840,215 | 4,304,380 |
| Non-controlling interests | | (97,808) | 40,708 |
| TOTAL EQUITY | | 2,742,407 | 4,345,088 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Loans and borrowings | | 1,543 | 2,523,074 |
| Deferred tax liabilities | | 9,200 | 22,525 |
| Provisions, accruals and other liabilities | | 1,301 | 1,822 |
| Retirement benefit obligations | | 9,094 | 8,139 |
| Contract liabilities | | 28,889 | 42,648 |
| Lease liabilities | | 16,423 | 31,685 |
| Derivative financial instruments | | 2,258 | 684 |
| | | 68,708 | 2,630,577 |
| CURRENT LIABILITIES | | | |
| Trade payables | 11 | 175,551 | 156,670 |
| Current income tax liabilities | | 4,488 | 10,328 |
| Provisions, accruals and other liabilities | | 202,966 | 249,266 |
| Contract liabilities | | 126,894 | 341,409 |
| Lease liabilities | | 14,584 | 13,417 |
| Current portion of loans and borrowings | | 3,382,581 | 216,341 |
| Derivative financial instruments | | 2,132 | 14,287 |
| Amounts due to related companies | | 322 | 141 |
| | | 3,909,518 | 1,001,859 |
| TOTAL LIABILITIES | | 3,978,226 | 3,632,436 |
| TOTAL EQUITY AND LIABILITIES | | 6,720,633 | 7,977,524 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| OPERATING ACTIVITIES | | |
| Cash (used in)/generated from operations | (626,228) | 212,351 |
| Interest received | 1,999 | 4,801 |
| Income tax paid | (2,983) | (4,395) |
| Net cash (outflow)/inflow from operating activities | (627,212) | 212,757 |
| INVESTING ACTIVITIES | | |
| Acquisition of a subsidiary, net of cash acquired | - | (10,606) |
| Purchase of property, plant and equipment | (558,793) | (1,231,438) |
| Purchase of intangible assets | - | (250) |
| Proceeds from grants in relation to acquisition of property, plant and equipment | 2,736 | 4,889 |
| Proceeds from sale of property, plant and equipment | 22,532 | 579 |
| Proceeds from disposal of subsidiaries, net of cash disposed of | 102,135 | 212 |
| Cash received from lease receivables (including interest) | 1,780 | 1,898 |
| Decrease/(Increase) in restricted cash | 199,226 | (280,525) |
| Dividends received | 2,587 | 2,015 |
| Net cash outflow from investing activities | (227,797) | (1,513,226) |
| FINANCING ACTIVITIES | | |
| Proceeds from loans and borrowings | 1,212,579 | 1,023,030 |
| Repayments of loans and borrowings | (672,603) | (255,775) |
| Interest paid | (113,721) | (103,349) |
| Payment of loan arrangement fees | (19,055) | (103,257) |
| Refund of loan arrangement fees | 11,472 | - |
| Payment for lease liabilities (including interest) | (13,281) | (15,286) |
| Proceeds from partial disposal of interests in a subsidiary, net of transaction costs | 4,776 | 446,756 |
| Capital contribution from non-controlling interest | 39,260 | - |
| Net cash inflow from financing activities | 449,427 | 992,119 |
| Effect of exchange rate changes on cash and cash equivalents | 27,469 | (657) |
| Net decrease in cash and cash equivalents | (378,113) | (309,007) |
| Cash and cash equivalents at beginning of year | 595,124 | 904,131 |
| Cash and cash equivalents at end of year | 217,011 | 595,124 |
| Analysis of cash and cash equivalents in the consolidated statement of cash flows: | | |
| Cash and cash equivalents in the consolidated statement of financial position | 242,752 | 595,124 |
| Bank overdrafts included in current portion of loans and borrowings | (25,741) | - |
| | 217,011 | 595,124 |

**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 unaudited consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2021.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial information, contained in this announcement, has been based on the unaudited consolidated financial statements of the Group for the year ended 31 December 2020 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 unaudited 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 unaudited 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 unaudited consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2019, except that the Group has adopted the following revised HKFRSs / Hong Kong Accounting Standard (“HKAS“) that are first effective for the current accounting period:

(i) Amendments to HKFRS 3 “Definition of a Business” 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 consolidated financial statements.

(ii) HKAS 1 and HKAS 8 (Amendments) “Definition of Material”. The amendments clarify the definition of “material” and its application by aligning the wording of the definition of “material” across all HKFRS Standards and the Conceptual Framework and making minor improvements to that wording, incorporating supporting requirements in HKAS 1 into the definition to give them more prominence and clarify their applicability, and clarifying the explanation accompanying the definition of material. The amendments do not have a material impact on the Group’s consolidated financial statements.

(iii) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 “Interest Rate Benchmark Reform”. The amendments provide certain reliefs which relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the consolidated statement of comprehensive income. The amendments shall be applied retrospectively. The amendments do not have a material impact on the Group’s consolidated financial statements.

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

(iv) "Revised Conceptual Framework for Financial Reporting". Key changes include increasing the prominence of stewardship in the objective of financial reporting, reinstating prudence as a component of neutrality, defining a reporting entity, which may be a legal entity, or a portion of an entity, revising the definitions of an asset and a liability, removing the probability threshold for recognition and adding guidance on derecognition, adding guidance on different measurement basis, and stating that the consolidated statement of comprehensive income is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, the Group will need to apply the revised Framework from 1 January 2020. The Group will need to consider whether our accounting policies are still appropriate under the revised Framework. The amendments do not have a material impact on the Group's consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the following amendments to HKFRS, which are relevant to its operations.

(i) Amendments to HKFRS 16 "COVID-19 - Related Rent Concessions" (effective from 1 June 2020). The amendment provides lessees with exemption from assessing whether COVID-19 related rent concession is a lease modification and requires lessees that apply the exemption to account for COVID-19 related rent concession as if they were not lease modifications. In applying the amendments for the first time, the Group has applied the practical expedient and elected not to assess whether COVID-19 related rent concession is a lease modification. All of the COVID-19 related rent concessions amounted to US$1.1 million has been credited to the consolidated statement of comprehensive income.

Apart from the impact mentioned above and certain presentational changes, the adoption of these revised HKFRSs / HKAS and interpretations has no significant impact on the Group's consolidated 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.

2.1 Going concern

The Group reported a net loss of US$1,715.6 million and had a net operating cash outflow of US$627.2 million during the financial year ended 31 December 2020. As at 31 December 2020, the Group had retained earnings of US$543.4 million and the Group's current liabilities exceeded its current assets by US$3,265.2 million. As at the same date, the Group's total borrowings amounted to US$3,384.1 million, capital commitment amounted to US$1,161.9 million and cash and cash equivalents (excluding bank overdrafts) amounted to US$242.8 million.

The Group's operations were adversely affected by the effects of COVID-19 that caused the Group to cancel many sailings and temporarily suspend almost all of its cruise operations since February 2020 and its shipyard operations since March 2020. The Group has resumed domestic cruises in Taiwan with Explorer Dream since July 2020, followed by World Dream in Singapore since November 2020. The shipyard operations of the Group have also recommenced in October 2020 with limited utilisation to continue the construction of its cruise ships, namely Global Dream and Crystal Endeavor upon the release of a short-term bridging loan of approximately EUR193 million from the Economic Stabilisation Fund (the ''WSF'') of the German Federal Government. However, construction of certain cruise ships that were in the pipeline were suspended.

Significant events affecting travel, including COVID-19 and the suspension of operations, typically have an impact on the booking pattern for cruise vacations, with the full extent of the impact generally determined by the length of time the event influences travel decisions. The estimation of future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of i) expected date of return to operations; ii) expected gradual resumption of cruise operations; iii) expected lower than comparable historical occupancy levels during the resumption of cruise operations; and iv) expected incremental expenses for the resumption of cruise operations, for the maintenance of additional public health protocols and procedures for additional regulations.

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

2.1 Going concern (Continued)

In view of the above COVID-19 impacts on its cruise and shipyard operations, the Group obtained debt holiday on borrowings in 2020 amounted to US$151.4 million that were originally due and payable during the year ended 31 December 2020. Without further extension of the debt holiday, these borrowings are to be paid from April 2021.

As at 31 December 2020, the Group was in default in respect of principal amount of borrowings totaling US$3,394.7 million due to the following events of default ("Events of Default"): (a) debt holiday was requested from creditors on loans of US$249.5 million in 2020; (b) a technical default was triggered by the Group's announcement that it defaulted on the payment of certain bank fees amounted to EUR3.7 million in August 2020; (c) ongoing discussions were held with the financial creditors with a view to rescheduling any of its indebtedness; (d) breach of certain financial covenants in the loan documentation; and (e) the cross default resulted from the aforementioned events of default. These Events of Default and cross default give rise to a right for the financial creditors of the Group to declare that all financial indebtedness owed to them amounting to US$3,394.7 million were immediately due and repayable.

On 30 March 2021, the Group received letters from the solicitors representing the major financial creditors of the Group's borrowings of US$1,742.3 million confirming the following:

1. There is significant progress in the restructuring negotiations and the credit approval processes were under way to be able to enter into binding term sheets.
2. Such financial creditors have expressly confirmed its intention to stand still from exercising any enforcement or other rights available to them in respect of outstanding events of default under the loan agreement(s) till the earliest of consummation of the restructuring or 30 June 2021.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

1. Implementation of a consensual solvent restructuring solution with the Group's major financial creditors of the Group's borrowings of up to US$1,742.3 million.

   The Group engaged professional advisors to work with the Group's financial creditors to agree and implement a consensual solvent restructuring solution through an ''Ad Hoc Group'' represented by the Group's major financial creditors. The restructuring plan includes (i) obtaining an extended debt holiday for the Group's borrowings up to two years after the Restructuring Effective Date in addition to the existing approved debt holiday, (ii) obtaining waivers from compliance with bank covenants throughout the extended debt holiday period up to two years after the Restructuring Effective Date to address any potential non-compliance with the bank covenants imposed by the financial creditors, (iii) obtaining approval for interest step down for some of the Group's borrowings, (iv) converting the Group's existing letter of credit facility to a term loan to finance the Group's working capital requirements and (v) formalising the forbearance from enforcement currently observed by the Group's financial creditors in relation to the Group's Events of Default.

2. No demand for immediate repayment of the Group's borrowings by the certain financial creditors of the Group's borrowings of up to US$3,394.7 million

   As mentioned above, letters have been received from the solicitors of the major financial creditors confirming their forbearance from exercising any enforcement rights in respect of the Events of Defaults until, *inter alia*, the finalisation of the restructuring.

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

2.1 Going concern (Continued)

3. Application of further debt holiday, waiver from compliance with debt covenants and waivers for past defaults for the Genting Dream sale and leaseback arrangement and borrowings from other financial creditors not represented in the Ad Hoc Group, collectively amounting to US$916.8 million

   The Group has obtained debt holiday and waiver from compliance with debt covenants from the finance creditors of the Genting Dream sale and leaseback arrangement ("Lessors") up to October 2021. The Directors are of the opinion that there are reasonable prospects that the Group can obtain further debt holiday, waiver from compliance with debt covenants and waivers for past defaults from the Lessors and the other financial creditors not represented in the Ad-Hoc Group when the overall consensual solvent restructuring solution is completed.

4. Securing additional funding in the form of fresh equity injection from the Group's existing business partner or other investors

   The Group is in the process of securing a fresh equity injection of approximately US$50-100 million from an existing business partner or other investors.

5. Securing a medium-term bridge loan of up to EUR300 million from the Economic Stabilisation Fund (the "WSF") of the German Federal Government

   The WSF was set up with the objective of reducing the damage caused to the German economy by COVID-19 and stabilising companies whose existence is of significant importance to the economy or for the labour market in Germany. In addition to the short-term bridging loan from WSF of EUR193 million granted in October 2020, the Group is in the process of applying for medium-term bridge loan of up to EUR300 million from the WSF to finance the shipyard operations and the completion of Global Dream cruise ship. Upon the completion of Global Dream currently scheduled for mid-2022, further liquidity will be released from the existing post-delivery financing to repay the loan from the WSF. The approval of the medium-term bridge loan from the WSF is conditional on the outcome of the consensual solvent restructuring solution with the Ad Hoc Group, which the Directors believe there are reasonable prospects of successfully concluding. The Directors also believe there are reasonable prospects that the WSF application requirements can be met and the additional financing will become available.

6. Securing financing for the Group's new vessel, Crystal Endeavor

   Upon completion of Crystal Endeavor, the Group will obtain additional secured financing of up to EUR280 million from other lenders to repay the short-term bridging loan from the WSF. Crystal Endeavor is targeted to be completed by May 2021 and management believe there are reasonable prospects that the financing will be obtained.

7. Resumption of the cruise operations in 2021 and the recovery of cruise operations back to pre-pandemic level in 2022

   The Group has resumed cruise operation in Taiwan with Explorer Dream since July 2020, followed by World Dream in Singapore since November 2020. There has been significant reduction in operation costs and breakeven occupancy point as a result of the reduced manpower structure and simplified operation. Positive contributions from both vessels have reduced the burn rate of the Dream Cruises and have improved cash flows. Genting Dream targets to start cruising in July 2021. Crystal Cruises also targets to resume cruising in the third quarter in 2021. Management expects that the Group's cruise ships will be allowed to operate by phases when travel restrictions are lifted and vaccination plans are widely carried out by the authorities. The Group will take proactive measures to ensure the conditions of the vessels fulfill the relevant international regulators' requirements and cruise operations will normalise and achieve pre-pandemic level in 2022.

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

2.1 Going concern (Continued)

8. Deferment or cancellation of the Group's capital commitments

   The Group also has certain contractual financial obligations and various capital expenditures to settle, of which the majority are in relation to the construction of cruise ships. The Group has deferred the construction of the Global II cruise ship and has suspended the construction of the Endeavor II and the Universal Class cruise ships. Management is currently finalising the timing of the shipbuilding plans due to short term liquidity constraints and the viability of the project is subject to the financial support by the WSF. Further discussion with suppliers and contractors will be carried out when the plans are finalised. At this juncture, based on discussions with the suppliers and contractors, management is of the view that the Group will be able to defer the capital commitments of Global 2 and the suppliers and contractors have not taken actions to enforce the fulfilment of commitments by the shipyards. The Group will revisit its plan when the cruise industry has fully recovered from the COVID-19 outbreak. The Group is confident that the capital commitments due and payable within the next twelve months will be substantially reduced.

9. Monetising some of the Group's non-core assets

   If the outcome of the above mentioned measures is not favourable, the Group will monetise some of the Group's non-core assets which will provide the Group with additional liquidity to finance the Group's operations and scheduled loan repayments. The Group disposed of its investment in Macau in December 2020 for a consideration of US$96.2 million.

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than twelve months. They are of the opinion that, after taking into consideration the outcome of the on-going mitigating plans and measures set out above, the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, there is a reasonable prospect that the Group will have sufficient cash flows to meet its operating requirements, investing activities and financial obligations for at least twelve months from the date of these consolidated financial statements, and therefore, it is appropriate for the financial statements to be prepared on a going concern basis:

Notwithstanding the above, significant uncertainty exists as to whether the Group can achieve the plans and measures described above, and if any of the above measures which include:

1. Whether the Group can agree with its financial creditors represented in the Ad Hoc Group to implement a consensual solvent restructuring solution in the next two months. The restructuring plan should include: (i) obtaining an extended debt holiday for the Group's borrowings up to December 2022 in addition to the existing approved debt holiday, (ii) obtaining waivers from compliance with bank covenants throughout the extended debt holiday period up to December 2022 to address any potential non-compliance with the bank covenants imposed by the financial creditors, (iii) obtaining approval for interest step down for some of the Group's borrowings, (iv) converting the Group's existing letter of credit facility to a term loan to finance the Group's working capital requirements and (v) formalising the forbearance from enforcement currently observed by the Group's financial creditors in relation to the Group's Events of Default.

2. Whether the Group can obtain further debt holiday, waiver from compliance with debt covenants and waivers for past defaults from the financial creditors of the Genting Dream sale and leaseback arrangement ("Lessors") and the other financial creditors that did not issue their confirmations on 31 March 2021, when the consensual restructuring with the Ad Hoc Group is completed.

3. Whether the Group can secure a fresh equity injection of approximately US$50-100 million from an existing business partner or other investors as and when needed.

4. Whether the application for medium-term bridge loan of up to EUR300 million from the WSF to finance the shipyard operations and the completion of Global Dream cruise ship can be obtained when the aforementioned consensual restructuring is completed.

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

2.1 Going concern (Continued)

5. Whether the Group will be able to obtain additional secured financing of up to EUR280 million from other lenders to repay the short-term bridging loan from the WSF upon the expected completion of Crystal Endeavor in May 2021.

6. Whether the Group can resume the cruise operations as planned in mid to late 2021 when the international regulations allow and the cruise operations can gradually recover to the pre-pandemic level in 2022.

7. Whether the Group can agree with its suppliers and contractors to substantially defer or cancel its capital commitment for the ships where their construction was deferred.

8. Whether, if the outcome of the above mentioned measures is not favourable, the Group will be able to monetise some of the Group's non-core assets which will provide the Group with additional liquidity to finance the Group's operations and scheduled loan repayments.

does not materialize, it will have a significant adverse impact on the cash flows of the Group for the twelve months from the date of these consolidated financial statements.

Should the Group fail to achieve the above mentioned plans and measures, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. 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, 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 hotels, travel agent, aviation (including AirCruises and air-related services), entertainment and sales of residential property units, 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/(loss) of joint ventures and associates, other income/gains or expenses/losses.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information of the Group is as follows:

| unaudited For the year ended 31 December 2020 | 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 | 151,765 | - | 7,267 | | 159,032 |
| Onboard revenue | 32,858 | - | - | | 32,858 |
| Revenue from shipyard | - | 620,510 | - | | 620,510 |
| Other revenue | - | - | 27,735 | | 27,735 |
| Reportable segment revenue | 184,623 | 620,510 | 35,002 | | 840,135 |
| Less: Inter-segment revenue[2] | - | (468,671) | (4,642) | | (473,313) |
| Total revenue from external customers[3] | 184,623 | 151,839 | 30,360 | | 366,822 |
| Segment EBITDA | (268,507) | (189,585) | (47,226) | 119,474 | (385,844) |
| Less: Depreciation and amortisation | (167,667) | (58,529) | (33,524) | 35,414 | (224,306) |
| Segment results | (436,174) | (248,114) | (80,750) | 154,888 | (610,150) |
| Share of profit of joint ventures | | | | | 939 |
| Share of loss of associates | | | | | (55,932) |
| Other expenses, net | | | | | (103,648) |
| Other losses, net | | | | | (863,005) |
| Finance income | | | | | 3,461 |
| Finance costs | | | | | (99,119) |
| Loss before taxation | | | | | (1,727,454) |
| Taxation | | | | | 11,824 |
| Loss for the year | | | | | (1,715,630) |
| Other segment information: | | | | | |
| Impairment loss on: | | | | | |
| - Property, plant and equipment | 257,906 | 198,883 | 79,418 | | 536,207 |
| - Intangible assets | - | 167,648 | 2,603 | | 170,251 |
| - Other assets | 13,117 | - | - | | 13,117 |

(1) Consistent with the internal reporting to the chief operating decision maker, included in the passenger ticket revenue of US$151.8 million (2019: US$1,037.2 million) were revenue contributed by onboard activities of US$24.9 million (2019: US$177.2 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 2020, revenue of the Group amounted to US$366.8 million, of which revenue from contracts with customers totalled US$346.6 million.

Revenue from contracts with customers is recognised as follows:

| unaudited For the year ended 31 December 2020 | 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 | 19,024 | 16,388 | 9,635 | 45,047 |
| Over time | 152,868 | 134,493 | 14,204 | 301,565 |
| | 171,892 | 150,881 | 23,839 | 346,612 |

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

| <u>unaudited</u><br><u>As at 31 December 2020</u> | Cruise and cruise-related activities | Shipyard | Non-cruise activities | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Segment assets | 5,521,299 | 323,549 | 875,200 | 6,720,048 |
| Deferred tax assets | | | | 585 |
| Total assets | | | | 6,720,633 |
| Segment liabilities | 377,930 | 170,542 | 31,942 | 580,414 |
| Loans and borrowings (including current portion) | 3,267,262 | 116,862 | - | 3,384,124 |
| | 3,645,192 | 287,404 | 31,942 | 3,964,538 |
| Current income tax liabilities | | | | 4,488 |
| Deferred tax liabilities | | | | 9,200 |
| Total liabilities | | | | 3,978,226 |
| Capital expenditure: | | | | |
| Property, plant and equipment | 593,679 | 29,648 | 51,155 | 674,482 |
| Right-of-use assets | 2,740 | 1,887 | 1,254 | 5,881 |

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

| audited<br>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 |

[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<br>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 |

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

| audited<br>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 |

3. 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 | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Asia Pacific (note (a)) | 165,909 | 1,021,185 |
| America | 157,888 | 244,931 |
| Europe | 27,863 | 264,817 |
| Others | 15,162 | 29,988 |
| | 366,822 | 1,560,921 |

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

| | As at 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Asia Pacific (note (a)) | 2,656,228 | 3,164,606 |
| Europe | 2,825,191 | 2,691,762 |
| Unallocated (note (b)) | 574,858 | 822,200 |
| | 6,056,277 | 6,678,568 |

Notes:

(a) Asia Pacific mainly includes Australia, Cambodia, Mainland China, Hong Kong 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.

## 4. OTHER EXPENSES, NET

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Write off and gain/(loss) on disposal of property, plant and equipment, net | 2,524 | (3,364) |
| Loss on foreign exchange | (67,605) | (10,090) |
| Reorganisation costs (note (a)) | (33,125) | - |
| Other (losses)/income, net | (5,442) | 2,202 |
| | (103,648) | (11,252) |

Note:

(a) During the year ended 31 December 2020, the Group communicated to the representatives of affected employees a detailed formal reorganisation plan of its shipyard operations and accordingly provided for an estimated cost of approximately EUR27.8 million (approximately US$33.1 million) for the year ended 31 December 2020.

## 5. OTHER LOSSES, NET

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Impairment loss: | | |
| - Property, plant and equipment (note (a)) | (536,207) | (15,796) |
| - Intangible assets (note (a)) | (170,251) | - |
| - Other assets (note (a)) | (13,117) | - |
| Loss on early repayment of bank borrowings | (13,865) | - |
| Loss on deemed disposal of equity interest in an associate | (8) | - |
| Loss on disposal of subsidiaries, net | (125,167) | (1,762) |
| Reclassification to consolidated statement of comprehensive income on discontinuation of hedge accounting | (4,390) | - |
| Reversal of impairment loss on other receivables | - | 2,176 |
| | (863,005) | (15,382) |

Note:

(a) The Group's operations were adversely affected by the effects of COVID-19 that caused the Group to cancel many sailings and temporarily suspended almost all of its cruise operations since February 2020 and shipyard operations between March 2020 and October 2020 as well as most of its other non-cruise operations. The Group has resumed domestic cruises in Taiwan with Explorer Dream since July 2020, followed by World Dream in Singapore since November 2020. Having considered the consequential impact on the expected future operating cash flows, the Group performed a review of the carrying value of its non-current assets. Accordingly, impairment losses on the following assets were recognised during the year:

(i) US$536.2 million on cruise ships, aircraft and other property, plant and equipment;

(ii) US$170.3 million development expenditures on ship designs, tradenames and goodwill; and

(iii) US$13.1 million on other non-current assets.

## 6. FINANCE COSTS

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Commitment fees and amortisation of bank loans arrangement fees | 23,349 | 19,238 |
| Interests on bank loans and others | 114,873 | 101,277 |
| Gain arising from loan modifications | (7,107) | - |
| Fair value losses/(gains) on interest rate swaps designated as cash flow hedges – transfer from other comprehensive loss | 1,597 | (121) |
| Write off of bank loans arrangement fees | 21,181 | - |
| Interest expense on lease liabilities | 2,096 | 2,370 |
| | 155,989 | 122,764 |
| Interest capitalised for qualifying assets | (56,870) | (73,801) |
| Finance costs expensed | 99,119 | 48,963 |

## 7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Commission, incentives, transportation and other related costs (including amortisation of incremental costs for obtaining contracts of US$30,001,000 (2019: US$96,741,000)) | 37,361 | 178,024 |
| Onboard costs | 16,484 | 120,017 |
| Staff costs excluding directors' remuneration | 294,259 | 449,760 |
| Food and supplies | 12,697 | 80,758 |
| Fuel costs | 59,648 | 124,834 |
| Advertising expenses | 23,751 | 87,692 |

## 8. TAXATION

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Overseas taxation | | |
| - Current taxation | (1,746) | 3,722 |
| - Deferred taxation | (9,339) | (2,598) |
| | (11,085) | 1,124 |
| (Over)/Under provision in respect of prior years | | |
| - Current taxation | (739) | 1,118 |
| Tax (credit)/expense | (11,824) | 2,242 |

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.

## 9. LOSS PER SHARE

Loss per share is computed as follows:

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | unaudited | audited |
| BASIC | | |
| Loss attributable to equity owners of the Company for the year (US$'000) | (1,566,067) | (151,461) |
| Weighted average outstanding ordinary shares, in thousands | 8,482,490 | 8,482,490 |
| Basic loss per share for the year in US cents | (18.46) | (1.79) |
| DILUTED | | |
| Loss attributable to equity owners of the Company for the year (US$'000) | (1,566,067) | (151,461) |
| 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 | (18.46) | (1.79) |

* The calculation of diluted loss per share for the years ended 31 December 2020 and 2019 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.

## 10. TRADE RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Trade receivables | 31,752 | 73,010 |
| Less: Loss allowance | (7,688) | (15,245) |
| | 24,064 | 57,765 |

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

| | As at 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Current to 30 days | 7,505 | 43,366 |
| 31 days to 60 days | 215 | 11,726 |
| 61 days to 120 days | 790 | 1,114 |
| 121 days to 180 days | 133 | 594 |
| 181 days to 360 days | 10,034 | 29 |
| Over 360 days | 5,387 | 936 |
| | 24,064 | 57,765 |

Credit terms generally range from payment in advance to 45 days credit (2019: payment in advance to 45 days credit).

## 11. TRADE PAYABLES

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

| | As at 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | audited |
| Current to 60 days | 105,874 | 135,165 |
| 61 days to 120 days | 14,821 | 8,540 |
| 121 days to 180 days | 16,269 | 2,856 |
| Over 180 days | 38,587 | 10,109 |
| | 175,551 | 156,670 |

Credit terms granted to the Group generally vary from no credit to 45 days credit (2019: no credit to 45 days credit).

## 12. DIVIDENDS

The Directors do not recommend the declaration of any final dividend in respect of the year ended 31 December 2020 (2019: Nil).

## BUSINESS REVIEW

The commentary below is prepared based on the comparison of results for the years ended 31 December 2020 ("2020") and 2019 ("2019") of the Group.

### Full Year 2020 Results

Total revenue reduced to US$366.8 million compared to US$1,560.9 million in 2019 mainly attributed to suspension of cruise operations since February 2020 due to the COVID-19 pandemic.

The Group recorded EBITDA loss of US$385.8 million in 2020, compared to EBITDA of US$142.5 million in 2019. Cruise segment EBITDA loss was $268.5 million in 2020 compared with $189.8 million EBITDA in 2019. Shipyard segment EBITDA loss was at US$189.6 million in 2020 as compared to EBITDA loss of US$23.3 million after inter-segment adjustments in 2019 primarily due to suspension of operations at three shipyards between March and October 2020 due to border closures by Germany, which resulted in non-German subcontractors sending their workers home.

After deducting depreciation and amortization costs, Operating Loss was at US$610.2 million in 2020 compared to US$96.2 million in 2019. Net loss was at US$1,715.6 million in 2020 compared to US$158.6 million in 2019 and included adjustments of US$918.0 million which primarily consisting of expenses related to non-cash impairment losses on certain intangible assets, property, plant and equipment and other assets, share of associates results and losses on disposal of subsidiaries. Nevertheless, the cruise segment of the Group has the lowest "burn rate" and the least "EBITDA loss on a per berth basis" in the market.

With the resumption of cruise operations of Explorer Dream in Taiwan from July 2020 and subsequently World Dream in Singapore from November 2020, the overall business performance is expected to improve. Pending announcements in the month of April 2021, the Company expects that more than 80% of the fleet capacity over the three brands will be operational by August of this year. The Company has the best visibility of the restart of cruise operations since COVID-19 brought the world's cruise fleet to a stop in March 2020.

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

Share of loss of joint ventures and associates totalled US$55.0 million in 2020 compared with profit of US$9.7 million in 2019, which was mainly attributable by the losses of Travellers International Hotel Group, Inc. due to the restriction of its operations as a result of COVID-19 pandemic in the Philippines in 2020.

### Other Expenses, net

Net other expenses in 2020 amounted to US$103.6 million compared with US$11.3 million in 2019. In 2020, net other expenses mainly included foreign exchange loss amounted to US$67.6 million resulting primarily from the appreciation of loans and borrowings denominated in foreign currencies against US dollar and the reorganisation costs for shipyard operations amounted to US$33.1 million.

In 2019, net other expenses mainly included foreign exchange loss amounted to US$10.1 million resulting primarily from the depreciation of certain foreign currencies against US dollar.

### Other Losses, net

Net other losses in 2020 amounted to US$863.0 million compared with US$15.4 million in 2019. In 2020, net other losses mainly included net loss on disposal of subsidiaries of US$125.1 million and impairment losses on property, plant and equipment, intangible assets and other assets of by US$536.2 million, US$170.3 million and US$13.1 million respectively.

In 2019, net other losses 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 was partially offset by reversal of impairment loss on other receivables of US$2.2 million.

### Net Finance Costs

Net finance costs (i.e. finance costs, net of finance income) in 2020 of US$95.7 million was recorded compared with US$43.2 million in 2019 due to higher interest expenses arising from higher outstanding loan balances and less interest capitalisation and write off of bank loans arrangement fees.

**Loss for the Year**

The Group recorded consolidated net loss of US$1,715.6 million in 2020, as compared with a consolidated net loss of US$158.6 million in 2019.

**Liquidity and Financial Resources**

The Group's operations were adversely affected by the effects of COVID-19. The Group's assessment on future liquidity and financial resources is disclosed in note 2.1 of this announcement.

As at 31 December 2020, cash and cash equivalents amounted to US$242.8 million, a decrease of US$352.3 million compared with US$595.1 million as at 31 December 2019.

The decrease in cash and cash equivalents was primarily due to cash outflows of (i) cash outflows from operating activities of US$627.2 million; (ii) US$558.8 million for capital expenditure of property, plant and equipment; and (iii) US$793.9 million for repayments of existing bank loans and borrowings and payments of interest and financing costs, net of refund. Cash outflows were partially offset by cash inflows of (i) US$22.5 million proceeds from sale of property, plant and equipment; (ii) US$102.1 million proceeds from disposal of subsidiaries, net of cash disposed of; (iii) decrease in restricted cash of US$199.2 million; (iv) US$1,212.6 million from the drawdowns of loans and borrowings; and (v) US$39.3 million capital contribution from non-controlling interest.

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 2020 amounted to US$242.8 million (31 December 2019: US$631.8 million), which comprised cash and cash equivalents and undrawn credit facilities, if any.

As at 31 December 2020, total loans and borrowings amounted to US$3,384.1 million (31 December 2019: US$2,739.4 million) and were mainly denominated in US dollar. Taking into account the effect of hedging from the interest rate swap contracts, approximately 20% (31 December 2019: 29%) of the Group's loans and borrowings was under fixed rate and 80% (31 December 2019: 71%) was under floating rate. Loans and borrowings of US$3,382.6 million (31 December 2019: US$216.3 million) are classified as current liabilities but may not be all repayable within one year ultimately if the restructuring can be fianlised as explained in note 2.1 of this announcement. The outstanding borrowings and unused credit facilities of the Group are secured by legal charges over assets including fixed and floating charges of US$4.5 billion (31 December 2019: US$4.0 billion).

The Group was in a net debt position of US$3,141.4 million as at 31 December 2020, as compared with US$2,144.3 million as at 31 December 2019. The total equity of the Group was approximately US$2,742.4 million (31 December 2019: US$4,345.1 million). The gearing ratio as at 31 December 2020 was 114.5% (31 December 2019: 49.3%). 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 2020 Results**

Total revenue in 2H2020 reduced to US$140.6 million compared to US$831.8 million in the corresponding period in 2019 mainly due to continued suspension of almost all of its cruise operations except for the 2 ships currently operating in Taiwan and Singapore since Jul 2020 and Nov 2020 respectively.

Shipyard recorded EBITDA loss was US$152.3 million in 2H2020 as compared to EBITDA loss of US$27.7 million after inter-segment adjustments in 2H2019.

The Group's EBITDA loss was at US$181.2 million in 2H2020, a reduction of US$22.4 million from 1H 2020, but declined compared to EBITDA of US$65.6 million recorded in 2H2019. Operating Loss was US$286.9 million in 2H2020 compared to loss of US$323.2 million in 1H2020 or loss of US$57.9 million in 2H 2019.

Net loss was US$973.0 million in 2H2020 versus US$102.1 million in 2H2019 mainly due to continued suspension of cruise operation following COVID-19, non-cash impairment losses and other adjustments mentioned above.

During the year, to mitigate the impact resulted from the prolonged business suspension, the Group has implemented various cost saving initiatives which involved aggressive salary reduction, cost saving and headcount reduction. The Group has the least "burn rate" on a per berth capacity than industry peers. Most of the ships other than those currently in operations have been laid-up.

The Group also disposed valuable but non-core assets in order to raise funds. All non-essential capital expenditures except for maintenance to safeguard the safety and security of the ships and the health and safety of the guests and employees have been suspended. Shipyards resumed operations from October 2020 and on track to complete construction of Crystal Endeavor and Global Dream for delivery in May 2021 and June 2022 respectively.

On 26 July, 2020, Taiwan was one of the earlier markets to reopen cruise travel. Dream Cruises' Explorer Dream was given the approval by the Taiwanese authorities to operate two, three and four night "Taiwan Island-Hopping" cruises departing from Keelung to Kinmen, Penghu and Matsu islands from 26 July 2020.

On 6 November 2020, Dream Cruises' World Dream embarked on her inaugural 2-night Super Seacation voyage from Singapore, with 50% limitation on capacity and contributed positive EBITDA, instead of incurring "burn rate" whilst alongside. Contribution albeit at an adjusted capacity. With the latest the Halal certification issued by the Singapore-based United World Halal Development –World Dream saw a growing interest in corporate group enquiries from the Muslim community for World Dream 2021 sailings. This is a positive indication of an early recovery in consumer sentiment and confidence in a post pandemic cruise travel landscape.

**Prospects and Strategy**

**2021 Outlook**

After a year-long global voyage pause, the rapid mass vaccination rollout is undoubtedly a breakthrough in the global fight against COVID-19 pandemic. As the cruise industry is cautiously optimistic on the consumers' pent-up desire for leisure travel, the Group's main focus is on restarting various "destination theme" cruise for domestic residents for weekend/weekday escape.

With the support from the relevant authorities, the Group has restarted sailings in a reduced capacity to ensure a safe return to service by offering domestic cruises /cruises-to-nowhere in a fully controlled environment in compliance with the relevant local requirement.

World Dream in Singapore and Explorer Dream in Taiwan are expected to receive higher capacity limits as there had been no COVID incidences for nearly 9 months, since last year. Genting Dream deployment in Southern China will depend on the announcement of resumption of cruises in Hong Kong and mainland China and the Group is hopeful that this will be permitted for the busy summer holidays, starting in July, 2021.

Star Cruises announced the resumption of Star Pisces in Penang for the "Hari Raya" holidays in May, 2021. And the re-start of the other cruise ships of the Star Cruises brand will most likely be announced in April, 2021.

On 3 July 2021, Crystal Cruises' Crystal Serenity is poised to resume sailing with the New Close-to-Home Bahamas Escapes from Nassau and Bimini. With her new Bahamas Escapes cruises, Crystal Serenity becomes the first Crystal Cruises' ship to homeport in The Bahamas since the cruise industry's voluntary halt in operations almost a year ago. The maiden voyages of Crystal Endeavor and the resumption of Crystal Symphony itineraries will be announced in April, 2021.

The efficacy of mass vaccination in containment of COVID-19 will accelerate an early revival of the cruise industry in mid-2021. As international leisure travel is unlikely to return until 2022, we anticipate a surge in demand for domestic tourism. The Group is currently in talks with the relevant authorities in the Asia Pacific region and we aim to resume domestic cruise operations in Malaysia, Vietnam and Hong Kong in the next few months.

It is expected that the COVID-induced uncertainty has had and will continue to have a material impact on the Group's business, its financial condition and its financial performance. Given the ongoing uncertainty, it may take a longer time for the Group's overall performance to return to pre-COVID-19 levels, and the new normal in the global travel business landscape will derail the previously projected performance. The Group will continue to adapt its deployment plans as we navigate our business cautiously through a highly fluid environment in 2021.

The Group has been in discussion with the key financial partners since the Group's stock exchange announcement regarding its position in August 2020, during which period the various lenders to the Genting HK Group have been supportive. Given the significant progress on the holistic proposal and the fact that relevant lenders are looking to secure credit committee approval on that proposal, the Group has a reasonable ground to believe that a restructuring can be successfully consummated. The Group acknowledges the invaluable continued support of our lenders and creditors and appreciates the contributions of the directors and employees of the Company amid these difficult times. Without their relentless support, it would not be possible for the Group to achieve this milestone.

**Supplemental information**

The unaudited consolidated income statement for the six months ended 31 December 2020 with comparatives is as follows:

| | Six months ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| | US$'000 | US$'000 |
| | unaudited | unaudited |
| Revenue | 140,596 | 831,758 |
| Operating expenses | | |
| Operating expenses excluding depreciation and amortisation | (214,359) | (631,506) |
| Depreciation and amortisation | (91,511) | (109,353) |
| | (305,870) | (740,859) |
| Selling, general and administrative expenses | | |
| Selling, general and administrative expenses excluding depreciation and amortisation | (107,949) | (134,634) |
| Depreciation and amortisation | (13,718) | (14,152) |
| | (121,667) | (148,786) |
| | (427,537) | (889,645) |
| Operating Loss | (286,941) | (57,887) |
| Share of profit of joint ventures | 1,019 | 109 |
| Share of (loss)/profit of associates | (18,574) | 462 |
| Other expenses, net | (92,805) | (6,854) |
| Other losses, net | (513,831) | (17,558) |
| Finance income | 1,450 | 3,411 |
| Finance costs | (58,966) | (26,590) |
| | (681,707) | (47,020) |
| Loss before taxation | (968,648) | (104,907) |
| Taxation | (4,384) | 2,816 |
| Loss for the period | (973,032) | (102,091) |
| Loss attributable to: | | |
| Equity owners of the Company | (879,011) | (96,299) |
| Non-controlling interests | (94,021) | (5,792) |
| | (973,032) | (102,091) |

**Operating Statistics**

The following table sets forth selected statistical information:

| | Year ended 31 December | |
|---|---|---|
| | 2020 | 2019 |
| Passenger Cruise Days | 944,376 | 4,986,423 |
| Capacity Days | 1,602,991 | 5,345,827 |
| Occupancy Percentage | 58.9% | 93.3% |

Although discussed in prior periods, we did not report nor reconcile our Gross Yield, Net Revenue, Net Yield, Gross Cruise Cost, Net Cruise Cost and Net Cruise Cost Excluding Fuel for the year ended 31 December 2020. Historically, we have utilised these financial metrics to measure relevant rate comparisons to other periods. However, our 2020 reduction in capacity days and revenue and the changes in the nature of our costs and expenses due to the suspension of our operations as a result of the COVID-19 pandemic do not allow for a meaningful comparison to the prior period metrics and as such these metrics have been excluded from this announcement.

## 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 2020.

## CORPORATE GOVERNANCE

In the opinion of the Directors, during the year ended 31 December 2020, 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 year 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 2019 issued in April 2020.

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 2020, 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 three Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Au Fook Yew *(alias Mr. Colin Au)* and Mr. Chan Kam Hing Chris, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

On behalf of the Board

**TAN SRI LIM KOK THAY**
*Chairman and Chief Executive Officer*

Hong Kong, 31 March 2021

**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