



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability – Registration No. 29337)
(Stock Code: 678)

INTERIM REPORT TO SHAREHOLDERS for the three months ended 31 March 2006





STAR CRUISES
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(Continued into Bermuda with limited liability)

Interim Report for the three months ended 31 March 2006

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Corporate Information | 1 |
| Consolidated Income Statement | 2 |
| Consolidated Balance Sheet | 3 |
| Consolidated Cash Flow Statement | 5 |
| Consolidated Statement of Changes in Equity | 6 |
| Notes to the Consolidated Financial Statements | 7 |
| Interim Dividend | 14 |
| Management's Discussion and Analysis | 14 |
| Interests of Directors | 17 |
| Share Options | 18 |
| Interests of Substantial Shareholders | 21 |
| General Disclosure pursuant to the Listing Rules | 23 |
| Purchase, Sale or Redemption of Shares | 23 |
| Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers | 23 |
| Corporate Governance | 24 |
| Review by Audit Committee | 24 |

This interim report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the "Company") about the industry and markets in which the Company and its subsidiaries (the "Group") operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual result to differ materially from those expressed or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this report only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the publication of this interim report.

Corporate Information

Board of Directors

Tan Sri Lim Kok Thay
Chairman, President and Chief Executive Officer

Mr. Alan Howard Smith, J.P.
*Deputy Chairman and Independent
Non-executive Director*

Mr. Chong Chee Tut
Executive Director and Chief Operating Officer

Mr. William Ng Ko Seng
Executive Director and Executive Vice President

Mr. David Colin Sinclair Veitch
*Executive Director of the Company, Deputy Chairman,
President and Chief Executive Officer of
NCL Corporation Ltd.*

Mr. Tan Boon Seng
Independent Non-executive Director

Mr. Lim Lay Leng
Independent Non-executive Director

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

Appleby Corporate Services (Bermuda) Ltd.

Registered Office

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Hamilton HM 12, Bermuda

Corporate Headquarters

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Bermuda Principal Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road,
Pembroke, Bermuda
Tel: (441) 2951111
Fax: (441) 2956759

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong SAR
Tel: (852) 28628628
Fax: (852) 28650990/25296087

Transfer Agent

M & C Services Private Limited
138 Robinson Road #17-00,
The Corporate Office, Singapore 068906
Tel: (65) 62280507
Fax: (65) 62251452

Auditors

PricewaterhouseCoopers,
Certified Public Accountants
22nd Floor, Prince's Building,
Central, Hong Kong SAR

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Investor Relations

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Chief Financial Officer
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The Board of Directors (the “Directors”) of Star Cruises Limited (the “Company”) presents the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2006, as follows:

Consolidated Income Statement

| | <i>Note</i> | Three months ended 31 March | |
|---|-------------|---|---|
| | | 2006 <i>US\$'000</i> <i>unaudited</i> | 2005 <i>US\$'000</i> <i>unaudited</i> |
| Turnover | 2 | 509,624 | 415,504 |
| Operating expenses (excluding depreciation and amortisation) | | (372,769) | (278,562) |
| Selling, general and administrative expenses (excluding depreciation) | | (70,486) | (66,565) |
| Depreciation and amortisation | 3 | (51,254) | (40,374) |
| | | <u>(494,509)</u> | <u>(385,501)</u> |
| Operating profit | 2, 3 | 15,115 | 30,003 |
| Interest income | | 1,755 | 1,430 |
| Financial costs | 4 | (46,363) | (31,761) |
| Share of loss of an associate | 5 | (654) | (151) |
| Other non-operating income / (expenses), net | 6 | (5,448) | 5,269 |
| | | <u>(50,710)</u> | <u>(25,213)</u> |
| Profit / (Loss) before taxation | | (35,595) | 4,790 |
| Taxation | 7 | 542 | (387) |
| Profit / (Loss) for the period | | <u>(35,053)</u> | <u>4,403</u> |
| Basic earnings / (loss) per share (US cents) | 8 | (0.66) | 0.08 |
| Diluted earnings per share (US cents) | 8 | N/A* | 0.08 |
| <u>Operating data</u> | | | |
| Passenger Cruise Days | | 2,383,836 | 2,062,090 |
| Capacity Days | | 2,399,781 | 2,018,194 |
| Occupancy as a percentage of total capacity days | | 99% | 102% |

* Diluted loss per share for the three months ended 31 March 2006 is not shown as the diluted loss per share is less than the basic loss per share.

Consolidated Balance Sheet

| | | As at | |
|----------------------------------|-------------|------------------|---------------------|
| | | 31 March 2006 | 31 December 2005 |
| | | <i>US\$'000</i> | <i>US\$'000</i> |
| | <i>Note</i> | <i>unaudited</i> | <i>audited</i> |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Intangible assets | | 605,994 | 605,994 |
| Deferred tax assets | | 359 | 359 |
| Property, plant and equipment | | 4,358,835 | 4,341,443 |
| Lease prepayments | | 1,794 | 1,739 |
| Available-for-sale investment | | 10,285 | 10,285 |
| Restricted cash | | 150 | 150 |
| Other assets | 9 | 75,479 | 101,543 |
| | | 5,052,896 | 5,061,513 |
| CURRENT ASSETS | | | |
| Consumable inventories | | 52,859 | 38,332 |
| Trade receivables | 10 | 17,638 | 22,810 |
| Prepaid expenses and others | | 45,615 | 47,959 |
| Derivative financial instruments | 13 | 2,555 | 4,533 |
| Restricted cash | | 58,486 | 48,034 |
| Cash and cash equivalents | | 163,120 | 187,698 |
| | | 340,273 | 349,366 |
| TOTAL ASSETS | | 5,393,169 | 5,410,879 |

Consolidated Balance Sheet (Continued)

| | | As at | |
|---|-------------|---|--|
| | | 31 March 2006 <i>US\$'000</i> <i>unaudited</i> | 31 December 2005 <i>US\$'000</i> <i>audited</i> |
| | <i>Note</i> | | |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | | 530,018 | 530,018 |
| Reserves: | | | |
| Share premium | | 1,269,089 | 1,269,089 |
| Additional paid-in capital | | 93,893 | 93,893 |
| Convertible bonds - equity component | 12 | 14,400 | 14,400 |
| Foreign currency translation adjustments | | (22,516) | (24,052) |
| Unamortised share option expense | | (874) | (1,087) |
| Cash flow hedge reserve | | 10,144 | 5,368 |
| Retained earnings / (Accumulated losses) | | (22,801) | 12,252 |
| | | 1,871,353 | 1,899,881 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 11 | 2,680,781 | 2,671,129 |
| Derivative financial instruments | 13 | 2,656 | 7,240 |
| Other long-term liabilities | | 2,474 | 2,631 |
| Deferred tax liabilities | | 587 | 574 |
| | | 2,686,498 | 2,681,574 |
| CURRENT LIABILITIES | | | |
| Trade creditors | 14 | 66,790 | 90,815 |
| Current income tax liabilities | | 733 | 1,647 |
| Provisions, accruals and other liabilities | | 187,271 | 189,998 |
| Current portion of long-term borrowings | 11 | 230,630 | 256,442 |
| Derivative financial instruments | 13 | 461 | 354 |
| Amounts due to related companies | 15 | 34 | 118 |
| Advance ticket sales | | 349,399 | 290,050 |
| | | 835,318 | 829,424 |
| TOTAL LIABILITIES | | 3,521,816 | 3,510,998 |
| TOTAL EQUITY AND LIABILITIES | | 5,393,169 | 5,410,879 |

Consolidated Cash Flow Statement

| | Three months ended | |
|--|--------------------|------------------|
| | 31 March | |
| | 2006 | 2005 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | <i>unaudited</i> | <i>unaudited</i> |
| OPERATING ACTIVITIES | | |
| Cash generated from operations | 109,538 | 108,140 |
| Interest paid | (48,104) | (43,221) |
| Interest received | 1,408 | 1,481 |
| Income tax paid | (1,703) | (280) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 61,139 | 66,120 |
| | <hr/> | <hr/> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (59,964) | (178,290) |
| Proceeds from sale of property, plant and equipment | 14,050 | 5 |
| Others | (154) | (223) |
| | <hr/> | <hr/> |
| Net cash outflow from investing activities | (46,068) | (178,508) |
| | <hr/> | <hr/> |
| FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings | 80,005 | 150,701 |
| Principal repayments of long-term borrowings | (108,716) | (61,844) |
| Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme | — | 31 |
| Restricted cash, net | (10,452) | (8,174) |
| Others, net | (1,876) | (2,184) |
| | <hr/> | <hr/> |
| Net cash inflow / (outflow) from financing activities | (41,039) | 78,530 |
| | <hr/> | <hr/> |
| Effect of exchange rate changes on cash and cash equivalents | 1,390 | (567) |
| | <hr/> | <hr/> |
| Net decrease in cash and cash equivalents | (24,578) | (34,425) |
| Cash and cash equivalents at 1 January | 187,698 | 341,027 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 31 March | 163,120 | 306,602 |
| | <hr/> <hr/> | <hr/> <hr/> |
| NON-CASH INVESTING ACTIVITY | | |
| Acquisition of motor vehicles by means of finance lease | 4,513 | 7,232 |
| | <hr/> <hr/> | <hr/> <hr/> |

Consolidated Statement of Changes in Equity

| | Share capital US\$'000 | Share premium US\$'000 | Additional paid-in capital US\$'000 | Convertible bonds - equity component US\$'000 | Foreign currency translation adjustments US\$'000 | Unamortised share option expense US\$'000 | Cash flow hedge reserve US\$'000 | Retained earnings/ (Accumulated losses) US\$'000 | Total US\$'000 |
|---|------------------------------|------------------------------|--|---|---|---|---|--|-------------------|
| Three months ended | | | | | | | | | |
| 31 March 2006 | | | | | | | | | |
| unaudited | | | | | | | | | |
| At 1 January 2006 | 530,018 | 1,269,089 | 93,893 | 14,400 | (24,052) | (1,087) | 5,368 | 12,252 | 1,899,881 |
| Exchange translation differences | — | — | — | — | 1,536 | — | — | — | 1,536 |
| Cash flow hedge: | | | | | | | | | |
| - Gain on financial instruments | — | — | — | — | — | — | 2,605 | — | 2,605 |
| - Transferred to consolidated income statement | — | — | — | — | — | — | 2,171 | — | 2,171 |
| Net amounts not recognised in the consolidated income statement | — | — | — | — | 1,536 | — | 4,776 | — | 6,312 |
| Loss for the period | — | — | — | — | — | — | — | (35,053) | (35,053) |
| Total recognised income / (expense) for the period | — | — | — | — | 1,536 | — | 4,776 | (35,053) | (28,741) |
| Amortisation of share option expense | — | — | — | — | — | 213 | — | — | 213 |
| At 31 March 2006 | <u>530,018</u> | <u>1,269,089</u> | <u>93,893</u> | <u>14,400</u> | <u>(22,516)</u> | <u>(874)</u> | <u>10,144</u> | <u>(22,801)</u> | <u>1,871,353</u> |
| Three months ended | | | | | | | | | |
| 31 March 2005 | | | | | | | | | |
| unaudited | | | | | | | | | |
| At 1 January 2005 | 529,320 | 1,267,913 | 94,018 | 14,400 | (23,197) | (2,300) | (9,221) | (2,792) | 1,868,141 |
| Exchange translation differences | — | — | — | — | (344) | — | — | — | (344) |
| Cash flow hedge: | | | | | | | | | |
| - Gain on financial instruments | — | — | — | — | — | — | 4,628 | — | 4,628 |
| - Transferred to consolidated income statement | — | — | — | — | — | — | 5,878 | — | 5,878 |
| Net amounts not recognised in the consolidated income statement | — | — | — | — | (344) | — | 10,506 | — | 10,162 |
| Profit for the period | — | — | — | — | — | — | — | 4,403 | 4,403 |
| Total recognised income / (expense) for the period | — | — | — | — | (344) | — | 10,506 | 4,403 | 14,565 |
| Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme | 12 | 19 | — | — | — | — | — | — | 31 |
| Issuance of share option | — | — | 227 | — | — | (227) | — | — | — |
| Amortisation of share option expense | — | — | — | — | — | 430 | — | — | 430 |
| At 31 March 2005 | <u>529,332</u> | <u>1,267,932</u> | <u>94,245</u> | <u>14,400</u> | <u>(23,541)</u> | <u>(2,097)</u> | <u>1,285</u> | <u>1,611</u> | <u>1,883,167</u> |

Notes to the Consolidated Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The unaudited financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards 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 unaudited consolidated financial statements are prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets and certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2005.

Where necessary, certain comparative figures have been reclassified to conform to the current period's presentation.

2. TURNOVER AND OPERATING PROFIT

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. During the three months ended 31 March 2006 and 2005, approximately US\$329.3 million and US\$266.4 million of cruise and cruise related revenues consist of passenger ticket revenue. The remaining portion relates to revenues from onboard and other services.

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

| | TURNOVER | | OPERATING PROFIT | |
|----------------------------|--------------------|------------------|--------------------|------------------|
| | Three months ended | | Three months ended | |
| | 31 March | | 31 March | |
| | 2006 | 2005 | 2006 | 2005 |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| | <i>unaudited</i> | <i>unaudited</i> | <i>unaudited</i> | <i>unaudited</i> |
| Asia Pacific | 94,679 | 74,249 | 12,897 | 13,275 |
| North America ¹ | 373,135 | 310,521 | 1,851 | 15,086 |
| Others | 41,810 | 30,734 | 367 | 1,642 |
| | <u>509,624</u> | <u>415,504</u> | <u>15,115</u> | <u>30,003</u> |

Note:

- Substantially, all the turnover and operating profit arise in the United States of America.

3. OPERATING PROFIT

Operating profit is stated after charging the following:

| | Three months ended | |
|--|--------------------|------------------|
| | 31 March | |
| | 2006 | 2005 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | <i>unaudited</i> | <i>unaudited</i> |
| <u>Charging:</u> | | |
| Depreciation of property, plant and equipment | 51,254 | 39,917 |
| Amortisation of software development costs | — | 457 |
| Total depreciation and amortisation analysed into: | 51,254 | 40,374 |
| - relating to operating function | 48,289 | 37,971 |
| - relating to selling, general and administrative function | 2,965 | 2,403 |
| Fuel costs | 46,568 | 26,822 |
| Advertising expenses | 17,118 | 21,562 |
| | <u>104,840</u> | <u>90,718</u> |

Notes to the Consolidated Financial Statements (Continued)

4. FINANCIAL COSTS

| | Three months ended 31 March | |
|---|--------------------------------|-----------|
| | 2006 | 2005 |
| | US\$'000 | US\$'000 |
| | unaudited | unaudited |
| Amortisation of: | | |
| - bank loans arrangement fees | 3,624 | 3,595 |
| - issue costs of convertible bonds and US\$250 million unsecured Senior Notes | 437 | 409 |
| Interests on: | | |
| - bank loans | 35,289 | 24,199 |
| - convertible bonds and US\$250 million unsecured Senior Notes | 10,015 | 9,139 |
| Total borrowing costs incurred | 49,365 | 37,342 |
| Less: interest capitalised in property, plant and equipment | (3,002) | (5,581) |
| Total financial costs | 46,363 | 31,761 |

5. SHARE OF LOSS OF AN ASSOCIATE

In March 2006, the Group through a wholly-owned subsidiary, Star Cruises Asia Holding Ltd., further subscribed for 249,995 shares for S\$249,995 in Infinity @ TheBay Pte. Ltd. ("Infinity"). Upon due subscription, the Group held 250,000 shares representing 25% interest in Infinity. Accordingly, the Group has accounted for its interest in Infinity using the equity method and has recorded its portion of Infinity's net operating results as share of loss of an associate. During the three months ended 31 March 2006, the Group's share of losses from Infinity amounted to US\$654,000.

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

| | Three months ended 31 March | |
|---|--------------------------------|-----------|
| | 2006 | 2005 |
| | US\$'000 | US\$'000 |
| | unaudited | unaudited |
| Gain / (Loss) on derivative instruments | (1,534) | 1,457 |
| Gain / (Loss) on foreign exchange | 909 | (775) |
| Gain / (Loss) on translation of debts | (4,664) | 4,745 |
| Other non-operating expenses, net | (159) | (158) |
| | (5,448) | 5,269 |

7. TAXATION

| | Three months ended 31 March | |
|---|--------------------------------|-----------|
| | 2006 | 2005 |
| | US\$'000 | US\$'000 |
| | unaudited | unaudited |
| Overseas taxation | | |
| - Current taxation | (348) | (248) |
| - Deferred taxation | 900 | — |
| | 552 | (248) |
| Under provision in respect of prior years | | |
| - Current taxation | (10) | (5) |
| - Deferred taxation | — | (134) |
| | 542 | (387) |

The Company, which is 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. However, the Group has incurred a tax charge, as illustrated in the table above, based on the income which is subject to local tax in certain of the jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

Notes to the Consolidated Financial Statements (Continued)

8. EARNINGS / (LOSS) PER SHARE

Earnings / (Loss) per share has been calculated as follows:

| | Three months ended 31 March | |
|--|--------------------------------------|--------------------------------------|
| | 2006 US\$'000 <i>unaudited</i> | 2005 US\$'000 <i>unaudited</i> |
| BASIC | | |
| Profit / (Loss) for the period | (35,053) | 4,403 |
| Weighted average outstanding ordinary shares in thousands | 5,300,181 | 5,293,234 |
| Basic earnings / (loss) per share in US cents | (0.66) | 0.08 |
| DILUTED | | |
| Profit / (Loss) for the period | (35,053) | 4,403 |
| Weighted average outstanding ordinary shares in thousands | 5,300,181 | 5,293,234 |
| Effect of dilutive ordinary shares in thousands | 1,748 | 3,433 |
| Weighted average outstanding ordinary shares after assuming dilution in thousands | 5,301,929 | 5,296,667 |
| Diluted earnings per share in US cents | N/A* | 0.08 |

* Diluted loss per share for the three months ended 31 March 2006 is not shown as the diluted loss per share is less than the basic loss per share.

9. OTHER ASSETS

| | As at | |
|---|--|---|
| | 31 March 2006 US\$'000 <i>unaudited</i> | 31 December 2005 US\$'000 <i>audited</i> |
| Loan arrangement fees | 50,657 | 52,699 |
| Convertible bonds and senior notes issuance costs | 9,694 | 9,926 |
| Software development costs, net (see note below) | — | 14,291 |
| Others | 15,128 | 24,627 |
| | 75,479 | 101,543 |

Note:

Software development costs of US\$14.3 million as at 31 December 2005 relates to a subsidiary of the Company. As at 31 March 2006, the balance of software development costs relating to this subsidiary has been reclassified as property, plant and equipment to be consistent with the Group's presentation.

Notes to the Consolidated Financial Statements (Continued)

10. TRADE RECEIVABLES

| | As at | |
|-------------------|---|--|
| | 31 March 2006 US\$'000 unaudited | 31 December 2005 US\$'000 audited |
| Trade receivables | 19,061 | 25,104 |
| Less: Provisions | (1,423) | (2,294) |
| | <u>17,638</u> | <u>22,810</u> |

At 31 March 2006 and 31 December 2005, the ageing analysis of the trade receivables were as follows:

| | As at | |
|----------------------|---|--|
| | 31 March 2006 US\$'000 unaudited | 31 December 2005 US\$'000 audited |
| Current to 30 days | 9,228 | 16,208 |
| 31 days to 60 days | 2,483 | 2,251 |
| 61 days to 120 days | 3,142 | 2,570 |
| 121 days to 180 days | 2,741 | 2,098 |
| 181 days to 360 days | 1,463 | 1,970 |
| Over 360 days | 4 | 7 |
| | <u>19,061</u> | <u>25,104</u> |

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

11. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

| | Note | As at | |
|--|------|---|--|
| | | 31 March 2006 US\$'000 unaudited | 31 December 2005 US\$'000 audited |
| <u>SECURED:</u> | | | |
| US\$521.6 million syndicated term loan | | 145,973 | 154,560 |
| US\$450 million term loan | | 136,725 | 159,513 |
| US\$400 million Reducing Revolving Credit Facility | | 294,000 | 320,500 |
| US\$626.9 million secured Norwegian Dawn/Star loan | | 250,769 | 250,769 |
| US\$225 million secured Norwegian Sun loan | | 180,000 | 189,000 |
| €298 million secured Pride of America loans | (i) | 336,638 | 336,638 |
| US\$334.1 million secured Norwegian Jewel loan | (ii) | 310,750 | 324,261 |
| €308.1 million secured Pride of Hawaii loan | | 204,784 | 200,120 |
| US\$800 million secured loan facility | | 597,500 | 545,000 |
| <u>UNSECURED:</u> | | | |
| US\$250 million unsecured Senior Notes | | 250,000 | 250,000 |
| Convertible bonds (see Note 12) | | 189,695 | 186,321 |
| Others | | 14,577 | 10,889 |
| Total liabilities | | <u>2,911,411</u> | <u>2,927,571</u> |
| Less: Current portion | | (230,630) | (256,442) |
| Long-term portion | | <u>2,680,781</u> | <u>2,671,129</u> |

All the outstanding balances of the long-term borrowings are denominated in U.S. dollars except for the outstanding balance of €169.0 million (2005: €169.0 million) of the €308.1 million secured Pride of Hawaii loan which is denominated in Euro.

Notes to the Consolidated Financial Statements (Continued)

11. LONG-TERM BORROWINGS (Continued)

Notes:

- (i) In March 2006, the Group converted the €40 million Pride of America Commercial Loan from a floating London Interbank Offer Rate ("LIBOR")-based rate to a fixed rate of 6.595%.
- (ii) In April 2006, the Group converted the US\$334.1 million secured Norwegian Jewel loan from a floating LIBOR-based rate to a fixed rate of 6.1075%.

12. CONVERTIBLE BONDS

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible bonds ("the Bonds").

The liability component included in long-term borrowings (see Note 11) was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included as a component of reserves in shareholders' equity.

The analysis of the Bonds recorded in the consolidated balance sheet is as follows:

| | As at | |
|---|---|--|
| | 31 March 2006 US\$'000 unaudited | 31 December 2005 US\$'000 audited |
| Face value of convertible bonds issued on 20 October 2003 | 180,000 | 180,000 |
| Equity component | (14,400) | (14,400) |
| Liability component on initial recognition | 165,600 | 165,600 |
| Interest accrued as at 1 January | 20,721 | 11,212 |
| Interest expense for the period / year | 3,374 | 13,109 |
| Interest paid during the period / year | — | (3,600) |
| Liability component | <u>189,695</u> | <u>186,321</u> |

The fair value of the liability component of the Bonds at 31 March 2006 amounted to US\$191.7 million. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 6.9%. The interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 7.4% to the liability component.

During the three months ended 31 March 2006, none of the Bonds were redeemed or purchased by the Company or converted into ordinary shares of the Company.

13. FINANCIAL INSTRUMENTS

- (i) The Group has several interest rate swaps with an aggregate notional amount of US\$430.4 million to convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation. 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 31 March 2006, the estimated fair market value of the interest rate swaps was approximately US\$2.9 million, which was unfavourable to the Group. The amount has been recorded within the non-current portion of the derivative financial instruments in the consolidated balance sheet.

These interest rate swaps have been designated and qualified as cash flow hedges. The changes in the fair value of these interest rate swaps are included as a separate component of reserves and are recognised in the consolidated income statement as the underlying hedged items are recognised.

- (ii) The Group has a series of 5.5% capped USD LIBOR-in-arrears interest rate swaps with a notional amount of approximately US\$140.8 million to limit its exposure to fluctuations in interest rate movements if rate moves beyond the cap level of 5.5%. The notional amount for each interest period will be reduced six-monthly in varying amounts over 5 years from August 2003.

As at 31 March 2006, the estimated fair market value of these interest rate swaps was approximately US\$0.2 million, which was favourable to the Group. This amount has been recorded within the non-current portion of the derivative financial instruments in the consolidated balance sheet. The changes in the fair value of these interest rate swaps were included in interest expense in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

13. FINANCIAL INSTRUMENTS (Continued)

- (iii) The Group has various Singapore dollars forward contracts and the notional amount of these contracts was approximately US\$206.7 million. The notional amount will be reduced six-monthly in varying amounts over periods ranging from 5 to 11 years from the dates of the contracts. As at 31 March 2006, the estimated fair market value of these forward contracts was approximately US\$1.1 million, which was favourable to the Group. The changes in the fair value of these forward contracts were recognised as other income in the consolidated income statement. This amount has been recorded within the current portion of the derivative financial instruments in the consolidated balance sheet.
- (iv) The Group entered into fuel swap agreements to mitigate the impact of fluctuations in fuel prices. In December 2005, the Group had fuel swap agreements with an aggregate notional amount of US\$12.5 million, maturing through 2006, to pay fixed price for fuel. As at 31 March 2006, the estimated fair market value of the fuel swap was approximately US\$0.5 million, which was favourable to the Group. This amount has been recorded within the current portion of the derivative instruments in the consolidated balance sheet. The changes in the fair value of these fuel swap agreements are recognised as other income in the consolidated income statement.

During the three months ended 31 March 2006, the Group entered into further fuel swap agreements with an aggregate notional amount of US\$10.1 million, maturing through 2006, to pay fixed price for fuel. As at 31 March 2006, the estimated fair market value of the fuel swap was approximately US\$0.4 million, which was favourable to the Group. This amount has been recorded within the current portion of the derivative instruments in the consolidated balance sheet. These fuel swaps have been designated and qualified as cash flow hedges. The changes in the fair value of these fuel swaps are included as a separate component of reserves and are recognised in the consolidated income statement 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 March 2006 other than deposits of cash with reputable financial institutions.

14. TRADE CREDITORS

The ageing of trade creditors as at 31 March 2006 and 31 December 2005 were as follows:

| | As at | |
|----------------------|---|--|
| | 31 March 2006 US\$'000 unaudited | 31 December 2005 US\$'000 audited |
| Current to 60 days | 62,488 | 82,033 |
| 61 days to 120 days | 3,119 | 8,369 |
| 121 days to 180 days | 878 | 92 |
| Over 180 days | 305 | 321 |
| | <hr/> | <hr/> |
| | 66,790 | 90,815 |
| | <hr/> | <hr/> |

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

15. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Golden Hope Limited, a company incorporated in the Isle of Man acting as trustee of the Golden Hope Unit Trust, a private unit trust which is held directly and indirectly by GZ Trust Corporation as trustee of a discretionary trust established for the benefit of certain members of Tan Sri Lim Goh Tong's family, is a substantial shareholder of the Company.

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

Genting Berhad ("GB"), a company in which Tan Sri Lim Kok Thay has a deemed interest and which is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), controls Resorts World Bhd ("RWB"), a company also listed on Bursa Malaysia which in turn indirectly controls Resorts World Limited ("RWL") which is a substantial shareholder of the Company. GB indirectly controls Genting International PLC ("GIPLC"), a company listed on the Euro MTF Market of the Luxembourg Stock Exchange and the Singapore Exchange Securities Trading Limited.

WorldCard International Limited ("WCIL") is a company in which a subsidiary of each of the Group and GIPLC has a 50% interest. As at 31 March 2006, the carrying amount of this investment in WCIL amounted to US\$35,000 is included within other assets. The Group's share of losses from WCIL amounted to US\$30,000 and US\$27,000 for the three months ended 31 March 2006 and 2005 respectively.

Notes to the Consolidated Financial Statements (Continued)

15. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

VXL Capital Limited (“VXL”) is a company in which a brother of Tan Sri Lim Kok Thay has a substantial interest and is listed on The Stock Exchange of Hong Kong Limited. Each of the Group and VXL has a 30% interest in the joint venture company (“JV company”). As at 31 March 2006, the carrying amount of this investment in JV company is included within the investment in an associate.

Infinity@TheBay Pte. Ltd. a company in which a subsidiary of each of the Company and GIPLC has 25% and 75% interest, respectively, submitted a proposal in response to the Singapore Tourism Board’s Request for Proposals for the Integrated Resort at Marina Bay in March 2006 (see Note 5).

Significant related party transactions entered into or subsisting between the Group and these companies during the three months ended 31 March 2006 and 2005 are set out below:

- (a) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services, purchasing and administrative assistance services and other support services. The Group also purchases air tickets from a subsidiary of RWB. Amounts charged to the Group in respect of these services were approximately US\$302,000 and US\$200,000 for the three months ended 31 March 2006 and 2005 respectively.
- (b) The Group provides certain administrative support services to GIPLC internationally and the amounts charged to GIPLC were approximately US\$- and US\$20,000 for the three months ended 31 March 2006 and 2005 respectively.
- (c) WCIL together with its related companies operates and administers the WorldCard programme on an international basis. The Group also implemented joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the RWB Group.

During the three months ended 31 March 2006 and 2005, the following transactions took place:

| | Three months ended 31 March | |
|--|--------------------------------------|--------------------------------------|
| | 2006 US\$'000 <i>unaudited</i> | 2005 US\$'000 <i>unaudited</i> |
| Amounts charged from the GB Group to the Group | 79 | 92 |
| Amounts charged to the GB Group by the Group | 24 | 88 |

Amounts outstanding at the end of each fiscal period in respect of the above transactions were included in the consolidated balance sheet within amounts due to related companies. The related party transactions described above were carried out on terms, conditions and prices obtainable in transactions with unrelated parties.

16. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

The Group had the following commitments as at 31 March 2006 and 31 December 2005:

| | As at | |
|---|--|---|
| | 31 March 2006 US\$'000 <i>unaudited</i> | 31 December 2005 US\$'000 <i>audited</i> |
| Contracted but not provided for - Cruise ships and other related costs | 1,121,171 | 1,335,000 |

(ii) Material litigation

There were no material updates to the information disclosed in the Group’s annual report for the year ended 31 December 2005.

On or about 3 February 2006, NCL Corporation Ltd. (“NCLC”) was served with a class action complaint filed in the United States District Court for the Southern District of New York alleging copyright infringement stemming from performances of certain portions of copyrighted music aboard vessels in the NCLC fleet. NCLC believes that it has meritorious defenses to these claims and, accordingly, is defending vigorously this action.

Notes to the Consolidated Financial Statements (Continued)

17. SIGNIFICANT SUBSEQUENT EVENTS

- (i) In April 2006, the Group converted the US\$334.1 million secured Norwegian Jewel loan from a floating LIBOR-based rate to a fixed rate of 6.1075%.
- (ii) In April 2006, the Group took delivery of m.v. Pride of Hawaii. The balance due to the shipbuilding yard was paid on delivery from a drawdown of €130.0 million under the €308.1 million secured Pride of Hawaii loan. After a series of inaugural events, the m.v. Pride of Hawaii begins sailings from Honolulu in June 2006.

Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the three months ended 31 March 2006.

Management's Discussion and Analysis

The following discussion is based on, and should be read in conjunction with, the financial statements and the notes thereto included elsewhere in this interim report and the annual report of the Group for the year ended 31 December 2005.

Terminology

Capacity Days represent double occupancy per cabin multiplied by the number of cruise days for the period.

Net Revenue Yield represents total revenues less commissions, transportation and other expenses, and onboard and other expenses per Capacity Day. The Group utilises Net Revenue Yield to manage its business on a day-to-day basis and believes that it is the most relevant measure of the pricing performance and is commonly used in the cruise industry to measure pricing performance.

Ship Operating Expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses.

Passenger Cruise Days represent the number of passengers carried for the period, multiplied by the number of days in their respective cruises.

Occupancy Percentage, in accordance with cruise industry practice, represents the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100 indicates that three or more passengers occupied some cabins.

Three months ended 31 March 2006 ("1Q 2006") compared with three months ended 31 March 2005 ("1Q 2005")

Turnover

The Group's revenue for 1Q 2006 was US\$509.6 million, increased by 22.7% from US\$415.5 million for 1Q 2005. Net revenue increased by 17.3%. The higher net revenue was due primarily to an 18.9% increase in capacity, partially offset by a 1.4% lower net revenue yield. Occupancy decreased to 99.3% in 1Q 2006 from 102.2% in 1Q 2005.

Star Cruises in Asia Pacific generated a 13.9% higher net revenue for 1Q 2006 driven mainly by a 34.9% capacity increase which was partially offset by a 13.3% lower net revenue yield and lower charter revenue from NCL after the return of 1 of the 6 ships on charter to NCL. Occupancy level for 1Q 2006 was down to 75.7% from 92.4% in 1Q 2005. The capacity increase came from the addition of m.v. SuperStar Libra, which commenced operation in India in mid September 2005. In inaugural season, her average net revenue yield and occupancy was lower than the average net revenue yield and occupancy of the rest of the fleet.

Net revenue for NCL Group was 17.4% higher driven primarily by a 15.3% capacity increase and a 1.8% increase in net revenue yield. The increase in capacity was primarily due to the additions of m.v. Pride of America and m.v. Norwegian Jewel, which entered service in June 2005 and August 2005, respectively. The increase in capacity was partially offset by the return of m.v. SuperStar Libra to Star Cruises upon expiration of the charter agreement in August 2005. The increase in net revenue yield was primarily the result of an increase in onboard spending and higher passenger ticket revenues. Occupancy level in 1Q 2006 increased to 105.6% from 104.4% in 1Q 2005.

Management's Discussion and Analysis (Continued)

Cost and expenses

Total costs and expenses before interest and non-operating items for 1Q 2006 amounted to US\$494.5 million compared with US\$385.5 million for 1Q 2005, an increase of US\$109.0 million.

Operating expenses increased by US\$94.2 million to US\$372.8 million for 1Q 2006 from US\$278.6 million for 1Q 2005. Ship operating expenses was 30.2% higher compared with 1Q 2005. On a per capacity day basis, ship operating expenses were 9.5% higher compared with 1Q 2005. In 1Q 2006, fuel costs accounted for 6.7 percentage points of the increase in ship operating expenses per capacity day. Average fuel prices in 1Q 2006 increased approximately 52% from 1Q 2005. Fuel costs accounted for approximately 19% of ship operating expenses in 1Q 2006 compared with 15% in 1Q 2005. Non-fuel ship operating expenses accounted for the remaining 2.8 percentage points increase in 1Q 2006 due to higher payroll and related expenses, and start-up costs associated with the introduction of m.v. Pride of Hawaii. The higher payroll and related expenses were mainly relating to the U.S. crew used for Hawaii itineraries which began operations in June 2004 and expanded to three ships with the delivery of m.v. Pride of Hawaii in April 2006.

Selling, general and administrative (SG&A) expenses increased by US\$3.9 million from US\$66.6 million to US\$70.5 million in 1Q 2006. The increase was primarily the result of increased shoreside expenses for NCL Group's call centers as a result of the increased capacity and increasing recruiting expenses to support the three ships in Hawaii. The increase was partially offset by a decrease in marketing expenses due to the timing of NCL Group certain marketing expenses. SG&A expenses per capacity day decreased 11.0% compared with 1Q 2005 mainly due to economies of scale achieved with the capacity increase.

Depreciation and amortisation expenses increased by US\$10.9 million to US\$51.3 million for 1Q 2006 compared with US\$40.4 million for 1Q 2005 primarily due to depreciation expenses of m.v. Pride of America and m.v. Norwegian Jewel as well as higher drydocking expenses. On a per capacity day basis, depreciation and amortisation expenses increased by 6.8% compared with 1Q 2005.

Operating profit

As a result of lower net revenue yield and higher costs on a per capacity day basis, operating profit was down to US\$15.1 million in 1Q 2006 from US\$30.0 million in 1Q 2005.

Non-operating income / (expenses)

Non-operating expenses increased by US\$25.5 million to US\$50.7 million for 1Q 2006 compared with US\$25.2 million for 1Q 2005. The increase was mainly due to the net effect of the following items:

- (a) Interest expense, net of interest income and capitalised interest increased by US\$14.3 million to US\$44.6 million for 1Q 2006 compared with US\$30.3 million for 1Q 2005 driven by both higher average outstanding debts and interest rates. Capitalised interest decreased to US\$3.0 million for 1Q 2006 from US\$5.6 million for 1Q 2005 due to a lower average level of investment in ships under construction.
- (b) The Group recorded a Euro denominated debt translation loss of US\$4.7 million for 1Q 2006 compared to a debt translation gain of US\$4.7 million in 1Q 2005.
- (c) During the 1Q 2006, the Group had a non-cash loss on financial instruments amounting to US\$1.5 million compared to a non-cash gain on financial instruments of US\$1.5 million in 1Q 2005.

Profit / (Loss) before taxation

Loss before taxation for 1Q 2006 was US\$35.6 million compared to a profit before taxation of US\$4.8 million for 1Q 2005.

Taxation

The Group had a taxation benefit of US\$0.5 million for 1Q 2006 compared with taxation expenses of US\$0.4 million for 1Q 2005. For 1Q 2006, NCL Group recorded a tax benefit of US\$0.9 million of its U.S. federal tax for the tour operation in U.S. which was partially offset by income tax expense in Star Cruises Asia Pacific of US\$0.4 million.

Net profit / (loss) attributable to shareholders

As a result, the Group recorded a net loss of US\$35.1 million for 1Q 2006 compared with a net profit attributable to shareholders of US\$4.4 million in 1Q 2005.

Management's Discussion and Analysis *(Continued)*

Liquidity and capital resources

Sources and uses of funds

The majority of the Group's cash and cash equivalents are held in U.S. dollars. For 1Q 2006, cash and cash equivalents decreased to US\$163.1 million from US\$187.7 million as at 31 December 2005. The decrease of US\$24.6 million in cash and cash equivalents was mainly due to the net effect of the following items:

- (a) The Group's business provided US\$61.1 million of net cash from operations for 1Q 2006 compared to US\$66.1 million for 1Q 2005. The decrease in net cash generated from operations was primarily due to the increase in interest payment.
- (b) The Group's capital expenditure was approximately US\$60.0 million in 1Q 2006. Approximately US\$41.6 million of the capital expenditure was related to capacity expansion and the remaining was vessel refurbishments and onboard assets. The Group received net proceeds of approximately US\$14.1 million from the disposal of s/s Norway in 1Q 2006.
- (c) The Group repaid US\$108.7 million of its long-term bank loans during 1Q 2006 and drewdown a total of US\$80.0 million under the committed loan facilities to fund progress payments on ships under construction for m.v. Pride of Hawaii and m.v. Norwegian Pearl.
- (d) Restricted cash increased by US\$10.5 million during 1Q 2006 to US\$58.5 million as at 31 March 2006 mainly due to higher amounts withheld by the credit card processor as a result of an increase in advance ticket sales during the period.

Prospects

The outlook for the remainder of the year remains challenging. The Group is on track with its plan to further develop the cruise market outside of Singapore and Hong Kong in India and Eastern Mediterranean. m.v. SuperStar Libra is about to complete her first foray into Indian domestic market and she will leave for Eastern Mediterranean on the 21 May 2006 and will be there from 6 June 2006 to 7 October 2006.

For NCL Group, bookings levels, adjusted for the 17% increase in capacity, are slightly lower than at the same time last year; however, pricing continues to be ahead. The demand environment is not as robust as last year, suggesting that consumers generally may be feeling some impact of higher fuel prices and increased interest rates. However, with the addition of the 17% capacity, NCL Group has a better year over year mix of higher yielding itineraries such as Hawaii and Europe. Therefore, NCL Group expects net revenue yield to increase approximately 5% for the full year of 2006.

Other than as disclosed above and elsewhere in this interim report, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2005.

Interests of Directors

As at 31 March 2006, 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 | Personal interests | Number of ordinary shares (Notes) | | | Total | Percentage of issued ordinary shares |
|---------------------------------|--------------------|-----------------------------------|---------------------|-----------------|---------------|--------------------------------------|
| | | Family interests | Corporate interests | Other interests | | |
| Tan Sri Lim Kok Thay | 12,246,793 | 28,357,897 | 28,357,897 | 4,570,887,811 | 4,611,492,501 | 87.006 |
| 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:

1. Tan Sri Lim Kok Thay ("Tan Sri KT Lim") has a family interest in 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.
2. 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.
3. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in 4,570,887,811 ordinary shares.
4. Out of 4,570,887,811 ordinary shares, 392,600,000 ordinary shares are pledged shares.
5. There is no duplication in arriving at the total interest.
6. 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 March 2006, 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 | 10,063,346 | 0.190 |
| Mr. Chong Chee Tut | 1,387,519 | 0.026 |
| Mr. William Ng Ko Seng | 1,183,204 | 0.022 |
| Mr. David Colin Sinclair Veitch | 3,049,500 | 0.058 |

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.

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.

Interests of Directors (Continued)

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

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

Notes:

1. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in these ordinary shares.
2. 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:

- as at 31 March 2006, 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
- at no time during the period 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 the published annual report of the Company for the year ended 31 December 2005. 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 period and outstanding as at 31 March 2006 are as follows:

(A) Pre-listing Employee Share Option Scheme

| | Number of options outstanding at 01/01/2006 | Number of shares acquired upon exercise of options during the period | Number of options lapsed during the period | Number of options cancelled during the period | Number of options outstanding at 31/03/2006 | Date granted | Exercise price per share | Exercisable Period |
|---------------------------------|---|--|--|---|---|--------------|--------------------------|-------------------------|
| | | | | | | | | |
| Tan Sri Lim Kok Thay (Director) | 2,210,887 | — | (442,178) | — | 1,768,709 | 24/03/1999 | US\$0.2686 | 24/03/2002 – 23/03/2009 |
| | 838,612 | — | (167,723) | — | 670,889 | 24/03/1999 | US\$0.4206 | 24/03/2002 – 23/03/2009 |
| | 975,840 | — | — | — | 975,840 | 23/10/2000 | US\$0.2686 | 23/10/2003 – 22/08/2010 |
| | 2,210,887 | — | (442,178) | — | 1,768,709 | 16/11/2000 | US\$0.2686 | 24/03/2002 – 23/03/2009 |
| | 838,612 | — | (167,723) | — | 670,889 | 16/11/2000 | US\$0.4206 | 24/03/2002 – 23/03/2009 |
| | 243,960 | — | — | — | 243,960 | 16/11/2000 | US\$0.2686 | 23/10/2003 – 22/08/2010 |
| | 7,318,798 | — | (1,219,802) | — | 6,098,996 | | | |

Share Options (Continued)

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

| | Number of options outstanding at 01/01/2006 | Number of shares acquired upon exercise of options during the period | Number of options lapsed during the period | Number of options cancelled during the period | Number of options outstanding at 31/03/2006 | Date granted | Exercise price per share | Exercisable Period |
|---|---|---|--|---|---|--------------|--------------------------------|-------------------------|
| Mr. Chong Chee Tut (Director) | 45,742 | — | — | — | 45,742 | 25/05/1998 | US\$0.4206 | 23/06/2000 – 22/06/2007 |
| | 259,207 | — | (51,842) | — | 207,365 | 24/03/1999 | US\$0.2686 | 24/03/2002 – 23/03/2009 |
| | 45,742 | — | (9,149) | — | 36,593 | 24/03/1999 | US\$0.4206 | 24/03/2002 – 23/03/2009 |
| | 468,403 | — | — | — | 468,403 | 23/10/2000 | US\$0.2686 | 23/10/2003 – 22/08/2010 |
| | 19,516 | — | — | — | 19,516 | 23/10/2000 | US\$0.4206 | 23/10/2003 – 22/08/2010 |
| | 838,610 | — | (60,991) | — | 777,619 | | | |
| Mr. William Ng Ko Seng (Director) | 15,247 | — | (3,050) | — | 12,197 | 24/03/1999 | US\$0.2686 | 24/03/2002 – 23/03/2009 |
| | 60,990 | — | (12,198) | — | 48,792 | 24/03/1999 | US\$0.4206 | 24/03/2002 – 23/03/2009 |
| | 370,819 | — | — | — | 370,819 | 23/10/2000 | US\$0.2686 | 23/10/2003 – 22/08/2010 |
| | 19,516 | — | — | — | 19,516 | 23/10/2000 | US\$0.4206 | 23/10/2003 – 22/08/2010 |
| | 466,572 | — | (15,248) | — | 451,324 | | | |
| Mr. David Colin Sinclair Veitch (Director) | 975,840 | — | (365,940) | — | 609,900 | 07/01/2000 | US\$0.4206 | 07/01/2003 – 06/01/2010 |
| All other employees | 91,485 | — | (30,495) | — | 60,990 | 25/05/1998 | US\$0.2686 | 11/03/2000 – 10/03/2007 |
| | 384,237 | — | — | — | 384,237 | 25/05/1998 | US\$0.4206 | 23/06/2000 – 22/06/2007 |
| | 1,756,491 | — | (585,525) | — | 1,170,966 | 25/05/1998 | US\$0.4206 | 06/01/2000 – 05/01/2007 |
| | 7,529,799 | (97,584) ¹ | (1,469,828) | (163,085) | 5,799,302 | 24/03/1999 | US\$0.2686 | 24/03/2002 – 23/03/2009 |
| | 4,139,619 | — | (878,421) | (117,158) | 3,144,040 | 24/03/1999 | US\$0.4206 | 24/03/2002 – 23/03/2009 |
| | 456,106 | — | — | (7,684) | 448,422 | 30/06/1999 | US\$0.2686 | 30/06/2002 – 29/06/2009 |
| | 966,734 | — | — | (18,540) | 948,194 | 30/06/1999 | US\$0.4206 | 30/06/2002 – 29/06/2009 |
| | 1,680,141 | (21,957) ¹ | — | — | 1,658,184 | 23/10/2000 | US\$0.2686 | 23/10/2003 – 22/08/2010 |
| | 2,401,851 | — | — | (47,816) | 2,354,035 | 23/10/2000 | US\$0.4206 | 23/10/2003 – 22/08/2010 |
| | 19,406,463 | (119,541) | (2,964,269) | (354,283) | 15,968,370 | | | |
| Grand Total | 29,006,283 | (119,541) | (4,626,250) | (354,283) | 23,906,209 | | | |

Note:

- Exercise date was 15 February 2006. At the date before the options were exercised, the market closing value per share quoted on The Stock Exchange of Hong Kong Limited was HK\$2.175.

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.

Share Options (Continued)

(B) Post-listing Employee Share Option Scheme

| | Number of options outstanding at 01/01/2006 | Number of shares acquired upon exercise of options during the period | Number of options lapsed during the period | Number of options cancelled during the period | Number of options outstanding at 31/03/2006 | Date granted | Exercise price per share | Exercisable Period |
|---|---|---|--|---|---|--------------|--------------------------------|-------------------------|
| Tan Sri Lim Kok Thay (Director) | 3,369,697 | — | — | — | 3,369,697 | 19/08/2002 | HK\$2.9944 | 20/08/2004 – 19/08/2012 |
| | 594,653 | — | — | — | 594,653 | 23/08/2004 | HK\$1.7240 | 24/08/2006 – 23/08/2014 |
| | 3,964,350 | — | — | — | 3,964,350 | | | |
| Mr. Chong Chee Tut (Director) | 518,415 | — | — | — | 518,415 | 19/08/2002 | HK\$2.9944 | 20/08/2004 – 19/08/2012 |
| | 91,485 | — | — | — | 91,485 | 23/08/2004 | HK\$1.7240 | 24/08/2006 – 23/08/2014 |
| | 609,900 | — | — | — | 609,900 | | | |
| Mr. William Ng Ko Seng (Director) | 622,098 | — | — | — | 622,098 | 19/08/2002 | HK\$2.9944 | 20/08/2004 – 19/08/2012 |
| | 109,782 | — | — | — | 109,782 | 23/08/2004 | HK\$1.7240 | 24/08/2006 – 23/08/2014 |
| | 731,880 | — | — | — | 731,880 | | | |
| Mr. David Colin Sinclair Veitch (Director) | 2,073,660 | — | — | — | 2,073,660 | 19/08/2002 | HK\$2.9944 | 20/08/2004 – 19/08/2012 |
| | 365,940 | — | — | — | 365,940 | 23/08/2004 | HK\$1.7240 | 24/08/2006 – 23/08/2014 |
| | 2,439,600 | — | — | — | 2,439,600 | | | |
| All other employees | 65,611,369 | — | (809,996) | (176,260) | 64,625,113 | 19/08/2002 | HK\$2.9944 | 20/08/2004 – 19/08/2012 |
| | 792,870 | — | — | — | 792,870 | 08/09/2003 | HK\$2.9944 | 09/09/2005 – 08/09/2013 |
| | 9,589,011 | — | (77,275) | (31,106) | 9,480,630 | 23/08/2004 | HK\$1.7240 | 24/08/2006 – 23/08/2014 |
| | 75,993,250 | — | (887,271) | (207,366) | 74,898,613 | | | |
| Grand Total | 83,738,980 | — | (887,271) | (207,366) | 82,644,343 | | | |

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 March 2006, 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) | Direct/ Personal interests | Number of ordinary shares (Notes) | | | Total | Percentage of issued ordinary shares |
|---|----------------------------------|-----------------------------------|------------------------|----------------------------------|-----------------------|---|
| | | 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 March 2006.
- 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 March 2006.
- Resorts World Bhd ("RWB"), a company listed on Bursa Malaysia of which GB controlled 57.70% of its equity interest as at 31 March 2006.
- 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.
- 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).
- Cove Investments Limited ("Cove") is wholly-owned by GZ as trustee of the Discretionary Trust 2.
- Golden Hope Limited ("Golden Hope") is the trustee of GHUT.
- Joondalup Limited ("Joondalup") is wholly-owned by Golden Hope as trustee of GHUT.

Interests of Substantial Shareholders (Continued)

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

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 March 2006.
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.

(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 | 10,063,346 (Note) | 0.190 |

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, is deemed to have a family interest in 10,063,346 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 March 2006, 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.

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\$4.93 billion, of which US\$3.73 billion had been drawdown, with terms ranging from six to sixteen years from the dates of these agreements. As at 31 March 2006, the outstanding loan balances was approximately US\$2.46 billion. The Euro denominated amounts had been translated into US dollars based on the exchange rate of US\$1.2118 to €1 as at 31 March 2006.

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.

(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.

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 three months ended 31 March 2006, save for the issue of 4,880 new ordinary shares of US\$0.10 each at an aggregate price of US\$1,311 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the period from 1 January 2006 to 31 March 2006 (both dates inclusive).

Corporate Governance

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the three months ended 31 March 2006, save for the deviations from certain code provisions listed below and the code provisions on internal controls on which the Company is required to first report compliance in its interim report for the six months ending 30 June 2006:

(1) Code Provision A.2.1

Under this code provision, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Currently, Tan Sri Lim Kok Thay is the Chairman, President and Chief Executive Officer of the Company. Considered reasons for such deviation were set out in the Corporate Governance Report (the "CG Report") of the Company's annual report for the year ended 31 December 2005 (the "2005 Annual Report") issued in February 2006.

(2) Code Provision A.4.1

Under this code provision, Non-executive Directors should be appointed for a specific term, subject to re-election.

As mentioned in the CG Report contained in the Company's 2005 Annual Report, during the year ended 31 December 2005, the Independent Non-executive Directors ("INEDs") of the Company were not appointed for a specific term, but were subject to rotation for retirement and re-election at annual general meeting ("AGM") of the Company in accordance with the Company's Bye-laws.

In order to ensure compliance with this code provision, in February 2006, a letter agreement has been entered into between the Company and each of the INEDs whereby his term of office is generally fixed for a term of not more than approximately two years expiring at the conclusion of the AGM of the Company held in the second year following the year of his last re-election by shareholders, subject to the requirements for retirement by rotation at the AGM in accordance with the Company's Bye-laws.

(3) Code Provision A.4.2

Under this code provision, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

To conform with this code provision, appropriate amendments to the Company's Bye-laws were proposed and approved by shareholders at the 2006 AGM of the Company so that every Director (including Directors holding office as Chairman or Managing Director and those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and Directors appointed by the Board to fill casual vacancy shall be subject to re-election by shareholders at the first general meeting after their appointment rather than the next following AGM after their appointment.

In addition, Tan Sri Lim Kok Thay had retired in compliance with this code provision and was re-elected by shareholders at the 2006 AGM of the Company.

Review by Audit Committee

This interim 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.

On behalf of the Board

Tan Sri Lim Kok Thay
Chairman, President and Chief Executive Officer

Hong Kong, 16 May 2006