

The Directors submit their report together with the audited financial statements for the year ended 31 December 2005.

## **Principal Activities and Geographical Analysis of Operations**

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. Details of the Company's principal subsidiary companies are set out in note 35 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the consolidated financial statements.

## **Results**

The results of the Company and its subsidiaries for the year ended 31 December 2005 are set out in the consolidated income statement on page 50.

## **Dividends**

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2005.

## **Reserves**

Movements in the reserves of the Company and the Group during the year are set out on pages 55 to 58. The distributable reserves of the Company amounted to US\$214.0 million as at 31 December 2005.

## **Five Years Financial Summary**

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 110.

## **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year ended 31 December 2005, save for the issuance of 6,975,380 new ordinary shares of US\$0.10 each at an aggregate price of US\$1,873,587 pursuant to the exercise of options granted under The Star Cruises Employees Share Option Scheme adopted by the Company on 16 April 1997 prior to the listing of its ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## **Donations**

Charitable and other donations made by the Group during the year amounted to US\$0.5 million.

## **Property, Plant and Equipment**

A brief description of the properties owned by the Group is set out on page 111.

Details of the movements in property, plant and equipment during the year are set out in note 14 to the consolidated financial statements.

## **Share Capital and Convertible Bonds**

Details of the movements in share capital and convertible bonds of the Company are set out in notes 23 and 25 to the consolidated financial statements, respectively.

## **Indebtedness**

Details of long-term financing facilities of the Company and its subsidiary companies at 31 December 2005 are set out in note 24 to the consolidated financial statements.

## Directors

The Directors during the year and up to the date of this report are:

Tan Sri Lim Kok Thay  
Mr. Alan Howard Smith, J.P.  
Mr. Chong Chee Tut  
Mr. William Ng Ko Seng  
Mr. David Colin Sinclair Veitch  
Mr. Tan Boon Seng  
Mr. Lim Lay Leng

The following Directors will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election:

- (a) Tan Sri Lim Kok Thay will retire in compliance with Code Provision A.4.2 of the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”);
- (b) Mr. William Ng Ko Seng and Mr. Tan Boon Seng will retire by rotation in accordance with Bye-law 99 of the Company’s By-laws; and
- (c) Mr. Lim Lay Leng will retire due to the expiry of his specific term of office at the conclusion of the forthcoming Annual General Meeting.

The Company has received from each of the three Independent Non-executive Directors, namely Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng, an annual confirmation of his independence and considers that each of the Independent Non-executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

Biographical details of the Directors and senior management are set out on pages 21 to 24.

## Directors’ Service Contracts

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## Interests of Directors and Controlling Shareholders in Contracts of Significance

Save as disclosed in the section headed “Connected Transactions” below and in the section headed “Related Party Transactions and Balances” in note 22 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any of the Company’s Director or controlling shareholder or its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Connected Transactions

- (a) Significant related party transactions entered into by the Group during the year ended 31 December 2005 are disclosed in note 22 to the consolidated financial statements.
- (b) Transactions set out in item (b) of these related party transactions constitute continuing connected transactions under the Listing Rules, details of which as required to be disclosed in accordance with the Listing Rules are given below:

Genting Berhad (“GB”), a company in which Tan Sri Lim Kok Thay has a deemed interest and is also the Chairman, President and Chief Executive and shareholder, entered into a services agreement (“GB Services Agreement”) with the Company on 14 January 2003 in relation to the provision of treasury management services, secretarial services, share registration services and other support services (such as information technology support services, finance and administrative services, travel services, air ticket purchasing services, other purchasing services, central reservation services, leasing of office space and risk management services) by GB and its related companies (“GB Group”) to the Group as and when required by the Group from time to time (“GB Transactions”).

As announced in the Company’s announcement dated 23 December 2005, the aggregate annual consideration for the GB Transactions for the year ended 31 December 2005 was expected to exceed the de minimis threshold of 0.1% as set out in Rule 14A.33 of the Listing Rules. On 23 December 2005, the Company and GB entered into a supplemental agreement (the “Supplemental Agreement”) setting the term of the GB Services Agreement for 25 months commencing from 1 December 2005 pursuant to Rule 14A.35 of the Listing Rules. The maximum aggregate annual consideration (the “Annual Cap”) for the GB Transactions under the term of the GB Services Agreement (as supplemented by the Supplemental Agreement) for each of the financial years ended/ending 31 December 2005, 31 December 2006 and 31 December 2007 would/will not exceed US\$2 million, US\$4 million and US\$4 million respectively.

## **Connected Transactions** *(continued)*

For the year ended 31 December 2005, the aggregate amount charged to the Group in respect of the GB Transactions was approximately US\$1.4 million and has not exceeded the Annual Cap of US\$2 million.

The Audit Committee comprising all Independent Non-executive Directors of the Company has reviewed the GB Transactions and confirmed that the GB Transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and
- (iii) in accordance with the terms of the agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors have issued a report to the Directors of the Company following their performance of certain specified procedures in relation to the GB Transactions.

- (c) Transactions set out in items (a), (c) and (d) of these related party transactions, which also constitute continuing connected transactions under the Listing Rules, are exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules as the aggregate annual consideration under each category of these continuing connected transactions for the year ended 31 December 2005 is less than 0.1% of the applicable percentage ratios (as prescribed in the Listing Rules).
- (d) Transactions set out in item (g) of these related party transactions in relation to the issue of shares to certain Directors of the Company pursuant to their exercise of share options during the year ended 31 December 2005, which constitute connected transactions under the Listing Rules, are exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(3)(b) of the Listing Rules.

## **Directors' Interests in Competing Business**

Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Company, is the Chairman, President and Chief Executive, shareholder and share option holder of both Genting Berhad and Resorts World Bhd, which are both substantial shareholders of the Company and companies listed on Bursa Malaysia Securities Berhad. He is also the Executive Chairman, shareholder and share option holder of Genting International PLC, a company listed on the Euro MTF Market of the Luxembourg Stock Exchange and the Singapore Exchange Securities Trading Limited. Resorts World Bhd's principal activities include the operation of a tourist resort in Malaysia known as Genting Highlands Resort, along with other land-based Malaysian resorts. Resorts World Bhd provides leisure and hospitality services which comprise amusement, gaming, hotel and entertainment. Genting International PLC's principal activities include investments, operation of casinos, provision of IT application related services and provision of sales and marketing services to leisure and hospitality related businesses. Resorts World Bhd and Genting International PLC are subsidiaries of Genting Berhad.

The Group engages in cruise and cruise-related businesses. Genting Berhad and Resorts World Bhd (save as via their indirect equity interests in the Company) and Genting International PLC, as set out above, are not engaged in cruise or cruise-related businesses. However, as the cruise industry forms a segment of the leisure industry, there may be indirect competition between the Group, Resorts World Bhd and Genting International PLC.

Tan Sri Lim Kok Thay is therefore considered as having interests in business (the "Deemed Competing Business") apart from the Group's business, which may compete indirectly with the Group's business under paragraph 8.10 of the Listing Rules. The Company's management team is separate and independent from Resorts World Bhd, Genting International PLC and Genting Berhad. Coupled with the appointment of three Independent Non-executive Directors to the Board of Directors of the Company, the Group is capable of carrying on its business independent of and at arm's length from the Deemed Competing Business.

## Interests of Directors

As at 31 December 2005, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of the Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

### (A) Interests in the shares of the Company

Name of Director	Number of ordinary shares (Notes)				Total	Percentage of issued ordinary shares
	Personal interests	Family interests	Corporate interests	Other interests		
Tan Sri Lim Kok Thay	12,246,793	4,599,245,708	28,357,897	4,570,887,811	4,611,492,501	87.006
		(1)	(2)	(3 and 4)	(5)	
Mr. Chong Chee Tut	819,096	—	—	—	819,096	0.015
Mr. William Ng Ko Seng	412,419	—	—	—	412,419	0.008
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.006

Notes:

- Tan Sri Lim Kok Thay ("Tan Sri KT Lim") has a family interest in 4,599,245,708 ordinary shares (comprising (i) the same block of 1,908,561,862 ordinary shares directly held by Resorts World Limited ("RWL"), the same block of 15,700,000 ordinary shares directly held by Genting Overseas Holdings Limited ("GOHL") and the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope Limited ("Golden Hope") as trustee of Golden Hope Unit Trust ("GHUT") in which his child has deemed interests and (ii) the same block of 28,357,897 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee ("Puan Sri Wong") has a corporate interest).
- Tan Sri KT Lim is also deemed to have a corporate interest in 28,357,897 ordinary shares directly held by Goldsfine in which each of Tan Sri KT Lim and Puan Sri Wong holds 50% of its issued share capital.
- Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in 4,570,887,811 ordinary shares (comprising the same block of 1,908,561,862 ordinary shares directly held by RWL, the same block of 15,700,000 ordinary shares directly held by GOHL and the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope as trustee of GHUT).
- Out of the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope as trustee of GHUT, 392,600,000 ordinary shares are pledged shares.
- There is no duplication in arriving at the total interest.
- All the above interests represent long positions in the shares of the Company and exclude those in the underlying shares through share options or equity derivatives. Interests of the respective Directors set out in this subsection (A) need to be aggregated with their interests in the underlying shares through share options or equity derivatives of the Company set out in subsection (B) below in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### (B) Interests in the underlying shares of the Company through share options or equity derivatives

Share options are granted to the Directors under The Star Cruises Employees Share Option Scheme adopted by the Company on 16 April 1997 prior to the listing of its ordinary shares on the Stock Exchange (the "Pre-listing Employee Share Option Scheme") and the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002) (the "Post-listing Employee Share Option Scheme").

As at 31 December 2005, the Directors had personal interests in the following underlying shares of the Company held through share options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme:

Name of Director	Number of underlying ordinary shares	Percentage of issued ordinary shares
Tan Sri Lim Kok Thay	11,283,148	0.213
Mr. Chong Chee Tut	1,448,510	0.027
Mr. William Ng Ko Seng	1,198,452	0.023
Mr. David Colin Sinclair Veitch	3,415,440	0.064

## Interests of Directors *(continued)*

### (B) Interests in the underlying shares of the Company through share options or equity derivatives *(continued)*

Further details of share options granted to the Directors under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme are set out in the section headed “Share Options” below and note 33 to the consolidated financial statements.

These interests in share options represent long positions in the underlying shares in respect of physically settled derivatives of the Company. Interests of the respective Directors set out in this subsection (B) need to be aggregated with their interests in the shares of the Company set out in subsection (A) above in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### (C) Interests in the shares of associated corporations of the Company

Name of associated corporation	Name of Director	Number of ordinary shares (Notes)				Total	Percentage of issued ordinary shares
		Personal interests	Family interests	Corporate interests	Other interests		
WorldCard International Limited	Tan Sri Lim Kok Thay	—	1,000,000 (1)	—	1,000,000 (2)	1,000,000 (3)	100
Infinity @ TheBay Pte Ltd	Tan Sri Lim Kok Thay	—	20 (1)	—	20 (2)	20 (3)	100

Notes:

1. Tan Sri KT Lim has a family interest in these ordinary shares in which his child has deemed interests.
2. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in these ordinary shares.
3. There is no duplication in arriving at the total interest.
4. All the above interests represent long positions in the shares of the relevant associated corporations of the Company.

### (D) Interests in subsidiaries of the Company

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Save as disclosed above and in the sections headed “Share Options” and “Interests of Substantial Shareholders” below:

- (a) as at 31 December 2005, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and
- (b) at no time during the year was the Company and its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures in the Company or any other body corporate.

## Share Options

Details of the Company's Pre-listing Employee Share Option Scheme and Post-listing Employee Share Option Scheme are set out in note 33 to the consolidated financial statements. Share Options are granted to certain Directors of the Company and employees of the Group under the said schemes. Details of the movement in the share options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme during the year and outstanding as at 31 December 2005 are as follows:

### (A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 1/1/2005	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2005	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay (Director)	1,219,800	(1,219,800) <sup>1</sup>	—	—	—	25/5/1998	US\$0.2686	21/8/1999 – 20/8/2005
	3,537,420	(1,326,533) <sup>2</sup>	—	—	2,210,887	24/3/1999	US\$0.2686	24/3/2002 – 23/3/2009
	1,341,780	—	(503,168)	—	838,612	24/3/1999	US\$0.4206	24/3/2002 – 23/3/2009
	1,219,800	(243,960) <sup>3</sup>	—	—	975,840	23/10/2000	US\$0.2686	23/10/2003 – 22/8/2010
	3,537,420	(1,326,533) <sup>4</sup>	—	—	2,210,887	16/11/2000	US\$0.2686	24/3/2002 – 23/3/2009
	1,341,780	—	(503,168)	—	838,612	16/11/2000	US\$0.4206	24/3/2002 – 23/3/2009
	304,950	(60,990) <sup>5</sup>	—	—	243,960	16/11/2000	US\$0.2686	23/10/2003 – 22/8/2010
	<b>12,502,950</b>	<b>(4,177,816)</b>	<b>(1,006,336)</b>	<b>—</b>	<b>7,318,798</b>			
Mr. Chong Chee Tut (Director)	90,265	(90,265) <sup>6</sup>	—	—	—	25/5/1998	US\$0.2686	20/12/2000 – 19/12/2005
	60,990	—	(15,248)	—	45,742	25/5/1998	US\$0.4206	23/6/2000 – 22/6/2007
	414,732	(155,525) <sup>7</sup>	—	—	259,207	24/3/1999	US\$0.2686	24/3/2002 – 23/3/2009
	73,188	—	(27,446)	—	45,742	24/3/1999	US\$0.4206	24/3/2002 – 23/3/2009
	585,504	(117,101) <sup>8</sup>	—	—	468,403	23/10/2000	US\$0.2686	23/10/2003 – 22/8/2010
	24,396	—	(4,880)	—	19,516	23/10/2000	US\$0.4206	23/10/2003 – 22/8/2010
	<b>1,249,075</b>	<b>(362,891)</b>	<b>(47,574)</b>	<b>—</b>	<b>838,610</b>			
Mr. William Ng Ko Seng (Director)	91,485	(91,485) <sup>9</sup>	—	—	—	25/5/1998	US\$0.2686	21/8/2000 – 20/8/2005
	24,396	—	(9,149)	—	15,247	24/3/1999	US\$0.2686	24/3/2002 – 23/3/2009
	97,584	—	(36,594)	—	60,990	24/3/1999	US\$0.4206	24/3/2002 – 23/3/2009
	463,524	(92,705) <sup>10</sup>	—	—	370,819	23/10/2000	US\$0.2686	23/10/2003 – 22/8/2010
	24,396	—	(4,880)	—	19,516	23/10/2000	US\$0.4206	23/10/2003 – 22/8/2010
	<b>701,385</b>	<b>(184,190)</b>	<b>(50,623)</b>	<b>—</b>	<b>466,572</b>			
Mr. David Colin Sinclair Veitch (Director)	<b>1,219,800</b>	—	<b>(243,960)</b>	—	<b>975,840</b>	7/1/2000	US\$0.4206	7/1/2003 – 6/1/2010

## Share Options (continued)

### (A) Pre-listing Employee Share Option Scheme (continued)

	Number of options outstanding at 1/1/2005	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2005	Date granted	Exercise price per share	Exercisable Period
All other employees	3,256,866	(1,619,864) <sup>11</sup>	(1,630,903)	(6,099)	—	25/5/1998	US\$0.2686	21/8/1999 – 20/8/2005
	41,473	(11,300) <sup>12</sup>	(30,173)	—	—	25/5/1998	US\$0.2686	20/12/2000 – 19/12/2005
	121,980	—	(30,495)	—	91,485	25/5/1998	US\$0.2686	11/3/2000 – 10/3/2007
	512,316	—	(128,079)	—	384,237	25/5/1998	US\$0.4206	23/6/2000 – 22/6/2007
	2,467,045	—	(664,813)	(45,741)	1,756,491	25/5/1998	US\$0.4206	6/1/2000 – 5/1/2007
	13,078,426	(292,778) <sup>13</sup>	(4,794,150)	(461,699)	7,529,799	24/3/1999	US\$0.2686	24/3/2002 – 23/3/2009
	7,330,988	—	(2,804,727)	(386,642)	4,139,619	24/3/1999	US\$0.4206	24/3/2002 – 23/3/2009
	9,149	—	(9,149)	—	—	24/3/1999	US\$0.4206	24/3/2003 – 23/3/2005
	894,232	(71,683) <sup>14</sup>	(265,933)	(100,510)	456,106	30/6/1999	US\$0.2686	30/6/2002 – 29/6/2009
	1,778,652	—	(658,712)	(153,206)	966,734	30/6/1999	US\$0.4206	30/6/2002 – 29/6/2009
	2,312,619	(259,738) <sup>15</sup>	(284,916)	(87,824)	1,680,141	23/10/2000	US\$0.2686	23/10/2003 – 22/8/2010
	3,074,960	—	(602,362)	(70,747)	2,401,851	23/10/2000	US\$0.4206	23/10/2003 – 22/8/2010
	<b>34,878,706</b>	<b>(2,255,363)</b>	<b>(11,904,412)</b>	<b>(1,312,468)</b>	<b>19,406,463</b>			
<b>Grand Total</b>	<b>50,551,916</b>	<b>(6,980,260)</b>	<b>(13,252,905)</b>	<b>(1,312,468)</b>	<b>29,006,283</b>			

#### Notes:

- Exercise date was 5 August 2005. At the date before the options were exercised, the market closing value per share quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK\$2.500.
- Exercise date was 22 March 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.100.
- Exercise date was 13 October 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.300.
- Exercise date was 22 March 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.100.
- Exercise date was 13 October 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.300.
- Exercise date was 19 December 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.050.
- Exercise date was 22 March 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.100.
- Exercise date was 11 October 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.350.
- Exercise date was 2 August 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.400.
- Exercise date was 22 October 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.275.
- At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.706.
- Exercise date was 14 December 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.050.

## Share Options (continued)

### (A) Pre-listing Employee Share Option Scheme (continued)

Notes: (continued)

13. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.150.
14. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.300.
15. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.292.

HK\$: Hong Kong dollars, the lawful currency of Hong Kong.

The outstanding share options under the Pre-listing Employee Share Option Scheme vest over a period of 10 years following their respective original dates of grant and generally become exercisable as to 20% and 30% of the amount granted 3 years and 4 years after the grant date, with the remaining options exercisable annually in equal tranches of 10% over the remaining option period, subject to further terms and conditions set out in the relevant offer letters and provisions of the Pre-listing Employee Share option Scheme.

### (B) Post-listing Employee Share Option Scheme

	Number of options outstanding at 1/1/2005	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2005	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay (Director)	3,369,697 594,653	— —	— —	— —	3,369,697 594,653	19/8/2002 23/8/2004	HK\$2.9944 HK\$1.7240	20/8/2004 – 19/8/2012 24/8/2006 – 23/8/2014
	<b>3,964,350</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,964,350</b>			
Mr. Chong Chee Tut (Director)	518,415 91,485	— —	— —	— —	518,415 91,485	19/8/2002 23/8/2004	HK\$2.9944 HK\$1.7240	20/8/2004 – 19/8/2012 24/8/2006 – 23/8/2014
	<b>609,900</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>609,900</b>			
Mr. William Ng Ko Seng (Director)	622,098 109,782	— —	— —	— —	622,098 109,782	19/8/2002 23/8/2004	HK\$2.9944 HK\$1.7240	20/8/2004 – 19/8/2012 24/8/2006 – 23/8/2014
	<b>731,880</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>731,880</b>			
Mr. David Colin Sinclair Veitch (Director)	2,073,660 365,940	— —	— —	— —	2,073,660 365,940	19/8/2002 23/8/2004	HK\$2.9944 HK\$1.7240	20/8/2004 – 19/8/2012 24/8/2006 – 23/8/2014
	<b>2,439,600</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,439,600</b>			
All other employees	68,474,325 792,870 12,516,065	— — —	(2,862,956) — (2,919,735)	— — (7,319)	65,611,369 792,870 9,589,011	19/8/2002 8/9/2003 23/8/2004	HK\$2.9944 HK\$2.9944 HK\$1.7240	20/8/2004 – 19/8/2012 9/9/2005 – 8/9/2013 24/8/2006 – 23/8/2014
	<b>81,783,260</b>	<b>—</b>	<b>(5,782,691)</b>	<b>(7,319)</b>	<b>75,993,250</b>			
<b>Grand Total</b>	<b>89,528,990</b>	<b>—</b>	<b>(5,782,691)</b>	<b>(7,319)</b>	<b>83,738,980</b>			



## Share Options *(continued)*

### (B) Post-listing Employee Share Option Scheme *(continued)*

Other than the share options granted on 23 August 2004 under the Post-listing Employee Share Option Scheme which become exercisable in part or in full for a period of eight years commencing from two years after the date of offer, the outstanding share options under the Post-listing Employee Share Option Scheme vest in seven tranches over a period of ten years from their respective dates of offer and become exercisable as to 30% and 20% of the amount granted commencing from two years and three years respectively after the dates of offer, with the remaining options exercisable annually in equal tranches of 10% commencing in each of the following years. All the outstanding share options under the Post-listing Employee Share Option Scheme are subject to further terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

## Interests of Substantial Shareholders

As at 31 December 2005, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

### (A) Interests in the shares of the Company

Name of shareholder (Notes)	Number of ordinary shares (Notes)				Total	Percentage of issued ordinary shares
	Direct/Personal interests	Family interests	Corporate interests	Other interests		
Parkview Management Sdn Bhd (as trustee of a discretionary trust) (1)	—	—	1,924,261,862 (10)	1,924,261,862 (12)	1,924,261,862 (21)	36.31
Kien Huat Realty Sdn Bhd (2)	—	—	1,924,261,862 (10)	—	1,924,261,862	36.31
Genting Berhad (3)	—	—	1,924,261,862 (10)	—	1,924,261,862	36.31
Resorts World Bhd (4)	—	—	1,908,561,862 (11)	—	1,908,561,862	36.01
Sierra Springs Sdn Bhd (5)	—	—	1,908,561,862 (11)	—	1,908,561,862	36.01
Resorts World Limited (5)	1,908,561,862	—	—	—	1,908,561,862	36.01
GZ Trust Corporation (as trustee of a discretionary trust) (6)	—	—	2,646,625,949 (13)	2,646,625,949 (15, 17 and 20)	2,646,625,949 (21)	49.93
Cove Investments Limited (7)	—	—	—	2,646,625,949 (18 and 20)	2,646,625,949 (21)	49.93
Golden Hope Limited (as trustee of Golden Hope Unit Trust) (8)	—	—	414,260,835 (14)	2,646,625,949 (16 and 20)	2,646,625,949 (21)	49.93
Joondalup Limited (9)	414,260,835	—	—	—	414,260,835	7.82
Puan Sri Wong Hon Yee	—	4,611,492,501 (19(a))	28,357,897 (19(b))	392,600,000 (20)	4,611,492,501 (21)	87.01

#### Notes:

- Parkview Management Sdn Bhd ("Parkview") is a trustee of a discretionary trust (the "Discretionary Trust 1"), the beneficiaries of which include certain members of Tan Sri Lim Goh Tong's family (the "Lim Family").
- Kien Huat Realty Sdn Bhd ("KHR") is a private company of which the Discretionary Trust 1, through Aranda Tin Mines Sdn Bhd, Infomark (Malaysia) Sdn Bhd, Inforex Sdn Bhd, Dataline Sdn Bhd and Info-Text Sdn Bhd (all of which were 100% held by Parkview as trustee of the Discretionary Trust 1) controlled an aggregate of 100% of its equity interest as at 31 December 2005.

## Interests of Substantial Shareholders *(continued)*

### (A) Interests in the shares of the Company *(continued)*

Notes: *(continued)*

3. Genting Berhad (“GB”), a company listed on Bursa Malaysia Securities Berhad (“Bursa Malaysia”) of which KHR controlled 41.51% of its equity interest as at 31 December 2005.
4. Resorts World Bhd (“RWB”), a company listed on Bursa Malaysia of which GB controlled 57.74% of its equity interest as at 31 December 2005.
5. Resorts World Limited (“RWL”) is a wholly-owned subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) which is in turn a wholly-owned subsidiary of RWB.
6. GZ Trust Corporation (“GZ”) is the trustee of a discretionary trust (the “Discretionary Trust 2”) established for the benefit of certain members of the Lim Family. GZ as trustee of the Discretionary Trust 2 holds 99.99% of the units in Golden Hope Unit Trust (“GHUT”), a private unit trust directly and 0.01% of the units in GHUT indirectly through Cove (as defined below).
7. Cove Investments Limited (“Cove”) is wholly-owned by GZ as trustee of the Discretionary Trust 2.
8. Golden Hope Limited (“Golden Hope”) is the trustee of GHUT.
9. Joondalup Limited (“Joondalup”) is wholly-owned by Golden Hope as trustee of GHUT.
10. Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB has a corporate interest in 1,924,261,862 ordinary shares (comprising the same block of 1,908,561,862 ordinary shares held directly by RWL and the same block of 15,700,000 ordinary shares held directly by Genting Overseas Holdings Limited (“GOHL”), a wholly-owned subsidiary of GB).
11. Each of RWB and Sierra Springs has a corporate interest in the same block of 1,908,561,862 ordinary shares held directly by RWL.
12. The interest in 1,924,261,862 ordinary shares is held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprises the same block of 1,908,561,862 ordinary shares held directly by RWL and the same block of 15,700,000 ordinary shares held directly by GOHL.
13. GZ as trustee of the Discretionary Trust 2 has a corporate interest in the same block of 2,646,625,949 ordinary shares held by Golden Hope as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
14. Golden Hope as trustee of GHUT has a corporate interest in the same block of 414,260,835 ordinary shares held directly by Joondalup.
15. GZ in its capacity as trustee of the Discretionary Trust 2 has a deemed interest in the same block of 2,646,625,949 ordinary shares held by Golden Hope as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
16. The interest in 2,646,625,949 ordinary shares is held by Golden Hope in its capacity as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
17. GZ as trustee of the Discretionary Trust 2 is deemed to have interest in the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
18. Cove which holds 0.01% of the units in GHUT is deemed to have interest in the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
19. (a) Puan Sri Wong Hon Yee (“Puan Sri Wong”) as the spouse of Tan Sri Lim Kok Thay (“Tan Sri KT Lim”), has a family interest in the same block of 4,611,492,501 ordinary shares in which Tan Sri KT Lim has a deemed interest. These interests do not include the deemed interests of Puan Sri Wong in the underlying shares of the Company through share options held personally by Tan Sri KT Lim and need to be aggregated with such interests set out in subsection (B) below to give the total interests of Puan Sri Wong pursuant to the SFO.  
(b) Puan Sri Wong also has a corporate interest in 28,357,897 ordinary shares held directly by Goldsfine by holding 50% of its equity interest as at 31 December 2005.
20. Out of the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT, 392,600,000 ordinary shares are pledged shares.
21. There is no duplication in arriving at the total interest.
22. All these interests represent long positions in the shares of the Company and exclude those in the underlying shares through share options or equity derivatives.

## Interests of Substantial Shareholders *(continued)*

### (B) Interests in the underlying shares of the Company through share options or equity derivatives

Name of shareholder	Number of underlying ordinary shares	Percentage of issued ordinary shares
Puan Sri Wong Hon Yee	11,283,148 (Note)	0.213

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, is deemed to have a family interest in 11,283,148 underlying ordinary shares of the Company by virtue of the share options granted to Tan Sri KT Lim under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme. These interests represent long positions in the underlying shares in respect of physically settled derivatives of the Company and need to be aggregated with her interests set out in subsection (A) above to give her total interests pursuant to the SFO.

Save as disclosed above and in the sections headed "Interests of Directors" and "Share Options" above, as at 31 December 2005, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws in Bermuda.

### Retirement Benefit Schemes

Information on the Group's retirement benefit schemes is set out in note 34 to the consolidated financial statements.

### Management Contracts

Save for the arrangements relating to the provision of services by Genting Berhad and its related companies to the Group as set out in the section headed "Connected Transactions" above and in the section headed "Related Party Transactions and Balances" in note 22 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

### Major Customers and Suppliers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and the aggregate amount of turnover attributable to the Group's five largest customers was less than 30% of the Group's turnover.

### Emolument Policy

The Group's emolument policy and structure are reviewed by the Remuneration Committee established in May 2005. The Group provides competitive employee salaries, benefits and incentives including provident fund scheme and medical insurance schemes for its staff.

Directors' emoluments are determined with reference to, inter alia, their duties and responsibilities, the Group's emolument policy as well as emolument benchmark in the industry, the country where they are based and prevailing market conditions.

The key areas of the Group's emolument policy are drawn up on the following basis:

#### Base Salary

Base salaries are set at levels competitive with pay for leisure and tourism industry companies based in similar locations which the Group competes for talent. This is to maintain a remuneration structure capable of attracting, motivating and retaining high quality individuals within a cost-effective framework. The Group seeks to reward employees taking into account the Group's performance and the markets in which the Group operates. The Group reviews annual salaries versus external market on an annual basis and recommends adjustments that reflect promotions, changes in level of responsibilities and competitive pay levels.

#### Annual Bonus

The annual bonus earned in any year is dependent on the Group's performance taking into account individual contribution towards achievement of the Group's performance.

#### Executive Share Option Plan

To motivate the employees and to allow them to participate in the growth and success of the Group, the Company has adopted a Post-listing Employees' Share Option Scheme under which options at market value at the date of grant may be granted from time to time to eligible employees of the Group entitling them to subscribe for shares in the share capital of the Company.

## **Emolument Policy** *(continued)*

### **Retirement Benefits**

The Group contributes to retirement schemes for its employees in accordance with the locations they are employed.

### **Corporate Governance**

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2005, save for the code provisions on internal controls, which are to be implemented for accounting periods commencing on or after 1 July 2005 pursuant to the CG Code, and deviations from certain code provisions listed below:

- (1) Code Provision A.2.1: the roles of Chairman and Chief Executive Officer should be separate;
- (2) Code Provision A.4.1: Non-Executive Directors should be appointed for a specific term; and
- (3) Code Provision A.4.2: all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every Director should be subject to retirement by rotation at least once every three years.

Details of considered reasons for the deviations and/or steps taken or proposed to be taken by the Company in order to be able to comply with the relevant code provisions as well as further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 38 to 49.

### **Review by Audit Committee**

This annual report has been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant provisions of the CG Code. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

### **Public Float**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has complied with the 10% public float requirement (as imposed by the Stock Exchange on the Company at the time of listing) during the year and up to the date of this report.

### **General Disclosure Pursuant to the Listing Rules**

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

#### **(i) Loan Agreements of the Group**

The Group is a party to twelve loan agreements for an aggregate principal amount of approximately US\$4.90 billion, of which US\$3.68 billion has been drawdown, with terms ranging from six to sixteen years from the dates of these agreements. As at 31 December 2005, the outstanding loan balances was approximately US\$2.48 billion. The Euro denominated amounts had been translated into US dollars based on the exchange rate of US\$1.1842 to €1 as at 31 December 2005.

Three of these agreements require the Lim Family (or the Lim Family and/or the Lim Family through its indirect shareholding in Resorts World Bhd) to control (directly or indirectly) together or individually, the Company and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in the Company during the terms of these loans. The other nine agreements require the Lim Family to control (directly or indirectly) together or individually, NCL Corporation Ltd. ("NCLC"), a direct wholly-owned subsidiary of the Company, and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in, NCLC during the terms of these loans.

In the event that the shares of NCLC are listed on an approved stock exchange, if: (i) a third party owns or gains control of more than 33% of the voting stock of NCLC and the Lim Family ceases together or individually, to control (directly or indirectly) NCLC and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in, NCLC; or (ii) without the prior written consent of the agent, NCLC ceases to be listed on an approved stock exchange (in the case of the US\$800 million loan facility, the US\$100 million letters of credit facility and the €624 million revolving loan facility, in the event that the shares of NCLC are listed on an approved stock exchange, if: (i) any individual or any third party (being any person or group of persons acting in concert who is not a member of the Lim Family) (a) owns legally and/or beneficially and either directly or indirectly at least 33% of the ordinary share capital of NCLC or (b) has the right or the ability to control, either directly or indirectly, the affairs or the composition of the majority of the board of directors (or equivalent) of NCLC; and the Lim Family together or individually, directly or indirectly, ceases to beneficially own at least 51% of the issued share capital of, and equity interest in, NCLC; or (ii) NCLC ceases to be listed on an approved stock exchange without the prior written consent of the lenders), this will constitute an event of default under the relevant loan agreements.

## **General Disclosure Pursuant to the Listing Rules** *(continued)*

### **(ii) Convertible Bonds of the Company**

Pursuant to the Trust Deed dated 20 October 2003 constituting the US\$180 million 2% Convertible Bonds of the Company, the Convertible Bonds may be redeemed at the option of the Bondholders prior to their maturity on 20 October 2008 when any person or persons, other than Genting Berhad, Golden Hope Limited, Resorts World Bhd or any of their affiliates, acquires control of more than 50% of the voting rights of the issued share capital of the Company.

### **(iii) Senior Notes of NCL Corporation Ltd.**

Pursuant to the Indenture dated 15 July 2004 constituting the US\$250 million 10.625% Senior Notes of NCLC, holders of the Senior Notes have the right to require NCLC to repurchase all or a portion of the Senior Notes prior to their maturity on 15 July 2014 when any person or group of related persons, other than Tan Sri Lim Goh Tong, Golden Hope Limited as trustee of the Golden Hope Unit Trust or Genting Berhad and any affiliate or related person thereof (together the "Permitted Holders"), beneficially owns or controls more than 40% of the voting stock of NCLC if at such time the Permitted Holders beneficially own or control less of the voting stock of NCLC than such person.

## **Significant Subsequent Event**

In January 2006, the Group disposed of s/s Norway.

## **Auditors**

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

### **Tan Sri Lim Kok Thay**

*Chairman, President and Chief Executive Officer*

Hong Kong, 20 February 2006