

# Report of the Directors

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The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2006.

## 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 37 to the consolidated financial statements.

An analysis of the Group's performance for the year by geographical segment is set out in note 4 to the consolidated financial statements.

## Results

The results of the Company and its subsidiaries for the year ended 31 December 2006 are set out in the consolidated income statement on page 58.

## Dividends

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2006.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out on pages 64 to 66. The distributable reserves of the Company amounted to US\$169.5 million as at 31 December 2006.

## Audited 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 114.

## 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 2006, save for the issuance of new ordinary shares of US\$0.10 each by the Company as follows:

- (a) the issuance of 1,484,084,467 shares of US\$0.10 each at the subscription price of HK\$1.08 (US\$0.1388) per share, with an aggregate price, net of issuance costs, of approximately US\$204.1 million pursuant to the rights issue completed in December 2006; and
- (b) the issuance of 124,421 new ordinary shares of US\$0.10 each at an aggregate price of US\$33,419 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\$0.4 million.

## Property, Plant and Equipment

A brief description of the properties owned by the Group is set out on page 115.

Details of the movements in property, plant and equipment during the year are set out in note 15 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 25 and 27 to the consolidated financial statements, respectively.

## Indebtedness

Details of long-term financing facilities of the Company and its subsidiary companies at 31 December 2006 are set out in note 26 to the consolidated financial statements.

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## Directors

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

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

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Alan Howard Smith, Mr. Chong Chee Tut and Mr. David Colin Sinclair Veitch will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the three Independent Non-executive Directors, namely Mr. Alan Howard Smith, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Biographical details of the Directors and senior management are set out on pages 22 to 26.

## Director's Service Contracts

Mr. David Colin Sinclair Veitch has a three year "evergreen" service contract which was entered into on 7 January 2000 (as amended by a letter agreement dated 24 November 2004) (the "Service Contract"), to be perpetually renewed until terminated by either party in accordance with terms thereof. The Service Contract had been approved by the independent shareholders of the Company at the Annual General Meeting held on 24 May 2005.

Save for Mr. Veitch, 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 24 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 2006 are disclosed in note 24 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 Officer 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 2006, the aggregate amount charged to the Group in respect of the GB Transactions was approximately US\$2 million and has not exceeded the Annual Cap of US\$4 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 2006 is less than 0.1% of the applicable percentage ratios (as prescribed in the Listing Rules).
- (d) Transaction set out in item (g) of these related party transactions constitutes a connected transaction under the Listing Rules, details of which as required to be disclosed in this annual report in accordance with the Listing Rules are given in note 24(g) to the consolidated financial statements. The latest developments of this transaction are also given in paragraph 2 of item (b) of the section headed "Significant Subsequent Events" of this report and paragraph 2 of note 38(b) to the consolidated financial statements.

## **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 and a shareholder and share option holder of Genting Berhad ("GB") and the Chairman and Chief Executive and a shareholder and share option holder of Resorts World Bhd ("RWB"), both of which are substantial shareholders of the Company and companies listed on Bursa Malaysia Securities Berhad. He is also the Executive Chairman and a shareholder and share option holder of Genting International P.L.C. ("GIPLC"), a company listed on the Main Board of Singapore Exchange Securities Trading Limited and the Euro MTF Market of the Luxembourg Stock Exchange. The principal activities of RWB include the operation of a tourist resort in Malaysia known as Genting Highlands Resort, along with other land-based Malaysian resorts. RWB provides leisure and hospitality services which comprise amusement, gaming, hotel and entertainment. GIPLC's principal activities include the development and operation of integrated resorts, operation of casinos, investments, provision of IT application related services and provision of sales and marketing services to leisure and hospitality related businesses. RWB and GIPLC are subsidiaries of GB.

The Group engages in cruise and cruise-related businesses. GB and RWB (save as via their indirect equity interests in the Company) and GIPLC 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, RWB and GIPLC.

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 RWB, GIPLC and GB. Coupled with the appointment of three Independent Non-executive Directors to the Board, 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 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	Nature of interests/capacity in which such interests were held				Total	Percentage of issued ordinary shares
	Beneficial owner	Interests of spouse	Interests of controlled corporation	Founder/Beneficiary of discretionary trusts		
	Number of ordinary shares (Notes)					
Tan Sri Lim Kok Thay	361,275,895	36,298,108 (1)	582,927,016 (2)	4,974,882,524 (3) and (4)	5,919,085,435 (5)	87.246
Mr. Chong Chee Tut	1,048,442	—	—	—	1,048,442	0.015
Mr. William Ng Ko Seng	528,084	—	—	—	528,084	0.008
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.005

Notes:

As at 31 December 2006:

- Tan Sri Lim Kok Thay had a family interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee had a corporate interest.
- Tan Sri Lim Kok Thay was also deemed to have a corporate interest in 582,927,016 ordinary shares (comprising (i) the same block of 36,298,108 ordinary shares directly held by Goldsfine in which each of Tan Sri Lim Kok Thay and Puan Sri Wong Hon Yee held 50% of its issued share capital and (ii) the same block of 546,628,908 ordinary shares directly held by Joondalup Limited in which Tan Sri Lim Kok Thay held 100% of its issued share capital).
- Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts (trustees of which are Parkview Management Sdn Bhd and GZ Trust Corporation respectively), had a deemed interest in 4,974,882,524 ordinary shares.
- Out of 4,974,882,524 ordinary Shares, 502,528,000 ordinary shares were pledged shares.
- There was no duplication in arriving at the total interest.
- All the above interests represent long positions in the shares 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 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	Capacity in which such interests were held
Tan Sri Lim Kok Thay	10,221,167	0.151	Beneficial owner
Mr. Chong Chee Tut	1,265,477	0.019	Beneficial owner
Mr. William Ng Ko Seng	1,103,238	0.016	Beneficial owner
Mr. David Colin Sinclair Veitch	3,244,816	0.048	Beneficial owner

## 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 35 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	No. of issued ordinary shares	Percentage of issued ordinary shares	Capacity in which such interests were held
WorldCard International Limited ("WCIL") (1)	Tan Sri Lim Kok Thay	1,000,000	100	Founder and a beneficiary of two discretionary trusts
Infinity @ TheBay Pte. Ltd. ("Infinity") (2)	Tan Sri Lim Kok Thay	36,250,000	100	Founder and a beneficiary of two discretionary trusts

Notes:

As at 31 December 2006:

1. WCIL was a company in which a subsidiary of each of the Company and Genting International P.L.C. ("GIPLC") had a 50% interest.
2. Infinity was a company in which a subsidiary of each of the Company and GIPLC had 25% and 75% interest, respectively. The name of Infinity was changed to Resorts World at Sentosa Pte. Ltd. with effect from 5 January 2007.
3. All the above interests represented 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 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
- (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 35 to the consolidated financial statements. Share options are granted to certain Directors of the Company and employees of the Group under the said schemes. Adjustments to the exercise price and the number of shares to be issued upon exercise of the share options (the "Rights Issue Adjustments") were effected on 28 December 2006 (the date when the Rights Issue of the Company became unconditional) in the manner as set out in the prospectus of the Company dated 30 November 2006. 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 2006 are as follows:

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

- (1) Movement during the period from 1 January 2006 to 27 December 2006, the date immediately before the Rights Issue Adjustments became effective

	Number of options outstanding at 01/01/2006	Number of shares acquired upon exercise of options during the period from 01/01/2006 to 27/12/2006	Number of options lapsed during the period from 01/01/2006 to 27/12/2006	Number of options cancelled during the period from 01/01/2006 to 27/12/2006	Number of options outstanding at 27/12/2006	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	—	(365,940)	—	609,900	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	—	(91,485)	—	152,475	16/11/2000	US\$0.2686	23/10/2003 – 22/08/2010
	<b>7,318,798</b>	<b>—</b>	<b>(1,677,227)</b>	<b>—</b>	<b>5,641,571</b>			
Mr. Chong Chee Tut (Director)	45,742	—	(15,248)	—	30,494	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	—	(175,652)	—	292,751	23/10/2000	US\$0.2686	23/10/2003 – 22/08/2010
	19,516	—	(7,319)	—	12,197	23/10/2000	US\$0.4206	23/10/2003 – 22/08/2010
	<b>838,610</b>	<b>—</b>	<b>(259,210)</b>	<b>—</b>	<b>579,400</b>			
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	—	(139,058)	—	231,761	23/10/2000	US\$0.2686	23/10/2003 – 22/08/2010
	19,516	—	(7,319)	—	12,197	23/10/2000	US\$0.4206	23/10/2003 – 22/08/2010
	<b>466,572</b>	<b>—</b>	<b>(161,625)</b>	<b>—</b>	<b>304,947</b>			
Mr. David Colin Sinclair Veitch (Director)	<b>975,840</b>	<b>—</b>	<b>(365,940)</b>	<b>—</b>	<b>609,900</b>	07/01/2000	US\$0.4206	07/01/2003 – 06/01/2010

## Share Options (continued)

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

- (1) Movement during the period from 1 January 2006 to 27 December 2006, the date immediately before the Rights Issue Adjustments became effective (continued)

	Number of options outstanding at 01/01/2006	Number of shares acquired upon exercise of options during the period from 01/01/2006 to 27/12/2006	Number of options lapsed during the period from 01/01/2006 to 27/12/2006	Number of options cancelled during the period from 01/01/2006 to 27/12/2006	Number of options outstanding at 27/12/2006	Date granted	Exercise price per share	Exercisable Period
All other employees	91,485	—	(30,495)	—	60,990	25/05/1998	US\$0.2686	11/03/2000 – 10/03/2007
	384,237	—	(128,079)	—	256,158	25/05/1998	US\$0.4206	23/06/2000 – 22/06/2007
	1,756,491	—	(585,525)	(18,296)	1,152,670	25/05/1998	US\$0.4206	06/01/2000 – 05/01/2007
	7,529,799	(97,584) <sup>1</sup>	(1,469,828)	(294,818)	5,667,569	24/03/1999	US\$0.2686	24/03/2002 – 23/03/2009
	4,139,619	—	(878,421)	(188,508)	3,072,690	24/03/1999	US\$0.4206	24/03/2002 – 23/03/2009
	456,106	—	(74,706)	(65,988)	315,412	30/06/1999	US\$0.2686	30/06/2002 – 29/06/2009
	966,734	—	(174,449)	(148,387)	643,898	30/06/1999	US\$0.4206	30/06/2002 – 29/06/2009
	1,680,141	(21,957) <sup>1</sup>	(611,738)	—	1,046,446	23/10/2000	US\$0.2686	23/10/2003 – 22/08/2010
	2,401,851	—	(868,900)	(95,631)	1,437,320	23/10/2000	US\$0.4206	23/10/2003 – 22/08/2010
	<b>19,406,463</b>	<b>(119,541)</b>	<b>(4,822,141)</b>	<b>(811,628)</b>	<b>13,653,153</b>			
<b>Grand Total</b>	<b>29,006,283</b>	<b>(119,541)</b>	<b>(7,286,143)</b>	<b>(811,628)</b>	<b>20,788,971</b>			

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.



## Share Options (continued)

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

(2) Movement during the period from 28 December 2006 (the date when the Rights Issue Adjustments became effective) to 31 December 2006

	Number of options outstanding at 27/12/2006 (the date before Rights Issue Adjustments)	Exercise price per share before Rights Issue Adjustments	Number of options outstanding at 28/12/2006 (the date of Rights Issue Adjustments)	Exercise price per share after Rights Issue Adjustments	Number of options lapsed during the period from 28/12/2006 to 31/12/2006	Number of options cancelled during the period from 28/12/2006 to 31/12/2006	Number of options outstanding at 31/12/2006	Date granted	Exercisable Period
Tan Sri Lim Kok Thay (Director)	1,768,709	US\$0.2686	1,881,992	US\$0.2524	—	—	1,881,992	24/03/1999	24/03/2002 – 23/03/2009
	670,889	US\$0.4206	713,859	US\$0.3953	—	—	713,859	24/03/1999	24/03/2002 – 23/03/2009
	609,900	US\$0.2686	648,963	US\$0.2524	—	—	648,963	23/10/2000	23/10/2003 – 22/08/2010
	1,768,709	US\$0.2686	1,881,992	US\$0.2524	—	—	1,881,992	16/11/2000	24/03/2002 – 23/03/2009
	670,889	US\$0.4206	713,859	US\$0.3953	—	—	713,859	16/11/2000	24/03/2002 – 23/03/2009
	152,475	US\$0.2686	162,241	US\$0.2524	—	—	162,241	16/11/2000	23/10/2003 – 22/08/2010
<b>5,641,571</b>		<b>6,002,906</b>		<b>—</b>	<b>—</b>	<b>6,002,906</b>			
Mr. Chong Chee Tut (Director)	30,494	US\$0.4206	32,448	US\$0.3953	—	—	32,448	25/05/1998	23/06/2000 – 22/06/2007
	207,365	US\$0.2686	220,647	US\$0.2524	—	—	220,647	24/03/1999	24/03/2002 – 23/03/2009
	36,593	US\$0.4206	38,937	US\$0.3953	—	—	38,937	24/03/1999	24/03/2002 – 23/03/2009
	292,751	US\$0.2686	311,502	US\$0.2524	—	—	311,502	23/10/2000	23/10/2003 – 22/08/2010
	12,197	US\$0.4206	12,979	US\$0.3953	—	—	12,979	23/10/2000	23/10/2003 – 22/08/2010
<b>579,400</b>		<b>616,513</b>		<b>—</b>	<b>—</b>	<b>616,513</b>			
Mr. William Ng Ko Seng (Director)	12,197	US\$0.2686	12,979	US\$0.2524	—	—	12,979	24/03/1999	24/03/2002 – 23/03/2009
	48,792	US\$0.4206	51,918	US\$0.3953	—	—	51,918	24/03/1999	24/03/2002 – 23/03/2009
	231,761	US\$0.2686	246,605	US\$0.2524	—	—	246,605	23/10/2000	23/10/2003 – 22/08/2010
	12,197	US\$0.4206	12,979	US\$0.3953	—	—	12,979	23/10/2000	23/10/2003 – 22/08/2010
<b>304,947</b>		<b>324,481</b>		<b>—</b>	<b>—</b>	<b>324,481</b>			
Mr. David Colin Sinclair Veitch (Director)	<b>609,900</b>	US\$0.4206	<b>648,963</b>	US\$0.3953	—	—	<b>648,963</b>	07/01/2000	07/01/2003 – 06/01/2010



## Share Options *(continued)*

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

(2) Movement during the period from 28 December 2006 (the date when the Rights Issue Adjustments became effective) to 31 December 2006 *(continued)*

	Number of options outstanding at 27/12/2006 (the date before Rights Issue Adjustments)	Exercise price per share before Rights Issue Adjustments	Number of options outstanding at 28/12/2006 (the date of Rights Issue Adjustments)	Exercise price per share after Rights Issue Adjustments	Number of options lapsed during the period from 28/12/2006 to 31/12/2006	Number of options cancelled during the period from 28/12/2006 to 31/12/2006	Number of options outstanding at 31/12/2006	Date granted	Exercisable Period
All other employees	60,990	US\$0.2686	64,897	US\$0.2524	—	—	64,897	25/05/1998	11/03/2000 – 10/03/2007
	256,158	US\$0.4206	272,567	US\$0.3953	—	—	272,567	25/05/1998	23/06/2000 – 22/06/2007
	1,152,670	US\$0.4206	1,226,533	US\$0.3953	—	—	1,226,533	25/05/1998	06/01/2000 – 05/01/2007
	5,667,569	US\$0.2686	6,030,668	US\$0.2524	—	—	6,030,668	24/03/1999	24/03/2002 – 23/03/2009
	3,072,690	US\$0.4206	3,269,563	US\$0.3953	—	—	3,269,563	24/03/1999	24/03/2002 – 23/03/2009
	315,412	US\$0.2686	335,624	US\$0.2524	—	—	335,624	30/06/1999	30/06/2002 – 29/06/2009
	643,898	US\$0.4206	685,157	US\$0.3953	—	—	685,157	30/06/1999	30/06/2002 – 29/06/2009
	1,046,446	US\$0.2686	1,113,474	US\$0.2524	—	—	1,113,474	23/10/2000	23/10/2003 – 22/08/2010
	1,437,320	US\$0.4206	1,529,443	US\$0.3953	—	—	1,529,443	23/10/2000	23/10/2003 – 22/08/2010
	<u>13,653,153</u>		<u>14,527,926</u>		<u>—</u>	<u>—</u>	<u>14,527,926</u>		
<b>Grand Total</b>	<u>20,788,971</u>		<u>22,120,789</u>		<u>—</u>	<u>—</u>	<u>22,120,789</u>		

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

- (1) Movement during the period from 1 January 2006 to 27 December 2006, the date immediately before the Rights Issue Adjustments became effective

	Number of options outstanding at 01/01/2006	Number of shares acquired upon exercise of options during the period from 01/01/2006 to 27/12/2006	Number of options lapsed during the period from 01/01/2006 to 27/12/2006	Number of options cancelled during the period from 01/01/2006 to 27/12/2006	Number of options outstanding at 27/12/2006	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
	<b>3,964,350</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,964,350</b>			
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
	<b>609,900</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>609,900</b>			
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
	<b>731,880</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>731,880</b>			
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
	<b>2,439,600</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,439,600</b>			
All other employees	65,611,369	—	(2,425,345)	(279,943)	62,906,081	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	—	(125,499)	(49,403)	9,414,109	23/08/2004	HK\$1.7240	24/08/2006 – 23/08/2014
	<b>75,993,250</b>	<b>—</b>	<b>(2,550,844)</b>	<b>(329,346)</b>	<b>73,113,060</b>			
<b>Grand Total</b>	<b>83,738,980</b>	<b>—</b>	<b>(2,550,844)</b>	<b>(329,346)</b>	<b>80,858,790</b>			

## Share Options *(continued)*

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

(2) Movement during the period from 28 December 2006 (the date when the Rights Issue Adjustments became effective) to 31 December 2006

	Number of options outstanding at 27/12/2006 (the date before Rights Issue Adjustments)	Exercise price per share before Rights Issue Adjustments	Number of options outstanding at 28/12/2006 (the date of Rights Issue Adjustments)	Exercise price per share after Rights Issue Adjustments	Number of options lapsed during the period from 28/12/2006 to 31/12/2006	Number of options cancelled during the period from 28/12/2006 to 31/12/2006	Number of options outstanding at 31/12/2006	Date granted	Exercisable Period
Tan Sri Lim Kok Thay (Director)	3,369,697	HK\$2.9944	3,585,521	HK\$2.8142	—	—	3,585,521	19/08/2002	20/08/2004 – 19/08/2012
	594,653	HK\$1.7240	632,740	HK\$1.6202	—	—	632,740	23/08/2004	24/08/2006 – 23/08/2014
	<b>3,964,350</b>		<b>4,218,261</b>		<b>—</b>	<b>—</b>	<b>4,218,261</b>		
Mr. Chong Chee Tut (Director)	518,415	HK\$2.9944	551,619	HK\$2.8142	—	—	551,619	19/08/2002	20/08/2004 – 19/08/2012
	91,485	HK\$1.7240	97,345	HK\$1.6202	—	—	97,345	23/08/2004	24/08/2006 – 23/08/2014
	<b>609,900</b>		<b>648,964</b>		<b>—</b>	<b>—</b>	<b>648,964</b>		
Mr. William Ng Ko Seng (Director)	622,098	HK\$2.9944	661,943	HK\$2.8142	—	—	661,943	19/08/2002	20/08/2004 – 19/08/2012
	109,782	HK\$1.7240	116,814	HK\$1.6202	—	—	116,814	23/08/2004	24/08/2006 – 23/08/2014
	<b>731,880</b>		<b>778,757</b>		<b>—</b>	<b>—</b>	<b>778,757</b>		
Mr. David Colin Sinclair Veitch (Director)	2,073,660	HK\$2.9944	2,206,475	HK\$2.8142	—	—	2,206,475	19/08/2002	20/08/2004 – 19/08/2012
	365,940	HK\$1.7240	389,378	HK\$1.6202	—	—	389,378	23/08/2004	24/08/2006 – 23/08/2014
	<b>2,439,600</b>		<b>2,595,853</b>		<b>—</b>	<b>—</b>	<b>2,595,853</b>		
All other employees	62,906,081	HK\$2.9944	66,935,639	HK\$2.8142	(61,000)	—	66,874,639	19/08/2002	20/08/2004 – 19/08/2012
	792,870	HK\$2.9944	843,652	HK\$2.8142	—	—	843,652	08/09/2003	09/09/2005 – 08/09/2013
	9,414,109	HK\$1.7240	10,017,261	HK\$1.6202	—	—	10,017,261	23/08/2004	24/08/2006 – 23/08/2014
	<b>73,113,060</b>		<b>77,796,552</b>		<b>(61,000)</b>	<b>—</b>	<b>77,735,552</b>		
<b>Grand Total</b>	<b>80,858,790</b>		<b>86,038,387</b>		<b>(61,000)</b>	<b>—</b>	<b>85,977,387</b>		

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 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	Nature of interests/capacity in which such interests were held					Total	Percentage of issued ordinary shares
	Beneficial owner	Interests of spouse	Interest of controlled corporation	Trustee	Beneficiary of trust		
	Number of ordinary shares (Notes)						
Parkview Management Sdn Bhd (as trustee of a discretionary trust) (1)	—	—	2,463,055,180 (10)	2,463,055,180 (12)	—	2,463,055,180 (20)	36.30
Kien Huat Realty Sdn Bhd (2)	—	—	2,463,055,180 (10)	—	—	2,463,055,180	36.30
Genting Berhad (3)	—	—	2,463,055,180 (10)	—	—	2,463,055,180	36.30
Resorts World Bhd (4)	—	—	2,442,959,180 (11)	—	—	2,442,959,180	36.01
Sierra Springs Sdn Bhd (5)	—	—	2,442,959,180 (11)	—	—	2,442,959,180	36.01
Resorts World Limited (5)	2,442,959,180	—	—	—	—	2,442,959,180	36.01
GZ Trust Corporation (as trustee of a discretionary trust) (6)	—	—	2,511,827,344 (13)	2,511,827,344 (14 and 19)	2,511,827,344 (16)	2,511,827,344 (20)	37.02
Cove Investments Limited (7)	—	—	—	—	2,511,827,344 (17 and 19)	2,511,827,344	37.02
Golden Hope Limited (as trustee of Golden Hope Unit Trust) (8)	—	—	—	2,511,827,344 (15 and 19)	—	2,511,827,344	37.02
Joondalup Limited (9)	546,628,908	—	—	—	—	546,628,908	8.06
Puan Sri Wong Hon Yee	—	5,919,085,435 (18(a) and 19)	36,298,108 (18(b))	—	—	5,919,085,435 (20)	87.25

Notes:

As at 31 December 2006:

- (1) Parkview Management Sdn Bhd ("Parkview") was 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").
- (2) Kien Huat Realty Sdn Bhd ("KHR") was 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.

## Interests of Substantial Shareholders *(continued)*

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

Notes: *(continued)*

- (3) Genting Berhad (“GB”), a company listed on the Main Board of Bursa Malaysia Securities Berhad of which KHR controlled 39.6% of its equity interest.
- (4) Resorts World Bhd (“RWB”), a company listed on the Main Board of Bursa Malaysia Securities Berhad of which GB controlled 57.6% of its equity interest.
- (5) Resorts World Limited (“RWL”) was a wholly-owned subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) which was in turn a wholly-owned subsidiary of RWB.
- (6) GZ Trust Corporation (“GZ”) was 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 held 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”) was wholly-owned by GZ as trustee of the Discretionary Trust 2.
- (8) Golden Hope Limited (“Golden Hope”) was the trustee of GHUT.
- (9) Joondalup Limited was wholly-owned by Tan Sri Lim Kok Thay (“Tan Sri KT Lim”).
- (10) Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB had a corporate interest in 2,463,055,180 ordinary shares (comprising the same block of 2,442,959,180 ordinary shares held directly by RWL and the same block of 20,096,000 ordinary shares held directly by Genting Overseas Holdings Limited (“GOHL”), a wholly-owned subsidiary of GB).
- (11) Each of RWB and Sierra Springs had a corporate interest in the same block of 2,442,959,180 ordinary shares held directly by RWL.
- (12) The interest in 2,463,055,180 ordinary shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 2,442,959,180 ordinary shares held directly by RWL and the same block of 20,096,000 ordinary shares held directly by GOHL.
- (13) GZ as trustee of the Discretionary Trust 2 had a corporate interest in the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT.
- (14) GZ in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT.
- (15) The interest in 2,511,827,344 ordinary shares was held directly by Golden Hope in its capacity as trustee of GHUT.
- (16) GZ as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (17) Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (18) (a) Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, had a family interest in the same block of 5,919,085,435 ordinary shares in which Tan Sri KT Lim had a deemed interest.  
(b) Puan Sri Wong Hon Yee also had a corporate interest in 36,298,108 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.
- (19) Out of the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT, 502,528,000 ordinary shares were pledged shares.
- (20) There was no duplication in arriving at the total interest.
- (21) All these interests represented 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 substantial shareholders set out in this subsection (A) need to be aggregated with their interests in the underlying shares, if any, 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 substantial shareholders 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 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	Nature of interests
Puan Sri Wong Hon Yee	10,221,167 (Note)	0.151	Interests of spouse

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 10,221,167 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 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.

### 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 36 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 24 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 periodically reviewed by the Remuneration Committee. The Group provides competitive salaries, benefits and incentives including statutory provident fund and voluntary schemes where applicable and insurance schemes covering term life, accident and medical for its employees.

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 in which 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 remuneration for leisure and tourism industry companies based in similar locations which the Group competes for talent. This is to ensure an overall pay structure capable of attracting, motivating and retaining high quality individuals within a cost-effective framework. The Group's employee reward is organised around the financial performance and the markets in which the Group operates. Salary reviews are compared against the external market on an annual basis and adjustments are then recommended to reflect promotions, changes in level of responsibilities and competitive pay levels.

#### Annual Bonus

Payout of annual bonuses is dependent on the Group's performance taking into account individual contribution towards achievement of the Group's overall performance.

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

### **Executive Share Option Plan**

The Company adopts a Post-listing Employees' Share Option Scheme to motivate employees and to allow them to participate in the growth and success of the Group. Options at market value at the date of grant may be offered from time to time to eligible employees entitling them to subscribe for shares in the share capital of the Company.

### **Retirement Benefits**

The Group contributes to retirement schemes for its employees in accordance with statutory requirements in the countries where the Group operates.

## **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 year ended 31 December 2006, save for the deviations from certain code provisions listed below:

- (1) Code Provision A.2.1: the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual;
- (2) Code Provision A.4.1: Non-executive Directors should be appointed for a specific term, subject to re-election; 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, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Considered reasons for the deviation from Code Provision A.2.1 and appropriate measures taken by the Company during the first half year of 2006 to ensure proper compliance with Code Provisions A.4.1 and A.4.2 as well as further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 44 to 57.

## **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, 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 eleven loan agreements for an aggregate principal amount of approximately US\$5.80 billion, of which US\$3.10 billion has been drawdown, with terms ranging from five to sixteen years from the dates of these agreements. As at 31 December 2006, the outstanding loan balances was approximately US\$2.94 billion. The Euro denominated loans had been translated into US dollars based on the exchange rate of US\$1.3199 to €1 as at 31 December 2006.

One of these agreements requires the Lim Family 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 term of the loan. The other ten 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.



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

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

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, the €624 million revolving loan facility, the two €662,905,320 credit facilities and the US\$610 million revolving credit 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.

## Significant Subsequent Events

(a) On 22 January 2007, the Company announced:

- (i) the issuance of 255 million new ordinary shares of US\$0.10 each at the subscription price of HK\$2.29 (US\$0.29) per ordinary share, with an aggregate proceed, net of issuance costs, of approximately US\$75 million, to the independent third parties. In addition, these independent third parties have also been granted non-transferable options at a premium of HK\$0.28 (US\$0.04) per option share to subscribe for 255 million ordinary shares. Each option is exercisable once at an exercise price of HK\$3.00 (US\$0.39) per ordinary share at any time from the date of completion of the subscription of 255 million new ordinary shares to the second anniversary of date of the share option agreements;
- (ii) the acquisition by the JV (as defined below) of a 75% interest in Macau Land Investment Corporation ("MLIC") ("the Acquisition"). An indirect wholly-owned subsidiary of MLIC has been granted by the Government of Macau with a lease over a piece of land in Macau ("the Land") (subject to such grant of lease being published in the Gazette of Macau). The Group has also, on the same date, announced the signing of a shareholders' agreement with GIPLC, a related company, in relation to the management and operation of the newly formed joint venture company ("JV"), New Orisol Investments Limited. The JV is owned as to 75% by the Group and 25% by GIPLC. The purpose of the JV is to carry out the Acquisition and to develop and build on the Land a hotel that will house, inter alia, a casino which will be subject to receiving the relevant authorisation from the Government of Macau (the "Project"). The joint venture arrangement with GIPLC and the performance by the Company of its obligations under the shareholders' agreement constitute a discloseable and connected transaction of the Company under the Listing Rules which is subject to independent shareholders' approval requirements as set out under the Listing Rules; and
- (iii) the signing of a services agreement with Sociedade de Jogos de Macau., S.A., ("SJM"), a holder of a gaming concession granted by the Government of Macau whereby the Group will cause its subsidiary ("the Service Provider") to provide certain areas for a casino in the hotel to be built on the Land and provide services to the casino which will be operated by SJM, conditional upon approval by the Government of Macau. SJM will pay the Service Provider a monthly fee for usage of the location for the casino and the provision of the services.

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## Significant Subsequent Events *(continued)*

- (b) Further to the announcement made on 22 January 2007 set out in item (a) (ii) above, on 6 March 2007, the Company announced the acquisition of GIPLC's 25% interest in the JV at investment cost. Upon completion of the acquisition of 25% interest by the Group, the shareholders' agreement with GIPLC in relation to the management and operation of the JV terminated and the JV has become a wholly-owned subsidiary of the Company. The acquisition of 25% interest in the JV constitutes a connected transaction of the Company under the Listing Rules. As the percentage ratio of this connected transaction is more than 0.1% but less than 2.5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules. The Group will proceed to complete the Acquisition in relation to the Land. The Project will continue to constitute a discloseable transaction of the Company under the Listing Rules. The special general meeting of the Company originally scheduled for the purpose of considering and approving the joint venture arrangement with GIPLC will no longer be necessary.

On the same date, the Company announced, subject to the relevant approvals being obtained, the divestment of its 25% interest in Resorts World at Sentosa Pte. Ltd. ("RWS", formerly known as Infinity @ TheBay Pte. Ltd.) to GIPLC at a price to be mutually agreed. Upon completion of the disposal of 25% interest in RWS, the shareholders' agreement in relation to RWS will terminate and the Company will cease to have any interest in and funding commitment towards RWS. The disposal of 25% interest in RWS will constitute a connected transaction of the Company under the Listing Rules. The Company will make a further announcement when the material terms of the disposal are finalised and agreed by the Company and GIPLC, and the Company will comply with the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules to the extent applicable.

- (c) As at the report date, approximately US\$52.9 million of the US\$180 million 2% Convertible Bonds due 2008 have been converted into ordinary shares of the Company.

## 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, 9 March 2007