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

**(1) INSIDE INFORMATION:
INSOLVENCY FILING BY MVWH;
(2) CHANGES IN DIRECTORS' INFORMATION;
AND
(3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Genting Hong Kong Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2), Rule 13.19, Rule 13.25(1)(c) and Rule 13.51B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

INSOLVENCY FILING BY MVWH, RELATED BACKGROUND AND FINANCIAL CONSEQUENCES

Reference is made to the announcement made by the Company dated 2 January 2022 with respect to the legal proceedings involving the drawdown of US\$88,000,000 backstop facility to be provided by the State of Mecklenburg Vorpommern (the “**State M-V Backstop Facility**”) in order to address the Group’s potential liquidity needs (the “**Previous Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement have the same meanings as given to them in the Previous Announcement.

As disclosed in the Previous Announcement, the legal proceedings in relation to the State M-V Backstop Facility is listed for hearing on 11 January 2022 (Germany time).

Alternative sources of liquidity under existing contractual commitments

In addition to seeking to drawdown under the State M-V Backstop Facility, the Company has been seeking to access various alternative sources of liquidity under existing contractual commitments including:

- (a) EUR108,000,000, being the Group's entitled and fulfilled construction milestone drawdown amount (the "**Milestone Payment**"), pursuant to the EUR1,357,989,874 multicurrency term loan facilities agreement entered in connection with the construction of the "Global One" vessel (the "**Global 1**" and the financing the "**Global 1 Facility Agreement**"); and
- (b) EUR30,000,000 pursuant to the "silent participation" tranche of the new EUR300,000,000 WSF funding (the "**New EUR 300m WSF Funding**") as mentioned in the announcement made by the Company dated 28 June 2021.

In both cases, the Group is contractually entitled to draw down such amounts under these facilities pursuant to their existing terms and conditions. Notwithstanding such contractual entitlement, in relation to the Global 1 Facility Agreement, the Company understands that Euler Hermes, the German government export credit insurance agency involved in the financing of the Global 1, refused to confirm the insurance coverage required in respect of the facilities under the Global 1 Facility Agreement, resulting in the participating banks under the Global 1 Facility Agreement refusing to release the Milestone Payment.

The Company understands Euler Hermes' refusal is based on a business review into the five-year outlook of the Group prepared at the request of Euler Hermes which considered various stress scenarios affecting the Group, including a persistent and sustained reduction in business activities as a result of COVID-19. Notwithstanding (i) such a business review is not a pre-condition to Euler Hermes confirming insurance coverage, (ii) the Company had already paid the insurance premium demanded by Euler Hermes in connection with such insurance coverage, and (iii) the Group does not consider the assumptions used in the business review as fair and reasonable, Euler Hermes has nevertheless relied on the findings of such business review to refuse insurance coverage.

The relevant German authorities represented by the WSF and the German Federal Ministry of Economics (which controls Euler Hermes) then on 21 December 2021 sought to resile from and replace the existing Global 1 financing structure with a new financing proposal for the completion of the Global 1 (the "**New WSF Financing Proposal**") and have sought to impose additional conditions to fund disbursements under the New WSF Financing Proposal. These additional conditions include:

- (1) that the participating banks of the Global 1 Facility Agreement shall subordinate their existing security under the Global 1 Facility Agreement in favour of the WSF under the New WSF Financing Proposal;

- (2) that the controlling shareholder of the Company shall provide additional new funding of EUR60,000,000 to MVWH (an indirect wholly-owned subsidiary of the Company) and its subsidiaries; and
- (3) that the controlling shareholder of the Company shall provide a new additional guarantee of the Group's obligations under the New WSF Financing Proposal to an amount of not less than EUR600,000,000.

The Company has no ability to compel the participating banks of the Global 1 Facility Agreement or its shareholders to provide the additional financial assistances now requested by the WSF and the German Federal Ministry of Economics under the New WSF Financing Proposal. As a result, the Group has been refused access to the liquidity pools to which it is contractually entitled.

On 5 January 2022, the Company was informed by the WSF that it will not disburse the EUR30,000,000 pursuant to the "silent participation" tranche of the New EUR 300m WSF Funding.

The impasse with the WSF and the German Federal Ministry of Economics resulted in the Company further being informed, on 6 January 2022 (Germany time), by the agent bank under the Global 1 Facility Agreement that instructions were received from the guarantee support providers under the Global 1 Facility Agreement, including Euler Hermes, not to disburse the requested Milestone Payment and thereby the participating banks and agent bank could not effect the Group's utilisation request for release of the Milestone Payment on 14 January 2022.

Accessing "Lock Box" liquidity reserve account

In addition to the above liquidity pools for which the Group is contractually entitled to access, the Company also applied to the participating banks under the Global 1 Facility Agreement for the release of, US\$81,000,000 of the Company's own funds currently held in a liquidity reserve account under the Global 1 Facility Agreement (the "**Lock Box**"). To date, the participating banks have not approved such disbursement.

MVWH Insolvency Filing

Accordingly, and without any likely prospect of additional funding being available to MVWH, the directors of MVWH are mandatorily required under German law to file for insolvency. As a result, on 10 January 2022 (Germany time), MVWH and certain of its subsidiaries, each an indirect wholly-owned subsidiary of the Company, filed for insolvency proceedings with the competent German courts (the "**MVWH Insolvency Filing**").

The MVWH Insolvency Filing made by MVWH gives rise to an event of default under the Global 1 Facility Agreement, and this will in turn trigger cross default events under certain financing arrangements of the Group that have an aggregate principal amount of approximately US\$2,777,000,000. The relevant creditors of the Group under these cross defaulted financing arrangements may have the right to demand payment of the indebtedness and/or take action pursuant to the terms of their respective financing arrangements.

Impact on the Group

As disclosed in the Previous Announcement and in the above, despite the Company having satisfied all drawdown conditions under the State M-V Backstop Facility, the Milestone Payment and the WSF backstop facility, including having obtained backstop funding of US\$30,000,000 from the Company's controlling shareholder as required as a pre-requisite to drawdown under the State M-V Backstop Facility, the relevant counterparties under these facilities have failed to honour their respective contractual obligations to disburse amounts of approximately US\$336,000,000 (being the amounts under the State M-V Backstop Facility, the Milestone Payment, the WSF silent participation and the Lock Box release) to the Group.

The relevant counterparties' failure to perform their binding contractual obligations have created an immediate and significant gap in the expected liquidity resources of the Group. Subject to the outcome of the hearing of the Company's application on 11 January 2022 (Germany time) with respect to the State M-V Backstop Facility and taking into account the relevant counterparties' refusal to permit the Group to access disbursements totaling approximately US\$336,000,000, there is no guarantee that the Group will be able to meet its financial obligations under its financing arrangements as and when they fall due.

It is noted in the Company's announcement on 28 June 2021 that these Backstop Instruments (as defined in that announcement) are expressly put in place to allow the Group to satisfy its debt servicing obligations in the event that the Minimum Liquidity Covenant is breached or forecasted to be breached. As a result of the deterioration of the COVID-19 pandemic (including the emergence of the Omicron and other variants and a recent suspension of cruises imposed by the Hong Kong government which has significantly impacted on the recovery of the Group's cruise operations), the Group's businesses and operations have been adversely affected such that the Group has become entitled under the terms of the Backstop Instruments to drawdown thereunder.

Notwithstanding the Company has engaged, and continues to engage, with senior government ministers of the German Federal Government, including the last meeting held on Friday, 7 January 2022 (Germany time), as well as the controlling shareholder of the Company offering to increase its funding to the Group from US\$30,000,000 (already drawn by the Group) to US\$42,000,000, the Group remains unable to access meaningful new liquidity.

The Company considers that it has exhausted all reasonable efforts to negotiate with the relevant counterparties under its financing arrangements. If the Group remains unable to meet its obligations to repay any debts as they fall due or to agree with its relevant creditors on the renewal or extension of its borrowings or any related alternative arrangements, there may be a material adverse effect on the Group's business, prospects, financial condition and operating results. The Board is currently in discussion with its bankers, its shareholder partner in Dream Cruises Holding Limited, an indirect non-wholly owned subsidiary of the Company, and its professional advisers to evaluate options available to the Group.

CHANGES IN DIRECTORS' INFORMATION

Tan Sri Lim Kok Thay (the Chairman and Chief Executive Officer of the Company), Mr. Au Fook Yew (*alias Mr. Colin Au*) and Mr. Chan Kam Hing Chris, all of which are Executive Directors of the Company, are also directors of the following subsidiaries of the Company:

- in the case of Tan Sri Lim Kok Thay, Mr. Au Fook Yew and Mr. Chan Kam Hing Chris: MVWH (incorporated in England and Wales); and
- in addition in the case of Mr. Au Fook Yew: MV Werften Rostock GmbH (incorporated in Germany), MV Werften Rostock Property GmbH (incorporated in Germany), MV Werften Stralsund GmbH (incorporated in Germany), MV Werften Wismar GmbH (incorporated in Germany), MV Werften Wismar Property GmbH (incorporated in Germany), MV Werften Fertigmodule GmbH (incorporated in Germany) and MV Werften Fertigmodule Property GmbH (incorporated in Germany).

Each of these subsidiaries are engaged in businesses relating to shipbuilding.

The filing of insolvency of these subsidiaries of the Company constitutes an event described in Rule 13.51(2)(1) of the Listing Rules, which constitutes a change in information required to be disclosed by each of them pursuant to Rule 13.51B(2) of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

As disclosed in the announcement of the Company dated 7 January 2022, trading in the shares of the Company (the “**Shares**”) on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 7 January 2022 pending the release of an announcement on inside information of the Company. Trading in the Shares will continue to be suspended pending the release of a further release of an announcement on inside information of the Company, including in particular the outcome of the legal proceedings.

The Company will make further announcement(s) regarding any material developments of the fast-changing situation in accordance with the Listing Rules.

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

By Order of the Board
TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 11 January 2022

As at the date of this announcement, the Board comprises three Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Au Fook Yew (alias Mr. Colin Au) and Mr. Chan Kam Hing Chris, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.