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GENTING
HONG KONG

Genting Hong Kong Limited

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

ANNOUNCEMENT
(1) AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020; AND
(2) GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULE 13.46(2)(a) OF THE LISTING RULES

Reference is made to the announcement of Genting Hong Kong Limited (the "Company") dated 31 March 2021 in relation to the unaudited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 (the "Unaudited 2020 Results Announcement").

As stated in the Unaudited 2020 Results Announcement, the auditor has notified the Company that more time is required to complete the audit and therefore the unaudited annual results of the Group for the year ended 31 December 2020 contained therein have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors of the Company is pleased to announce that the auditing process for the annual results of the Group for the year ended 31 December 2020 has been completed. The Group's audited consolidated statement of comprehensive income and consolidated statement of financial position in this announcement is consistent with the unaudited annual results of the Group contained in the Unaudited 2020 Results Announcement. Certain reclassifications and adjustments made to the notes of this announcement and the consolidated statement of cash flows are set out in the section headed "Differences in Other Financial Information between 2020 Unaudited and Audited Annual Results".

AUDITED ANNUAL RESULTS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020 US$'000 audited	2019 US$'000 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)

*Before impairment losses

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	Year ended 31 December 2020 US$'000 audited	2019 US$'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)
Discontinuation of hedge accounting reclassified to consolidated statement of comprehensive income		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$'000 audited	2019 US$'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$'000 audited	2019 US$'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
	audited	audited
OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(628,450)	212,351
Interest received	1,999	4,801
Income tax paid	(2,983)	(4,395)
Net cash (outflow)/inflow from operating activities	(629,434)	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	24,753	579
Proceeds from disposal of subsidiaries, net of cash disposed of	102,136	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	(225,575)	(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 audited consolidated financial statements have been approved for issue by the Board of Directors on 21 May 2021.

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 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 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 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. In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings. The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. The assets acquired would not represent a business when substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets). 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.

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

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$629.4 million during the financial year ended 31 December 2020. As at 31 December 2020, 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 commitments amounted to US$1,204.1 million and deposits, cash and bank balances amounted to US$242.8 million.

As at 31 December 2020, the Group was in default in respect of borrowings with principal amount totaling US$3,394.7 million due to the following events of default ("Events of Default"): (a) obtaining debt holidays from certain financial creditors and ongoing discussions with the financial creditors with a view to rescheduling the upcoming payments; (b) a technical default 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) breach of certain financial covenants in the loan documentation and (d) 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 with principal amount of US$3,394.7 million were due and repayable immediately. This amount included borrowings of US$2,783.9 million with original contractual repayment dates beyond 31 December 2021 which have been reclassified as current liabilities as at 31 December 2020.

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 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. Further resumption of the cruise operations is dependent on the development of the COVID-19 pandemic, including the travel restriction requirement of different countries, vaccination plans and public healthcare protocols and procedures by the authorities. 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 in October 2020 from the Wirtschaftsstabilisierungsfonds (the "WSF"), being the German Economic Stabilisation Fund 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. However, construction of other cruise ships that were in the pipeline were either suspended or deferred.

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 and, therefore, that it may not be able to realise its assets and discharge its liabilities in the normal course of business.

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 or are to be taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

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

2.1 Going concern (Continued)

1. Allotment of new shares in Dream Cruises Holding Limited

An indirect non-wholly owned subsidiary of the Company, Dream Cruises Holding Limited completed the allotment of new shares on 15 April 2021, pursuant to which US$59.0 million of new cash was raised from its non-controlling shareholder.

2. Implementation of amendment and restatement of the Group's financial indebtedness and recapitalisation transaction

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 since August 2020. As at 7 May 2021, the Company's relevant financial creditors within the Ad Hoc Group (representing borrowings of US$1,742.2 million as at 31 December 2020) and other relevant stakeholders have provided their formal written agreement (subject to final credit committee and other relevant internal approval processes with respect to certain creditors and other relevant stakeholders) in connection with term sheets which outline the key terms of a holistic, solvent, amendment and restatement of the Group's financial indebtedness and recapitalisation transaction (the "Transaction").

The key terms of the Transaction include:

i. a new EUR215.0 million subordinated secured loan facility and a EUR85.0 million silent participation (being a form of lending which takes effect via provision of a limited-recourse equity stake to the lender in exchange for contribution of funding) (together the "New EUR300.0 million WSF Funding") which will be provided by the WSF, to MV Werften Holdings Limited ("MVWH") (an indirect wholly-owned subsidiary of the Company) and/or certain of its subsidiaries in order to fund the completion of the partially completed Crystal Endeavor and Global Dream vessels and certain overhead costs. The New EUR300.0 million WSF Funding will be guaranteed by the Company and certain wholly-owned subsidiaries of MVWH and secured by way of additional assets as security.

ii. amendments to certain key terms of US$981.0 million of existing financial indebtedness of the Company to reflect (a) a material extension of maturity of the facilities and (b) a reduction in, and the alignment of interest margins for up to 24 months from the date of implementation of the Transaction (the "Implementation Date");

iii. suspension of amortisation payment requirements under US$1.5 billion of existing separate secured financing arrangements entered into by the Group until the earlier of (a) 29 June 2023 and (b) the date falling 24 months after the Implementation Date along with consequential adjustments to each affected amortisation schedule;

iv. retention of all guarantees and security under the Group's existing financing arrangements, along with new security and assignment of rights to be available to the financial creditors under specified circumstances;

v. continued provision for drawdowns under the existing pre-delivery financing arrangements available to the Group in order to fund the completion of the construction of the partially-completed Global Dream vessel;

vi. provision of a new committed EUR280.0 million post-delivery financing facility on substantially standard market terms in respect of the Crystal Endeavor vessel by certain existing lenders to the Group. This facility will be guaranteed by the Company;

vii. suspension of financial covenant testing under all of the Group's existing financing arrangements which contain financial covenants until the earlier of (a) 29 June 2023 and (b) the date falling 24 months after the Implementation Date, other than in respect of a minimum liquidity covenant which will be reset to an appropriate level; and

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

2.1 Going concern (Continued)

2. Implementation of amendment and restatement of the Group's financial indebtedness and recapitalisation transaction (Continued)

The key terms of the Transaction include: (Continued)

viii. a full reset of all existing financial covenants with effect from the earlier of (a) 29 June 2023 and (b) the date falling 24 months from the Implementation Date to reflect appropriate ratios for the purposes of facilitating a fully funded business plan aligned with anticipated market recovery.

The Transaction also encompasses the approvals by the existing lenders on the waiver of any outstanding Events of Default and cross defaults that exist as at the Implementation Date and the conversion of the Group's existing letter of credit facility to a term loan of approximately US$102.0 million to finance the Group's working capital requirements.

In addition, pursuant to certain terms of the Transaction, the Company and/or its subsidiaries are required to raise at least US$154.0 million of additional liquidity by 31 December 2021 (refer to (3) below).

Meanwhile, the Group is extending the proposal of the Transaction to the other relevant financial creditors not within the Ad Hoc Group (representing borrowings of US$735.7 million as at 31 December 2020) for their approvals. The Directors believe there is reasonable prospect that approvals from these financial creditors will be obtained. The Transaction is expected to be implemented as soon as practicable within the coming months following execution of long form documentation and satisfaction of certain commercial and legal conditions precedent specified therein.

3. Raising of additional liquidity of at least approximately US$154.0 million by 31 December 2021 pursuant to the requirements of the Transaction

The Group will actively seek for additional liquidity from other sources of financing including other debt or equity financing to enhance its capital structure to fulfil the requirements of the Transaction. The final amount is subject to agreement by all relevant parties. Should the Company and/or its subsidiaries be unsuccessful in raising the required additional capital from external parties, the Group will pursue the following:

i. further equity contributions to the Company for a value of not less than US$30.0 million; and

ii. entry by the Company and certain wholly-owned subsidiaries of MVWH into conditional, committed standby loan facilities to be provided by the State of Mecklenburg Vorpommern and the WSF in an estimated aggregate amount of approximately US$124.0 million (final amount is subject to agreement by all parties). Such loan will be secured in nature and type and amount of security may vary from time to time.

4. Application of further debt holiday, waiver from compliances with debt covenants and waivers for past defaults for the Genting Dream sale and leaseback arrangement and borrowings from other financial creditors, amounting to US$873.8 million and US$43.0 million respectively

The Group has obtained debt holiday and waiver from compliances with debt covenants from the financial creditors of the Genting Dream sale and leaseback arrangement ("Lessors") up to October 2021. The Group will obtain further debt holiday, further waiver from compliances with debt covenants and waivers for past defaults from the Lessors and the other financial creditors for its borrowings of US$873.8 million and US$43.0 million respectively as at 31 December 2020. Based on their communication with the Lessors and the other financial creditors, the Directors are of the opinion that there are reasonable prospects that the Group can obtain further debt holiday, further waiver from compliances with debt covenants beyond 31 December 2021 and waivers for past defaults from the Lessors and the other financial creditors.

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

2.1 Going concern (Continued)

5. 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 fulfil the relevant international regulators' requirements and cruise operations will normalise and achieve pre-pandemic level in 2022.

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

The Group also has certain contractual financial obligations and various capital expenditures to be settled, of which the majority are in relation to the construction of cruise ships. The Group will continue with the construction of Crystal Endeavor and Global Dream and the related capital commitments of approximately US$365.9 million will be covered by funding arrangement under the successful implementation of the Transaction. Other than Crystal Endeavor and Global Dream, 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 Endeavor II and the Universal Class cruise ships subject to further financial support by the WSF. Further discussion with suppliers and contractors will be carried out when the revised shipbuilding 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 II amounting to US$526 million beyond 2021. The Group also has an option to cancel the capital commitments related to the construction of Universal class cruise ships of approximately US$269.2 million for a compensation of approximately US$11.3 million. The Group will revisit its plan after the completion of the Transaction. The Group is confident that the capital commitments due and payable within the next twelve months from the reporting date will be substantially reduced.

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

The Group disposed of its interest in a subsidiary, Genting Macau Holdings Limited (now known as New G Macau Holding Limited) in December 2020 for a consideration of US$96.2 million. In April 2021, the Group disposed of its 26.9% owned investment in associate, Grand Banks Yachts Limited for a consideration of US$8.1 million. If the outcome of the above-mentioned measures is not favourable, the Group will continue 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.

The Directors have reviewed the Group's cash flow projections, covering a period of not less than twelve months from the date of the approval of these consolidated financial statements, prepared by management. They are of the opinion that, after taking into consideration the outcome of the on-going plans and measures set out above, the financial resources available to the Group, including cash and cash equivalents on hand and expected cash flows from operating activities, 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 the approval of these consolidated financial statements, and therefore, it is appropriate for the financial statements to be prepared on a going concern basis:

2.1 Going concern (Continued)

Notwithstanding the above, material uncertainty exists as to whether the Group can achieve the plans and measures described above, and if any of the above measures does not materialise, it will have a significant adverse impact on the cash flows of the Group for the twelve months from the date of the approval of these consolidated financial statements. Whether the Group will be able to continue as a going concern would depend upon the following:

1. Whether the Group can successfully implement the Transaction by satisfying all the commercial and legal conditions precedent, getting approvals from all the relevant financial creditors and other relevant stakeholders and executing definitive documentations with all the relevant parties as soon as practicable.

2. Whether the Group can raise additional liquidity of not less than US$154.0 million from debt or equity financing before 31 December 2021.

3. Whether the Group, after the Transaction is implemented, will be able to continue to observe and comply with the revised requirements and the covenants imposed, such as the minimum liquidity covenant.

4. Whether the Group can timely obtain further debt holiday, further waiver from compliances with debt covenants beyond 31 December 2021 and waivers for past defaults from the Lessors and the other financial creditors that are not covered by the Transaction.

5. 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 in 2021, which depends on (i) the speed of resumption of cruise operations; (ii) the occupancy levels during the resumption of cruise operations; and (iii) the ability to satisfy the additional public health protocols and procedures required by the relevant authorities.

6. Whether the Group can timely agree with its suppliers and contractors to substantially defer or cancel its capital commitment for the ships where their construction was suspended and deferred beyond 2021.

7. 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 to provide the Group with additional liquidity to finance the Group's operations and scheduled loan repayments, as and when needed.

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, 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:

audited 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:

audited 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)

audited As at 31 December 2020	Cruise and cruise-related activities US$'000	Shipyard US$'000	Non-cruise activities US$'000	Total US$'000
Segment assets	5,253,045	606,405	860,598	6,720,048
Deferred tax assets				585
Total assets				6,720,633
Segment liabilities	372,678	170,542	37,194	580,414
Loans and borrowings (including current portion)	3,267,262	116,862	-	3,384,124
	3,639,940	287,404	37,194	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
	596,419	31,535	52,409	680,363

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

[(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

3. 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

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 US$'000 audited	2019 US$'000 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 US$'000 audited	2019 US$'000 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
	audited	audited
Write off and gain/(loss) on disposal of property, plant and equipment, net	1,309	(3,364)
Loss on foreign exchange	(67,605)	(10,090)
Reorganisation costs (note (a))	(33,125)	-
Other (losses)/income, net	(4,227)	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
	audited	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
	audited	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 income/(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
	audited	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 US$'000 audited	2019 US$'000 audited
Overseas taxation		
- Current taxation	1,817	3,722
- Deferred taxation	(9,339)	(2,598)
	(7,522)	1,124
(Over)/Under provision in respect of prior years		
- Current taxation	(4,302)	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 audited	2019 audited
<u>BASIC</u>		
Loss attributable to equity owners of the Company for the year (US$'000)	(1,566,067)	(151,461)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Basic loss per share for the year in US cents	(18.46)	(1.79)
<u>DILUTED</u>		
Loss attributable to equity owners of the Company for the year (US$'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
	audited	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
	audited	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
	audited	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 a final dividend in respect of the year ended 31 December 2020 (2019: Nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

2020 has been unprecedented and at times unpredictable, during which we witnessed a devastating health crisis for both humanity and the economy. There is a cliché in nearly every industry on how businesses are struggling to stay afloat in a tumultuous economic landscape that is disrupting supply chains, consumer demands and operations.

In the coming years, global economic recovery is very much dependent upon the efficacy of rapid mass vaccination programme and sustainable recovery policies rolled out by the respective governments. Ensuring the safety and wellbeing of the guests and employees is the top priority. Hence, the Group has been working closely with the relevant governments and health authorities to establish a phased approach for safe and responsible resumption to mitigate the transmission risk on board cruise ships.

While the travel industry is showing early signs of recovery, buoyed by optimism around positive vaccine news, the Group continues to navigate the ongoing COVID-19 crisis in a highly fluid environment in 2021 and beyond. The Group remains steadfast in its commitment to re-evaluate its business, to develop cautious plans for recovery through various cost optimisation strategies to ensure business continuity. The Group has been embarking on various initiatives to monitor and assess the financial and operational risks to mitigate the ongoing COVID-induced impacts which include but not limited to the disposal of its valuable but non-core business investments. These disposals are in line with the streamlining exercises undertaken by the Group to focus on cruise and cruise related business – a segment which will continue to be the major contributor to the Group's results of operations.

DREAM CRUISES – Asia's Global Cruise Line

Explorer Dream - Taiwan

Since early July 2020, several countries in the Asia-Pacific region have begun easing their border closures and gradually reinvigorating their economy. The Taiwan authorities have taken proactive steps to resume major economic and trade activities. Dream Cruises appreciates the leading role the Taiwanese authorities played in reviving their cruise tourism industry and in making Dream Cruises one of the world's first cruise brands to resume post-pandemic operations in Taiwan.

As the health and safety of our guests and crew members is of utmost importance to us, commencing from 7 May 2021, all crew members and shore staff will receive their first dosage of the COVID-19 vaccine at the Keelung Hospital - making Dream Cruises the first cruise company to implement such a comprehensive vaccination program in Asia. The market response to Explorer Dream's "Island-Hopping" domestic cruise itineraries in Taiwan has been encouraging and demand for short sailings is expected to ramp up gradually during the summer peak season 2021 as overseas leisure travel is unlikely to return until 2022.

However, amid a recent spike in number of reported COVID-19 cases in Keelung and various parts of Taiwan, we have voluntarily suspended Explorer Dream's operation from 12 May 2021 (until 8 June 2021 tentatively) to help curb the spread of COVID-19 in Taiwan, following recommendation from the relevant health authorities. We will monitor the situation in Taiwan and work with the government more closely to ensure health and safety of all guests and crew before resuming our cruises.

World Dream - Singapore

Genting Cruise Lines has gained invaluable first-hand experience in handling pandemic and preventives measure from the charter of Superstar Gemini and Superstar Aquarius in Singapore as floating accommodations for migrant workers who recovered from COVID-19. With the exemplary safety track record of Explorer Dream during her first two months of operations in Taiwan, Dream Cruises has earned the trust and confidence of the Singapore government. World Dream successfully completed its CruiseSafe certification by the Singapore Tourism Board to operate "high seas cruises" for Singapore residents – making Dream Cruises the first cruise brand to restart service in Singapore. On 6 November 2020, World Dream successfully embarked on its inaugural 2-night Super Seacation voyage from Singapore. We are very grateful for the immense concerted efforts from all parties concerned in making these pilot cruises a success.

To give further assurance to our guests and crew, Genting Cruise Lines had also engaged international classification society DNV to conduct a separate certification for its operation. We are very proud that World Dream has been awarded the Certificate of Infection Control for maritime ships issued by DNV. Since her launch, World Dream has kept an exemplary safety track record without any COVID-19 related incidents reported onboard. Dream Cruises will continue to monitor and ensure that all activities on board are organized in accordance with the prevailing national policy, and measures are always in place to maintain social distancing.

Genting Cruise Lines - an Asian homegrown brand operating in the Asia Pacific region, recognises the diversity of the environment we operate in. It is important as a strategic business priority to develop more diverse offerings like vegetarian and halal-friendly cruise products to cater to discerning guests of different dietary requirements and to bring them much-needed peace of mind while cruising. As part of our commitment to our diverse customer engagement initiatives, Dream Cruises is very proud that World Dream is the first cruise ship in the Asia Pacific to embrace a more holistic Muslim-friendly approach featuring a halal-certified kitchen recognised by both the official OIC SMIIC Standards Halal certification from the UNWHD-United World Halal Development and Vegetarian certification from the GVCS-Global Vegetarian Certification Services in Singapore and other culturally appropriate services and facilities.

With the second wave of COVID infections, Singapore announced a lockdown during the period from 16 May to 13 June 2021. In line with this, World Dream has reduced its capacity to 25% from the previous 50% during this period.

While we have already seen a growing interest in the Muslim community for World Dream 2021 sailings, World Dream will continue to be homeported in Singapore through 2021. We also aim to resume destination cruises to selected safe destinations with effective containment measures, possibly by early 2022.

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

With borders remaining closed in most parts of the United States and Europe during the peak cruise season, Crystal Cruises had voluntarily suspended its cruise operations and spent the rest of the 2020 cruise season preparing to implement stringent COVID-19 health and safety protocols to meet the standards set by the relevant health regulators.

In anticipation of cruise resumption in summer 2021, Crystal Cruises introduced an expanded set of health and safety measures for its Crystal Clean+ protocols to include requirements for COVID-19 testing for guests and crew, mandatory travel insurance, in-port guidelines and more. The Crystal Clean+ protocols go beyond Crystal's already stringent practices to further safeguard guests' and crews' well-being and offer travelers peace of mind. The new Crystal Clean + 3.0 protocols are tailored to meet the unique needs of the luxury traveler and incorporate the current recommendations provided by Cruise Line International Association's (CLIA) to the Centers for Disease Control and Prevention.

Beyond the elegantly designed ships, Crystal Cruises' exceptional personalized service and personal connections that guests experience during their Crystal vacations resonates well with discerning travelers. With a team of well-trained service professionals upholding a legacy of illustrious service, Crystal Cruises is also recognised for other signature hallmarks of Crystal's River voyages include Michelin-level cuisine inspired by the destinations, and inclusive Destination Discoveries tailored to guests' individual interests; and the highest crew-to-guest ratio in the industry with two crew members serving every three guests.

Due to the uncertainty on the reopening of the cruise industry in the United States, Crystal Cruises announced in March 2021 the restart of cruising with new close-to-home Bahamas Escapes beginning 3 July 2021 with a series of 16 seven-night, round-trip cruises from the twin homeports of Nassau and Bimini on its award-winning flag ship, Crystal Serenity. Crystal Endeavor, the largest and most luxurious, new six-star Polar Class Expedition Yacht, will have her inaugural season of 10-night "Circumnavigate Iceland" round-trip cruises from Reykjavik starting on 17 July 2021. In addition, the third and last large ocean ship of Crystal Cruises, Crystal Symphony, will restart sailing on 5 August 2021 on ten-night round-trip cruises from the twin homeports of Antigua and St. Martin. With the easing of travel restrictions to Europe, two of the four river ships of Crystal Cruises will restart in late August 2021 with the rest of the river fleet to restart in spring 2022.

MV WERFTEN

Likewise, businesses in Germany and most parts of Europe had been and are likely to experience significant disruption to their business-as-usual operations and will face business underperformance throughout the duration of the COVID-19 crisis. Many governments have introduced fiscal stimulus and assistance programmes for businesses and sectors which have been severely impacted by the pandemic.

Over the years, the German Federal and State Government has been very supportive of the ship building industry. To cushion the economic impact the COVID-19 pandemic has had on certain companies in the real economy and to stabilise companies whose existence is of significant importance to the economy or for the labour market in Germany, the German Federal Government has initiated a wide array of COVID-19 related measures including establishing the Economic Stabilisation Funds (Wirtschaftsstabilisierungsfonds - "WSF").

In response to the local COVID-19 containment measures, the shipyards voluntarily suspended operations from March to October 2020. With the support of the German State and Federal Government, MV Werften has obtained in principle approved Term Sheet for medium-term bridge loan, subject to final documentation of up to EUR300 million from the WSF to finance the shipyard operations and the completion of Global Dream cruise ship currently scheduled for delivery in mid-2022.

PROSPECTS

The cruise industry will undoubtedly struggle in the challenging environment of 2021 and 2022 with the ongoing impact of COVID-19 (including new strains of the virus), varying pace of vaccination in different countries, timing of reopening of borders, global economic recovery and global geopolitical tensions. With higher rates of vaccination, implementation of vaccine certification, enhanced safety and health measures and the gradual re-opening of borders, the Group is cautiously optimistic that the cruise industry will return to normalcy towards 2023.

As reported in the company's announcement of 7 May 2021, the Company's relevant financial creditors, partners and other stakeholders have provided their formal written agreement (subject to final credit committee and other relevant internal approval processes with respect to certain creditors and other stakeholders) in connection with term sheets which outline the key terms of a holistic, solvent, amendment and restatement of the Group's financial indebtedness and recapitalization transaction.

With the support of all parties concerned, we remain optimistic a holistic consensual solvent restructuring proposal can be implemented by the first half of 2021.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to the local authorities in the respective jurisdictions where we operate for their concerted efforts and support in allowing phased-in resumption of domestic cruise operations. The continued support of our guests, travel agents, ports authorities and business partners has truly been overwhelming as we sustain our business through this disruption. I would also like to thank all stakeholders, strategic partners, financial creditors and the authorities in Germany for their support of the holistic restructuring of the Group during this difficult time.

Last but not least, I would also like to extend my heartfelt appreciation to all our crew and onshore employees for their sacrifice, support, resilience, and loyalty through this incredibly difficult time. I could not be prouder of how this team has risen to the challenge, in continuing to work on the resumption of our cruises and providing our guests with the wonderful experiences on board the fleet of our three cruise brands, as well as the construction of world-class new cruise ships for the Group.

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 US$268.5 million in 2020 compared with US$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 employees home.

After deducting depreciation and amortisation 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. Compared with industry peers, the cruise segment of the Group has the lowest "burn rate" and the least "EBITDA loss on a per berth basis" due to the sacrifices of the employees in pay cuts and efforts in being the first cruise line to restart operations in the second half of 2020.

With the resumption of cruise operations of Explorer Dream in Taiwan from July 2020, World Dream in Singapore from November 2020, announced restart of most of the Crystal Cruises' fleet, the overall business performance is expected to improve, even though it may be interrupted by possible short lockdowns due to outbreaks of the virus in the key markets. The Company believe that the relevant authorities have sufficient experience to handle outbreaks so that they are of limited duration. However, if the lockdowns are of long duration, then the business performance of the Group will be impacted.

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 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 and the section headed "Significant Subsequent Events".

As at 31 December 2020, cash and cash equivalents amounted to US$217.0 million, a decrease of US$378.1 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$629.4 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$24.8 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$217.0 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 not all may ultimately be repayable within one year if the restructuring can be finalised 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 property, plant and equipment 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 second half of 2020 (“2H2020”) reduced to US$140.6 million compared to US$831.8 million in the corresponding period in 2019 (“2H2019”) mainly due to continued suspension of almost all of its cruise operations except for the 2 ships currently operating in Taiwan and Singapore since July 2020 and November 2020 respectively.

Shipyard recorded EBITDA loss was US$37.2 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$181.7 million in 2H2020, a reduction of US$22.4 million from first half of 2020 (“1H2020”), 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 2H2019.

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. 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 the COVID-19 pandemic. As the cruise industry is cautiously optimistic of the consumers' pent-up desire for leisure travel, the Group's main focus is on restarting domestic cruises for residents with 2, 3 or 4 night weekend and weekday cruises. With the support of the relevant authorities, the Group has restarted sailings with reduced capacities with Explorer Dream in Taiwan and World Dream in Singapore in a fully controlled environment in compliance with relevant local health requirements.

However, amid a recent spike in number of reported COVID-19 cases in Keelung and various parts of Taiwan, we have voluntarily suspended Explorer Dream's operation from 12 May 2021 to 8 June 2021 to help curb the spread of COVID-19 in Taiwan, following recommendations from the relevant health authorities. Similarly World Dream's operation in Singapore has reduced its capacity from 50% to 25%, in line with the Singapore Government's lockdown from 16 May to 13 June due to the second wave of COVID infections. With Taiwan and Singapore's impressive experience and success in preventive measures in the fight against COVID-19, we are optimistic that major economic and trade activities, including cruising, will resume as soon as practicable.

On 3 July 2021, Crystal Cruises' Crystal Serenity is poised to resume sailing with 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 new Crystal Endeavor announced her inaugural summer sailings in April 2021 with 10-night "Luxury Iceland Luxury Expedition Voyages" starting 17 July 2021. Crystal Symphony will return to service with new 10-night 'Luxury Caribbean Escapes' starting in August 2021, making her the first ship ever to homeport in Antigua.

The efficacy of mass vaccination in containment of COVID-19 will accelerate an early revival of the cruise industry in the second half of 2021. As international leisure travel is unlikely to return in Asia until 2022, we anticipate continued demand for domestic tourism and cruises. The Group is currently in talks with the relevant authorities in the Asia Pacific region, with the aim to resume domestic cruise operations in various key markets in the near future.

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. Based on the experience of Taiwan and Singapore's deployment in the last few months, the Group has managed to reengineer its cost structure and efficiency to improve its performance and profitability. The Group will continue to adapt its deployment plans as we navigate our business cautiously through a highly fluid environment in 2021.

As reported in the Company's announcement of 7 May 2021, the Company's relevant financial creditors, partners and other stakeholders have provided their formal written agreement (subject to final credit committee and other relevant internal approval processes with respect to certain creditors and other stakeholders) in connection with term sheets which outline the key terms of a holistic, solvent, amendment and restatement of the Group's financial indebtedness and recapitalisation transaction. With the support of all parties concerned, we believe a holistic consensual solvent restructuring proposal can be implemented by the first half of 2021.

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)

*Before impairment losses

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.

SIGNIFICANT SUBSEQUENT EVENTS

(a) On 15 April 2021, Ocean World Limited ("OWL") and Darting Investment Holdings Ltd ("Darting") subscribed for 207.182790911330 and 49.303785836320 new shares in Dream Cruises Holding Limited ("Dream Cruises") respectively. Both OWL and Darting are existing shareholders of Dream Cruises and OWL is a direct wholly-owned subsidiary of the Company. Following completion of the subscriptions, the Group (via OWL) and Darting held approximately 69.97% and 30.03% of the issued share capital of Dream Cruises respectively.

The subscription price payable by OWL and Darting is US$1,196,662.67 per share. The aggregate subscription price payable by OWL for its new shares is approximately US$247,928,000. Such amount was satisfied in full by way of set-off against an equivalent amount of intercompany loans or balances owing by Dream Cruises and its direct wholly-owned subsidiaries to the Group. The aggregate subscription price payable by Darting for its new shares is US$59,000,000 which was fully satisfied in cash.

(b) On 7 May 2021, the Company's relevant financial creditors, partners and other stakeholders have provided their formal written agreement (subject to final credit committee and other relevant internal approval processes with respect to certain creditors and other stakeholders) in connection with term sheets which outline the key terms of a holistic, solvent, amendment and restatement of the Group's financial indebtedness and recapitalisation transaction (the "Transaction").

The key terms of the Transaction include:

(i) a new EUR215,000,000 subordinated secured loan facility and a EUR85,000,000 silent participation which will be provided by WSF to MV Werften Holdings Limited ("MVWH") (an indirect wholly-owned subsidiary of the Company) and/or certain of its subsidiaries in order to fund the completion of the partially-completed Crystal Endeavor and Global Dream vessels and certain overhead costs;

(ii) amendments to US$981,050,000 of existing financial indebtedness of the Company to reflect the following:
(a) a material extension of maturity of the facilities; and
(b) a reduction in, and the harmonisation of, interest margins for up to 24 months;

(iii) suspension of amortisation payment requirements under US$1,496,897,825 of separate secured financing arrangements entered into by Dream Cruises, Crystal Cruises and Star Cruises entities until the earlier of (a) 29 June 2023 and (b) the date falling 24 months after the date of implementation of the Transaction (the "Implementation Date") along with consequential adjustments to each affected amortisation schedule;

(iv) retention of all guarantees and security under the Group's existing financing arrangements, along with the implementation of appropriate limited credit enhancement arrangements including granting of new security and assignment of rights;

(v) continued provision for drawdowns under the existing pre-delivery financing arrangements available to the Group in order to fund the completion of the construction of the partially-completed Global Dream vessel;

(vi) provision of a new committed EUR280,000,000 post-delivery financing facility on substantially standard market terms in respect of the Crystal Endeavor vessel by certain existing lenders to the Group. This facility will be guaranteed by the Company;

(vii) suspension of financial covenant testing under all of the Group's existing financing arrangements which contain financial covenants until the earlier of (a) 29 June 2023 and (b) the date falling 24 months after the Implementation Date, other than in respect of a minimum liquidity covenant which will be reset to an appropriate level; and

(viii) a full reset of all existing financial covenants with effect from 29 June 2023 to reflect appropriate ratios for the purposes of facilitating a fully funded business plan aligned with anticipated market recovery.

SIGNIFICANT SUBSEQUENT EVENTS (CONTINUED)

In addition, pursuant to the terms of the Transaction, the Company and/or its subsidiaries shall seek to raise at least approximately US$154,000,000 of additional liquidity by 31 December 2021 (final amount is subject to agreement by all relevant parties). Should the Company and/or its subsidiaries be unsuccessful in raising this additional liquidity, the Group will pursue additional liquidity-raising transactions, including:

(i) further equity contributions to the Company for a value of not less than US$30,000,000; and

(ii) entry by the Company and certain wholly-owned subsidiaries of MVWH into conditional, committed standby loan facilities provided by the State of Mecklenburg Vorpommern and the WSF in an estimated aggregate amount of approximately US$124,000,000 (final amount is subject to agreement by all parties). Such loan will be secured in nature and type and amount of security may vary from time to time.

The Transaction builds on the improved liquidity available to the Group following the events as mentioned in paragraph (a) above. The Transaction provides further capital and stability to the Group in order to create a stable runway to execute a fully funded business plan aligned with anticipated market recovery as COVID-19 restrictions ease.

Implementation of the Transaction is conditional upon execution by all relevant parties of definitive documentation and satisfaction of certain commercial and legal conditions precedent.

CLOSURE OF REGISTERS OF MEMBERS

For determining the entitlements to attend and vote at the 2021 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 25 June 2021 to 30 June 2021, 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 Suntera Corporate Services Limited at 18/F, On Building, 162 Queen’s Road Central, Central, 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 24 June 2021.

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.

DIFFERENCES IN OTHER FINANCIAL INFORMATION BETWEEN 2020 UNAUDITED AND AUDITED ANNUAL RESULTS

The audited annual results in this announcement is consistent with the unaudited annual results of the Group contained in the Unaudited 2020 Results Announcement except for the following reclassifications and adjustments to the notes of this announcement and the consolidated statement of cash flows:

(i) Proceeds from disposal of property, plant and equipment of US$2,221,000 has been shown separately under cash flow from investing activities in the audited consolidated statement of cash flows. This amount was shown as part of cash (used in)/generated from operations in the unaudited consolidated statement of cash flows;

(ii) Under note 3, "revenue and segment information", adjustments were made to allocation of the Group's segment assets and segment liabilities among "cruise and cruise-related activities", "shipyard" and "non-cruise activities" segments ranging from US$5,252,000 to US$282,856,000;

(iii) Under note 4, "other expenses, net", gain from recognition of new sub-lease net of loss on early termination of leases of US$1,215,000 is now classified as part of other (losses)/income, net instead of part of write off and gain/(loss) on disposal of property, plant and equipment; and

(iv) Under note 8, "taxation", a tax refund received in current year and a reversal of tax provision, in aggregate of US$3,563,000 have now been treated as overprovision in respect of prior years instead of current year provision of taxation.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2020:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (''HKFRSs'') issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA'') and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Group reported a net loss of US$1,715.6 million and had a net operating cash outflow of US$629.4 million during the financial year ended 31 December 2020. As at 31 December 2020, the Group's current liabilities exceeded its current assets by US$3,265.2 million. The Group was in default in respect of principal amount of borrowings totaling US$3,394.7 million as at 31 December 2020 due to the events of default stated in Note 2(b) which 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. The Group's operations were adversely affected by the effects of COVID-19 that caused the Group to temporarily suspend its cruise operations and its shipyard operations during the year ended 31 December 2020. As the negative impact of the COVID-19 pandemic continues, the Group only resumed certain domestic cruises with reduced occupancy and recommenced the shipyard operation for the construction of certain of its cruise ship in progress with limited utilisation during the year. The measures taken by the Group to address these events and improve the financial position of the Group are also set out in Note 2(b). The events or conditions, along with other matters as set forth in Note 2(b), indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULE 13.46(2)(a) OF THE LISTING RULES

As disclosed in the Unaudited 2020 Results Announcement, the auditor of the Company has notified the Company that more time is required to complete the audit of the Company due to the reasons as set out therein.

The Board wishes to announce that upon the Company's application, on 21 May 2021, the Stock Exchange has granted the Company the waiver from the strict compliance with the requirement of Rule 13.46(2)(a) of the Listing Rules on the basis that the Company will despatch the 2020 Annual Report on or before 31 May 2021.

PUBLICATION OF ANNUAL REPORT

The Company's annual report for the year ended 31 December 2020 containing all information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company, and will be despatched to the shareholders of the Company on or before 31 May 2021.

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.

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 21 May 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 before impairment losses
- Passenger Cruise Days: the number of passengers carried for the period, multiplied by the number of days in their respective cruises