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**STAR CRUISES LIMITED**  
(Continued into Bermuda with limited liability)  
(Stock code: 678)

**PROPOSED ISSUE OF US\$150,000,000 7.5% UNSECURED  
CONVERTIBLE BONDS DUE 2016 UNDER GENERAL MANDATE**

**Financial Adviser to Star Cruises Limited and Joint Arranger**



**Joint Arranger**



**Placing Agent**



**Proposed issue of Convertible Bonds**

The Directors are pleased to announce that on 10 August 2009, the Company entered into the Subscription Agreement with the Placing Agent, pursuant to which the Company agreed to issue and the Placing Agent agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Convertible Bonds in the principal amount of US\$150 million (approximately HK\$1,163 million). The Convertible Bonds are denominated in US dollars and are convertible into the Shares of the Company.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Initial Conversion Price of HK\$1.13 per Conversion Share, a maximum of 1,028,761,061 Conversion Shares will be issued, representing approximately 13.85% of the issued share capital of the Company as at the date of this announcement and approximately 12.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming conversion in full of all the Convertible Bonds.

The Conversion Shares will be issued under the General Mandate, which has not been utilized since the date of passing of the relevant resolution and up to the date of this announcement.

The net proceeds from the issue of the Convertible Bonds will be approximately US\$146 million (approximately HK\$1,132 million). The Board intends to use the net proceeds from the issue of the Convertible Bonds for general working capital purposes and repayment of borrowings of the Group.

**Completion is conditional upon the fulfillment of the conditions set out in the paragraph headed “2. The Subscription Agreement — Conditions of the Subscription Agreement” below. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “2. The Subscription Agreement — Termination” below for further information.**

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

**As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## **1. INTRODUCTION**

The Directors are pleased to announce that on 10 August 2009, the Company entered into the Subscription Agreement with the Placing Agent, pursuant to which the Company agreed to issue and the Placing Agent agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Convertible Bonds in the principal amount of US\$150 million (approximately HK\$1,163 million). The Convertible Bonds are denominated in US dollars and are convertible into the Shares of the Company.

## **2. THE SUBSCRIPTION AGREEMENT**

### **Date**

10 August 2009

### **Parties**

(1) The Company

(2) The Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Agent has agreed with the Company that it shall subscribe and pay for or procure not less than six independent Placees to subscribe and pay for the Convertible Bonds, and that each of such Placees (and their respective beneficial owner(s) (where appropriate)) shall be an Independent Third Party prior to and immediately after the Completion.

If the Convertible Bonds are issued to less than six Placees, the Company will make a further announcement setting out the identity of such Placees.

### **Conditions of the Subscription Agreement**

Completion is conditional upon, among other things:

- 1) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange and such approval remains valid and effective;
- 2) the representations and warranties made by the Company in the Subscription Agreement remain true and correct in all material respects, and as if made on, the Closing Date;
- 3) there shall have been delivered to the Placing Agent legal opinions, in form and substance to the reasonable satisfaction of the Placing Agent, dated the Closing Date, on the approvals required for issue of the Convertible Bonds under Bermuda law and the enforceability of the Subscription Agreement, the deed of covenant and the paying, conversion and transfer agency agreement under Hong Kong law; and

- 4) there has not occurred any change or any development or event involving a prospective change, in the condition (financial or otherwise), or the earnings, business, prospects, properties or results of operations of the Group, taken as a whole, which is material and adverse in the context of the issue and offering of the Convertible Bonds,

provided, however, that the Placing Agent may, at its discretion, waive satisfaction of any of the conditions set out in the Subscription Agreement, save for condition (1) above which can only be waived by the Placing Agent and the Company jointly. The Company shall be discharged from performance of its obligations to issue the Convertible Bonds in the event that condition (1) above is not satisfied or waived by the Placing Agent and the Company jointly.

### **Termination**

The Subscription Agreement may be terminated in certain circumstances. The Placing Agent may give a termination notice to the Company at any time prior to the payment of the net proceeds of the issue of the Convertible Bonds to the Company on the Closing Date. Such circumstances include, without limitation:

- 1) any representation and warranty by the Company in the Subscription Agreement or in any document delivered pursuant to the Subscription Agreement is or proves to be untrue or incorrect in a material respect on the date on which it was first made or on the date on which it is deemed to be repeated, or the Company fails to perform any of its material obligations under the Subscription Agreement;
- 2) any of the conditions precedent to Completion is not satisfied or waived by the Placing Agent, or by the Placing Agent and the Company jointly (in respect of condition (1) set out in the paragraph headed “Conditions of the Subscription Agreement” above), on or prior to the Closing Date;
- 3) the Shares of the Company cease to be quoted on the Stock Exchange or another principal stock exchange or securities market on which the Shares are traded or there shall have occurred a suspension of more than five consecutive business days in the trading of the Shares on the Stock Exchange or another principal stock exchange on which the Shares are traded; and
- 4) in any relevant jurisdiction, there is adopted a new law (other than a law which has been announced before the date of the Subscription Agreement) or a change in the interpretation or application of a law which prohibits or restricts the

issuance of the Convertible Bonds, capital issues or has a material adverse effect on the taxation treatment of the Convertible Bonds and/or the Shares to be issued upon conversion of the Convertible Bonds or the transfer thereof.

Subject to the foregoing, Completion shall take place on the Closing Date, which shall not be later than 31 August 2009, or such other date as may be agreed by the Company and the Placing Agent in writing.

### **Undertakings by the Company in the Subscription Agreement**

The Company has undertaken to the Placing Agent (among other things) that neither it nor any person acting on its behalf will, for a period from the date of the Subscription Agreement to 60 days after the Closing Date, without the prior written consent of the Placing Agent (or, after the Closing Date, the Majority Bondholders), (i) issue, offer, sell, pledge or otherwise dispose of any Shares (whether directly or indirectly), or enter into any agreement to do so; (ii) issue or offer any other securities which confer a right to the Shares (or any interest therein), or which represent the Shares (or any interest therein), or enter into any agreement to do so; (iii) enter into any agreement that transfers or might transfer any of the economic consequences of ownership of the Shares (including, but not limited to, stock lending, derivative or hedging transactions); or (iv) publicly announce any intention to do any one or more of the foresaid matters (together the “Lock-Up”).

The above undertaking does not restrict the grants of employee stock options in respect of the Shares pursuant to the terms of any publicly disclosed plan or arrangement, or issuance of Shares pursuant to the exercise of such options (whether granted before or after the date of the Subscription Agreement) or the issue of Shares to the Shareholders who are being offered the option to elect to receive annual dividends in the form of Shares.

The Company has also undertaken to the Placing Agent that, for a period from the date of the Subscription Agreement to 60 days after the Closing Date, no international offering of debt instruments or debt securities having a maturity of more than one year from the date of issue (other than the Convertible Bonds) in connection with which it or its principal subsidiary is the borrower, debtor, issuer or guarantor is announced, placed (privately or otherwise), directly or on its behalf, (and nor shall the Company enter into, or allow its principal subsidiary to enter into, any agreement to do any of the foregoing) unless it has obtained the prior written consent of the Placing Agent (or, after the Closing Date, the Majority Bondholders).

### 3. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarized below:

|                          |  |
|--------------------------|--|
| Issuer                   | The Company  |
| Placing Agent            | Aktis Capital Singapore Pte. Ltd   |
| Principal Amount         | US\$150 million (approximately HK\$1,163 million)  |
| Maturity Date            | The date falling on the 7th anniversary of the Closing Date  |
| Issue Price              | 100% of the principal amount of the Convertible Bonds.   |
| Coupon                   | The Convertible Bonds will bear interest from the Closing Date at the rate of 7.5% per annum payable semi-annually in arrears every 6 months after the Closing Date until the Maturity Date.   |
| Conversion               | <p>Each Bondholder has the right to convert the Convertible Bonds in whole or in part into Conversion Shares at any time and from time to time during the period commencing on the date that falls 30 days from the Closing Date and ending on the date that is 10 days prior to the Maturity Date, unless previously redeemed, converted or purchased and cancelled.</p> <p>The number of Shares to be issued on conversion will be determined by dividing the principal amount of the Convertible Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.75 to US\$1.00) by the Initial Conversion Price, or the conversion price as adjusted according to the terms and conditions of the Convertible Bonds.</p> |
| Initial Conversion Price | HK\$1.13 per Conversion Share.   |
| Redemption at Maturity   | Unless the Convertible Bonds have been previously redeemed, repurchased and cancelled or converted, the Company shall redeem the Convertible Bonds on the Maturity Date at 100% of the outstanding principal amount thereof, plus any accrued but unpaid interest.   |

|   |  |
|---|--|
| Redemption at option of the Company     | <p>The Convertible Bonds may be redeemed at the option of the Company at their Early Redemption Amount, in whole or in part at any time from and including the 5th anniversary date by giving not less than 30 nor more than 60 days' notice, provided that the volume weighted average price per Share for 30 consecutive trading days, the last day of which period occurs no more than 5 trading days immediately prior to the date upon which the relevant notice of redemption is given by the Company, was at least 130% of the conversion price of such trading day.</p> <p>The Company may also redeem the Convertible Bonds at their Early Redemption Amount (plus any accrued but unpaid interest) if less than 10% of the aggregate principal amount of the Convertible Bonds originally issued is still outstanding.</p> |
| Redemption at option of the Bondholders | At the 5th anniversary of the issue date and at a price equal to the Early Redemption Amount (plus any accrued but unpaid interest).   |
| Tax redemption                          | The Convertible Bonds may be redeemed at their Early Redemption Amount at the option of the Company (plus any accrued but unpaid interest) in the event of certain changes in or amendments to the laws of Bermuda, Hong Kong, Singapore or Malaysia as a result of which the Company has or will become obliged to pay additional amounts of tax in respect of the Convertible Bonds.   |
| Put rights of the Bondholders           | In certain circumstances such as involving a delisting of the Company and/or a change of control of the Company, a Bondholder may have the right to require the Company to redeem all (and not in part) of the Bondholder's Convertible Bonds at their Early Redemption Amount (plus any accrued but unpaid interest).   |
| Form and denomination                   | The Convertible Bonds will be in registered form and in denominations of US\$1,000 or integral multiples thereof.  |

|                 |   |
|-----------------|---|
| Lock-Up         | A lock up period from the date of the Subscription Agreement until 60 days after Closing Date shall apply with respect to the Company unless with the prior written consent of the Placing Agent (or, after the Closing Date, the Majority Bondholders). For details of the Lock-Up, please refer to the section headed “2. The Subscription Agreement — Undertakings by the Company in the Subscription Agreement”.  |
| Status          | The Convertible Bonds will be direct, senior, unsubordinated and (subject to the negative pledge) unsecured obligations of the Company and will rank at least <i>pari passu</i> with all other senior, unsecured and unsubordinated obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves, except as may be required by mandatory provisions of law.   |
| Anti-dilution   | The Initial Conversion Price is subject to adjustment events including, among other things, consolidation, subdivision, reclassification of Shares, capitalization of profits or reserves, capital distribution, issuance of options, rights, warrants, issue of Shares at less than 95 per cent. of the current market price and other standard dilutive events.   |
| Listing         | No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.   |
| Withholding Tax | All payments in respect of the Convertible Bonds shall be made free and clear of and without deduction for any taxes, duties, assessment or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong, Bermuda, Singapore or Malaysia, if applicable or any authority therein or thereof to tax, unless such withholding or deduction is required by law. In such event, the Company shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts as would have been required by them had no such withholding or deduction been given. |



The Company undertakes to the Bondholders that so long as any Convertible Bond remains outstanding:

- (i) it will use its best endeavours (a) to maintain the listing for all the issued Shares on the Stock Exchange, (b) to obtain and maintain the listing for all the Conversion Shares on the Stock Exchange and (c) if the Company is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the conversion rights on an alternative stock exchange as the Company may from time to time determine and will forthwith give notice to the Bondholders;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining the listing for, the Shares arising on conversion of the Convertible Bonds;
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);
- (iv) it will reserve, free from any other pre-emptive or other similar rights, out of its authorized but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Convertible Bonds and will ensure that all Shares will be duly and validly issued as fully-paid; and
- (v) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the conversion price below the par value of the Shares of the Company,

provided always that the Company shall not require the approval of an extraordinary resolution of Bondholders for purchasing its Shares and cancelling those Shares to the extent permitted by law.

### **Comparison of conversion price**

The Initial Conversion Price of HK\$1.13 (subject to adjustments) per Conversion Share represents:

- (i) a discount of about 18.12% of the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on 10 August 2009, being the date of the Subscription Agreement;
- (ii) a discount of about 8.87% of the average closing price of approximately HK\$1.24 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including 10 August 2009; and

- (iii) a discount of about 2.59% of the average closing price of approximately HK\$1.16 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days up to and including 10 August 2009.

The Initial Conversion Price of HK\$1.13 per Conversion Share was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

### **Conversion Shares**

For illustrative purpose and assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Initial Conversion Price of HK\$1.13 per Conversion Share, a maximum of 1,028,761,061 Conversion Shares will be issued, representing approximately 13.85% of the issued share capital of the Company as at the date of this announcement and approximately 12.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming conversion in full of all the Convertible Bonds.

The Conversion Shares will be issued under the General Mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 10 June 2009 subject to the limit of up to 20% of the issued share capital of the Company as at that date. The maximum number of Shares to be issued under the General Mandate is 1,485,249,169 Shares. The General Mandate has not been utilized since the date of passing of such ordinary resolution and up to the date of this announcement. The Conversion Shares will, upon issue, rank pari passu in all respects with the Shares in issue as at the date of their allotment and issue.

#### 4. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 7,426,245,846 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) for illustrative purpose, immediately after the exercise of the conversion rights attaching to the Convertible Bonds in full at the Initial Conversion Price of HK\$1.13 per Conversion Share is as follows:

| Shareholders  | As at the date of<br>this announcement |               | Immediately after<br>full conversion of<br>the Convertible<br>Bonds at the Initial<br>Conversion Price |               |
|---|--|---------------|--|---------------|
|   | Number of<br>Shares                    | %             | Number of<br>Shares  | %             |
| Golden Hope Limited<br>(as trustee of the Golden<br>Hope Unit Trust)      | 3,521,827,344                          | 47.42         | 3,521,827,344  | 41.65         |
| Resorts World Limited   | 1,432,959,180                          | 19.30         | 1,432,959,180  | 16.95         |
| Genting Overseas Holdings<br>Limited                                      | 20,096,000                             | 0.27          | 20,096,000   | 0.24          |
| Tan Sri Lim Kok Thay ( <i>Note 1</i> )                                    | 945,306,151                            | 12.73         | 945,306,151  | 11.18         |
| Directors of members of the<br>Group (other than Tan Sri<br>Lim Kok Thay) | 2,566,220                              | 0.03          | 2,566,220  | 0.03          |
| <b>Public:</b>  |  |               |  |               |
| Placees   | Nil                                    | N.A.          | 1,028,761,061  | 12.17         |
| Holders of Shares other than<br>the Placees                               | 1,503,490,951                          | 20.25         | 1,503,490,951  | 17.78         |
| <b>Total:</b>   | <u>7,426,245,846</u>                   | <u>100.00</u> | <u>8,455,006,907</u>   | <u>100.00</u> |

*Note 1:* Include Shares held by Goldsfine Investments Ltd., a company equally owned by Tan Sri Lim Kok Thay (“Tan Sri Lim”) and his wife and Shares held by Joondalup Limited, a company wholly-owned by Tan Sri Lim. Tan Sri Lim is the Executive Director, Chairman and Chief Executive Officer of the Company.

## **REASONS FOR THE TRANSACTION AND USE OF PROCEEDS**

The Group is principally engaged in the business of cruise and cruise related operations.

The net proceeds from the issue of the Convertible Bonds will be approximately US\$146 million (approximately HK\$1,132 million). The Board intends to use the net proceeds from the issue of the Convertible Bonds for general working capital purposes and repayment of borrowings of the Group.

The Board considers that the issue of the Convertible Bonds will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attaching to the Convertible Bonds are exercised, the capital base of the Company will be enlarged.

The Board considers that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND-RAISING CONDUCTED IN THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

The Company has not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

|                |  |
|----------------|--|
| “Board”        | the board of directors of the Company  |
| “Bondholders”  | holders of the Convertible Bonds   |
| “Closing Date” | the date agreed between the Company and the Placing Agent as the date for issuance of the Convertible Bonds, which shall not be later than 31 August 2009 or such other date as may be agreed in writing between the Placing Agent and the Company                                   |
| “Company”      | Star Cruises Limited, an exempted company continued into Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and traded on the Quotation and Execution System for Trading of the Singapore Exchange Securities Trading Limited |

|                                |  |
|--------------------------------|--|
| “Completion”                   | completion of the subscription for the Convertible Bonds pursuant to the Subscription Agreement  |
| “Conversion Share(s)”          | the new Share(s) to be issued upon conversion of the Convertible Bonds   |
| “Convertible Bond(s)”          | the unlisted 7.5% unsecured convertible bonds in the principal amount of US\$150 million (approximately HK\$1,163 million) to be issued by the Company pursuant to the Subscription Agreement  |
| “Director(s)”                  | the director(s) of the Company   |
| “Early Redemption Amount”      | of a Convertible Bond is the amount in US\$ equal to 100% of its principal   |
| “General Mandate”              | the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 10 June 2009 which authorized the Directors to allot, issue or otherwise deal with up to a maximum of 1,485,249,169 Shares, representing 20% of the issued share capital of the Company as at that date |
| “Group”                        | the Company and its subsidiaries   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons   |
| “Initial Conversion Price”     | the price at which the Conversion Shares will be issued upon conversion of the Convertible Bonds, as adjusted from time to time, and will initially be HK\$1.13 per Conversion Share   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Majority Bondholders”         | means a Bondholder or Bondholders holding not less than 75% of the aggregate principal amount of the Convertible Bonds from time to time outstanding   |
| “Maturity Date”                | the date falling on the 7th anniversary of the date of issue of the Convertible Bonds  |
| “Placees”                      | the investors procured by the Placing Agent to subscribe and pay for the Convertible Bonds pursuant to the Subscription Agreement  |

|                          |  |
|--------------------------|--|
| “Placing Agent”          | Aktis Capital Singapore Pte. Ltd, a company incorporated in, and validly existing under the laws of, Singapore   |
| “Share(s)”               | ordinary share(s) of US\$0.10 each in the share capital of the Company   |
| “Shareholder(s)”         | shareholders of the Company  |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscription Agreement” | the conditional subscription agreement dated 10 August 2009 entered into between the Company and the Placing Agent in connection with the issue of the Convertible Bonds |
| “HK\$”                   | Hong Kong dollar(s), the lawful currency of Hong Kong  |
| “US\$”                   | US dollar(s), the lawful currency of the United States of America  |
| “%”                      | per cent.  |

*Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted, for the purpose of illustration only, into HK\$ as follows:*

$$US\$1 = HK\$7.75$$

*No representation is made that any amount in HK\$ could have been or could be converted at the above rate or at any other rates or at all.*

By order of the Board of  
**STAR CRUISES LIMITED**  
**Louisa Tam Suet Lin**  
*Company Secretary*

Hong Kong, 10 August 2009

*As at the date of this announcement, the Board comprises one Executive Director, namely Tan Sri Lim Kok Thay (whose alternate is Mr. William Ng Ko Seng), and five Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Tan Boon Seng, Mr. Lim Lay Leng, Mr. Heah Sieu Lay and Mr. Au Fook Yew.*