

# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**Important:** If you are in any doubt about this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

A copy of this prospectus, together with copies of the provisional allotment letter (as defined herein) and the form of application for excess Rights Shares (as defined herein) and the other documents specified in the section headed "Documents delivered to the registrars of companies" in this prospectus, has been registered by the Registrar of Companies in Hong Kong (as defined herein) pursuant to section 342C of the Companies Ordinance (as defined herein). A copy of this prospectus, together with copies of the provisional allotment letter and the form of application for excess Rights Shares, has been delivered to the Registrar of Companies in Bermuda for filing in accordance with the requirements of the Bermuda Companies Act (as defined herein). The Securities and Futures Commission in Hong Kong, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of these documents. A copy of this prospectus will be deposited with the Securities Commission of Malaysia within seven days after the issue of this prospectus.

If you have sold or transferred all your shares in STAR CRUISES LIMITED (the "Company"), you should at once hand this prospectus and the accompanying provisional allotment letter and form of application for excess Rights Shares to the purchaser(s) or transferee(s) or to the bank(s), stockbroker(s) or other agent(s) through whom the sale or transfer(s) was/were effected for transmission to the purchaser(s) or transferee(s).

Dealings in the Shares on the Stock Exchange (as defined herein) may be settled through CCASS (as defined herein) and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (as defined herein) in their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Stock Exchange, the SGX-ST (as defined herein) and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



## STAR CRUISES LIMITED

*(Continued into Bermuda with limited liability)*

### RIGHTS ISSUE OF NOT LESS THAN 607,398,615 NEW SHARES OF US\$0.10 EACH IN THE PROPORTION OF 7 RIGHTS SHARES FOR EVERY 50 SHARES HELD ON THE RECORD DATE AT HK\$1.95 PER RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

#### Joint Underwriters



The Latest Acceptance Date (as defined herein) is 4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time). The procedures for acceptance or transfer of the Rights Shares registered on the Hong Kong Register (as defined herein) are set out in the section headed "Procedures for acceptance or transfer for Qualifying Shareholders on the Hong Kong Register" of this prospectus. The procedures for acceptance or transfer of the Rights Shares registered on the Bermuda Register (as defined herein) are set out in appendix III to this prospectus.

It should be noted that the Underwriting Agreement (as defined herein) contains provisions entitling the Underwriters (as defined herein), by notice in writing, to terminate the Underwriting Agreement at any time prior to 4:00 p.m. (Hong Kong time) on the seventh Business Day (as defined herein) after the Latest Acceptance Date if there occurs (among other things) (a) any change in, or any event or series of events resulting or likely to result in any change in, local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; or (b) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or the SGX-ST owing to exceptional financial circumstances or otherwise), which: (1) has or will have a material adverse effect on the Company or the Group or the Rights Issue; or (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue. If the Underwriters exercise such right, the obligations of the Underwriters under the Underwriting Agreement shall cease, save in respect of certain obligations and any right or liability accrued before such termination, and the Rights Issue will not proceed.

It should also be noted that existing Shares have been dealt in on an ex-rights basis on the Stock Exchange from Wednesday, 30th October, 2002 (and on CLOB International (as defined herein) from Tuesday, 29th October, 2002) and that the Rights Shares will be dealt in their nil-paid form on the Stock Exchange from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive (and on CLOB International during the period from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive). If the Underwriters terminate the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder (as defined herein) or other person dealing in the Shares from 15th October, 2002 up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Thursday, 12th December, 2002), or in the Rights Shares in nil-paid form on the Stock Exchange during the period from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive (or on CLOB International during the period from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. The nil-paid Rights Shares quoted on CLOB International cannot be traded on the Stock Exchange or vice versa. Any Shareholder or other person contemplating selling or purchasing existing Shares on an ex-rights basis and/or the Rights Shares in their nil-paid form during these periods who is in doubt about his or her position is recommended to consult his or her own professional adviser.

14th November, 2002

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement made by the Company on 15th October, 2002 in relation to the Rights Issue
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Bermuda Principal Registrar”	Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda, the Bermuda principal share registrar of the Company
“Bermuda Register”	the principal register of Shareholders of the Company in Bermuda and maintained by the Bermuda Principal Registrar
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange and the SGX-ST are open for dealings
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDP”	The Central Depository (Pte) Limited
“CDP Depositors”	persons (being CDP account holders or CDP depository agents) with Shares entered against their names in the Depository Register of CDP
“CLOB International”	the Central Limit Order Book International of the SGX-ST
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	STAR CRUISES LIMITED, an exempted company continued into Bermuda with limited liability and the Shares of which are listed on the Stock Exchange and traded on CLOB International
“Directors”	the directors of the Company
“Excluded Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the Registers of Members at the close of business on the Record Date and whose address(es) as recorded on the Registers of Members is(are) in (a) place(s) outside Hong Kong, the Isle of Man, Malaysia and Singapore

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## DEFINITIONS

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“form of application for excess Rights Shares”	the form of application for excess Rights Shares for Qualifying Shareholders on the Hong Kong Register or the “Excess Rights Shares Application Form” for Qualifying Shareholders on the Bermuda Register (as appropriate) in relation to the Rights Issue
“Genting Berhad”	Genting Berhad, a company incorporated in Malaysia and listed on the Kuala Lumpur Stock Exchange
“Genting International”	Genting International PLC, a company incorporated in the Isle of Man and listed on the Luxembourg Stock Exchange and is a subsidiary of Genting Berhad
“Golden Hope”	Golden Hope Limited, a company incorporated in the Isle of Man and a substantial shareholder of the Company (holding approximately 49.7% of the issued Shares as at the Latest Practicable Date) in its capacity as trustee of Golden Hope Unit Trust
“Golden Hope Unit Trust”	Golden Hope Unit Trust, a private unit trust whose beneficiaries include various trusts established for the benefit of certain members of the Lim Family
“Goldsfine”	Goldsfine Investments Ltd, a company incorporated in the British Virgin Islands and equally owned by Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Group and his spouse
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Registrar”	Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the Company
“Hong Kong Register”	the branch register of Shareholders of the Company in Hong Kong and maintained by the Hong Kong Branch Registrar

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## DEFINITIONS

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“Irrevocable Undertaking(s)”	the irrevocable undertaking(s) dated 15th October, 2002 given by each of Resorts World, Golden Hope, Joondalup Limited, Goldsfine and the executive Directors (namely Tan Sri Lim Kok Thay, Mr. Chong Chee Tut, Mr. William Ng Ko Seng and Mr. David Colin Sinclair Veitch) in favour of the Company and the Underwriters
“Joondalup Limited”	Joondalup Limited, a company incorporated in the Isle of Man and wholly owned by Golden Hope, in its capacity as trustee for Golden Hope Unit Trust
“Latest Acceptance Date”	4:00 p.m. (Hong Kong time) on Monday, 2nd December, 2002, being the latest time by which provisional allotments of Rights Shares may validly be accepted and excess Rights Shares may validly be applied for
“Latest Practicable Date”	31st October, 2002, being the latest practicable date prior to the printing of this prospectus for the purposes of ascertaining certain information contained herein
“Lim Family”	Tan Sri Lim Goh Tong and members of his family
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MASNET”	a network operated by the Monetary Authority of Singapore
“NCL Cruises Limited”	NCL Cruises Limited, a Bermuda exempted company and a wholly-owned subsidiary of NCLH
“NCL Limited”	Norwegian Cruise Line Limited, a Bermuda exempted company and a wholly-owned subsidiary of the Company
“NCLH”	NCL Holding ASA, a wholly-owned subsidiary of the Company incorporated under the laws of the Kingdom of Norway which is now under members’ voluntary liquidation
“NOK” or “Norwegian kroner”	the lawful currency of the Kingdom of Norway
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus, does not apply to Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-listing Scheme”	the share option scheme of the Company adopted on 16th April, 1997, prior to the listing of the Shares on the Stock Exchange

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## DEFINITIONS

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“provisional allotment letter”	the provisional allotment letter for Qualifying Shareholders on the Hong Kong Register or the provisional allotment letter for Qualifying Shareholders on the Bermuda Register (as appropriate) in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Overseas Shareholder(s), whose name(s) appear(s) on the Registers of Members of the Company at the close of business on the Record Date
“Record Date”	6th November, 2002
“Registers of Members”	the Hong Kong Register and the Bermuda Register
“Resorts World”	Resorts World Limited, a company incorporated in the Isle of Man and a wholly-owned subsidiary of Resorts World Bhd
“Resorts World Bhd”	Resorts World Bhd, a company incorporated in Malaysia and listed on the Kuala Lumpur Stock Exchange and a subsidiary of Genting Berhad
“Rights Issue”	the issue by way of rights of not less than 607,398,615 Rights Shares in the proportion of 7 Rights Shares for every 50 Shares held or pro rata according to the number of Shares held on the Record Date at the Subscription Price payable in full on acceptance
“Rights Issue Documents”	this prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	new Share(s) of US\$0.10 each to be allotted and issued under the Rights Issue
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Option Scheme”	the share option scheme adopted by the Company on 23rd August, 2000, as effected on 30th November, 2000 and amended on 22nd May, 2002
“Share Option(s)”	option(s) granted under the Share Option Scheme or the Pre-listing Scheme with rights to subscribe for Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.10 each in the share capital of the Company

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## DEFINITIONS

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“Singapore”	the Republic of Singapore
“Singapore Transfer Agent”	M & C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, the transfer agent of the Company in Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.95 per Rights Share
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance
“Sub-underwriting Agreements”	the sub-underwriting agreements dated 15th October, 2002 entered into between (i) DBS Asia Capital Limited and Resorts World; and (ii) The Development Bank of Singapore Ltd and Resorts World respectively in relation to the Rights Issue
“Tai Fook”	Tai Fook Capital Limited, the independent financial adviser of the Company in respect of adjustments to the Share Options
“Underwriters”	DBS Asia Capital Limited and The Development Bank of Singapore Ltd, both of which are independent of, and not connected with the Company, the Directors, the chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules), except that in respect of the Rights Issue, the Underwriters have entered into sub-underwriting arrangements with Resorts World pursuant to the Sub-underwriting Agreements
“Underwriting Agreement”	the underwriting agreement dated 15th October, 2002 entered into between the Company and the Underwriters in relation to the Rights Issue
“U.S.”	the United States of America
“US\$”	U.S. dollar(s), the lawful currency of the U.S.
“%”	per cent.

*In this prospectus, where Hong Kong dollar amounts have been translated from U.S. dollars, such translations are for the convenience of the readers only and, unless otherwise specified, have been made at the rate of US\$1.00 to HK\$7.80. No representation is made that the U.S. dollar amounts have been, could have been or could be, converted into Hong Kong dollars, or vice versa, at such rates or at any other rate on any relevant date.*

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriters may terminate the Underwriting Agreement, the right of which is exercisable by the Underwriters by notice in writing to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the seventh Business Day after the Latest Acceptance Date if there occurs (among other things):

- (a) any change in, or any event or series of events resulting or likely to result in any change in, local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; or
- (b) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or the SGX-ST owing to exceptional financial circumstances or otherwise),

which:

- (1) has or will have a material adverse effect on the Company or the Group or the Rights Issue; or
- (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue.

If the Underwriters exercise such right, the obligations of the Underwriters under the Underwriting Agreement shall cease, save in respect of certain obligations and any right or liability accrued before such termination, and the Rights Issue will not proceed.

Existing Shares have been dealt in on an ex-rights basis on the Stock Exchange from Wednesday, 30th October, 2002 (and on CLOB International from Tuesday, 29th October, 2002). The Rights Shares will be dealt in their nil-paid form on the Stock Exchange from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive (or on CLOB International from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive). If the Underwriters terminate the Underwriting Agreement, or the conditions to which the Rights Issue is subject are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares from 15th October, 2002 up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Thursday, 12th December, 2002), or in the Rights Shares in nil-paid form on the Stock Exchange during the period from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive (or on CLOB International from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional. Any Shareholder or other person contemplating selling or purchasing existing Shares on an ex-rights basis and/or the Rights Shares in their nil-paid form during these periods who is in doubt about his or her position is recommended to consult his or her own professional adviser.



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## SUMMARY OF THE RIGHTS ISSUE

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*The following information is derived from, and should be read in conjunction with, the full text of this prospectus.*

Number of Rights Shares to be issued:	Not less than 607,398,615 Rights Shares and not more than 609,294,870 Rights Shares.
Amount to be raised:	Approximately HK\$1,184 million before expenses (assuming no exercise of the Share Options on or before the Record Date).
Subscription Price:	HK\$1.95 per Rights Share payable in full on acceptance.
Latest Acceptance Date:	4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time).
Basis of the Rights Issue:	7 Rights Shares for every 50 Shares held or pro rata according to the number of Shares held on the Record Date.
Excess applications:	The Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotments. Any unsold entitlements of the Excluded Overseas Shareholders, any Rights Shares provisionally allotted but not accepted and any Rights Shares arising from the aggregation of fractional entitlements (if unsold) will be available for application in the form of applications for excess Rights Shares by the Qualifying Shareholders.
Status of the Rights Shares:	When allotted and fully-paid, the Rights Shares will rank <i>pari passu</i> in all respects with the Shares then in issue and holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.
Irrevocable Undertakings:	Each of Resorts World, Golden Hope, Joondalup Limited, Goldsfine and the executive Directors of the Company (namely Tan Sri Lim Kok Thay, Mr. Chong Chee Tut, Mr. William Ng Ko Seng and Mr. David Colin Sinclair Veitch) has irrevocably undertaken to the Company and the Underwriters that the Shares beneficially owned by it or him will remain so owned from the date of its or his Irrevocable Undertaking up to the close of business on the Record Date (and in the case of each of the executive Directors who is a holder of Share Options exercisable on or before the Record Date, any Shares issued and allotted to him upon the exercise of his Share Options on or prior to the Record Date will remain beneficially owned by him as at the close of business on the Record Date) and that it or he will subscribe or procure the subscription in full for its or his entitlements under the Rights Issue, pursuant to the terms of the Rights Issue.

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## SUMMARY OF THE RIGHTS ISSUE

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Excluded Overseas Shareholders: The Excluded Overseas Shareholders are not entitled to take part in the Rights Issue and no provisional allotment will be made to the Excluded Overseas Shareholders. The Rights Shares which would otherwise have been provisionally allotted to the Excluded Overseas Shareholders may be sold in the market in nil-paid form. If a premium, net of expenses, can be obtained, the Company will procure the sale of such Rights Shares once dealings in the nil-paid Rights Shares commence. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Overseas Shareholders pro rata to their respective entitlements, except that any individual amount of less than HK\$100 will be retained for the benefit of the Company.

## **EXPECTED TIMETABLE FOR SHAREHOLDERS ON THE HONG KONG REGISTER**

The following timetable is for Shareholders registered on the Hong Kong Register. Shareholders registered on the Bermuda Register should refer to appendix III to this prospectus.

(Unless otherwise specified herein, all times stated herein refer to Hong Kong time)

2002

Record Date . . . . . Wednesday, 6th November,

Hong Kong Register re-opens . . . . . Thursday, 7th November,

First day of dealings in nil-paid Rights Shares  
on the Stock Exchange . . . . . Monday, 18th November,

Latest time for splitting of nil-paid Rights Shares . . . . . 4:00 p.m. on Friday, 22nd November,

Last day of dealings in nil-paid Rights Shares  
on the Stock Exchange . . . . . Wednesday, 27th November,

Latest time for acceptance of Rights Shares as well as  
application for excess Rights Shares and payment of  
consideration therefor . . . . . 4:00 p.m. on Monday, 2nd December,

Rights Issue and Underwriting Agreement  
to become unconditional at or before . . . . . 4:00 p.m. on Thursday, 12th December,

Adjustments to the exercise price per Share and  
the number of Shares issuable upon exercise of  
the Share Options taking effect . . . . . Thursday, 12th December,

Announcement of results of acceptance of  
the Rights Issue in Hong Kong . . . . . Monday, 16th December,

Despatch of refund cheques in respect of wholly or  
partially unsuccessful excess applications by ordinary post . . . . . Wednesday, 18th December,

Despatch of certificates for fully-paid  
Rights Shares by ordinary post . . . . . Wednesday, 18th December,

Commencement of dealings in fully-paid  
Rights Shares on the Stock Exchange . . . . . Friday, 20th December,

First day of the provision of matching service  
for odd-lot holdings of Shares . . . . . Friday, 20th December,

2003

Last day of the provision of matching service  
for odd-lot holdings of Shares . . . . . Monday, 20th January,

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# LETTER FROM THE BOARD

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## STAR CRUISES LIMITED

*(Continued into Bermuda with limited liability)*

*Executive Directors:*

Tan Sri Lim Kok Thay  
Chong Chee Tut  
William Ng Ko Seng  
David Colin Sinclair Veitch

*Registered Office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

*Independent non-executive Directors:*

Alan Howard Smith, J.P.  
Tan Boon Seng  
Lim Lay Leng

*Corporate headquarters and principal place  
of business in Hong Kong:*

Suite 1501  
Ocean Centre  
5 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

14th November, 2002

*To the Qualifying Shareholders and, for information only,  
the Excluded Overseas Shareholders and holders of the Share Options*

*Dear Sir or Madam,*

### **RIGHTS ISSUE**

**OF NOT LESS THAN 607,398,615 NEW SHARES OF US\$0.10 EACH  
IN THE PROPORTION OF 7 RIGHTS SHARES  
FOR EVERY 50 SHARES HELD ON THE RECORD DATE  
AT HK\$1.95 PER RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE**

#### **1. INTRODUCTION**

The Board announced on 15th October, 2002 that, subject to the fulfilment of the conditions of the Rights Issue, the Company proposed to raise approximately HK\$1,184 million, before expenses, by way of a Rights Issue of not less than 607,398,615 Rights Shares and not more than 609,294,870 Rights Shares at the Subscription Price of HK\$1.95 per Rights Share payable in full on acceptance. The purpose of this prospectus is to set out details of the Rights Issue and certain financial and other information on the Group.

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## LETTER FROM THE BOARD

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As at the date of the Announcement, there were 4,338,561,537 Shares in issue and 13,544,680 outstanding Share Options exercisable on or before the Record Date. Accordingly, the number of Rights Shares to be issued under the Rights Issue would have been not less than 607,398,615 Rights Shares.

As at the Latest Practicable Date, subsequent to the allotment and issue of 156,000 Shares upon exercise of 156,000 Share Options during the period from the date of the Announcement up to the Latest Practicable Date (both days inclusive), there were 4,338,717,537 Shares in issue. Accordingly, in the proportion of 7 Rights Shares for every 50 Shares held or pro rata according to the number of Shares held on the Record Date, the number of Rights Shares to be issued under the Rights Issue will be not less than 607,420,455 Rights Shares. The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which have been allotted and issued on or before the Record Date, including Shares which have been allotted and issued to holders of the Share Options pursuant to an exercise of the subscription rights attaching to the Share Options. As at the Latest Practicable Date, there were 13,357,180 outstanding Share Options exercisable on or before the Record Date to subscribe for up to 13,357,180 Shares. If all of the subscription rights attaching to such Share Options have been exercised and Shares are allotted and issued pursuant to such exercise on or before the Record Date, the number of issued Shares will be increased to 4,352,074,717 Shares and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 609,290,460 Rights Shares.

### 2. TERMS OF THE RIGHTS ISSUE

To qualify for the Rights Issue, a Shareholder had to:

- (i) be registered as a Shareholder at the close of business on the Record Date; and
- (ii) have an address in Hong Kong, the Isle of Man, Malaysia or Singapore as recorded on the Registers of Members as at the Record Date.

In order to be registered as Shareholders on the Record Date, any transfers of Shares (with the relevant share certificates) must have been lodged for registration by not later than 4:00 p.m. on 31st October, 2002 for the Hong Kong Register and by not later than 5:00 p.m. on 31st October, 2002 for the Bermuda Register (the Registers of Members were closed from 1st November, 2002 to 6th November, 2002, both days inclusive).

The Company has provisionally allotted the Rights Shares to the Qualifying Shareholders in the proportion of 7 Rights Shares for every 50 Shares held or pro rata according to the number of Shares held on the Record Date at the close of business on the Record Date at the Subscription Price payable in full on acceptance. For the avoidance of doubt, Qualifying Shareholders with holdings of less than 50 Shares or where their shareholdings do not form an integral multiple of 50, save for fractional entitlements, shall be provisionally allotted Rights Shares pro rata according to the number of Shares held by them on the Record Date. The Latest Acceptance Date is 4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time).

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## LETTER FROM THE BOARD

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### Subscription Price

The Subscription Price was agreed among the Company and the Underwriters on an arm's length basis.

The Subscription Price of HK\$1.95 per Rights Share represents:

- (i) a discount of approximately 27.8% to the closing price per Share of HK\$2.70 as quoted on the Stock Exchange on 11th October, 2002, being the last trading day prior to the date of the Announcement,
- (ii) a discount of approximately 25.3% to the theoretical ex-rights price of approximately HK\$2.61 per Share based on the closing price per Share as quoted on the Stock Exchange on 11th October, 2002;
- (iii) a discount of approximately 21.1% to the average of the closing prices per Share as quoted on the Stock Exchange for the last ten trading days prior to and including 11th October, 2002 of approximately HK\$2.47;
- (iv) a discount of approximately 18.8% to the closing price per Share of HK\$2.40 as quoted on the Stock Exchange as at the Latest Practicable Date;
- (v) a discount of approximately 16.7% to the theoretical ex-rights price of approximately HK\$2.34 per Share based on the closing price per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (vi) a discount of approximately 16.7% to the average of the closing prices per Share as quoted on the Stock Exchange for the last ten trading days prior to and including the Latest Practicable Date of approximately HK\$2.34;
- (vii) a premium of approximately 3.7% over the proforma unaudited adjusted consolidated net tangible asset value of approximately HK\$1.88 per Share before completion of the Rights Issue; and
- (viii) a premium of approximately 3.2% over the proforma unaudited adjusted consolidated net tangible asset value of approximately HK\$1.89 per Share upon completion of the Rights Issue.

Each Rights Share has a par value of US\$0.10.

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## LETTER FROM THE BOARD

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### Status of the Rights Shares

The Rights Shares, when fully paid, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

The Company has not provisionally allotted any Rights Shares to the Excluded Overseas Shareholders. Arrangements will be made by the Company for selling the entitlements of the Excluded Overseas Shareholders and for distributing or retaining the net proceeds arising therefrom in the manner as described in the section headed “Arrangements for Excluded Overseas Shareholders and fractional entitlements” of this prospectus.

The Company has not provisionally allotted any fractional entitlements of Rights Shares. Arrangements will be made by the Company for selling these fractional entitlements of Rights Shares and for retaining the net proceeds arising therefrom in the manner as described in the section headed “Arrangements for Excluded Overseas Shareholders and fractional entitlements” of this prospectus.

The Qualifying Shareholders may apply for any unsold entitlements of the Excluded Overseas Shareholders, any unsold fractional entitlements of Rights Shares, and any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees of nil-paid Rights Shares. The procedures for applying for excess Rights Shares by Qualifying Shareholders registered on the Hong Kong Register are set out in the section headed “Applications for excess Rights Shares by Qualifying Shareholders on the Hong Kong Register” of this prospectus and the procedures for Qualifying Shareholders registered on the Bermuda Register are set out in appendix III to this prospectus.

The Board will allocate the excess Rights Shares at its discretion on a fair and reasonable basis, but will give preference to topping-up odd lots of Shares to whole board lots as described in the section headed “Odd-lot Shareholders and odd-lot facility arrangements” of this prospectus.

### 3. IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, Golden Hope (together with Joondalup Limited, which is wholly-owned by Golden Hope as trustee of Golden Hope Unit Trust) and Resorts World were interested in 2,154,836,819 Shares and 1,486,926,993 Shares respectively, representing approximately 49.7% and approximately 34.3% respectively of the then issued share capital of the Company. Golden Hope (together with Joondalup Limited) and Resorts World will be entitled to 301,677,154 Rights Shares and 208,169,779 Rights Shares respectively.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the shareholding of each of the executive Directors in the issued share capital of the Company and his entitlement under the Rights Issue were as follows:

<b>Name of executive Director</b>	<b>Number of Shares</b>	<b>Approximate % of the existing issued share capital</b>	<b>Rights Share entitlements</b>
Tan Sri Lim Kok Thay (together with Goldsfine, a company equally owned by Tan Sri Lim Kok Thay and his spouse)	29,362,990	0.677	4,110,818
Chong Chee Tut	374,000	0.009	52,360
William Ng Ko Seng	137,500	0.003	19,250
David Colin Sinclair Veitch	275,000	0.006	38,500

The following were the outstanding Share Options of the executive Directors as at the Latest Practicable Date which were exercisable on or prior to the Record Date:

<b>Name of executive Director</b>	<b>Number of Shares issuable upon exercise of the Share Options</b>	<b>Additional Rights Share entitlements (assuming exercise in full of the Share Options)</b>
Tan Sri Lim Kok Thay	3,000,000	420,000
Chong Chee Tut	65,000	9,100
William Ng Ko Seng	87,500	12,250

Each of Golden Hope, Joondalup Limited, Resorts World, Goldsfine and the executive Directors has irrevocably undertaken to the Company and the Underwriters that the Shares beneficially owned by it or him will remain so owned from the date of its or his Irrevocable Undertaking up to the close of business on the Record Date (and in the case of each of the executive Directors who is a holder of Share Options exercisable on or before the Record Date, any Shares issued and allotted to him upon the exercise of his Share Options on or prior to the Record Date will remain beneficially owned by him as at the close of business on the Record Date) and that it or he will subscribe or procure the subscription in full for its or his entitlement under the Rights Issue pursuant to the terms of the Rights Issue. Other outstanding Share Options are either exercisable by other employees of the Company or its subsidiaries or will not vest until after the Record Date. The Company will despatch this prospectus to holders of the Share Options for their information only.

#### 4. APPLICATION FOR EXCESS RIGHTS SHARES BY RESORTS WORLD

In addition to subscribing for its entitlement under the Rights Issue pursuant to its Irrevocable Undertaking, Resorts World has indicated to the Company that it may apply for excess Rights Shares. No other shareholder of the Company has given similar indication to the Company.



## **5. UNDERWRITING ARRANGEMENTS**

As at the Latest Practicable Date, there were 4,338,717,537 Shares in issue. Accordingly, in the proportion of 7 Rights Shares for every 50 Shares held or pro rata according to the number of Shares held on the Record Date, the number of Rights Shares to be issued under the Rights Issue will be not less than 607,420,455 Rights Shares. The number of Rights Shares underwritten by the Underwriters is 93,352,594 Rights Shares, being all the Rights Shares, other than the 514,067,861 Rights Shares agreed to be taken up under the Irrevocable Undertakings. Assuming full exercise of the 13,357,180 Share Options which were exercisable on or before the Record Date and the allotment and issue of 13,357,180 Shares pursuant thereto on or before the Record Date, the maximum number of additional Rights Shares that may be issued by the Company is 1,870,005 Rights Shares. On this basis, the maximum number of Rights Shares to be underwritten by the Underwriters will be increased to 94,781,249 Rights Shares, excluding the additional 441,350 Rights Shares undertaken to be subscribed by the executive Directors pursuant to their respective Irrevocable Undertakings in the event that their respective exercisable Share Options were exercised in full on or prior to the Record Date.

The Underwriters have, pursuant to the Underwriting Agreement, agreed to fully underwrite all the Rights Shares other than those agreed to be taken up under the Irrevocable Undertakings, being 93,352,594 Rights Shares in aggregate (subject to increase in the event that any Share Options are exercised, and the Shares pursuant to the exercise thereof are issued, on or prior to the Record Date), subject to fulfilment of the conditions of the Rights Issue set out in the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters shall procure subscribers for or severally subscribe for any underwritten Rights Shares that shall remain not being validly accepted or subscribed for by way of application for excess Rights Shares on the Latest Acceptance Date at 4:00 p.m. (Hong Kong time).

Both of the Underwriters are independent of, and not connected with the Company, the Directors, the chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules), except that in respect of the Rights Issue, the Underwriters have entered into sub-underwriting arrangements with Resorts World pursuant to the Sub-underwriting Agreements.

Resorts World, a substantial shareholder of the Company, has conditionally agreed to sub-underwrite all of the Rights Shares underwritten by the Underwriters. Resorts World is an investment holding company whose normal course of business does not include underwriting or sub-underwriting of securities.

As at the Latest Practicable Date, Resorts World was beneficially interested in 1,486,926,993 Shares, representing approximately 34.3% of the then issued share capital of the Company. In addition to its Irrevocable Undertaking, Resorts World has, pursuant to the Sub-underwriting Agreements, agreed to sub-underwrite all the Rights Shares underwritten by the Underwriters pursuant to the Underwriting Agreement, subject to fulfilment of the conditions of the Rights Issue set out in the Sub-underwriting Agreements.

## LETTER FROM THE BOARD

The aggregate maximum number of Rights Shares sub-underwritten by Resorts World under the Sub-underwriting Agreements is 93,352,594 Rights Shares (assuming that no new Shares are issued pursuant to the exercise, if any, of Share Options on or before the Record Date) or 94,781,249 Rights Shares (assuming that all the Share Options exercisable on or before the Record Date are exercised in full and that new Shares are allotted and issued pursuant thereto on or before the Record Date). Assuming Resorts World subscribes for 208,169,779 Rights Shares under its Irrevocable Undertaking and also takes up its maximum obligation as the sub-underwriter under the Sub-underwriting Agreements, Resorts World's shareholding will increase from 1,486,926,993 Shares, representing approximately 34.3% of the issued share capital of the Company as at the Latest Practicable Date, to 1,788,449,366 Shares (assuming that no new Shares are issued pursuant to the exercise, if any, of Share Options on or before the Record Date) or 1,789,878,021 Shares (assuming that all the Share Options exercisable on or before the Record Date are exercised in full and that new Shares are allotted and issued pursuant thereto on or before the Record Date), representing approximately 36.2% and approximately 36.1% respectively of the Company's issued share capital as enlarged by the Rights Shares. If this were the case, more than 10% of the issued share capital of the Company would still remain in public hands after completion of the Rights Issue. The prescribed minimum public float of 10% imposed on the Company by the Stock Exchange would continue to be maintained.

The following table shows the shareholding structure of the Company before and after the Rights Issue:

	Number of Shares in issue prior to the Rights Issue as at the Latest Practicable Date	Approximate % of the existing issued share capital as at the Latest Practicable Date	Number of Shares in issue after the Rights Issue (assuming none of the exercisable Share Options is exercised) <i>(Note)</i>	Approximate % of the issued share capital immediately after the Rights Issue (assuming none of the exercisable Share Options is exercised)	Number of Shares in issue after the Rights Issue (assuming all the exercisable Share Options are exercised in full) <i>(Note)</i>	Approximate % of the issued share capital immediately after the Rights Issue (assuming all the exercisable Share Options are exercised in full)
Golden Hope (including Joondalup Limited)	2,154,836,819	49.7%	2,456,513,973	49.7%	2,456,513,973	49.5%
Resorts World	1,486,926,993	34.3%	1,788,449,366	36.2%	1,789,878,021	36.1%
Executive Directors*	30,149,490	0.7%	34,370,418	0.7%	37,964,268	0.8%
Exercised Share Options	NA	NA	NA	NA	10,204,680	0.2%
Public	666,804,235	15.3%	666,804,235	13.4%	666,804,235	13.4%
<b>Total</b>	<b>4,338,717,537</b>	<b>100.0%</b>	<b>4,946,137,992</b>	<b>100.0%</b>	<b>4,961,365,177</b>	<b>100.0%</b>

*Note:* On the basis that none of the Qualifying Shareholders (other than Golden Hope, Resorts World, Joondalup Limited and the executive Directors) has taken up any of its or his provisional allotments of the Rights Shares and accordingly, the provisional allotments of the Rights Shares to all the Qualifying Shareholders (other than Golden Hope, Resorts World, Joondalup Limited and the executive Directors) are taken up by Resorts World in its capacity as the sub-underwriter.

\* Includes Shares held by Goldsfine, a company equally owned by Tan Sri Lim Kok Thay and his spouse.

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## LETTER FROM THE BOARD

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Provided that the Underwriting Agreement and the Rights Issue shall have become unconditional and the Rights Issue shall have been completed in accordance with its terms, the Underwriters will receive an underwriting commission of 2% of the aggregate Subscription Price of the Rights Shares underwritten.

Resorts World will receive a sub-underwriting commission of 1% of the aggregate Subscription Price of the Rights Shares sub-underwritten by it, which is payable by the Underwriters.

### 6. CONDITIONS OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement and the Sub-underwriting Agreements are conditional upon, among other things, fulfilment of the following:

- (a) the filing and registration of all relevant documents with the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong respectively;
- (b) the depositing of a copy of this prospectus with the Securities Commission of Malaysia within seven days after the issue of this prospectus; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

### 7. TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may terminate the Underwriting Agreement, the right of which is exercisable by the Underwriters by notice in writing to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the seventh Business Day after the Latest Acceptance Date if there occurs (among other things):

- (a) any change in, or any event or series of events resulting or likely to result in any change in, local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; or
- (b) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or the SGX-ST owing to exceptional financial circumstances or otherwise),

which:

- (1) has or will have a material adverse effect on the Company or the Group or the Rights Issue; or

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## LETTER FROM THE BOARD

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- (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue.

Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement, and Resorts World as the sub-underwriter under the Sub-underwriting Agreements, shall cease and terminate and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement or the Sub-underwriting Agreements (as the case may be), save in respect of certain obligations and any rights or liability accrued before such termination.

**If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.**

### 8. CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, among other things, the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms and conditions as referred to in the section headed “Termination of the Underwriting Agreement” of this prospectus.

**If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

### 9. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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.

The Board considers that it is in the interests of the Company and its Shareholders to enlarge the capital base of the Company by way of the Rights Issue which will allow all Shareholders, subject to the arrangements for the Excluded Overseas Shareholders as mentioned above, the opportunity to participate in the growth of the Company. The Board also believes that the enlarged capital base of the Company after completion of the Rights Issue will provide a sound base for future expansion and development of the Group’s existing business activities.

The Company intends to use the net proceeds of the Rights Issue of approximately HK\$1,172 million for the acquisition or construction of vessel(s) and as general working capital in line with the Group’s strategy to upgrade its fleet of vessels.

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## LETTER FROM THE BOARD

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To the extent that the net proceeds of the Rights Issue are not immediately used for the above purposes, it is the present intention of the Board that the net proceeds of the Rights Issue will be placed on short term deposit. Should there be any changes in the use of proceeds of the Rights Issue, the Company will make further announcement in this regard.

### 10. REVIEW OF OPERATIONS AND PROSPECTS

The Group is principally engaged in the business of cruise and cruise-related operations and is the fourth largest cruise line in the world by lower berths with 19 ships and over 24,000 lower berths.

Presently, the Group operates 19 ships under the brand names of Star Cruises, Norwegian Cruise Line, Orient Lines and Cruise Ferries. Star Cruises and Cruise Ferries operate nine ships offering various cruise itineraries and call destinations primarily in the Asia Pacific region. Norwegian Cruise Line and Orient Lines operate 10 cruise ships in the Caribbean, Bermuda, Alaska, Europe, Hawaii, New England, Central and South Americas. The Group is represented in more than 20 locations worldwide with offices in Australia, New Zealand, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Norway, the Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom and the United States of America.

The Group is currently building one cruise ship, Norwegian Dawn, which is expected to be delivered in December this year. This ship will be operated under the Norwegian Cruise Line brand. The Group also owns and has leased under charter-hire a high-speed vehicle and passenger catamaran.

For the North American markets, NCL Limited has announced the deployment of Norwegian Dawn and she is now open for bookings through the spring of 2004. Norwegian Dawn will spend the winter and spring based in Florida conducting East and West Caribbean 7-day cruises; and between May and October, she will be based in New York, offering a unique itinerary that takes her high speed and which includes two ports in the Bahamas and two ports in Florida.

In the second quarter of this year, NCL Limited announced the 2003 deployment of Norwegian Sun to Seattle to become the third ship in its Alaska fleet. NCL Limited was also able to move Norwegian Wind in Vancouver from her traditional Monday slot into a vacated Sunday slot, which means all three of its Alaska ships will now have weekend departure days. As the three ships in Norwegian Cruise Line's Alaska fleet have focused solely on the round-trip Inside Passage itinerary, the Directors believe that Norwegian Cruise Line will be the leading cruise line by capacity in the Inside Passage itinerary, the more popular of the two Alaska cruise itineraries.

In addition, NCL Limited has announced, as a further development to its Homeland Cruising program, that it had been successful in securing a second license to sail to Bermuda from the north-east of the U.S. on weekend departures. There are five such licenses, limited by Bermuda's own cruise tourism policy. This second license will allow Norwegian Cruise Line to offer Bermuda cruises from both New York and Philadelphia from summer 2003 onwards, in addition to the cruises it currently offers from Boston on the first of the two licenses. The contract with Bermuda will give NCL

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## LETTER FROM THE BOARD

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Limited this New York/Philadelphia license for three years and extend the current Boston license, which is due to expire at the end of 2003, for a further term of three years through 2006. With two of the largest ships in the Bermudan market, Norwegian Cruise Line will be the brand with the leading capacity in this important summer market in the north-east of the U.S.. With the addition of Norwegian Dawn in New York offering Bahamas cruises, also next summer, the Directors believe that Norwegian Cruise Line will carry more passengers on cruises out of north-eastern U.S. departure points (Boston, New York and Philadelphia) in 2003 than any other brand.

In Asia Pacific, following the liberalisation and the improving economic sentiments in North Asia, the Company has taken the initial step to penetrate and develop the largely untapped Chinese market. The rapidly growing number of outbound passengers from China which registered a 31% increase in the first half of 2001 as compared with the first half of 2000, and a 128% increase for the first six months of 2002 as compared with the same period in 2001, augurs well for Wasa Queen and SuperStar Gemini which are currently deployed to penetrate the homeland cruising China market.

The Group will continue to focus on the following:

- maintaining its leading position in Asia Pacific by continuing to develop new markets in China;
- differentiating the Norwegian Cruise Line product from its competitors in North America by capitalising on the successful introduction of “Freestyle Cruising” in the Norwegian Cruise Line fleet;
- upgrading its fleet by introducing new efficient ships delivering the full “Freestyle Cruising” product in the U.S. and new ships specifically catered for the China market; and
- improving its operational efficiencies through economies of scale and financial performance to a level comparable to those of the other leading cruise lines.

### **11. ARRANGEMENTS FOR EXCLUDED OVERSEAS SHAREHOLDERS AND FRACTIONAL ENTITLEMENTS**

The Rights Issue Documents have not been and will not be registered or filed under any applicable securities or equivalent legislation of any territory or jurisdiction other than Hong Kong and Bermuda. A copy of this prospectus will be deposited with the Securities Commission of Malaysia within seven days after the issue of this prospectus. As the Directors are of the view that the offer of Rights Shares would, or might, in the absence of compliance with any legal or regulatory requirements or other special formalities in territories or jurisdictions outside Hong Kong, the Isle of Man, Malaysia and Singapore, be unlawful or impracticable, the Directors have exercised the discretion given to them under the Bye-laws of the Company not to issue the Rights Shares to the Excluded Overseas Shareholders. Accordingly, no provisional allotment letter or form of application for excess Rights Shares has been sent to such persons. In addition, no person receiving a provisional allotment letter

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## LETTER FROM THE BOARD

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or form of application for excess Rights Shares in any territory or jurisdiction other than Hong Kong, the Isle of Man, Malaysia and Singapore may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof.

After taking into account the distribution of addresses of the Shareholders in different jurisdictions and the potential costs associated with the offering of the Rights Shares to various jurisdictions (including legal costs and costs for processing applications), the Directors consider it in the interests of the Company and its Shareholders as a whole to offer the Rights Shares only to Shareholders with addresses in Hong Kong, the Isle of Man, Malaysia and Singapore and provide assistance for the Excluded Overseas Shareholders to realise the value of their entitlements by way of disposal of the nil-paid Rights Shares which would otherwise be allotted to them in the market. As at the Latest Practicable Date, the aggregate shareholding of the Shareholders with addresses in Hong Kong, the Isle of Man, Malaysia and Singapore represented approximately 99.973% of the then issued share capital of the Company. As such, the aggregate shareholding of the Shareholders with addresses in places other than Hong Kong, the Isle of Man, Malaysia and Singapore only represented approximately 0.027% of the issued share capital of the Company as at the Latest Practicable Date. The Shareholders registered on the Registers of Members as at the Latest Practicable Date had addresses in around 16 jurisdictions other than Hong Kong, the Isle of Man, Malaysia and Singapore.

The Company will despatch this prospectus to the Excluded Overseas Shareholders for their information only and will not despatch the provisional allotment letter or the form of application for excess Rights Shares to the Excluded Overseas Shareholders. Subject as referred to below, it is the responsibility of anyone outside Hong Kong, the Isle of Man, Malaysia and Singapore wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. No application for the Rights Shares will be accepted from any person whose address is outside Hong Kong, the Isle of Man, Malaysia or Singapore. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Overseas Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Overseas Shareholders at their own risk pro rata to their respective entitlements except that any amount of less than HK\$100 will be retained for the benefit of the Company. It is expected that cheques for any such proceeds of sale, if any, will be despatched to those entitled thereto at their own risk on or before 18th December, 2002.

The Company has not provisionally allotted fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the proceeds for its own benefit.

**12. PERSONS HOLDING SHARES REGISTERED ON THE BERMUDA REGISTER**

Persons holding Shares registered on the Bermuda Register should refer to appendix III to this prospectus for, among other things, the procedures for acceptance or transfer of the Rights Shares.

**13. PROCEDURES FOR ACCEPTANCE OR TRANSFER FOR QUALIFYING SHAREHOLDERS ON THE HONG KONG REGISTER**

A provisional allotment letter is enclosed with this prospectus which entitles you to take up the number of Rights Shares shown therein. **If you wish to exercise your rights to take up all the Rights Shares specified in the provisional allotment letter, you must lodge the provisional allotment letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, banker's drafts must be drawn on, and banker's cashier orders must be issued by, a bank in Hong Kong and made payable to "STAR CRUISES LIMITED — PAL" and crossed "Account Payee Only".**

**If you wish to transfer all of your rights** to subscribe for the Rights Shares provisionally allotted to you under the provisional allotment letter to one person or persons as joint holders, you and the person(s) to or through whom you are transferring such rights must complete and sign the provisional allotment letter in accordance with the instructions printed thereon, and the transferee(s) must then lodge the provisional allotment letter intact, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong so as to be received by not later than 4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, banker's drafts must be drawn on, and banker's cashier orders must be issued by, a bank in Hong Kong and made payable to "STAR CRUISES LIMITED — PAL" and crossed "Account Payee Only". It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares.

**If you wish to accept only part of your provisional allotment of Rights Shares (without renouncing the balance of your provisional allotment under the provisional allotment letter), or transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you under the provisional allotment letter, or transfer your rights to more than one person (not as joint holders),** the entire provisional allotment letter must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Friday, 22nd November, 2002 (Hong Kong time) with the Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong who will cancel the original provisional allotment letter and issue new provisional allotment letters in the denominations required.



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## LETTER FROM THE BOARD

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If you wish to accept only part of your provisional allotment of the Rights Shares and renounce the balance of your provisional allotment under the provisional allotment letter, you should cross out the number of Rights Shares printed in “Box B” of “Form A” of the provisional allotment letter and insert the number of Rights Shares accepted by you and endorse the amendment with your signature. **You should also prepare an instruction letter duly signed by you clearly stating your intention to accept only part of your provisional allotment.** The entire provisional allotment letter, together with your instruction letter and a remittance for the full amount payable on acceptance, must be lodged with the Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong so as to be received by not later than 4:00 p.m. on Monday, 2nd December, 2002 (Hong Kong time). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, banker’s drafts must be drawn on, and banker’s cashier orders must be issued by, a bank in Hong Kong and made payable to **“STAR CRUISES LIMITED — PAL”** and crossed **“Account Payee Only”**. Such payment will constitute partial acceptance of the provisional allotment on the terms of the provisional allotment letter and this prospectus and subject to the Memorandum of Continuance and Bye-laws of the Company. No new provisional allotment letters will be issued. Accordingly, you cannot subsequently transfer all or any part of your entitlements to the Rights Shares under the provisional allotment letter.

If your residential address as shown in the Hong Kong Register is in Malaysia, you may send the provisional allotment letter together with the remittances to the following address:

**STAR CRUISES LIMITED**  
**c/o Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Malaysia time) on Monday, 2nd December, 2002.

If your residential address as shown in the Hong Kong Register is in Singapore, you may send the provisional allotment letter together with the remittances to the following address:

**STAR CRUISES LIMITED**  
**c/o M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Singapore time) on Monday, 2nd December, 2002.

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## LETTER FROM THE BOARD

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All cheques, banker's drafts and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any provisional allotment letter in respect of which the accompanying cheque, banker's draft or banker's cashier order is dishonoured on first presentation is liable to be rejected and, in that event, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled at the discretion of the Company.

If the Underwriters exercise their right to terminate their obligations under the Underwriting Agreement before 4:00 p.m. (Hong Kong time) on 12th December, 2002, the subscription monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form shall have been validly transferred without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or other persons on or before 18th December, 2002.

### **14. APPLICATIONS FOR EXCESS RIGHTS SHARES BY QUALIFYING SHAREHOLDERS ON THE HONG KONG REGISTER**

**If you wish to apply for any Rights Shares in addition to your provisional allotment under the Rights Issue, you must complete and sign the enclosed form of application for excess Rights Shares as indicated therein and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on 2nd December, 2002 (Hong Kong time). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, banker's drafts must be drawn on, and banker's cashier orders must be issued by, a bank in Hong Kong and made payable to "STAR CRUISES LIMITED — EAF" and crossed "Account Payee Only".**

If your residential address as shown in the Hong Kong Register is in Malaysia or Singapore, you may lodge the completed form of application for excess Rights Shares together with the separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Company c/o Genting Management & Consultancy Services Sdn Bhd (if you reside in Malaysia) or c/o M & C Services Private Limited (if you reside in Singapore) at their respective addresses above so as to be received by Genting Management & Consultancy Services Sdn Bhd by not later than 4:00 p.m. (Malaysia time) or M & C Services Private Limited by not later than 4:00 p.m. (Singapore time), on 2nd December, 2002.

All cheques, banker's drafts and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any form of application for excess Rights Shares in respect of which the accompanying cheque, banker's draft or banker's cashier order is dishonoured on first presentation is liable to be rejected.

Subject to the provisions set out in the section headed "Odd-lot Shareholders and odd-lot facility arrangements" of this prospectus, the Directors intend to allot the excess Rights Shares applied for at their sole discretion on a fair and reasonable basis.

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## LETTER FROM THE BOARD

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If no excess Rights Shares are allotted to you, the amount tendered on application will be refunded to you in full without interest by means of cheques despatched by ordinary post at your own risk on or before 18th December, 2002. If the number of excess Rights Shares allotted to you is less than that applied for, the surplus application money will be refunded to you without interest by means of cheques despatched by ordinary post at your own risk on or before 18th December, 2002.

If the Underwriters exercise their right to terminate their obligations under the Underwriting Agreement before 4:00 p.m. (Hong Kong) on 12th December, 2002, the monies received in respect of applications for excess Rights Shares will be returned to the applicants without interest by means of cheques despatched by ordinary post at the risk of such applicants on or before 18th December, 2002.

The form of application for excess Rights Shares is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses on the Registers of Members.

### 15. ODD-LOT SHAREHOLDERS AND ODD-LOT FACILITY ARRANGEMENTS

Any Rights Shares to which the Excluded Overseas Shareholders would otherwise have been entitled and any Rights Shares arising from the aggregation of fractional entitlements to the Rights Shares which, in each case, are not sold in the manner described in this prospectus and any Rights Shares provisionally allotted and not accepted by the Latest Acceptance Date will be made available as excess Rights Shares for application by the Qualifying Shareholders. Preference will be given to those applications for excess Rights Shares for the purposes of “topping-up” odd lots of Shares. The purpose of this arrangement is to provide a mechanism whereby the Qualifying Shareholders can round up their odd-lot holdings to whole board lots of multiples of 1,000 Shares.

In order to alleviate the difficulties arising from the existence (if any) of odd lots of the Shares traded on the Stock Exchange and to facilitate the trading of such odd lots, the Company has appointed DBS Vickers (Hong Kong) Limited to provide matching service and arrange, on a best effort basis, for the sale and purchase of odd lots of the Shares traded on the Stock Exchange. During the period from Friday, 20th December, 2002 to Monday, 20th January, 2003 (both dates inclusive), Shareholders who wish to take advantage of this facility either to dispose of their odd-lot holdings or to top them up to whole board lots may contact DBS Vickers (Hong Kong) Limited:

Contact person	Address	Telephone number
Mr. Leung Yut Chiu	18th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong	(852) 2820 4911

**Shareholders and potential investors should note that successful matching of the sale and purchase of odd lots of the Shares traded on the Stock Exchange is not guaranteed.**

## **16. LISTING AND DEALINGS**

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. Pursuant to the quotation of the Rights Shares, in both their nil-paid and fully-paid forms, the Rights Shares, in their nil-paid and fully-paid forms, will be quoted on CLOB International in Singapore.

It is expected that dealings in the Rights Shares in their nil-paid form on the Stock Exchange will commence from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive and on CLOB International from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive. It is expected that dealings in the Rights Shares in their fully-paid form on both the Stock Exchange and CLOB International will commence on Friday, 20th December, 2002.

The Shares are listed on the Stock Exchange as a primary listing and are traded on CLOB International and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing of, or permission to deal in, such securities is being or is proposed to be sought. The Company has no debt securities in issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms, on the Stock Exchange, the Rights Shares, in both their nil-paid and fully-paid forms, will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

**It should be noted that the Shares have been dealt in on an ex-rights basis on the Stock Exchange from Wednesday, 30th October, 2002 and on CLOB International from Tuesday, 29th October, 2002. It is expected that dealings in the Rights Shares in their nil-paid form on the Stock Exchange will commence from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both dates inclusive, and on CLOB International from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both dates inclusive. Such dealings will take place during a period when the Underwriters may exercise their right to terminate their obligations under the Underwriting Agreement on the occurrence of certain events as mentioned under the section headed "Termination of the Underwriting Agreement" of this prospectus. Any Shareholder or other person dealing in the Shares during the period from Tuesday, 15th October, 2002 to the date on which all conditions to which the Rights Issue is subject are fulfilled, and any person dealing in the Rights Shares in their nil-paid form on the Stock Exchange from Monday, 18th November, 2002 to Wednesday, 27th November, 2002, both days inclusive (or on CLOB International during the period from Monday, 18th November, 2002 to Friday, 22nd November, 2002, both days inclusive), will accordingly bear the risk that the Rights Issue may not proceed. Any Shareholder or other person contemplating selling or purchasing existing Shares on an ex-rights basis and/or any Rights Shares in their nil-paid form during such periods who is in doubt about his or her position is recommended to consult his or her own professional adviser.**

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## LETTER FROM THE BOARD

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For the purpose of trading on the Stock Exchange and on CLOB International, the board lot sizes of the Rights Shares in their nil-paid form will be 1,000 Rights Shares on the Stock Exchange and 1,000 Rights Shares (and any other board lot sizes as the SGX-ST may require) on CLOB International. Dealings in the Rights Shares, in both their nil-paid and fully-paid forms, in Hong Kong will be subject to the payment of stamp duty.

**Investors should be aware that nil-paid Rights Shares registered on the Bermuda Register cannot be traded on the Stock Exchange and nil-paid Rights Shares registered on the Hong Kong Register cannot be traded on CLOB International. Only nil-paid Rights Shares deposited with CDP may be accepted for dealings on CLOB International.**

Qualifying Shareholders holding Shares registered on the Bermuda Register should refer to the information in appendix III to this prospectus which sets out, among other things, the procedures for acceptance or transfer of the Rights Shares.

### 17. PERMISSION OF THE BERMUDA MONETARY AUTHORITY

Permission under the Exchange Control Act 1972 of Bermuda (and regulations made thereunder) has been received from the Bermuda Monetary Authority in respect of the issue of the Rights Shares to persons regarded as non-residents of Bermuda for exchange control purposes subject to the requirement that the Shares are listed on the Stock Exchange. In granting such permission and in accepting this prospectus, the provisional allotment letter and the form of application for excess Rights Shares for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies of Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any statements made or opinions expressed in this prospectus, the provisional allotment letter or the form of application for excess Rights Shares.

### 18. SHARE CERTIFICATES

It is expected that certificates for the Rights Shares in their fully-paid form will be despatched by ordinary post to those entitled thereto at their own risk by the Hong Kong Branch Registrar or the Bermuda Principal Registrar or their respective agent(s) on or about 18th December, 2002. Where any entitlement to the Rights Shares in their fully-paid form exceeds one board lot, for Rights Shares registered on the Hong Kong Register it is proposed, so far as practicable, to issue certificates in board lots of 1,000 Shares each with a separate certificate for the balance.

### 19. TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and, as regards the Excluded Overseas Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any

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## LETTER FROM THE BOARD

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tax effects or liability of any Shareholder resulting from the purchase, holding or disposal of, or dealing in the Rights Shares. All the documents, including share certificates and cheques for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses on the Registers of Members.

### 20. ADJUSTMENTS TO SHARE OPTIONS

As at the Latest Practicable Date, 161,671,250 Share Options entitling the holders thereof to subscribe for up to 161,671,250 Shares were outstanding. Amongst these 161,671,250 outstanding Share Options, 13,357,180 Share Options are exercisable on or before the Record Date to subscribe for up to 13,357,180 Shares. Any Rights Shares which may be issued as a result of exercise of any Share Options on or before the Record Date (other than those undertaken to be subscribed by the executive Directors pursuant to their respective Irrevocable Undertakings) are fully underwritten by the Underwriters. Pursuant to the respective provisions of the Pre-listing Scheme and the Share Option Scheme, if the Rights Issue becomes unconditional, the Rights Issue will constitute an event giving rise to an adjustment to both the exercise price and the number of Shares the holders of the Share Options are eligible to subscribe for. Details of the respective exercise prices and the number of Share Options and the respective adjustments (assuming no Share Option has been exercised or lapsed subsequent to the Latest Practicable Date and on or before the Record Date) are set out in appendix I to this prospectus.

The Company's independent financial adviser, Tai Fook, has certified to the Directors by a letter dated 8th November, 2002 that such adjustments have been made on a fair and reasonable basis in accordance with the relevant provisions of the Pre-listing Scheme and the Share Option Scheme.

### 21. GENERAL

Your attention is drawn to the further information set out in the appendices to this prospectus.

Yours faithfully,

By order of the Board of  
**STAR CRUISES LIMITED**

**Tan Sri Lim Kok Thay**

*Chairman, President and Chief Executive Officer*

**I. SHARE CAPITAL**

**1. Shares**

The authorised and issued share capital of the Company immediately following the Rights Issue (assuming the Rights Issue becomes unconditional) will be as follows:

<i>Authorised:</i>		<i>nominal value in US\$</i>
<u>10,000</u>	one per cent. non-voting preference shares of US\$0.10 each	<u>1,000</u>
<u>9,999,990,000</u>	ordinary shares of US\$0.10 each	<u>999,999,000</u>
 <i>Issued and fully-paid:</i>		
4,338,717,537	Shares in issue as at the Latest Practicable Date	433,871,753.70
<u>607,420,455</u>	Rights Shares to be issued under the Rights Issue*	<u>60,742,045.50</u>
<u>4,946,137,992</u>	Shares in issue upon completion of the Rights Issue	<u>494,613,799.20</u>

*\*Note:* Assuming exercise in full of all the Share Options exercisable on or before the Record Date and the allotment and issue of the relevant Shares pursuant thereto on or before the Record Date, the maximum number of Rights Shares that may be issued by the Company will be 609,290,460 Rights Shares.

All Shares presently in issue rank *pari passu* in all respects as regards dividends, voting rights and return of capital. The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Save as disclosed in this prospectus, no part of the share capital of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and CLOB International and no application is being made or is currently proposed for the Shares to be listed or dealt in on any other stock exchange.

**2. Share Options**

As at the Latest Practicable Date, there were 161,671,250 outstanding Share Options, the holders of which were Directors and employees of the Company who were entitled to subscribe for a total of 161,671,250 Shares, at an exercise price of US\$0.2712 per Share, US\$0.4550 per Share or HK\$3.20 per Share (as the case may be) (subject to adjustment). Details of the outstanding Share Options as at the Latest Practicable Date are as follows:

	<b>Date of grant</b>	<b>Exercise price per Share</b>	<b>Exercise period</b>	<b>Number of Shares issuable upon exercise in full of the Share Options</b>
Tan Sri Lim Kok Thay (Director)	25/5/1998	US\$0.2712	21/8/1999 – 20/8/2005	2,000,000
	24/3/1999	US\$0.2712	24/3/2002 – 23/3/2009	3,625,000
	24/3/1999	US\$0.4550	24/3/2002 – 23/3/2009	1,375,000
	23/10/2000	US\$0.2712	23/10/2003 – 22/8/2010	1,000,000
	16/11/2000	US\$0.2712	24/3/2002 – 23/3/2009	3,625,000
	16/11/2000	US\$0.4550	24/3/2002 – 23/3/2009	1,375,000
	16/11/2000	US\$0.2712	23/10/2003 – 22/8/2010	250,000
	19/08/2002	HK\$3.20	20/8/2004 – 19/8/2012	3,250,000
				<b><u>16,500,000</u></b>
Mr. Chong Chee Tut (Director)	25/5/1998	US\$0.2712	20/12/2000 – 19/12/2005	111,000
	25/5/1998	US\$0.4550	23/6/2000 – 22/6/2007	100,000
	24/3/1999	US\$0.2712	24/3/2002 – 23/3/2009	340,000
	24/3/1999	US\$0.4550	24/3/2002 – 23/3/2009	75,000
	23/10/2000	US\$0.2712	23/10/2003 – 22/8/2010	480,000
	23/10/2000	US\$0.4550	23/10/2003 – 22/8/2010	20,000
	19/8/2002	HK\$3.20	20/8/2004 – 19/8/2012	500,000
Mr. William Ng Ko Seng (Director)	25/5/1998	US\$0.2712	21/8/2000 – 20/8/2005	137,500
	24/3/1999	US\$0.2712	24/3/2002 – 23/3/2009	25,000
	24/3/1999	US\$0.4550	24/3/2002 – 23/3/2009	100,000
	23/10/2000	US\$0.2712	23/10/2003 – 22/8/2010	380,000
	23/10/2000	US\$0.4550	23/10/2003 – 22/8/2010	20,000
	19/8/2002	HK\$3.20	20/8/2004 – 19/8/2012	600,000
Mr. David Colin Sinclair Veitch (Director)	7/1/2000	US\$0.4550	7/1/2003 – 6/1/2010	1,000,000
	19/8/2002	HK\$3.20	20/8/2004 – 19/8/2012	2,000,000
				<b><u>3,000,000</u></b>



## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

	Date of grant	Exercise price per Share	Exercise period	Number of Shares issuable upon exercise in full of the Share Options
All other employees	25/5/1998	US\$0.2712	21/8/1999 – 20/8/2005	3,677,500
	25/5/1998	US\$0.2712	20/12/2000 – 19/12/2005	75,000
	25/5/1998	US\$0.2712	11/3/2000 – 10/3/2007	200,000
	25/5/1998	US\$0.2712	6/1/2000 – 5/1/2007	187,500
	25/5/1998	US\$0.4550	23/6/2000 – 22/6/2007	690,000
	25/5/1998	US\$0.4550	6/1/2000 – 5/1/2007	5,232,500
	24/3/1999	US\$0.2712	24/3/2002 – 23/3/2009	16,425,475
	24/3/1999	US\$0.4550	24/3/2002 – 23/3/2009	9,304,775
	24/3/1999	US\$0.4550	24/3/2003 – 23/3/2005	7,500
	24/3/1999	US\$0.4550	24/3/2003 – 23/3/2004	195,500
	30/6/1999	US\$0.2712	30/6/2002 – 29/6/2009	1,247,950
	30/6/1999	US\$0.4550	30/6/2002 – 29/6/2009	2,575,300
	30/6/1999	US\$0.4550	30/6/2003 – 29/6/2004	15,000
	23/10/2000	US\$0.2712	23/10/2003 – 22/8/2010	2,350,900
	23/10/2000	US\$0.4550	23/10/2003 – 22/8/2010	3,178,850
	19/08/2002	HK\$3.20	20/8/2004 – 19/8/2012	93,919,000
				<b><u>139,282,750</u></b>
<b>Grand Total:</b>			<b><u>161,671,250</u></b>	

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

Upon the Rights Issue becoming unconditional, the exercise price and the number of Shares to be issued upon exercise of the Share Options will be adjusted with effect from 12th December, 2002, being the date on which the Rights Issue is expected to become unconditional, as follows (assuming no Share Option has been exercised or lapsed subsequent to the Latest Practicable Date and on or before the Record Date):

Date of grant	Before the Rights Issue		After the Rights Issue	
	Original exercise price per Share	Number of Shares issuable upon exercise in full of the Share Options	Adjusted exercise price per Share	Adjusted number of Shares issuable upon exercise in full of the Share Options
25/5/1998	US\$0.2712	6,388,500	US\$0.2686	7,282,890
25/5/1998	US\$0.4550	6,022,500	US\$0.4298	6,865,650
24/3/1999	US\$0.2712	20,415,475	US\$0.2686	23,273,646
24/3/1999	US\$0.4550	11,057,775	US\$0.4298	12,605,859
30/6/1999	US\$0.2712	1,247,950	US\$0.2686	1,422,663
30/6/1999	US\$0.4550	2,590,300	US\$0.4298	2,952,942
7/1/2000	US\$0.4550	1,000,000	US\$0.4298	1,140,000
23/10/2000	US\$0.2712	4,210,900	US\$0.2686	4,800,426
23/10/2000	US\$0.4550	3,218,850	US\$0.4298	3,669,489
16/11/2000	US\$0.2712	3,875,000	US\$0.2686	4,417,500
16/11/2000	US\$0.4550	1,375,000	US\$0.4298	1,567,500
19/8/2002	HK\$3.2000	<u>100,269,000</u>	HK\$3.0465	<u>114,306,660</u>
		<u>161,671,250</u>		<u>184,305,225</u>

*Note:* In cases where the adjusted number of Shares issuable upon exercise in full of the Share Options by a holder at a prescribed exercise price during a prescribed exercise period involves a fraction, the number has been rounded upwards or downwards to the nearest whole number as considered fair and reasonable.

**II. INFORMATION FOR THE LAST THREE FINANCIAL YEARS AND FOR THE SIX MONTHS ENDED 30TH JUNE, 2002**

Set out below is a summary of the audited consolidated profit and loss account of the Group for each of the three years ended 31st December, 2001, 2000 and 1999 and unaudited consolidated profit and loss account for the six months ended 30th June, 2002, the audited consolidated balance sheets as at 31st December, 2001, 31st December, 2000 and 31st December, 1999 and unaudited consolidated balance sheet as at 30th June, 2002 as extracted from the Company's audited financial statements for each of the three years ended 31st December, 2001, 2000 and 1999 and the unaudited interim report for the six months ended 30th June, 2002 respectively:

<b>Results</b>	<b>Six months ended</b>	<b>Years ended 31st December,</b>		
	<b>30th June, 2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>audited</i>	<i>audited</i>	<i>audited</i>
Turnover	<u>757,798</u>	<u>1,381,566</u>	<u>1,326,743</u>	<u>391,685</u>
Operating profit	82,095	84,541	159,799	106,857
Interest income	998	6,821	7,488	4,814
Financial costs	(49,221)	(118,492)	(185,512)	(24,846)
Other non-operating income/ (expenses), net	(10,371)	12,846	(1,345)	(1,148)
Share of losses of associated company	<u>—</u>	<u>—</u>	<u>(748)</u>	<u>—</u>
(Loss)/profit before taxation	23,501	(14,284)	(20,318)	85,677
Taxation	<u>(535)</u>	<u>(1,759)</u>	<u>(18,032)</u>	<u>(1,303)</u>
(Loss)/profit after taxation	22,966	(16,043)	(38,350)	84,374
Minority interest	<u>—</u>	<u>—</u>	<u>(5,650)</u>	<u>—</u>
Net (loss)/profit attributable to shareholders	<u>22,966</u>	<u>(16,043)</u>	<u>(44,000)</u>	<u>84,374</u>

**APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP**

	<b>As at</b>	<b>As at 31st December,</b>		
	<b>30th June,</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>audited</i>	<i>audited</i>	<i>audited</i>
<b>Asset and liabilities</b>				
Total assets	4,314,446	4,218,986	3,929,257	1,889,976
Total liabilities	<u>(2,650,350)</u>	<u>(2,644,745)</u>	<u>(2,334,320)</u>	<u>(979,515)</u>
Shareholders' funds	<u>1,664,096</u>	<u>1,574,241</u>	<u>1,594,937</u>	<u>910,461</u>

**III. FINANCIAL INFORMATION**

Set out below are the audited consolidated profit and loss account of the Group for each of the two years ended 31st December, 2001 and 2000 and the audited consolidated balance sheets of the Group as at 31st December, 2001 and 31st December, 2000 together with the relevant notes thereto as extracted from the Company's audited financial statements set out in the Company's last annual report, which was approved by the Board of Directors on 22nd February, 2002. (Please note that there are references to section(s) of the annual report which are not included in this prospectus. Persons who wish to inspect the annual report should refer to appendix II to this prospectus for information on the inspection arrangements.):

**Consolidated Profit and Loss Account**

*For the year ended 31 December 2001*

	<i>Note</i>	<b>2001</b> <i>US\$'000</i>	<b>2000</b> <i>US\$'000</i>
Turnover	2	1,381,566	1,326,743
Operating expenses (excluding depreciation, amortisation and impairment of fixed assets)		(877,096)	(780,136)
Selling, general and administrative expenses (excluding depreciation)		(257,082)	(208,216)
Depreciation and amortisation		(154,417)	(139,929)
Impairment of fixed assets	3	<u>(8,430)</u>	<u>(38,663)</u>
		<u>(1,297,025)</u>	<u>(1,166,944)</u>
Operating profit	2, 4	84,541	159,799
Interest income		6,821	7,488
Financial costs	5	(118,492)	(185,512)
Other non-operating income/(expenses), net	6	12,846	(1,345)
Share of losses of associated company		<u>—</u>	<u>(748)</u>
		<u>(98,825)</u>	<u>(180,117)</u>
Loss before taxation		(14,284)	(20,318)
Taxation	7	<u>(1,759)</u>	<u>(18,032)</u>
Loss after taxation		(16,043)	(38,350)
Minority interests		<u>—</u>	<u>(5,650)</u>
Net loss for the year		<u><u>(16,043)</u></u>	<u><u>(44,000)</u></u>
Basic loss per share (US cents)	8	(0.39)	(1.37)
Fully diluted earnings per share (US cents)	8	N/A	N/A

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

### Consolidated Balance Sheet

As at 31 December 2001

	<i>Note</i>	<b>2001</b> <i>US\$'000</i>	<b>2000</b> <i>US\$'000</i>
Intangible assets	10	626,138	639,036
Fixed assets	11	3,296,768	2,888,148
Investments in subsidiaries	12	—	—
Restricted cash		150	150
Other assets	13	10,514	20,362
<b>CURRENT ASSETS</b>			
Consumable inventories	14	32,871	28,329
Trade receivables	15	25,398	19,920
Prepaid expenses and others		53,681	37,946
Restricted cash		1,891	2,858
Cash and cash equivalents	16	<u>171,575</u>	<u>292,508</u>
		<u>285,416</u>	<u>381,561</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors	18	109,293	76,092
Provisions, accruals and other liabilities	19	148,878	161,337
Current portion of long-term bank loans	20	94,551	263,573
Amounts due to related companies	17	96	603
Advance ticket sales		<u>161,195</u>	<u>126,478</u>
		<u>514,013</u>	<u>628,083</u>
Net current liabilities		<u>(228,597)</u>	<u>(246,522)</u>
Total assets less current liabilities		<u><u>3,704,973</u></u>	<u><u>3,301,174</u></u>
<b>Financed by:</b>			
Share capital	21	414,673	414,108
Reserves	22	<u>1,159,568</u>	<u>1,180,829</u>
Shareholders' funds		1,574,241	1,594,937
Long-term bank loans	20	2,120,564	1,696,044
Other long-term liabilities	23	9,990	10,025
Deferred taxation	24	<u>178</u>	<u>168</u>
		<u><u>3,704,973</u></u>	<u><u>3,301,174</u></u>

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

### Balance Sheet

As at 31 December 2001

	<i>Note</i>	<b>2001</b> <i>US\$'000</i>	<b>2000</b> <i>US\$'000</i>
Investments in subsidiaries	12	2,359,265	2,008,665
<b>CURRENT ASSETS</b>			
Prepaid expenses and others		22,120	3,784
Cash and cash equivalents	16	<u>43,495</u>	<u>175,988</u>
		<u>65,615</u>	<u>179,772</u>
<b>CURRENT LIABILITIES</b>			
Provisions, accruals and other liabilities	19	12,509	1,692
Current portion of long-term bank loans	20	<u>—</u>	<u>150,000</u>
		<u>12,509</u>	<u>151,692</u>
Net current assets		<u>53,106</u>	<u>28,080</u>
Total assets less current liabilities		<u><u>2,412,371</u></u>	<u><u>2,036,745</u></u>
<b>Financed by:</b>			
Share capital	21	414,673	414,108
Reserves	22	<u>1,546,928</u>	<u>1,171,779</u>
Shareholders' funds		1,961,601	1,585,887
Long-term bank loans	20	450,000	450,000
Other long-term liabilities	23	<u>770</u>	<u>858</u>
		<u><u>2,412,371</u></u>	<u><u>2,036,745</u></u>

**Consolidated Cash Flow Statement**

*For the year ended 31 December 2001*

	<i>Note</i>	<b>2001</b> <i>US\$'000</i>	<b>2000</b> <i>US\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	<u>312,114</u>	<u>278,899</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(137,498)	(167,172)
Interest received		<u>6,819</u>	<u>7,155</u>
Net cash outflow from returns on investments and servicing of finance		<u>(130,679)</u>	<u>(160,017)</u>
TAXATION			
Income tax paid		<u>(1,206)</u>	<u>(1,301)</u>
INVESTING ACTIVITIES			
Purchase of fixed assets		(644,030)	(287,255)
Proceeds from sale of fixed assets		90,658	16,623
Acquisition of additional interests in NCL Holding ASA giving a cumulative interest of 84.5%	(b)	—	(513,844)
Acquisition of remaining interest of 15.5% in NCL Holding ASA	(c)	—	(72,613)
Others		<u>(246)</u>	<u>—</u>
Net cash outflow from investing activities		<u>(553,618)</u>	<u>(857,089)</u>
Net cash outflow before financing activities		<u>(373,389)</u>	<u>(739,508)</u>



**APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP**

	<i>Note</i>	<b>2001</b> <i>US\$'000</i>	<b>2000</b> <i>US\$'000</i>
<b>FINANCING ACTIVITIES</b>			
	(d)		
Proceeds from short and long-term bank loans		638,670	1,385,906
Principal repayments of short and long-term bank loans		(383,172)	(858,024)
Proceeds from issuance of Convertible Notes		—	480,000
Repayment of Convertible Notes		—	(37,500)
Proceeds from issuance of ordinary shares, net of issuing cost of US\$9 million in 2000		—	46,846
Proceeds from issuance of ordinary shares pursuant to The Star Cruises Employees Share Option Scheme		1,557	325
Repayment of related companies' loans		—	(82,000)
Proceeds from interest bearing loans from related companies		—	62,000
Payment of loan arrangement fees		(3,188)	(17,150)
Restricted cash		967	7,546
Others		257	(6,943)
		<u>255,091</u>	<u>981,006</u>
Net cash inflow from financing activities			
		<u>255,091</u>	<u>981,006</u>
Effect of exchange rate changes on cash and cash equivalents		(2,635)	(1,713)
		<u>(2,635)</u>	<u>(1,713)</u>
Net (decrease)/increase in cash and cash equivalents		(120,933)	239,785
Cash and cash equivalents at beginning of year		292,508	52,723
		<u>292,508</u>	<u>52,723</u>
Cash and cash equivalents at end of year		<u>171,575</u>	<u>292,508</u>
		<u>171,575</u>	<u>292,508</u>

**Notes to Consolidated Cash Flow Statement**

(a) **Net cash inflow from operating activities**

	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(14,284)	(20,318)
Depreciation and amortisation		
- relating to operating function	145,403	131,950
- relating to selling, general and administrative function	9,014	7,979
	154,417	139,929
Interest expense, net of capitalised interest	118,492	185,512
Interest income	(6,821)	(7,488)
Share of losses of associated company	—	748
Loss on extinguishment of debt	—	4,189
Impairment loss on ship and related assets	8,430	37,694
Revaluation loss on fixed assets	—	969
Others	(5,127)	(1,040)
	255,107	340,195
Decrease/(increase) in:		
Trade receivables	(6,990)	(4,039)
Consumable inventories	(4,542)	(4,194)
Prepaid expenses and others	(1,618)	1,298
Other assets	5,959	(4,539)
Increase/(decrease) in:		
Trade creditors	29,173	2,697
Provisions, accruals and other liabilities	815	(20,587)
Amounts due to related companies	(507)	(272)
Advance ticket sales	34,717	(31,660)
Net cash inflow from operating activities	<u>312,114</u>	<u>278,899</u>

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

### (b) Acquisition of approximately 84.5% interest on a cumulative basis in NCL Holding ASA

	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Net assets acquired:		
Fixed Assets	—	1,417,847
Intangible asset	—	291,600
Other assets	—	15,512
Inventories	—	7,744
Trade and other receivables	—	30,995
Bank balances and cash	—	49,223
Restricted cash	—	9,387
Deferred taxation	—	201
Trade and other payables	—	(170,190)
Advance ticket sales	—	(148,464)
Current maturities of long-term debts	—	(72,232)
Long-term debts	—	(738,152)
Other long-term liabilities	—	(15,853)
Minority interests	—	(105,389)
	<u>—</u>	<u>572,229</u>
Goodwill on consolidation	—	418,436
	<u>—</u>	<u>990,665</u>
Total purchase consideration	—	990,665
Net assets previously accounted for as investment in associated company	—	(427,598)
	<u>—</u>	<u>563,067</u>
Cash and bank balances of subsidiary acquired	—	(49,223)
	<u>—</u>	<u>513,844</u>
Satisfied by cash	<u>—</u>	<u>513,844</u>

The subsidiaries acquired during the year 2000 contributed US\$109.9 million to the Group's net operating cash flows, paid US\$55.1 million in respect of the net returns on investments and servicing of finance, paid US\$ nil in respect of taxation and utilised US\$150.0 million for investing activities.

### (c) Acquisition of remaining 15.5% interest in NCL Holding ASA

	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Share of net assets	—	118,481
Negative goodwill	—	(45,868)
	<u>—</u>	<u>72,613</u>
Satisfied by cash	<u>—</u>	<u>72,613</u>

# APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

## (d) Analysis of changes in financing

	Share capital including premium <i>US\$'000</i>	Short and long-term debts <i>US\$'000</i>	Amounts due to related companies <i>US\$'000</i>	Minority interests <i>US\$'000</i>
At 1 January 2000	738,290	627,485	260,000	—
Shares issued for cash consideration, net of issuance costs of approximately US\$9 million	47,171	—	—	—
Shares issued on redemption of Convertible Notes	442,500	—	(442,500)	—
Shares issued in satisfaction of subordinated loan	240,000	—	(240,000)	—
Proceeds from issuance of Convertible Notes	—	—	480,000	—
Repayment of Convertible Notes	—	—	(37,500)	—
Proceeds from short and long-term debts	—	1,385,906	—	—
Repayment of short and long-term debts	—	(858,024)	—	—
Loans assumed and minority interests arising on acquisition of NCL Holding ASA	—	810,384	—	105,389
Gain on translation of debt	—	(6,134)	—	—
Acquisition of remaining interest in NCL Holding ASA	—	—	—	(118,481)
Loan advanced by a related company	—	—	62,000	—
Repayment of loans to related companies	—	—	(82,000)	—
Minority interests' share of profits	—	—	—	5,650
Other non-cash movements	—	—	—	7,442
At 31 December 2000	1,467,961	1,959,617	—	—
Shares issued for cash consideration	1,557	—	—	—
Proceeds from short and long-term debts	—	638,670	—	—
Repayment of short and long-term debts	—	(383,172)	—	—
As at 31 December 2001	<u>1,469,518</u>	<u>2,215,115</u>	<u>—</u>	<u>—</u>

## (e) Non-cash financing activities

	2001 <i>US\$'000</i>	2000 <i>US\$'000</i>
Issue of ordinary shares in satisfaction of US\$240 million of the US\$260 million subordinated loan	—	240,000
Issue of ordinary shares on redemption of Convertible Notes issued to Resorts World Limited	—	442,500
Bonus issue on the basis of four new ordinary shares for every one of existing share	<u>—</u>	<u>249,943</u>

**Consolidated Statement of Recognised Gains and Losses***For the year ended 31 December 2001*

	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Losses on financial instruments	(8,059)	—
Exchange differences arising on translation of subsidiaries	<u>(612)</u>	<u>(1,752)</u>
Net losses not recognised in the profit and loss account	(8,671)	(1,752)
Loss for the year	<u>(16,043)</u>	<u>(44,000)</u>
Total recognised losses	<u><u>(24,714)</u></u>	<u><u>(45,752)</u></u>

**Notes to the Accounts***For the year ended 31 December 2001***1. PRINCIPAL ACCOUNTING POLICIES****(a) Basis of preparation**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). The preparation of accounts in conformity with generally accepted accounting principles 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 date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases
SSAP 17 (revised)	:	Property, plant and equipment
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

Where necessary, comparative figures have been reclassified to conform to the current year’s presentation.

**(b) Basis of consolidation**

The consolidated accounts include the accounts of the Company and its subsidiaries made up to the end of the year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any goodwill or negative goodwill which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company’s balance sheet, investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than that which is temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

**(c) Intangible assets**

Intangible assets consist of goodwill, trade names and trademarks. Goodwill, which represents the excess of purchase consideration over the fair values ascribed to the separable assets and liabilities of subsidiaries and associated

companies acquired, is recognised as an asset and amortised by equal annual instalments over its estimated useful economic life of 40 years. Negative goodwill which represents the excess, as at the date of acquisition, of the Group's interests in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition is included in the balance sheet under "intangible assets" and is recognised as income in the profit and loss account on a systematic basis over 40 years.

Trade names and trademarks of Norwegian Cruise Line and Orient Lines recorded on acquisition of NCL Holding ASA ("NCL") are being amortised on a straight-line basis over their estimated useful economic lives of 40 years.

The Group is currently amortising goodwill and trade names and trademarks over useful lives of 40 years which is in excess of the rebuttable presumption in SSAP 29 "Intangible Assets" and SSAP 30 "Business Combinations" that the useful lives of such assets should not exceed 20 years.

- (i) The Group amortises goodwill on a straight-line basis over 40 years which is consistent with the useful life of goodwill adopted by other leading cruise companies. The Group believes that 40 years is a reasonable estimate of the useful lives of this goodwill as the NCL business has been in operation since the 1960s and operates in a market that is expected to grow and in which there are barriers to entry given the major capital investment required.
- (ii) Trade names and trademarks of Norwegian Cruise Line and Orient Lines recorded on the acquisition of NCL is being amortised on a straight-line basis over 40 years. The Group considers that 40 years is a reasonable estimate of the useful lives of these assets as the trade names and trademarks have already been in existence for many years (since 1960s). In addition, the Group incurs and intends to continuously incur significant advertising expenditure which supports the selection of a long useful life for these assets.

As the Group amortises goodwill and intangible assets over a period exceeding twenty years, the recoverable amounts of goodwill and intangible assets are assessed annually (See note 1(w)).

**(d) Foreign currency**

Transactions in currencies other than US dollars ("foreign currencies") are translated into US dollars at exchange rates in effect at the transaction dates. Monetary assets and liabilities expressed in foreign currencies are translated at exchange rates at the balance sheet date.

All such exchange differences are reflected in the consolidated profit and loss account.

For those subsidiaries which do not have the US dollar as their reporting currency, translation of their foreign currency accounts is dealt with as follows:

- (i) assets and liabilities are translated at exchange rates at the balance sheet date and;
- (ii) income and expense items are translated at average exchange rates prevailing during the year.

The resulting translation gains and losses arising from remeasurement are included as a separate component of reserve, "Foreign currency translation adjustment".

**(e) Revenue and expense recognition**

Revenues are recognised when the relevant services have been rendered. Cruise revenue, and all associated direct costs of a voyage, are generally recognised on a pro rata basis over the period. Where services are provided on credit, ongoing credit evaluations are performed and potential credit losses are expensed at the time accounts receivable are estimated to be uncollectible.

Income from charter-hire is recognised evenly over the period of the charter-hire.

Deposits received from customers for future voyages are recorded as advance ticket sales until such passenger revenue is earned.

Interest income and expense is recognised on a time proportion basis, taking into account the principal amount outstanding and the interest rates applicable.

**(f) Drydocking expenses**

Drydocking costs represent major inspection and overhaul costs and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally every two to three years.

In prior years, these drydocking costs, which were to be amortised within one year, were classified as current assets and the remainder of such costs was included in other assets. Effective this year, the Group has included these drydocking costs as a separate component of the ship costs in accordance with revised SSAP 17 “Property, Plant and Equipment”.

**(g) Advertising costs**

The Group’s advertising costs are generally expensed as incurred. Costs incurred that result in tangible assets, including brochures are treated as prepaid supplies and expensed as consumed. Direct-response advertising costs are capitalised and amortised over the period when revenues are realised from the related advertising.

**(h) Start up expenses**

Start up expenses, which primarily comprise expenses of deploying a ship from the dockyard to its port of operations and repositioning a ship to develop a new market, including crew payroll and ship expenses, are expensed as incurred and included in operating expenses. Marketing expenses incurred during this period are included in selling, general and administrative expenses.

**(i) Deferred taxation**

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

**(j) Cash and cash equivalents**

Cash and cash equivalents include investments with original maturities of three months or less that are readily convertible to known amounts of cash with no significant risk of changes in value and are stated at cost which approximates market value.

**(k) Restricted cash**

Restricted cash consists of cash collateral in respect of certain loan agreements, letters of credit and other obligations.



(l) **Loan arrangement fees**

Costs incurred in connection with the arranging of loan financing have been deferred and amortised on a straight-line basis over the life of the loan agreement. The unamortised amount, which is to be amortised within one year is included in prepaid expenses and others. The remaining amount is included in other assets.

(m) **Consumable inventories**

Consumable inventories mainly consist of provisions, supplies and engine and ship spare parts and are carried at the lower of cost, determined on a weighted average basis, and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(n) **Software development costs**

Deferred software development costs consist principally of salaries and fringe benefits of certain programmers and system analysts and outside consultant fees incurred in connection with the enhancement of significant internal data processing systems beyond their original specifications. These costs are recognised as an asset and amortised when the software is available for use using the straight-line method over the estimated useful life, not to exceed five years.

(o) **Provisions, contingent liabilities and contingent assets**

In accordance with SSAP 28, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(p) **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(q) **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation except for land, leasehold land, jetties, terminal building and improvements which are stated at valuation less accumulated depreciation. Significant cruise ship refurbishing costs are capitalised as additions to the cruise ship while costs of repairs and maintenance are expensed as incurred.

Cruise ships, catamaran and passenger ferry are depreciated to their estimated residual value on a straight-line basis over periods ranging from 13 to 30 years. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold land	30 - 99 years
Jetties and terminal building	30 - 99 years
Equipment and motor vehicles	3 - 20 years

No depreciation is provided on fixed assets which are under construction. The Group capitalises interest on cruise ships, catamaran and other capital projects during the period required to get such assets ready for their intended use. Interest capitalisation ceases when the asset is substantially complete.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated profit and loss account. Any revaluation reserve balance attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

**(r) Financial instruments**

The Group enters into derivative instruments, primarily forward contracts and interest rate swaps to limit its exposures to fluctuations in foreign currency exchange rates, and to modify its exposure to interest rate movements and to manage its interest costs.

The Group uses forward contracts to manage foreign currency exchange rate risk related to certain projected cash flows. These instruments are carried at fair value in the balance sheet. Changes in the market value of forward contracts that hedge foreign currency commitments to construct a cruise ship are deferred and included in the cost of the ship when the commitment is paid. Changes in the fair value of the Group's other foreign exchange derivative instruments are recognised in the profit and loss account.

Interest rate swaps allow the Group to convert long-term borrowings from floating rates and swap them into fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amount. The differential in interest rates to be paid or received under interest rate swaps is recognised during the financial year in the consolidated profit and loss account as part of interest expense. These instruments are carried at fair value in the balance sheet. Changes in the fair value of the interest rate swaps are deferred, included as a separate component of reserves, and recognised in the profit and loss account as the underlying hedged items are recognised.

**(s) Share option expense**

The Group accounts for compensation expense in respect of the award of share options to employees based on the excess, if any, of the quoted market price of the share at the date of the grant over the exercise price of the option. The excess has been treated as additional paid in capital and is recognised as an expense over the option periods. The unamortised amount is included as a separate component of reserves.

**(t) Earnings per share**

Basic earnings per share is computed by dividing net profit by the weighted average number of ordinary shares outstanding during each year. Fully diluted earnings per share is computed by dividing net profit by the weighted average number of ordinary shares, potential ordinary shares and other potentially dilutive securities outstanding during each period.

**(u) Retirement benefit costs**

Contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave employment before being fully vested. The amount of forfeiture depends on how much the employee is vested at the time of departure. The assets of these schemes are held separately from those of the Group.

Expenses in respect of a retirement scheme providing benefits based on final pay are charged to the profit and loss account. The unfunded pension obligations are determined based on the estimates of the effects of future events on the actuarial net present value of accrued pension obligations and are determined by a qualified actuary.

**(v) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

**(w) Recoverability of assets**

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets, goodwill and other intangible assets, trade names and trademarks are impaired. If any indication of impairment of an asset exists, and annually for goodwill and other intangible assets (as such assets are being amortised over 40 years (see note 1(c))), the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for the same asset, in which case it is treated as a revaluation decrease. Assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

The Group measures the amount of the impairment by comparing the carrying amount of an asset to its recoverable amount which is the higher of an asset's net selling price or its value in use. The Group estimates recoverable amount based on the best information available making whatever estimates, judgements and projections considered necessary. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties less costs of disposal. The estimation of value in use is generally measured by discounting future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life at discount rates which are commensurate with the risk involved.

**(x) Segment reporting**

The Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, intangible assets other than goodwill, inventories, receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets and intangible assets other than goodwill, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, turnover is based on the country in which the customer is located.

**2. TURNOVER, OPERATING PROFIT AND SEGMENT INFORMATION**

The turnover consists of revenues earned from cruise and cruise related activities and charter hire.

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. The charter hire includes the lease operation of a catamaran and a cruise ship to third party customers.

The amounts of each significant category of revenue recognised by the Group were as follows:

**2001**

	<b>Cruise and cruise related activities</b>	<b>Charter hire</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	<u>1,369,051</u>	<u>12,515</u>	<u>1,381,566</u>
Operating profit	<u>73,406</u>	<u>11,135</u>	84,541
Interest income			6,821
Financial costs			(118,492)
Other non-operating income/(expenses), net			<u>12,846</u>
Loss before taxation			(14,284)
Taxation			<u>(1,759)</u>
Net loss for the year			<u>(16,043)</u>
Segment assets (excluding goodwill)	3,836,754	34,329	3,871,083
Segment liabilities	427,030	414	427,444
Capital expenditure	645,564	3	645,567
Depreciation and amortisation	148,303	6,114	154,417
Impairment of fixed assets	8,430	—	8,430

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

2000

	Cruise and cruise related activities	Charter hire	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	<u>1,312,715</u>	<u>14,028</u>	<u>1,326,743</u>
Operating profit	<u>152,306</u>	<u>7,493</u>	159,799
Interest income			7,488
Financial costs			(185,512)
Other non-operating income/(expenses), net			(1,345)
Share of losses of associated company			<u>(748)</u>
Loss before taxation			(20,318)
Taxation			<u>(18,032)</u>
Loss after taxation			(38,350)
Minority interests			<u>(5,650)</u>
Net loss for the year			<u>(44,000)</u>
Segment assets (excluding goodwill)	3,486,549	89,197	3,575,746
Segment liabilities	372,428	615	373,043
Capital expenditure	280,949	55	281,004
Depreciation and amortisation	133,594	6,335	139,929
Impairment of fixed assets	38,663	—	38,663

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

The Group's turnover, operating profit/(loss) and assets in its principal markets of Asia Pacific and North America is analysed as follows:

### 2001

	<b>Turnover</b> <i>US\$'000</i>	<b>Operating profit/(loss)</b> <i>US\$'000</i>	<b>Total assets (excluding goodwill)</b> <i>US\$'000</i>	<b>Capital expenditure</b> <i>US\$'000</i>
Asia Pacific	511,669	94,194	1,277,949	34,375
North America (note)	765,585	(1,415)	2,593,134	611,192
Others	<u>104,312</u>	<u>1,203</u>	<u>—</u>	<u>—</u>
	<u>1,381,566</u>	93,982	<u>3,871,083</u>	<u>645,567</u>
Amortisation of goodwill		<u>(9,441)</u>		
		<u>84,541</u>		

### 2000

	<b>Turnover</b> <i>US\$'000</i>	<b>Operating Profit</b> <i>US\$'000</i>	<b>Total Assets (excluding goodwill)</b> <i>US\$'000</i>	<b>Capital expenditure</b> <i>US\$'000</i>
Asia Pacific	544,562	61,953	1,573,753	90,558
North America (note)	701,099	95,528	2,001,993	190,446
Others	<u>81,082</u>	<u>10,186</u>	<u>—</u>	<u>—</u>
	<u>1,326,743</u>	167,667	<u>3,575,746</u>	<u>281,004</u>
Amortisation of goodwill		<u>(7,868)</u>		
		<u>159,799</u>		

*Note:* Substantially all this turnover and operating profit/(loss) arises in the United States of America.

**3. IMPAIRMENT OF FIXED ASSETS**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Impairment loss - ship	8,430	37,694
Loss on revaluation of property and land assets	<u>—</u>	<u>969</u>
	<u><u>8,430</u></u>	<u><u>38,663</u></u>

In December 2001, the Group carried out an impairment assessment on certain of its cruise ships. As a result of this assessment, the Group wrote down the carrying value of a ship in the amount of US\$8.4 million.

**4. OPERATING PROFIT**

Operating profit is stated after charging the following:

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Charging:</b>		
Net foreign currency translation losses	3,639	301
Depreciation of fixed assets	135,453	123,585
Amortisation of software development costs	3,404	2,401
Amortisation of goodwill	9,441	7,868
Amortisation of negative goodwill	(1,171)	—
Amortisation of trade names and trademarks	7,290	6,075
Total depreciation and amortisation	154,417	139,929
- relating to operating function	145,403	131,950
- relating to selling, general and administrative function	9,014	7,979
Staff costs	237,674	206,898
Operating leases - land and buildings	6,536	5,794
- charter hire	21,002	18,736
Auditors' remuneration	1,073	858
Amortisation of share option expenses	2,461	557
Advertising expenses	85,985	79,200
Retirement benefit expense	5,095	3,898
Impairment of fixed assets (see note 3)	8,430	38,663
Expenses related to the early termination of ship charters	22,816	—
Other expenses	8,000	—
Total (see note below)	<u><u>30,816</u></u>	<u><u>—</u></u>

*Note:* The Group recorded expenses of approximately US\$30.8 million for the year ended 31 December 2001, consisting principally of expenses in relation to the ship charters terminated or in the process of termination as a result of the rationalisation of the North Asia operations, legal and other costs associated with certain claims against the Group.

**APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP****5. FINANCIAL COSTS**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Interest on bank loans	125,160	149,406
Interest on other loans wholly repayable within five years	<u>—</u>	<u>40,430</u>
Total borrowing costs incurred	125,160	189,836
Less: interest capitalised in fixed assets	<u>(6,668)</u>	<u>(4,324)</u>
Total financial costs	<u><u>118,492</u></u>	<u><u>185,512</u></u>

**6. OTHER NON-OPERATING INCOME/(EXPENSES), NET**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Gain/(Loss) on disposal of fixed assets	389	(396)
Loss on extinguishment of debt	—	(4,189)
Gain on foreign exchange	13,501	3,169
Other non-operating income/(expenses), net	<u>(1,044)</u>	<u>71</u>
	<u><u>12,846</u></u>	<u><u>(1,345)</u></u>



**7. TAXATION**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Overseas taxation		
- Current taxation	1,756	1,126
- Deferred taxation	<u>3</u>	<u>16,906</u>
	<u>1,759</u>	<u>18,032</u>
Deferred taxation has been charged in respect of		
- tax losses utilised	—	13,585
- other timing differences	<u>3</u>	<u>3,321</u>
	<u>3</u>	<u>16,906</u>

The Company, which was incorporated in the Isle of Man and is now domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions.

During the year, the Group completed a restructuring of NCL Holding ASA (“NCL”) and its subsidiaries. The Bermuda based operating subsidiary, Norwegian Cruise Line Limited, is now a directly held subsidiary of Arrasas Limited and accordingly the profits of Norwegian Cruise Line Limited are no longer subject to taxation in Norway as the earnings of Norwegian Cruise Line Limited is no longer flowing upwards to NCL. NCL and its subsidiary NCL Cruises Limited remain within the Norwegian tax regime and are currently dormant.

Norwegian Cruise Line Limited, which operates in the United States, is not subject to United States federal income taxes due to the provisions of Section 883 of the Internal Revenue Code of 1986 (the “Code”) which provide Norwegian Cruise Line Limited with an exemption from income taxation by the United States with respect to its United States source income derived from the international operation of the ships (“Shipping Income”). Section 883 provides that a foreign corporation will qualify for the exemption if (i) the foreign country in which the foreign corporation is organised grants an equivalent exemption for Shipping Income of sufficiently broad scope to a United States corporation (“Equivalent Exemption”) and (ii) more than 50% in value of its shares is directly or indirectly owned by individuals who are resident of one or more foreign countries which grant an Equivalent Exemption (“Look-Through Test”). The Group believes that it satisfies the requirements of the Look-Through Test since more than 50% in value of its shares is directly or indirectly owned by individuals in residence in foreign countries granting an Equivalent Exemption. Management believes that Norwegian Cruise Line Limited’s Shipping Income is exempt from the United States federal income taxes. If Norwegian Cruise Line Limited was found not to be exempt from United States federal income taxes, as described above, then Norwegian Cruise Line Limited’s Shipping Income, as well as any other income, could be taxed at higher than normal United States corporate federal income tax rates.

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

### 8. LOSS PER SHARE

Loss per share has been calculated as follows:

	GROUP	
	2001	2000
	US\$'000	US\$'000
<b>BASIC</b>		
Net loss	<u>(16,043)</u>	<u>(44,000)</u>
Average outstanding ordinary shares in thousands after adjusting for the effect of bonus issue in 2000	<u>4,144,733</u>	<u>3,212,970</u>
Basic loss per share in US cents	<u>(0.39)</u>	<u>(1.37)</u>
<b>FULLY DILUTED</b>		
Net loss	<u>(16,043)</u>	<u>(44,000)</u>
Average outstanding ordinary shares in thousands after adjusting for the effect of the bonus issue in 2000	<u>4,144,733</u>	<u>3,212,970</u>
Effect of dilutive share options after adjusting for the effect of the bonus issue in 2000	<u>16,591</u>	<u>50,303</u>
Average number of shares outstanding after adjusting for the effect of bonus issue in 2000 and assuming dilution	<u>4,161,324</u>	<u>3,263,273</u>
Fully diluted earnings per share in US cents	<u>N/A (note)</u>	<u>N/A (note)</u>

*Note:* Diluted loss per share for the years ended 31 December 2001 and 2000 are not shown, as the diluted loss per share is less than the basic loss per share.

**9. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT**

The aggregate amounts of emoluments of the Directors of the Company during the years are as follows:

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Fees, of which US\$180,000 (2000:US\$56,000) were to independent non-executive directors	228	147
Other emoluments:		
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	3,102	3,343
Contribution to provident fund	32	16
Ex-gratia emoluments paid to a past Director	—	746
Non-cash share option expenses	<u>1,330</u>	<u>396</u>
	<u><u>4,692</u></u>	<u><u>4,648</u></u>

The emoluments for the year ended 31 December 2000 included amounts paid to past Directors up to the date of resignation amounting to US\$1,762,972.

The emoluments of the Directors of the Company fall within the following bands:

	<b>Number of Directors</b>	
	<b>2001</b>	<b>2000</b>
HK\$nil - HK\$1,000,000	3	4
HK\$1,000,001 - HK\$1,500,000	—	1
HK\$1,500,001 - HK\$2,000,000	—	3
HK\$2,000,001 - HK\$2,500,000	1	—
HK\$3,000,001 - HK\$3,500,000	1	—
HK\$4,500,001 - HK\$5,000,000	—	1
HK\$11,000,001 - HK\$11,500,000	—	1
HK\$13,500,001 - HK\$14,000,000	1	—
HK\$14,000,001 - HK\$14,500,000	—	1
HK\$15,500,001 - HK\$16,000,000	1	—

The emoluments of the Directors of the Company have been annualised for the year ended 31 December 2000 for the purpose of categorisation into the above bands.

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

Details of the emoluments of the five highest paid individuals in the Group are as follows:

	GROUP	
	2001	2000
	US\$'000	US\$'000
Fees	36	65
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	3,611	3,304
Contributions to provident fund	39	56
Ex-gratia paid to a past Director	—	746
Non-cash share option expenses	<u>1,351</u>	<u>368</u>
	<u>5,037</u>	<u>4,539</u>
Number of Directors included in the five highest paid individuals	<u>3</u>	<u>2</u>

The emoluments of the 5 individuals fall within the following bands:

	Number of individuals	
	2001	2000
HK\$2,500,001 - HK\$3,000,000	—	2
HK\$3,000,001 - HK\$3,500,000	3	—
HK\$4,500,001 - HK\$5,000,000	—	1
HK\$11,000,001 - HK\$11,500,000	—	1
HK\$13,500,001 - HK\$14,000,000	1	—
HK\$14,000,001 - HK\$14,500,000	—	1
HK\$15,500,001 - HK\$16,000,000	1	—

The emoluments of the 5 individuals have been annualised for the year ended 31 December 2000 for the purpose of the categorisation into the above bands.

**10. INTANGIBLE ASSETS**

Intangible assets consist of the following items arising from the acquisition of NCL Holding ASA (“NCL”):

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade names and trademarks	<u>278,235</u>	<u>285,525</u>
Goodwill on consolidation	392,600	399,379
Negative goodwill	<u>(44,697)</u>	<u>(45,868)</u>
Net goodwill	<u>347,903</u>	<u>353,511</u>
	<u><u>626,138</u></u>	<u><u>639,036</u></u>

**Trade names and trademarks**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Cost		
At 1 January	291,600	—
Additions	<u>—</u>	<u>291,600</u>
At year end	<u>291,600</u>	<u>291,600</u>
Accumulated amortisation		
At 1 January	(6,075)	—
Amortisation	<u>(7,290)</u>	<u>(6,075)</u>
At year end	<u>(13,365)</u>	<u>(6,075)</u>
Net book value at year end	<u><u>278,235</u></u>	<u><u>285,525</u></u>

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

### Goodwill arising on acquisition of 84.5% of NCL

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Cost		
At 1 January	407,247	—
Additions	—	418,436
Adjustments (see note below)	<u>2,662</u>	<u>(11,189)</u>
At year end	<u>409,909</u>	<u>407,247</u>
Accumulated amortisation		
At 1 January	(7,868)	—
Amortisation	<u>(9,441)</u>	<u>(7,868)</u>
At year end	<u>(17,309)</u>	<u>(7,868)</u>
Net book value at year end	<u><u>392,600</u></u>	<u><u>399,379</u></u>

*Note:* The fair value of certain assets and liabilities of NCL on 29 February 2000, the effective date of acquisition of a majority interest in NCL by the Group, were subsequently revised, based on events subsequent to this date, which provided additional information as to the fair value of such assets and liabilities on 29 February 2000. These adjustments to the fair value of the assets and liabilities of NCL result in a revision to goodwill recognised of approximately US\$2.7 million and US\$11.2 million for the years ended 31 December 2001 and 2000 respectively.

### Negative goodwill arising on acquisition of remaining 15.5% of NCL

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Cost		
At 1 January	(45,868)	—
Additions	<u>—</u>	<u>(45,868)</u>
At year end	<u>(45,868)</u>	<u>(45,868)</u>
Accumulated amortisation		
At 1 January	—	—
Amortisation	<u>1,171</u>	<u>—</u>
At year end	<u>1,171</u>	<u>—</u>
Net book value at year end	<u><u>(44,697)</u></u>	<u><u>(45,868)</u></u>

*Acquisition of NCL*

In December 1999, the Group through a wholly-owned subsidiary, Arrasas Limited, acquired an interest of approximately 38.6% of the then outstanding shares of NCL as at 31 December 1999, a company incorporated under the laws of the Kingdom of Norway.

As a result of the mandatory offers made on 13 January 2000, which expired on 10 February 2000, the Group acquired a further interest in NCL resulting in the Group owning, including ordinary shares previously held by the Group, a total interest of about 84.5% of NCL's outstanding shares. Approximately 10.9% of the NCL's outstanding shares were held by companies related to, but not subsidiaries of the Group.

Prior to this acquisition of a substantial interest in NCL in February 2000, the Group equity accounted for its share of the results of NCL, net of amortisation of goodwill of US\$0.7 million as share of losses from associated company, in the consolidated profit and loss account. Subsequent to the acquisition of this further interest in February 2000, the results of the operations of NCL have been consolidated using the purchase method of accounting.

The Group recorded the assets acquired and liabilities assumed of NCL as at 1 March 2000. The excess of the total cost of acquisition over the fair value of assets acquired and liabilities assumed is classified as goodwill and is being amortised over 40 years.

Subsequently on 29 November 2000, the Group acquired a further 10.9% equity interest in NCL from these certain other companies related to the Group for a total cash consideration of approximately US\$46 million resulting in the Group holding approximately 95.4% equity interest in NCL. The Group therefore on 30 November 2000, exercised its right under the Norwegian Public Limited Liability Company Act (NPLLCA) to initiate a compulsory acquisition of the remaining ordinary shares of NCL that it does not own at a redemption offer price of 13 Norwegian Kronor ("NOK") (US\$1.460 approximately based on exchange rate at 31 December 2000) per share. An amount equaling the total redemption offer sum was deposited on a suspense account in accordance with the NPLLCA. In addition, The Group also purchased 47,194 ordinary shares that were held in treasury by NCL for approximately US\$66,000. As a result of the compulsory acquisition, each and all of the shares in NCL was transferred to Arrasas Limited. The former minority shareholders' ownership interest in the shares was at the same time replaced by a claim for compensation towards Arrasas Limited. The fair value of NCL's net assets acquired in relation to the approximately 15.5% interest in NCL was in excess of the cost of acquisition in the amount of US\$45.9 million and was taken to reduce the goodwill previously recorded. Following the compulsory acquisition, the ordinary shares and American Depository Shares of NCL were delisted from the Oslo Stock Exchange and the New York Stock Exchange in December 2000.

The redemption offer period following the compulsory acquisition lapsed on 7 February 2001. As at 8 February 2001, persons formerly holding approximately 73.6% of the shares not held by Arrasas Limited accepted the redemption offer and persons formerly holding approximately 11.6% of the shares did not respond to the offer, and pursuant to Norwegian law are deemed to have accepted the offer. Persons formerly holding approximately 14.8% of the shares rejected the offer. The persons who have explicitly accepted the offer and those who are deemed to have accepted the offer were paid for their shares on 23 February 2001. In relation to those persons who rejected the offer ("Opposing Parties"), Arrasas Limited is in a position to raise a valuation request to Oslo City Court for the court to determine the offer price resulting in a collective offer price to each of those persons.

A petition for the valuation request was filed by Arrasas Limited late October 2001 at the Oslo City Court. The Opposing Parties filed a response to the petition on 15 February 2002. A further pleading from Arrasas Limited is expected thereafter and the hearing of the valuation request is expected to take place some time in the fourth quarter of 2002.

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

The decision from the Oslo City Court can be appealed to the Court of Appeal by all parties to the proceeding. In the event that a legally binding decision from the court determines an offer price that is higher than NOK13 per share, Arrasas Limited would be required to pay all persons who are parties to the valuation proceeding, the difference between the such higher price and the deposited NOK13 per share.

In addition, the Group is also involved in other various legal actions in connection with the acquisition of NCL. As these various legal actions are at the interlocutory stage, the Group cannot predict the ultimate resolution of these legal actions and is vigorously defending these legal actions.

### 11. FIXED ASSETS

Fixed assets consist of the following:

#### GROUP

Year ended 31 December 2001

	Cruise ships	Land, leasehold land, jetties, terminal building and improvements	Equipment and motor vehicles	Cruise ships under construction	Jetties, terminal and other construction in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost and valuation</b>						
At 1 January 2001	2,599,983	52,081	167,548	334,355	8,930	3,162,897
Exchange differences	—	(48)	(1,390)	—	(132)	(1,570)
Reclassification of fixed assets	806,787	2,440	23,966	(830,856)	(2,337)	—
Additions	26,686	2,276	35,128	562,704	18,773	645,567
Assets written off	(638)	(254)	(3,245)	—	—	(4,137)
Disposals	(106,010)	—	(25,135)	—	—	(131,145)
At 31 December 2001	<u>3,326,808</u>	<u>56,495</u>	<u>196,872</u>	<u>66,203</u>	<u>25,234</u>	<u>3,671,612</u>
<b>Accumulated depreciation</b>						
At 1 January 2001	(217,847)	(807)	(56,095)	—	—	(274,749)
Exchange differences	—	20	1,644	—	—	1,664
Impairment loss	(8,430)	—	—	—	—	(8,430)
Reclassification of fixed assets	197	(718)	521	—	—	—
Charge for the year	(111,810)	(1,925)	(21,718)	—	—	(135,453)
Assets written off	386	20	842	—	—	1,248
Disposals	<u>28,854</u>	<u>—</u>	<u>12,022</u>	<u>—</u>	<u>—</u>	<u>40,876</u>
At 31 December 2001	<u>(308,650)</u>	<u>(3,410)</u>	<u>(62,784)</u>	<u>—</u>	<u>—</u>	<u>(374,844)</u>



# APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

	Cruise ships <i>US\$'000</i>	Land, leasehold land, jetties, terminal building and improvements <i>US\$'000</i>	Equipment and motor vehicles <i>US\$'000</i>	Cruise ships under construction <i>US\$'000</i>	Jetties, Terminal and other Construction in progress <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Net book value</b>						
At 31 December 2001	<u>3,018,158</u>	<u>53,085</u>	<u>134,088</u>	<u>66,203</u>	<u>25,234</u>	<u>3,296,768</u>
At 31 December 2000	<u>2,382,136</u>	<u>51,274</u>	<u>111,453</u>	<u>334,355</u>	<u>8,930</u>	<u>2,888,148</u>
<b>Cost/valuation</b>						
At 31 December 2001						
At Cost	3,326,808	8,711	196,872	66,203	19,657	3,618,251
At 2000 valuation	<u>—</u>	<u>47,784</u>	<u>—</u>	<u>—</u>	<u>5,577</u>	<u>53,361</u>
At 31 December 2000						
At Cost	2,599,983	4,297	167,548	334,355	3,353	3,109,536
At 2000 valuation	<u>—</u>	<u>47,784</u>	<u>—</u>	<u>—</u>	<u>5,577</u>	<u>53,361</u>
<b>Fixed assets under charter hire are as follows:</b>						
Cost	37,524	—	350	—	—	37,874
Less: accumulated depreciation	<u>(4,346)</u>	<u>—</u>	<u>(150)</u>	<u>—</u>	<u>—</u>	<u>(4,496)</u>
Net book value at						
31 December 2001	<u>33,178</u>	<u>—</u>	<u>200</u>	<u>—</u>	<u>—</u>	<u>33,378</u>
Net book value at						
31 December 2000	<u>82,035</u>	<u>—</u>	<u>6,307</u>	<u>—</u>	<u>—</u>	<u>88,342</u>

In conjunction with the listing of the Company's entire share capital on the Stock Exchange, certain of the Group's properties were revalued at 30 September 2000 by the Directors on the basis of an open market valuation by Jones Lang LaSalle Limited, an independent property valuer. As at 31 December 2001 and 2000, the carrying amount of these certain properties would have been US\$62.9 million and US\$56.5 million respectively had they been stated at cost less accumulated depreciation.

At 31 December 2001 and 2000, the net book value of fixed assets pledged as security for the Group's long-term bank loans amounted to US\$2.7 billion and US\$2.2 billion respectively.

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

Net book value of land, leasehold land, jetties, terminal building and improvements comprises:

	GROUP	
	2001 US\$'000	2000 US\$'000
Hong Kong:	—	—
Outside Hong Kong:		
Freehold	6,508	6,508
Long leasehold (not less than 50 years)	45,603	43,725
Medium leasehold (less than 50 years but not less than 10 years)	974	1,041
	<u>53,085</u>	<u>51,274</u>

### 12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2001 US\$'000	2000 US\$'000
Investment at cost:		
Unlisted shares	205,465	1,234
Amount due from subsidiaries	2,154,858	2,039,506
Amount due to subsidiaries	<u>(1,058)</u>	<u>(32,075)</u>
	<u>2,359,265</u>	<u>2,008,665</u>

Amount due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

A list of principal subsidiaries is included in note 30 to the accounts.

### 13. OTHER ASSETS

	GROUP	
	2001 US\$'000	2000 US\$'000
Loan arrangement fees	8,558	14,085
Software development costs, net	1,956	4,730
Others	—	1,547
	<u>10,514</u>	<u>20,362</u>

**14. CONSUMABLE INVENTORIES**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Food and beverages	9,047	5,846
Supplies, spares and consumables	<u>23,824</u>	<u>22,483</u>
	<u><u>32,871</u></u>	<u><u>28,329</u></u>

**15. TRADE RECEIVABLES**

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	28,804	22,300
Less: Provisions	<u>(3,406)</u>	<u>(2,380)</u>
	<u><u>25,398</u></u>	<u><u>19,920</u></u>

Credit terms generally range from payment in advance to 45 days credit terms.

At 31 December 2001 and 2000, the ageing analysis of the trade receivables were as follows:

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Current to 30 days	14,164	13,625
31 days to 60 days	4,665	2,223
61 days to 120 days	4,493	1,642
121 days to 180 days	2,562	929
181 days to 360 days	635	2,093
Over 360 days	<u>2,285</u>	<u>1,788</u>
	<u><u>28,804</u></u>	<u><u>22,300</u></u>

**16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	GROUP		COMPANY	
	2001	2000	2001	2000
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Deposits with banks — maturing within 3 months	55,870	190,518	43,293	175,978
Cash and bank balances	<u>115,705</u>	<u>101,990</u>	<u>202</u>	<u>10</u>
	<u>171,575</u>	<u>292,508</u>	<u>43,495</u>	<u>175,988</u>

**17. RELATED PARTY TRANSACTIONS AND BALANCES**

Golden Hope Limited (“GHL”), a company incorporated in the Isle of Man acting as trustee for the Golden Hope Unit Trust, a private unit trust whose beneficiaries include various trusts established for the benefit of Tan Sri Lim Goh Tong, and certain members of his family controls the Group.

Dato’ Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Group, is a son of Tan Sri Lim Goh Tong.

Kien Huat Development Sdn Bhd (“Kien Huat”) is a company in which a brother of Dato’ Lim Kok Thay has a substantial interest.

Genting Berhad (“GB”), a company in which Dato’ Lim Kok Thay has a deemed interest and is listed on the Kuala Lumpur Stock Exchange, controls Genting Overseas Holdings Limited (“GOHL”) which in turn controls Genting International PLC (“GIPLC”), a company listed on the Luxembourg Stock Exchange. GB also controls Resorts World Bhd (“RWB”), a company also listed on the Kuala Lumpur Stock Exchange which in turn controls Resorts World Limited (“RWL”) which is a substantial shareholder of the Company.

Significant related party transactions entered into between the Group and these companies during the year ended 31 December 2001 are set out below:

- (a) Kien Huat together with its related companies, have been engaged by certain companies in the Group to construct terminal buildings and a number of jetties which serve as the administrative and technical support offices and berthing facilities for the Group’s vessels. Amounts charged to the Group in respect of these services were US\$0.6 million and US\$5.2 million in the years ended 31 December 2001 and 2000.
- (b) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services and other support services. The Group also purchased air tickets from a subsidiary of RWB. Amounts charged to the Group in respect of these services were US\$1.6 million each in the years ended 31 December 2001 and 2000.
- (c) During the year ended 31 December 2001, the Group provided certain administrative support and business liaison services to GIPLC internationally and the amount charged to GIPLC was approximately US\$0.3 million.

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- (d) On 1 August 2000, the Group entered into a joint promotion programme with RWB for the allocation of the cabins onboard one of its cruise ships to members of RWB's loyalty programme. The allocation of cabin forms part of the reward available to the members of RWB's loyalty programme. The amount charged to RWB was approximately US\$40,000 in the year ended 31 December 2000.

Amount outstanding at the end of each fiscal year in respect of the above transactions (a) to (d) were included in the balance sheets within amounts due to related companies.

- (e) On 24 November 2000, Arrasas Limited entered into separate Stock Purchase Agreements with RWL, GOHL and Palomino Limited (an indirect subsidiary of GB) to acquire in aggregate of 29,110,200 ordinary shares representing approximately 10.9% of the issue share capital of NCL for a total cash consideration of NOK436,653,000 (US\$45,746,299) or NOK15 (US\$1.572) per share. The transaction was completed on 29 November 2000. The agreements require that in the event Arrasas Limited pays more than NOK15 (US\$1.572) per share in any subsequent transactions, Arrasas Limited will be required to pay to these related companies the difference between the such higher price per share and NOK15 per share (US\$1.572).

### Transactions with Directors

- (f) Certain Directors of the Company and the Group were granted call options entitling them to subscribe for ordinary shares in the share capital of the Company under The Star Cruises Employees Share Option Scheme. Call options granted are exercisable at the price of US\$0.2712 and US\$0.4550 per share. Details of the outstanding call options as at 31 December 2001 are set out in the section headed "Share Options" in the Report of the Directors.

## 18. TRADE CREDITORS

	GROUP	
	2001	2000
	US\$'000	US\$'000
Trade creditors	<u>109,293</u>	<u>76,092</u>

The ageing of trade creditors as at 31 December 2001 and 2000 is as follows:

	GROUP	
	2001	2000
	US\$'000	US\$'000
Current to 60 days	96,872	68,994
61 days to 120 days	10,378	3,138
121 days to 180 days	1,668	3,381
Over 180 days	<u>375</u>	<u>579</u>
	<u>109,293</u>	<u>76,092</u>

Credit terms granted to the Group generally vary from no credit to 45 days credit.

**19. PROVISIONS, ACCRUALS AND OTHER LIABILITIES**

Provisions, accruals and other liabilities consists of the following:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Payroll, taxes and related benefits	10,689	13,706	—	—
Interest	17,476	34,878	3,907	—
Forward currency contracts and interest rate swaps	10,611	26,971	8,059	—
Provisions (see note below)	19,389	7,115	—	—
Others	90,713	78,667	543	1,692
	<u>148,878</u>	<u>161,337</u>	<u>12,509</u>	<u>1,692</u>

The movements of the provisions are as follows:

	<b>GROUP</b>		
	<b>Severance and environmental provisions</b>	<b>Other provisions</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at 1 January 2001	7,115	—	7,115
Additional provisions	2,662	15,148	17,810
Less: amounts paid	<u>(5,536)</u>	<u>—</u>	<u>(5,536)</u>
As at 31 December 2001	<u>4,241</u>	<u>15,148</u>	<u>19,389</u>

**Severance and environmental provisions**

The Group recorded approximately US\$11.5 million as part of the liabilities assumed to effect the acquisition of NCL in 2000, of which US\$4.4 million was paid in 2000. An additional provision of US\$2.7 million was made in 2001 (see note 10). Such liabilities consist principally of severance and related benefits to former employees of NCL, legal and other expenses associated with environmental violations, and other costs incurred by NCL due to implementation of various changes in operating strategies as a result of the acquisition of NCL by the Group.

**Other provisions**

As at 31 December 2001, the Group established provisions of approximately US\$15.1 million. Such liabilities consist principally of expenses in connection with a ship charter which is in the process of negotiation for an early termination, legal and other costs associated with certain claims against the Group. The provisions are expected to be substantially utilised in 2002.

**20. LONG-TERM BANK LOANS**

Long-term bank loans consist of the following:

		GROUP		COMPANY	
		2001	2000	2001	2000
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
US\$521.6 million syndicated term loan	(i)	434,454	469,227	—	—
US\$626.9 million syndicated term loan	(ii)	313,461	—	—	—
US\$600 million term loan	(iii)	450,000	600,000	450,000	600,000
US\$210 million M/S Norwegian Sky Loan	(iv)	182,000	196,000	—	—
US\$623 million fleet loan	(v)	565,200	597,600	—	—
1999 KfW M/S Norwegian Sun Pre-delivery Loan	(vi)	—	96,790	—	—
US\$225 million M/S Norwegian Sun Post- delivery Loan	(vi)	225,000	—	—	—
US\$45 million term loan	(vi)	45,000	—	—	—
		<u>2,215,115</u>	<u>1,959,617</u>	<u>450,000</u>	<u>600,000</u>
Total liabilities		2,215,115	1,959,617	450,000	600,000
Less: Current portion		<u>(94,551)</u>	<u>(263,573)</u>	<u>—</u>	<u>(150,000)</u>
		<u>2,120,564</u>	<u>1,696,044</u>	<u>450,000</u>	<u>450,000</u>
Long-term portion		<u>2,120,564</u>	<u>1,696,044</u>	<u>450,000</u>	<u>450,000</u>

The following is a schedule of principal repayments of the long-term debts in respect of the loans outstanding as at 31 December 2001 and 2000.

	GROUP		COMPANY	
	2001	2000	2001	2000
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within one year	94,551	263,573	—	150,000
In the second year	319,291	128,573	37,500	—
In the third to fifth years	882,213	1,109,319	225,000	450,000
After the fifth year	<u>919,060</u>	<u>458,152</u>	<u>187,500</u>	<u>—</u>
	<u>2,215,115</u>	<u>1,959,617</u>	<u>450,000</u>	<u>600,000</u>

**(i) US\$521.6 million syndicated term loan**

On 22 January 1998, a syndicated term loan for an amount up to US\$521.6 million was obtained by two subsidiaries, Superstar Leo Limited and Superstar Virgo Limited, as joint and several borrowers to part finance the construction of m.v. SuperStar Leo and m.v. SuperStar Virgo. This syndicated term loan was fully drawdown in September 1999.

**(ii) US\$626.9 million syndicated term loan**

On 26 June 1999, a syndicated term loan for an amount up to US\$604.8 million was obtained by two other subsidiaries, Norwegian Star Limited (formerly known as Superstar Libra Limited) and Norwegian Dawn Limited (formerly known as Superstar Scorpio Limited), as joint and several borrowers to part finance the construction of m.v. Norwegian Star (formerly known as m.v. SuperStar Libra) and m.v. Norwegian Dawn (formerly known as m.v. SuperStar Scorpio), respectively. In October 2001, this syndicated term loan agreement was amended to provide for borrowings of up to US\$626.9 million and subsequently in November 2001, the Group drewdown US\$313.5 million to pay the shipyard upon delivery of m.v. Norwegian Star to the Group.

These two syndicated term loans bear interest at rates which vary according to the London Interbank Offer Rate (“LIBOR”) and are repayable in 24 equal half yearly instalments commencing 6 months from the relevant ship delivery dates, with maturity date payments to be paid on the relevant maturity dates. These facilities are secured by ship mortgages over the assets with a carrying value of US\$1.1 billion as at 31 December 2001 and guarantees from the Company and a subsidiary, Star Cruise Services Limited. In addition, the earnings and insurances are assigned to lenders as security. The shares of the borrowers are also pledged as collateral. The Group also assigned the shipbuilding contract and the benefit of the refund guarantees from the builder in respect of m.v. Norwegian Dawn, as security.

**(iii) US\$600 million term loan**

On 18 August 2000, the Group entered into an agreement to refinance a US\$600 million short-term loan with a 5-year term loan. Subsequently on 12 October 2000, the Group drewdown this 5-year term loan.

This 5-year term loan is secured by guarantees from certain subsidiaries and a pledge on shares of Arrasas Limited owned by the Company. In April 2001, the Group repaid US\$150 million of this loan. The repayment was made from the proceeds of the disposal of m.v. Star Aquarius of US\$75 million in February 2001 with the balance from the proceeds of the convertible notes issued to RWL and the share placement, both of which occurred in 2000.

The Group was in breach of two of the financial covenants relating to the 5-year term loan as at 31 December 2001. On 20 February 2002, the Group signed an agreement with a syndicate of banks to provide up to US\$450 million in loans (“US\$450 million term loan”) to refinance this 5-year term loan. Based on this refinancing commitment, the 5-year term loan has been classified as a long-term loan as at 31 December 2001. The US\$450 million term loan bears interest at rates, which vary according to LIBOR, is repayable in 12 equal installments payable at six-monthly intervals commencing 18 months from the facility agreement date.

The US\$450 million term loan will be secured by a first and second priority mortgages over certain ships of the Group and guarantees from certain subsidiaries. The shares of the subsidiaries owning the ships relating to the first priority mortgage will also be pledged as collateral. In addition, the shares over Norwegian Cruise Line Limited or any other approved entity will be granted as security.

**(iv) US\$210 million M/S Norwegian Sky Loan**

NCL entered into a non-cancelable loan agreement with a syndicate of banks (the “DnB Loan Agreement”) to finance repayment of an existing loan and payments in connection with the construction of M/S Norwegian Sky. In July 1999, NCL borrowed US\$210 million under this Loan Agreement. This term loan which bears interest at a rate which varies according to LIBOR is repayable in 20 equal half yearly instalments with a maturity date payment to be paid on the maturity date.



(v) **US\$623 million fleet loan**

In December 1999, NCL obtained a US\$510 million reducing revolving credit facility with a syndicate of banks (the "Facility") to refinance certain debt facilities of NCL. In November 2000, the Group amended the Facility to provide for borrowings of up to US\$623 million. The additional proceeds were used to repay other debt outstanding at such time. The Facility matures in December 2004 with interest at LIBOR plus a margin of 1.10% to 1.60%. The margin is based on the ratio of NCL's funded debt to consolidated Earnings Before Interest, Taxation, Depreciation and Amortisation, as defined, for the latest 12-month period.

(vi) **US\$225 million M/S Norwegian Sun Post-delivery Loan and US\$45 million term loan**

In May 2000, NCL obtained a permanent financing commitment ("M/S Norwegian Sun Post-Delivery Loan Agreement") from a syndicate of banks to provide up to US\$225 million in loans to finance the construction costs of the M/S Norwegian Sun. In August 2001, the Group borrowed US\$225 million under the M/S Norwegian Sun Post-Delivery Loan Agreement and an additional US\$45 million term loan.

The M/S Norwegian Sun Post-Delivery Loan Agreement bears interest at a rate which varies according to LIBOR and matures in August 2009. The US\$45 million term loan, which matures in December 2003 also bears interest at a rate which varies according to LIBOR.

**NCL's bank loans (iv) to (vi) above**

In December 2001, NCL requested and its lenders agreed to defer certain scheduled principal payments in the amount of US\$132.8 million that were originally scheduled to be made by NCL in 2001 and 2002. Such deferred principal payments will be repaid commencing in December 2002 and in 2003.

NCL's ships and its other property are pledged as collateral for NCL's long-term bank loans as at 31 December 2001. Various debt agreements of NCL contain restrictive covenants, which have been modified from time to time, and among other things, limit the payment of dividends and capital expenditures, and require compliance with certain financial ratios.

**21. SHARE CAPITAL**

	<b>GROUP/COMPANY</b>			
	<b>Authorised share capital</b>			
	<b>Preference shares of US\$0.10 each</b>		<b>Ordinary shares of US\$0.10 each</b>	
	<i>No of shares</i>	<i>US\$'000</i>	<i>No of shares</i>	<i>US\$'000</i>
At 1 January 2000	10,000	1	999,990,000	99,999
Increase in authorised ordinary share capital	<u>—</u>	<u>—</u>	<u>9,000,000,000</u>	<u>900,000</u>
At 31 December 2000 and 2001	<u>10,000</u>	<u>1</u>	<u>9,999,990,000</u>	<u>999,999</u>

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	<b>GROUP/COMPANY</b>	
	<b>Issued and fully paid Ordinary shares of US\$0.10 each</b>	
	<i>No of Shares</i>	<i>US\$'000</i>
At 1 January 2000	624,667,243	62,467
Issuance of shares pursuant to The Star Cruises Employees Share Option Scheme	403,500	40
Bonus issue on the basis of 4 new ordinary shares for every one existing ordinary share	2,499,432,972	249,943
Issuance of ordinary shares on redemption of Convertible Notes issued to RWL	609,781,993	60,978
Issuance of ordinary shares upon capitalisation of US\$240 million of the US\$260 million subordinated loan from a related company	330,729,329	33,073
Issuance of ordinary shares to independent places, net of issuance costs of approximately US\$9 million	75,792,000	7,579
Issuance of ordinary shares to a Director pursuant to his service contract with the Company	<u>275,000</u>	<u>28</u>
At 31 December 2000	<u>4,141,082,037</u>	<u>414,108</u>
At 1 January 2001	4,141,082,037	414,108
Issuance of shares pursuant to The Star Cruises Employees Share Option Scheme	<u>5,649,500</u>	<u>565</u>
At 31 December 2001	<u>4,146,731,537</u>	<u>414,673</u>

The net proceeds of approximately US\$490 million from the issue of approximately US\$442.5 million in principal amount of the Convertible Notes which were subsequently converted to ordinary shares and the placement of shares to the independent places and after deducting related expenses, both of which occurred in 2000, has been applied as follows:

	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Funding of newbuilding programme in respect of m.v. Norwegian Dawn (formerly m.v. SuperStar Scorpio)	54,184	—
Repayment of indebtedness	75,000	50,052
Repayment of indebtedness related to Genting Berhad, its subsidiaries and Joondalup Limited (including accrued interest)	—	176,471
Acquisition of the approximately 15.5% remaining interest in NCL, including related expenses	—	72,613
Used as general working capital in 2001	<u>61,457</u>	<u>—</u>
	<u>190,641</u>	<u>299,136</u>

There were no unapplied proceeds as at 31 December 2001.

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## 22. RESERVES

GROUP	Share	Additional	Foreign	Unamortised	Cash flow	Retained	Total
	premium	paid-in	currency	share option	hedge	earnings	
	US\$'000	US\$'000	translation	expense	reserve	US\$'000	US\$'000
			adjustment				
			US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2000	675,823	89,376	(23,825)	(4,892)	—	111,512	847,994
Exchange translation differences	—	—	(1,752)	—	—	—	(1,752)
Net loss for the year	—	—	—	—	—	(44,000)	(44,000)
Issue of ordinary shares pursuant to The Star Cruises Employees Share Option Scheme	285	—	—	—	—	—	285
Bonus issue on the basis of four new ordinary shares for every one of existing share	(249,943)	—	—	—	—	—	(249,943)
Issue of ordinary shares on redemption of Convertible Notes issued to RWL	381,522	—	—	—	—	—	381,522
Issue of ordinary shares in satisfaction of US\$240 million of the US\$260 million subordinated loan	206,927	—	—	—	—	—	206,927
Issue of ordinary shares to independent placees, net of issuance costs of approximately US\$9 million	39,067	—	—	—	—	—	39,067
Issue of ordinary shares to a Director pursuant to his service contract with the Company	172	—	—	—	—	—	172
Issuance of share options	—	4,576	—	(4,576)	—	—	—
Charged to profit and loss account	—	—	—	557	—	—	557
At 31 December 2000	<u>1,053,853</u>	<u>93,952</u>	<u>(25,577)</u>	<u>(8,911)</u>	<u>—</u>	<u>67,512</u>	<u>1,180,829</u>

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GROUP	Share	Additional	Foreign	Unamortised	Cash flow	Retained	Total
	premium	paid-in	currency	share option	hedge	earnings	
	US\$'000	US\$'000	translation	expense	reserve	US\$'000	US\$'000
			adjustment				
			US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2001	1,053,853	93,952	(25,577)	(8,911)	—	67,512	1,180,829
Exchange translation differences	—	—	(612)	—	—	—	(612)
Net loss for the year	—	—	—	—	—	(16,043)	(16,043)
Loss on financial instruments							
hedging interest rate exposure	—	—	—	—	(8,454)	—	(8,454)
Issue of ordinary shares pursuant to The Star Cruises Employees Share Option Scheme	992	—	—	—	—	—	992
Charged to profit and loss account	—	—	—	2,461	395	—	2,856
At 31 December 2001	<u>1,054,845</u>	<u>93,952</u>	<u>(26,189)</u>	<u>(6,450)</u>	<u>(8,059)</u>	<u>51,469</u>	<u>1,159,568</u>
COMPANY	Share	Additional	Unamortised	Cash flow	Retained	Total	
	premium	paid-in	share option	hedge	earnings		
	US\$'000	US\$'000	expense	reserve	US\$'000	US\$'000	
			US\$'000	US\$'000	US\$'000	US\$'000	
At 1 January 2000	675,823	89,127	(4,892)	—	33,077	793,135	
Net profit for the year	—	—	—	—	256	256	
Issue of ordinary shares pursuant to The Star Cruises Employees Share Option Scheme	285	—	—	—	—	285	
Bonus issue on the basis of four new ordinary shares for every one of existing share	(249,943)	—	—	—	—	(249,943)	
Issue of ordinary shares on redemption of Convertible Notes issued to RWL	381,522	—	—	—	—	381,522	
Issue of ordinary shares upon capitalisation of US\$240 million of the US\$260 million subordinated loan	206,927	—	—	—	—	206,927	
Issue of ordinary shares to independent placees, net of issuance costs of approximately US\$9 million	39,067	—	—	—	—	39,067	
Issue of ordinary shares to a Director pursuant to his service contract with the Company	172	—	—	—	—	172	
Issuance of share options	—	3,059	(3,059)	—	—	—	
Charged to profit and loss account	—	—	358	—	—	358	
At 31 December 2000	<u>1,053,853</u>	<u>92,186</u>	<u>(7,593)</u>	<u>—</u>	<u>33,333</u>	<u>1,171,779</u>	

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COMPANY	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2001	1,053,853	92,186	(7,593)	—	33,333	1,171,779
Net profit for the year	—	—	—	—	379,972	379,972
Loss on financial instruments hedging interest rate exposure	—	—	—	(8,454)	—	(8,454)
Issue of ordinary shares pursuant to The Star Cruises Employees Share Option Scheme	992	—	—	—	—	992
Charged to profit and loss account	—	—	2,244	395	—	2,639
	<u>1,054,845</u>	<u>92,186</u>	<u>(5,349)</u>	<u>(8,059)</u>	<u>413,305</u>	<u>1,546,928</u>
At 31 December 2001	<u>1,054,845</u>	<u>92,186</u>	<u>(5,349)</u>	<u>(8,059)</u>	<u>413,305</u>	<u>1,546,928</u>

### 23. OTHER LONG-TERM LIABILITIES

	GROUP		COMPANY	
	2001 <i>US\$'000</i>	2000 <i>US\$'000</i>	2001 <i>US\$'000</i>	2000 <i>US\$'000</i>
Deferred gains on derivative instruments	2,539	2,830	770	858
Deferred lease liability	1,755	2,962	—	—
Pension plan	1,873	2,021	—	—
Others	<u>3,823</u>	<u>2,212</u>	<u>—</u>	<u>—</u>
	<u>9,990</u>	<u>10,025</u>	<u>770</u>	<u>858</u>

### 24. DEFERRED TAXATION

	GROUP	
	2001 <i>US\$'000</i>	2000 <i>US\$'000</i>
Excess of capital allowances over depreciation	<u>178</u>	<u>168</u>

### 25. FINANCIAL INSTRUMENTS

The fair values of financial instruments including derivatives are 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 balance sheet date or that will be realised in the future and do not include expenses that could be incurred in an actual sale or settlement. The following are the fair values and methods used to estimate the fair values of the Group's financial instruments:

#### (a) Certain short-term financial instruments

The carrying amounts of cash, cash equivalents, trade receivables, trade creditors and accrued liabilities approximate their fair values due to the short-term maturities of these instruments.

**(b) Long-term bank loans**

As at 31 December 2001, the fair value of the long-term bank loans, including the current portion, was approximately US\$2,221.1 million, which was approximately US\$6.0 million more than the carrying values. The difference between the fair value and carrying value of the long-term bank loan is due to NCL's fixed rate and variable rate debt obligations carrying interest rates that are above or below market rates at the measurement dates. The fair value of long-term bank loans is estimated based on rates currently available to NCL for the same or similar terms and remaining maturities.

**(c) Interest rate swaps and foreign exchange forward contracts**

(i) The Group has entered into various Singapore dollars forward contracts. As at 31 December 2001 and 2000, the notional amount of these contracts was US\$201.2 million and US\$167.0 million respectively. The notional amount will be reduced six-monthly in varying amounts over periods ranging from 5 to 11 years commencing August 2000. As at 31 December 2001 and 2000, the estimated fair market value of these forward contracts was approximately US\$15.6 million and US\$3.7 million respectively which were favourable to the Group. The changes in the fair value of these forward contracts were recognised in the profit and loss account.

(ii) The Group entered into amortising interest rate swaps to effectively convert the interest rate on US\$318.5 million of the US\$521.6 million term loan obtained to finance the construction of m.v. SuperStar Leo and m.v. SuperStar Virgo from a floating rate obligation to a fixed rate obligation in the year ended 31 December 2001. As at 31 December 2001, the estimated fair market value of these interest rate swaps was approximately US\$8.1 million, which was unfavourable to the Group. The changes in the fair value of these interest rate swaps are included as a separate component of reserves and recognised in the profit and loss account as the underlying hedged items are recognised.

The fair values of these instruments have been estimated using public market prices or quotes from reputable financial institutions. The Group had no significant concentrations of credit risk as at 31 December 2001 other than deposits of cash with reputable financial institutions.

**26. COMMITMENTS AND CONTINGENCIES**

**(i) Capital expenditure**

The Group had the following commitments as at 31 December 2001 and 2000:

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Contracted but not provided for		
- Cruise ships under construction	330,697	840,807
- Cruise terminal under construction	3,060	9,547
- Others	1,094	—
	<u>334,851</u>	<u>850,354</u>
Authorised but not contracted for	<u>—</u>	<u>—</u>

(ii) **Operating leases**

- (a) Rent expense under non-cancellable operating lease commitments was US\$6.2 million and US\$5.4 million for the years ended 31 December 2001 and 2000.

At 31 December 2001 and 2000, minimum annual rentals for leases were as follows:

	<b>GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Within one year	4,326	4,060
In the second to fifth year inclusive	12,633	14,587
After the fifth year	<u>18,721</u>	<u>21,537</u>
	<u>35,680</u>	<u>40,184</u>

- (b) (i) On 15 October 1999, the Group entered into a contract to charter a cruise ship from Crown Jewel Inc. The charter period is for three years. The Group took delivery of the cruise ship on 22 December 1999. However, payment of charter hire commenced from 9 January 2000.

In January 2002, the Group finalised an agreement to terminate the lease prior to the date the charter period expires and returned the ship to her owner. The Group recorded a liability of approximately US\$8.4 million at 31 December 2001 in connection with the termination of the charter. Such liability is included in provisions, accruals and other liabilities.

- (ii) NCL leases a ship, formerly owned by it and known as the M/S Norwegian Star 1, from Actinor Cruises AS under an agreement entered into in connection with the sale of the ship in November 1996 (the "Actinor Lease"). The Actinor Lease provides for the charter of the cruise ship for an initial period of six years beginning in November 1996 with two one-year renewal options, which may be exercised by NCL unless an event of termination, as defined, has occurred during the lease term. The Actinor Lease also provides for a purchase option by the Group, which is exercisable beginning on the third anniversary date of the Actinor Lease.

The Group is negotiating with Actinor Cruises AS to terminate the lease prior to November 2002, the date the initial charter period expires. The Group does not intend to utilise the M/S Norwegian Star 1 in operations in 2002 and expects to return the M/S Norwegian Star 1 no later than the date the initial charter period expires. The Group has recorded a liability of US\$9.9 million at 31 December 2001 in connection with the charter. Such liability is included in provisions, accruals and other liabilities and is shown net of the prepaid deposit of US\$2.8 million that NCL had previously made pursuant to the terms of the Actinor Lease.

The Group recorded charter expense of approximately US\$21.0 million and US\$18.7 million for the years ended 31 December 2001 and 2000 as an operating expense under the terms of the leases.

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At 31 December 2001 and 2000, minimum annual rentals payable for leases not terminated or in the process of termination were as follows:

	GROUP	
	2001	2000
	US\$'000	US\$'000
Within one year	—	20,545
In the second to fifth year inclusive	—	19,776
	<u>—</u>	<u>40,321</u>

### (iii) Charter hire revenue

Charter hire revenue receivable under non-cancellable operating lease commitments in respect of cruise ships, catamaran and onboard equipment was US\$12.5 million and US\$14.0 million in the years ended 31 December 2001 and 2000.

In November 2001, the Group entered into an agreement to terminate the charter of m.v. Hyundai Kumgang (now known as m.v. SuperStar Capricorn) prior to the date the charter period expires. The Group received an amount of US\$5 million in connection with the cancellation of this charter.

At 31 December 2001 and 2000, minimum annual rentals receivable for leases were as follows:

	GROUP	
	2001	2000
	US\$'000	US\$'000
Within one year	3,053	14,241
In the second to fifth year inclusive	—	6,669
	<u>3,053</u>	<u>20,910</u>

The details of assets being leased out are set out in note 11 to the accounts.

## 27. CONTINGENT LIABILITIES

### (i) Contingencies

As required by the United States Federal Maritime Commission ("FMC"), NCL maintains a US\$15 million performance guarantee with respect to liabilities for non-performance of transportation and other obligations to passengers. In 1998, NCL obtained a letter of credit to satisfy the FMC requirements. The FMC has proposed rules which, if adopted, would eliminate the US\$15 million ceiling on the performance guarantee requirements and replace it with a sliding scale. The period for public comment has expired. If the proposed rules were to be implemented, NCL's performance guarantee would increase to approximately US\$100 million. The Group cannot predict if or when such rules will be adopted or the final form of such rules.



**(ii) Material Litigation**

- (1) A proposed class action suit was filed in 1995 in the United States District Court for the Southern District of Florida against NCL alleging NCL violated the Florida Unfair and Deceptive Trade Practices Act (the “Act”) by including an element of profit in NCL’s port charges. The District Court granted three motions to dismiss filed by NCL with the final dismissal granted with prejudice. After the dismissal of the case by the District Court, three similar complaints were filed against NCL in Dade County Circuit Court in 1996. The complaints have been consolidated and allege violation of the Act, common law fraud and negligence. The trial court denied plaintiffs motion for class certification. Five similar class actions filed in other states against NCL were dismissed due to improper venue based upon a forum selection provision in NCL’s passenger ticket contract. The Third District Court of Appeal subsequently reversed the Court’s denial of class certification and remanded the case to the Court with instructions to certify the class. NCL sought a rehearing of the District Court of Appeal’s decision, which was denied. NCL has appealed the issue to the Florida Supreme Court. NCL intends to pursue settlement negotiations with respect to this matter. Settlement agreements entered into by other cruise lines that have settled similar claims have involved the cruise lines issuing cruise credit certificates to the class plaintiffs, paying attorneys’ fees to the class plaintiffs counsel and covering administrative expenses of the class settlement. At 31 December 2000, NCL established a liability for potential payments of attorneys’ fees and administrative expenses of settlement in connection with this matter.
- (2) A proposed class action suit was filed in 1995 against NCL and other unrelated cruise lines alleging misrepresentations by owners and operators of cruise ship casinos relating to the use of electronic gaming devices. The suit has been transferred to Federal District Court in Las Vegas, Nevada. Also named as defendants in the case are numerous land-based casinos and manufacturers of electronic gaming devices. On 19 December 1997, the Court entered an order, based on the motions filed by the defendants, dismissing the wire fraud claim, granting a motion to strike certain parts of the amended complaints and denying the remaining motions to dismiss. The Court granted the defendants’ motion to separate discovery into “merits” and “class” phases and to stay “merits” discovery until the Court rules on class certification. The defendants and plaintiffs have filed their arguments regarding class certification with the Court and a decision is pending. No discovery has commenced on the merits of this case. Accordingly, no provision has been made in the accompanying accounts for any liability, which may result from this case. Management plans to vigorously defend this suit.
- (3) On 16 May 2000, NCL voluntarily self reported to the U.S. Attorney’s Office for the Southern District of Florida (“U.S. Attorney’s Office”) a pattern of violations of environmental law on several of its ships. These violations were identified by a detailed internal review and investigation. Management believes that they have halted the infractions and commenced a comprehensive remedial programme to ensure that there will be no repeat of this problem. The Group believes that they are co-operating fully with the U.S. Attorney’s Office and other authorities to investigate this matter. In June 2000, a federal grand jury in Miami, Florida issued a subpoena to the Group to produce documents relating to these same matters. Since that time, the Group has co-operated with the Government in its investigation and turned over a substantial amount of documents as well as the results of its internal investigation. A tentative agreement with the Government has been reached to settle NCL’s liability, in recognition of NCL’s investigation, co-operation and efforts to remedy the conditions leading to this violation. It is anticipated that this agreement will be finalised during 2002. Accordingly, as at 31 December 2001, the Group established a liability for estimated settlement costs.
- (4) Upon re-delivery of the M/S Leeward to its owners, Effjohn International NV (“Effjohn”), at the time of expiration of the bareboat charter entered into between NCL and Effjohn, Effjohn claimed damages relating to the condition of the ship and its equipment. On 14 July 2000, NCL received written notice from Effjohn of its intent to initiate arbitration proceedings to recover damages relating to the condition of the ship at the time of re-delivery and loss of revenue for the period the ship was out of service for repair. NCL has

received Effjohn's points of claim as part of the arbitration proceeding and NCL filed its response on 15 October 2000. Arbitration proceedings have commenced in this matter. Management intends to vigorously defend this claim. As at 31 December 2001, the Group has recorded a liability for the Group's best estimate of its liability pursuant to this matter.

- (5) On or about 17 March 2001, NCL was served with a class action complaint in the United States District Court, Southern District of New York. The complaint alleges that during the period 1 January 1998 through the present, NCL failed to pay plaintiff crewmembers overtime wages in accordance with their contracts of employment. The proposed class consists of all unlicensed seafarers who worked on NCL vessels during the class period and seeks recovery of overtime wages plus statutory penalty wages equal to two times the unpaid wages for each day the wages remain unpaid. NCL has filed a motion to dismiss the plaintiff's amended complaint, which is fully briefed, and awaiting decision by the court. NCL anticipates a decision on these motions will be forthcoming sometime in the near future. At this time, NCL cannot predict the ultimate resolution of this matter. Accordingly, no provision has been made in the accompanying financial statements for any liability, which may result from this matter
- (6) 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. In the opinion of management, such 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.

## **28. SHARE OPTION PLANS**

### **(i) Schemes Prior to Listing of the Company on the Stock Exchange**

Prior to the de-merger from GIPLC in December 1997, the employees of the Group were offered share options in GIPLC under the "Genting International Employees' Share Option Scheme for Executives" ("GIESOS"). Subsequently, a share option scheme known as "The Star Cruises Employees Share Option Scheme" ("SCESOS") was implemented for the benefit of the employees of the Group. The employees of the Group were offered options under the SCESOS in exchange for the unexpired share options previously granted by GIPLC.

The terms and conditions of the SCESOS were identical to the GIESOS except for the exercise price of share options which reflected the de-merger. Prior to the listing of the Company, the allocation of the total amount of options under the SCESOS cannot exceed 5% of the issued ordinary shares of the Company at any time during the existence of the SCESOS.

On 23 October 2000, the share option agreement was modified to reflect a four for one share bonus and to accelerate the original vesting period to comply with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

#### *Key terms and conditions for the period to 22 October 2000*

Options were generally granted at an exercise price per share equal to the average of the middle market quotation of the share as quoted and shown in the daily official list issued by the Luxembourg Stock Exchange or any approved stock exchange as the Directors may deem relevant for the five market days preceding the date of the offer in writing to the employee. Options generally became exercisable as to 50% of the amount granted 4 years after the grant date and the remaining can be exercised annually in tranches subject to a minimum amount per tranche per year at various dates in the future until the retirement age of the employees, which is 55 years old. However, if the retirement period was less than 10 years from the date of an offer, the option period for the remaining tranches will expire on the tenth year from the grant date or at any age to be determined by the Board.

*Key terms and conditions for the period from 23 October 2000*

Options vest over a period of 10 years from their original date of grant and generally became exercisable as to 20% and 30% of the amount granted 3 years and 4 years after the grant date and the remaining options can be exercised annually in equal tranches over the remaining option period.

No further options can be granted under the SCESOS following the listing of the Company's entire share capital on the Stock Exchange on 30 November 2000.

The Group accounts for compensation expense in respect of awards of shares options to employees based on the excess, if any, of the quoted market price of the share at the date of the grant over the exercise price of the option. The excess has been brought to the additional paid-in-capital reserve and is recognised as an expense over the option periods. The unamortised amount is included as a separate component of reserves.

A summary of the changes in share options outstanding during the year ended 31 December 2001 is set out in the section headed "Share Options" in the Report of the Directors.

A summary of the share options outstanding as at 31 December 2001 is as follows:

Exercise Price	Options outstanding		Options exercisable
	Number Outstanding <i>(in thousands)</i>	Weighted average remaining life <i>(years)</i>	Number <i>(in thousands)</i>
US\$0.2712	40,301	4.6	3,249
US\$0.4550	<u>28,676</u>	<u>4.7</u>	<u>3,949</u>
	<u>68,977</u>	<u>4.6</u>	<u>7,198</u>

**(ii) Scheme effective from 30 November 2000**

On 23 August 2000, a share option scheme ("Scheme") for the benefit of the employees of any subsidiary of the Group, including directors of any subsidiary of the Group was adopted by the shareholders of the Company. Pursuant to the Scheme, the Directors of the Company may, at their discretion, grant options to any such employees of any subsidiaries of the Group to subscribe for shares in the Company. The Scheme has a term of 10 years commencing from 30 November 2000, the date of the listing of the shares of the Company on the Stock Exchange. As at 31 December 2001, no options were granted under the Scheme.

The subscription price for shares under the Scheme shall be determined by the Directors of the Company, being not less than 80% of the average closing price of the shares of the Company for the five trading days immediately preceding the date of offer of the option, or the nominal value of the shares, whichever is higher. The maximum number of shares in respect of which options may be granted under the Scheme (or under any other employees' share option scheme of the Company pursuant to which options may from time to time be granted to executives and/or employees and including shares which are the subject of call options under the SCESOS outstanding or exercised after the listing of the Company's shares on the Stock Exchange) shall not exceed 5% of the issued share capital of the Company from time to time, excluding for this purpose shares issued on exercise of options granted pursuant to the Scheme or under any other share option scheme as mentioned above. As at 31 December 2001, such 5% limit represented about 207,049,726 shares in the Company. The maximum number of shares in respect of which options may be granted to any one employee shall

not exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme. An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time: (a) after the date specified by the Directors, and (b) before the date which is ten years after such date, and no option may be offered more than ten years after the date of adoption of the Scheme.

On 1 September 2001, Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rule”) was amended whereby if the Company wishes to continue to grant options under the Scheme on or after 1 September 2001, it must also comply with the new requirements set out therein (the “New Rules”). Major requirements under the New Rules which are different from or in addition to those mentioned above are summarised below:

### *Exercise price of the shares*

The exercise price for further share options to be granted under the Scheme on or after 1 September 2001 shall be determined by the Directors of the Company, save that such price will not be less than the highest of (a) the closing price of the shares as stated on the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company.

### *Maximum number of options to any one employee*

The total number of shares issued and to be issued upon exercise of the options granted to any one employee (including both exercised and outstanding options) to each employee in any 12-month period shall not exceed 1% of shares in issue. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such employee and his associates (as defined in the Listing Rules) abstaining from voting.

### *Granting options to Directors, Chief Executive or Substantial Shareholders*

Any grant of options to a Director, Chief Executive or Substantial Shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the Independent Non-executive Directors of the Company (excluding any Independent Non-executive Director who is a grantee of the options).

If the Company proposes to grant options to a Substantial Shareholder (as defined in the Listing Rules) or any Independent Non-executive Director of the Company or their respective associates (as defined in the Listing Rules) which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the shares in issue; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the shares at the date of each grant

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

**29. RETIREMENT BENEFIT PLANS****Defined Contribution Plans**

NCL has a defined contribution plan (the “Plan”) for its shoreside employees to which NCL contributes 5% of each participant’s base annual earnings with an additional 5% contribution for annual earnings in excess of the taxable wage base (with certain limitations) in effect for the Plan year as determined under the Social Security Act. The Plan is subject to the provisions of the Employment Retirement Income Security Act of 1974 (“ERISA”).

In addition, NCL maintains a 401(k) Plan (the “401(k) Plan”). The 401(k) Plan covers substantially all its shoreside employees. Subject to certain limitations, participants may elect to contribute to the Plan from 1% to 10% of their compensation for each payroll period. NCL contributes an amount equal to 25% of the participant’s contributions not to exceed 6% of each participant’s compensation. In addition, NCL may make supplemental matching contributions based on a specific percentage, as determined by NCL, of the participant’s contributions, which together with the required match, are not to exceed 6% of each participant’s compensation.

NCL maintains a Supplemental Executive Retirement Plan (“SERP Plan”) for certain of its key employees whose benefits are limited under the Plan and the 401(k) Plan. NCL contributes to the SERP Plan on behalf of each participant an amount that would have been contributed without regard to any limitations imposed by the Internal Revenue Code.

In July 1992, NCL established a supplemental defined contribution pension plan for deck and engine officers and key personnel working under contracts with NCL. NCL’s contribution is in accordance with the Norwegian Social Security provisions for seamen.

Expense related to the benefit plans described above approximated US\$5.1 million and US\$3.9 million in the profit and loss account for the years ended 31 December 2001 and 2000.

The Group’s contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. US\$0.1 million of the forfeited contribution was utilised in each of the years ended 31 December 2001 and 2000. As at 31 December 2001 and 2000, US\$0.02 million and US\$0.1 million was available to reduce future contribution.

**Defined Benefit Plan**

NCL has unfunded pension obligations for certain of its former employees. Net pension cost of US\$- million and US\$0.1 million was included in the consolidated profit and loss account for the year ended 31 December 2001 and 2000. The liability for these pension obligations amounted to US\$1.9 million and US\$2.0 million as at 31 December 2001 and 2000, was included under other long-term liabilities.

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## 30. PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiary companies as at 31 December 2001:

Name of company	Principal country of operation	Country of incorporation	Issued and fully paid up share capital	Effective equity interest in percentage	Principal activities
<i>Subsidiaries held directly:</i>					
Star Cruise Management Limited	<i>Note (1)</i>	Isle of Man	US\$2,000,000	100.00	Investment holding, ship management and marketing services
Cruise Properties Limited	Isle of Man	Isle of Man	RM7,600,000	100.00	Investment holding
Inter-Ocean Limited	Isle of Man	Isle of Man	US\$2,000,000	100.00	Investment holding
Star Cruise Services Limited	Isle of Man	Isle of Man	US\$2,000,000	100.00	Investment holding and cruise services
Arrasas Limited	Isle of Man	Isle of Man	US\$197,218,181	100.00	Investment holding
Cruise Ferries Holding Limited	Bermuda	Bermuda	US\$12,000	100.00	Investment holding and cruise ferry services
<i>Subsidiaries held indirectly:</i>					
Superstar Leo Limited	<i>Note (2)</i>	Isle of Man	US\$2	100.00	Bareboat chartering
Superstar Virgo Limited	<i>Note (2)</i>	Isle of Man	US\$2	100.00	Bareboat chartering
Norwegian Star Limited (formerly known as Superstar Libra Limited)	<i>Note (2)</i>	Isle of Man	US\$2	100.00	Bareboat chartering
Norwegian Dawn Limited (formerly known as Superstar Scorpio Limited)	—	Isle of Man	US\$2	100.00	Pre-operating
Star Cruises Ship Management Sdn. Bhd. (formerly known as Star Cruises Ship Simulator Sdn Bhd).	Malaysia	Malaysia	RM150,000	100.00	Operator of ship simulator for training purposes and ship management
Norwegian Cruise Line Limited	<i>Note (2)</i>	Bermuda	US\$317,325,987	100.00	Cruise services

*RM: Malaysian Ringgit*

(1) This company provides ship management and marketing services to cruise ships operating substantially in international waters.

(2) These companies provide cruise services substantially in international waters.

## 31. SIGNIFICANT SUBSEQUENT EVENT

In February 2002, the Group signed an agreement with a syndicate of banks to provide up to US\$450 million in loans to refinance the 5-year term loan.

**IV. UNAUDITED INTERIM RESULTS**

The following is an extract from the unaudited interim report to shareholders of the Group for the six months ended 30th June, 2002:

**Consolidated Profit and Loss Account**

		<b>Six months ended</b>	
		<b>30 June</b>	
	Note	<b>2002</b>	<b>2001</b>
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>unaudited</i>
Turnover	2	757,798	662,613
Operating expenses (excluding depreciation and amortisation)		(471,407)	(415,159)
Selling, general and administrative expenses (excluding depreciation)		(118,092)	(117,995)
Depreciation and amortisation	3	<u>(86,204)</u>	<u>(73,876)</u>
		<u>(675,703)</u>	<u>(607,030)</u>
Operating profit	2	82,095	55,583
Interest income		998	5,293
Financial costs		(49,221)	(66,958)
Other non-operating income/(expenses), net		<u>(10,371)</u>	<u>7,176</u>
		<u>(58,594)</u>	<u>(54,489)</u>
Profit before taxation		23,501	1,094
Taxation	4	<u>(535)</u>	<u>(466)</u>
Net profit for the period		<u>22,966</u>	<u>628</u>
Basic earnings per share (US cents)	5	0.55	0.02
Fully diluted earnings per share (US cents)	5	0.55	0.02
Operating data			
Passenger Cruise Days		4,023,079	3,459,543
Capacity Days		4,190,292	3,621,108
Occupancy as a percentage of total capacity days		96%	96%

**Consolidated Balance Sheet**

		As at	
		<b>30 June</b>	<b>31 December</b>
		<b>2002</b>	<b>2001</b>
	Note	<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>audited</i>
Intangible assets		617,935	626,138
Fixed assets		3,249,493	3,296,768
Restricted cash		150	150
Other assets		15,674	10,514
<b>CURRENT ASSETS</b>			
Consumable inventories		32,683	32,871
Trade receivables	6	16,471	25,398
Prepaid expenses and others		42,559	53,681
Amounts due from related companies	9	235	—
Restricted cash		5,086	1,891
Cash and cash equivalents		<u>334,160</u>	<u>171,575</u>
		<u>431,194</u>	<u>285,416</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors	7	60,235	109,293
Provisions, accruals and other liabilities		156,903	148,878
Current portion of long-term bank loans	8	159,556	94,551
Amounts due to related companies	9	—	96
Advance ticket sales		<u>236,840</u>	<u>161,195</u>
		<u>613,534</u>	<u>514,013</u>
Net current liabilities		<u>(182,340)</u>	<u>(228,597)</u>
Total assets less current liabilities		<u><u>3,700,912</u></u>	<u><u>3,704,973</u></u>
<b>Financed by:</b>			
Share capital		433,730	414,673
Reserves		<u>1,230,366</u>	<u>1,159,568</u>
Shareholders' funds		1,664,096	1,574,241
Long-term bank loans	8	2,027,723	2,120,564
Other long-term liabilities		8,915	9,990
Deferred taxation		<u>178</u>	<u>178</u>
		<u><u>3,700,912</u></u>	<u><u>3,704,973</u></u>



**Consolidated cash flow statement**

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	198,436	194,302
Interest paid	(42,555)	(91,534)
Interest received	959	5,265
Income tax paid	<u>(1,182)</u>	<u>(713)</u>
Net cash inflow from operating activities	<u>155,658</u>	<u>107,320</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(32,102)	(152,487)
Proceeds from sale of fixed assets	86	90,503
Others	<u>—</u>	<u>(246)</u>
Net cash outflow from investing activities	<u>(32,016)</u>	<u>(62,230)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short and long-term bank loans	450,000	55,210
Principal repayments of long-term bank loans	(477,836)	(206,787)
Proceeds from issuance of ordinary shares, net of issuance cost of approximately US\$3 million in 2002	77,329	—
Proceeds from issuance of ordinary shares pursuant to Star Cruises Employees Share Option Scheme	474	833
Restricted cash	(3,195)	26
Others, net	<u>(10,523)</u>	<u>(1,293)</u>
Net cash inflow / (outflow) from financing activities	<u>36,249</u>	<u>(152,011)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,694</u>	<u>(2,139)</u>
Net increase / (decrease) in cash and cash equivalents	162,585	(109,060)
Cash and cash equivalents at the beginning of the period	<u>171,575</u>	<u>292,508</u>
Cash and cash equivalents at the end of the period	<u><u>334,160</u></u>	<u><u>183,448</u></u>

# APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

## Consolidated Statement of Changes in Equity

Six months ended 30 June 2002	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
unaudited								
At 1 January 2002	414,673	1,054,845	93,952	(26,189)	(6,450)	(8,059)	51,469	1,574,241
Exchange translation differences	—	—	—	882	—	—	—	882
Cash flow hedge:								
- Loss on financial instruments	—	—	—	—	—	(16,839)	—	(16,839)
- Transferred to profit and loss account	—	—	—	—	—	3,925	—	3,925
Net profits / (losses) not recognised in the profit and loss account	—	—	—	882	—	(12,914)	—	(12,032)
Net profit for the period	—	—	—	—	—	—	22,966	22,966
Issue of ordinary shares pursuant to Star Cruises Employees Share Option Scheme	148	326	—	—	—	—	—	474
Issue of ordinary shares to an existing shareholder, net of issuance costs of approximately US\$3 million	18,909	58,420	—	—	—	—	—	77,329
Amortisation of share options	—	—	—	—	1,118	—	—	1,118
At 30 June 2002	<u>433,730</u>	<u>1,113,591</u>	<u>93,952</u>	<u>(25,307)</u>	<u>(5,332)</u>	<u>(20,973)</u>	<u>74,435</u>	<u>1,664,096</u>

**Consolidated Statement of Changes in Equity**

Six months ended 30 June 2001	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
unaudited								
At 1 January 2001	414,108	1,053,853	93,952	(25,577)	(8,911)	—	67,512	1,594,937
Exchange translation differences	—	—	—	(1,287)	—	—	—	(1,287)
Cash flow hedge:								
- Gains on financial instruments	—	—	—	—	—	611	—	611
Net profits / (losses) not recognised in the profit and loss account	—	—	—	(1,287)	—	611	—	(676)
Net profit for the period	—	—	—	—	—	—	628	628
Issue of ordinary shares pursuant to Star Cruises Employees Share Option Scheme	299	534	—	—	—	—	—	833
Amortisation of share option	—	—	—	—	1,389	—	—	1,389
At 30 June 2001	<u>414,407</u>	<u>1,054,387</u>	<u>93,952</u>	<u>(26,864)</u>	<u>(7,522)</u>	<u>611</u>	<u>68,140</u>	<u>1,597,111</u>

In June 2002, the Company issued 189,091,000 new ordinary shares of US\$0.10 each at an aggregate price, net of issuance costs, of US\$77,328,617 to an existing shareholder in a top-up share placement. The proceeds will be used as general working capital and for the acquisition or construction of the vessel(s).

As at 30 June 2002, the proceeds of approximately US\$77.3 million remained on deposit with banks.

**Notes to the Accounts**

*For the six months ended 30 June 2002*

**1. PRINCIPAL ACCOUNTING POLICIES**

The unaudited accounts of the Group have been prepared in compliance with the revised Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting”, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2001.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current financial periods.

**2. TURNOVER AND OPERATING PROFIT**

The Group is principally engaged in the operation of passenger cruise ships.

Turnover consists of revenues earned from cruise and cruise related activities and charter hire. Cruise and cruise related revenue comprises sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Charter hire revenue includes the lease operation of a catamaran to a third party customer.

The amounts of each significant category of revenue recognised by the Group were as follows:

Six months ended 30 June unaudited	Cruise and cruise related activities		Charter Hire		Total	
	2002	2001	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover	<u>756,037</u>	<u>655,747</u>	<u>1,761</u>	<u>6,866</u>	<u>757,798</u>	<u>662,613</u>
Operating profit	<u>81,543</u>	<u>51,643</u>	<u>552</u>	<u>3,940</u>	82,095	55,583
Interest income					998	5,293
Financial costs					(49,221)	(66,958)
Other non-operating income/(expenses), net					<u>(10,371)</u>	<u>7,176</u>
Profit before taxation					23,501	1,094
Taxation					<u>(535)</u>	<u>(466)</u>
Net profit for the period					<u>22,966</u>	<u>628</u>

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

The Group's turnover and operating profit in its principal markets of North America and Asia Pacific are analysed as follows:

	TURNOVER	
	Six months ended 30 June	
	2002	2001
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>unaudited</i>
Asia Pacific	231,560	252,888
North America ( <i>note</i> )	479,402	359,511
Others	<u>46,836</u>	<u>50,214</u>
	<u>757,798</u>	<u>662,613</u>
	OPERATING PROFIT	
	Six months ended 30 June	
	2002	2001
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>unaudited</i>
Asia Pacific	50,432	53,733
North America ( <i>note</i> )	32,961	5,252
Others	<u>3,260</u>	<u>733</u>
	86,653	59,718
Amortisation of goodwill	<u>(4,558)</u>	<u>(4,135)</u>
	<u>82,095</u>	<u>55,583</u>

*Note:* Substantially all this turnover and operating profit arises in the United States of America.

**3. DEPRECIATION AND AMORTISATION**

Depreciation and amortisation of the Group consists of the following:

	<b>Six months ended 30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
Depreciation of fixed assets	77,199	63,968
Amortisation of software development costs	802	2,128
Amortisation of goodwill	4,558	4,135
Amortisation of trade names and trademarks	<u>3,645</u>	<u>3,645</u>
Total depreciation and amortisation	<u><u>86,204</u></u>	<u><u>73,876</u></u>
- relating to operating function	79,794	69,525
- relating to selling, general and administrative function	6,410	4,351

**4. TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
Overseas taxation		
- Current taxation	<u><u>535</u></u>	<u><u>466</u></u>

# APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

## 5. EARNINGS PER SHARE

Earnings per share has been calculated as follows:

	<b>Six months ended 30 June</b>	
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
<b>BASIC</b>		
Net profit	<u>22,966</u>	<u>628</u>
Average outstanding ordinary shares in thousands	<u>4,167,254</u>	<u>4,143,683</u>
Basic earnings per share in US cents	<u>0.55</u>	<u>0.02</u>
<b>FULLY DILUTED</b>		
Net profit	<u>22,966</u>	<u>628</u>
Average outstanding ordinary shares in thousands	<u>4,167,254</u>	<u>4,143,683</u>
Effect of dilutive ordinary shares in thousands	<u>13,335</u>	<u>26,590</u>
Average outstanding ordinary shares after assuming dilution in thousands	<u>4,180,589</u>	<u>4,170,273</u>
Fully diluted earnings per share in US cents	<u>0.55</u>	<u>0.02</u>

## 6. TRADE RECEIVABLES

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>audited</i>
Trade receivables	19,892	28,804
Less: Provisions	<u>(3,421)</u>	<u>(3,406)</u>
	<u>16,471</u>	<u>25,398</u>

## APPENDIX I FINANCIAL AND OTHER INFORMATION REGARDING THE GROUP

At 30 June 2002 and 31 December 2001, the ageing analysis of the trade receivables were as follows:

	As at	
	30 June 2002	31 December 2001
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>audited</i>
Current to 30 days	7,049	14,164
31 days to 60 days	3,186	4,665
61 days to 120 days	3,409	4,493
121 days to 180 days	2,622	2,562
181 days to 360 days	1,898	635
Over 360 days	1,728	2,285
	<u>19,892</u>	<u>28,804</u>

Credit terms generally range from payment in advance to 45 days credit terms.

### 7. TRADE CREDITORS

The ageing of trade creditors as at 30 June 2002 and 31 December 2001 were as follows:

	As at	
	30 June 2002	31 December 2001
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>audited</i>
Current to 60 days	55,680	96,872
61 days to 120 days	3,291	10,378
121 days to 180 days	421	1,668
Over 180 days	843	375
	<u>60,235</u>	<u>109,293</u>

Credit terms granted to the Group generally vary from no credit to 45 days credit.



**8. LONG-TERM BANK LOANS**

Long-term bank loans consist of the following:

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>audited</i>
US\$521.6 million syndicated term loan	417,067	434,454
US\$626.9 million syndicated term loan	303,012	313,461
US\$600 million term loan (i)	—	450,000
US\$450 million term loan (i)	450,000	—
US\$210 million M/S Norwegian Sky Loan	182,000	182,000
US\$623 million Fleet Loan	565,200	565,200
US\$225 million M/S Norwegian Sun Post-delivery Loan	225,000	225,000
US\$45 million term loan	<u>45,000</u>	<u>45,000</u>
Total liabilities	2,187,279	2,215,115
Less: Current portion	<u>(159,556)</u>	<u>(94,551)</u>
Long-term portion	<u><u>2,027,723</u></u>	<u><u>2,120,564</u></u>

- (i) On 20 February 2002, the Group signed an agreement with a syndicate of banks to provide up to US\$450 million (“US\$450 million term loan”) to refinance the US\$600 million 5-year term loan. The Group drewdown this US\$450 million term loan on 28 March 2002.

The US\$450 million term loan bears interest at rates, which vary according to London Interbank Offer Rate, and is repayable in 12 equal instalments at six-monthly intervals commencing 18 months from the facility agreement date. The US\$450 million term loan is secured by first and second priority mortgages over certain ships of the Group, guarantees from certain subsidiaries, assignment of earnings and assignment of insurances granted by the subsidiaries owning the ships relating to the first and second priority mortgages. The shares of these subsidiaries owning the ships relating to the first priority mortgage are also pledged as collateral. In addition, the shares over Norwegian Cruise Line Limited are granted as security.

As a result of the extinguishment of the US\$600 million term loan, the Group recorded a non-operating expense of US\$5.9 million. Such amount represents the unamortised balance of the related loan arrangement fees.

**9. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

Golden Hope Limited, a company incorporated in the Isle of Man acting as trustee for the Golden Hope Unit Trust, a private unit trust whose beneficiaries include various trusts established for the benefit of Tan Sri Lim Goh Tong, and certain members of his family controls the Group.

Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Group, is a son of Tan Sri Lim Goh Tong.

Kien Huat Development Sdn Bhd (“Kien Huat”) is a company in which a brother of Tan Sri Lim Kok Thay has a substantial interest.

Genting Berhad (“GB”), a company in which Tan Sri Lim Kok Thay has a deemed interest and which is listed on the Kuala Lumpur Stock Exchange, controls Resorts World Bhd (“RWB”), a company also listed on the Kuala Lumpur Stock Exchange which in turn controls Resorts World Limited which is a substantial shareholder of the Company. GB indirectly controls Genting International PLC (“GIPLC”), a company listed on the Luxembourg Stock Exchange.

A description of certain material transactions between the Group and these companies is set out below:

- (a) Kien Huat, together with its related companies, is involved in constructing a terminal building and renovating a ship berth for the Group in Laem Chabang, Bangkok, Thailand. In addition, Kien Huat is also involved in carrying out improvements to the Group’s berthing facilities and other infrastructure facilities. Amounts charged to the Group in respect of these services were US\$0.2 million each in the six months ended 30 June 2002 and 2001 respectively.
- (b) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services and other support services. The Group also purchased air tickets from a subsidiary of RWB. Amounts charged to the Group in respect of these services totalled US\$0.4 million and US\$0.9 million in the six months ended 30 June 2002 and 2001 respectively.
- (c) The Group provides certain administrative support and business liaison services to GIPLC internationally and the amounts charged to GIPLC were US\$0.2 million and US\$0.1 million in the six months ended 30 June 2002 and 2001 respectively.

Amounts outstanding at the end of each fiscal period in respect of the above transactions are included in the balance sheets within amounts due from / (to) related companies.

### 10. FINANCIAL INSTRUMENTS

- (i) The Group entered into several additional amortising interest rate swaps with a notional amount of US\$60.0 million to convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation in the three months ended 30 June 2002. The Group has effectively converted the interest rate of aggregate US\$415.4 million of these term loans to a fixed rate obligation and the notional amount will be reduced six-monthly in varying amounts over periods ranging from 6 to 10 years from the dates of the interest rate swap agreements. As at 30 June 2002, the estimated fair market value of the interest rate swaps was approximately US\$21.0 million, which was unfavourable to the Group. The changes in the fair value of the interest rate swaps were included as a separate component of reserves and recognised in the profit and loss account as the underlying hedged items were recognised.
- (ii) The Group entered into an additional Singapore dollars forward contract with a notional amount of US\$5.5 million in the three months ended 30 June 2002. The total notional amount of the Singapore dollars forward contracts was US\$206.7 million and will be reduced six-monthly in varying amounts over periods ranging from 5 to 11 years from the dates of the contracts. As at 30 June 2002, the estimated fair market value of these forward contracts was approximately US\$10.5 million, which was favourable to the Group. The changes in the fair value of these forward contracts were recognised as other income in the profit and loss account.

**11. CAPITAL COMMITMENTS AND CONTINGENCIES**

**(i) Capital expenditure**

The Group had the following commitments as at 30 June 2002 and 31 December 2001:

	<b>As at</b>	
	<b>30 June 2002</b>	<b>31 December 2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>audited</i>
Contracted but not provided for		
- Cruise ship under construction	359,697	330,697
- Cruise terminal under construction	—	3,060
- Others	—	1,094
	<u>359,697</u>	<u>334,851</u>

**(ii) Material Litigation**

Save as disclosed below, there were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2001 and the interim report for the three months ended 31 March 2002.

- (a) Upon re-delivery of the M/S Leeward to its owners, Effjohn International NV ("Effjohn"), at the time of expiration of the bareboat charter entered into between NCL and Effjohn, Effjohn claimed damages relating to the condition of the ship and its equipment. Arbitration proceedings have commenced and on 25 April 2002, the arbitration panel issued a judgement in favour of Effjohn with an amount of award of US\$10.2 million. As at 31 December 2001, the Group has recorded a liability of approximately US\$6 million pursuant to this matter. In the three months ended 30 June 2002, the Group recorded additional liability of approximately US\$4.2 million after receiving the official translation of the judgement from Norwegian to English and subsequent advice from its Norwegian counsel regarding the prospects for overturning the arbitration award under the Norwegian law. As the full amount has been accounted for todate, this is no longer a contingent liability to the Group.
- (b) On 16 May 2000, NCL voluntarily self reported to the U.S. Attorney's Office for the Southern District of Florida ("U.S. Attorney's Office") a pattern of violations of environmental law on several of its ships. These violations were identified by a detailed internal review and investigation. Management believes that they have halted the infractions and commenced a comprehensive remedial programme to ensure that there will be no repeat of this problem. The Group believes that they are co-operating fully with the U.S. Attorney's Office and other authorities to investigate this matter. In June 2000, a federal grand jury in Miami, Florida issued a subpoena to the Group to produce documents relating to these same matters. Since that time, the Group has co-operated with the Government in its investigation and turned over a substantial amount of documents as well as the results of its internal investigation. Subsequent to 30 June 2002, NCL entered into a plea agreement with the U.S. Federal Government resolving NCL's liability with the Federal authorities. The plea agreement recognises NCL's internal investigation, co-operation and efforts to remedy the conditions leading to this violation, and provides that NCL will pay a fine of US\$1 million, be placed on probation, and maintain a comprehensive environmental compliance plan. In addition to the agreed fine, NCL has also agreed to make community service payments in the total amount of US\$500,000 to two Florida-based environmental organisations as a condition of its probation. These costs have been fully provided for in the financial statements as of 31 December 2001.

**V. PRO FORMA STATEMENT OF UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following pro forma statement of unaudited adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 31st December, 2001, the unaudited interim results for the six months ended 30th June, 2002 and the effect of the Rights Issue:

	<i>US\$'000</i>
Audited consolidated net assets of the Group as at 31st December, 2001	1,574,241
Less: Intangible assets as at 31st December, 2001	<u>(626,138)</u>
Audited consolidated net tangible assets of the Group as at 31st December, 2001	948,103
Unaudited profit of the Group for the six months ended 30th June, 2002 as shown in the interim report	22,966
Exchange differences arising from translations of foreign subsidiaries as at 30th June, 2002	882
Issue of ordinary shares pursuant to Star Cruises Employees Share Option Scheme for the six months ended 30th June, 2002	474
Issue of ordinary shares to an existing shareholder, net of issuance costs of approximately US\$3 million for the six months ended 30th June, 2002	77,329
Amortisation of share options for the six months ended 30th June, 2002	1,118
Changes in the fair values on financial instruments qualifying as cash flow hedge for the six months ended 30th June, 2002	(12,914)
Amortisation of intangible assets charged to unaudited consolidated profit and loss account for the six months ended 30th June, 2002	<u>8,203</u>
Pro forma unaudited adjusted consolidated net tangible assets of the Group before the Rights Issue	1,046,161
Estimated net proceeds from the Rights Issue	<u>150,300</u>
Pro forma unaudited adjusted consolidated net tangible assets of the Group after the Rights Issue	<u><u>1,196,461</u></u>

US\$

Pro forma unaudited adjusted consolidated net tangible assets per Share before the Rights Issue (based on 4,338,717,537 Shares in issue as at the Latest Practicable Date) 0.2411

Pro forma unaudited adjusted consolidated net tangible assets per Share after the Rights Issue (based on 4,946,137,992 Shares in issue upon completion of the Rights Issue as enlarged by the issue of 607,420,455 Rights Shares) 0.2419

## **VI. INDEBTEDNESS**

As at the close of business on 30th September, 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding bank borrowings (including accrued interest) of approximately US\$2.2 billion which was secured by legal charges over property including vessels.

At the close of business on 30th September, 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had bank and cash balances of approximately US\$0.3 billion. After taking into account these bank and cash balances, the net borrowings of the Group amounted to approximately US\$1.9 billion.

As at 30th September, 2002, the Group's total available credit facilities were approximately US\$2.7 billion of which approximately US\$2.4 billion had been drawn down. As at 30th September, 2002, approximately US\$2.2 billion of the drawn down amount remained outstanding. These facilities were secured by legal charges, including fixed and floating charges over assets of the Group and guarantees given by the Group.

### **Disclaimer**

Save as disclosed herein and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30th September, 2002 any other loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

Amounts referred to in this indebtedness statement denominated in currencies other than U.S. dollars have been translated into U.S. dollars at the relevant rates of exchange prevailing at the close of business on 30th September, 2002.

### **No material change**

The Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30th September, 2002.

**VII. WORKING CAPITAL STATEMENT**

NCL Limited's debt structure consists of several loans which include two loans (the fleet loan and the working capital loan), each of which has certain "balloon" repayments falling due within the year ending 31st December, 2003. In the normal course of events each such loan would be refinanced prior to the due date of the balloon payments, as it would not be the intention to fund such large repayments from operating cashflows. In total, these two loans currently have scheduled repayments of approximately US\$168 million due in the year ending 31st December, 2003 and it is NCL Limited's intent to refinance the fleet loan, and in doing so repay the working capital loan by rolling it over into the fleet loan.

If the fleet loan is not refinanced, NCL Limited is not expected to be able to fund all the current scheduled repayments without the support of the Group. NCL Limited's management is currently in discussions with its bankers and the Directors are confident that NCL Limited's fleet loan will be refinanced on acceptable terms or the Group will be able, in accordance with the terms of all applicable loan facility agreements, to make arrangements so that NCL Limited is able to meet its obligations.

After taking into account the financial resources available to the Group, including internally generated funds and the estimated net proceeds of the Rights Issue and taking into account the above factors concerning NCL Limited's loan repayments, the Directors are of the opinion that the Group has sufficient working capital for its present requirements in the absence of any unforeseen circumstances.

**VIII. MATERIAL ADVERSE CHANGE**

Save as disclosed in this appendix and the section headed "Litigation" in appendix II to this prospectus, so far as the Directors are aware, there has been no material adverse change in the Group's financial or trading position since 31st December, 2001, being the date to which the Group's latest published audited accounts were made up.

**IX. THIRD QUARTER RESULTS ENDED 30TH SEPTEMBER, 2002**

As at the Latest Practicable Date, it was anticipated by the Board that the announcement of the unaudited consolidated results of the Group for the three months and nine months ended 30th September, 2002 would be made on or about 18th November, 2002.

## 1. RESPONSIBILITY STATEMENT

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<i>Executive Directors</i>		
Tan Sri Lim Kok Thay	Suite 4608 Convention Plaza Apartments 1 Harbour Road Wanchai Hong Kong	Malaysian
Mr. Chong Chee Tut	Apartment 1003 Block B Ehsan Ria Jalan Bukit 11/2 Section 11 46200 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian
Mr. William Ng Ko Seng	Apartment 3013, Block D Kornhill Quarry Bay Hong Kong	Malaysian
Mr. David Colin Sinclair Veitch	9801 West Suburban Drive Pinecrest Florida 33156 United States of America	United States
<i>Independent non-executive Directors</i>		
Mr. Alan Howard Smith, J.P.	15D, Horizon Drive Chung Hom Kok Hong Kong	British
Mr. Tan Boon Seng	25B, Po Garden 9 Brewin Path Hong Kong	Malaysian

Name	Address	Nationality
Mr. Lim Lay Leng	40B, Tower One Dynasty Court 23 Old Peak Road Hong Kong	Singaporean

### Executive Directors

*Tan Sri Lim Kok Thay*, aged 51, is the Chairman, President and Chief Executive Officer of the Group. He focuses on long-term policies and new shipbuildings. Tan Sri Lim has been with the Group since the formation of the Company in 1993. He is the Chairman of Genting International, a public company listed on the Luxembourg Stock Exchange and a subsidiary of Genting Berhad; Managing Director of Genting Berhad, a company listed on the Kuala Lumpur Stock Exchange in Malaysia; Managing Director and Joint Chief Executive respectively of Resorts World Bhd and Asiatic Development Berhad, both are public listed companies in Malaysia and subsidiaries of Genting Berhad; and a director of Resorts World and Golden Hope (acting as the trustee of Golden Hope Unit Trust), which are substantial shareholders of the Company. Genting Berhad is an investment holding company and is principally involved, through its subsidiaries and associated companies, in leisure and hospitality, gaming and entertainment businesses, plantations, property development and management, tours and travel related services, investments, manufacturing and trading in paper and paper related products, generation and supply of electric power and oil and gas exploration activities. Tan Sri Lim was also involved in the development of the Genting Highlands Resort in Malaysia and the overall concept and development of the Burswood Resort in Perth, Australia and the Adelaide casino in South Australia. Tan Sri Lim graduated with a Bachelor of Science (Civil Engineering) degree from the University of London in 1975 and attended the Program for Management Development at the Harvard Graduate School of Business in 1979.

*Mr. Chong Chee Tut*, aged 53, is the Chief Operating Officer of the Company. Mr. Chong worked for 18 years for Exxon Corporation in Australia, Malaysia and Thailand in various senior management positions. Prior to joining the Company in 1995, Mr. Chong was employed by Genting Australia Pty Ltd., an affiliate of the Company and was involved in property development and management in Sydney. Mr. Chong has a Bachelor of Mechanical Engineering (Honours) degree from the University of Canterbury, New Zealand.

*Mr. William Ng Ko Seng*, aged 47, was appointed a Director in 1998. Mr. Ng is the Executive Vice President for Corporate Affairs. He is also a Director of Resorts World, which is a substantial shareholder of the Company. He joined the Group at its inception in 1994 and has been responsible in various senior executive positions in finance, administration, operations, sales and marketing at group and regional levels. Prior to joining the Group, he was with the Genting International Group since 1987. Mr. Ng had also been in public practice with international accounting firms in the United Kingdom and Malaysia for 12 years. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Hong Kong Society of Accountants and Associate of the Institute of Chartered Accountants in Australia and Malaysian Institute of Accountants.



*Mr. David Colin Sinclair Veitch*, aged 46, is the President and Chief Executive Officer of NCL Limited. Before he joined NCL group in January 2000, Mr. Veitch was the Chief Financial Officer and the Senior Vice President of Marketing and Corporate Development of Princess Cruises for approximately eight years, with responsibility at varying times for finance, marketing, international sales, strategic planning and corporate development. In addition to his position at Princess Cruises, he was also, since mid-1998, executive in charge of Princess Cruises' sister company, P&O Cruises (Australia). Mr. Veitch graduated with a Master in Business Administration degree from the Harvard Graduate School of Business in 1984 and also holds a Bachelor of Science degree with First Class Honours from the University of London.

### **Independent non-executive Directors**

*Mr. Alan Howard Smith, J.P.*, aged 58, has been an Independent Non-executive Director of the Company since August 2000. Mr. Smith was the Vice Chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank since 1997 until he retired in December 2001. Prior to joining CSFB, he was Chief Executive of the Jardine Fleming Group from 1983 to 1994 and was Chairman of the Jardine Fleming Group from 1994 to 1996. Mr. Smith has over 26 years' of investment banking experience in Asia. He was elected a council member of the Stock Exchange on two occasions. He was a member of the Hong Kong Special Administrative Region Government's Economic Advisory Committee, and was for 10 years a member of the Hong Kong Government's Standing Committee on Company Law Reform. He graduated with an LL.B. (Hons) degree from Bristol University, England in 1964, and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970.

*Mr. Tan Boon Seng*, aged 47, has been an Independent Non-executive Director of the Company since August 2000. Mr. Tan is also the Chairman and Managing Director of Lee Hing Development Limited and a Director of South China Holdings Limited, South China Brokerage Company Limited, South China Industries Limited and Wo Kee Hong (Holdings) Limited, all of which are companies listed on the Stock Exchange. Mr. Tan is the Executive Director of IGB Corporation Berhad, a company listed on the Kuala Lumpur Stock Exchange in Malaysia, and also holds directorships in a number of other companies. He has extensive experience in property development and investment, corporate finance and trading businesses. Mr. Tan received his degree from Cambridge University, where he graduated in 1977.

*Mr. Lim Lay Leng*, aged 51, has been an Independent Non-executive Director of the Company since October 2000. Mr. Lim is a Director of several property and investment holding companies in Hong Kong, China and Malaysia and has extensive experience in property development and investment. Mr. Lim holds a Bachelor of Civil Engineering (Honours) degree from Queen Mary College at the University of London.

### **Senior management of the Company**

*Mr. Lee Swee Hing*, aged 42, assumed the position of Executive Vice President - VIP Services and Club Operations in April 2000 with the overall responsibility of overseeing the Company-wide Club Operations and VIP Services. He joined the Company in October 1993 as Director - VIP Services and was promoted to Senior Vice President - VIP Services in May 1994 and then to Executive Vice

President - VIP Services in January 1997. Mr. Lee worked with Genting Berhad from September 1984 to December 1985 and then joined Burswood Resort Casino, Western Australia as Director responsible for international marketing from 1985 to September 1993. Mr. Lee graduated with a Bachelor of Science degree in Computer Science from the University Sains Malaysia, Penang.

*Mr. Nils Nordh*, aged 58, joined the Company as Senior Vice President - Marine Operations in 1997 and has been the Executive Vice President - Marine Operations and Newbuilding since January 1999. He has responsibilities for technical operations, nautical operations, quality assurance, port operations and newbuilding. Mr. Nordh actively participates in industry associations, including the Malaysian Swedish Business Association. He frequently speaks at maritime conferences. Previously, Mr. Nordh was Senior Vice President of Marine Operations of Royal Caribbean Cruises, President of Transatlantic Ship Management AB, and Chairman of Nordia Shipping AB in Stockholm. Mr. Nordh graduated as an Officer at the Royal Swedish Naval Academy in Stockholm and is a Captain in the Royal Swedish Navy Reserve. Mr. Nordh is currently the Chairman of Dynamar BV, the world's leading company in transport and shipping information as well as a board member of Swedish Club, a world leading marine insurance company.

*Mr. Graham Cadman*, aged 51, has been Senior Vice President - Hotel Operations of the Company since April 1999. Mr. Cadman joined the Company in June 1994 as Hotel Manager. From July 1995 to June 1996, he was Vice President - Hotel Operations, and from July 1996 to April 1999 he was Vice President - Hotel Newbuilding. Mr. Cadman has over 30 years' experience in the hospitality industry, of which 18 were with Hilton International. Prior to joining the Company, Mr. Cadman was Director of Food & Beverage at Dynasty Singapore from October 1991 to June 1994.

*Mr. Gerard Lim Ewe Keng*, aged 43, was appointed Senior Vice President - Chief Executive Office in December 2000. He has held the position of Vice President - Corporate Planning since 1997. Prior to that, he was Vice President - Corporate Affairs at Genting International PLC from 1992 to 1997 and Corporate Planning Executive at Genting Berhad from 1984 to 1992. Mr. Lim is responsible for the corporate, legal and tax planning of various businesses of the Star Cruises Group. He graduated with a Bachelor of Science (Chemical Engineering) degree from the University of Birmingham and has a Master of Business Administration degree from University of Aston, the United Kingdom.

*Mr. Michael Lim Jit Soon*, aged 45, assumed the position of Senior Vice President - Finance, in December 2001. Mr. Lim is a Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He has 20 years of working experience of which the last 12 years he has held senior management positions in several companies, including two public listed companies in Singapore and Malaysia.

*Ms. Jean Teo*, aged 41, assumed the position of Senior Vice President - Sales and Marketing (Asia Pacific) in February 2000. She has primary responsibilities in Sales and Marketing including advertising, promotions and public relations for the Star Cruises fleet in the Asia Pacific region. She joined the Company in February 1995 as Director of Sales and progressed to Vice President in October 1997. Prior to joining the Company, she has had 13 years of working experience in leading hotels in Singapore, holding senior positions as Director of Sales and Regional Director of Sales. Ms. Teo has a Diploma in Hotel Management.

*Mr. Gary Sharman*, aged 52, assumed the position of Senior Vice President - Sales (Western Markets) in March 2000. He has primary responsibilities for the international marketing of Star Cruises in the regions of the United Kingdom, Europe, Australia, New Zealand and the America. Other responsibilities include coordination of all advertising and promotional activities for the western markets, and sale of cruise products through the sales teams operating in the regions. Mr. Sharman joined the Company in March 1994 as Vice President - Sales and Marketing. Prior to joining the Company, he had extensive sales experience in the hotel industry, having worked as Director of Sales in hotels in Australia and Beijing, China. Mr. Sharman has a Diploma in Management and an Advanced Diploma in Sales and Marketing.

*Mr. Teoh Boon Keong*, aged 37, has been the Head of Internal Audit since May 1999 and currently holds the position of Vice President-Internal Audit. He is responsible for the entire audit process of the Company. He was transferred to the Company from Genting Berhad where he joined in November 1991 as Audit Executive and the last position held in April 1999 was Audit Manager. Prior to working for Genting Berhad, he worked with Kassim Chan & Co., Kuala Lumpur, a member of Deloitte Touche Tohmatsu International. Mr. Teoh is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

*Mr. Dana Leibovitz*, aged 34, has been the Vice President - Corporate Surveillance and Security since July 1996. He is responsible for the co-ordination of hotel and casino surveillance and security for all Star Cruises vessels and land-based operations. He joined the Company in January 1994 as Director of Surveillance and Security. Prior to joining the Company, he had worked in Par-A-Dice Casino, Illinois (as Surveillance Operator), Hollywood Casino, Illinois (as Surveillance Shift Supervisor). Mr. Leibovitz has a Bachelor of Arts degree in Criminal Justice from Eastern Illinois University.

*Mr. Steven Black*, aged 47, has been the Vice President of Passenger Services since May 2000. He is responsible for the company-wide yield management, inventory control, passenger services and call centre operations in Port Klang, as well as all reservation-related functions in all offices. His responsibility also includes formulating strategies and plans for improving market penetration and revenue yields. Mr. Black was the Group Director of Reservation and Yield Management, CDL Hotels International, Singapore, prior to joining Star Cruises in 2000.

### **Senior management of NCL Limited, a major subsidiary of the Company within the Group**

*Mr. Lamarr B. Cooler*, aged 54, was appointed Executive Vice President and Chief Financial Officer of NCL Limited in January 1997. Mr. Cooler previously served, since March 1987, as Vice President and Corporate Controller of NCL Limited. Prior to that time, he was employed by NCL Limited as the Director of Accounting and in various other capacities since 1975. Mr. Cooler graduated from the Georgia Institute of Technology in 1970 with a Bachelor of Science degree in Industrial Management. In 1979, Mr. Cooler graduated from Florida International University with a Master of Science degree in Accounting. He has been a Certified Public Accountant in the State of Florida since 1982 and is a member of the American Institute of Public Accountants and the Florida Institute of Public Accountants.

*Mr. Robert M. Kritzman*, aged 42, was appointed Senior Vice President, General Counsel and Secretary of NCL Limited in 1995. Mr. Kritzman joined NCL Limited as General Counsel and Secretary in June 1990. Prior to joining NCL Limited, Mr. Kritzman was an attorney with the law firm of McDermott, Will & Emery. Mr. Kritzman has a Bachelor of Science degree in Economics and a Juris Doctorate degree from the University of Florida. He is a member of the Florida Bar Association and the American Bar Association and serves on the Florida Bar Committee on Corporate Banking and Business Law.

*Ms. Maria Planos*, aged 50, was promoted to Senior Vice President of Passenger Services in July 1998. Ms. Planos joined NCL Limited in 1982 as Manager of the Air Sea Department. She was named Director of Air Sea in 1985 and Vice President of NCL Tours in 1989.

*Mr. Frank Schmitt*, aged 42, was appointed Senior Vice President of Hotel Operations in March 2000. Prior to joining NCL Limited, Mr. Schmitt was Vice President of Hotel Operations for the Company where he was responsible for day-to-day operations of the Star Cruises fleet including food and beverage operations, onboard revenue, crew personnel, entertainment and hotel administration.

*Mr. Andrew Stuart*, aged 39, was named Senior Vice President of Marketing and Sales in April 2000. He has held the position of Senior Vice President of Sales since August 1998 and, prior to that, he was Senior Vice President of Passenger Services. He joined NCL Limited in August 1988 in NCL Limited's London office holding various Sales and Marketing positions before relocating to NCL Limited's headquarters in Miami. Mr. Stuart has a Bachelor of Science degree in Catering Administration from Bournemouth University.

*Mr. Jan Erik Andersen*, aged 60, was appointed Senior Vice President of Marine Operations in October 2001, with responsibilities over the marine operations of both Norwegian Cruise Line and Orient Lines. Mr. Andersen has worked in shipping and ship management since the start of his engineering education in the mid-1960's. He holds a Chief Engineer certificate, has a degree in Mechanical Engineering and has worked in both technical and administrative positions in Europe, the United States and the Far East. Prior to joining Orient Lines in 1999, he was for four years Managing Director of Sembawang Ship Management (Pte) Ltd, in Singapore.

### 3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Registered office</b>	Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
<b>Corporate headquarters and principal place of business in Hong Kong</b>	Suite 1501 Ocean Centre 5 Canton Road Tsimshatsui Kowloon Hong Kong

<b>Authorised representatives</b>	Tan Sri Lim Kok Thay Mr. William Ng Ko Seng
<b>Company Secretary</b>	Ms. Louisa Tam Suet Lin <i>ACS, ACIS</i>
<b>Assistant Secretary</b>	Mr. Tan Wooi Meng
<b>Bermuda resident representative and assistant secretary</b>	A.S. & K. Services Ltd. Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
<b>Underwriters of the Rights Issue</b>	DBS Asia Capital Limited 16th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong  The Development Bank of Singapore Ltd 6 Shenton Way, #36-01 DBS Building, Tower One Singapore 068809
<b>Legal advisers to the Company</b>	<i>As to Bermuda law:</i> Appleby Spurling & Kempe 5511 The Center 99 Queen's Road Central Central Hong Kong  <i>As to Hong Kong law:</i> Clifford Chance 29th Floor Jardine House One Connaught Place Central Hong Kong  <i>As to Isle of Man law:</i> Cains Advocates Limited 15-19 Athol Street Douglas Isle of Man IM1 1LB

*As to Malaysian law:*

Raja, Darryl & Loh  
18th Floor  
Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

*As to Singapore law:*

Wong Partnership  
80 Raffles Place #58-01  
UOB Plaza 1  
Singapore 048624

<b>Legal advisers to the Underwriters</b>	Morrison & Foerster 21st Floor, Entertainment Building No. 30 Queen's Road Central Hong Kong
<b>Auditors</b>	PricewaterhouseCoopers, Hong Kong <i>Certified Public Accountants</i> 22nd Floor Prince's Building Central Hong Kong
<b>Principal share registrar in Bermuda</b>	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
<b>Hong Kong branch share registrar</b>	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Singapore share transfer agent</b>	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
<b>Principal bankers</b>	Citibank N.A. 3 Temasek Avenue #17-00 Centennial Tower Singapore 039190  Westpac Banking Corporation 77 Robinson Road #19-00 SIA Building Singapore 068896

#### 4. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of each Director in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which any such Director was taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance); or (b) were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

##### 4.1 Shares

Name of Director	Number of Shares				Total
	Personal Interests	Family interests	Corporate interests	Other interests	
Tan Sri Lim Kok Thay	6,115,000	23,247,990 <sup>1</sup>	23,247,990 <sup>1</sup>	3,641,763,812 <sup>2</sup>	3,671,126,802
Mr. Chong Chee Tut	374,000	—	—	—	374,000
Mr. William Ng Ko Seng	137,500	—	—	—	137,500
Mr. David Colin Sinclair Veitch	275,000	—	—	—	275,000

*Notes:*

1. Deemed interest under family interest and corporate interest refers to the same block of 23,247,990 Shares held by Goldsfine. Each of Tan Sri Lim Kok Thay and his spouse holds 50% of the issued share capital of Goldsfine. The same block of 23,247,990 Shares held by Goldsfine has not been duplicated in arriving at the total interest of Tan Sri Lim Kok Thay.
2. Deemed interests through Resorts World, Golden Hope and Joondalup Limited.

##### 4.2 Shares in Subsidiaries

As at the Latest Practicable Date, certain Directors held qualifying shares in certain subsidiaries of the Company in trust for the Company and other subsidiaries.

##### 4.3 Share Options

As at the Latest Practicable Date, details of the Share Options held by the Directors entitling them to subscribe for Shares are stated in section I.2 of appendix I to this prospectus.

Save as disclosed in this prospectus, as at the Latest Practicable Date, none of the Directors had any interests in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which (a) were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including

any interests which any such Director was taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance); or (b) were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

## 5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors were aware or the Directors could ascertain after reasonable enquiry, the following persons, not being a Director or chief executive of the Company, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as recorded in the register required to be kept by the Company under section 16(1) of the SDI Ordinance:

Name of shareholder ( <i>Notes</i> )	Number of Shares	Percentage of shareholding
Parkview Management Sdn Bhd ( <i>1 and 8</i> )	1,486,926,993	34.3%
Kien Huat Realty Sdn Bhd ( <i>2 and 8</i> )	1,486,926,993	34.3%
Genting Berhad ( <i>3 and 8</i> )	1,486,926,993	34.3%
Resorts World Bhd ( <i>4 and 8</i> )	1,486,926,993	34.3%
Sierra Springs Sdn Bhd ( <i>5 and 8</i> )	1,486,926,993	34.3%
Resorts World ( <i>5 and 8</i> )	1,486,926,993	34.3%
GZ Trust Corporation ( <i>6 and 9</i> )	2,154,836,819	49.7%
Golden Hope ( <i>7 and 9</i> )	2,154,836,819	49.7%
Puan Sri Wong Hon Yee ( <i>10</i> )	3,671,126,802	84.6%

*Notes:*

1. Parkview Management Sdn Bhd is a trustee of a discretionary trust (“Discretionary Trust”), the beneficiaries of which include certain members of the Lim Family.
2. Kien Huat Realty Sdn Bhd (“KHR”) is a private company of which the Discretionary Trust, through Info-Text Sdn Bhd and Dataline Sdn Bhd, controls more than one third of the voting power.
3. Genting Berhad is a company listed on the Kuala Lumpur Stock Exchange in Malaysia of which KHR controls more than one third of the voting power.
4. Resorts World Bhd is a company listed on the Kuala Lumpur Stock Exchange and is a subsidiary of Genting Berhad.
5. Sierra Springs Sdn Bhd and Resorts World are companies which are wholly-owned subsidiaries of Resorts World Bhd.
6. GZ Trust Corporation is the trustee of various discretionary trusts established for the benefit of certain members of the Lim Family. These discretionary trusts are unit-holders of Golden Hope Unit Trust, a private unit trust.
7. Golden Hope is the trustee of Golden Hope Unit Trust.



8. The interests of the persons named in Notes 1 to 5 in 1,486,926,993 Shares relate to the same block of Shares.
9. The interests of the persons named in Notes 6 and 7 in 2,154,836,819 Shares relate to the same block of Shares.
10. Puan Sri Wong Hon Yee as the wife of Tan Sri Lim Kok Thay, has a family interest in the same block of 3,671,126,802 Shares in which Tan Sri Lim Kok Thay has a deemed interest. Puan Sri Wong Hon Yee also has a corporate interest in 23,247,990 Shares held by Goldsfine by virtue of her holding 50% of the issued share capital of Goldsfine.

Save as disclosed herein and so far as the Directors were aware, no person was recorded in the register required to be kept under section 16(1) of the SDI Ordinance who, as at the Latest Practicable Date, was interested directly or indirectly in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or had any option in respect of such capital.

The Company is a party to three loan agreements for an aggregate amount of approximately US\$1.6 billion with terms ranging from seven to 16 years from the respective dates of these agreements. These agreements require the Lim Family to retain a direct or indirect ownership interest of 51% or more in the Company during the term of these respective loans.

## 6. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

## 7. SERVICE CONTRACTS

The only Director who has entered into a service contract with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation) is Mr. David Colin Sinclair Veitch. The particulars of his service contract are as follows:

- (a) a three year rolling service contract which commenced from 24th January, 2000, to be automatically renewed until terminated by either party in accordance with paragraph (d) below;
- (b) the annual salary is US\$1,040,000, payable bi-monthly and subject to review on 1st January of each year;
- (c) Mr. Veitch is eligible for an assured bonus equivalent to two months' salary and a further discretionary bonus of up to an additional four months' salary for the financial year ending 31st December, 2002 and thereafter;
- (d) in the event of a voluntary termination by Mr. Veitch of his employment, he is entitled to receive an amount equivalent to 1.5 times of the aggregate of his annual salary and assured bonus at that time, provided that he will not be entitled to receive such amount if he voluntarily terminates his own employment after 7th January, 2005. In the event that Mr.

Veitch's employment is terminated by the Company for reasons other than fraud, embezzlement, misappropriation or gross dishonesty, he is entitled to receive an amount equivalent to three times of the aggregate of his annual salary and assured bonus at that time. In the event of a merger or change of control of the Company (as defined in the service contract), Mr. Veitch's employment will be deemed to have been terminated by the Company without cause and he will be entitled to receive the amount as described in the preceding sentence;

- (e) Mr. Veitch is also entitled to receive certain other benefits such as life insurance and accidental death and dismemberment insurance coverage, medical benefits, participation in a supplemental senior executive retirement plan, and housing and travel allowances; and
- (f) the service contract grants to Mr. Veitch the right to subscribe for up to a certain number of Shares. By letters dated 7th January, 2000, 29th September, 2000 and 30th October, 2000 between the Company and Mr. Veitch, and pursuant to a resolution passed by a committee of the Board on 28th November, 2000, 275,000 Shares were allotted and issued to Mr. Veitch at a price of HK\$5.66 per Share on 29th November, 2000.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors entered, or was proposing to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

## **8. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

Since 31st December, 2001, the date to which the latest published audited accounts of the Company have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of, by or leased to, or which are proposed to be acquired, disposed of, by or leased to, any member of the Group.

Save as disclosed herein, no Director is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole.

## **9. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) three separate conditional agreements each dated 24th November, 2000 between each of Resorts World, Genting Overseas Holdings Limited and Palomino Limited, as sellers, and Arrasas Limited, as purchaser, under which Arrasas Limited agreed to purchase in aggregate 29,110,200 shares of NCLH for NOK436,653,000, subject to adjustment, and which represent approximately 10.9% of the issued share capital of NCLH;

- (b) an agreement dated 24th November, 2000 among the Company and Joondalup Limited relating to the issue of 330,729,329 Shares to Joondalup Limited at the subscription price of US\$0.726 per Share immediately prior to the listing of the Shares on the Stock Exchange in satisfaction of approximately US\$240 million of the US\$260 million loan advanced by Joondalup Limited;
- (c) Placing Agreement dated 27th November, 2000 among the Company, Tan Sri Lim Kok Thay, HSBC Investment Bank Asia Limited and Credit Suisse First Boston (Hong Kong) Limited relating to the placement of 75,792,000 Shares at HK\$5.66 per Share to independent places;
- (d) Deed of Undertaking dated 27th November, 2000 among Resorts World, the Company, HSBC Investment Bank Asia Limited and Credit Suisse First Boston (Hong Kong) Limited pursuant to which Resorts World undertook that, *inter alia*, it would not, without the written consent of HSBC Investment Bank Asia Limited and Credit Suisse First Boston (Hong Kong) Limited (together, the “Joint Placing Agents”), within six months from the date on which dealings in the Shares first commenced on the Stock Exchange (the “First Six-month Period”), transfer or otherwise dispose of (including the creation of an option over) any Shares legally or beneficially owned by it during the First Six-month Period;
- (e) Deed of Undertaking dated 27th November, 2000 among Golden Hope, the Company, HSBC Investment Bank Asia Limited and Credit Suisse First Boston (Hong Kong) Limited pursuant to which Golden Hope undertook that, *inter alia*, it would not, without the written consent of the Joint Placing Agents, within the First Six-month Period, transfer or otherwise dispose of (including the creation of an option over) any Shares legally or beneficially owned by it during the First Six-month Period; and it would not, without the written consent of the Joint Placing Agents, for a further six months immediately following the expiration of the First Six-month Period do any of the foregoing if, immediately following such act, Golden Hope would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company;
- (f) Memorandum of Agreement and a supplemental letter agreement, both dated 19th January, 2001, in respect of the sale of m.v. Star Aquarius for a consideration of US\$75 million entered into between Star Aquarius Limited (as seller) and DFDS Seaways A/S (as buyer);
- (g) First Amendment Agreement dated 19th April, 2001 and Second Amendment Agreement dated 5th July, 2001, by and among, *inter alios*, the Company as borrower, certain members of the Group as guarantors and Barclays Bank PLC, Hong Kong Branch as agent and trustee on behalf of the lenders thereto, to a US\$600,000,000 five-year term loan facility dated 18th August, 2000 (as amended);
- (h) Share Purchase Agreement dated 31st May, 2001 by and between NCL Cruises Limited as selling shareholder and Arrasas Limited as purchaser relating to the purchase by the purchaser of all of the outstanding common shares of NCL Limited owned by the selling shareholder for the purchase price of NOK 3,481,687,500;

- (i) Supplemental Agreement dated 20th July, 2001 and Second Supplemental Agreement dated 14th December, 2001, by and among, *inter alios*, NCL Limited as borrower, NCL Cruises Limited as guarantor, The Bank of Nova Scotia, as agent and lead arranger and the lenders thereto, to a loan agreement dated 25th May, 2000 relating to a term loan of up to US\$225,000,000 to partly finance the cost of purchase and construction of the ship and partly to refinance the pre-delivery facility;
- (j) Second Supplemental Agreement dated 20th July, 2001 and Third Supplemental Agreement dated 14th December, 2001, by and among, *inter alios*, NCL Limited as borrower, NCL Cruises Limited as guarantor, Den Norske Bank ASA as agent and lead arranger and the lenders thereto, to a revolving credit facility agreement dated 13th December, 1999 (as amended) relating to a US\$623,000,000 to refinance certain facilities of the borrower;
- (k) Supplemental Agreement dated 26th July, 2001 and Second Supplemental Agreement dated 14th December, 2001, by and among, *inter alios*, NCL Limited as borrower, NCL Cruises Limited as guarantor, Den Norske Bank ASA, Kreditanstalt Für Wiederaufbau and Christiania Bank Og Kreditkasse ASA as other co-arrangers, Den Norske Bank ASA as agent and the lenders defined therein, to a loan agreement dated 30th April, 1998 (as amended) relating to a term loan of US\$210,000,000 to finance the purchase and construction of m.v. “Norwegian Sky” and to refinance certain facilities of the borrower;
- (l) US\$45,000,000 Short Term Facility dated 23rd August, 2001 and First Supplement dated 14th December, 2001, by and among, *inter alios*, NCL Limited as borrower, Commerzbank Aktiengesellschaft, Bremen Branch, Den Norske Bank ASA and Kreditanstalt Für Wiederaufbau as arrangers and lenders, Den Norske Bank ASA and Commerzbank Aktiengesellschaft, Bremen Branch as facility and security agents;
- (m) US\$450,000,000 Term Facility Agreement dated 20th February, 2002, by and among, *inter alios*, the Company as borrower, certain members of the Group as guarantors, The Hongkong and Shanghai Banking Corporation Limited as mandated lead arranger and agent and the banks thereto, together with related security documents;
- (n) Third Supplement Agreement dated 21st March, 2002, by and among, *inter alios*, Superstar Leo Limited and Superstar Virgo Limited as joint and several borrowers, Commerzbank Aktiengesellschaft, Singapore Branch as agent and the lenders, arrangers and underwriters thereto, to a Secured Loan Agreement and a Guarantee each dated 22nd January, 1998 (as amended) and Second Supplement to two Guarantees each dated 3rd August, 1999 (as amended) for up to US\$521,600,000 pre and post delivery finance for two 1,000 cabin cruise vessels being m.v. “Superstar Leo” and m.v. “Superstar Virgo”;
- (o) Third Supplement Agreement dated 21st March, 2002, by and among, *inter alios*, Norwegian Star Limited and Norwegian Dawn Limited as joint and several borrowers, Commerzbank International S.A. as agent, and the lenders, arrangers and underwriters thereto, to a Secured Loan Agreement and a Guarantee each dated 26th June, 1999 (as amended) for up to US\$626,922,000 post delivery finance for two cruise vessels being m.v. “Norwegian Star” and m.v. “Norwegian Dawn”;

- (p) Placing, Underwriting and Subscription Agreement dated 29th May, 2002 among the Company, Joondalup Limited, DBS Asia Capital Limited and DBS Vickers Securities (Singapore) Pte Limited relating to the placement of 189,091,000 Shares at HK\$3.30 per Share to independent placees; and
- (q) the Underwriting Agreement.

## 10. LITIGATION

### (a) **Litigation against NCL Limited**

A proposed class action suit was filed on 26th September, 1995 in the United States District Court for the Southern District of Florida against NCL Limited alleging that NCL Limited violated the Florida Unfair and Deceptive Trade Practices Act by including an element of profit in NCL Limited's port charges. The District Court granted three motions to dismiss filed by the defendants with the final dismissal granted with prejudice. After the dismissal of the case by the District Court, three similar complaints were filed against NCL Limited in the Circuit Court for the State of Florida for the County of Dade in 1996. The complaints have been consolidated and allege violation of the Florida Unfair and Deceptive Trade Practices Act, common law fraud and negligence. The surviving case was filed on 27th April, 1996 by the same plaintiffs named above. The Circuit Court denied class certification of this case; however, the United States Third District Court of Appeal heard oral arguments on the plaintiff's appeal of the denial of class certification on 3rd January, 2000 and subsequently reversed the Circuit Court's denial of class certification and remanded the case to the Circuit Court with instructions to certify the class. NCL Limited appealed this decision to the Florida Supreme Court. The Florida Supreme Court recently declined to hear this appeal, referring the matter back to the trial court. NCL Limited intends to file a motion for summary judgment seeking dismissal of the case based on the reversal of appellate court decisions relied upon by the Third District Court of Appeal in reaching its decision. NCL Limited also intends to renew a prior motion for summary judgment filed prior to the trial court's denial of class certification and the subsequent appellate process. Settlement agreements entered into by other cruise lines that have settled similar claims have involved the cruise lines issuing cruise credit certificates to the class plaintiffs, paying attorneys' fees to the plaintiffs' counsel and covering administrative expenses of the class settlement. NCL Limited also intends to pursue settlement negotiations with respect to this matter. No assurance can be given that any such settlement agreements will be reached. As at 31st December, 2000, NCL Limited established a liability for potential payments of attorneys' fees and administrative expenses of settlement in connection with this matter.

A proposed class action suit was filed in 1995 against NCL Limited and other unrelated cruise lines alleging misrepresentations by owners and operators of cruise ship casinos relating to the use of electronic gaming devices. The suit has been transferred to the United States Federal District Court in Las Vegas, Nevada. Also named as defendants in the case are numerous land-based casinos and manufacturers of electronic gaming devices. On 19th December, 1997, the court entered an order, based on the motions filed by the defendants, dismissing the wire fraud claim, granting a motion to strike certain parts of the amended complaints and denying the

remaining motions to dismiss. The hearing on the motion for class certification was held on 15th November, 2001. The court denied class certification in this matter, and the plaintiffs filed an appeal. On 23rd August, 2002, the 9th Federal Circuit Court of Appeals granted the plaintiffs permission to appeal the order denying class certification.

On 16th May, 2000, NCL Limited voluntarily self reported to the U.S. Attorney's Office for the United States Southern District of Florida a pattern of violations of environmental law on several of its ships. These violations were identified by a detailed internal review and investigation. Management believes that NCL Limited has halted the infractions and commenced a comprehensive remedial program in an effort to ensure there will be no repeat of this problem. The Group believes NCL Limited has been cooperating fully with the U.S. Attorney's Office and other authorities to investigate into this matter. In June 2000, a federal grand jury in Miami, Florida issued a subpoena to the Group to produce documents relating to these same matters. Since that time, the Group has cooperated with the U.S. Government in its investigation and turned over a substantial amount of documents as well as the results of its internal investigation. NCL Limited has entered into a plea agreement with the U.S. Government which settles NCL Limited's liability with the U.S. Federal Government. Pursuant to the plea agreement, NCL Limited paid a fine of US\$1,000,000 and made a contribution of US\$500,000 to environmental charities. NCL Limited will be on probation for a period of three years as a result of this agreement with the possibility of early termination of probation after two years. The U.S. Government agreed to these terms in recognition of NCL Limited's investigation, cooperation and efforts to remedy the conditions leading to this violation, and the plea has been entered with and accepted by the court.

On or about 17th March, 2001, NCL Limited was served with a class action complaint in the United States District Court, Southern District of New York. The complaint alleges that during the period from 1st January, 1998 through the present, NCL Limited failed to pay plaintiff crew members overtime wages in accordance with their contracts of employment. The proposed class consists of all unlicensed seafarers who worked on NCL Limited vessels during the class period and seeks recovery of overtime wages plus statutory penalty wages equal to two times the unpaid wages for each day the wages remain unpaid. NCL Limited sought transfer of venue from the federal court in New York to the federal court in the Southern District of Florida but this motion was denied. NCL Limited also filed a motion to dismiss the plaintiff's amended complaint which is fully briefed and awaiting decision by the court. The magistrate has issued a recommendation and report to the trial court judge recommending that the plaintiff's motion seeking class certification be granted. NCL Limited has filed objections to this report, and a ruling is pending before the trial court judge. The trial court dismissed the claim in part by limiting the relevant time period of alleged breaches falling under the claim to the period beginning one year prior to filing of the complaint up to present. The plaintiff's initial demand is for an award of US\$165,000,000. Merits discovery has been completed. NCL Limited is currently engaged in court ordered mediation.

On 1st August, 2000, a class action lawsuit was filed against NCL Limited seeking injunctive and declaratory relief pursuant to the Americans with Disabilities Act of 1990. The complaint alleges that NCL Limited has discriminated against disabled passengers and has failed to provide adequate access to the ship and its facilities for mobility-impaired passengers. In

December 2001, the trial court denied the plaintiffs' motion for class certification, and the plaintiffs have appealed. The appeal to the state court remains pending. On 9th September, 2002, the United States District Court granted in part and denied in part NCL's motion to dismiss the case in federal court, and ruled the court had jurisdiction to hear arguments on the merits of the discrimination claims of the plaintiffs. The court also ruled that it was unnecessary for NCL Limited to make any physical changes to its vessels.

NCL Limited's use of the "Freestyle Cruising" mark in the United Kingdom has been legally challenged by Thomson Holidays Limited ("Thomson") on the "first in time" basis insofar as they registered the mark "Freestyle" in 1985. At trial, the court ruled in favour of NCL Limited. Subsequently, the plaintiff filed an appeal. NCL Limited and Thomson have subsequently entered into a hedging agreement which effectively resolves the matter; however, the parties will proceed with the appeal subject to certain conditions. The hedging agreement provides that NCL Limited will be entitled to use the mark regardless of the outcome of the appeal subject to certain limitations on use in connection with specific services offered by Thomson. The non-prevailing party will reimburse the prevailing party an amount agreed in the hedging agreement intended as compensation for the prevailing party's legal expenses. No other damages will be paid under the hedging agreement regardless of the outcome of the appeal.

On or about 20th December, 2000, NCL Limited was served with a class action complaint alleging NCL Limited discriminates against disabled persons in violation of the Americans with Disabilities Act on several of NCL Limited's vessels. The complaint includes counts for violation of Title III of the Americans with Disabilities Act, Florida's Unfair and Deceptive Trade Practices Act and violations involving senior citizens or handicapped persons. This case was originally filed in Federal District Court but was dismissed by the federal court and has been re-filed in the Florida State Court. NCL Limited's currently has a motion to dismiss pending in the state court.

Travel Center of Fairfield County, doing business as Expo Travel Marketing Associates ("Expo") filed a four count complaint alleging breach of contract, tortious interference with contractual obligations and unfair trade practices arising from an alleged agreement between Royal Cruise Line ("RCL") and Expo to charter the Queen Odyssey, a cruise ship operated by RCL. Both NCLH and RCL are named defendants. NCL Limited did not enter into a charter agreement with the travel agency and has no direct involvement in the claims made but is responsible for satisfying any judgment against RCL. Seabourne Cruise Line, which purchased the Queen Odyssey from RCL and was assigned the subject charter agreement, was a defendant but recently settled with the plaintiff. The case was tried by a jury in October 2000. The plaintiff claimed damages of approximately US\$500,000 for compensatory damages plus statutory punitive damages and attorneys' fees. The jury returned a defendant's verdict in favour of NCLH and RCL. The court denied post-verdict motions and an appeal to the Second Circuit Court of Appeals was filed by the plaintiff. On 5th September, 2002, the Second Circuit Court of Appeals affirmed the defence verdict and judgment on behalf of RCL and NCL Limited, and affirmed the court's finding that there was no personal jurisdiction over NCLH. The Directors believe this ruling ends this matter.

In January 1997, NDS Voyages entered into charter agreement whereby NDS Voyages chartered all of the passenger accommodations onboard the M/S Dreamward for the period 27th September, 1997 through 4th October, 1997. On 30th September, 1997, the ship's control transformer was damaged which tripped a circuit breaker in the ship's electrical panel thereby causing the vessel to lose power. As a result, passengers were inconvenienced and the ship had to miss a port of call. Following the conclusion of the charter, NDS Voyages demanded damages in the approximate amount of US\$1,100,000. On 23rd January, 1998, NDS Voyages initiated arbitration proceedings in London in accordance with the terms of the charter agreement for the recovery of alleged damages caused from the ship's loss of power during the cruise. NCL Limited has a counter-claim in the sum of US\$65,000 for beverage and on board concessionaire costs incurred by NDS' guests. In August 2000, NCL Limited authorised its attorneys to negotiate a settlement with NDS. There have been no further developments to date.

On or about 11th June, 2001, NCL Limited was served with a class action complaint filed in Vancouver, British Columbia, Canada. The complaint filed by a number of nurses about various vessels, alleges breach of the collective bargaining agreement and employment contract for non-payment of overtime. NCL Limited has filed the Canadian equivalent of a motion to dismiss this claim and is awaiting a ruling on this motion.

**(b) Litigation against Arrasas Limited**

In February 2000, subsequent to mandatory offers made by Arrasas Limited, a wholly-owned subsidiary of the Group, the Group had acquired a total interest of about 84.5% of the outstanding shares in NCLH. Following the consummation of Arrasas Limited's agreement on 29th November, 2000 to purchase an additional 10.9% of the shares of NCLH, as a result of which Arrasas Limited owned 95.4 % of the shares in NCLH, Arrasas Limited commenced on 30th November, 2000 squeeze-out proceedings in the Oslo District Court, Norway against all minority shareholders of NCLH at an offer price of NOK 13 per share. As a result of the squeeze out, Arrasas Limited became the sole owner of the entire outstanding shares of NCLH. Persons formerly holding in aggregate 1,840,898 shares rejected the offer, demanding that the offer price be determined by a valuation court. In accordance with Norwegian law, Arrasas Limited therefore handed in a valuation petition on 26th October, 2001. The offer price for the shares formerly held by the persons rejecting the offer will be determined by the valuation court. A court meeting is scheduled to be held on 5th November, 2002 for the fixing of the hearing date and for a decision as to when pleadings would close. The case is expected to be heard some time between January and June 2003.

**(c) Litigation against the Company**

● *The Colbert and Pierot case*

On 4th December, 2000, the shipbroking arm of the Colbert Group, Ship Construction & Funding (USA) Inc. filed a civil action summons and complaint against the Company in the Circuit Court in Miami-Dade County, Florida. An amended complaint, adding shipbroker Jacq. Pierot, Jr. Sons as a co-plaintiff, was filed on 3rd January, 2001.



A commission agreement dated 23rd June, 1998 between, *inter alios*, the Company and the plaintiffs is the contract upon which the plaintiffs are suing the Company. The plaintiffs seek damages on the grounds of breach of contract, *quantum meruit* for the plaintiffs' alleged communication of the "idea" of joint venturing with Carnival Cruise Lines ("CCL") to acquire NCLH, and for other "valuable brokerage services that assisted the Company in its dealings with CCL," under circumstances where it was expected that plaintiffs would be paid by the Company. The plaintiffs also seek equitable relief for unjust enrichment, for the plaintiffs' above-alleged services under circumstances where it would be inequitable for the Company not to compensate the plaintiffs. The plaintiffs seek damages in an amount of US\$17 million, representing 1% of the alleged cost of US\$1.7 billion, for the acquisition of NCLH.

On 19th January, 2001, the Company removed the action from the Florida state court to the United States federal court in Miami. On 30th March, 2001, the Company filed and served a motion to dismiss based upon the lack of personal jurisdiction over the Company, *forum non conveniens*, failure to join an indispensable party to the commission agreement and failure to state a claim upon which relief can be granted. At the same time, the Company also moved to stay all proceedings, including discovery, pending determination of the motion. By an order dated 9th May, 2001, the court allowed the plaintiffs limited discovery and limited extension of time until 25th June, 2001, which was later extended to 9th July, 2001, to respond to the Company's motion to dismiss. The Company moved for partial relief from the 9th May, 2001 order but such motion was subsequently denied by the court. On 9th July, 2001, the plaintiffs responded to the Company's motion to dismiss and also proposed to amend its complaint again (by filing a second amended complaint) to reduce its claim by one-third, i.e. to US\$11.333 million, representing the amount actually sought by the plaintiffs, as two of the three brokers involved. On 21st November, 2001, the court denied the Company's jurisdiction motion but dismissed plaintiffs' breach of contract claim. The Company was ordered to respond to the claims for *quantum meruit* and unjust enrichment by 10th December, 2001. On 29th November, 2001, the Company moved for limited reconsideration of the order denying the motion to dismiss for lack of personal jurisdiction. On 28th January, 2002, the court denied the Company's motion for limited reconsideration. The Company moved for clarification on 5th February, 2002, but the court denied the motion on 11th March, 2002 without explanation. The parties to the action have filed a joint scheduling report to set out the timetable for discovery and trial. On 20th March, 2002, the court granted the Company's motion to strike off the plaintiffs' demand for jury trial with respect to the unjust enrichment claim but denied the motion with respect to the plaintiffs' demand for jury trial in relation to the *quantum meruit* claim. A pre-trial conference was set by the court for 31st January, 2003, when the date of the trial will be selected. Discovery has commenced and is expected to continue through November 2002.

The Directors believe that the Company has meritorious defences to the claims and the Company is vigorously defending these matters and do not believe an adverse verdict in this case would have a material adverse effect upon the Group's results of operations, cash flows and financial condition.

- *The Kingdom case*

On 6th April, 2001, Kingdom 5-KR-41, Ltd. (“Kingdom”) filed a complaint in the United States district court for the Southern District of New York against the Company, Arrasas Limited, Tan Sri Lim Goh Tong (“Tan Sri GT Lim”) and The Bank of New York (“BNY”). Kingdom’s lawsuit claims that the Company, Arrasas Limited and Tan Sri GT Lim violated the United States securities laws by making false and misleading disclosures in the Offer to Purchase filed in connection with the mandatory offer for the shares of NCLH. Kingdom has also brought a claim for unjust enrichment, alleging that the Company and Arrasas Limited acted unfairly when they refused to rescind the BNY acceptance, on Kingdom’s behalf, of the compulsory acquisition price.

On 20th June, 2001, the Company, Arrasas Limited and Tan Sri GT Lim filed a motion to dismiss Kingdom’s complaint. On 20th March, 2002, the court dismissed all claims against Tan Sri GT Lim as well as Kingdom’s claims under the federal securities laws. The court however denied the motion to dismiss with regard to Kingdom’s remaining claim against the Company and Arrasas Limited based on the theory of unjust enrichment. On 30th May, 2002, the court denied the Company and Arrasas Limited’s motion for reconsideration to dismiss Kingdom’s unjust enrichment claims for lack of subject matter jurisdiction.

Kingdom’s lawsuit also names BNY as a defendant. On 14th May, 2001, BNY filed claims against the Company and Arrasas Limited, as well as against NCLH, alleging that these entities are liable to BNY for any amount BNY may be held liable to Kingdom. On 23rd July, 2001, the Company and Arrasas Limited submitted a motion to dismiss the cross-claims against them, and NCLH submitted a motion to dismiss the third-party complaint. The court pursuant to a court order dated 20th March, 2002 also dismissed most of BNY’s cross claims against the Company and Arrasas Limited based on breach of contract, theories of fraudulent concealment, declaratory judgment and indemnification. The Court however did not dismiss BNY’s claim against the Company and Arrasas Limited for contribution. The Court similarly dismissed the breach of contract, and breach of duty of good faith claims asserted by BNY against NCLH and left only the claims for indemnification and contribution as well as for fraudulent concealment. On 30th April, 2002, BNY filed an amended complaint alleging essentially the same claims previously dismissed by the Court. On 3rd July, 2002, the Company/Arrasas Limited and NCLH filed partial motions to dismiss most of BNY’s claims. BNY responded to the Company/Arrasas Limited and NCLH’s partial motion to dismiss respectively on 8th August, 2002 and the Company/Arrasas Limited and NCLH responded accordingly on 6th September, 2002. These motions are still pending before the Court. Gathering of documents and consideration of possible witnesses are in progress.

On 5th September, 2001, a class action was filed against the Company, Arrasas Limited, Tan Sri GT Lim and BNY, by holders of NCLH American Depository Receipts and NCLH shares (“MSI”) who did not tender in the mandatory offer, asserting claims similar to those in Kingdom’s action. MSI has since decided to withdraw its securities law claims following Court Order of 20th March, 2002 as evidenced by a letter dated 15th July, 2002

from MSI to the Company/Arrasas Limited's counsel but now seeks to pursue its unjust enrichment claim against the Company and Arrasas Limited as well as claims against BNY. BNY filed a third party complaint to bring in NCLH into this claim on 28th August, 2002. BNY also filed cross-claims against the Company/Arrasas on 28th August, 2002 in respect of this MSI claim against BNY as one of the defendants.

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. In the opinion of the Directors, such claims, if decided adversely, individually or in the aggregate, would not have a material adverse effect upon the Group's results of operations, cash flows and financial condition.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## **11. CONSENT OF EXPERT**

Tai Fook, as the Company's independent financial adviser, has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its opinions and/or reference(s) to its name included herein in the form and context in which they are included.

Tai Fook is an investment adviser registered with the Securities and Futures Commission of Hong Kong under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong).

As at the Latest Practicable Date, Tai Fook did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, direct or indirect, in any assets which had been, since 31st December, 2001, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **12. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of this prospectus, together with copies of the provisional allotment letter and the form of application for excess Rights Shares and the written consent of Tai Fook referred to in section 11 above, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of this prospectus, together with copies of the provisional allotment letter and the form of application for excess Rights Shares, has been delivered to the Registrar of Companies in Bermuda for filing in accordance with the requirements of the Bermuda Companies Act. A copy of this prospectus will be deposited with the Securities Commission of Malaysia within seven days after the issue of this prospectus.

**13. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, documentation, printing, translation, legal, and accountancy fees and expenses, and the fees for the application for listing of the Rights Shares are estimated to amount to approximately HK\$12 million and are payable by the Company.

**14. LEGAL EFFECT**

The Rights Issue Documents and all acceptances of any offer or application contained in such documents, are governed by and will be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant documents shall have the effect of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the date of this prospectus up to and including 3rd December, 2002:

- (a) the Memorandum of Continuance and Bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31st December, 2000 and 2001;
- (c) the interim report of the Company for the three months and the six months ended 30th June, 2002;
- (d) the service contract referred to in section 7 of this appendix;
- (e) the material contracts referred to in section 9 of this appendix; and
- (f) the written consent referred to in section 11 above and the letter from Tai Fook referred to in the section headed “Adjustments to Share Options” in the “Letter from the Board” in this prospectus.

**16. MISCELLANEOUS**

The English text of the Rights Issue Documents shall prevail over the Chinese text.

**1. EXPECTED TIMETABLE FOR QUALIFYING SHAREHOLDERS ON THE BERMUDA REGISTER**

*Note: The following timetable is applicable to Qualifying Shareholders on the Bermuda Register. Persons holding Shares through CDP should also refer to the letter from CDP, together with the Application Form for Rights Shares and Excess Rights Shares (“ARE”) and/or Application Form for Rights Shares (“ARS”) relating to the Rights Issue for, inter alia, the procedures for application through CDP for the Rights Shares.*

(Unless otherwise specified herein, all times refer to Singapore time)

2002

Bermuda Register re-opens . . . . . Thursday, 7th November,

First day of dealings in nil-paid Rights Shares on  
CLOB International . . . . . Monday, 18th November,  
(only applicable to CDP Depositors)

Latest time for splitting of nil-paid Rights Shares . . . . . 4:00 p.m. on Friday, 22nd November,  
(not applicable to CDP Depositors)

Last day of dealings in nil-paid Rights Shares on  
CLOB International . . . . . Friday, 22nd November,  
(only applicable to CDP Depositors)

Latest time for application through CDP  
for Rights Shares as well as excess  
Rights Shares and payment of  
consideration therefor . . . . . 4:45 p.m. on Thursday, 28th November,  
(for application by CDP Depositors through CDP)

9:30 p.m. on Thursday, 28th November,  
(for application by CDP Depositors  
through automated teller machines  
of participating banks in Singapore)

Latest time for acceptance of Rights Shares  
as well as application for excess  
Rights Shares and payment  
of consideration therefor . . . . . 4:00 p.m. on Monday, 2nd December,  
(for Qualifying Shareholders  
on the Bermuda Register)

Rights Issue and Underwriting Agreement to become unconditional at or before . . . . .	4:00 p.m. on Thursday, 12th December,
Adjustments to the exercise price per Share and/or the number of Shares issuable upon exercise of the Share Options taking effect . . . . .	Thursday, 12th December,
Announcement of results of acceptance of the Rights Issue . . . . .	Monday, 16th December,
Despatch of refund cheques in respect of wholly or partially unsuccessful excess applications by ordinary post . . . . .	Wednesday, 18th December,
Despatch of certificates for fully-paid Rights Shares by ordinary post . . . . .	Wednesday, 18th December,
Commencement of dealings in fully-paid Rights Shares on CLOB International . . . . . (only applicable to CDP Depositors)	Friday, 20th December,

**Investors should be aware that nil-paid Rights Shares registered on the Bermuda Register which are represented by the PALs cannot be traded on the Stock Exchange, or on CLOB International. Only nil-paid Rights Shares deposited with CDP may be accepted for dealings on CLOB International. Nil-paid Rights Shares registered on the Hong Kong Register cannot be traded on CLOB International. CDP Depositors who apply for the Rights Shares through CDP will have the Rights Shares credited into their respective securities account with CDP.**

## 2. REGISTRATION OF SHARES

### 2.1 Registers

The principal register of Shareholders is maintained in Bermuda by Butterfield Fund Services (Bermuda) Limited (the “Bermuda Principal Registrar”) (Dexia Corporate Services Hong Kong Limited has been appointed as the liaising agent (the “Liaising Agent”) in Hong Kong on behalf of the Bermuda Principal Registrar). The transfer agent in Singapore for the Shareholders is M & C Services Private Limited (the “Singapore Transfer Agent”). The Company has a branch register of Shareholders which is maintained in Hong Kong by Computershare Hong Kong Investor Services Limited (the “Hong Kong Branch Registrar”).

### 2.2 Certificates

Only certificates for Shares issued by the Hong Kong Branch Registrar will be valid for delivery in respect of dealings effected on the Stock Exchange. For trading on CLOB International, the Shares must be registered on the Bermuda Register and deposited with CDP.

### 2.3 Removal

For purposes of trading on the Stock Exchange, the Shares must be registered on the Hong Kong Register. Shares may be removed between the Bermuda Register and the Hong Kong Register.

If an investor whose Shares are traded on CLOB International or whose Shares are registered on the Bermuda Register wishes to trade his Shares on the Stock Exchange, he must effect a removal of his Shares from the Bermuda Register to the Hong Kong Register. If an investor whose Shares are traded on the Stock Exchange wishes to trade his Shares on CLOB International, he must effect a removal of his Shares from the Hong Kong Register to the Bermuda Register and must deposit his Shares with CDP. Investors may wish to enquire with the Hong Kong Branch Registrar, the Bermuda Principal Registrar, the Liaising Agent, the Singapore Transfer Agent or the Malaysia Receiving Agent, as appropriate, for more details on the procedures for removal of Shares.

All costs attributable to the removal of Shares from the Hong Kong Register to the Bermuda Register and vice versa shall be borne by the Shareholder requesting the removal.

## 3. DEALINGS AND SETTLEMENT IN SHARES

### 3.1 Dealings, brokerage and fees on CLOB International

- (a) Dealings in the Shares on CLOB International will be conducted in U.S. dollars. The Shares are traded in board lots of 1,000 Shares and any other board lot sizes as the SGX-ST may require.
- (b) The brokerage commission in respect of trades of the Shares on CLOB International is negotiable.
- (c) A Singapore clearing fee is payable at the rate of 0.05% of the transaction value (up to a maximum of S\$200 per transaction). Clearing fees may be subject to the Goods and Services Tax in Singapore.

### 3.2 Settlement of dealings on CLOB International

- (a) In accordance with the bye-laws of the SGX-ST relating to settlement of dealings on CLOB International, it is mandatory for dealings on CLOB International to be effected through CDP on a scripless basis. The settlement will take place on the third Business Day following the date of transaction (“Due Date”) or in the event that the Due Date falls on a public holiday, the settlement will take place on the next “Market Day” (as defined in the bye-laws of the SGX-ST) immediately after the Due Date.
- (b) CDP holds securities on behalf of investors in “Securities Accounts”. An investor may open a “Securities Account” with CDP or a sub-account with any “Depository Agent”. A Depository Agent may be a member company of the SGX-ST, a bank, merchant bank or trust company. A non-resident investor must, however, maintain a sub-account with a Depository Agent unless he can appoint a local agent to handle his entitlements.

- (c) Investors should ensure that the Shares to be dealt on CLOB International are credited to their Securities Accounts or sub-accounts with the Depository Agents before dealing in the Shares since no assurance can be given that the Shares can be transferred to CDP in time for settlement if the transfer is effected following a dealing. If settlement cannot be effected on the Due Date following a dealing which has taken place on CLOB International, the buy-in procedures of the SGX-ST will be implemented.
- (d) Shareholders and potential shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, or disposing of the Rights Shares or Shares (as the case may be). It is emphasised that the Company, the Directors and all other persons involved in the Rights Issue accept no responsibility for any tax effects on, or liabilities of, Shareholders and potential shareholders resulting from the subscription, purchase, holding or disposal of the Rights Shares or Shares (as the case may be).

#### 4. PROCEDURES FOR ACCEPTANCE, PAYMENT AND TRANSFER

##### 4.1 CDP Depositors holding Shares through CDP

Persons holding Shares through CDP should receive a letter from CDP, together with the ARE and the ARS relating to the Rights Issue and should refer to the letter and form(s) for, among other things, the procedure for application for the Rights Shares.

##### 4.2 Qualifying Shareholders on the Bermuda Register other than CDP Depositors

With respect to a Qualifying Shareholder on the Bermuda Register who is not a CDP Depositor, a provisional allotment letter (“**PAL**”) is enclosed with this prospectus, which entitles the Qualifying Shareholder to subscribe for the number of Rights Shares shown thereon. Fractional entitlements, if any, have been disregarded. The PAL incorporates the following forms:

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Transfer	Form C
Form of Nomination	Form D
Excess Rights Shares Application Form	Form E

The provisional allotment of the Rights Shares is governed by the terms and conditions of this prospectus, the enclosed PAL and the Memorandum of Continuance and Bye-laws of the Company. You may accept your provisional allotment of Rights Shares in full or in part and are eligible to apply for Rights Shares in excess of your entitlements under the Rights Issue. Full instructions for acceptance and payment for the Rights Shares provisionally allotted to you and the procedures to be adopted should you wish to renounce, transfer or split your provisional allotment are set out in the PAL.



You should note that all dealings in and transactions of the provisional allotment of Rights Shares through CLOB International will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on CLOB International.

(a) *Full acceptance or partial acceptance with balance declined*

If you wish to accept your entire provisional allotment of Rights Shares or to accept any part of it and decline the balance, you must complete the “Form of Acceptance” (Form A) for the number of Rights Shares which you wish to accept and forward the PAL in its entirety together with payment in the prescribed manner to:

*Scripholders with addresses in Malaysia*

**STAR CRUISES LIMITED**  
**c/o Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

(the “Malaysia Receiving Agent”) so as to arrive at the aforesaid address not later than 4:00 p.m. (Malaysia time) on Monday, 2nd December, 2002,

*Scripholders with addresses in Singapore/the Isle of Man*

**STAR CRUISES LIMITED**  
**c/o M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Singapore time) on Monday, 2nd December, 2002,

*Scripholders with addresses in Hong Kong*

**STAR CRUISES LIMITED**  
**c/o Dexia Corporate Services Hong Kong Limited**  
**26/F Bank of China Tower**  
**1 Garden Road, Central**  
**Hong Kong SAR**

so as to arrive at the aforesaid address **not later than 4:00 p.m. (Hong Kong time) on Monday, 2nd December, 2002.**

No Split Letters (as defined below) will be issued to you.

(b) *Partial acceptance and partial transfer or transfer to more than one person - splitting*

If you wish to accept a portion of your provisional allotment of Rights Shares and transfer the balance, or you wish to transfer all or part of your provisional allotment of Rights Shares in favour of more than one person, you should first, using the “Request for Splitting” (Form B), request to have your provisional allotment under the PAL split into separate PALs (“**Split Letters**”) according to your requirement. The duly completed Form B, together with the whole of the PAL, must be returned to:

*Scripholders with addresses in Malaysia*

**STAR CRUISES LIMITED**  
**c/o Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Malaysia time) on Friday, 22nd November, 2002,

*Scripholders with addresses in Singapore/the Isle of Man*

**STAR CRUISES LIMITED**  
**c/o M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Singapore time) on Friday, 22nd November, 2002,

*Scripholders with addresses in Hong Kong*

**STAR CRUISES LIMITED**  
**c/o Dexia Corporate Services Hong Kong Limited**  
**26/F Bank of China Tower**  
**1 Garden Road, Central**  
**Hong Kong SAR**

so as to arrive at the aforesaid address **not later than 4:00 p.m. (Hong Kong time) on Friday, 22nd November, 2002**. The Bermuda Principal Registrar will cancel the original PAL and issue Split Letters to you in the denominations requested by you. No Split Letters will be issued to you if the Form B is received after **4:00 p.m. on Friday, 22nd November, 2002 (Hong Kong time)**.

The Split Letters representing the number of Rights Shares which you intend to transfer, may be transferred by completing the “Form for Transfer” (Form C) before delivery to the transferee. The transferee must complete and sign Form D (Form of Nomination) and send Form D together with the relevant Split Letter in its entirety and the requisite remittance to reach the Liaising Agent, the Singapore Transfer Agent or the Malaysia Receiving Agent, as the case may be, at the addresses below. You must complete Form A of the Split Letter(s) representing that part of the provisional allotment you intend to accept, if any, and forward the said Split Letter(s) together with payment in the prescribed manner to:

*Scripholders with addresses in Malaysia*

**STAR CRUISES LIMITED**  
**c/o Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Malaysia time) on Monday, 2nd December, 2002.

*Scripholders with addresses in Singapore/the Isle of Man*

**STAR CRUISES LIMITED**  
**c/o M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Singapore time) on Monday, 2nd December, 2002.

*Scripholders with addresses in Hong Kong*

**STAR CRUISES LIMITED**  
**c/o Dexia Corporate Services Hong Kong Limited**  
**26/F Bank of China Tower**  
**1 Garden Road, Central**  
**Hong Kong SAR**

so as to arrive not later than 4:00 p.m. (Hong Kong time) on Monday, 2nd December, 2002.

(c) *Complete transfer*

If you wish to transfer your entire provisional allotment of Rights Shares in favour of one person or more than one person jointly, you should complete the “Form of Transfer” (Form C) for the number of Rights Shares provisionally allotted to you and deliver the PAL in its entirety to the transferee(s). The transferee must complete and sign Form D (Form of Nomination) and send Form D together with the PAL in its entirety and the requisite remittance to reach the Liaising Agent, the Singapore Transfer Agent or the Malaysia Receiving Agent, as the case may be, at the addresses above so as to arrive at the relevant address by no later than 4:00 p.m. on Monday, 2nd December, 2002.

(d) *Remittance*

Please note that the PAL must not be detached (unless Form E needs to be forwarded separately for an application for excess Rights Shares). The PAL must be forwarded in its entirety together with the remittance. **All remittances must be made in Hong Kong dollars rounded up to the nearest cent in the form of cheques drawn on an account with, or banker’s drafts or banker’s cashier orders drawn on, a bank in Hong Kong and made payable to “STAR CRUISES LIMITED — PAL” and crossed “Account Payee Only”, with your name and address clearly written on the reverse side of the remittance. No other form of payment (including the use of cheques not drawn on an account with a bank in Hong Kong) will be accepted.**

All cheques, banker’s drafts and banker’s cashier orders will be presented for payment following receipt and any interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which a cheque, banker’s draft or banker’s cashier order is dishonoured on first presentation is liable to be rejected and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such provisional allotment not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

If the Underwriters exercise their right to terminate their obligations under the Underwriting Agreement before 4:00 p.m. (Hong Kong time) on 12th December, 2002, the subscription monies received in respect of acceptances of the Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched in the ordinary post at the risk of such persons on or before 18th December, 2002.

## 5. APPLICATION FOR EXCESS RIGHTS SHARES

### 5.1 CDP Depositors holding Shares through CDP

Persons holding Shares through CDP should receive a letter from CDP, together with the ARE and the ARS relating to the Rights Issue and should refer to the letter and form(s) for, among other things, the procedure for application for excess Rights Shares.

## 5.2 Qualifying Shareholders on the Bermuda Register other than CDP Depositors

A Qualifying Shareholder (who is not a CDP Depositor) who wishes to apply for excess Rights Shares in addition to those which have been provisionally allotted to him may do so by completing the "Excess Rights Shares Application Form" (Form E) and forwarding it with a SEPARATE REMITTANCE for the full amount payable in respect of the excess Rights Shares applied for in the form and manner set out above, at his own risk, to:

*Scripholders with addresses in Malaysia*

**STAR CRUISES LIMITED**  
**c/o Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Malaysia time) on Monday, 2nd December, 2002,

*Scripholders with addresses in Singapore/the Isle of Man*

**STAR CRUISES LIMITED**  
**c/o M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

so as to arrive at the aforesaid address not later than 4:00 p.m. (Singapore time) on Monday, 2nd December, 2002,

*Scripholders with addresses in Hong Kong*

**STAR CRUISES LIMITED**  
**c/o Dexia Corporate Services Hong Kong Limited**  
**26/F Bank of China Tower**  
**1 Garden Road, Central**  
**Hong Kong SAR**

so as to arrive not later than **4:00 p.m. (Hong Kong time) on Monday, 2nd December, 2002.**

The form of application for excess Rights Shares is for use only by the person(s) to whom it is addressed and is not transferable.

**All remittances must be made in Hong Kong dollars rounded up to the nearest cent in the form of cheque drawn on an account with, or banker's draft or banker's cashier order drawn on, a bank in Hong Kong and made payable to "STAR CRUISES LIMITED — EAF" and crossed "Account Payee Only", with your name and address clearly written on the reverse side of the remittance. No other form of payment (including the use of cheques not drawn on an account with a bank in Hong Kong) will be accepted. The Bermuda Principal Registrar will notify you of any allotment of excess Rights Shares made to you.**

The excess Rights Shares are available for application subject to the terms and conditions contained in the PAL, Form E and this prospectus. Applications for excess Rights Shares will be satisfied from such Rights Shares as are not validly taken up, the unsold "nil-paid" provisional allotments (if any) of the Excluded Overseas Shareholders and the aggregate fractional entitlements of Rights Shares. In the event that applications are received by the Company for more excess Rights Shares than are available, the excess Rights Shares available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit. The Directors will seek to allocate the excess Rights Shares on a fair and reasonable basis, but will give preference to topping-up to whole board lots.

If no excess Rights Shares are allotted to you as Qualifying Shareholders or if the number of excess Rights Shares allotted to you is less than that applied for, it is expected that the amount paid on application or the surplus application moneys, as the case may be, will be refunded to you by the Company without interest or any share of revenue or other benefit arising therefrom on or about 18th December, 2002 by **ORDINARY POST at your OWN RISK**.

If the Underwriters exercise their right to terminate their obligations under the Underwriting Agreement before 4:00 p.m. (Hong Kong time) on 12th December, 2002, the monies received in respect of the applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched in the ordinary post at the risk of such applicants on or about 18th December, 2002.

All cheques, banker's drafts and banker's cashier orders will be presented for payment following receipt and any interest earned on such monies will be retained for the benefit of the Company. Any form of application for excess Rights Shares in respect of which a cheque, cashier's order or banker's draft is dishonoured on first presentation is liable to be rejected.

No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.

If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. For any clarification on the procedures for acceptance of the provisional allotment of Rights Shares and (if applicable) for application for excess Rights Shares, you can consult the Liaising Agent/Singapore Transfer Agent/Malaysia Receiving Agent:

*Scripholders with addresses in Malaysia*

**Genting Management & Consultancy Services Sdn Bhd**  
**23rd Floor Wisma Genting**  
**Jalan Sultan Ismail**  
**50250 Kuala Lumpur**  
**Malaysia**

**General Line: (603) 2030 6305**

*Scripholders with addresses in Singapore/the Isle of Man*

**M & C Services Private Limited**  
**138 Robinson Road**  
**#17-00 The Corporate Office**  
**Singapore 068906**

**General Line: (65) 6228 0507 / (65) 6228 0504**

*Scripholders with addresses in Hong Kong*

**Dexia Corporate Services Hong Kong Limited**  
**26/F Bank of China Tower**  
**1 Garden Road, Central**  
**Hong Kong SAR**

**General Line: (852) 2978 5785**