GENTING
HONG KONG

INTERIM REPORT 2021

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

GENTING HONG KONG

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(Continued into Bermuda with limited liability)

Interim Report for the six months ended 30 June 2021

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Forward-looking Statements

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

CORPORATE INFORMATION

Board of Directors

Executive Directors

Tan Sri Lim Kok Thay
(Chairman and Chief Executive Officer)

Mr. Au Fook Yew *(alias Mr. Colin Au)*
(Deputy Chief Executive Officer and Group President)

Mr. Chan Kam Hing Chris
(Chief Financial Officer)

Independent Non-executive Directors

Mr. Alan Howard Smith
(Deputy Chairman)

Mr. Lam Wai Hon, Ambrose

Mr. Justin Tan Wah Joo

Secretary

Ms. Yung Mei Yee

Assistant Secretary

Ocorian Services (Bermuda) Limited

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Bermuda Principal Registrar

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House,
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Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong SAR
Tel: (852) 28628555
Fax: (852) 28650990

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditors
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Investor Relations

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The Board of Directors (the "Directors") of Genting Hong Kong Limited (the "Company") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2021, as follows:

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2021 US$'000 unaudited	Six months ended 30 June 2020 US$'000 unaudited
Revenue	4	182,260	226,226
Operating expenses			
Operating expenses excluding depreciation and amortisation		(281,066)	(371,238)
Depreciation and amortisation		(75,894)	(103,947)
		(356,960)	(475,185)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		(72,423)	(59,120)
Depreciation and amortisation		(11,504)	(15,130)
		(83,927)	(74,250)
		(440,887)	(549,435)
Operating Loss*		(258,627)	(323,209)
Share of profit/(loss) of joint ventures		1,041	(80)
Share of profit/(loss) of associates		27,989	(37,357)
Other income/(expenses), net	5	28,248	(10,844)
Other losses, net	6	(15,173)	(349,174)
Finance income		570	2,011
Finance costs	7	(17,982)	(40,153)
		24,693	(435,597)
Loss before taxation	8	(233,934)	(758,806)
Taxation	9	(4,403)	16,208
Loss for the period		(238,337)	(742,598)

* Before impairment losses

Condensed Consolidated Statement of Comprehensive Income *(Continued)*

	Note	Six months ended 30 June 2021 US$'000 unaudited	2020 US$'000 unaudited
Loss for the period		(238,337)	(742,598)
Other comprehensive (loss)/income:			
Items that have been or may be reclassified to condensed consolidated statement of comprehensive income:			
Foreign currency translation differences		(51,737)	(2,313)
Fair value loss on derivative financial instruments		–	(9,845)
Hedging gains reclassified to profit or loss		–	443
Share of other comprehensive (loss)/income of an associate		(35)	53
Release of reserves upon disposal of an associate		1,097	–
		(50,675)	(11,662)
Item that will not be reclassified subsequently to condensed consolidated statement of comprehensive income:			
Fair value gain on financial assets at fair value through other comprehensive income		2,473	69
Other comprehensive loss for the period		(48,202)	(11,593)
Total comprehensive loss for the period		(286,539)	(754,191)
Loss attributable to:			
Equity owners of the Company		(231,225)	(687,056)
Non-controlling interests		(7,112)	(55,542)
		(238,337)	(742,598)
Total comprehensive loss attributable to:			
Equity owners of the Company		(279,259)	(698,703)
Non-controlling interests		(7,280)	(55,488)
		(286,539)	(754,191)
Loss per share attributable to equity owners of the Company	10		
– Basic (US cents)		(2.73)	(8.10)
– Diluted (US cents)		(2.73)	(8.10)

Condensed Consolidated Statement of Financial Position

	Note	As at 30 June 2021	As at 31 December 2020
		US$'000 *unaudited*	*US$'000* *audited*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,504,169	5,390,553
Right-of-use assets		28,302	31,457
Intangible assets		60,375	71,354
Interests in joint ventures	11	4,286	4,215
Interests in associates	12	503,380	492,674
Deferred tax assets		552	585
Financial assets at fair value through other comprehensive income ("FVOCI")	13	13,044	10,571
Other assets and receivables	15	88,905	74,955
		6,203,013	6,076,364
CURRENT ASSETS			
Completed properties for sale		38,942	40,517
Inventories		49,246	51,313
Trade receivables	14	28,521	24,064
Prepaid expenses and other receivables	15	166,367	136,151
Contract assets		1,026	1,202
Contract costs		4,131	2,823
Amounts due from related companies		7,502	8,553
Restricted cash		94,803	136,894
Cash and cash equivalents		453,373	242,752
		843,911	644,269
TOTAL ASSETS		7,046,924	6,720,633

Condensed Consolidated Statement of Financial Position *(Continued)*

	Note	As at 30 June 2021 US$'000 unaudited	31 December 2020 US$'000 audited
EQUITY			
Capital and reserves attributable to the equity owners of the Company			
Share capital	16	848,249	848,249
Reserves:			
Share premium		41,634	41,634
Contribution surplus		936,823	936,823
Additional paid-in capital		103,674	103,709
Foreign currency translation adjustments		(122,099)	(71,627)
Financial assets at FVOCI reserve		3,449	976
Other reserve		397,349	437,095
Retained earnings		312,131	543,356
		2,521,210	2,840,215
Non-controlling interests		(6,342)	(97,808)
TOTAL EQUITY		2,514,868	2,742,407
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	17	2,948,868	1,543
Deferred tax liabilities		11,660	9,200
Provisions, accruals and other liabilities		–	1,301
Retirement benefit obligations		9,200	9,094
Contract liabilities		40,269	28,889
Lease liabilities		18,250	16,423
Derivative financial instruments	18	1,230	2,258
		3,029,477	68,708
CURRENT LIABILITIES			
Trade payables	19	152,575	175,551
Current income tax liabilities		4,612	4,488
Provisions, accruals and other liabilities		277,878	202,966
Contract liabilities		137,171	126,894
Lease liabilities		10,241	14,584
Current portion of loans and borrowings	17	913,693	3,382,581
Derivative financial instruments	18	1,920	2,132
Amounts due to related companies		4,489	322
		1,502,579	3,909,518
TOTAL LIABILITIES		4,532,056	3,978,226
TOTAL EQUITY AND LIABILITIES		7,046,924	6,720,633

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June 2021 US$'000 *unaudited*	2020 US$'000 *unaudited*
OPERATING ACTIVITIES		
Cash used in operations	(159,547)	(253,035)
Interest received	309	1,658
Income tax paid	(915)	(1,065)
Net cash outflow from operating activities	(160,153)	(252,442)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(160,480)	(444,254)
Proceeds from sale of property, plant and equipment	10,501	1,560
Proceeds from disposal of equity interest in an associate	8,074	–
Cash received from lease receivables (including interest)	1,224	1,242
Decrease in restricted cash	16,187	–
Dividends received	–	1,387
Net cash outflow from investing activities	(124,494)	(440,065)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	794,459	1,042,005
Repayments of loans and borrowings	(187,278)	(559,147)
Payment of loan arrangement fees	(130,857)	(14,018)
Refund of loan arrangement fees	23,042	11,472
Conversion of bank overdraft to term loan	25,741	–
Interest paid	(43,060)	(55,271)
Payment for lease liabilities (including interest)	(6,339)	(7,057)
Proceeds from partial disposal of interests in subsidiaries, net of transaction costs	–	4,776
Capital contribution from non-controlling interests	59,000	39,260
Increase in restricted cash	(11,234)	–
Net cash inflow from financing activities	523,474	462,020
Effect of exchange rate changes on cash and cash equivalents	(2,465)	7,087
Net increase/(decrease) in cash and cash equivalents	236,362	(223,400)
Cash and cash equivalents at 1 January	217,011	595,124
Cash and cash equivalents at 30 June	453,373	371,724
Analysis of cash and cash equivalents in the condensed consolidated statement of cash flows:		
Cash and cash equivalents in the condensed consolidated statement of financial position	453,373	397,523
Bank overdrafts included in current portion of loans and borrowings	–	(25,799)
	453,373	371,724

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2021	Share capital	Share premium	Contribution surplus	Additional paid-in capital	Foreign currency translation adjustments	Financial assets at FVOCI reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity owners of the Company										
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
unaudited											
At 1 January 2021	848,249	41,634	936,823	103,709	(71,627)	976	437,095	543,356	2,840,215	(97,808)	2,742,407
Comprehensive (loss)/income:											
Loss for the period	–	–	–	–	–	–	–	(231,225)	(231,225)	(7,112)	(238,337)
Other comprehensive (loss)/income for the period:											
Foreign currency translation differences	–	–	–	–	(51,569)	–	–	–	(51,569)	(168)	(51,737)
Share of other comprehensive loss of an associate	–	–	–	(35)	–	–	–	–	(35)	–	(35)
Release of reserves upon disposal of an associate	–	–	–	–	1,097	–	–	–	1,097	–	1,097
Fair value gain on financial assets at FVOCI	–	–	–	–	–	2,473	–	–	2,473	–	2,473
Total comprehensive (loss)/income	–	–	–	(35)	(50,472)	2,473	–	(231,225)	(279,259)	(7,280)	(286,539)
Transactions with equity owners:											
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	59,000	59,000
Transactions with non-controlling interests (note 22)	–	–	–	–	–	–	(39,746)	–	(39,746)	39,746	–
Total transactions with equity owners	–	–	–	–	–	–	(39,746)	–	(39,746)	98,746	59,000
At 30 June 2021	848,249	41,634	936,823	103,674	(122,099)	3,449	397,349	312,131	2,521,210	(6,342)	2,514,868

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

Six months ended 30 June 2020	Attributable to equity owners of the Company											
	Share capital	Share premium	Contributed surplus	Additional paid-in capital	Foreign currency translation adjustments	Financial asset at FVOCI reserve	Cash flow hedge reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
unaudited												
At 1 January 2020	848,249	41,634	936,823	107,147	(155,048)	739	(14,971)	432,457	2,107,350	4,304,380	40,708	4,345,088
Comprehensive income/(loss):												
Loss for the period	–	–	–	–	–	–	–	–	(687,056)	(687,056)	(55,542)	(742,598)
Other comprehensive income/(loss):												
Foreign currency translation differences	–	–	–	–	(2,367)	–	–	–	–	(2,367)	54	(2,313)
Fair value loss on derivative financial instruments	–	–	–	–	–	–	(9,845)	–	–	(9,845)	–	(9,845)
Hedging gains reclassified to profit or loss	–	–	–	–	–	–	443	–	–	443	–	443
Share of other comprehensive income of an associate	–	–	–	53	–	–	–	–	–	53	–	53
Fair value gain on financial assets at FVOCI	–	–	–	–	–	69	–	–	–	69	–	69
Total comprehensive income/(loss)	–	–	–	53	(2,367)	69	(9,402)	–	(687,056)	(698,703)	(55,488)	(754,191)
Cash flow hedges reclassified to property, plant and equipment	–	–	–	–	–	–	15,371	–	–	15,371	–	15,371
Transactions with equity owners:												
Lapse of share options	–	–	–	(149)	–	–	–	–	149	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	39,260	39,260
Transactions with non-controlling interests (note 22)	–	–	–	–	–	–	–	4,638	–	4,638	138	4,776
Total transactions with equity owners	–	–	–	(149)	–	–	–	4,638	149	4,638	39,398	44,036
At 30 June 2020	848,249	41,634	936,823	107,051	(157,415)	808	(9,002)	437,095	1,420,443	3,625,686	24,618	3,650,304

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the business of cruise and cruise-related operations, shipyard operations and leisure, entertainment and hospitality activities.

This unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors on 31 August 2021.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The preparation of the unaudited condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited condensed consolidated interim financial information is prepared under the historical cost convention, as modified by the financial assets at fair value through other comprehensive income, derivative financial instruments and retirement benefit assets which are carried at fair value. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the financial year ended 31 December 2020.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This unaudited condensed consolidated interim financial information should be read where relevant, in conjunction with the annual financial statements of the Group for the financial year ended 31 December 2020 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the financial year ended 31 December 2020, except for the following amendment to HKFRSs the Group has adopted that are first effective for the current accounting period of the Group.

(i) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform — Phase 2" (effective from 1 January 2021). The amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform. The amendments do not have a material impact on the Group's condensed consolidated interim financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these amendments to HKFRSs has no significant impact on the Group's condensed consolidated interim financial information. Where necessary, comparative information has been reclassified and expanded from previously reported condensed consolidated interim financial information to take into account any presentational changes made in the annual financial statements or in this condensed consolidated interim financial information.

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

2.1 Going concern

The Group reported a net loss of US$238.3 million and had a net operating cash outflow of US$160.2 million during the six months period ended 30 June 2021. As at 30 June 2021, the Group's current liabilities exceeded its current assets by US$658.7 million. As at the same date, the Group's total borrowings amounted to US$3,862.6 million (net of loan origination costs), capital commitments amounted to US$1,050.6 million and deposits, cash and bank balances amounted to US$453.4 million.

The Group was in default in respect of borrowings with principal amount totaling US$3,394.7 million as at 31 December 2020 due to, inter alia, 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 and other obligations in the loan documentation; and (d) the cross default resulted from the aforementioned events of default. These Events of Default and cross default gave rise to the right for the financial creditors of the Group to declare that all financial indebtedness owed to them due and repayable immediately and accordingly, the above mentioned US$3,394.7 million, which included borrowings with original contractual repayment dates beyond 31 December 2021 had been reclassified as current liabilities as at 31 December 2020.

Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position since April 2020. The Group completed the following measures on 28 June 2021 (the "Restructuring Effective Date").

a) New Money Facilities

   i. The Group obtained a new EUR240.0 million subordinated secured loan facility and a EUR60.0 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 million WSF Funding") which was provided by the Wirtschaftsstabilisierungsfonds (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 million WSF Funding is guaranteed by the Company and certain wholly-owned subsidiaries of MVWH and secured by way of a composite security and guarantee package of the Group; and

   ii. The Group obtained a newly committed EUR313.6 million post-delivery financing facility on substantially standard market terms for the Crystal Endeavor vessel as provided by certain existing lenders to the Group. This facility is guaranteed by the Company and an indirect wholly-owned subsidiary of the Company. The Crystal Endeavor vessel was completed and delivered in June 2021 and the post-delivery financing facility was fully drawn down in June 2021.

b) Amendment and Extension of Existing Financial Indebtedness

   i. Amendments to US$981.1 million of existing financial indebtedness of the Company to reflect the following:

      a. a material extension of maturity of the facilities until no earlier than 31 July 2026; and
      b. a reduction in, and the harmonisation of, interest margins for up to 24 months;

   ii. 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;

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

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

2.1 Going concern *(Continued)*

b) Amendment and Extension of Existing Financial Indebtedness *(Continued)*

iv. Suspension of amortisation payment requirements under separate secured financing arrangements entered into by Dream Cruises, Crystal Cruises and Star Cruises entities of US$1.5 billion until the earlier of (a) 29 June 2023; and (b) the date falling 24 months after the Restructuring Effective Date (the "Deferral Longstop Date") along with consequential adjustments to each affected amortisation schedule;

v. Suspension of financial covenant testing under all of the Group's existing financing arrangements which contain financial covenants until the Deferral Longstop Date, other than a minimum liquidity covenant (the "Minimum Liquidity Covenant") which require the Group to maintain a minimum liquidity of aggregate amount of cash and cash equivalents and eligible collateral of US$40.0 million;

vi. A full reset of all existing financial covenants with effect from the Deferral Longstop Date to reflect appropriate ratios for the purposes of facilitating a fully funded business plan aligned with anticipated market recovery;

vii. Approvals by the existing lenders of the existing financial indebtedness mentioned in (i) and (iv) above on the waiver of any outstanding Events of Default and cross defaults that existed as at the Restructuring Effective Date; and

viii. 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.

c) Provision of Backstop Funding Arrangements to Address Future Liquidity Needs

In addition, pursuant to the terms of the overall restructuring, the following backstop funding arrangements will be provided to address potential liquidity needs of the Group in the future (together, the "Backstop Instruments"):

i. An equity financing of 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 provided by the State of Mecklenburg Vorpommern and the WSF in an aggregate amount of US$118.0 million, which shall be secured by, inter alia, second and third ranking mortgages over the World Dream vessel.

The Backstop Instruments may be drawn down in order to meet the debt servicing obligations of the Group in the event that the Minimum Liquidity Covenant is breached or forecasted to be breached. However, the aforementioned Backstop Instruments shall terminate on, inter alia, the date the Company and/or its subsidiaries obtain appropriate alternative sources of financing and deposit cash or cash equivalents in an amount of no less than US$148.0 million into a restricted account or the Group maintains compliance with certain financial covenants.

Up to the date of approval of the condensed consolidated interim financial information, the Group was still in the process to further strengthen the Group's financial position through various other measures which include, amongst others, the following:

d) Application of further debt holiday, waiver from compliances with debt covenants and waivers for past defaults for the Genting Dream sale and leaseback arrangement

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 15 October 2021 and 31 December 2021 respectively. On 20 July 2021, the Group submitted an application for further debt holiday, further waiver from compliances with debt covenants and waivers for past defaults from the Lessors for its borrowings with a principal amount of US$873.4 million as at 30 June 2021. Based on the communications with the Lessors, the Directors are of the opinion that there are reasonable prospects that the Group can obtain further debt holiday and further waiver from compliances with debt covenants up to 16 October 2022 and 30 June 2023 respectively and waivers for all past defaults from the Lessors. Should the waivers on the compliance with debt covenants beyond 31 December 2021 and the past defaults not be obtained, the Lessors may demand for immediate repayment of the borrowings in respect of the Genting Dream sale and leaseback arrangement which will also trigger the cross default clauses in all other borrowings of the Group.

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

2.1 Going concern *(Continued)*

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

The Group's Dream Cruises has resumed cruise operation in Taiwan with Explorer Dream since July 2020, in Singapore with World Dream since November 2020 and in Hong Kong with Genting Dream since July 2021. The Group's Crystal Cruises has also resumed Crystal Serenity with "Luxury Bahamas Escapes" since July 2021 and Crystal Symphony with "Luxury Bermuda Escapes" since August 2021. There has been significant reduction in operation costs and breakeven occupancy as a result of the reduced manpower structure and simplified operation. Contributions from operating vessels have reduced the burn rate. However, outbreaks of COVID Delta variant had resulted in capacity being lowered for Singapore, a one month delay before the Hong Kong government allowed cruising operations and the suspension of cruise operations in Taiwan since May 2021. Management expects that the Group's remaining cruise ships will be allowed to operate depending on the control of COVID-19 and Delta variant in other countries. Should the capacity restrictions imposed on the cruise ships under operations not be lifted in 2022 or the COVID-19 pandemic has worsened to a level which will affect the operations of the cruise industry, there will be significant negative impact to the Group's cash flows from operations.

f) Deferment or cancellation of the Group's capital commitments

The Group also has certain contractual financial obligations and various capital expenditures to be settled, out of which the majority are in relation to the construction of cruise ships. The Group will continue with the construction of Global Dream and the related capital commitments of approximately US$291.2 million will be funded by the existing pre-delivery financing arrangements available to the Group.

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 and is in the midst of discussions with the German Government, the potential lenders and business partners for the financing of the construction of Global II and the revival of the construction of Endeavor II and Universal Class cruise ships. Further discussions 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$458.9 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$260.6 million for a compensation of approximately US$13.4 million.

g) Application of further debt holiday, waiver from compliances with debt covenants and waivers for past defaults for borrowings from other financial creditors, amounting to US$41.6 million

The Group is obtaining debt holidays, waiver from compliances with debt covenants and waivers for past defaults from other financial creditors for its borrowings of US$41.6 million as at 30 June 2021. Based on their communication with the other creditors, the Directors are of the opinion that there are reasonable prospects that the Group can obtain debt holiday, waiver from compliances with debt covenants beyond 30 June 2022 and waivers for past defaults from the other financial creditors.

h) Monetising some of the Group's non-core assets

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

i) Raising new funds from investors in the Group's cruise brands and shipyards

The Group continues its efforts to raise new funds from investors in the Group's cruise brands and the shipyards, with a number of initiatives undertaken for completion by the end of 2021.

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

2.1 Going concern *(Continued)*

The Directors have reviewed the Group's cash flow projections, covering a period of not less than twelve months from 30 June 2021, prepared by management. They are of the opinion that, after taking into consideration the restructuring measures completed on 28 June 2021 and the anticipated outcome of the remaining on-going plans and measures 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 30 June 2021, and therefore, it is appropriate for the condensed consolidated interim financial information to be prepared on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group can achieve the remaining plans and measures as stated in d) to i) 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 next twelve months from 30 June 2021.

Whether the Group will be able to continue as a going concern would depend on the following:

1. Whether the Group can timely obtain further debt holiday, further waiver from compliances with debt covenants beyond twelve months from 30 June 2021 and waivers for past defaults from the Lessors and the other financial creditors.

2. Whether the Group can 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.

3. 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 twelve months from 30 June 2021.

4. 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.

5. Whether the Group can raise new funds from investors for the cruise brands and the shipyards by the end of 2021.

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 condensed consolidated interim financial information.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the financial year ended 31 December 2020.

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

(b) Fair value estimation

The table below analyses financial instruments carried at fair value by level of the inputs and valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

unaudited As at 30 June 2021	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
Financial assets at FVOCI	–	–	13,044	13,044
Financial liabilities				
Derivative financial instruments	–	3,150	–	3,150

audited As at 31 December 2020	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
Financial assets at FVOCI	–	–	10,571	10,571
Financial liabilities				
Derivative financial instruments	–	4,390	–	4,390

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

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

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

(b) Fair value estimation *(Continued)*

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

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

	As at	
	30 June 2021	31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
Carrying amount	3,862,561	3,384,124
Fair value	4,000,469	3,375,011

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

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the operation of passenger cruise ships. Senior management reviews the performance and makes operating decisions and resources allocation based on the Group's internal reports. The Group's business is divided into cruise operation, shipyard operation and non-cruise operation. Accordingly, three reportable segments namely, cruise and cruise-related activities, shipyard and non-cruise activities are identified.

Revenue from our cruise and cruise-related activities are categorised as "passenger ticket revenue" and "onboard revenue". Passenger ticket revenue primarily consists of revenue from the sale of passenger tickets and the sale of transportation to and from our cruise ships to the extent guests purchase these items from the Group. Onboard revenue primarily consists of revenue from food and beverage sales, 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.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information of the Group is as follows:

unaudited Six months ended 30 June 2021	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	53,538	–	3,761		57,299
Onboard revenue	24,123	–	–		24,123
Revenue from shipyard	–	220,977	–		220,977
Other revenue	–	–	16,114		16,114
Reportable segment revenue	77,661	220,977	19,875		318,513
Less: Inter-segment revenue[2]	–	(128,332)	(7,921)		(136,253)
Total revenue from external customers[3]	77,661	92,645	11,954		182,260
Segment EBITDA	(117,972)	(120,182)	(9,606)	76,531	(171,229)
Less: Depreciation and amortisation	(69,958)	(22,709)	(8,586)	13,855	(87,398)
Segment results	(187,930)	(142,891)	(18,192)	90,386	(258,627)
Share of profit of joint ventures					1,041
Share of profit of associates					27,989
Other income, net					28,248
Other losses, net					(15,173)
Finance income					570
Finance costs					(17,982)
Loss before taxation					(233,934)
Taxation					(4,403)
Loss for the period					(238,337)
Other segment information:					
Impairment loss on:					
– Property, plant and equipment	2,200	–	8,162		10,362

(1) Consistent with the internal reporting to the chief operating decision maker, included in the passenger ticket revenue of US$53.5 million (six months ended 30 June 2020: US$116.3 million) were revenue contributed by onboard activities of US$26.9 million (six months ended 30 June 2020: US$18.9 million) mainly for cruise cabins provided to customers in support of the Group's entertainment onboard activities.

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

(3) During the six months ended 30 June 2021, revenue of the Group amounted to US$182.3 million, of which revenue from contracts with customers totalled US$166.2 million.

Revenue from contracts with customers is recognised as follows:

unaudited Six months ended 30 June 2021	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	11,539	9,518	4,107	25,164
Over time	50,869	82,631	7,490	140,990
	62,408	92,149	11,597	166,154

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information of the Group is as follows: *(Continued)*

unaudited As at 30 June 2021	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	5,562,108	758,827	725,437	7,046,372
Deferred tax assets				552
Total assets				7,046,924
Segment liabilities	445,856	165,017	42,350	653,223
Loans and borrowings (including current portion)	3,793,050	43,092	26,419	3,862,561
	4,238,906	208,109	68,769	4,515,784
Current income tax liabilities				4,612
Deferred tax liabilities				11,660
Total liabilities				4,532,056
Capital expenditure:				
Property, plant and equipment	244,625	9,328	9	253,962
Right-of-use assets	–	4,935	321	5,256
	244,625	14,263	330	259,218

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information of the Group is as follows: *(Continued)*

unaudited Six months ended 30 June 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	116,288	–	3,999		120,287
Onboard revenue	26,376	–	–		26,376
Revenue from shipyard	–	411,663	–		411,663
Other revenue	–	–	18,316		18,316
Reportable segment revenue	142,664	411,663	22,315		576,642
Less: Inter-segment revenue[2]	–	(347,588)	(2,828)		(350,416)
Total revenue from external customers[3]	142,664	64,075	19,487		226,226
Segment EBITDA	(155,042)	(152,347)	(12,845)	116,102	(204,132)
Less: Depreciation and amortisation	(90,388)	(27,808)	(19,142)	18,261	(119,077)
Segment results	(245,430)	(180,155)	(31,987)	134,363	(323,209)
Share of loss of joint ventures					(80)
Share of loss of associates					(37,357)
Other expenses, net					(10,844)
Other losses, net					(349,174)
Finance income					2,011
Finance costs					(40,153)
Loss before taxation					(758,806)
Taxation					16,208
Loss for the period					(742,598)
Other segment information:					
Impairment loss on:					
– Property, plant and equipment	122,757	15,267	47,319		185,343
– Intangible assets	–	134,428	2,603		137,031
– Other assets	12,927	–	–		12,927

(3) During the six months ended 30 June 2020, revenue of the Group amounted to US$226.2 million, of which revenue from contracts with customers totalled US$207.3 million.

Revenue from contracts with customers is recognised as follows:

unaudited Six months ended 30 June 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	12,930	2,636	6,777	22,343
Over time	117,582	60,922	6,447	184,951
	130,512	63,558	13,224	207,294

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information of the Group is as follows: *(Continued)*

audited As at 31 December 2020	Cruise and cruise-related activities	Shipyard	Non-cruise activities	Total
	US$'000	*US$'000*	*US$'000*	*US$'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

5. OTHER INCOME/(EXPENSES), NET

	Six months ended 30 June	
	2021	2020
	US$'000 *unaudited*	*US$'000* *unaudited*
Gain/(loss) on foreign exchange, net	26,605	(8,210)
Write off and gain on disposal of property, plant and equipment, net	927	35
Other income/(loss), net	716	(2,669)
	28,248	(10,844)

6. OTHER LOSSES, NET

	Six months ended 30 June 2021	2020
	US$'000 unaudited	*US$'000 unaudited*
Impairment loss on:		
– Property, plant and equipment (note (a))	(10,362)	(185,343)
– Intangible assets	–	(137,031)
– Other assets	–	(12,927)
Loss on early repayment of bank borrowings	–	(13,865)
Loss on deemed disposal of interest in an associate	–	(8)
Loss on disposal of interest in an associate	(4,811)	–
	(15,173)	(349,174)

Note:

(a) The Group's operations continued to be affected by the effects of COVID-19 in the six months ended 30 June 2021. Having considered the consequential impact on the expected future operating cash flows, the Group consistently performed a review of the carrying value of its non-current assets. Accordingly, impairment losses of two cruise ships and an aircraft amounted to US$10.4 million were recognised.

7. FINANCE COSTS

	Six months ended 30 June 2021	2020
	US$'000 unaudited	*US$'000 unaudited*
Commitment fees and amortisation of loan arrangement fees	12,331	10,778
Interests on bank loans and others	54,324	61,200
Gain arising from loan modifications	(18,532)	(4,013)
Write-off of loan arrangement fees	2,326	–
Realised loss on interest rate swap contracts	1,117	–
Fair value gain on interest rate swap contracts	(1,241)	–
Fair value losses on interest rate swap contracts designated as cash flow hedges – transfer from other comprehensive income	–	443
Interest expense on lease liabilities	455	976
	50,780	69,384
Interest capitalised for qualifying assets	(32,798)	(29,231)
Finance costs expensed	17,982	40,153

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	Six months ended 30 June 2021	2020
	US$'000 unaudited	*US$'000 unaudited*
Commission, incentives, transportation and other related costs (including amortisation of incremental costs for obtaining contracts of US$3,017,000 (six months ended 30 June 2020: US$22,683,000))	10,452	28,825
Onboard costs	6,284	11,095
Payroll and related costs included in operating expenses	99,255	120,340
Food and supplies	4,366	8,177
Fuel costs	25,211	39,004
Advertising expenses	2,479	20,473

9. TAXATION

	Six months ended 30 June 2021	2020
	US$'000 unaudited	*US$'000 unaudited*
Overseas taxation		
– Current taxation	692	1,207
– Deferred taxation	3,430	(13,262)
	4,122	(12,055)
Under/(over) provision in respect of prior years		
– Current taxation	281	(4,153)
Tax expense/(credit)	4,403	(16,208)

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

10. LOSS PER SHARE

Loss per share is computed as follows:

	Six months ended 30 June 2021	2020
	unaudited	*unaudited*
BASIC		
Loss attributable to equity owners of the Company for the period (US$'000)	(231,225)	(687,056)
Weighted average outstanding ordinary shares, in thousands	8,482,490	8,482,490
Basic loss per share for the period in US cents	(2.73)	(8.10)
DILUTED		
Loss attributable to equity owners of the Company for the period (US$'000)	(231,225)	(687,056)
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	N/A*	–*
Weighted average outstanding ordinary shares after assuming dilution, in thousands	8,482,490	8,482,490
Diluted loss per share for the period in US cents	(2.73)	(8.10)

* No diluted loss per share has been calculated as there were no dilutive potential ordinary shares for the six months ended 30 June 2021. The calculation of diluted loss per share for the six months ended 30 June 2020 did not take into account the share options of the Company as the assumed exercise had an anti-dilutive effect on the basic loss per share. Therefore, the diluted loss per share is the same as basic loss per share.

11. INTERESTS IN JOINT VENTURES

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

	As at 30 June 2021	As at 31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
At 1 January	4,215	5,784
Share of profit of joint ventures	1,041	939
Dividends	–	(2,587)
Currency translation differences	(970)	79
At 30 June 2021 / 31 December 2020	4,286	4,215

12. INTERESTS IN ASSOCIATES

The Group's interests in associates are as follows:

	As at 30 June 2021	As at 31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
At 1 January	492,674	524,950
Deemed disposal of interest in an associate	–	(8)
Disposal of interest in an associate	(11,787)	–
Share of profit/(loss) of associates	27,989	(55,932)
Share of other comprehensive loss of an associate	(35)	(1,471)
Currency translation differences	(5,461)	25,135
At 30 June 2021 / 31 December 2020	503,380	492,674

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021	As at 31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
Unlisted equity securities investments at fair value through other comprehensive income:		
At 1 January	10,571	10,334
Fair value gain recognised in other comprehensive income	2,473	237
At 30 June 2021 / 31 December 2020	13,044	10,571

14. TRADE RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	US$'000 unaudited	*US$'000 audited*
Trade receivables	36,405	31,752
Less: Loss allowance	(7,884)	(7,688)
	28,521	24,064

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

	As at 30 June 2021	As at 31 December 2020
	US$'000 unaudited	*US$'000 audited*
Current to 30 days	7,369	7,505
31 days to 60 days	361	215
61 days to 120 days	1,161	790
121 days to 180 days	393	133
181 days to 360 days	7,321	10,034
Over 360 days	11,916	5,387
	28,521	24,064

Credit terms generally range from payment in advance to 45 days credit (31 December 2020: payment in advance to 45 days credit).

15. OTHER ASSETS, PREPAID EXPENSES AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	US$'000 unaudited	*US$'000 audited*
Other debtors	3,590	21,866
Lease receivables	8,772	7,801
Deposits	46,889	25,392
Indirect taxes recoverable	21,022	20,983
Prepayments	188,116	148,181
	268,389	224,223
Less: Impairment loss	(13,117)	(13,117)
	255,272	211,106
Less: Non-current portion	(88,905)	(74,955)
Current portion	166,367	136,151

16. SHARE CAPITAL

	Authorised share capital			
	Preference shares of US$0.10 each		Ordinary shares of US$0.10 each	
	No. of shares	*US$'000*	*No. of shares*	*US$'000*
unaudited				
At 1 January 2021 and 30 June 2021	10,000	1	19,999,990,000	1,999,999
audited				
At 1 January 2020 and 31 December 2020	10,000	1	19,999,990,000	1,999,999

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	*US$'000*
unaudited		
At 1 January 2021 and 30 June 2021	8,482,490,202	848,249
audited		
At 1 January 2020 and 31 December 2020	8,482,490,202	848,249

17. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	As at 30 June 2021	As at 31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
US$500 million secured term loan and revolving credit facility	314,938	314,692
US$300 million secured term loan and revolving credit facility	289,778	287,401
US$300 million secured term loan	155,264	154,778
US$689 million secured term loan	523,238	545,295
US$192 million secured term loan	131,507	136,376
US$200 million revolving credit facility	199,801	199,683
US$150 million revolving credit facility	149,868	149,777
EUR1,358 million secured term loan	793,692	592,926
US$900 million sale and leaseback transaction (note (a))	861,158	860,594
EUR4 million secured term loan	1,728	2,025
EUR17 million secured term loan	15,208	15,657
EUR26 million secured term loan	26,156	27,020
EUR193 million secured short-term bridging loan	–	72,159
EUR314 million secured term loan	329,557	–
US$102 million standby letter of credit and term facility	44,955	–
HK$200 million term loan	25,713	–
Unsecured bank overdrafts	–	25,741
Total liabilities	3,862,561	3,384,124
Less: Current portion (note (b))	(913,693)	(3,382,581)
Non-current portion	2,948,868	1,543

17. LOANS AND BORROWINGS *(Continued)*

Notes:

(a) The Group was in default in respect of its principal amount of sale and leaseback transaction totaling US$873.4 million, resulting in these borrowings classified as current liabilities as at 30 June 2021. The Group has submitted an application for further debt holiday, further waiver from compliances with debt covenants and waivers for past defaults from the Lessors.

(b) 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 and other obligations 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 were due and repayable immediately.

As reported in the Company's announcement of 28 June 2021, the Group's relevant financial creditors, partners and other stakeholders have provided their formal written agreement 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. Following the completion of the Group's overall restructuring exercise on 28 June 2021, amendments have been made to the Group's existing loan agreements. The details of the amendments were disclosed in note 2.1. As a result, the Group has recognised a gain on loan modification of US$18.5 million and a loss on loan extinguishment of US$2.3 million.

Movements in loans and borrowings are analysed as follows:

	Six months ended 30 June	
	2021	2020
	US$'000 *unaudited*	*US$'000* *unaudited*
Balance as at 1 January	3,384,124	2,739,415
Proceeds from loans and borrowings	794,459	1,067,804
Repayments of loans and borrowings	(187,278)	(559,147)
Reclassification of loan arrangement fees paid in prior periods from prepaid expenses for amortisation upon loan drawdown	(36,640)	–
Loan arrangement fees incurred for the period	(59,513)	(18,241)
Refund of loan arrangement fees	–	11,472
Write-off of unamortised loan arrangement fees upon early repayment	–	13,865
Write-off of loan arrangement fees	2,326	–
Gain arising from loan modifications	(18,532)	(4,013)
Amortisation of loan arrangement fees	8,377	7,584
Currency translation differences	(24,762)	2,476
Balance as at 30 June	3,862,561	3,261,215

18. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2021	As at 31 December 2020
	US$'000 *unaudited*	*US$'000* *audited*
Liabilities		
Interest rate swap contracts	3,150	4,390
Analysed as:		
Current	1,920	2,132
Non-current	1,230	2,258
	3,150	4,390

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

Interest rate swap contracts

The Group entered into interest rate swap contracts to minimise its exposures to cash flow changes of its floating-rate bank borrowings by swapping certain USD bank borrowings with aggregate principal of US$127.5 million (31 December 2020: US$137.5 million) from floating rates to fixed rates. The interest rate swap contracts with aggregate notional amount of US$127.5 million (31 December 2020: US$137.5 million) have monthly interest payments at fixed interest rates ranging from 1.57% to 1.91% per annum (31 December 2020: 1.57% to 1.91% per annum) plus margin and monthly floating interest receipts at USD1-month LIBOR plus margin for the periods up to April 2023.

The interest rate swap contracts and the corresponding bank borrowings have similar terms, such as principal amounts, interest rate spread, start dates, maturity dates and counterparties, and the Group considers that the interest rate swap contracts are highly effective hedging instruments. Interest rate swap contracts are designated and qualified as cash flow hedges from floating interest rates to fixed interest rates. The estimated fair value loss of these interest rate swap contracts was approximately US$3.2 million (31 December 2020: US$4.4 million).

As at 31 December 2020, the Group was in default in respect of principal amount of borrowings totaling US$3,394.7 million due to a technical default triggered by the Group's announcement that it defaulted on the payment of bank fees and had then triggered cross defaults occurring under other facility agreements of the Group. As a result, as at 31 December 2020, the Group was working with the Group's financial creditors to agree and implement a consensual solvent restructuring solution. The restructuring plan may cause a change in the repayment schedule of the hedged item to the extent that the amount that would ultimately be realised was very uncertain. As a result of these changes, hedge accounting was discontinued as at 31 December 2020 and the change in fair value was recognised in the consolidated statement of comprehensive income.

The fair values of the above instruments have been estimated using quotes from reputable financial institutions. The Group has no significant concentrations of credit risk as at 30 June 2021.

19. TRADE PAYABLES

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

	As at 30 June 2021	As at 31 December 2020
	US$'000 unaudited	*US$'000 audited*
Current to 60 days	84,977	105,874
61 days to 120 days	22,514	14,821
121 days to 180 days	2,744	16,269
Over 180 days	42,340	38,587
	152,575	175,551

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2020: no credit to 45 days credit).

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties of the Group in respect of the significant related party transactions during the six months ended 30 June 2021 are set out below:

Tan Sri Lim Kok Thay ("Tan Sri Lim") is an Executive Director and a related party of the Company. Tan Sri Lim is a beneficiary of a discretionary trust, whose trustee in its capacity as trustee of such discretionary trust indirectly holds more than 30% of the equity interests in Genting Berhad ("GENT"). Genting Malaysia Berhad ("GENM") and Genting Singapore Limited ("GENS") are also subsidiaries of GENT. Accordingly, each of GENT, GENM and GENS is a related party of the Company. Each of GENT and GENM is a company listed on the Main Market of Bursa Malaysia Securities Berhad while GENS is a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

Rich Hope Limited ("Rich Hope") is a company in which each of Tan Sri Lim and his wife has an attributable interest as to 50%.

Travellers International Hotel Group, Inc. ("Travellers") is an associate of the Company.

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

Each of Worldwide Leisure Limited ("WLL") and Orient Peace Operations Limited ("OPOL") is a wholly-owned subsidiary of GENM.

Resorts World Las Vegas LLC ("RWLV") is an indirect wholly-owned subsidiary of GENT.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Significant related party transactions entered into or subsisting between the Group and the above companies during the six months ended 30 June 2021 are set out below:

Item	Details of transactions	Six months ended 30 June 2021 *US$'000 unaudited*	2020 *US$'000 unaudited*
(a)	Service fee expenses in respect of air ticket purchasing, leasing of office space, travel related services and information technology and implementation, support and maintenance services and ancillary services charged by		
	• GENM and its subsidiaries	1,127	791
	Service fee expenses in respect of leasing and management, housekeeping and maintenance services charged by		
	• GENS and its subsidiaries	273	307
(b)	Lease payments for the lease of an apartment charged by		
	• Rich Hope	138	137
(c)	Lease payments for the lease of an office premises charged by		
	• Travellers	68	186
(d)	Amount receivable in respect of the provision of entertainment services onboard a vessel to		
	• WLL	–	430
(e)	Service fee income in respect of the provision of crewing, technical support and administrative support services for the operation of a vessel to		
	• OPOL	1,788	625
(f)	Service fee expenses in respect of information technology related services and products charged by		
	• RWI and its subsidiaries	66	128
(g)	Pursuant to the sale and purchase agreement dated 24 March 2021 between the Group and Tan Sri Lim, consideration received for the disposal of 26.84% interest in Grand Banks Yachts Limited		
	• from Tan Sri Lim	8,074	–
(h)	Pursuant to the purchase and sale agreement dated 29 June 2021 among the Group, the owner trustee and RWLV, deposit received for the disposal of a Global Express XRS aircraft		
	• from RWLV	4,000	–

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

21. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

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

	As at 30 June 2021	As at 31 December 2020
	US$'000 unaudited	*US$'000 audited*
Contracted but not provided for		
– Cruise ships and related costs	1,028,610	1,189,469
– Property, plant and equipment	22,039	14,618
	1,050,649	1,204,087
Authorised but not contracted for	22,644	47,882

(ii) Material litigation

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

(iii) Guarantees

The Group had provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain purchasers of residential property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the default purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The guarantees will be gradually discharged along with the settlement of the mortgage loans granted by the banks to the purchasers. Such guarantees will also be discharged upon the earlier of (i) the issuance of the real estate ownership certificates of the relevant residential property units to the purchasers; and (ii) the full repayment of the mortgage loans by the purchasers. As at 30 June 2021, these guarantees provided by the Group are approximately US$14.8 million (31 December 2020: US$13.9 million).

The management considers that in case of default in payments, the net realisable value of the related residential property units can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Therefore, no provision has been made in the condensed consolidated interim financial information for the guarantees.

22. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 15 April 2021, the Group subscribed for 207.182790911330 new shares in Dream Cruises Holding Limited ("Dream Cruises") amounted to approximately US$247.9 million satisfied by way of set-off against an equivalent amount of loans and balances owing by Dream Cruises to the Group, and the existing non-controlling interests subscribed for 49.303785836320 new shares in Dream Cruises amounted to US$59.0 million satisfied by cash. Following completion of the subscriptions, the Group increased its equity interest by 2.55% and held approximately 69.97% of the issued share capital of Dream Cruises. The difference of US$39,746,000 between the consideration paid and the carrying amount of deemed acquisition of 2.55% additional equity interest in Dream Cruises was recognised in other reserve within equity.

On 6 August 2019, the Group entered into a share purchase agreement to dispose up to 35% of its interests in Dream Cruises. The initial closing of the disposal of 32.22% of the Group's interests in Dream Cruises was completed on 31 October 2019. The second closing of the disposal was completed on 31 January 2020, in which the Group disposed approximately 0.36% of its interests in Dream Cruises at a cash consideration of approximately US$5,036,000. Immediately prior to the second closing disposal, the carrying amount of the 0.36% interests in Dream Cruises was approximately US$138,000. The expenses incurred for this transaction with non-controlling interests were approximately US$260,000. The effect attributable to the Group during the period is summarised as follows:

	Six months ended 30 June 2020
	US$'000
Consideration received, net of transaction expenses	4,776
Carrying amount of 0.36% interests in Dream Cruises disposed of	(138)
Excess recognised in other reserve within equity	4,638

Interim Dividend

The Board of Directors of the Company do not recommend the declaration of interim dividend in respect of the six months ended 30 June 2021 (30 June 2020: Nil).

Management's Discussion and Analysis

The following discussion is based on, and should be read in conjunction with, the unaudited condensed consolidated interim financial information and the notes thereto included elsewhere in this interim report and the annual report of the Group for the year ended 31 December 2020.

Terminology

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

Adjusted Occupancy Percentage: the ratio of Passenger Cruise Days to Allowable Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins

Allowable Capacity Days: double occupancy per available cabin as allowed by the respective authorities multiplied by the number of cruise days for the period

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/loss 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

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

Six months ended 30 June 2021 ("1H2021") compared with six months ended 30 June 2020 ("1H2020")

The Group

The commentary below is prepared based on a comparison of the results of the Group for 1H2021 and 1H2020.

The Group reduced EBITDA loss of US$171.2 million in 1H2021 compared to EBITDA loss of US$204.1 million in 1H2020 due to resumption of cruise operations in Taiwan and Singapore and control of operating costs. After depreciation and amortisation, Operating Loss was at US$258.6 million in 1H2021 compared to US$323.2 million in 1H2020. Net loss in 1H2021 was US$238.3 million compared to US$742.6 million in 1H2020 due mainly to reduction in impairment losses.

Total revenue decreased to US$182.3 million in 1H2021 compared to US$226.2 million in 1H2020 mainly due to suspension of Crystal Cruises and Star Cruises operation since COVID-19 outbreak in early 2020, offset by resumption of some of Dream Cruises operations in 1H2021.

The reduction in EBITDA loss was mainly due to active drive to resume domestic cruising in Taiwan and Singapore and the effective containment of expenses in Crystal, Star and Dream Cruises, offset by the slight increase in EBITDA loss in shipyard business due to the reduced utilisation and the pre-operating costs for the preparation of Global Dream delivery in next year.

Six months ended 30 June 2021 ("1H2021") compared with six months ended 30 June 2020 ("1H2020") *(Continued)*

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

Share of profit of joint ventures and associates totalled US$29.0 million in 1H2021 compared with loss of US$37.4 million in 1H2020, which was mainly attributable to the profit of Travellers International Hotel Group, Inc. as a result of a gain for the services provided by its foreign subsidiary to a business partner for a project to co-develop a casino and hotel in the Philippines.

Other Income/(Expenses), net

Net other income in 1H2021 amounted to US$28.2 million compared net other expenses amounted to US$10.8 million in 1H2020. In 1H2021, net other income mainly included foreign exchange gain amounted to US$26.6 million (1H2020: loss of US$8.2 million) resulting primarily from the depreciation in Euro currency against US dollars for its Euro denominated loans and borrowings.

Other Losses, net

Net other losses in 1H2021 amounted to US$15.2 million mainly due to loss on disposal of the entire interests in an associate amounted to US$4.8 million and impairment loss on property, plant and equipment of US$10.4 million. In 1H2020, net other losses amounted to US$349.2 million mainly due to impairment loss on property, plant and equipment, intangible assets and other assets of US$185.3 million, US$137.0 million and US$12.9 million respectively.

Net Finance Costs

Net finance costs (i.e. finance costs, net of finance income) in 1H2021 was US$17.4 million compared with US$38.1 million in 1H2020 mainly due to lower interest expenses arising from lower interest rates and gain arising from loan modifications after the completion of the restructuring exercise at the end of the period.

Loss for the period

The Group recorded consolidated net loss of US$238.3 million in 1H2021, as compared with a consolidated net loss of US$742.6 million in 1H2020.

Liquidity and Financial Resources

The Group's operations continued to be affected by the effect of COVID-19. The Group's assessment on future liquidity and financial resources is disclosed in note 2.1 to the condensed consolidated interim financial information.

As at 30 June 2021, cash and cash equivalents amounted to US$453.4 million, an increase of US$236.4 million compared with US$217.0 million as at 31 December 2020.

The increase in cash and cash equivalents was primarily due to cash inflows of (i) US$794.5 million from the drawdown of loans and borrowings; and (ii) US$59.0 million capital contribution from non-controlling interests. Cash inflows were partially offset by cash outflows of (i) US$160.2 million from operating activities; (ii) US$160.5 million for capital expenditure of property, plant and equipment; and (iii) US$338.2 million for repayments of existing loans and borrowings and payments of interest and financing costs, net of refund.

Liquidity and Financial Resources *(Continued)*

The majority of the Group's cash and cash equivalents are held in Euro, US dollar, Hong Kong dollar, Chinese Renminbi and Singapore dollar. The Group's liquidity as at 30 June 2021 was US$610.4 million (31 December 2020: US$217.0 million), comprising cash and cash equivalents and undrawn credit facilities.

As at 30 June 2021, total loans and borrowings amounted to US$3,862.6 million (31 December 2020: US$3,384.1 million) and were mainly denominated in US dollar. Approximately 17.7% (31 December 2020: 20%) of the Group's loans and borrowings was under fixed rate and 82.3% (31 December 2020: 80%) was under floating rate. Loans and borrowings of US$913.7 million (31 December 2020: US$3,382.6 million) are classified as current liabilities but not all may ultimately be repayable within one year if the application for further debt holiday, wavier from compliance with debt covenants and waivers from past defaults for the Genting Dream sale and leaseback transaction restructuring can be finalised as explained in note 2.1 to the condensed consolidated interim financial information. The outstanding borrowings and unused credit facilities of the Group are secured by legal charges over assets including fixed and floating charges of US$4.6 billion (31 December 2020: US$4.5 billion).

The Group's net debt position was US$3,409.2 million as at 30 June 2021, as compared with US$3,141.4 million as at 31 December 2020. The total equity of the Group was approximately US$2,514.9 million (31 December 2020: US$2,742.4 million). The gearing ratio as at 30 June 2021 was 135.6% (31 December 2020: 114.5%). The ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current loans and borrowings" as shown in the condensed consolidated statement of financial position) less cash and cash equivalents.

The Group adopts a prudent treasury policy with all financing and treasury activities being managed and controlled at its corporate head office. The Group manages its foreign exchange exposure primarily through foreign currency forward contracts. It is also the Group's policy that hedging will not be performed in excess of actual requirement. For operating activities, the Group, to the extent possible, takes advantage of natural offsets of its foreign currency revenues and expenses to reduce its exposure by way of natural hedge as the expenses incurred from the local offices are offset with the income derived locally.

Business Highlights

According to the Cruise Ships in Service Report in August 2021 issued by Cruise Industry News, about 50 percent of the global cruise fleet is expected to be back in service by the end of August 2021. The combined fleets of the nearly 90 active cruise lines currently account for approximately 410 cruise ships. The number of berths is also on the rise, going from under 26,000 in September 2020 to over 275,000 in service by 31 August 2021.

With the support of the health authorities, the Group has restarted sailing with reduced capacities of Explorer Dream in Taiwan since July 2020 till 11 May 2021. Explorer Dream suspended its operations in Taiwan since 12 May 2021 due to an outbreak of COVID-19 cases and plans to restart its operations as soon as the outbreak is under control. The crew is fully vaccinated and ready for the resumption.

World Dream in Singapore has resumed cruises in a fully controlled environment in compliance with relevant local health requirements since November 2020. Cruise capacity was reduced from 50% to 25% on 16 May 2021 due to an outbreak of COVID-19 and resumed back to 50% capacity on 16 June 2021 with the control of the outbreak. The capacity limit is expected to increase as Singapore has reached 80% full vaccination of its adult population and the Singapore government looks to reopen the Singapore economy towards the end of the year. The crew will be fully vaccinated by end September 2021.

Genting Dream has restarted cruising in Hong Kong on 30 July 2021 with fully vaccinated cruise passengers and crew with 50% capacity limit. This limit will be increased when it will be allowed by the Hong Kong authorities.

On 3 July 2021, Crystal Serenity has resumed sailing with new close-to-home Luxury Bahamas Escapes from Nassau and Bimini. With her new Bahamas Escapes cruises, Crystal Serenity has become 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 has also started her inaugural summer sailings on 17 July 2021 with 10-night "Luxury Iceland Expedition" voyages. Crystal Symphony has returned to service on 22 August 2021 with 10-night "Luxury Bermuda Escapes" from Boston and New York.

2021 Outlook

As reported in the Company's announcement of 28 June 2021, the Group's relevant financial creditors, partners and other stakeholders have entered into definitive documentation in respect of a holistic, solvent, amendment and restatement of the Group's material financial indebtedness and recapitalisation transaction.

The major outbreak of the COVID Delta variant in the last 2 months had resulted in the suspension of cruise operations in Taiwan, the reduction of cruise capacity limit in Singapore and a month's delay in the restart of cruise operations in Hong Kong. Due to the effective measures taken by the authorities, the COVID Delta variant is under control in these three key markets.

The Company's financial results remain heavily impacted by the COVID-19 pandemic and the extent of the losses will depend on many factors including the timing of full return to service of its cruise fleet. The Company continues to seek new sources of funding in view of the uncertainties in the recovery.

Operating Statistics

The following table sets forth selected statistical information:

	Six months ended 30 June	
	2021	2020
Passenger Cruise Days	313,198	603,562
Capacity Days	839,344	848,708
Allowable Capacity Days	427,751	848,708
Adjusted Occupancy Percentage	73.2%	71.1%

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 six months ended 30 June 2021. Historically, we have utilised these financial metrics to measure relevant rate comparisons to other periods. However, our 2021 reduction in capacity days and revenue and the changes in the nature of our costs and expenses due to the continued suspension of some of our ships 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 interim report.

Human Resources

As at 30 June 2021, the Group had approximately 8,200 employees, consisting of approximately 3,800 (or 46%) shipbased officers and crew as well as approximately 4,400 (or 54%) staff employed in the various world-wide offices and shipyards of the Group. The Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff.

For the six months ended 30 June 2021, there is no significant change in the remuneration policies, bonus, share option scheme and training schemes for the Group.

Interests of Directors

As at 30 June 2021, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

(A) Interests in the shares of the Company

	Nature of interests/capacity in which such interests were held					
Name of Director *(Notes)*	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Founder/ Beneficiary of discretionary trusts**	**Total**	**Percentage of issued voting shares**
	Number of ordinary shares *(Notes)*					
Tan Sri Lim Kok Thay	368,643,353	36,298,108 *(1)*	36,298,108 *(2)*	6,015,321,032 *(3)*	6,420,262,493 *(4)*	75.69
Mr. Alan Howard Smith	8,000,000	–	–	–	8,000,000	0.09
Mr. Justin Tan Wah Joo	968,697 *(5)*	968,697 *(5)*	–	–	968,697 *(4)*	0.01

Notes:

As at 30 June 2021:

(1) Tan Sri Lim Kok Thay ("Tan Sri Lim") had a family interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee ("Puan Sri Wong") had a corporate interest.

(2) Tan Sri Lim was also deemed to have a corporate interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine in which each of Tan Sri Lim and Puan Sri Wong held 50% equity interests.

(3) Tan Sri Lim as founder and a beneficiary of a discretionary trust (trustee of which is Summerhill Trust Company (Isle of Man) Limited) had a deemed interest in 6,015,321,032 ordinary shares.

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

(5) These shares were jointly held by Mr. Justin Tan Wah Joo and his wife.

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

(7) All the above interests represented long positions in the shares.

Interests of Directors *(Continued)*

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

Name of associated corporation *(Notes)*	Name of Director	Nature of interests/capacity in which such interests were held: Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts	Total	Percentage of issued voting shares
		Number of ordinary/common shares *(Notes)*			
Starlet Investments Pte. Ltd. ("Starlet") *(1)*	Tan Sri Lim Kok Thay	250,000 *(2)*	250,000 *(3)*	500,000 *(10) and (11)*	100
SC Alliance VIP World Philippines, Inc. ("SC Alliance") *(4)*	Tan Sri Lim Kok Thay	2,000 *(5)*	2,000 *(6)*	2,000 *(10) and (11)*	40
Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") *(7)*	Tan Sri Lim Kok Thay	10,020,000 *(8)*	10,020,000 *(9)*	10,020,000 *(10) and (11)*	100

Notes:

As at 30 June 2021:

(1) Starlet had one class of issued shares, namely 500,000 ordinary shares, each of which carried equal voting right. Each of a subsidiary of the Company and International Resort Management Services Pte. Ltd. ("IRMS") had a 50% interest in Starlet. IRMS was wholly owned by Tan Sri Lim.

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

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

(4) SC Alliance had two classes of issued shares, namely 2,000 common shares and 3,000 series A preferred shares, each of which carried equal voting right. All the issued common shares in SC Alliance were held by Starlet.

(5) Tan Sri Lim was deemed to have a corporate interest in 2,000 common shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest.

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

(7) SCHKMS had one class of issued shares, namely 10,020,000 common shares, each of which carried equal voting right. SCHKMS was owned as to (i) 60% by SC Alliance; and (ii) 40% by Starlet.

(8) Tan Sri Lim was deemed to have a corporate interest in 10,020,000 common shares of SCHKMS comprising (i) 6,012,000 common shares directly held by SC Alliance; and (ii) 4,008,000 common shares directly held by Starlet.

(9) As founder and a beneficiary of a discretionary trust, Tan Sri Lim had a deemed interest in 10,020,000 common shares of SCHKMS.

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

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

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

Interests of Directors *(Continued)*

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

(a) as at 30 June 2021, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and

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

Share Options

Details of the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002) (the "Post-listing Employee Share Option Scheme") are set out in the published annual report of the Company for the year ended 31 December 2020. The Post-listing Employee Share Option Scheme expired on 29 November 2010 whereupon no further options can be granted under the scheme. All outstanding share options remained unexercised upon maturity lapsed on 16 November 2020. The Company currently does not have any share option scheme.

Interests of Substantial Shareholders

As at 30 June 2021, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued shares, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

Interests in the shares of the Company

	Nature of interests/capacity in which such interests were held						
Name of shareholder *(Notes)*	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Trustee**	**Beneficiary of trust**	**Total**	**Percentage of issued voting shares**
			Number of ordinary shares *(Notes)*				
Summerhill Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) *(1)*	–	–	6,015,321,032 *(5)*	6,015,321,032 *(7)*	6,015,321,032 *(9)*	6,015,321,032 *(12)*	70.91
Cove Investments Limited *(2)*	–	–	–	–	6,015,321,032 (10)	6,015,321,032	70.91
Golden Hope Limited (as trustee of the Golden Hope Unit Trust) *(3)*	–	–	546,628,908 *(6)*	6,015,321,032 *(8)*	–	6,015,321,032 *(12)*	70.91
Joondalup Limited *(4)*	546,628,908	–	–	–	–	546,628,908	6.44
Puan Sri Wong Hon Yee	–	6,420,262,493 *(11(a))*	36,298,108 *(11(b))*	–	–	6,420,262,493 *(12)*	75.69

Interests of Substantial Shareholders *(Continued)*

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

Notes:

As at 30 June 2021:

(1) Summerhill Trust Company (Isle of Man) Limited ("Summerhill") was the trustee of a discretionary trust (the "Discretionary Trust"), the beneficiaries of which were Tan Sri Lim Kok Thay ("Tan Sri Lim") and certain members of his family. Summerhill as trustee of the Discretionary Trust held 99.99% of the units in the Golden Hope Unit Trust ("GHUT"), a private unit trust directly and 0.01% of the units in the GHUT indirectly through Cove (as defined below).

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

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

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

(5) Summerhill as trustee of the Discretionary Trust had a corporate interest in the same block of 6,015,321,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT (comprising 5,468,692,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

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

(7) Summerhill in its capacity as trustee of the Discretionary Trust had a deemed interest in the same block of 6,015,321,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT (comprising 5,468,692,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(8) The interest in 6,015,321,032 ordinary shares was held directly and indirectly by Golden Hope in its capacity as trustee of the GHUT (comprising 5,468,692,124 ordinary shares held directly by Golden Hope as trustee of the GHUT and 546,628,908 ordinary shares held indirectly through Joondalup).

(9) Summerhill as trustee of the Discretionary Trust was deemed to have interest in the same block of 6,015,321,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT in its capacity as beneficiary of the GHUT.

(10) Cove which held 0.01% of the units in the GHUT was deemed to have interest in the same block of 6,015,321,032 ordinary shares held directly and indirectly by Golden Hope as trustee of the GHUT in its capacity as beneficiary of the GHUT.

(11) (a) Puan Sri Wong Hon Yee ("Puan Sri Wong") as the spouse of Tan Sri Lim, had a family interest in the same block of 6,420,262,493 ordinary shares in which Tan Sri Lim had a deemed interest.

(b) Puan Sri Wong also had a corporate interest in 36,298,108 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.

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

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

(14) All the above interests represented long positions in the shares of the Company.

Save as disclosed above and in the section headed "Interests of Directors" above, as at 30 June 2021, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

General Disclosure pursuant to the Listing Rules

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

Facility Agreements of the Group

In May 2014, the Group obtained a secured term loan facility in an aggregate amount of USD equivalent of up to EUR606,842,214 with a term of 144 months after the first utilisation of the facility by the Group under the facility agreement (the "World Dream Vessel Loan Facility Agreement") for financing the construction and purchase of the vessel to be constructed pursuant to the shipbuilding contract dated 10 February 2014 and the Hermes Fee (as defined in the World Dream Vessel Loan Facility Agreement).

In April 2015, the Group obtained a secured term loan facility in an aggregate amount of up to the lower of US$300 million and 60% of the aggregate market value of two vessels, namely, Crystal Serenity and Crystal Symphony (the "Vessels"), with a term of 84 months after the utilisation of the facility by the Group under the facility agreement (the "Crystal Ocean Vessel Loan Facility Agreement") for part financing the acquisition of the entire equity interest in Crystal Cruises, LLC (the indirect owner of the Vessels) by the Borrower (as defined in the Crystal Ocean Vessel Loan Facility Agreement which is an indirect wholly-owned subsidiary of the Company) as purchaser pursuant to the purchase agreement dated 3 March 2015 and for general corporate purpose of the Borrower.

In July 2016, the Group obtained a secured term loan and revolving credit facility in an aggregate amount of up to US$500 million with a term of 72 months after the first utilisation of the facilities by the Company under the facility agreement, as amended and supplemented by supplemental agreement/deed dated 24 April 2019, 15 October 2019 and 24 July 2020 (collectively the "US$500 million Facility Agreement") for, amongst others, general corporate purposes of the Group.

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

Pursuant to (i) the Crystal Ocean Vessel Loan Facility Agreement; and (ii) the US$500 million Facility Agreement, the Lim Family (as defined therein, including Tan Sri Lim Kok Thay (the Chairman and Chief Executive Officer of the Company), his spouse, his direct lineal descendants, the personal estate of any of the above persons; and any trust created for the benefit of one or more of the aforesaid persons and their respective estates) is required, together or individually, directly or indirectly, to hold the largest percentage of the issued share capital of, and equity interest in, the Company. The Lim Family's holding shall include any interest which the Lim Family, together or individually, is deemed to hold in accordance with Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Disclosure of Interests) and in addition, where applicable, any interest in the Company held by GENT, GENM and their respective Affiliates (as defined in each of the respective facility agreements).

As at 30 June 2021, the aggregate principal amount under the above facility agreements was US$1,675 million and the aggregate outstanding loan balance thereunder was approximately US$1,186 million. The Group has reached debt holiday agreements with certain lenders deferring principal repayments. Principal payments under the World Dream Vessel Loan Facility Agreement otherwise due between April 2020 and October 2022 have been deferred and deferred payments are repayable in instalments between April 2023 and October 2026. Principal payments under the River Cruise Ship Facility Agreement otherwise due between August 2020 and April 2023 have been deferred and deferred payments are repayable in instalments between June 2023 and October 2026. Principal payments otherwise due between May 2020 and May 2022 under the Crystal Ocean Vessel Loan Facility Agreement have been deferred and deferred payments are repayable in instalments between June 2023 and July 2026, and the principal repayments due between July 2020 and July 2022 under US$500 million Facility Agreement have been deferred, and deferred payments are repayable between June 2023 and July 2026.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules in force during the six months ended 30 June 2021 as its code of conduct regarding securities transactions by its Directors. All Directors have confirmed, following specific enquiry by the Company, that during the period from 1 January 2021 to 30 June 2021 (both dates inclusive), they have complied with the required standard set out in the Model Code as contained in Appendix 10 of the Listing Rules in force during the said period.

Corporate Governance

In the opinion of the Directors, during the six months ended 30 June 2021, the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules (the "Code Provisions") in force during the period under review, save for certain deviations from the relevant Code Provisions A.2.1 and F.1.3 as listed below:

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

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

Considered reasons for the aforesaid deviations as well as further information of the Company's corporate governance practices were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2020 issued in May 2021.

Disclosure of Information on Directors pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company discloses the following change in information on Tan Sri Lim Kok Thay ("Tan Sri Lim"), the Chairman, Executive Director and Chief Executive Officer of the Company:

(a) Tan Sri Lim was appointed as a Director of Celularity Inc. (formerly known as GX Acquisition Corp.), a company listed on The NASDAQ Stock Market LLC, with effect from 16 July 2021.

Review by Audit Committee

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

On behalf of the Board

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Hong Kong, 31 August 2021

GENTING
HONG KONG

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