

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements and Annual Report of the Star Cruises Group of Companies ("the Group") for the year ended 31 December 2000.

REVIEW OF FINANCIAL RESULTS

For the year ended 31 December 2000, the Group recorded an operating profit (before adjusting for asset impairment loss) of US\$198.5 million compared to US\$106.9 million for the same period in 1999. The results for the year ended 31 December 2000 is not comparable to 1999 as the acquisition of a majority interest in NCL Holding ASA ("NCL") occurred in February 2000.

The Group net profit for the year before adjusting for financing charges and amortisation of goodwill, trade names and trademarks arising from the acquisition and asset impairment loss was US\$99.2 million. The acquisition led to US\$84.2 million of additional interest expense arising from the financing of the acquisition, US\$13.9 million of amortisation of goodwill, trade names and trademarks and US\$6.4 million of other fair value adjustments arising from the consolidation of NCL. The Group recently announced the sale of Star Aquarius as part of the fleet modernisation plan resulting in an impairment loss of US\$37.7 million. The Group also recorded a revaluation loss on fixed assets of US\$1.0 million. As a result of these forementioned factors, the Group recorded a net loss of US\$44.0 million.

For the year ended 31 December 2000, the Group recorded an occupancy of 97% compared with 101% in 1999.

Star Cruises (Asia Pacific) operations

For the year ended 31 December 2000, revenue from Star Cruises (Asia Pacific) operations increased by 28% to US\$500.5 million compared to US\$391.7 million in 1999. Available capacity days increased by 48% from 2,022,404 to 2,997,349 due to the full year operation of SuperStar Virgo and SuperStar Aries, added capacity with the purchase of 2 megastar ships and the introduction of SuperStar Taurus and Norwegian Star in Japan and Taiwan respectively.

The Star Cruises (Asia Pacific) operations recorded an occupancy of 91% for the full year ended 31 December 2000 compared to 101% in 1999. The lower load factor in 2000 was largely due to the low occupancy experienced in the new markets of Japan and Thailand.

Total operating costs and selling, general and administrative costs for the year on a per capacity days basis were 3.4% and 15.4% lower compared to the same period in 1999, due to economies of scale and cost control measures implemented during the year.

Given the lower yields and load factor experienced in the developing market, operating profit (before adjusting for impairment loss on Star Aquarius of US\$37.7 million and other assets of US\$1.0 million) increased marginally by 1% compared to 1999. Operating margins in Singapore and Hong Kong continue to perform in line with expectations.

The Group has announced the relocation of SuperStar Aries from Fukuoka, Japan to Bangkok in April 2001 to replace Star Aquarius' itineraries in Thailand. SuperStar Taurus, homeported in Kobe since March 2000 has been relocated to Fukuoka in April 2001. The Group believes that SuperStar Taurus in Fukuoka will be more attractive to the contemporary Japanese as well as the Korean markets as she will be able to operate shorter and lower priced cruise itineraries.

Norwegian Cruise Line

For the twelve months ended 31 December 2000, NCL's revenue increased by 15% to US\$970.7 million compared to US\$844.2 million in 1999 due to higher yields, added capacity, all ships in service and consolidation of Norwegian Capricorn Line operations in Australia. Available capacity days increased by 21% from 3,865,753 to 4,669,892. Occupancy increased 1.9% to 100.2%; net per diem was up by 2.8% resulting in yields increasing 5.6% year on year.

NCL's operating and selling, general and administrative expenses for the full year ended 31 December 2000 reduced by 8% and 13% respectively on a per capacity day basis.

The combination of Star Cruises and NCL has brought about tremendous fleet deployment synergies. The Group has announced the deployment of SuperStar Libra, the 2,300 lower berth ship to Hawaii. This replaces the previous plan to deploy SuperStar Leo to Hawaii. Libra is a brand new ultra-modern ship and purpose-built for freestyle cruising in the North American market. In addition, with the planned delivery of SuperStar Scorpio in the fall of 2002, NCL will have both Libra-class ships operating in North America under the Norwegian Cruise Line brand. Together with the Norwegian Sky and the Norwegian Sun (due for delivery in August 2001), this redeployment will dramatically change the profile of the NCL fleet and at the same time continue to maintain the Group's competitive edge.

NCL Acquisition

Upon acquiring approximately 10.9% equity interest in NCL on 29 November 2000, resulting in the Group holding approximately 95.4% equity interest in NCL, the Group exercised its right under the Norwegian Law to initiate a compulsory acquisition of the remaining NCL shares.

Following the acquisition of NCL, the Group markets its cruises under three brand names, "Star Cruises", "Norwegian Cruise Line" and "Orient Lines".

Twelve cruise ships were operated in the Asia Pacific region under the brand name "Star Cruises", while "Norwegian Cruise Line" and "Orient Lines" brands consist of eight cruise ships operating in the Caribbean, Bermuda, Alaska, Europe, Hawaii, New England, Central and South America. Two ships were bareboat chartered to independent operators.



Norwegian Wind
in Puerto Rico



Norwegian Sky

Star Cruises raises \$5.7b in share sale

Company seeks regulatory approval for new listing on SEHK

By Raymond and Reuters

STAR Cruises, Asia's dominant cruise operator, yesterday said it had raised \$5.7 billion selling new shares and bonds convertible into equity to help repay debt borrowed to fund its takeover of Oslo-based NCL Holdings.

The company also is seeking regulatory approval for its shares to trade on the Stock Exchange of Hong Kong (SEHK) starting tomorrow in a bid to make it easier for investors to buy and sell its stock as well as to "enhance the group's profile", according to the company's filing documents.

"The directors believe the introduction and placement will provide the group with flexibility in funding its operations and capital expenditures," the Malaysia-based company said.

Star Cruises will use the proceeds to reduce its debt following a tender in January with Carnival, the world's biggest

cruise company, for control of Oslo-based NCL Holdings, parent of Norwegian Cruise Line.

"The company wants another listing to

and a company director is buying HK\$5 million in shares.

HSBC Holdings and Credit Suisse First Boston managed the share sale.

Smooth sailing for Star Cruises

Shares rise 36pc on debut as luxury-holiday operator considers investing in making SAR regional hub

NEW LISTINGS Star Cruises

Shares in Star Cruises, Asia-Pacific's largest cruise-ship operator, soared 36.92 per cent on their Hong Kong stock exchange debut.

The Singapore-based cruise line group's common lot on Monday closed at 192.37, up from 140.51 at 10:00 a.m., with the market value of the shares at HK\$1.75 billion.

Lim Eui, chairman of Star Cruises and controlling shareholder Gaining International, said the company would consider moving its listing from New York to Hong Kong in the future to help develop the SAR into a regional cruise-line hub.

"That's why we listed in Hong Kong. It would certainly allow us to capture the infrastructure side a lot more aggressively," he said.

Mr Lim said the company's skills lay in the cruise business but it would consider a supporting role "if and when it comes up".

In August, shareholders of Star

Cruises, whose fleet includes Superline Virgo and Superline Atlas, approved a plan to reduce debt by raising up to US\$800 million through an initial public offering.

The plan was struck a month before the Singapore-based company's advisers, HSBC and Credit Suisse First Boston, advised against an issue.

"Our advisers were not confident because the markets have been very volatile and not being from Hong Kong, we listened to our advisers," Mr Lim said.

The company moved its primary listing from Luxembourg to Hong Kong by way of incorporation, where its shares are listed to the public.

Star Cruises, whose fleet of 22 ships visits China, Hong Kong, Japan, Malaysia, Taiwan and Thailand, issued 48.6 million new shares to three parties through a placement.

Malaysia-based Razer's

Investment partner, Singapore-based fund manager H2 and Singapore broker Kay Hoon will receive 75.8 million shares for US\$420 million. As part of the transaction, Star Cruises will convert a US\$200 million loan into shares and a company director will also buy US\$250,000 in shares.

Star Cruises will use the proceeds to reduce debt raised to finance its US\$600 million takeover of Oslo-based NCL Holdings, parent of Norwegian Cruise Line.

Mr Lim said Hong Kong was chosen as the location of its primary listing over New York because of the SAR's reputation for attracting international investors.

"We were contemplating New York or Hong Kong but we were not sure there wasn't much difference if you are an Asian company," he said.

The three Asian companies that bid in New York, some at later than their shares always migrate back to Hong Kong anyway.

Shares in the company will continue available over the counter in Singapore.



Hong Kong iMail, 1 December 2000

LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Star Cruises Limited has successfully listed its entire share capital on The Stock Exchange of Hong Kong Limited on 30 November 2000. The Company ceased to be listed on the Luxembourg Stock Exchange with effect from the commencement of the trading day in Hong Kong on 30 November 2000. The Company continues to be traded in Singapore CLOB.

INDUSTRY RECOGNITION

As a major cruise operator acclaimed for providing high service standards and recognised as contributing significantly towards tourism development, the Board is pleased to announce that in the year 2000, the Group has been awarded "Best Cruise Operator in Asia-Pacific" by Travel Trade Gazette Asia, "Cruise Line of the Year" by Travel Asia, "International Tour Operator, Friends of Thailand" by Thailand Tourism Authority, "Outstanding Contribution to Tourism" by Singapore Tourism Board and the Japan 7th Travel Management Grand Prix Awards for the "International Carrier" category.

The high level of service onboard the ships was recognised by industry peers when the Group's chefs bagged six medals at the 12th FHA International Salon Culinare in Singapore.



Dato' KT Lim delivering his speech on the listing day.

Hong Kong iMail
29 November 2000

South China Morning Post, 1 December 2000



*"Best Cruise Operator"
TTG Asia
(1997 - 2000)*

The Group's ongoing commitment to training and development was recognised when Star Cruises was awarded the Third Annual Salute to Youth and Training Award by Lloyd's List and The International Maritime Industry.

Testifying to Star Cruises' well regarded safety training programme, Star Cruises was also accredited by the Panama Maritime Authority to conduct the STCW-95, a "safety at sea" certified training which was previously organised only by established maritime training institutes.

FLEET DEPLOYMENT

In Asia Pacific, the Group will continue to secure its market position through priority or favourable berthing arrangements and extend its market reach by introducing cruising to new markets. In the Americas and Europe, the Group's strategy focuses on deploying ships in less competitive, higher yielding ports and developing innovative cruise itineraries.

The acquisition of NCL, which nearly doubled the number of cruise ships in the Group's fleet, provides the Group with greater flexibility in re-deploying its ships within markets where Star Cruises, Norwegian Cruise Line and Orient Lines currently operate and in new markets. This flexibility will allow the Group to rationalise its fleet by disposing of older and smaller vessels and re-deploying ships to markets where the size, speed and other characteristics of the ships suggest that they will produce higher yields and with higher operational efficiency.

The Group has three new ships under construction. In 2001, the Group will be taking delivery of SuperStar Libra (fourth quarter) and Norwegian Sun (third quarter). SuperStar Libra will be deployed to Hawaii while Norwegian Sun



Out of Africa, SuperStar Virgo

will operate in the North American market. The two newbuildings will in total increase the capacity of the fleet by 4,300 lower berths.



The Library, SuperStar Virgo

Asia Pacific

SuperStar Virgo and SuperStar Gemini continued to successfully expand the local and fly-cruise markets in Singapore. SuperStar Leo and Star Pisces operated in Hong Kong throughout 2000 with high rate of repeat passengers experienced.



Norwegian Sun (arriving 2001)