Norwegian Wind

Pool Deck, Norwegian Wind

The Group obtained a 5-year term loan of US$600 million in August 2000 to refinance a short-term loan of US$600 million, (of which US$123.5 million was drawndown in 1999) which was used to part finance the acquisition of NCL. The Group also assumed approximately US$890 million of bank borrowings on the acquisition of NCL.

In connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited, the Group received approximately US$490 million from the issuance of approximately US$442.5 million Convertible Notes to RWL and the placement of shares to independent placees. These Convertible Notes were subsequently converted into ordinary shares. In addition, US$240 million of the US$260 million subordinated loan, advanced by Joondalup Limited, a company wholly-owned by Golden Hope Limited as trustee of the Golden Hope Unit Trust, was satisfied by issuance of ordinary shares of the Company.

As a result of the changes in total outstanding borrowings and total assets as at 31 December 2000, the gearing ratio increased slightly to 0.50 from 0.47.

Funding

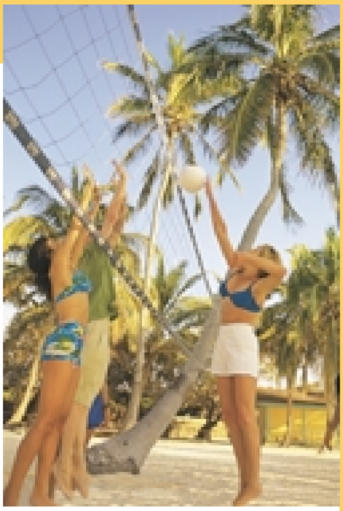
On 4 October 2000 and 11 October 2000, the Company issued US$213 million and US$267 million respectively in principal amount of Convertible Notes in two tranches to RWL. Subsequently on 29 November 2000, US$442.5 million of the Convertible Notes were mandatorily converted into ordinary shares of the Company at a subscription price of approximately HK$5.66 (US$0.726) per share pursuant to the terms of the Convertible Notes. The balance of the Convertible Notes not converted into shares was redeemed by the Group on the same date.

In November 2000, the Group issued approximately 330.7 million new ordinary shares to Joondalup Limited at a price of HK$5.66 (US$0.726) per share in satisfaction of approximately US$240 million of the US$260 million subordinated loan to the Company in December 1999. The Company repaid the remaining balance of the subordinated loan in December 2000.

The Group also issued approximately 75.8 million new ordinary shares at the placement price of HK$5.66 (US$0.726) per share to independent placees.

During the year ended 31 December 2000, the Group fully drew down US$476.5 million, constituting the balance of the US$600 million bridging facility together with the advance subscription money of US$52 million from RWL and an advance of US$62 million, from Genting Overseas Holdings Limited to finance the acquisition of a further 48.3% interest in NCL. The bridging facility was refinanced in October 2000, with the Barclays Syndicated Facility.

Wet Bar, Norwegian Wind



Volleyball on
Great Stirrup Cay

During the year ended 31 December 2000, the Group also drew down US$96.8 million under a loan agreement with a syndicate of banks (the "Construction Loan") to borrow up to US$150 million to part finance the construction of the Norwegian Sun. In May 2000, the Group obtained a permanent financing commitment from a syndicate of banks to provide up to US$225 million in loans to refinance the Construction Loan and to finance the final payment to the shipyard.

In June 1999, the Group obtained a loan facility from a syndicate led by Commerzbank to provide up to US$604.8 million to finance the construction of SuperStar Libra and SuperStar Scorpio. No amount was drawndown as at 31 December 2000.

Capital Expenditures

In the year ended 31 December 2000, the Group incurred US$272.0 million of capital expenditure on fixed assets. US$245.7 million of this amount was applied towards the purchase of MegaStar Capricorn, MegaStar Sagittarius, SuperStar Libra and the Norwegian Sun, as well as for the renovation of the Group's existing fleet. The remainder was used to expand the Group's onshore facilities.

The Directors anticipate that the Group's most significant use of funds for the next several years will be in connection with the expansion of its fleet through new shipbuildings. As at 31 December 2000, the Group had aggregate capital expenditure commitments of approximately US$840.8 million relating to the construction of SuperStar Libra, SuperStar Scorpio and the Norwegian Sun. The Group expects to take delivery of SuperStar Libra and Norwegian Sun in 2001 and SuperStar Scorpio in 2002.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31 December 2000 are disclosed in note 29 to the financial statements.

To the extent that the Group requires additional financing in order to fund future capital commitments, or in order for NCL to provide a higher performance guarantee or to refinance any part of NCL's debt, the Directors believe that the Group will be able to secure additional financing from institutional lenders, the offering of debt and/or equity securities in the public and private markets and from other sources. There can be no assurance, however, that such sources will be sufficient to fund such commitments and, except as discussed herein, the Group has no plans or agreements to secure such external financing.

The Terraces Restaurant,
Norwegian Dream

Polo Lounge, Marco Polo