GENTING
HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)
Stock code: 678

Annual Report 2009

GENTING HONG KONG

We are a leading global leisure entertainment and hospitality corporation committed to enhancing shareholder value and maintaining long term sustainable growth in our core businesses.

OUR MISSION

We will:

Be responsive to the changing demands of our customers and excel in providing quality products and services.

1

Be committed to innovation and the adoption of new technology to achieve competitive advantage.

2

Generate a fair return to our shareholders.

3

Pursue personnel policies which recognize and reward performance and contributions of employees and provide proper training, development and opportunities for career advancement.

4

Be a responsible corporate citizen, committed to enhancing corporate governance and transparency.

5

Contents

Corporate Profile

Genting Hong Kong Limited, formerly known as Star Cruises Limited, is a leading global leisure, entertainment and hospitality enterprise, with core competences in both land and sea-based businesses:

- Star Cruises - Asia-Pacific
- Norwegian Cruise Lines ("NCL") - A 50% joint ownership alongside Apollo and TPG
- Resorts World Manila ("RWM") - Manila, Philippines; joint partnership with Alliance Global Group under Travellers International Hotel Group, Inc.

A pioneer in its own right, Genting Hong Kong was incorporated in September 1993 operating its fleet under Star Cruises, to take on a bold initiative to grow the Asia-Pacific region as an international cruise destination. Star Cruises together with NCL is the third largest cruise operator in the world, with a combined fleet of 17 ships cruising to over 200 destinations, offering approximately 30,000 lower berths.

RWM is Genting Hong Kong's first foray in a land-based attraction. RWM opened its doors to the public in August 2009, and is part of the premier leisure brand, "Resorts

Premier Brands

STAR CRUISES | **NORWEGIAN CRUISE LINE** | **RESORTS WORLD MANILA**

World", representing a flagship integrated leisure and entertainment complex featuring 3 hotels including a six-star all-suite Maxims Hotel, an iconic shopping mall, 4 high-end cinemas and a multi-purpose performing arts theatre.

Our mission statement is to create world class entertainment and leisure experiences for our visitors. Our unique venues and itineraries, coupled with a promise to deliver best-in-class services, will ensure an unforgettable experience by all. Genting Hong Kong constantly seeks new scalable business opportunities, and ways in which we can excel and improve in our business proposition.

Headquartered in Hong Kong, Genting Hong Kong has a presence in more than 20 locations worldwide with offices and representation in Australia, Cambodia, China, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Sweden, Taiwan, Thailand, the United Arab Emirates, the United Kingdom, the United States and Vietnam.

Genting Hong Kong is listed on The Hong Kong Stock Exchange and is traded on the Quotation and Execution System for Trading of the Singapore Exchange Securities Trading Limited.

GENTING-STAR TOURISM ACADEMY
(Shanghai / Manila)

MY INN

Fleet Profile

Star Cruises

Star Cruises, the leading cruise line in Asia-Pacific, has a fleet of 7 ships which includes *SuperStar Virgo, SuperStar Aquarius, SuperStar Libra, Star Pisces, MegaStar Aries, MegaStar Taurus* and *Norwegian Dream*, offering various cruise itineraries in the Asia-Pacific region.

SuperStar Virgo

SuperStar Aquarius

SuperStar Libra

Star Pisces

MegaStar Aries

MegaStar Taurus

Norwegian Dream

Norwegian Cruise Line

Norwegian Cruise Line, the Youngest Fleet on the Planet, operates a fleet of 10 ships which includes *Norwegian Gem, Norwegian Jewel, Norwegian Pearl, Norwegian Sun, Norwegian Dawn, Norwegian Star, Norwegian Spirit, Norwegian Jade, Norwegian Sky* and *Pride of America*.


Norwegian Gem


Norwegian Jewel


Norwegian Pearl


Norwegian Sun


Norwegian Dawn


Norwegian Star


Norwegian Spirit


Norwegian Jade


Norwegian Sky


Pride of America

Resorts World Manila ("RWM") is the Philippines' first state-of-the-art integrated leisure and entertainment complex in the country. It is a flagship luxury brand under the management of Travellers International Hotel Group, Inc. which is a joint venture between Genting Hong Kong Limited and Alliance Global Group, Inc.

Located in the Newport City Cybertourism Zone in Pasay City, adjacent to the Ninoy Aquino International Airport Terminal 3 in Manila, Philippines, RWM opened its doors to the public in August 2009 and provided a myriad of ways to play. Whether a guest is a world traveler, thrill-seeker, gourmet, shopaholic, or the art and music lover, RWM has something to offer those seeking world-class entertainment and leisure.

Play the World Traveler

RWM is home to Marriott Hotel Manila, a five-star international hotel brand. It is also home to Maxims Hotel, the first all-suite deluxe hotel in the Philippines with its 172 suites, state-of-the-art facilities and assigned personal butler service which will take care of a guest's needs, from personal requests, reservations, to travel arrangements. Coming soon is the Remington Hotel, targeted to open in the first quarter of 2011. It will offer basic services and amenities for an affordable and comfortable stay within everyone's reach.

Play the Thrill-seeker

RWM's world-class gaming facilities has over 1,000 slot machines and 300 tables. High-rollers may avail of the VIP gaming areas to enjoy the company of other thrill-seekers. The gaming floors are open 24/7.

Play the Gourmet

Guests can enjoy a wide array of dining choices in RWM. Among these are Passion, serving mouthwatering Cantonese and Southeast Asian cuisine, Ginzadon with its sumptuous offerings of Japanese and Korean dishes, Noodle Works offering the best Asian noodles, and Mercado with its exquisite buffet of Filipino cuisine and Maxims Dining, delighting elite members of RWM with world-class cuisine exclusive for their discerning taste.

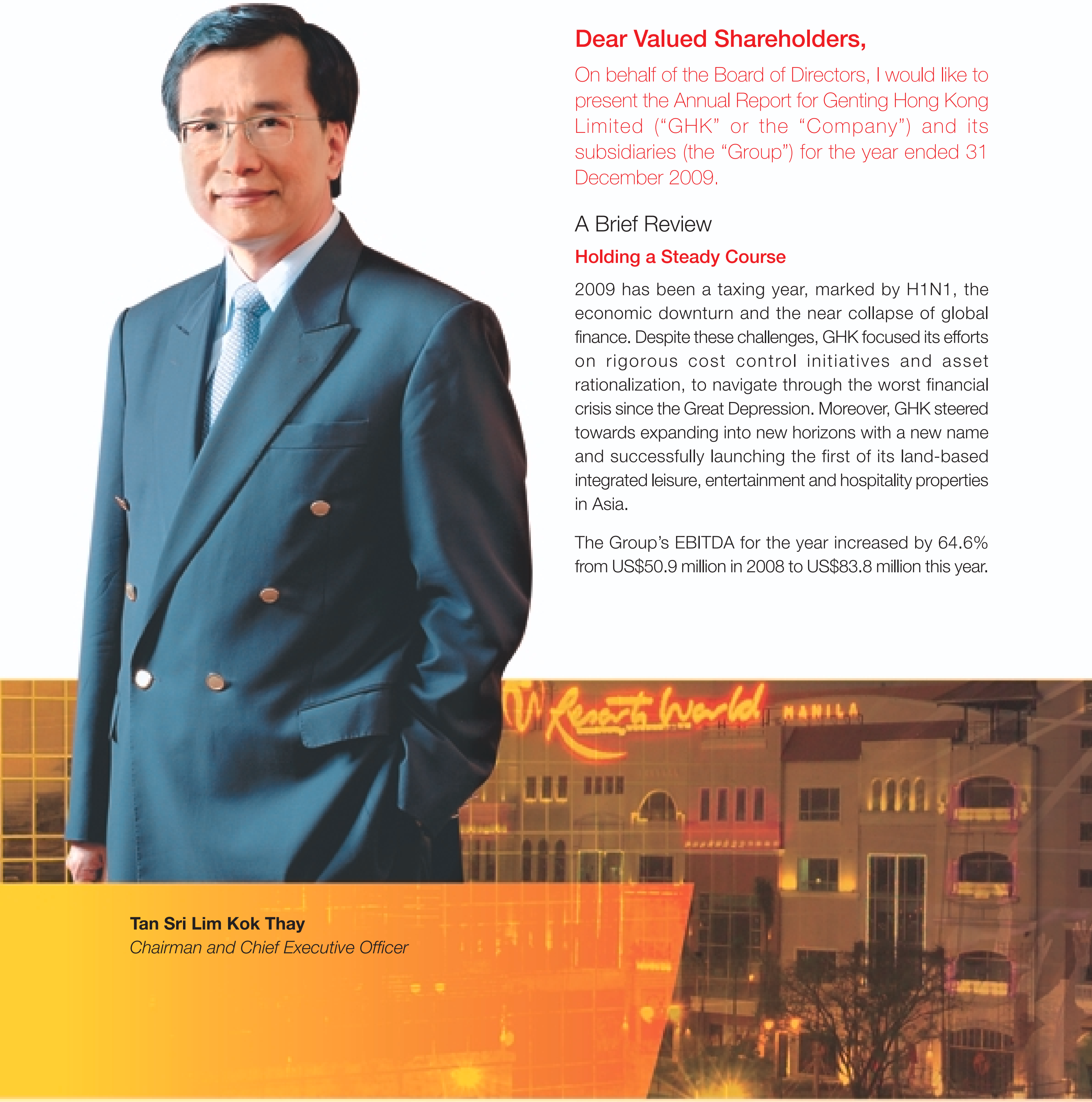
Play the Shopaholic

The Newport Mall is a four-level, high-end mall slated to open in the second quarter of 2010. It will feature an iconic design and an indoor piazza with a glass skyline to promote an open space concept for a relaxed shopping and dining atmosphere. Gourmets will have more to celebrate with the mall's variety of dining establishments to choose from.

Play the Art and Music Lover

RWM has various options to entertain. A must-visit is the innovative entertainment hotspot Bar 360 which regularly features world-class Filipino and foreign acts such as bands, acrobats, and dancers who will perform while guests enjoy their favorite drink. Also, blockbuster movies and classic flicks will be played at The Newport Mall's 4 premium cinemas with a total seating capacity of 1,200. The mall will also house a 1,500-seat Performing Arts Theater, a multipurpose venue which will feature world-class acts, plays, performances, and more.

Chairman's Statement



Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Dear Valued Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report for Genting Hong Kong Limited ("GHK" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2009.

A Brief Review

Holding a Steady Course

2009 has been a taxing year, marked by H1N1, the economic downturn and the near collapse of global finance. Despite these challenges, GHK focused its efforts on rigorous cost control initiatives and asset rationalization, to navigate through the worst financial crisis since the Great Depression. Moreover, GHK steered towards expanding into new horizons with a new name and successfully launching the first of its land-based integrated leisure, entertainment and hospitality properties in Asia.

The Group's EBITDA for the year increased by 64.6% from US$50.9 million in 2008 to US$83.8 million this year.

New Name, New Horizons

Genting Hong Kong Limited changed its name from "Star Cruises Limited" on 21 October 2009 to align itself with the corporate strategy of diversifying into land-based integrated resorts and entertainment across Asia. This name change is a significant milestone and dovetails well with GHK's development and expansion plans.

This re-branding exercise complement GHK's footprint in Asia and has created opportunities to build upon its established cruise and cruise-related operations by leveraging the Group's extensive network across Asia, Europe and the Americas.

Capitalizing on Asia's tremendous growth potential, the successful launch and soft opening of Resorts World Manila ("RWM") in the Philippines in August 2009 is the first land-based attraction to appear in GHK's expanding new horizons. RWM is part of the premier leisure brand, "Resorts World", and the first of its kind in the Philippines.

New Markets, New Cruises

In Asia, GHK's Star Cruises distinguished itself once again as a pioneer of new cruise markets by being the first cruise line to bring Mainland Chinese tourists to Taiwan on the Hong Kong-based *SuperStar Aquarius*. *SuperStar Aquarius'* special tailor-made Taiwan cruise is designed to offer "multi-destination" travel for the Mainland tourists to cities such as Tainan, Taichung and Taipei. The success of this initiative has led the Company to increase the frequency of such cruises in 2010. Star Cruises is indeed honoured to be able to further develop and expand the Greater China cruise market sector.

Concurrently, our Singapore-based *SuperStar Virgo* has also held a steady course throughout 2009. In spite of increased competition from other operators and the ongoing economic downturn, *SuperStar Virgo* achieved US$18.0 million increase in revenue compared to 2008.

Chairman's Statement

In the Americas, GHK continued to optimize the range of its offerings throughout 2009. As part of the Company's optimization plan, *Norwegian Majesty* left the fleet and was delivered to its new owner in December. Currently, the Norwegian Cruise Line ("NCL") has the youngest and most contemporary fleet in the industry with 10 purpose-built Freestyle Cruising ships in operation and one under construction.

Across the Atlantic, *Norwegian Epic* was first floated on 11 July 2009 and sailed out of her dock at STX Europe in Saint-Nazaire, France and will be joining the service in June 2010. *Norwegian Epic* with a tonnage of 153,000 ton is able to carry 4,200 passengers. She is NCL's largest and most innovative Freestyle Cruising ship to date incorporating exciting features, including the stylish curved design of its New Wave staterooms, studio rooms for solo travelers, and the first real ice bar onboard a cruise ship. As part of a growing range of adventure experiences offered by *Norwegian Epic*, she also boasts a first ever rappelling wall at sea. NCL is planning to host a spectacular gala launch of *Norwegian Epic* in June 2010.

New Centers, New Programmes

In light of our cost saving initiatives in 2009, we established GHK's Regional Operating Headquarters at RWM in the Philippines, comprising its "back of the house" and call center operations.

GHK's focus is to be the premier integrated leisure and entertainment provider across Asia. Our business success is built on the ability of the Group to effectively and systematically source, train and enhance the skills of its employees. GHK saw the potential talent pool and took the initiative to tap into what is arguably Asia's powerhouse of leisure and personal service skills in the Philippines. On 9 October 2009, we opened the Genting-Star Tourism Academy in Manila. This follows GHK's earlier initiative of being the first to establish a management programme for the cruise industry in Shanghai, China where the Genting-Star International Cruise Management programme was launched in 2005.

Capital and Funding

In 2009, GHK undertook a convertible bond issue and a sale of non-core business asset, which has allowed the Group to successfully weather last year's financial crunch.

On 20 August 2009, GHK issued US$150 million convertible bonds. The net proceeds received has been used for repayment of the Group's borrowings and general working capital purposes.

The Group's capital base was further strengthened with the sale of the Star Cruises Port Klang terminal. On 28 August 2009, the Group entered into a sale and purchase agreement for such sale with an independent third party for an aggregate consideration of RM188 million (equivalent to approximately US$54.9 million). The estimated gain on disposal (subject to audit) will be approximately US$9.5 million.

Corporate Social Responsibility

GHK has always been committed to community service. In 2009, we have co-operated with various charitable organizations to actively participate in their fund-raising campaigns and have also initiated company wide fund-raising drives.

In recognition of our community involvement and contributions, we were awarded the Caring Company Logo 2008/09 by The Hong Kong Council of Social Service in 2009. This is one of the many initiatives by our Company and staff to show our commitment as a responsible corporate citizen of the community.

In 2009, several super typhoons and severe floods caused irreparable damage to many of our Asian neighbours. Among the hardest hit countries like Taiwan and the Philippines, we have run our own campaigns to raise donations for the needy. Among our contributions in 2009 is a donation of New Taiwan Dollars 2 million to Taiwan Buddha's Light International Association and The Red Cross Society towards Typhoon Morakot Relief in August. Subsequently, we raised another New Taiwan Dollars 16.7 million to Taiwan Buddha's Light International Association in support of their charity mission.

Shocked by the calamity in the Philippines, GHK staff immediately responded and raised relief funds. Apart from the contribution from the Company and employees, we also ran a donation campaign onboard our cruise ships and called on our guests to lend a helping hand. Within one month, a total of Philippine Pesos 1 million was raised and donated to the Philippines National Red Cross.

Prospects

The Group has experienced a turnaround in 2009 as evidenced by the overall improvement in its performance. This is mainly the result of the increase in net yield, the stringent cost control exercise and a strong turnaround performance by NCL Corporation Ltd. and its subsidiaries ("NCLC Group") with a net profit of US$67.2 million (US GAAP) as compared to a net loss of US$211.8 million (US GAAP) in 2008. These initiatives will continue to be carried through in the year 2010.

On the cruise side, the global cruise business is picking up both on the booking trend and the yield. NCLC Group is also benefiting from that and has been performing better than its competitors in the major areas. We have also been able to push up our yields in Asia while maintaining the occupancy level. Being so close to the China market and in view of the success of the Taiwan cruise started last year, we will be increasing our frequency of the Taiwan cruise to capture market share.

On the land-based development, our project in Manila partnering with Alliance Global Group, Inc., RWM has been successfully launched on 28 August 2009. The project is opening by phases and so far over 450,000 visitors from the Philippines, Asia and the rest of the world have enjoyed the facilities of this integrated resort. Work on the remaining development of RWM is now well underway and upon completion, its three hotels, shopping malls, cinemas, theatres and other facilities will encompass all aspects of entertainment, making it the most desired destination in the Philippines.

With this exciting new land-based venture, the successful turnaround of the cruise business and the much improved balance sheet, the Group is well positioned to excel and advance towards its goal of becoming the leading diversified land and sea-based leisure and entertainment operator.

Acknowledgement

On behalf of the Board of Directors, I would like to extend my heartfelt appreciation to the management, staff, officers and crew for their dedicated commitment and ongoing efforts to continually seek new ways to improve and enhance our products and services for our guests.

I would also wish to express my sincere thanks to the various local authorities, business partners, consultants, travel agents, customers and loyal shareholders for their support and cooperation throughout the year and am deeply appreciative of the tremendous support from the central and local governments in the jurisdictions where we operate.

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

25 March 2010

Global Highlights

1. Star Cruises once again honoured as inductee into Travel Trade Gazette Asia's "Travel Hall of Fame" in 2009.

2. Star Cruises honoured with 1st place in the Training category from "Safety at Sea International Award 2009".

3. Tan Sri Lim Kok Thay, Chairman and Chief Executive Officer of Genting Hong Kong, named "Travel Entrepreneur of the Year 2009" at the 20th TTG Travel Awards in October 2009.

4. On 5 August 2009, *SuperStar Aquarius* on her Special Taiwan Cruise is berthed beside *SuperStar Libra* at Keelung Port whilst calling to Tainan, Taichung and Taipei (Keelung).

5. On 2 August 2009, *SuperStar Aquarius* successfully taking the first Mainland tour groups on a Special Taiwan Cruise. Star Cruises is honoured to be able to further develop this Greater China cruise market.

6. Mr. David Chua (2nd on left), President of Genting Hong Kong welcoming Mainland guests on their Special Taiwan Cruise on 2 August 2009.

Global Highlights

7. Genting Hong Kong's first foray into land-based integrated resorts and entertainment businesses, opened the Resorts World Manila on 28 August 2009.

8. Philippines' President Gloria Macapagal-Arroyo being briefed on Resorts World Manila by Mr. Kingson Sian (1st on left), President of Travellers Int'l Hotel Group and Mr. Andrew Tan (far right), Chairman of Alliance Global Group, Inc. on 25 November 2009.

9. On 11 July 2009, *Norwegian Epic* made her first journey on water at STX Europe in Saint-Nazaire, France. The inaugural sailing of the highly anticipated cruise ship is scheduled to depart out of Southampton on 24 June 2010.

10. A group of 700 fans of Jay Chou, Josephson Junction and Angela Chang boarded *SuperStar Aquarius* to participate in a concert organized with Coca Cola in October 2009.

11. Suzhou My Inn opened in May 2009. Together with Hangzhou My Inn, the Group owns a total of 2 budget hotels in China.

12. A very busy Star Cruises' booth at the 2009 International Travel Fair in Taiwan from 30 October to 2 November 2009.

13. Star Cruises' booth at the 4th China Cruise Industry Development Summit 2009 & the 1st International Cruise Expo in Sanya in November 2009 to showcase our product.

14. Star Cruises' booth at Malaysia's MATTA (Malaysian Association of Tour & Travel Agents) Fair in September 2009 in Kuala Lumpur.

Global Highlights

15. Star Cruises has been awarded the Caring Company Logo 2008/09 by The Hong Kong Council of Social Service.

16. We have run our own campaigns to raise funds for the needy in 2009. Among our contributions is a donation of NTD 2 million to Taiwan Buddha's Light Int'l Association and the Red Cross Society towards Typhoon Morakot Relief. In addition, we implemented a donation drive aboard our fleet and throughout our company to support the Filipino victims of Typhoon Ketsana.

17. Star Cruises show our corporate social responsibility to the elderly of the HK Sheng Kung Hui Western District Elderly Community Centre and St. James' Settlement by inviting them onboard *SuperStar Aquarius* for a unique outing.

18. Star Cruises participated at the Heifer International – Race To Feed 2009 Charity Event in October.

19. The Star Cruises team proudly displaying their First Runner Up medals at the Heifer Charity Race.

20. *SuperStar Aquarius*, in October 2009 hosted 200 children requiring special communications assistance from a charitable organization, the Benji's Centre on a day trip.

Corporate Information

Board of Directors

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer
(Mr. William Ng Ko Seng as Alternate Director)

Mr. Alan Howard Smith
Deputy Chairman and
Independent Non-executive Director

Mr. Tan Boon Seng
Independent Non-executive Director

Mr. Lim Lay Leng
Independent Non-executive Director

Mr. Heah Sieu Lay
Independent Non-executive Director

Mr. Au Fook Yew
Independent Non-executive Director

President

Mr. David Chua Ming Huat

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

Appleby Services (Bermuda) Ltd.

Registered Office

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Fax: (852) 23143809

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Pembroke HM08, Bermuda
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Hong Kong Branch Registrar

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183 Queen's Road East,
Hong Kong SAR
Tel: (852) 28628555
Fax: (852) 28650990

Transfer Agent

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The Corporate Office, Singapore 068906
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Certified Public Accountants
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Central, Hong Kong SAR

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Management's Discussion and Analysis of Financial Condition and Results of Operations

General Description of the Group's Business

The Group, together with its jointly controlled entities, NCL Corporation Ltd. ("NCLC") and its subsidiaries (the "NCLC Group"), currently having a combined fleet of 17 ships cruising to over 200 destinations in the world, offering approximately 30,000 lower berths, and is the third largest cruise operator in the world by lower berths. NCLC is presently building Norwegian Epic, a new third generation Freestyle Cruising ship, for delivery in 2010. The Group operates under the principal brand name of Star Cruises while the NCLC Group operates under Norwegian Cruise Line brand.

Star Cruises operates 7 ships offering various cruise itineraries and calls destinations primarily in the Asia Pacific region. Norwegian Cruise Line operates 10 cruise ships offering cruises in North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean and Bermuda.

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo Management, L.P. ("Apollo") and its affiliates in NCLC through an equity investment of US$1 billion was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company. For the purpose of this annual report, the definition of the Group up to 6 January 2008 refers to the Company and its subsidiaries (which includes the NCLC Group). Upon completion of the Apollo transaction on 7 January 2008, the definition of the Group refers to the Company and its subsidiaries (with the NCLC Group being accounted for as a jointly controlled entity).

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. NCLC Group, reporting under US GAAP, accounts for drydocking costs under the direct expense method and these costs are classified as ship operating expenses. Under HKFRS, the drydocking costs are included as a separate component of the ship costs to be amortised to the subsequent drydocking generally every 2 to 3 years in the depreciation and amortisation.

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.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Total revenues

Total revenues of the Group consist of the following:

Revenues from the Group's cruise and cruise-related activities are categorised as "passenger ticket revenues" and "onboard and other revenues". Passenger ticket revenues and onboard revenues vary according to the size of the ship in operation, length of cruises operated and the markets in which the ship operates.

Passenger ticket revenues primarily consist of payments for accommodation, meals in certain restaurants on the ship, certain onboard entertainment, and include payments for service charges and air and land transportation to and from the ship, to the extent passengers purchase those items from the Group. Passenger ticket revenues are generally collected from passengers prior to their departure on the cruise.

Onboard and other revenues consist of revenues primarily from gaming, food and beverage sales, shore excursions, retail sales and spa services. The Group records onboard revenues from onboard activities the Group performs directly or that are performed by independent concessionaires, from which the Group receives a percentage of their revenues.

The cruise industry in Asia Pacific is less seasonal than the North American cruise market. This lower degree of seasonality is primarily attributable to the lower degree of seasonal climate variation in certain parts of Asia Pacific, particularly the Southeast Asia. However, the Group has generally experienced a decrease in demand in December and January in the Hong Kong market attributable to unfavourable weather patterns during that time of the year. This seasonal decrease in demand is generally offset by increased demand in other markets, such as Singapore, Thailand and Malaysia, as a result of public holidays in December and January.

The cruise industry in North America is, however, seasonal based on demand for cruises. Historically, demand for cruises has been strongest during the summer months.

Demand, however, also varies by ship and itinerary.

Operating expenses

Operating expenses consist of commissions, transportation and other expenses, onboard and other expenses, payroll and related expenses, fuel, food expenses, ship charter costs and other operating expenses.

Commissions, transportation and other expenses consist of those amounts directly associated with passenger ticket revenues. These amounts include travel agent commissions, air and other transportation expenses, credit card fees and certain port expenses.

Onboard and other expenses consist of direct costs that are incurred primarily in connection with onboard and other revenues. These costs are incurred in connection with gaming, shore excursions, beverage sales, land packages and sales of travel protection for vacation packages.

Operating expenses (Continued)

Payroll and related expenses represent the cost of wages and benefits for shipboard employees.

Fuel expenses include fuel costs, the impact of fuel hedges and delivery costs.

Food expenses consist of food costs for passengers and crew, which typically vary according to the number of passengers onboard a particular cruise ship.

Ship charter costs consist of amounts paid for chartering ships.

Other operating expenses consist of costs such as repairs and maintenance, ship insurance and other ship expenses.

Selling, general and administrative expenses

Selling expenses consist of the expenses in respect of the Group's marketing activities. These marketing activities include advertising and promotional activities, and other passenger related services, such as the Group's loyalty programmes.

General and administrative expenses consist of shoreside personnel wages and benefits, and expenses relating to the Group's world-wide offices, information technology support, crew training and support (including the operation of the Star Cruises Ship Simulator Centre), operation of the Group reservation call centres and support functions, accounting, purchasing operations, ship administration and other ship-related support activities.

Depreciation and amortisation expenses

Depreciation and amortisation expenses consist primarily of depreciation of ships and shoreside assets. Costs associated with drydocking a ship are deferred and included in the cost of the ship and amortised over the period to that ship's next scheduled drydocking which is generally once every two to three years.

Year ended 31 December 2009 ("Year 2009") Compared with Year ended 31 December 2008 ("Year 2008")

Turnover

The Group's total revenue for 2009 was US$376.8 million, a decrease of 14.6% from US$441.0 million in 2008.

Capacity days decreased by 33.6% compared to 2008 due to selectively laying up of lower yielding ships and the disposal of m.v. Wasa Queen in April. As a result, net revenue decreased by 16.7% although net yield increased by 25.4% due to an increased focus on gaming-centric routes. The Group had a strong fourth quarter in 2009 with net revenues remaining flat when compared to 2008 at approximately US$97 million despite a 27% reduction in capacity days. Gaming revenues increased in the forth quarter as a result of higher gaming passenger mix.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Cost and expenses

Total costs and expenses before interest and other items for the Year 2009 amounted to US$400.1 million compared with US$557.1 million for the Year 2008, a decrease of US$157.0 million.

Operating expenses excluding depreciation, amortisation and impairment loss decreased US$88.7 million (28.4%) to US$223.3 million in 2009 from US$312.0 million in 2008, primarily due to a 44.6% decrease in ship operating expenses as a result of effective costs control measures, achieved through cost savings in payroll, fuel price, passenger food and supplies, repairs and maintenance, and miscellaneous related expenses. Ship operating expenses per capacity day decreased by 16.5% in 2009. Fuel cost saving is due to an approximately 34.2% decrease in average fuel price from US$552 per metric ton in 2008 to US$363 per metric ton in 2009.

Selling, general and administrative expenses excluding depreciation and amortisation decreased by US$8.4 million (10.8%) to US$69.7 million in 2009 from US$78.2 million in 2008 mainly due to lower advertising and promotion costs and shore salary related costs.

Depreciation and amortisation expenses increased by US$11.4 million (16.9%) to US$78.5 million for the Year 2009 from US$67.1 million for the Year 2008. Depreciation and amortisation expenses per capacity day for the Year 2009 increased 76.0% compared to the Year 2008 primarily due to depreciation for m.v. Norwegian Sky transferred from NCLC in January 2009, partially offset by the cessation of depreciation for m.v. Norwegian Dream and m.v. MegaStar Taurus which have been classified as non-current assets held for sale since April 2008 and October 2008 respectively.

A net impairment loss of US$28.6 million in respect of ships and equipment held for sale was recorded in the Year 2009 compared to US$99.9 million for the Year 2008.

Other income / (expense), net

Other expenses, net, was US$0.7 million for the Year 2009 compared to other income, net, US$18.5 million for the Year 2008 mainly due to the net effect of the following items:

(a) Finance costs, net of finance income decreased by US$1.4 million to US$24.0 million for the Year 2009 compared to US$25.4 million for the Year 2008 as a result of both lower average outstanding debts and interest rates.

(b) During the Year 2008, the Group recorded the transaction fee income received from a jointly controlled entity of US$10.0 million.

(c) During the Year 2008, the Group recognised a gain of US$80.8 million on deemed disposal of NCLC and recorded its share of loss of NCLC of US$104.1 million.

(d) In 2009, the Group disposed of one vessel for US$4.0 million and recorded a gain on disposal of the vessels of approximately US$2.2 million. In July 2009, the Group disposed of its office building in Shanghai for approximately US$2.8 million and realised a gain on disposal of approximately US$1.2 million. In 2008, the Group disposed of one vessel for US$162.0 million and realised a gain on disposal of the vessel of approximately US$53.1 million.

Loss before taxation

Loss before taxation for the Year 2009 was US$24.0 million compared to US$97.6 million for the Year 2008.

Taxation

The Group incurred a taxation expense of US$4.3 million for the Year 2009 compared with US$3.5 million for the Year 2008.

Loss attributable to equity holders

Net loss attributable to equity holders of the Company was US$25.3 million for the Year 2009 compared with US$80.1 million for the Year 2008.

Liquidity and capital resources

Sources and uses of funds

The majority of the Group's cash and cash equivalents are held in U.S. dollar, Singapore dollar and Hong Kong dollar. For the Year 2009, cash and cash equivalents increased to US$137.6 million from US$112.1 million as at 31 December 2008 for the Group. The increase of US$25.5 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$25.5 million of net cash from operations for the Year 2009 compared to US$6.7 million for the Year 2008. The increase of US$18.8 million was primarily due to changes of operating assets and liabilities during the Year 2009 compared with the Year 2008 and lower operating losses during the Year 2009.

(b) The Group's capital expenditure was approximately US$18.6 million during the Year 2009. Majority of the capital expenditure relates to capacity expansion and the remaining was vessel refurbishments and onboard assets. During the Year 2009, the Group received net proceeds of approximately US$4.0 million from the disposal of a ship.

(c) During the Year 2009, the Group used US$50.0 million for additional equity investment in NCLC.

(d) The Group repaid US$213.9 million of its existing bank loans during the Year 2009 and drewdown a total of US$129.6 million under the bank loan facilities as corporate and general working capital.

(e) During the Year 2009, the Group issued US$150 million convertible bonds. The net proceeds of approximately US$146 million will be used as general working capital purposes and repayment of borrowings of the Group.

Gearing ratio

The gearing ratio as at 31 December 2009 was 0.24 times, a slight increase, from 0.22 times as at 31 December 2008 for the Group. The gearing ratio is calculated as net debt divided by total capital. Net debt of approximately US$0.44 billion (2008: US$0.41 billion) is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. The total capital of the Group is approximately US$1.87 billion (2008: US$1.89 billion).

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2009 are disclosed in note 36 to the consolidated financial statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Future commitments and funding sources

As at 31 December 2009, the Group had approximately US$0.58 billion of borrowings. Details of the borrowings and a schedule setting out the repayments of such borrowings are disclosed in note 29 to the consolidated financial statements. The outstanding bank borrowings are secured by legal charges over vessels and leasehold properties including fixed and floating charges over assets of the Group of US$1.3 billion.

As at 31 December 2009, the Group's liquidity was US$264.7 million consisting of US$137.6 million in cash and cash equivalents and US$127.1 million available under the Group's existing credit facilities.

On 11 February 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured floating rate term loan facility of US$150 million. The loan proceeds will be used for general corporate and working capital purposes of the Group.

In accordance with a sale and purchase deed dated 31 July 2008 (as supplemented by a supplemental deed dated 14 December 2009), the Group will need to remit 2 instalments of US$15 million each by 31 March 2010 and 30 June 2010, respectively, in relation to the acquisition of the entire issued share capital in Premium Travellers Ltd.

Prospects

The Group's investment in the Philippines, Resorts World Manila ("RWM") at Newport City in Manila is our first land-based integrated leisure, entertainment and hospitality property comprising luxury hotels, theatres, shopping malls and other facilities. RWM recently launched its successful soft opening on 28 August 2009. With this exciting new land-based venture and the successful turnaround of our existing cruise business, the Group is well positioned to achieve its goal of becoming a leading diversified leisure, entertainment and hospitality operator in the region.

NCLC Group

The commentary below is prepared based on NCLC Group's US GAAP financial statements.

Total revenue decreased 11.9% in 2009 compared to 2008 primarily due to a 15.0% decrease in passenger ticket revenue and a 4.2% decrease in onboard and other revenue. Net revenue decreased 12.4% in 2009 compared to 2008 due to a 7.7% decrease in net yield and a 5.1% decrease in capacity days. The decrease in net yield was the result of a decrease in passenger ticket pricing due to adverse global economic conditions. This decrease was partially offset by a slight increase in net yield pertaining to onboard and other revenue primarily due to increased net revenue from NCLC Group's shore excursions and gaming operations and an increase in occupancy percentage. The decrease in capacity days was the result of the departure of Marco Polo, Norwegian Dream and Norwegian Majesty from NCLC Group's fleet upon expiration of the relevant charter agreements in March 2008, November 2008, and October 2009 respectively, partially offset with the re-flagging of Pride of Aloha which was withdrawn from the fleet in May 2008 and launched as Norwegian Sky in July 2008.

Total ship operating expense decreased 18.3% in 2009 compared to 2008 primarily related to a decrease in fuel price and implementation of cost control initiatives. Total other operating expense decreased 33.3% in 2009 compared to 2008 primarily due to an impairment loss in 2008 of US$128.8 million as a result of the cancellation of a contract to build a ship. In 2009, NCLC Group also implemented cost control initiatives which included savings in marketing, general and administrative expense. Net cruise cost decreased 21.6% in 2009 compared to 2008 primarily due to a 17.4% decrease in net cruise cost per capacity day. The decrease in net cruise cost per capacity day was primarily due to lower fuel expense per capacity day primarily as a result of a 30.1% decrease in average fuel price per metric ton to US$392 in 2009 from US$561 in 2008; lower marketing, general and administrative expense and other cruise operating expense per capacity day due to savings from cost control initiatives; and lower payroll and related expense per capacity day from the impact of the re-flagging and redeployment of Pride of Hawai'i and Pride of Aloha from the Hawaii market to international fleet in 2008.

Depreciation and amortisation expense decreased 6.1% in 2009 compared to 2008 primarily due to the transfer of m.v. Norwegian Sky to the Group in January 2009.

Finance costs decreased to US$115.4 million in 2009 from US$152.4 million in 2008, primarily due to lower average interest rates.

Human Resources

As at 31 December 2009, the Group had approximately 3,969 employees, consisting of approximately 3,108 (or 80%) ship-based officers and crew as well as approximately 861 (or 20%) staff employed in the various world-wide offices of the Group. The Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Group entitling them to subscribe for shares in the share capital of the Company.

For year ended 31 December 2009, there is no significant change in the remuneration policies, bonus, share options scheme and training schemes for the Group.

Financial Instruments

General

The functional currency of the Group is the U.S. dollar as a substantial portion of the Group's transactions are realised or settled in U.S. dollars. Transactions in currencies other than U.S. dollars ("foreign currencies") are translated into U.S. dollars at exchange rates in effect at the transaction dates. Monetary assets and liabilities expressed in foreign currencies are translated at exchange rates at the statement of financial position date. All such exchange differences are reflected in the consolidated statement of comprehensive income.

The Group is exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. The Group attempts to minimise these risks through a combination of the normal operating and financing activities and through the use of derivative financial instruments. The financial impacts of these hedging instruments are primarily offset by corresponding changes in the underlying exposures being hedged. The Group achieves this by closely matching the amounts, terms and conditions of the derivative instruments with the underlying risk being hedged.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Group's foreign currency denominated forecasted transactions. The Group's principal net foreign currency exposure relates to the Singapore dollar and the Hong Kong dollar. To manage this exposure, the Group takes advantage of any natural offsets of the Group's foreign currency revenues and expenses and from time to time enters into foreign currency forward contracts and / or option contracts for a portion of the remaining exposure relating to these forecasted transactions.

Interest rate risk

Substantially all of the Group's indebtedness and its related interest expenses are denominated in U.S. dollars and are based upon floating rates of interest. In order to limit its exposure to interest rate fluctuation, variable to fixed interest rate swaps have been utilised from time to time, to fix a portion of interest costs over a period of time. The Group continuously evaluates its debt portfolio, including interest rate swaps to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement. As at 31 December 2009, the Group had interest rate swaps on debts with a total outstanding notional amount of US$37.7 million with remaining maturity period ranging from 1 to 3 years. With these interest rate swaps in place, as at 31 December 2009, 29% of the Group's debts were fixed and the remaining 71% were floating.

Fuel price risk

The Group's exposure to market risk on changes in fuel prices relates to the consumption of fuel on its ships. The Group mitigates the financial impact of fluctuation in fuel prices by applying fuel surcharge and entering into fuel swap agreements. As at 31 December 2009, the Group had fuel swap agreements to pay fixed prices for fuel with a total outstanding notional amount of approximately US$5.6 million maturing through April 2010.

Directors and Senior Management Profiles

Directors' Profiles

Tan Sri Lim Kok Thay

Chairman and Chief Executive Officer

Tan Sri Lim Kok Thay, aged 58, was appointed an Executive Director of the Company in September 1994. He is the Chairman and Chief Executive Officer of the Company, a member of the Remuneration Committee and a director of a number of subsidiaries of the Company. He focuses on long-term policies and new shipbuildings. Tan Sri Lim has been with the Group since the formation of the Company in 1993.

Tan Sri Lim is the Executive Chairman of Genting Singapore PLC (formerly known as Genting International P.L.C.), a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited and a subsidiary of Genting Berhad ("GENT"); Chairman and Chief Executive of GENT, a company listed on the Main Market of Bursa Malaysia Securities Berhad; Chairman and Chief Executive of Genting Malaysia Berhad ("GENM") (formerly known as Resorts World Bhd), a public listed company in Malaysia in which GENT holds 48.64% equity interest; and a director and Chief Executive of Genting Plantations Berhad (formerly known as Asiatic Development Berhad), a public listed company in Malaysia and a subsidiary of GENT; and a director of Sierra Springs Sdn Bhd, Resorts World Limited ("RWL"), Kien Huat Realty Sdn. Berhad, Parkview Management Sdn Bhd, Golden Hope Limited, Joondalup Limited and Cove Investments Limited. GENT, GENM, Sierra Springs Sdn Bhd, RWL, Kien Huat Realty Sdn. Berhad, Parkview Management Sdn Bhd (acting as trustee of a discretionary trust), Golden Hope Limited (acting as trustee of the Golden Hope Unit Trust), Joondalup Limited and Cove Investments Limited are substantial shareholders of the Company. Tan Sri Lim is the father of Mr. Lim Keong Hui, the Group's Senior Vice President of Business Development. GENT is an investment holding and management company and is principally involved, through its subsidiaries, in leisure and hospitality, gaming and entertainment businesses, plantation, the generation and supply of electric power, property development and management, tours and travel related services, investments and oil and gas exploration, development and production activities.

Tan Sri Lim was also involved in the development of Resorts World Genting (formerly known as Genting Highlands Resort) in Malaysia and the overall concept and development of the Burswood Resort in Perth, Australia and the Adelaide casino in South Australia. He graduated with a Bachelor of Science (Civil Engineering) degree from the University of London in 1975 and attended the Program for Management Development at the Harvard Graduate School of Business in 1979.

Mr. Alan Howard Smith

Deputy Chairman and Independent Non-executive Director

Mr. Alan Howard Smith, aged 66, has been an Independent Non-executive Director of the Company since August 2000 and is the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Smith was the Vice Chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was Chief Executive of the Jardine Fleming Group from 1983 to 1994 and was Chairman of the Jardine Fleming Group from 1994 to 1996. Mr. Smith has over 27 years of investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on two occasions. He was a member of the Hong Kong Special Administrative Region Government's Economic Advisory Committee, and was for 10 years a member of the Hong Kong Government's Standing Committee on Company Law Reform.

Directors' Profiles (Continued)

Mr. Alan Howard Smith (Continued)

Deputy Chairman and Independent Non-executive Director

Mr. Smith graduated with an LL.B. (Honours) degree from Bristol University, England in 1964, and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970. Mr. Smith is also a director of Kingway Brewery Holdings Limited, Frasers Property (China) Limited and VXL Capital Limited, which are listed on the Stock Exchange; Noble Group Limited and United International Securities Limited, which are listed on the Singapore Exchange Securities Trading Limited; Asia Credit Hedge Fund Ltd., which is listed on the Irish Stock Exchange; Castle Asia Alternative PCC Limited (formerly known as KGR Absolute Return PCC Limited), which is listed on the London Stock Exchange; and Global Investment House (K.S.C.C.), which is listed on the Kuwait Stock Exchange. During the last three years, Mr. Smith was a director of China Sunergy Co., Ltd., which is listed on NASDAQ, during the period from May 2007 to June 2008; and of The Hong Kong Building and Loan Agency Limited, which is listed on the Stock Exchange until he resigned from the office with effect from 23 October 2009. Mr. Smith had also acted as a director of Lei Shing Hong Limited, which was delisted on the Stock Exchange on 17 March 2008 following completion of its privatisation; The LIM Asia Arbitrage Fund Inc. (now known as LIM Asia Multi-Strategy Fund Inc.), CQS Asia Feeder Fund Limited and CQS Convertible and Quantitative Strategies Feeder Fund Ltd., which had been listed on the Irish Stock Exchange but were voluntarily delisted in 2008, July 2009 and September 2009 respectively.

Mr. Tan Boon Seng

Independent Non-executive Director

Mr. Tan Boon Seng, aged 54, has been an Independent Non-executive Director of the Company since August 2000 and is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Tan is also the Chairman and Managing Director of Lee Hing Development Limited and a director of Wo Kee Hong (Holdings) Limited, both of which are companies listed on the Stock Exchange. Mr. Tan is the Executive Director of IGB Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad, and also holds directorships in a number of other companies. He has extensive experience in property development and investment, corporate finance and trading businesses. Mr. Tan received his degree from Cambridge University, where he graduated in 1977.

Mr. Lim Lay Leng

Independent Non-Executive Director

Mr. Lim Lay Leng, aged 59, has been an Independent Non-executive Director of the Company since October 2000 and is a member of the Audit Committee and the Remuneration Committee. Mr. Lim is a director of several private property and investment holding companies in Hong Kong, China and Malaysia and has extensive experience in property development and investment. Mr. Lim holds a Bachelor of Civil Engineering (Honours) degree from Queen Mary College at the University of London.

Directors and Senior Management Profiles

Directors' Profiles (Continued)

Mr. Heah Sieu Lay

Independent Non-Executive Director

Mr. Heah Sieu Lay, aged 56, has been an Independent Non-executive Director of the Company since May 2008 and is the Chairman of the Audit Committee. Mr. Heah is also an Independent Non-executive Director of each of Lion Diversified Holdings Berhad and Lion Industries Corporation Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. Mr. Heah was the Group Executive Director of the Lion Group responsible for corporate planning and finance from 1998 to November 2006. Prior to joining the Lion Group in 1998, he was the Managing Director of RHB Sakura Merchant Bankers Berhad ("RHB Sakura") (now known as RHB Investment Bank Berhad) and has vast experience in the field of corporate finance after having served RHB Sakura for 15 years.

Mr. Heah received his Bachelor of Arts (Honours) degree in Accountancy from the City of London Polytechnic, London. He is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Mr. Au Fook Yew

Independent Non-Executive Director

Mr. Au Fook Yew, aged 60, has been an Independent Non-executive Director of the Company since May 2009 and is a member of the Audit Committee. Mr. Au serves as an Advisor to a number of companies in Asia, Europe and U.S.A.. He has also served as a Director of Empire Resorts, Inc., which is listed on NASDAQ, since August 2009. He had been the President, Chief Executive Officer and Director of the Company, the Managing Director of Genting Singapore PLC (formerly known as Genting International P.L.C.) and a Director of Genting Berhad, until he resigned in November 2000.

Mr. Au is experienced in the hospitality and service sectors and has been involved in the starting up and re-structuring of companies in these sectors. Mr. Au holds a Bachelor of Science degree in Chemical Engineering from the University of Birmingham, United Kingdom and a Master degree in Business Administration from Harvard Business School, U.S.A..

Mr. William Ng Ko Seng

Alternate Director to Tan Sri Lim Kok Thay and Chief Operating Officer - Cruise

Mr. William Ng Ko Seng, aged 55, was appointed an Alternate Director to Tan Sri Lim Kok Thay in May 2009. Mr. Ng is the Chief Operating Officer - Cruise and a director of a number of subsidiaries of the Company. He joined the Group at its inception in 1994 in Hong Kong and had been an Executive Director of the Company from August 1998 to April 2009. Prior to joining the Group, he had been with the Genting Singapore Group (formerly known as the Genting International Group) since 1987. Mr. Ng had also been in public practice with international accounting firms in the United Kingdom and Malaysia for 12 years.

Mr. Ng is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Hong Kong Institute of Certified Public Accountants and an Associate of the Institute of Chartered Accountants in Australia and the Malaysian Institute of Accountants. Mr. Ng also holds a Master of Art degree in Information Technology from Macquarie University in Sydney, Australia.

Senior Management Profiles

Mr. David Chua Ming Huat
President

Mr. David Chua Ming Huat, aged 47, has been appointed as the President of the Company since May 2007 and is also a director of a number of subsidiaries of the Company. Before taking up this new appointment, he was the Chief Operating Officer of Genting Berhad from September 2006 to February 2007. Prior to that, he had held key management positions in various international securities companies in Malaysia, Singapore and Hong Kong with extensive knowledge in the management of securities/futures/derivatives trading, asset and unit trusts management, corporate finance and corporate advisory business. He was a director and member of the Listing Committee of the MESDAQ market of Bursa Malaysia Securities Berhad from April 1998 to May 2002. He possesses a Bachelor of Arts degree in Political Science and Economics from the Carleton University, Ottawa, Canada.

Mr. Blondel So King Tak
Chief Operating Officer

Mr. Blondel So King Tak, aged 49, joined the Company in July 2007 as Chief Financial Officer until September 2009 and has been appointed Chief Operating Officer since October 2009. Mr. So also acts as a director of various subsidiaries of the Company. He has over 23 years of experience in the financial sector with the first 15 years working in the banking industry. Prior to joining the Company, he has held a number of different positions in multinational corporations and listed companies in Hong Kong overseeing Treasury, Corporate Development, Finance, Human Resources, Information Technology and Administration. He holds a Bachelor degree in Mathematics from Simon Fraser University, Canada, a Post-graduate certificate in Professional Accounting from City University of Hong Kong and a Master degree in Corporate Finance from Hong Kong Polytechnic University.

Ms. Joyce Tan Wei Tze
Chief Financial Officer

Ms. Joyce Tan Wei Tze, aged 37, joined the Company in March 2009 as Senior Vice President of Corporate Finance/Finance until September 2009 and has been appointed Chief Financial Officer since October 2009. Prior to joining the Company, she held various positions in financial advisory, corporate finance, investment banking and asset management institutions in Hong Kong and Malaysia. She had also been in public practice with PricewaterhouseCoopers in the United Kingdom for 5 years. Ms. Tan graduated with an Accounting degree from the University of Hull, United Kingdom and is a member of the Institute of Chartered Accountants in England & Wales.

Ms. Andrea Chan Wing Kam
Executive Vice President of Corporate Planning

Ms. Andrea Chan Wing Kam, aged 48, has been appointed Executive Vice President of Corporate Planning from 1 July 2007. Prior to this, she was the Chief Operating Officer/Director, Operations of DBS Vickers Securities and Director of Client Service, Asia Pacific in Euroclear Bank S.A.. She brings a wealth of execution experience and possesses a strong complement of project management and leadership skills. She served in a number of senior executive positions at global financial institutions such as being the Regional Head of Operations at Dresdner Bank AG. Ms. Chan holds a Master degree in Business Administration from Brunel University UK and membership with professional organisations.

Senior Management Profiles (Continued)

Mr. Michael Geoffrey Johansen

Executive Vice President of Casino Marketing

Mr. Michael Geoffrey Johansen, aged 50, assumed the position of Executive Vice President of Casino Marketing in January 2010. Prior to this, he held senior Casino marketing related positions with Crown Limited based in both Macau and Australia, Conrad International based in Hong Kong, Harrah's and Foxwoods in the United States and Resorts World Genting (formerly known as Genting Highlands Resort) and Casino in Malaysia. Mr. Johansen entered the casino industry as a croupier in 1977 and worked in casino operations until 1985 after which he moved into VIP Casino marketing.

Ms. Clara Lau Hung Ying

Executive Vice President of Business Development

Ms. Clara Lau Hung Ying, aged 44, joined the Company in April 2009 as Executive Vice President of Business Strategy and has been re-designated as Executive Vice President of Business Development since October 2009. She is responsible for Business Development, Sales, Corporate Communications, Public Relations and aviation projects for the Genting Hong Kong Group. For over a decade, Ms. Lau held various positions in Shun Tak Holdings Limited and was Commercial Director for the group's East Asia Airlines Ltd. She was Marketing and Aviation Consultant for Wynn Resorts, Macau reporting to the Chairman prior to joining the Company. Ms. Lau holds various seats in several commercial associations in China and Macau. After graduating with a degree in Business Administration from Canada, she has also completed Executive Management Courses at the Harvard Business School in the USA and the University of Beijing in China. She is currently enrolled in an Executive Master of Business Administration degree program through the Hong Kong University of Science and Technology.

Mr. Jeffrey Teoh Kak Siew

Executive Vice President of Casino Marketing

Mr. Jeffrey Teoh Kak Siew, aged 59, assumed the position of Executive Vice President of Casino Marketing in September 2009. Before taking up this appointment, Mr. Teoh was the Senior Vice President in charge of Casino Marketing of Genting Malaysia Berhad. He has been with Genting Malaysia from 1971 and has contributed to her business success. He had extensively involved in the establishment of opening of casinos and expansion of the casino at Resorts World Genting (formerly known as Genting Highlands Resort). He undertook several management development programs, including the casino management program in Las Vegas in 1980 and had worked his way up to become a key member of the management team. Mr. Teoh possesses 23 years of experience in Casino Operations and 16 years in Casino Marketing.

Ms. Cheah Yoke Sim

General Counsel and Senior Vice President of Legal

Ms. Cheah Yoke Sim, aged 42, joined the Company in February 2002 as Vice President of Legal & Corporate Affairs. In October 2007, she was General Counsel and was subsequently promoted to the position of General Counsel and Senior Vice President in April 2008. Ms. Cheah graduated in 1992 with LL.B Bachelor of Laws Degree, from Victoria University of Wellington, New Zealand and was admitted as Barrister and Solicitor to the High Court of New Zealand and as Advocate and Solicitor to the High Court of Malaysia in 1993 and 1994 respectively. Prior to joining the Company, Ms. Cheah was a practicing lawyer in Malaysia for 5 years. After leaving the practice, she worked in a public company listed on the Main Market of Bursa Malaysia Securities Berhad as a senior in-house legal counsel and personal assistant to the Chief Executive Officer from 1998 to 2002. She was also appointed as the Company Secretary for the said public listed company.

Senior Management Profiles (Continued)

Ms. Gladys Choi Sau Lan

Senior Vice President of Corporate Human Resources

Ms. Gladys Choi Sau Lan, aged 55, joined the Company as Senior Vice President of Corporate Human Resources in October 2009. Ms. Choi is a seasoned human resources professional of over 20 years' experience. Prior to joining the Company, she held senior positions of Head of Human Resources and Head of Compensation & Benefits in U.S. Fortune 300 and renowned Asia multinational corporations including Motorola, Li & Fung, UPS and Arrow Electronics, etc. She obtained her graduate studies in the U.S.A. holding a Master Degree in Business Administration and the second Master Degree in Accountancy and Financial Information System from Cleveland State University, Ohio. She has also obtained a certified Global Remuneration Professional and Certified Compensation Professional qualifications and has profound exposure in leading strategic Human Resources Management in Asia Pacific region.

Mr. Michael Goh Beng Huat

Senior Vice President of Sales

Mr. Michael Goh Beng Huat, aged 51, joined the Company as Vice President of Sales & Marketing in 2000. In 2002, he became the General Manager and oversaw the sales & marketing operations in Singapore where one of the Group's largest fleet - SuperStar Virgo is based. With over 20 years of experience in the hospitality and tourism industry, Mr. Goh has developed extensive experience in city and resort hotels in domestic and international markets such as Asia Pacific and Europe. He was promoted to Senior Vice President of Sales in 2008 and now oversees sales in the international markets.

Mr. Gustaf Gronberg

Senior Vice President of Marine Operations

Mr. Gustaf Gronberg, aged 51, assumed the position of Senior Vice President of Marine Operations in December 2005. His responsibilities include technical, nautical and port operations. Mr. Gronberg joined the Company as Safety Manager in 1993. He was subsequently promoted to the position of Vice President of Safety & Security in 1994. He also assumed the position of Fleet Captain from 1996. He was re-designated to Vice President of Nautical in 1999. Mr. Gronberg is a Master Mariner with over 30 years of experience in the Maritime industry. He graduated with a Bachelor of Nautical Science degree from the Stockholm Maritime Academy, Sweden in 1985.

Mr. Jeff Lim Kar Kheng

Senior Vice President of Casino Marketing

Mr. Jeff Lim Kar Kheng, aged 48, joined the Company as Senior Vice President of Marketing in July 2008 and has been re-designated as Senior Vice President of Casino Marketing since October 2009. He is responsible for VIP marketing for the Group's premises and vessels in Asia. Prior to joining the Company, Mr. Lim was involved mainly in the financial markets which included positions of Senior Vice President in a Swiss Private Bank and Partner/Managing Director of Financial Services in Korn/Ferry International. He was a private investigator for two years straight after college in 1985. Mr. Lim holds a double degree in Business Administration major in Management & Economics from the University of Guelph, Canada.

Senior Management Profiles (Continued)

Mr. Lim Keong Hui

Senior Vice President of Business Development

Mr. Lim Keong Hui, aged 25, is currently Senior Vice President of Business Development. He started his career with the Company as Manager in President Office. Prior to joining the Company, Mr. Lim held positions in Investment Banking and Principal Investments divisions for The Hongkong and Shanghai Banking Corporation Limited. He graduated with a Master degree in International Marketing Management from Regent's Business School London and held a Bachelor degree of Science from the University of London. Mr. Lim is a son of Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer of the Company.

Mr. James Ng Ah Chuan

Senior Vice President of Club Operations

Mr. James Ng Ah Chuan, aged 49, joined the Company as Assistant Club Manager onboard SuperStar Sagittarius in August 1998. He subsequently progressed to the position of Senior Vice President of Club Operations in February 2009. He is responsible for overall casino operations covering table games and slots. Prior to joining the Company in 1998, Mr. Ng has more than 19 years' working experience in casino games as well as surveillance with Genting Malaysia Berhad (formerly known as Resorts World Bhd)("GENM"). He worked with GENM from October 1979 to August 1998.

Mr. Ng Hoe Guan

Senior Vice President of Strategic Marketing

Mr. Ng Hoe Guan, aged 51, joined the Company in July 2008 as Senior Vice President of Strategic Marketing. His responsibilities include marketing and product development, membership and contact centre operations. Mr. Ng has more than 20 years of experience in management of information technology and once served as the Group Chief Information Officer in a large Malaysian conglomerate. In addition, he has also held senior management and director positions in operations, strategic marketing, wealth management and retail sales distribution with a number of retail and investment banking organisations in Malaysia. Mr. Ng holds a Master degree of Business Administration in Information Technology and Management from Maastricht School of Management, Holland.

Mr. Kenny Ng Joon Ming

Senior Vice President of Information Technology

Mr. Kenny Ng Joon Ming, aged 42, is currently Senior Vice President of Information Technology. In this capacity, he oversees the overall technology systems & services (both Application and Infrastructure) of the Company. Mr. Ng holds a Master Degree in Business Administration from University of Southern Queensland (USQ), Australia majoring in Information Systems. With over 15 years of experience in Information Technology field, he has served in various positions as an IT Manager and subsequently re-designated to Director of IT Fleet, managing the IT operations for onboard cruise. Mr. Ng later assumed the responsibility of Director IT Communications overseeing the Company's infrastructure for shore and cruises. From 2001, he assumed the position of Vice President of Information Technology and was promoted to Senior Vice President of Information Technology in 2009. Prior to joining the Company, Mr. Ng was attached to the Information Technology Department of Genting Malaysia Berhad (formerly known as Resorts World Bhd).

Senior Management Profiles (Continued)

Mr. Brian Donald Nip

Senior Vice President of Casino Marketing

Mr. Brian Donald Nip, aged 37, joined the Company as Senior Vice President of Marketing in October 2008 and has been re-designated as Senior Vice President of Casino Marketing since October 2009. Mr. Nip comes from a background in Economics, Political Science and Law. He holds a Bachelor Degree with Honors in Public Administration from the University of Windsor, and is currently doing his second year LL.B with the Distance Program through the University of London open program. Mr. Nip has spent the last 12 years in the finance industry, in Institutional Sales and Prime Brokerage and Private Banking. His previous employers include Morgan Stanley in Tokyo, Hong Kong and London; HSBC Private Bank Suisse in Hong Kong, and most recently EFG Private Bank, Hong Kong. Mr. Nip brings to the management team his strengths in sales and experience and expanse network in finance and banking.

Mr. Stephen James Reilly

Senior Vice President of Corporate Surveillance

Mr. Stephen James Reilly, aged 44, was promoted to the position of Senior Vice President of the Corporate Surveillance in January 2010. The responsibilities of Mr. Reilly are the Surveillance Security operations within the Company inclusive of fleet and areas of operations. Mr. Reilly joined the Group in January 1995 within the Surveillance Department and was promoted to Director of Surveillance in 1997 and Vice President of Surveillance in 2003. Prior to joining the Company, Mr. Reilly has ten years experience within the United Kingdom and predominately London where he held the positions of Chief Security Officer and Surveillance Officer Regency and Barracuda Casinos responsible for the Security and Surveillance of gaming operations.

Mr. Jef Tan Chin Chuan

Senior Vice President of Casino Marketing

Mr. Jef Tan Chin Chuan, aged 42, assumed the position of Senior Vice President of Casino Marketing in January 2010. His responsibilities include marketing of all Genting Hong Kong brands to South East Asia markets. He left Singapore Airlines as a Leading Flight Attendant and joined the Company as Marketing Executive in 1997. He was subsequently promoted through the rank and file within the Marketing Division and was promoted to Vice President of Marketing in 2008. He has over 20 years of customer service experience.

Mr. Tan Teck Jen

Senior Vice President of Casino Marketing

Mr. Tan Teck Jen, aged 42, assumed the position of Senior Vice President of Casino Marketing in January 2010. His responsibilities include VIP marketing for China, Hong Kong and Macau markets. Mr. Tan has over 8 years of hospitality experience prior to joining the Company. He joined the Company as VIP Coordinator in 1995. He was subsequently promoted to the position of General Manager of Dubai Office in 2000 and assumed the position of Senior Manager of Casino Marketing in 2002 for China Market. He was re-designated to Vice President of Casino Marketing in 2008 for China and Hong Kong markets. Mr. Tan holds Associate Diploma in Hospitality Management from Sydney. He also graduated with a Master degree in Business Administration from the University of Ballarat, Australia in 2004.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2009.

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 and leisure, entertainment and hospitality activities. Details of the Company's principal subsidiaries are set out in note 38 to the consolidated financial statements.

As the Group is principally engaged in the operation of passenger cruise ships in Asia Pacific, no geographical analysis of financial information for the year ended 31 December 2009 has been provided.

Change of Company name

Pursuant to a special resolution passed by the shareholders of the Company at the Special General Meeting held on 15 October 2009 for the change of company name and the approval by the Registrar of Companies in Bermuda, the name of the Company has been changed from "STAR CRUISES LIMITED" to "Genting Hong Kong Limited" and the Chinese name "雲頂香港有限公司" has been adopted as the secondary name of the Company to replace the Chinese name "麗星郵輪有限公司" (which was adopted for identification purpose) with effect from 21 October 2009.

The Registrar of Companies in Hong Kong has issued the certificate of registration of change of corporate name of non-Hong Kong company confirming the change of company name with effect from 10 November 2009.

Results

The results of the Company and its subsidiaries for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 73.

Dividends

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2009.

Reserves

Movements in the reserves of the Company and the Group during the year are set out on pages 80 to 82.

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 153.

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 2009.

Donations

Charitable and other donations made by the Group during the year amounted to US$0.03 million.

Property, Plant and Equipment

A brief description of the properties owned by the Group as at 31 December 2009 is set out on page 154.

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 28 and 30 to the consolidated financial statements, respectively.

Indebtedness

Details of long-term financing facilities of the Company and its subsidiaries at 31 December 2009 are set out in note 29 to the consolidated financial statements.

Directors

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

Tan Sri Lim Kok Thay
Mr. Alan Howard Smith
Mr. Chong Chee Tut (resigned on 1 May 2009)
Mr. Tan Boon Seng
Mr. Lim Lay Leng
Mr. Heah Sieu Lay
Mr. Au Fook Yew (appointed on 1 May 2009)
Mr. William Ng Ko Seng
(resigned as Director on 1 May 2009 and appointed as Alternate Director to Tan Sri Lim Kok Thay on the same day)

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Tan Boon Seng and Mr. Lim Lay Leng 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 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, 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(a) and (c) 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 26 to 33.

Directors' Service Contracts

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

Interests of Directors and Controlling Shareholders in Contracts of Significance

Save as disclosed in the section headed "Connected Transactions" below and in the section headed "Significant Related Party Transactions and Balances" in note 35 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 2009 are disclosed in note 35 to the consolidated financial statements.

(b) Transactions set out in items (b) and (d) 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:

(1) As announced in the Company's announcement dated 28 January 2008, in view of the expiry of the old services agreement dated 14 January 2003 (as supplemented by a supplemental agreement dated 23 December 2005) on 31 December 2007, Genting Berhad ("GENT"), a company listed on the Main Market of Bursa Malaysia Securities Berhad in which Tan Sri Lim Kok Thay has a deemed interest and is also the Chairman and Chief Executive and shareholder, entered into a new services agreement (the "GB Services Agreement") with the Company on 28 January 2008 for a period of 3 years commencing from 1 January 2008 in relation to the provision of secretarial and share registration services, air ticket purchasing services, leasing of office space and other support services (such as information technology support services, travel services, other purchasing services and central reservation services) by related companies of GENT (the "GENT Group") to the Group as and when required by the Group from time to time ("GB Transactions").

The maximum aggregate annual consideration (the "Annual Cap") for the GB Transactions under the term of the GB Services Agreement for each of the financial years ended/ending 31 December 2008, 31 December 2009 and 31 December 2010 would/will not exceed US$5 million.

For the year ended 31 December 2009, the aggregate amount charged to the Group in respect of the GB Transactions was approximately US$1.4 million and has not exceeded the Annual Cap of US$5 million.

Connected Transactions (Continued)

(2) On 19 January 2004, the following agreements were entered into by the Group:

(i) the WorldCard Merchant Agreement and two addenda among a wholly-owned subsidiary of the Company and certain subsidiaries of WorldCard International Limited ("WCIL") whereby the Group participated as a merchant in the customer loyalty programme known as "WorldCard" ("WC Programme") (save for Malaysia). WCIL is a company in which a subsidiary of each of the Company and Genting Singapore PLC (formerly known as Genting International P.L.C.) ("GENS") has a 50% interest. WCIL, together with its subsidiaries, operates and administers the WC Programme on an international basis (save for Malaysia). On 26 October 2004, the Group entered into a supplemental agreement with a subsidiary of WCIL whereby the Group was allowed to participate in the WC Programme in Malaysia through certain inter-operator arrangements. The WorldCard Merchant Agreement, the two addenda and the supplemental agreement are collectively referred to as the "WC Merchant Agreement"; and

(ii) the Joint Promotion and Marketing Agreement and an addendum among certain wholly-owned subsidiaries of the Company, Genting Malaysia Berhad (formerly known as Resorts World Bhd) ("GENM") and a wholly-owned subsidiary of GENS in relation to the implementation of certain joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM Group. The Joint Promotion and Marketing Agreement and the addendum are together referred to as the "JPM Agreement".

On 3 May 2007, certain wholly-owned subsidiaries of the Company, certain subsidiaries of WCIL and a wholly-owned subsidiary of GENS entered into agreements (the "Onshore WC Merchant Agreements") for the purpose of extending the WC Programme to cover sales of travel and tour packages which are sold to WorldCard holders at onshore outlets of the Group in various territories, including the cruise packages to board for the cruise ships of the Company or of its affiliates.

GENM is a company listed on the Main Market of Bursa Malaysia Securities Berhad and GENS is a company listed on the Main Board of the Singapore Exchange Securities Trading Limited. As at the date of this report, GENT held approximately 48.64% and 51.77% equity interest in GENM and GENS respectively while GENM held approximately 19.30% equity interest in the Company. Tan Sri Lim Kok Thay is also the Chairman and Chief Executive of GENM and the Executive Chairman of GENS.

As announced in the Company's announcement dated 30 December 2008, each of (i) the total annual amounts paid by the Group to the GENT Group and (ii) the total annual amounts received by the Group from the GENT Group under the WC Merchant Agreement (including any further addenda), the Onshore WC Merchant Agreements (including any further addenda) and the JPM Agreement (including any further addenda) for the year ended 31 December 2008 might exceed the de minimis threshold provided in Rule 14A.33 of the Listing Rules. On 30 December 2008, certain wholly-owned subsidiaries of the Company, certain subsidiaries of WCIL, GENM and certain wholly-owned subsidiaries of GENS entered into supplemental agreements (the "Amendment Agreements") to fix the term of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement for a period of three years from 1 January 2008 to 31 December 2010 pursuant to Rule 14A.35 of the Listing Rules.

Connected Transactions (Continued)

The maximum aggregate annual figures of each of (i) the amounts paid/payable by the Group and (ii) the amounts received/receivable by the Group under the term of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement as amended by the Amendment Agreements, and as revised or supplemented by any future addenda to the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement which may be entered into between the parties (transactions under all these agreements and addenda are collectively referred to as the "WC/JPM Transactions"), for the three years ending 31 December 2010 were/are expected to be as follows:

	For the year ended/ending 31 December		
	2008 US$	2009 US$	2010 US$
Annual amounts paid/payable by the Group	1.5 million	2 million	2 million
Annual amounts received/receivable by the Group	0.5 million	1 million	1 million

For the year ended 31 December 2009, (i) the aggregate amount paid/payable by the Group to the GENT Group in respect of the WC/JPM Transactions was approximately US$1.1 million and has not exceeded the Annual Cap of US$2.0 million and (ii) the aggregate amount received/receivable by the Group from the GENT Group in respect of the WC/JPM Transactions was approximately US$0.7 million and has not exceeded the Annual Cap of US$1.0 million.

The Audit Committee comprising all Independent Non-executive Directors of the Company has reviewed the GB Transactions and the WC/JPM Transactions and confirmed that the GB Transactions and the WC/JPM 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 or from 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 and the WC/JPM Transactions.

Connected Transactions (Continued)

(c) Transactions set out in items (c), (e) and (h) 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 these transactions were entered into on normal commercial terms and the respective aggregate annual consideration under these continuing connected transactions for the year ended 31 December 2009 is less than 0.1% of the applicable percentage ratios (as prescribed in the Listing Rules).

(d) Transaction set out in item (f) of these related party transactions, which also constitutes a connected transaction under the Listing Rules, is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31 of the Listing Rules as this transaction was entered into on normal commercial terms and the total consideration under this connected transaction is less than 0.1% of the applicable percentage ratios (as prescribed in the Listing Rules).

(e) Transaction relating to the provision of financial assistance by a substantial shareholder of the Company to the Company as set out in item (g) of these related party transactions, which also constitutes a connected transaction under the Listing Rules, is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules as the subject financial assistance was provided to the Company on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance.

(f) Other related party transactions entered into by the Group during the year ended 31 December 2009 as set out in note 35 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Directors' Interests in Competing Business

Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer of the Company, is the Chairman and Chief Executive and a shareholder and share option holder of Genting Berhad ("GENT") and Genting Malaysia Berhad (formerly known as Resorts World Bhd) ("GENM"), both of which are substantial shareholders of the Company and companies listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Executive Chairman, a shareholder, a share option holder and a holder of the rights to participate in the performance shares of Genting Singapore PLC (formerly known as Genting International P.L.C.) ("GENS"), a company listed on the Main Board of Singapore Exchange Securities Trading Limited. The principal activities of GENM include the operation of a tourist resort in Malaysia known as Resorts World Genting (formerly known as Genting Highlands Resort), along with other land-based Malaysian resorts. GENM provides leisure and hospitality services which comprise amusement, gaming, hotel and entertainment. GENS' 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. As at the date of this report, GENT held approximately 48.64% and 51.77% equity interest in GENM and GENS respectively.

The Group engages in cruise and cruise-related businesses which form a segment of the leisure industry. Besides, as disclosed in the Company's circular dated 30 March 2007 in relation to its acquisition of shares in Macau Land Investment Corporation, the Company is taking steps to implement its strategy in making investment in Macau with a view to developing a hotel for the operation of a casino (subject to obtaining the relevant authorisation from the Government of Macau). Further, as disclosed in the Company's circular dated 29 August 2008, the Group entered into a number of agreements with Alliance Global Group, Inc., a company listed on the Philippine Stock Exchange, Inc. on 31 July 2008 to acquire, upon completion, an aggregate of 50% (direct and indirect) interests in the share capital of Travellers International Hotel Group, Inc. to pursue strategic and collaborative arrangements in relation to the development and operation of leisure and entertainment complexes in the Philippines.

Directors' Interests in Competing Business (Continued)

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 GENM, GENS and GENT. Coupled with the appointment of five 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 2009, 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 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

	Nature of interests/capacity in which such interests were held					
Name of Director	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Founder/ Beneficiary of discretionary trusts**	**Total**	**Percentage of issued ordinary shares**
	Number of ordinary shares *(Notes)*					
Tan Sri Lim Kok Thay	362,379,135	36,298,108 *(1)*	2,035,982,196 *(2)*	4,974,882,524 *(3)*	5,920,188,675 *(4)*	79.720
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	752,631	–	–	–	752,631	0.010

Notes:

As at 31 December 2009:

(1) 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.

(2) Tan Sri Lim Kok Thay was also deemed to have a corporate interest in 2,035,982,196 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; (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; and (iii) the same block of 1,432,959,180 ordinary shares directly held by Resorts World Limited ("RWL") and the same block of 20,096,000 ordinary shares directly held by Genting Overseas Holdings Limited ("GOHL") by virtue of his interests in a chain of corporation holding RWL and GOHL (details of the percentage interests in such corporations were set out in the section headed "Interests of Substantial Shareholders" below)).

(3) 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.

(4) There was no duplication in arriving at the total interest.

(5) All the above interests represented long positions in the shares and excluded those in the underlying shares held through share options, convertible bonds or other equity derivatives. Interests of the respective Directors set out in this subsection (A) need to be aggregated with their interests in the underlying shares held through share options, convertible bonds or other 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.

Interests of Directors (Continued)

(B) Interests in the underlying shares of the Company held through share options, convertible bonds or other 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 2009, 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	11,542,739	0.155	Beneficial owner
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	2,265,770	0.031	Beneficial owner

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 37 to the consolidated financial statements.

These interests in share options represented 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 corporation of the Company

Name of associated corporation	Name of Director	Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts	Total	Percentage of issued ordinary shares
		Nature of interests/ capacity in which such interests were held			
		Number of ordinary shares *(Notes)*			
WorldCard International Limited ("WCIL") *(1)*	Tan Sri Lim Kok Thay	500,000 *(2)*	1,000,000 *(3)*	1,000,000 *(4 and 5)*	100

Notes:

As at 31 December 2009:

(1) WCIL was a company in which a subsidiary of each of the Company and Genting Singapore PLC (formerly known as Genting International P.L.C.) ("GENS") had a 50% interest.

(2) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 500,000 ordinary shares of WCIL directly held by Calidone Limited ("Calidone"), a wholly-owned subsidiary of GENS which was in turn a 53.86% owned subsidiary of Genting Berhad ("GENT") through its wholly-owned subsidiary, namely GOHL, by virtue of his interests in a chain of corporations holding Calidone (details of the percentage interests in such corporations were set out in this note and the section headed "Interests of Substantial Shareholders" below).

(3) Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts had a deemed interest in 1,000,000 ordinary shares of WCIL.

(4) There was no duplication in arriving at the total interest.

(5) These interests represented long positions in the shares of WCIL.

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

(a) as at 31 December 2009, 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 37 to the consolidated financial statements. Share options are granted to certain Directors of the Company and employees of the Group under the said schemes. Details of the movement in the share options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme during the year and outstanding as at 31 December 2009 were as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2009	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2009	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay *(Note 1)*	940,994	–	(940,994)	–	–	24/03/1999	US$0.2524	24/03/2002 - 23/03/2009
	356,927	–	(356,927)	–	–	24/03/1999	US$0.3953	24/03/2002 - 23/03/2009
	389,377	–	(129,793)	–	259,584	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	940,994	–	(940,994)	–	–	16/11/2000	US$0.2524	24/03/2002 - 23/03/2009
	356,927	–	(356,927)	–	–	16/11/2000	US$0.3953	24/03/2002 - 23/03/2009
	97,343	–	(32,449)	–	64,894	16/11/2000	US$0.2524	23/10/2003 - 22/08/2010
	3,082,562	**–**	**(2,758,084)**	**–**	**324,478**			
Mr. Chong Chee Tut *(Note 2)*	110,321	–	(110,321)	–	–	24/03/1999	US$0.2524	24/03/2002 - 23/03/2009
	19,467	–	(19,467)	–	–	24/03/1999	US$0.3953	24/03/2002 - 23/03/2009
	186,898	–	(62,302)	–	124,596	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	7,785	–	(2,597)	–	5,188	23/10/2000	US$0.3953	23/10/2003 - 22/08/2010
	324,471	**–**	**(194,687)**	**–**	**129,784**			
Mr. William Ng Ko Seng *(Note 3)*	6,487	–	(6,487)	–	–	24/03/1999	US$0.2524	24/03/2002 - 23/03/2009
	25,958	–	(25,958)	–	–	24/03/1999	US$0.3953	24/03/2002 - 23/03/2009
	147,961	–	(49,322)	–	98,639	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	7,785	–	(2,597)	–	5,188	23/10/2000	US$0.3953	23/10/2003 - 22/08/2010
	188,191	**–**	**(84,364)**	**–**	**103,827**			

Share Options (Continued)

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

	Number of options outstanding at 01/01/2009	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2009	Date granted	Exercise price per share	Exercisable period
All other employees	2,179,810	–	(1,873,758)	(306,052)	–	24/03/1999	US$0.2524	24/03/2002 - 23/03/2009
	1,148,080	–	(913,971)	(234,109)	–	24/03/1999	US$0.3953	24/03/2002 - 23/03/2009
	112,586	–	(84,956)	(27,630)	–	30/06/1999	US$0.2524	30/06/2002 - 29/06/2009
	295,139	–	(189,759)	(105,380)	–	30/06/1999	US$0.3953	30/06/2002 - 29/06/2009
	389,377	–	(129,793)	–	259,584	07/01/2000	US$0.3953	07/01/2003 - 06/01/2010
	311,465	–	(24,664)	(169,355)	117,446	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	695,934	–	(158,535)	(300,419)	236,980	23/10/2000	US$0.3953	23/10/2003 - 22/08/2010
	5,132,391	**–**	**(3,375,436)**	**(1,142,945)**	**614,010**			
Grand Total	**8,727,615**	**–**	**(6,412,571)**	**(1,142,945)**	**1,172,099**			

Notes:

(1) Tan Sri Lim Kok Thay is the Chairman and Chief Executive Officer of the Company.

(2) Mr. Chong Chee Tut resigned as a Director of the Company on 1 May 2009.

(3) Mr. William Ng Ko Seng resigned as a Director of the Company on 1 May 2009 and was appointed as an Alternate Director to Tan Sri Lim Kok Thay on the same day.

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 01/01/2009	Number of shares acquired upon exercise of options during the year	Number of options lapsed during the year	Number of options cancelled during the year	Number of options outstanding at 31/12/2009	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay *(Note 1)*	3,585,521	–	–	–	3,585,521	19/08/2002	HK$2.8142	20/08/2004 - 19/08/2012
	632,740	–	–	–	632,740	23/08/2004	HK$1.6202	24/08/2006 - 23/08/2014
	7,000,000	–	–	–	7,000,000	27/05/2008	HK$1.7800	28/05/2009 - 27/05/2018
	11,218,261	**–**	**–**	**–**	**11,218,261**			
Mr. Chong Chee Tut *(Note 2)*	551,619	–	–	–	551,619	19/08/2002	HK$2.8142	20/08/2004 - 19/08/2012
	97,345	–	–	–	97,345	23/08/2004	HK$1.6202	24/08/2006 - 23/08/2014
	1,500,000	–	–	–	1,500,000	27/05/2008	HK$1.7800	28/05/2009 - 27/05/2018
	2,148,964	**–**	**–**	**–**	**2,148,964**			
Mr. William Ng Ko Seng *(Note 3)*	661,943	–	–	–	661,943	19/08/2002	HK$2.8142	20/08/2004 - 19/08/2012
	1,500,000	–	–	–	1,500,000	27/05/2008	HK$1.7800	28/05/2009 - 27/05/2018
	2,161,943	**–**	**–**	**–**	**2,161,943**			
All other employees	55,706,657	–	(538,463)	–	55,168,194	19/08/2002	HK$2.8142	20/08/2004 - 19/08/2012
	542,757	–	–	–	542,757	08/09/2003	HK$2.8142	09/09/2005 - 08/09/2013
	9,564,813	–	–	–	9,564,813	23/08/2004	HK$1.6202	24/08/2006 - 23/08/2014
	25,390,000	–	(1,260,000)	–	24,130,000	27/05/2008	HK$1.7800	28/05/2009 - 27/05/2018
	91,204,227	**–**	**(1,798,463)**	**–**	**89,405,764**			
Grand Total	**106,733,395**	**–**	**(1,798,463)**	**–**	**104,934,932**			

Share Options (Continued)

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

Notes:

(1) Tan Sri Lim Kok Thay is the Chairman and Chief Executive Officer of the Company.

(2) Mr. Chong Chee Tut resigned as a Director of the Company on 1 May 2009.

(3) Mr. William Ng Ko Seng resigned as a Director of the Company on 1 May 2009 and was appointed as an Alternate Director to Tan Sri Lim Kok Thay on the same day.

Other than (i) 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 and (ii) the share options granted on 27 May 2008 under the Post-listing Employee Share Option Scheme vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the 5 years from 2009 to 2013, 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 2009, 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)*	Nature of interests/capacity in which such interests were held: Beneficial owner	Interests of spouse	Interest of controlled corporation	Trustee	Beneficiary of trust	Total	Percentage of issued ordinary shares
	Number of ordinary shares *(Notes)*						
Parkview Management Sdn Bhd (as trustee of a discretionary trust) *(1)*	–	–	1,453,055,180 *(10)*	1,453,055,180 *(12)*	–	1,453,055,180 *(19)*	19.57
Kien Huat Realty Sdn. Berhad *(2)*	–	–	1,453,055,180 *(10)*	–	–	1,453,055,180	19.57
Genting Berhad *(3)*	–	–	1,453,055,180 *(10)*	–	–	1,453,055,180	19.57
Genting Malaysia Berhad (formerly known as Resorts World Bhd) *(4)*	–	–	1,432,959,180 *(11)*	–	–	1,432,959,180	19.30
Sierra Springs Sdn Bhd *(5)*	–	–	1,432,959,180 *(11)*	–	–	1,432,959,180	19.30
Resorts World Limited *(5)*	1,432,959,180	–	–	–	–	1,432,959,180	19.30
GZ Trust Corporation (as trustee of a discretionary trust) *(6)*	–	–	3,521,827,344 *(13)*	3,521,827,344 *(14)*	3,521,827,344 *(16)*	3,521,827,344 *(19)*	47.42
Cove Investments Limited *(7)*	–	–	–	–	3,521,827,344 *(17)*	3,521,827,344	47.42
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(8)*	–	–	–	3,521,827,344 *(15)*	–	3,521,827,344	47.42
Joondalup Limited *(9)*	546,628,908	–	–	–	–	546,628,908	7.36
Puan Sri Wong Hon Yee	–	5,920,188,675 *(18(a))*	36,298,108 *(18(b))*	–	–	5,920,188,675 *(19)*	79.72

Interests of Substantial Shareholders (Continued)

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

Notes:

As at 31 December 2009:

(1) Parkview Management Sdn Bhd ("Parkview") was a trustee of a discretionary trust (the "Discretionary Trust 1"), the beneficiaries of which included certain family members of the late Tan Sri Lim Goh Tong (the "Lim Family"). Tan Sri Lim Kok Thay ("Tan Sri KT Lim") controlled an aggregate of 33.33% of the equity interest in Parkview directly and indirectly.

(2) Kien Huat Realty Sdn. Berhad ("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.

(3) Genting Berhad ("GENT") was a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") of which KHR controlled 39.61% of its equity interest carrying voting power.

(4) Genting Malaysia Berhad ("GENM") was a company listed on the Main Market of Bursa Malaysia of which GENT controlled 48.65% of its equity interest.

(5) Resorts World Limited ("RWL") was a subsidiary of Sierra Springs Sdn Bhd ("Sierra Springs") and both of them were wholly-owned subsidiaries of GENM.

(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 KT Lim.

(10) Each of Parkview as trustee of the Discretionary Trust 1, KHR and GENT had a corporate interest in 1,453,055,180 ordinary shares (comprising the same block of 1,432,959,180 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 GENT).

(11) Each of GENM and Sierra Springs had a corporate interest in the same block of 1,432,959,180 ordinary shares held directly by RWL.

(12) The interest in 1,453,055,180 ordinary shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 1,432,959,180 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 3,521,827,344 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 3,521,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT.

(15) The interest in 3,521,827,344 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 3,521,827,344 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 3,521,827,344 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 ("Puan Sri Wong") as the spouse of Tan Sri KT Lim, had a family interest in the same block of 5,920,188,675 ordinary shares in which Tan Sri KT Lim had a deemed interest. These interests did 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 had a corporate interest in 36,298,108 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.

(19) There was no duplication in arriving at the total interest.

(20) All the above interests represented long positions in the shares of the Company and excluded those in the underlying shares held through share options, convertible bonds or other equity derivatives.

Interests of Substantial Shareholders (Continued)

(B) Interests in the underlying shares of the Company held through share options, convertible bonds or other equity derivatives

Name of shareholder	Number of underlying ordinary shares	Percentage of issued ordinary shares	Nature of interests
Puan Sri Wong Hon Yee	11,542,739 *(Note)*	0.155	Interests of spouse

Note:

As at 31 December 2009, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 11,542,739 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 represented 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 2009, 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

The Group contributes to the statutory defined contribution plans, including provident fund scheme of various countries in which it operates.

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 "Significant Related Party Transactions and Balances" in note 35 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 scheme and voluntary schemes where applicable and insurance schemes covering term life, accident and medical for its employees.

Emolument Policy (Continued)

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.

Share Option Scheme

The Company has adopted 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, during the year ended 31 December 2009, 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 in force during the said financial year, save for the deviation from Code Provision A.2.1 which states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Considered reasons for the deviation from Code Provision A.2.1 as well as further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 52 to 72.

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 five Independent Non-executive Directors of the Company, namely Mr. Heah Sieu Lay, Mr. Alan Howard Smith, Mr. Tan Boon Seng, Mr. Lim Lay Leng and Mr. Au Fook Yew.

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.

Loan Agreements of the Group

As at 31 December 2009, the Group was a party to two loan agreements for an aggregate principal amount of US$790 million, with terms ranging from one to eight years from the dates of drawdown of the loans. As at 31 December 2009, the outstanding loan balance was approximately US$377.2 million. In February 2010, all outstanding loan balance under the US$40 million secured loan facility had been repaid.

In February 2010, the Group entered into a new secured floating rate term loan facility of US$150 million. Accordingly, the Group is now a party to two loan agreements for an aggregate principal amount of US$900 million, with terms ranging from five to eight years from the dates of drawdown of the loans. As at the date of this report, the outstanding loan balance is approximately US$447.5 million.

Under the US$750 million secured term loan and revolving credit facility, the Lim Family is required 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 while the US$150 million secured floating rate term loan agreement requires the Lim Family (directly or indirectly) together or individually to control the Company by beneficially owning (directly or indirectly) at least 51% of the issued share capital of, and equity interest in, the Company at any time when this term loan facility is outstanding.

Significant Subsequent Event

On 11 February 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured floating rate term loan facility of US$150 million. The loan proceeds will be used for general corporate and working capital purposes of the Group.

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 and Chief Executive Officer

Hong Kong, 25 March 2010

Corporate Governance Report

(I) Statement of Compliance

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Summarised below is a statement on how the Company during the year ended 31 December 2009 has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in force during the said financial year, save for the deviation from Code Provision A.2.1 listed below.

A. Directors

A.1 The Board

Principle

An issuer should be headed by an effective Board which should assume responsibility for leadership and control of the issuer and be collectively responsible for promoting the success of the issuer by directing and supervising the issuer's affairs. Directors should take decisions objectively in the interests of the issuer.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.1.1	At least 4 regular physical Board meetings shall be held each year.	No	The Board has overall responsibility for the proper conduct of the Company's business. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.
A.1.2	All Directors shall be given an opportunity to include matters in the agenda for regular Board meetings.	No	Draft notice and agenda for regular Board meetings are provided to all Directors for comments and consideration and inclusion of any matters for deliberation at the meetings.
A.1.3	Notice of at least 14 days should be given of a regular Board meeting. For all other Board meetings, reasonable notice should be given.	No	Formal notice of at least 14 days is given for a regular Board meeting. Reasonable notice will be given for all other Board meetings.
A.1.4	All Directors shall have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and applicable rules and regulations are followed.	No	All Directors have access to the advice and services of the Company Secretary on Board procedures and corporate governance matters as and when required.
A.1.5	Minutes of Board and Board Committees meetings shall be kept by a duly appointed secretary of the meeting and such minutes shall be open for inspection on reasonable notice by any Director.	No	Minutes of the meetings of the Board, the Audit Committee, the Share Option Committee and other ad hoc Board Committees established for specific transaction purposes are kept by the Company Secretary while minutes of the Remuneration Committee meetings are kept by the Head of the Corporate Human Resources Department who is the Secretary of the Remuneration Committee. Such minutes are available for inspection by the Directors/Board Committees Members.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.1 The Board (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.1.6	Draft and final versions of minutes of Board meetings shall be sent to all Directors for their comments and records within a reasonable time after the Board meeting is held.	No	Draft and final versions of minutes of Board meetings are sent to all Directors for their comments and records within a reasonable time.
A.1.7	There should be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense.	No	The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to discharge their duties.
A.1.8	If a substantial shareholder or a Director has a conflict of interest in a material matter to be considered by the Board, the matter shall not be dealt with by way of circulation or by a committee but a Board meeting shall be held. Under the Listing Rules, Directors must abstain from voting on any Board resolution in which they or any of their associates have a material interest and shall not be counted in the quorum present at the Board meeting.	No	Material transactions with connected persons will be considered at Board meetings whereat the Directors may consider, if appropriate, granting approval in-principle for the proposed transactions and authorising the final forms thereof be further approved by way of circulation or by a Board committee set up for that purpose. The Company's Bye-laws provide for voting and quorum requirements conforming with this code provision whereby interested Directors are required to abstain from voting and shall not be counted in the quorum.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive Officer

Principle

There are two key aspects of the management of every issuer - the management of the Board and the day-to-day management of the issuer's business. There should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.2.1	Roles of Chairman and Chief Executive Officer shall be separate and shall not be performed by the same individual.	Yes	Currently, Tan Sri Lim Kok Thay ("Tan Sri KT Lim") is the Chairman and Chief Executive Officer of the Company and Mr. David Chua Ming Huat ("Mr. David Chua") is the President of the Company. Tan Sri KT Lim has been with the Group since the formation of the Company in 1993 and has considerable experience in the leisure and entertainment industry. Tan Sri KT Lim provides leadership for the Board in considering and setting the overall strategies and objectives of the Company. Mr. David Chua, together with the Senior Management team of the Group, assist the Chairman and Chief Executive Officer of the Company to implement the Company's strategies and policies laid down by the Board with respect to the development of the business of the Group. The Board is of the view that it is in the interests of the Company to maintain the above arrangement so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is capable to guide discussions and brief the Board in a timely manner on key issues and developments. Given that there is a balanced Board with five experienced Independent Non-executive Directors ("INEDs") representing more than two-third of the Board and an INED acting as the Deputy Chairman, the Board is of the view that there is a strong independent element on the Board to exercise independent judgement and provide sufficient check and balance. The Board will evaluate from time to time the appropriateness of the dual roles of Chairman and Chief Executive Officer performed by the same individual and ensures that the arrangement will continue to be in the interests of the Company and its shareholders as a whole.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive Office (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.2.2	The Chairman shall ensure that all Directors are properly briefed on issues arising at Board meetings.	No	All Directors are properly briefed on issues arising at Board meetings.
A.2.3	The Chairman shall ensure that Directors receive adequate information, which must be complete and reliable, in a timely manner.	No	Adequate business documents and information about the Group are provided to all Directors in a timely manner.

A.3 Board composition

Principle

The Board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The Board should ensure that changes to its composition can be managed without undue disruption. The Board should include a balanced composition of Executive and Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-Executive Directors should be of sufficient calibre and number for their views to carry weight.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.3.1	INEDs shall be expressly identified in all corporate communications that disclose the names of Directors of the issuer.	No	The Board currently comprises six Directors, one of whom is Executive Director and five are INEDs, constituting a balanced Board with strong independent element. Please refer to the section headed "Directors and Senior Management Profiles" for the skills and experience of each Director. Composition of the Board, by category of Directors, including names of Executive Director and INEDs, is disclosed in all corporate communications.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.4 Appointments, re-election and removal

Principle

There should be a formal, considered and transparent procedure for the appointment of new Directors to the Board. There should be plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any Director.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.4.1	Non-executive Directors shall be appointed for a specific term, subject to re-election.	No	A letter agreement had been entered into between the Company and each of the INEDs whereby, except for the initial term of office of Mr. Au Fook Yew as set out in the paragraph below, the term of office of each INED is generally fixed for a term of not more than approximately two years expiring at the conclusion of the annual general meeting ("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. For Mr. Au Fook Yew who was appointed as an INED on 1 May 2009, his initial term of office as an INED had been fixed for the period commencing from his date of appointment and expiring at the conclusion of the 2009 AGM on 10 June 2009, whereupon he had retired and was re-elected by the shareholders in accordance with the requirements of the Company's Bye-laws.
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. Every Director should be subject to retirement by rotation at least once every three years.	No	The Company's Bye-laws conform with this code provision whereby every Director (including 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.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.5 Responsibilities of Directors

Principle

Every Director is required to keep abreast of his responsibilities as a Director of an issuer and of the conduct, business activities and development of that issuer. Given the essential unitary nature of the Board, Non-executive Directors have the same duties of care and skill and fiduciary duties as Executive Directors.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.5.1	Every newly appointed Director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment and subsequently, such briefing and professional development as is necessary.	No	On appointment, new Directors will be given a comprehensive formal induction. The Directors are provided with A Guide on Directors' Duties issued by the Hong Kong Companies Registry and continuous updates on the latest changes or material development in statutes, the Listing Rules, corporate governance practices, etc. and are encouraged to participate in continuous professional development seminars to update their knowledge for discharging Directors' responsibilities.
A.5.2	Functions of Non-executive Directors shall include the following: (a) participating in Board meetings to bring an independent judgement; (b) taking the lead where potential conflicts of interest arise; (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and (d) scrutinizing the issuer's performance in achieving agreed corporate goals, and monitoring the reporting of performance.	No	INEDs of the Company continue to perform these functions.
A.5.3	Every Director shall give sufficient time and attention to the affairs of the issuer.	No	The Directors continue to give appropriate time and attention to the affairs of the Company.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.5 Responsibilities of Directors (Continued)

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.5.4	Directors must comply with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 when dealings in the securities of the issuer. Written guidelines for relevant employees' dealings in the securities of the issuer, which shall be on no less exacting terms than the Model Code, shall be established. "Relevant Employee" includes any employee of the issuer, a Director or employee of a subsidiary or holding company of the issuer who is likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities.	No	The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules in force during the year ended 31 December 2009 as its code of conduct regarding securities transactions by its Directors. All Directors have confirmed, following specific enquiry by the Company, that during the year from 1 January 2009 (in the case of Mr. Au Fook Yew, during the period from 1 May 2009, the date of his appointment as a Director of the Company) to 31 December 2009 (both dates inclusive), they have complied with the required standard set out in the Model Code as contained in Appendix 10 of the Listing Rules in force during the said year. The Model Code has been extended and has become equally applicable to dealings in the securities of the Company by members of Senior Management as included in the Company's latest Annual Report.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.6 Supply of and access to information

Principle

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Director of an issuer.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
A.6.1	In respect of regular Board meetings, and so far as practicable in all other cases, Board papers shall be sent in full to all Directors at least 3 days (or such other period as agreed) before a Board or Board Committee meeting.	No	Board papers in respect of regular Board meetings, and so far as practicable in all other cases, are sent to all Directors or Board Committee members (as the case may be) at least 3 days (or such other period as agreed) before the relevant meeting.
A.6.2	Management shall supply the Board and its committees with adequate information in a timely manner. The Board and each Director shall have separate and independent access to the issuer's Senior Management.	No	The Company continues to supply the Board and its committees with adequate information in a timely manner. There are formal and informal contacts between the Board and the Senior Management from time to time at Board meeting and other events.
A.6.3	All Directors are entitled to have access to Board papers and related materials. Where queries are raised by Directors, steps must be taken to respond as promptly and fully as possible.	No	Board papers, minutes and related corporate documentation are made available for inspection by all Directors. All Directors are entitled to have access to Senior Management who will respond to queries raised by the Directors promptly.

(I) Statement of Compliance (Continued)

B. Remuneration of Directors and Senior Management

B.1 The level and make-up of remuneration and disclosure

Principle

An issuer should disclose information relating to its Directors' remuneration policy and other remuneration related matters. There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors. Levels of remuneration should be sufficient to attract and retain the Directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No Director should be involved in directing his own remuneration.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
B.1.1	Remuneration Committee shall be established with specific written terms of reference. A majority of the members of the Remuneration Committee shall be INEDs.	No	The Board has established a Remuneration Committee with specific written terms of reference. A majority of the members of the Remuneration Committee are INEDs.
B.1.2	Remuneration Committee shall consult the Chairman and/or Chief Executive Officer about their proposals on the remuneration of other Executive Directors and have access to professional advice if necessary.	No	The Chairman and Chief Executive Officer of the Company is one of the Remuneration Committee members and was involved in formulating proposals on the remuneration of other Executive Directors prior to their due consideration by the Remuneration Committee during the year under review. The Chairman and Chief Executive Officer of the Company is to abstain from voting when his remuneration is considered by the Remuneration Committee.
B.1.3	The terms of reference of the Remuneration Committee shall include, as a minimum, the prescribed specific duties.	No	Terms of reference of the Remuneration Committee contain the specific duties prescribed by the CG Code. Please refer to section (III)(B)(2) of this Report for the principal duties of the Remuneration Committee.
B.1.4	The Remuneration Committee shall make available its terms of reference.	No	Terms of reference of the Remuneration Committee (including its role and functions) are available on the Company's website.
B.1.5	The Remuneration Committee shall be provided with sufficient resources to discharge its duties.	No	The Remuneration Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.

(I) Statement of Compliance (Continued)

C. Accountability and Audit

C.1 Financial reporting

Principle

The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospect.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.1.1	Management shall provide explanation and information to the Board to enable the Board to make an informed assessment of the financial information.	No	The Directors are regularly provided with relevant reports and updates on the Company's business and financial information.
C.1.2	The Directors shall acknowledge in this Report their responsibility for preparing the accounts and there shall be a statement by the auditors about their reporting responsibilities in the Auditors' Report on the financial statements.	No	The Directors are responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for the year then ended. In preparing accounts for the year ended 31 December 2009, the Directors have: (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared accounts on the going concern basis. The Auditor's Report states the auditors' reporting responsibilities.
C.1.3	The Board's responsibility to present a balanced, clear and understandable assessment shall extend to annual and interim reports, other price-sensitive announcements and other disclosures.	No	The Board endeavours to present a balanced, clear and understandable assessment of the Group's position in all corporate communications.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.2 Internal controls

Principle

The Board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.2.1	Directors shall conduct a review of the effectiveness of internal control system of the issuer and its subsidiaries at least annually and report to shareholders that they have done so in this Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.	No	The Board through the Audit Committee, has conducted periodic reviews of the effectiveness of the Group's system of internal controls, which include financial, operational, compliance controls and risk management functions. The Board is of the view that the Company maintains a reasonably sound and effective system of internal controls relevant to its level of operations. Please refer to section (II) of this Report headed "State of Internal Controls" for the details.
C.2.2	The Board's annual review shall, in particular, consider the adequacy of resources, qualifications and experience of staff of the issuer's accounting and financial reporting function, and their training programmes and budget.	No	The periodic reviews of the Board conducted through the Audit Committee as mentioned above have also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.3 Audit Committee

Principle

The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's Auditors. The Audit Committee established by an issuer pursuant to the Listing Rules should have clear terms of reference.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.3.1	Minutes shall be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of Audit Committee meetings shall be sent to all members of the committee for their comments and records within a reasonable time after the meeting.	No	Minutes of the Audit Committee meetings are kept by the Company Secretary as Secretary of the Audit Committee. Draft and final versions of minutes of Audit Committee meetings are sent to all Audit Committee members for their comments and records within a reasonable time.
C.3.2	A former partner of the issuer's existing auditing firm shall be prohibited from acting as a member of the issuer's Audit Committee for a period of 1 year commencing on the date of his ceasing: (a) to be partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.	No	None of the five Audit Committee members are former partners of the external auditors.
C.3.3	The terms of reference of the Audit Committee shall include at least the prescribed specific duties.	No	Terms of reference of the Audit Committee contain the specific duties prescribed by the CG Code. Please refer to section (III)(D)(2) of this Report for the principal duties of the Audit Committee.
C.3.4	The Audit Committee shall make available its terms of reference.	No	Terms of reference of the Audit Committee (including its role and functions) are available on the Company's website.
C.3.5	Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer shall include in this Report a statement from the Audit Committee explaining its recommendation and the reason why the Board has taken a different view.	No	The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming AGM, PricewaterhouseCoopers be re-appointed as the external auditors. The Board endorsed the Audit Committee's recommendation on the re-appointment of the external auditors.
C.3.6	The Audit Committee shall be provided with sufficient resources to discharge its duties.	No	The Audit Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.

(I) Statement of Compliance (Continued)

D. Delegation by the Board

D.1 Management functions

Principle

An issuer should have a formal schedule of matters specifically reserved to the Board for its decision. The Board should give clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the issuer.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.1.1	When the Board delegates aspects of its management and administration functions to Management, it must also give clear directions as to the powers of management.	No	The Board delegates management and administration functions to Management as it considers appropriate from time to time, with clear directions as to the powers of management including circumstances where Management shall report back and obtain prior approval from the Board.
D.1.2	The issuer shall formalize the functions reserved to the Board and those delegated to Management and review those arrangements on a periodic basis.	No	There is a formal schedule of matters reserved for the Board's decision, including: (i) Overall strategic direction; (ii) Annual operating plan; (iii) Annual capital expenditure plan; (iv) Major acquisitions and disposals; (v) Major capital projects; and (vi) Monitoring of the Group's operating and financial performance.

D.2 Board Committees

Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.2.1	The Board shall prescribe sufficiently clear terms of reference of Board Committees.	No	Clear terms of reference have been adopted for the formal Board Committees of the Company, namely the Audit Committee, the Remuneration Committee, the Share Option Committee and any other ad hoc Board Committees established for specific transaction purposes.
D.2.2	The terms of reference of Board Committees shall require such committees to report back to the Board on their decisions or recommendations.	No	This term has been included in the terms of reference of Board Committees.

(I) Statement of Compliance (Continued)

E. Communication with Shareholders

E.1 Effective communication

Principle

The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
E.1.1	A separate resolution on each substantially separate issue shall be proposed by the Chairman of a general meeting.	No	A separate resolution is proposed on each substantially separate issue at a general meeting.
E.1.2	Chairman of the Board shall attend the annual general meeting and arrange for the Chairmen of the Audit, Remuneration and Nomination Committees (as appropriate) or in his absence, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.	No	The Chairman of the Board (who is also a member of the Remuneration Committee) and one member of each of the Audit Committee and the Remuneration Committee had attended the 2009 AGM of the Company.
E.1.3	The issuer shall arrange for the notice to shareholders to be sent in the case of annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings.	No	During the year under review, more than 20 clear business days' notice period had been given for the 2009 AGM and more than 10 clear business days' notice period had been given for the Company's special general meeting held on 15 October 2009.

E.2 Voting by poll

Principle

The issuer should ensure that shareholders are familiar with the details procedures for conducting a poll.

Summary of Code Provisions		Any deviations?	Governance practices of the Company
E.2.1	The Chairman of a meeting shall at the commencement of the meeting provide an explanation on the detailed procedures for conducting a poll and then answer questions from shareholders regarding voting by way of a poll.	No	During the year under review, procedures for conducting a poll were properly explained during the Company's general meeting proceedings.

(II) State of Internal Controls

(A) Board responsibility

The Board has the ultimate responsibilities for the Company's system of internal controls and through Audit Committee, has reviewed the adequacy and effectiveness of the system including, inter alia, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The system is designed to provide reasonable, but not absolute, assurance against material misstatements or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Company's objectives.

(B) Key internal control process

The key aspects of the internal control system, within the Company are as follows:

(1) The Company has in place a formal organization structure that clearly defines management roles, responsibilities and reporting lines.

(2) The Board has delegated the responsibilities to various committees with appropriate empowerment to implement and monitor the operating procedures and system of internal controls. These committees meet on a regular basis and address financial, operational and management matters.

(3) There are policies and guidelines to govern the delegation of authority to various levels of management staff, to ensure accountability and responsibility.

(4) The Company has in place several policies, which govern employees in observing high standards of ethics and integrity in the performance of duties.

(5) Policies and procedures to ensure compliance with internal controls and relevant laws and regulations are set out in the standard operating manuals, guidelines and directives issued by management, which are reviewed and updated from time to time.

(6) There is a strategic planning, annual budgeting and target-setting process, which include forecasts for each area of business with detailed reviews at all levels of operations. The Board reviews and approves budget.

(7) There is a comprehensive management and financial accounting system in place providing financial and operational performance measure indicators to the management, and the relevant financial information for reporting and disclosure purpose.

(8) Performance trends and forecasts, as well as actual performance, cash flow reports and other pertinent business/financial/operation statistics are reviewed and closely monitored by the respective operating units with oversight by Management Committee on a regular basis.

(9) Regulatory and Statutory compliance are monitored through the Company Secretary and Internal Auditors to support the Board on proper management of effective corporate governance practices and requirements.

(II) State of Internal Controls (Continued)

(B) Key internal control process (Continued)

(10) The Company has a Risk Management Programme to compliment the ongoing risk management delegated to various committees.

The programme is backed by a Risk Management Policy, having business units to perform risk assessment in a self-assessment format. The assessed risks are then consolidated for review by Risk Management Task Force ("RMTF") headed by the Chief Financial Officer and members represented by divisional or departmental heads from various operating units. RMTF oversees the process of the programme and meetings were held to assess the progress of the programme and review the risk profiles as well as the management of all key business risks.

The risk management framework/methodology encompasses a 7 systematic steps approach with emphasis on risk likelihood and related consequences. An in-house developed software is used to track the risk management approach and to record risk profiles.

(11) The Company has reporting mechanisms in place for improprieties or suspected fraudulent acts. There are few guidances provided in this aspect and a whistleblower system was implemented in May 2008.

(12) The Internal Audit Department is responsible for monitoring the Group's internal governance and provides objective assurance to the Board that a sound internal control system is maintained and operated by management in compliance with approved policies, procedures and standards.

The annual internal audit plan, which is established on a risk based approach, is reviewed and approved by the Audit Committee. Internal audit reports incorporating control weaknesses and remedial actions are issued to the relevant division/department heads upon completion of audits and summary of reports issued are included in the progress report tabled at Audit Committee meeting on a half-yearly basis.

(13) The Board through the Audit Committee, has conducted periodic reviews of the effectiveness of the Group's system of internal controls, which include financial, operational, compliance controls and risk management functions. The periodic reviews have also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review is supported by periodic reports received from the management, external and internal auditors.

(C) Statement from Directors

During the year, external and internal auditors reported some weaknesses in the system of internal controls. These weaknesses have not materially impacted the business or operations of the Company and hence have not been included in this statement. Nevertheless, measures have been or are being taken to address these weaknesses.

The Board is of the view that the Company maintains a reasonably sound and effective system of internal controls relevant to its level of operations.

(III) Other Information

In addition to the information disclosed above, set out below is other information required to be disclosed pursuant to the rules on Corporate Governance Report contained in Appendix 23 to the Listing Rules.

(A) Board of Directors

(1) During the year under review, eight Board meetings were held and details of the Directors' attendance are set out below:

	Attendance
Executive Directors:	
Tan Sri Lim Kok Thay	7/8
(Chairman and Chief Executive Officer)	
Mr. Chong Chee Tut *(Note 1)*	4/4
Mr. William Ng Ko Seng *(Note 2)*	4/4
(Alternate Director to Tan Sri Lim Kok Thay and Chief Operating Officer - Cruise)	
INEDs:	
Mr. Alan Howard Smith *(Deputy Chairman)*	8/8
Mr. Tan Boon Seng	7/8
Mr. Lim Lay Leng	8/8
Mr. Heah Sieu Lay	8/8
Mr. Au Fook Yew *(Note 3)*	4/4

Notes:

1. Resigned as an Executive Director on 1 May 2009.

2. Resigned as an Executive Director on 1 May 2009 and appointed as an Alternate Director to Tan Sri Lim Kok Thay on the same day and further appointed as the Chief Operating Officer - Cruise on 1 October 2009.

3. Appointed as an Independent Non-executive Director on 1 May 2009.

(III) Other Information (Continued)

(B) Remuneration of Directors

(1) During the year under review, one Remuneration Committee meeting was held and details of attendance of the Remuneration Committee members are set out below:

	Attendance
Mr. Alan Howard Smith *(Chairman of the Remuneration Committee and INED)*	1/1
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	1/1
Mr. Lim Lay Leng *(INED)*	1/1
Mr. Tan Boon Seng *(INED)*	1/1

(2) The principal duties of the Remuneration Committee include the following:

(a) to review and make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and Senior Management;

(b) to review and determine the specific remuneration packages of all Executive Directors and Senior Management and to review and make recommendations to the Board of the remuneration of Non-executive Directors (including INEDs). Directors' emoluments are determined with reference to the Group's remuneration policy which takes into account, inter alia, their duties and responsibilities, the Group's performance, remuneration benchmark in the industry, the country where they are based, prevailing market conditions, time commitment and salaries paid by comparable companies;

(c) to review and approve performance-based remuneration;

(d) to review and approve the compensation payable to Executive Directors and Senior Management in connection with any loss or termination of their office or appointment;

(e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;

(f) to ensure that no Directors or any of his associates is involved in deciding his own remuneration;

(g) when the occasion arises, to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules; and

(h) to consider other topics, as may be delegated by the Board.

(3) During the year 2009, the Remuneration Committee has, inter alia:

(a) considered, reviewed and, where applicable, determined the specific remuneration packages (including annual bonus, if any) of the Executive Directors and certain Senior Management; and

(b) recommended the Directors' fee for the year 2008 which has been approved by the shareholders of the Company at the 2009 AGM.

(4) No Director is involved in deciding his own remuneration.

(III) Other Information (Continued)

(C) Nomination of Directors

(1) The Board will review its composition from time to time as appropriate to ensure that the Board has a balance of skills and experience appropriate for the business of the Company and that changes to its composition, if any, can be managed without undue disruption.

(2) On 1 May 2009, Mr. Au Fook Yew has been appointed as an Independent Non-executive Director of the Company, Mr. Chong Chee Tut and Mr. William Ng Ko Seng have resigned as Executive Directors of the Company and Mr. William Ng Ko Seng has been appointed as an Alternate Director to Tan Sri Lim Kok Thay, the Executive Director, Chairman and Chief Executive Officer of the Company. Save as the aforesaid, there have been no other changes to the Board composition during the financial year under review.

(3) During the year 2009, the Board has:

(a) recommended Tan Sri Lim Kok Thay and Mr. Alan Howard Smith (who retired by rotation pursuant to the Company's Bye-laws) for re-appointment at the 2009 AGM of the Company. The respective resolutions for re-election of the said retiring Directors were duly approved by the shareholders;

(b) re-appointed Tan Sri Lim Kok Thay as Chairman of the Company and Mr. Alan Howard Smith as Deputy Chairman of the Company, to hold office until the conclusion of the 2010 AGM of the Company pursuant to the Company's Bye-laws;

(c) appointed Mr. Au Fook Yew as an Independent Non-executive Director of the Company who had retired at the 2009 AGM and was re-elected by the shareholders;

(d) re-appointed Mr. Alan Howard Smith, Tan Sri Lim Kok Thay, Mr. Lim Lay Leng and Mr. Tan Boon Seng as members of the Remuneration Committee to hold office until the conclusion of the 2010 AGM of the Company and re-appointed Mr. Alan Howard Smith as the Chairman of the Remuneration Committee;

(e) appointed/re-appointed Mr. Heah Sieu Lay, Mr. Alan Howard Smith, Mr. Tan Boon Seng, Mr. Lim Lay Leng and Mr. Au Fook Yew as members of the Audit Committee to hold office until the conclusion of the 2010 AGM of the Company and re-appointed Mr. Heah Sieu Lay as the Chairman of the Audit Committee;

(f) accepted the resignations of Mr. Chong Chee Tut and Mr. William Ng Ko Seng as Executive Directors of the Company on 1 May 2009; and

(g) accepted the appointment of Mr. William Ng Ko Seng as an Alternate Director to Tan Sri Lim Kok Thay on 1 May 2009.

(III) Other Information (Continued)

(D) Audit Committee

(1) During the year under review, three Audit Committee meetings were held and details of attendance of Audit Committee members are set out below:

	Attendance
INEDs:	
Mr. Heah Sieu Lay *(Chairman of the Audit Committee)*	3/3
Mr. Alan Howard Smith	3/3
Mr. Tan Boon Seng	3/3
Mr. Lim Lay Leng	3/3
Mr. Au Fook Yew *(appointed as a member of the Audit Committee on 10 June 2009)*	1/1

(2) During the year under review, the principal duties of the Audit Committee included the following:

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;

(d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts as well as half-year report, and to review significant financial reporting judgements contained in them before submission to the Board;

(e) in regard to (d) above,

(i) members of the Committee must liaise with the Company's Board and Senior Management and discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss; and

(ii) the Committee should consider any significant or unusual items;

(f) to review the external auditor's management letter, any material queries raised by the auditor to Management in respect of the accounting records, financial accounts or systems of control and Management's response;

(g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(h) to review the Company's financial controls, internal control and risk management systems;

(i) to discuss with Management the system of internal control and ensure that Management has discharged its duty to have an effective internal control system including, inter alia, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

(III) Other Information (Continued)

(D) Audit Committee (Continued)

(j) to review the internal audit programme and to review and monitor the effectiveness of the internal audit function;

(k) to review the Group's financial and accounting policies and practices;

(l) to consider any findings of major investigations of internal control matters and Management's response; and

(m) to consider other topics, as defined by the Board.

(3) During the year 2009, the Audit Committee has, inter alia:

(a) reviewed the financial reports for the year ended 31 December 2008 and for the six months ended 30 June 2009;

(b) reviewed the internal and external audit plans;

(c) reviewed the internal and external audit reports;

(d) reviewed the Company's systems of internal controls including, inter alia, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

(e) reviewed connected transactions and related party transactions as set out in the section headed "Connected Transactions" in the Report of the Directors and in note 35 to the consolidated financial statements;

(f) considered the appointment of the external auditors including the proposed audit fees;

(g) considered the engagement of the external auditors to provide non-audit services; and

(h) reported to the Board conclusions of its review and recommendations on the matters set out above.

(E) Auditors' Remuneration

A remuneration of US$0.86 million was paid/payable to the Company's external auditors for the provision of audit services in 2009. During the same year, the fees paid/payable to the external auditors for non-audit related activities amounted to US$0.51 million, comprising tax services fees of US$0.13 million and regulatory reporting services fees and others of US$0.38 million.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2009

	Note	GROUP 2009 US$'000	GROUP 2008 (restated) US$'000
Turnover	5	**376,802**	441,039
Operating expenses			
Operating expenses excluding depreciation, amortisation and impairment loss		**(223,292)**	(311,972)
Depreciation and amortisation	9	**(67,892)**	(60,676)
		(291,184)	(372,648)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		**(69,729)**	(78,175)
Depreciation and amortisation	9	**(10,580)**	(6,446)
		(80,309)	(84,621)
Impairment loss	6	**(28,588)**	(99,873)
		(400,081)	(557,142)
		(23,279)	(116,103)
Share of profit / (loss) of jointly controlled entities	19	**23,565**	(104,098)
Share of (loss) / profit of associates	20	**(2,512)**	1,454
Other income / (expenses), net	8	**2,238**	146,525
Finance income		**209**	3,233
Finance costs	7	**(24,191)**	(28,610)
		(691)	18,504
Loss before taxation	9	**(23,970)**	(97,599)
Taxation	10	**(4,319)**	(3,528)
Loss for the year		**(28,289)**	(101,127)
Other comprehensive income / (loss):			
Foreign currency translation differences		**(13,308)**	(4,131)
Fair value gain / (loss) on financial instruments		**3,995**	(4,246)
Cash flow hedges transferred to consolidated income statement		**(1,179)**	2,780
Share of other comprehensive income / (loss) of a jointly controlled entity		**2,918**	(504)
Release of reserves upon deemed disposal of a subsidiary		**—**	(2,104)
Other comprehensive loss for the year		**(7,574)**	(8,205)
Total comprehensive loss for the year		**(35,863)**	(109,332)

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2009

		GROUP	
	Note	**2009** **US$'000**	2008 (restated) US$'000
Loss attributable to:			
Equity shareholders of the Company		**(25,343)**	(80,107)
Minority interest		**(2,946)**	(21,020)
		(28,289)	(101,127)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(32,917)**	(88,312)
Minority interest		**(2,946)**	(21,020)
		(35,863)	(109,332)
Loss per share attributable to equity shareholders of the Company			
– Basic loss per share (US cents)	11	**(0.34)**	(1.08)
– Diluted loss per share (US cents)	11	**(0.34)**	(1.08)

Statement of Financial Position

		GROUP			COMPANY	
	Note	**31 December 2009**	31 December 2008 (restated)	1 January 2008 (restated)	**2009**	2008
		US$'000	US$'000	US$'000	**US$'000**	US$'000
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	14	**–**	–	590,994	**–**	–
Deferred tax assets	32	**409**	35	43	**–**	–
Property, plant and equipment	15	**890,668**	708,167	5,200,573	**93**	119
Land use right	16	**246,661**	254,156	289,554	**–**	–
Investment property	17	**14,544**	–	–	**–**	–
Investment in subsidiaries	18	**–**	–	–	**1,288,336**	1,288,336
Interest in jointly controlled entities	19	**776,702**	694,055	–	**–**	–
Interest in associates	20	**271,849**	287,428	–	**–**	–
Restricted cash		**–**	–	1,682	**–**	–
Other assets	21	**2,019**	2,771	61,708	**1,855**	2,557
		2,202,852	1,946,612	6,144,554	**1,290,284**	1,291,012
CURRENT ASSETS						
Consumable inventories	22	**5,397**	5,363	49,066	**–**	–
Trade receivables	23	**11,685**	9,142	20,156	**–**	–
Prepaid expenses and other receivables	24	**39,366**	302,142	62,399	**5,058**	3,600
Derivative financial instruments	31	**654**	–	1,953	**654**	–
Restricted cash		**–**	–	1,375	**–**	–
Amounts due from subsidiaries	25	**–**	–	–	**1,406,854**	1,193,313
Amounts due from related companies	35	**1,933**	446	–	**–**	–
Cash and cash equivalents	26	**137,574**	112,147	149,086	**209**	111
		196,609	429,240	284,035	**1,412,775**	1,197,024
Non-current assets classified as held for sale	27	**197,720**	192,659	–	**–**	–
		394,329	621,899	284,035	**1,412,775**	1,197,024
TOTAL ASSETS		**2,597,181**	2,568,511	6,428,589	**2,703,059**	2,488,036

Statement of Financial Position

	Note	GROUP 31 December 2009 US$'000	GROUP 31 December 2008 (restated) US$'000	GROUP 1 January 2008 (restated) US$'000	COMPANY 2009 US$'000	COMPANY 2008 US$'000
EQUITY						
Capital and reserves attributable to the Company's equity holders						
Share capital	28	**742,625**	742,625	742,625	**742,625**	742,625
Reserves:						
Share premium		**1,495,033**	1,495,033	1,495,033	**1,495,033**	1,495,033
Additional paid-in capital		**95,924**	94,388	94,108	**95,383**	92,608
Convertible bonds - equity component	30	**8,893**	–	4,391	**8,893**	–
Foreign currency translation adjustments		**(35,541)**	(22,233)	(18,102)	**–**	–
Cash flow hedge reserve		**3,561**	(3,412)	(713)	**(664)**	(3,480)
Accumulated losses		**(486,613)**	(461,270)	(385,554)	**(498,507)**	(465,709)
		1,823,882	1,845,131	1,931,788	**1,842,763**	1,861,077
Minority interest		**42,939**	45,760	66,780	**–**	–
TOTAL EQUITY		**1,866,821**	1,890,891	1,998,568	**1,842,763**	1,861,077
LIABILITIES						
NON-CURRENT LIABILITIES						
Long-term borrowings	29	**480,024**	466,959	3,322,888	**424,899**	427,485
Derivative financial instruments	31	**1,412**	3,031	2,996	**1,412**	3,031
Other long-term liabilities		**–**	–	4,801	**–**	–
Deferred tax liabilities	32	**816**	254	38	**–**	–
		482,252	470,244	3,330,723	**426,311**	430,516
CURRENT LIABILITIES						
Trade creditors	33	**26,340**	25,475	121,414	**–**	–
Current income tax liabilities		**2,651**	3,046	1,562	**–**	–
Provision, accruals and other liabilities	34	**110,165**	111,594	316,192	**3,289**	4,327
Current portion of long-term borrowings	29	**98,690**	54,043	312,020	**54,304**	49,657
Derivative financial instruments	31	**571**	1,651	1,297	**571**	1,651
Amounts due to subsidiaries	25	**–**	–	–	**375,821**	140,808
Amounts due to related companies	35	**586**	1,118	571	**–**	–
Advance ticket sales		**9,105**	10,449	346,242	**–**	–
		248,108	207,376	1,099,298	**433,985**	196,443
TOTAL LIABILITIES		**730,360**	677,620	4,430,021	**860,296**	626,959
TOTAL EQUITY AND LIABILITIES		**2,597,181**	2,568,511	6,428,589	**2,703,059**	2,488,036
NET CURRENT ASSETS / (LIABILITIES)		**146,221**	414,523	(815,263)	**978,790**	1,000,581
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,349,073**	2,361,135	5,329,291	**2,269,074**	2,291,593

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Mr. Alan Howard Smith
Deputy Chairman and Independent Non-executive Director

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2009

		GROUP	
	Note	**2009**	2008
			(restated)
		US$'000	US$'000
OPERATING ACTIVITIES			
Cash generated from operations	(a)	**46,243**	38,424
Interest paid		**(18,234)**	(31,278)
Interest received		**209**	1,037
Income tax paid		**(2,729)**	(1,514)
Net cash inflow from operating activities		**25,489**	6,669
INVESTING ACTIVITIES			
Net cash outflow arising on deemed disposal of a subsidiary	(b)	**—**	(40,291)
Purchase of property, plant and equipment		**(18,557)**	(79,513)
Proceeds from sale of property, plant and equipment		**6,790**	160,353
Proceeds received in respect of Pride of America	(b)	**—**	196,860
Proceeds from sale of trade name		**—**	1,250
Transaction fees received from a jointly controlled entity		**—**	10,000
Acquisition of equity interest in a jointly controlled entity		**(210)**	—
Acquisition of equity interest in associates		**(20)**	(285,962)
Additional equity investment in a jointly controlled entity		**(50,000)**	—
Payment of NCL America cash losses and shut down costs	(b)	**—**	(55,997)
Net cash outflow from investing activities		**(61,997)**	(93,300)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**129,637**	308,060
Repayments of long-term borrowings		**(213,888)**	(189,558)
Proceeds from issuance of convertible bonds, net of issuance costs		**146,000**	—
Redemption of convertible bonds		**—**	(65,938)
Payment of loan arrangement fees		**(1,127)**	(268)
Others		**—**	(1,599)
Net cash inflow from financing activities		**60,622**	50,697
Effect of exchange rate changes on cash and cash equivalents		**1,313**	(1,005)
Net increase / (decrease) in cash and cash equivalents		**25,427**	(36,939)
Cash and cash equivalents at beginning of year		**112,147**	149,086
Cash and cash equivalents at end of year	26	**137,574**	112,147

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2009

Notes to Consolidated Statement of Cash Flows

(a) Cash generated from operations

	GROUP	
	2009	2008 (restated)
	US$'000	US$'000
OPERATING ACTIVITIES		
Loss before taxation	**(23,970)**	(97,599)
Depreciation and amortisation		
– relating to operating function	**67,892**	60,676
– relating to selling, general and administrative function	**10,580**	6,446
	78,472	67,122
Finance costs	**24,191**	28,610
Finance income	**(209)**	(3,233)
Transaction fee from a jointly controlled entity	**—**	(10,000)
Impairment loss	**28,588**	99,873
Share of (profit) / loss of jointly controlled entities	**(23,565)**	104,098
Share of loss / (profit) of associates	**2,512**	(1,454)
Gain on deemed disposal of a subsidiary	**—**	(80,786)
Gain on disposal of property, plant and equipment	**(3,137)**	(54,719)
Gain on derivative instruments	**(793)**	(235)
Others	**4,141**	1,012
	86,230	52,689
Decrease / (Increase) in:		
Trade receivables	**(6,154)**	3,550
Consumable inventories	**(34)**	1,706
Prepaid expenses and other receivables	**(32,189)**	(1,313)
Other assets	**(9)**	27
Increase / (Decrease) in:		
Trade creditors	**865**	(7,224)
Provisions, accruals and other liabilities	**897**	(8,121)
Amounts due to related companies	**(2,019)**	101
Advance ticket sales	**(1,344)**	(2,991)
Cash generated from operations	**46,243**	38,424

Notes to Consolidated Statement of Cash Flows (Continued)

(b) Net cash outflow arising on deemed disposal of a subsidiary

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo Management L.P. ("Apollo") and its affiliates in a then major subsidiary, NCL Corporation Ltd. ("NCLC") through an equity investment of US$1 billion, was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company.

The details of net assets disposed of and cash flow arising from the deemed disposal of NCLC are as follows:

	As at date of deemed disposal US$'000
Trade and other receivables	42,595
Consumable inventories	41,997
Cash and bank balances	40,291
Intangible assets	590,994
Property, plant and equipment	4,175,086
Other assets	61,322
Long-term borrowings (including current portion of long-term borrowings)	(3,169,060)
Other long-term liabilities	(4,801)
Trade and other creditors	(291,509)
Advance ticket sales	(332,802)
Net assets disposed of	1,154,113
Release of reserves upon deemed disposal of a subsidiary	(2,104)
Share of net assets after deemed disposal reclassified as investment in a jointly controlled entity	(813,432)
Gain on deemed disposal of a subsidiary	80,786
	419,363
Proceeds from NCLC in respect of Pride of America	(196,860)
NCL America cash losses and shut down costs	55,997
Net book value of m.v. Norwegian Sky (formerly known as m.v. Pride of Aloha) to be distributed by NCLC	(278,500)
	—
Cash and bank balances disposed of	(40,291)
Net cash outflow arising on deemed disposal	(40,291)

Statements of Changes in Equity

For the Year Ended 31 December 2009

	Attributable to equity holders of the Company									
GROUP	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$'000	Cash flow hedge reserve US$'000	Accumulated losses US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
At 1 January 2009										
– as previously stated	742,625	1,495,033	94,388	–	(22,233)	(3,412)	(419,869)	1,886,532	45,760	1,932,292
– adoption of HK(IFRIC) - Int 13 retrospectively	–	–	–	–	–	–	(41,401)	(41,401)	–	(41,401)
At 1 January 2009, as restated	742,625	1,495,033	94,388	–	(22,233)	(3,412)	(461,270)	1,845,131	45,760	1,890,891
Amortisation of share option expense	–	–	2,775	–	–	–	–	2,775	–	2,775
Minority interest arising from incorporation of a subsidiary	–	–	–	–	–	–	–	–	125	125
Loss for the year	–	–	–	–	–	–	(25,343)	(25,343)	(2,946)	(28,289)
Other comprehensive income / (loss) for the year:										
Foreign currency translation differences	–	–	–	–	(13,308)	–	–	(13,308)	–	(13,308)
Fair value gain on financial instruments	–	–	–	–	–	3,995	–	3,995	–	3,995
Cash flow hedges transferred to consolidated statement of comprehensive income	–	–	–	–	–	(1,179)	–	(1,179)	–	(1,179)
Share of other comprehensive income of a jointly controlled entity	–	–	(1,239)	–	–	4,157	–	2,918	–	2,918
Total comprehensive income / (loss)	–	–	1,536	–	(13,308)	6,973	(25,343)	(30,142)	(2,821)	(32,963)
Transaction with owners:										
Convertible bonds - equity component	–	–	–	8,893	–	–	–	8,893	–	8,893
At 31 December 2009	742,625	1,495,033	95,924	8,893	(35,541)	3,561	(486,613)	1,823,882	42,939	1,866,821

Statements of Changes in Equity

For the Year Ended 31 December 2008

	Attributable to equity holders of the Company									
GROUP	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$'000	Cash flow hedge reserve US$'000	Accumulated losses US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
At 31 December 2007										
– as previously stated	742,625	1,495,033	94,108	4,391	(18,102)	(713)	(344,750)	1,972,592	66,780	2,039,372
– adoption of HK(IFRIC) - Int 13 retrospectively	–	–	–	–	–	–	(40,804)	(40,804)	–	(40,804)
At 1 January 2008, as restated	742,625	1,495,033	94,108	4,391	(18,102)	(713)	(385,554)	1,931,788	66,780	1,998,568
Amortisation of share option expenses	–	–	1,655	–	–	–	–	1,655	–	1,655
Redemption of convertible bonds	–	–	–	(4,391)	–	–	4,391	–	–	–
Loss for the year	–	–	–	–	–	–	(80,107)	(80,107)	(21,020)	(101,127)
Other comprehensive income / (loss) for the year:										
Foreign currency translation differences	–	–	–	–	(4,131)	–	–	(4,131)	–	(4,131)
Fair value loss on financial instruments	–	–	–	–	–	(4,246)	–	(4,246)	–	(4,246)
Cash flow hedges transferred to consolidated statement of comprehensive income	–	–	–	–	–	2,780	–	2,780	–	2,780
Share of other comprehensive income of a jointly controlled entity	–	–	79	–	–	(583)	–	(504)	–	(504)
Release of reserves upon deemed disposal of a subsidiary	–	–	(1,454)	–	–	(650)	–	(2,104)	–	(2,104)
At 31 December 2008	742,625	1,495,033	94,388	–	(22,233)	(3,412)	(461,270)	1,845,131	45,760	1,890,891

Statements of Changes in Equity

For the Year Ended 31 December 2009

COMPANY	Share capital US$'000	Share premium[1] US$'000	Additional paid-in capital[1] US$'000	Convertible bonds - equity component US$'000	Cash flow hedge reserve US$'000	Retained earnings / (Accumulated losses) US$'000	Total US$'000
At 1 January 2009	**742,625**	**1,495,033**	**92,608**	**–**	**(3,480)**	**(465,709)**	**1,861,077**
Amortisation of share option expense	**–**	**–**	**2,775**	**–**	**–**	**–**	**2,775**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(32,798)**	**(32,798)**
Other comprehensive income / (loss) for the year:							
Fair value gain on financial instruments	**–**	**–**	**–**	**–**	**3,995**	**–**	**3,995**
Cash flow hedges transferred to statement of comprehensive income	**–**	**–**	**–**	**–**	**(1,179)**	**–**	**(1,179)**
Total comprehensive income / (loss)	**–**	**–**	**2,775**	**–**	**2,816**	**(32,798)**	**(27,207)**
Convertible bonds - equity component	**–**	**–**	**–**	**8,893**	**–**	**–**	**8,893**
At 31 December 2009	**742,625**	**1,495,033**	**95,383**	**8,893**	**(664)**	**(498,507)**	**1,842,763**
At 1 January 2008	742,625	1,495,033	90,953	4,391	(2,014)	117,468	2,448,456
Amortisation of share option expense	–	–	1,655	–	–	–	1,655
Redemption of convertible bonds	–	–	–	(4,391)	–	4,391	–
Loss for the year	–	–	–	–	–	(587,568)[2]	(587,568)
Other comprehensive income / (loss) for the year:							
Fair value loss on financial instruments	–	–	–	–	(4,246)	–	(4,246)
Cash flow hedges transferred to statement of comprehensive income	–	–	–	–	2,780	–	2,780
At 31 December 2008	742,625	1,495,033	92,608	–	(3,480)	(465,709)	1,861,077

Notes:

1. These reserves are non-distributable as dividends to equity holders of the Company.

2. The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$32.8 million (2008: US$587.6 million).

Notes to the Consolidated Financial Statements

1. General Information

Genting Hong Kong Limited (the "Company") is an exempted company continued into Bermuda with limited liability and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and traded on the Quotation and Execution System for Trading of the Singapore Exchange Securities Trading Limited. The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

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 and leisure, entertainment and hospitality activities.

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo and its affiliates in NCLC through an equity investment of US$1 billion was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company. For the purpose of this annual report, the definition of the Group up to 6 January 2008 refers to the Company and its subsidiaries (which includes NCLC and its subsidiaries (the "NCLC Group")). Upon completion of the Apollo transaction on 7 January 2008, the definition of the Group refers to the Company and its subsidiaries (with the NCLC Group being accounted for as a jointly controlled entity).

In March 2009, NCLC amended certain terms of substantially all of its debt agreements, which include the extension of the maturity periods, deferral of principal amortisation and accelerated principal payments if NCLC reaches certain liquidity thresholds and certain other additional covenants. In connection with the amendments, the Group and Apollo and its affiliates have subscribed for their proportionate share of the ordinary shares of NCLC for an aggregate subscription price of US$100 million in April 2009. The Group paid for its share of subscription price of US$50 million on 6 April 2009, funded by an unsecured and interest bearing short-term shareholder's loan of US$50 million which was accepted on 1 April 2009.

The consolidated financial statements of the Group for the years ended 31 December 2009 and 2008 reflects the Group's Asia Pacific operations with the results of the NCLC Group being accounted for as a jointly controlled entity using the equity method.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards effective in 2009

From 1 January 2009, the Group has adopted the following HKFRS, amendments and interpretations to existing standards, which are relevant to its operations.

(i) HKFRS 7, 'Financial instruments - Disclosure' (amendment), requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. The amendment does not have a material impact on the Group's financial statements.

(ii) HKFRS 8, 'Operating segments', replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This new standard does not have an impact on the Group's financial statements.

(iii) HKAS 1 (Revised), 'Presentation of financial statements', prohibits the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Group has applied HKAS 1 (Revised) from 1 January 2009.

(iv) HKFRS 2 (amendment), 'Share-based payment', deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the Group's financial statements.

(v) HK(IFRIC) - Int 16, 'Hedges of a net investment in a foreign operation' clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of HKAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. This interpretation does not have a material impact on the Group's financial statements.

(vi) HK(IFRIC) - Int 13, 'Customer loyalty programmes' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

This impact of adoption of HK(IFRIC) - Int 13 on the Group's financial statements is discussed below.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards effective in 2009 (Continued)

HK(IFRIC) - Int 13

The adoption of HK(IFRIC) - Int 13 requires the Group to treat transactions where goods or services are sold together with a customer loyalty incentive as a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. Prior to 1 January 2009, the Group accounted for customer award credit (often described as "points") redemption as a reduction of cost of goods sold based on cost per point. Upon adoption of HK(IFRIC) - Int 13 on 1 January 2009, the Group accounts for the customer award credit redemption as revenue i.e. the revenue initially deferred be recognised upon redemption and the consideration allocated to the award credit be measured by reference to their fair value.

The change in accounting policy has been accounted for retrospectively as follows:

	As previously reported US$'000	Effect of adoption of HK(IFRIC) US$'000	As restated US$'000
Group			
At 31 December 2008			
Accumulated losses	(419,869)	(41,401)	(461,270)
Provision, accruals and other liabilities	70,193	41,401	111,594
For the year ended 31 December 2008			
Turnover	436,587	4,452	441,039
Operating expenses	(306,923)	(5,049)	(311,972)
Loss for the year	(100,530)	(597)	(101,127)
Group			
At 31 December 2007			
Accumulated losses	(344,750)	(40,804)	(385,554)
Provision, accruals and other liabilities	275,388	40,804	316,192

The above changes have been applied retrospectively and 2008 and 2007 comparatives and relevant notes have been restated accordingly. Except for the above changes, other 2008 and 2007 comparatives remains the same.

(vii) HKICPA's improvements to HKFRS published in October 2008.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

(i) HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

(ii) HKFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

(iii) HK(IFRIC) - Int 17, 'Distribution of non-cash assets to owners' (effective from 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply the interpretation from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

(iv) HKAS 38 (amendment), 'Intangible assets' (effective from 1 July 2009). The amendment provides guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. This amendment is not relevant to the Group.

(v) HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal group) classified as held-for-sale'. The amendment provides classification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal group) classified as held-for-sale or discontinued operations. It also clarifies that the general requirements of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted (Continued)

(vi) HKAS 1 (amendment), 'Presentation of financial statements'. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

(vii) HKFRS 2 (amendment), 'Group cash-settled and share-based payment transactions'. In addition to incorporating HKFRS 8, 'Scope of HKFRS 2', and HK(IFRIC) - Int 11, 'HKFRS 2 - Group and treasury share transactions', the amendments expand on the guideline in HK(IFRIC) - Int 11 to address the classification of group arrangements that were not covered by that interpretation. The new guideline is not expected to have a material impact on the Group's financial statements.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions within the Group are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds from the disposal and the Group's share of its net assets, including the cumulative amount of any exchange differences that relate to the subsidiary recognised in equity in accordance with HKAS 21'The Effects of Changes in Foreign Exchange Rates'.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision of impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(ii) Transaction with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Gains or losses arising from disposals of the Group's interests in subsidiaries to minority interests are recorded in the consolidated statement of comprehensive income.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill represents the excess of the cost of an acquisition over the fair values of the Group's share of net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and jointly controlled entities is included in investments in associates and jointly controlled entities respectively. Separately recognised goodwill is tested annually for impairment or where there are indications of possible impairment and is carried at net carrying amount less accumulated impairment losses. Impairment losses on goodwill arising from acquisition of subsidiaries are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(iv) Joint venture

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of post-acquisition results of jointly controlled entity in the consolidated statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, which includes goodwill on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

(c) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated using the closing rate at the date of that statement of financial postion;

(ii) income and expenses for each statement of comprehensive income are translated using the average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue and expense recognition

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

Deposits received from customers for future voyages are recorded as advance ticket sales until such passenger revenue is earned. Interest income and expense are recognised on a time proportion basis using the effective interest method.

Gaming revenue for casinos includes gaming win. Although disclosed as revenue, gaming win meets the definition of a gain under HKAS 39 'Financial Instruments: Recognition and Measurement'.

(e) Drydocking expenses

Drydocking costs represent major inspection and overhaul costs and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally every two to three years. The Group has included these drydocking costs as a separate component of the ship costs in accordance with HKAS 16 'Property, Plant and Equipment'.

(f) Advertising costs

The Group's advertising costs are generally expensed as incurred. Costs incurred that result in tangible assets, including brochures, are treated as prepaid supplies and expensed as consumed.

(g) Start up expenses

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

2. Summary of Significant Accounting Policies (Continued)

(h) Current and deferred income tax

The tax expense for the year comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(j) Restricted cash

Restricted cash consists of cash collateral in respect of certain agreements.

2. Summary of Significant Accounting Policies (Continued)

(k) Convertible bonds

The fair value of the liability component and the equity conversion component are determined at issuance of the convertible bonds.

The fair value of the liability component, included in long-term borrowings is calculated using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The residual amount, being the equity component, representing the option to covert the liability component into ordinary shares of the Company, is included as a component of reserves in equity. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in the equity will be released to the retained earnings / accumulated losses.

The finance cost recognised in the consolidated statement of comprehensive income in respect of convertible bonds is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability component of the convertible bonds for each accounting period. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds.

(l) Consumable inventories

Consumable inventories consist mainly of provisions and supplies and are carried at the lower of cost, determined on a weighted average basis, and net realisable value. Net realisable value is determined on the basis of estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors and the probability that the debtor will default in payments are considered indicators that the trade receivables are impaired. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(n) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, except for derivatives with maturities greater than 12 months.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (notes (i) and (m)).

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the consolidated statement of comprehensive income within other income / (expense), net, in the year in which they arise.

2. Summary of Significant Accounting Policies (Continued)

(n) Financial assets (Continued)

(ii) Recognition and measurement (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. Impairment testing of trade receivables is described in note (m).

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are recognised for a contract that is onerous, a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provisions are not recognised for future operating losses.

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(p) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability for each period. The finance charges are charged to the consolidated statement of comprehensive income over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. The land held under a long-term lease is classified as an operating lease if the risks and rewards incidental to ownership will not be transferred to the lessee. Rental payments applicable to such operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

(iii) Sale and leaseback transactions - where the Group is the lessee

A sale and leaseback transaction involves the sale of an asset by the vendor and the leasing of the same asset back to the vendor. The lease payments and the sale price are usually interdependent as they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved and the economic and commercial substance of the whole arrangement.

(a) *Finance leases*

Sale and leaseback arrangements that result in the Group retaining the majority of the risks and rewards of ownership of assets are accounted for as finance leases. Any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease term. Each lease payment is allocated between the repayment of finance lease liabilities and finance charges so as to achieve a constant periodic rate of interest on the finance lease liability outstanding.

(b) *Operating leases*

Sale and leaseback arrangements that result in substantially all of the risks and rewards of ownership of assets being transferred to the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the consolidated statement of comprehensive income over the lease periods.

2. Summary of Significant Accounting Policies (Continued)

(q) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Significant cruise ship refurbishing costs are capitalised as additions to the cruise ship, only when it is probable that future economic benefits associated with these items will flow to the Group and the costs of these items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Cruise ships and passenger ferry are depreciated to their estimated residual values on a straight-line basis over periods ranging from 15 to 30 years. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Jetties, buildings and terminal building	20 - 50 years
Equipment and motor vehicles	3 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Freehold land is not depreciated as it has infinite life. No depreciation is provided on property, plant and equipment, which are under construction. The Group capitalises interest based on the weighted average cost of borrowings on cruise ships and other capital projects during the period required to get such assets ready for their intended use. Interest capitalisation ceases when the asset is substantially completed.

Capitalised project costs are reviewed at the end of each reporting period in order to determine if these costs should continue to be capitalised. When a project has been aborted or circumstances indicate that a project has become commercially not viable, all costs previously capitalised relating to such projects are expensed to the consolidated statement of comprehensive income.

The gain or loss on disposal of a property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated statement of comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note (x)).

2. Summary of Significant Accounting Policies (Continued)

(r) Investment properties

Investment properties are properties held either to earn income or capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses. If any, consistent with accounting policy for property, plant and equipment as stated in note (q). Investment properties are depreciated on a straight-line basis over their estimated useful lives of 25 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the consolidated statement of comprehensive income.

(s) Earnings per share

Basic earnings per share is computed by dividing profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during each year.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares and the profit/loss is adjusted to eliminate the interest expense. For the share options, certain shares under option have an effect on the adjusted weighted average number of shares in issue as the average option price is lower than the average market price.

(t) Share option expense

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Where the terms and conditions of the options are modified before the vesting date, the incremental fair value of the options granted, measured immediately before and after the modification, is recognised in the consolidated statement of comprehensive income over the remaining vesting period. If the modification occurred after the vesting date, the incremental fair value of the options granted, measured immediately before and after the modification, is recognised immediately in the consolidated statement of comprehensive income.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2. Summary of Significant Accounting Policies (Continued)

(u) Retirement benefit costs

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

(v) Employee leave entitlements

Employees' entitlement to annual leave are recognised when they are accrued to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

Employees' entitlement to sick leave and maternity or paternity leave are not recognised until the time of leave.

(w) Borrowings and borrowing costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(x) Impairment of assets

At each statement of financial position date, both internal and external sources of information are considered to assess whether there is any indication that investments in subsidiaries, associates, property, plant and equipment, goodwill and trade names are impaired. If any indication of impairment of an asset exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. In the case of goodwill and trade name, impairment assessment is performed at least on an annual basis. Such impairment losses are recognised in the consolidated statement of comprehensive income. For the purpose of assessing impairment, assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

2. Summary of Significant Accounting Policies (Continued)

(x) Impairment of assets (Continued)

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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment losses made against goodwill arising from acquisition of subsidiaries are not reversed. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of comprehensive income in the year in which the reversals are recognised.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Persistent with the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by Chairman that makes strategic decisions.

(z) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Non-current assets held for sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

(ab) Financial guarantee contracts

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

3. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group enters into derivative instruments, primarily foreign currency forward contracts and interest rate swaps to limit its exposures to fluctuations in foreign currency exchange rates and to modify its exposure to interest rate movements and to manage its interest costs.

(i) Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Group's foreign currency denominated forecasted transactions. The Group's principal net foreign currency exposure relates to the Singapore dollar and the Hong Kong dollar. To manage this exposure, the Group takes advantage of any natural offsets of the Group's foreign currency revenues and expenses and from time to time enters into foreign currency forward contracts and / or option contracts for a portion of the remaining exposure relating to these forecasted transactions.

At 31 December 2009, if the Singapore dollar had weakened / strengthened by 5% against U.S. dollar with all other variables held constant, the foreign exchange losses / gains as a result of translation of Singapore dollar denominated trade receivables would be as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Foreign exchange losses / gains	**260**	222

Since Hong Kong dollar is pegged to U.S. dollar, management considered that the Group does not have any material foreign exchange exposure in this regard.

The Company does not expose to any material foreign exchange risk.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as sales of services made on deferred credit terms. For cash and cash equivalents and deposits with banks, the Group deposits the cash with reputable financial institutions with Moody's long-term obligation ratings ranging from A1 to A3. The Group seeks to control credit risk by setting credit limits and ensuring that services are made to customers with an appropriate credit history following background checks and investigations of their creditworthiness. The Group also manages its credit risk by performing regular reviews of the ageing profile of trade receivables. The Group considers the risk of material loss in the event of non-performance by a debtor to be unlikely. In addition, certain debtors provide security to the Group in the form of bank guarantees.

At Company level, credit risk arises from amounts due from subsidiaries. The Company's exposure to bad debts is not significant since the subsidiaries did not have historical default risk. The Company also manages its credit risk by performing regular reviews of the ageing profile of amounts due from subsidiaries.

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash and committed credit lines available (2009: US$127.1 million and 2008: US$29.7 million).

Management also monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents based on expected cash flows to ensure that it will have sufficient cash flows to meet its working capital, loan repayments and covenant requirements. This is generally carried out on a weekly basis at the Group level. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of assets necessary to meet these projections; monitoring the balance sheet liquidity ratios against internal and external financing requirements; and maintaining debt financing plans.

On 11 February 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured floating rate term loan facility of US$150 million as general corporate and working capital of the Group.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	GROUP			
	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
2009				
Bank borrowings	**101,014**	**155,151**	**175,515**	**167,779**
Derivative financial instruments	**571**	**925**	**487**	**—**
Trade creditors	**26,340**	**—**	**—**	**—**
Provision, accruals and other liabilities	**110,165**	**—**	**—**	**—**
Amount due to related companies	**586**	**—**	**—**	**—**
2008 (Restated)				
Bank borrowings	56,161	56,161	355,299	74,335
Derivative financial instruments	1,651	989	391	—
Trade creditors	25,475	—	—	—
Provision, accruals and other liabilities	111,594	—	—	—
Amount due to related companies	1,118	—	—	—

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	COMPANY			
	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
2009				
Bank borrowings	**55,024**	**141,779**	**150,503**	**149,963**
Derivative financial instruments	**571**	**925**	**487**	**—**
Provision, accruals and other liabilities	**3,289**	**—**	**—**	**—**
Amounts due to subsidiaries	**375,821**	**—**	**—**	**—**
2008 (Restated)				
Bank borrowings	51,618	51,618	341,668	51,618
Derivative financial instruments	1,651	989	391	—
Provision, accruals and other liabilities	4,327	—	—	—
Amounts due to subsidiaries	140,808	—	—	—

Certain short-term financial instruments

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

Long-term borrowings

The carrying amounts and fair value of the long-term borrowings (including the current portion) are as follows:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Carrying amounts	**578,714**	521,002	**479,203**	477,142
Fair value	**572,790**	509,272	**473,296**	464,844

The difference between the fair value and carrying value of the long-term borrowings is due to the debt obligations carrying interest rates that are above or below market rates at the measurement dates. The fair value of long-term borrowings is estimated based on rates currently available for the same or similar terms and remaining maturities.

The table below analyses the Group's and the Company's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

Long-term borrowings (Continued)

	GROUP/COMPANY			
	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
2009				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	**6,456**	**—**	**—**	**—**
– inflow	**6,000**	**—**	**—**	**—**
2008				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	6,283	6,283	6,283	—
– inflow	6,000	6,000	6,000	—

(iv) Cash flow interest rate risk

The Group's and the Company's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group had borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly semi-annually), the difference between the fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Cash flow interest rate risk (Continued)

At 31 December 2009, ignoring the amounts covered by the interest rate swaps, a hypothetical one percentage point increase in interest rates (2008: increase / decrease) on the long-term borrowings that are carried at variable rates would increase (2008: increase / decrease) the loss before taxation as follows:

	GROUP	
	2009 **US$'000**	2008 US$'000
Increase / decrease in loss before taxation	**5,787**	5,210

	COMPANY	
	2009 **US$'000**	2008 US$'000
Increase / decrease in loss before taxation	**4,792**	4,771

(b) Capital risk management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents.

The gearing ratio as at 31 December 2009 was as follows:

	GROUP	
	2009 **US$'000**	2008 (restated) US$'000
Total borrowings *(note 29)*	**578,714**	521,002
Less: cash and cash equivalents *(note 26)*	**(137,574)**	(112,147)
Net debt	**441,140**	408,855
Total equity	**1,866,821**	1,890,891
Gearing ratio	**24%**	22%

3. Financial Risk Management (Continued)

(c) Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, observable inputs) (level 3)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 December 2009.

Level 2	**2009 US$'000**
Assets	
Derivatives used for hedging	**654**
Liabilities	
Convertible bonds	**141,963**
Derivatives used for hedging	**1,983**
Total liabilities	**181,053**

The fair value of financial instruments traded in active market is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar financial instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all the resulting fair value estimates are included in level 2.

3. Financial Risk Management (Continued)

(d) Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities (fair value hedge); and (ii) hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The fair values of the various derivative instruments used for hedging purposes are disclosed in note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. To the extent that the derivative is not effective as a hedge, gains and losses are recognised in the consolidated statement of comprehensive income as gains or losses on derivative instruments.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income. Amounts accumulated in equity are recognised in the consolidated statement of comprehensive income as the underlying hedged items are recognised.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

(iii) Derivatives that do not qualify for hedge accounting and those not designated as hedges

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting and those not designated as hedges are recognised immediately in the consolidated statement of comprehensive income.

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of assets

The Group reviews its assets, other than goodwill and trade names, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Where an impairment indicator exists, the recoverable amount of the asset is determined based on the valuation performed by external valuers or value-in-use calculations prepared on the basis of management's assumptions and estimates about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the Group takes into consideration assumptions that are mainly based on market condition existing at the statement of financial position dates and appropriate market and discount rates. These estimates are regularly compared with actual market data and actual transactions entered into by the Group. The carrying value of the property, plant and equipment as at 31 December 2009 was US$0.9 billion (2008: US$0.7 billion). More details are given in notes 6 and 15.

(b) Estimated useful lives of property, plant and equipment

In accordance with HKAS 16 'Property, Plant and Equipment', the Group estimates the useful lives of property, plant and equipment to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

4. Critical Accounting Estimates and Judgements (Continued)

(c) Share-based employee compensation

The fair value of share option granted is calculated using the extended binomial options pricing model based on certain highly subjective assumptions. Such subjective assumptions include the volatility of the share price, expected dividend per share, risk-free interest rate and expected option life and accordingly, any changes to the variables adopted may materially affect the estimation of the fair value of an option.

(d) Contingencies

Periodically, the Group assesses potential liabilities related to any lawsuits or claims brought against the Group or any asserted claims, including tax, legal and/or environmental matters. Although it is typically very difficult to determine the timing and ultimate outcome of such actions, the Group uses its best judgement to determine if it is probable that it will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, the Group takes into consideration estimates of the amount of insurance recoveries, if any. In accordance with HKAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the Group accrues for a liability when it believes a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recoveries, although the Group believes that the estimates and judgements are reasonable, it is possible that certain matters may be resolved for amounts materially different from any estimated provisions or previous disclosures.

5. Turnover and Segment Information

The turnover consists of revenues mainly earned from cruise and cruise related operations.

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. Other operations of the Group comprise charter hire and others, none of which are of a significant size to be reported separately.

The segment information of the Group are as follows:

2009	**Cruise and cruise related activities US$'000**	**Charter hire and others US$'000**	**Total US$'000**
Passenger ticket revenue	**95,083**	**—**	**95,083**
Onboard and other revenues	**31,738**	**—**	**31,738**
Gaming revenue	**218,686**	**—**	**218,686**
Charter hire and others	**—**	**31,295**	**31,295**
Total turnover	**345,507**	**31,295**	**376,802**
Segment results before impairment loss	**18,682**	**(13,373)**	**5,309**
Impairment loss	**(2,030)**	**(26,558)**	**(28,588)**
	16,652	**(39,931)**	**(23,279)**
Share of profit of jointly controlled entities	**23,565**	**—**	**23,565**
Share of loss of associates			**(2,512)**
Other income, net			**2,238**
Finance income			**209**
Finance costs			**(24,191)**
Loss before taxation			**(23,970)**
Taxation			**(4,319)**
Loss for the year			**(28,289)**
Segment assets	**1,529,107**	**870,354**	**2,399,461**
Unallocated assets			**197,720**
			2,597,181
Segment liabilities	**131,486**	**17,509**	**148,995**
Long-term borrowings (including current portion)	**479,203**	**99,511**	**578,714**
	610,689	**117,020**	**727,709**
Tax liabilities			**2,651**
Total liabilities			**730,360**
Capital expenditure	**4,443**	**3,803**	**8,246**
Depreciation and amortisation	**56,898**	**21,574**	**78,472**

5. Turnover and Segment Information (Continued)

2008 (restated)	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Passenger ticket revenue	152,694	—	152,694
Onboard and other revenues	52,615	—	52,615
Gaming revenue	221,750	—	221,750
Charter hire and others	—	13,980	13,980
Total turnover	427,059	13,980	441,039
Segment results before impairment loss	(11,341)	(4,889)	(16,230)
Impairment loss	(4,316)	(95,557)	(99,873)
	(15,657)	(100,446)	(116,103)
Share of loss of jointly controlled entities	(104,098)	—	(104,098)
Share of profit of associates			1,454
Other income, net			146,525
Finance income			3,233
Finance costs			(28,610)
Loss before taxation			(97,599)
Taxation			(3,528)
Loss for the year			(101,127)
Segment assets	2,084,354	291,498	2,375,852
Unallocated assets			192,659
			2,568,511
Segment liabilities	124,697	28,875	153,572
Long-term borrowings (including current portion)	477,142	43,860	521,002
	601,839	72,735	674,574
Tax liabilities			3,046
Total liabilities			677,620
Capital expenditure	20,998	75,611	96,609
Depreciation and amortisation	60,979	6,143	67,122

No geographical information is shown as the turnover and operating profit of the Group are substantially derived from activities in Asia-Pacific region.

6. Impairment Loss

	GROUP	
	2009 **US$'000**	2008 US$'000
Impairment loss: Ships and equipment	**28,549**	23,409
Leasehold land and buildings	**—**	77,714
Others	**39**	—
Reversal of previously recognised impairment loss	**—**	(1,250)
	28,588	99,873

The Group completed a review on certain of its property, plant and equipment for impairment purposes in December 2009 and determined based on valuation performed by external valuers by reference to the past transactions and current cruise conditions that certain of its cruise ships and equipment were impaired. Accordingly, for the year ended 31 December 2009, the Group wrote down the carrying values of the ships and equipment in the amount of US$28.5 million, being the excess of the carrying values over their recoverable amounts.

For the year ended 31 December 2008, the Group wrote down the carrying values of the certain of its cruise ships and leasehold land and buildings in the amount of US$101.1 million, being the excess of the carrying values over their recoverable amounts.

On 24 June 2008, the Group entered into an Intellectual Property Assignment and License whereby the Group permanently assigned its rights in respect of the trade name of Orient Lines to an independent third party for US$1.3 million. As a result of this assignment, the Group recorded a US$1.3 million reversal of the impairment loss recorded in 2007.

7. Finance Costs

	GROUP	
	2009 **US$'000**	2008 US$'000
Amortisation of:		
– bank loans arrangement fees	**1,814**	1,569
– issuance costs of convertible bonds	**—**	182
Interest on:		
– bank loans	**17,021**	23,171
– convertible bonds	**4,856**	3,688
Loans arrangement fees written off	**500**	—
Total finance costs	**24,191**	28,610

For the cash flow hedges, the amount that has been credited to equity and included in finance costs of the Group for the year ended 31 December 2009 was US$1.2 million (2008: US$2.8 million have been removed from equity and included in interest expense).

Notes to the Consolidated Financial Statements

8. Other Income / (Expenses), net

	GROUP	
	2009 US$'000	2008 US$'000
Gain on disposal of property, plant and equipment *(note (i))*	**3,137**	54,719
Gain / (Loss) on derivative instruments:		
– Forward contracts	**530**	307
– Fuel swaps	**263**	(72)
(Loss) / Gain on foreign exchange	**(1,449)**	806
Gain on deemed disposal of a subsidiary *(note (ii))*	**—**	80,786
Transaction fee received from NCLC	**—**	10,000
Other expenses, net	**(243)**	(21)
	2,238	146,525

Notes:

(i) In 2009, the Group disposed of one vessel for US$4.0 million and recorded a gain on disposal of the vessels of approximately US$2.2 million. In July 2009, the Group disposed of its office building in Shanghai for approximately US$2.8 million and realised a gain on disposal of approximately US$1.2 million. In 2008, the Group disposed of one vessel for US$162.0 million and realised a gain on disposal of the vessel of approximately US$53.1 million.

(ii) The gain on deemed disposal of a subsidiary of US$80.8 million during the year ended 31 December 2008 arose from the dilution of the Group's effective interest in NCLC from 100% to 50% following the completion of the subscription for new shares by Apollo and its affiliates in NCLC.

9. Loss before Taxation

Loss before taxation is stated after charging / (crediting) the following:

	GROUP	
	2009 US$'000	2008 US$'000
Total depreciation and amortisation analysed into:	**78,472**	67,122
– relating to operating function	**67,892**	60,676
– relating to selling, general and administrative function	**10,580**	6,446
Staff costs *(see note 12)*	**81,375**	95,867
Fuel costs	**28,645**	64,262
Operating leases - land and buildings	**5,199**	4,956
Ship charter costs	**5,184**	11,131
Auditors' remuneration - audit fees	**857**	610
Advertising expenses	**5,340**	8,455
Impairment loss *(see note 6)*	**28,588**	99,873

10. Taxation

	GROUP	
	2009 US$'000	2008 US$'000
Overseas taxation		
– Current taxation	**3,354**	2,292
– Deferred taxation	**42**	274
	3,396	2,566
Under / (Over) provision in respect of prior years		
– Current taxation	**999**	1,009
– Deferred taxation	**(76)**	(47)
	4,319	3,528
Deferred taxation charged in respect of temporary differences *(see note 32)*	**152**	227

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 below, 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.

	GROUP	
	2009 US$'000	2008 US$'000
Loss before taxation	**(23,970)**	(97,599)
Tax calculated at domestic tax rates applicable to profit in the respective countries	**(2,155)**	56
Tax effects of:		
– Income not subject to taxation purposes	**(30)**	(75)
– Expenses not deductible for taxation purposes	**2,993**	664
– Utilisation of previously unrecognised tax losses and deductible temporary differences	**(497)**	(446)
– Deferred tax assets not recognised	**3,098**	2,203
– Others	**(13)**	164
Under provision in respect of prior years	**923**	962
Total tax expense	**4,319**	3,528

Notes to the Consolidated Financial Statements

11. Loss per Share

Loss per share has been calculated as follows:

	GROUP	
	2009 **US$'000**	2008 (restated) US$'000
BASIC		
Loss attributable to equity holders of the Company	**(25,343)**	(80,107)
Weighted average outstanding ordinary shares, in thousands	**7,426,246**	7,426,246
Basic loss per share in US cents	**(0.34)**	(1.08)
DILUTED		
Loss attributable to equity holders of the Company	**(25,343)**	(80,107)
Weighted average outstanding ordinary shares, in thousands	**7,426,246**	7,426,246
Effect of dilutive ordinary shares, in thousands	**—**	—
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**7,426,246**	7,426,246
Diluted loss per share in US cents	**(0.34)**	(1.08)

12. Staff Costs

Staff costs include employee salaries and other employee related benefits but excluding directors' remuneration.

	GROUP	
	2009 **US$'000**	2008 US$'000
Wages and salaries	**69,976**	92,365
Termination benefits	**7,804**	413
Social security costs	**311**	355
Non-cash share option expenses	**1,986**	1,148
Post-employment benefits	**1,298**	1,586
	81,375	95,867

13. Emoluments of Directors and Senior Management

The aggregate amounts of emoluments of the Directors of the Company for the year ended 31 December 2009 are set out as follows:

Name of directors	Fees US$'000	Salary US$'000	Discretionary bonus US$'000	Other benefits[(a)] US$'000	Contribution to provident fund US$'000	Subtotal US$'000	Ex-gratia payment US$'000	Non-cash share option expenses US$'000	Total US$'000
2009									
Tan Sri Lim Kok Thay	12	1,312	436	7	12	1,779	–	552	2,331
Mr. Alan Howard Smith	49	–	–	–	–	49	–	–	49
Mr. Chong Chee Tut	4	709	79	68	1	861	–	119	980
Mr. William Ng Ko Seng	4	305	95	158	2	564	–	119	683
Mr. Tan Boon Seng	48	–	–	–	–	48	–	–	48
Mr. Lim Lay Leng	48	–	–	–	–	48	–	–	48
Mr. Heah Sieu Lay	47	–	–	–	–	47	–	–	47
Mr. Au Fook Yew	29	–	–	–	–	29	–	–	29
	241	2,326	610	233	15	3,425	–	790	4,215

Name of directors	Fees US$'000	Salary US$'000	Other benefits[(a)] US$'000	Contribution to provident fund US$'000	Subtotal US$'000	Ex-gratia payment US$'000	Non-cash share option expenses US$'000	Total US$'000
2008								
Tan Sri Lim Kok Thay	12	1,296	7	4	1,319	–	356	1,675
Mr. Alan Howard Smith	51	–	–	–	51	–	–	51
Mr. Chong Chee Tut	12	569	166	22	769	–	76	845
Mr. William Ng Ko Seng	12	304	140	2	458	–	75	533
Mr. David Colin Sinclair Veitch	–	–	–	–	–	10,000[(b)]	–	10,000
Mr. Tan Boon Seng	44	–	–	–	44	–	–	44
Mr. Lim Lay Leng	48	–	–	–	48	–	–	48
Mr. Heah Sieu Lay	28	–	–	–	28	–	–	28
	207	2,169	313	28	2,717	10,000	507	13,224

Notes:

(a) Other benefits include housing allowances, other allowances and benefits in kind.

(b) Refer to note 35(l) for details.

13. Emoluments of Directors and Senior Management (Continued)

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

	GROUP	
	2009 US$'000	2008 US$'000
Fees	**20**	36
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	**4,749**	3,399
Contributions to provident fund	**18**	29
Ex-gratia payment	**—**	10,000
Accrued unfunded pension liability	**—**	—
Non-cash share option expenses	**2,425**	1,391
	7,212	14,855
Number of Directors included in the five highest paid individuals	**3**	4

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

	Number of individuals	
	2009	2008
HK$4,000,001 - HK$4,500,000	**—**	1
HK$4,500,001 - HK$5,000,000	**1**	—
HK$5,000,001 - HK$5,500,000	**1**	—
HK$6,500,001 - HK$7,000,000	**—**	1
HK$7,500,001 - HK$8,000,000	**1**	—
HK$13,000,001 - HK$13,500,000	**—**	1
HK$14,000,001 - HK$14,500,000	**—**	1
HK$18,000,001 - HK$18,500,000	**1**	—
HK$20,000,001 - HK$20,500,000	**1**	—
HK$77,500,001 - HK$78,000,000	**—**	1

14. Intangible Assets

Intangible assets consist of the following items:

	Goodwill US$'000	Trade names US$'000	Total US$'000
GROUP			
At 1 January 2008	368,104	222,890	590,994
Disposal of trade name	—	(1,250)	(1,250)
Reversal of previously recognised impairment loss *(see note 6)*	—	1,250	1,250
Deemed disposal of a subsidiary	(368,104)	(222,890)	(590,994)
At 31 December 2008	—	—	—

15. Property, Plant and Equipment

Property, plant and equipment consists of the following:

GROUP

	Cruise ships, passenger ferry and ship improvements US$'000	Land, jetties, buildings, terminal building and improvements US$'000	Equipment and motor vehicles US$'000	Equipment and other construction in progress US$'000	Total US$'000
Cost					
At 1 January 2009	868,195	78,335	159,071	18,826	1,124,427
Exchange differences	57	758	482	277	1,574
Reclassification of property, plant and equipment	—	6,765	253	(7,018)	—
Transfer from a jointly controlled entity	290,345	—	850	—	291,195
Additions	8,319	2,526	5,571	113	16,529
Write off	—	(622)	(2,788)	—	(3,410)
Disposals	—	(2,066)	(6,849)	—	(8,915)
Classified as non-current assets held for sale	(7,416)	(38,109)	(38)	—	(45,563)
Classified as investment property	—	(17,927)	—	—	(17,927)
Adjustments to drydocking	6,702	—	—	—	6,702
At 31 December 2009	1,166,202	29,660	156,552	12,198	1,364,612
Accumulated depreciation and impairment loss					
At 1 January 2009	(309,231)	(15,959)	(91,070)	—	(416,260)
Exchange differences	(23)	(327)	(418)	—	(768)
Charge for the year	(60,328)	(1,800)	(8,898)	—	(71,026)
Impairment loss	(12,491)	—	—	—	(12,491)
Write off	—	529	2,720	—	3,249
Disposals	—	583	6,179	—	6,762
Classified as non-current assets held for sale	3,251	10,324	30	—	13,605
Classified as investment property	—	2,985	—	—	2,985
At 31 December 2009	(378,822)	(3,665)	(91,457)	—	(473,944)
Net book value					
At 31 December 2009	787,380	25,995	65,095	12,198	890,668

15. Property, Plant and Equipment (Continued)

GROUP

	Cruise ships, passenger ferry and ship improvements US$'000	Land, jetties, buildings, terminal building and improvements US$'000	Equipment and motor vehicles US$'000	Cruise ships under construction US$'000	Equipment and other construction in progress US$'000	Total US$'000
Cost						
At 1 January 2008	5,724,328	81,554	299,954	154,890	29,890	6,290,616
Exchange differences	(216)	(2,692)	(694)	–	–	(3,602)
Transfer from a jointly controlled entity	10,652	–	265	–	–	10,917
Additions	2,223	19,241	11,478	–	15,198	48,140
Write off	–	(28)	(125)	–	–	(153)
Disposals	(96,709)	–	(2,044)	–	–	(98,753)
Deemed disposal of a subsidiary	(4,495,922)	(19,740)	(137,896)	(154,890)	(26,262)	(4,834,710)
Classified as non-current assets held for sale	(272,447)	–	(11,867)	–	–	(284,314)
Adjustments to drydocking	(3,714)	–	–	–	–	(3,714)
At 31 December 2008	868,195	78,335	159,071	–	18,826	1,124,427
Accumulated depreciation and impairment loss						
At 1 January 2008	(910,419)	(20,332)	(159,292)	–	–	(1,090,043)
Exchange differences	43	416	585	–	–	1,044
Charge for the year	(54,551)	(2,628)	(8,623)	–	–	(65,802)
Impairment loss	(22,632)	(2,057)	(777)	–	–	(25,466)
Write off	–	28	117	–	–	145
Disposals	10,734	–	1,849	–	–	12,583
Deemed disposal of a subsidiary	584,252	8,614	66,758	–	–	659,624
Classified as non-current assets held for sale	83,342	–	8,313	–	–	91,655
At 31 December 2008	(309,231)	(15,959)	(91,070)	–	–	(416,260)
Net book value						
At 31 December 2008	558,964	62,376	68,001	–	18,826	708,167

At 31 December 2009, the net book value of property, plant and equipment pledged as security for the Group's long-term bank loans amounted to US$800 million (2008: US$600 million).

15. Property, Plant and Equipment (Continued)

COMPANY

	Equipment	
	2009	2008
	US$'000	US$'000
Cost		
At 1 January	**167**	150
Additions	**11**	17
At 31 December	**178**	167
Accumulated depreciation		
At 1 January	**(48)**	(15)
Charge for the year	**(37)**	(33)
At 31 December	**(85)**	(48)
Net book value	**93**	119

16. Land Use Right

The Group's interest in land use right represents prepaid operating lease payments which are analysed as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Hong Kong:	**—**	—
Outside Hong Kong:		
Long leasehold (not less than 50 years)	**616**	1,070
Medium leasehold (less than 50 years but not less than 10 years)	**246,045**	253,086
	246,661	254,156

	GROUP	
	2009 US$'000	2008 US$'000
At 1 January	**254,156**	289,554
Addition during the year	**—**	48,469
Amortisation of prepaid operating lease for the year	**(7,048)**	(8,159)
Impairment loss for the year	**—**	(75,657)
Classified as non-current assets held for sale	**(462)**	—
Translation differences	**15**	(51)
At 31 December	**246,661**	254,156

Note:

As at 31 December 2009, the net book values of the residential properties of US$39.8 million (2008: US$41.6 million) have been pledged as security for the Group's bank borrowing.

17. Investment Property

	GROUP	
	2009 **US$'000**	2008 US$'000
Apartments, at cost		
At 1 January	**—**	—
Classification from property, plant and equipment	**17,927**	—
At 31 December	**17,927**	—
Less: Accumulated depreciation		
At 1 January	**—**	—
Classification from property, plant and equipment	**2,985**	—
Charge for the year	**398**	—
At 31 December	**(3,383)**	—
Net book value	**14,544**	—

The fair value of the properties was estimated at US$61.1 million based on valuation by an independent professionally qualified valuer. Valuations were based on current prices in an active market for all properties.

18. Investment in Subsidiaries

	COMPANY	
	2009 **US$'000**	2008 US$'000
Unlisted shares	**1,838,317**	1,838,317
Less: Impairment loss in a subsidiary	**(549,981)**	(549,981)
	1,288,336	1,288,336

A list of principal subsidiaries is included in note 38 to the consolidated financial statements.

19. Interest in Jointly Controlled Entities

The Group's interest in jointly controlled entities is as follows:

	GROUP 2009 US$'000	GROUP 2008 US$'000
At 1 January	**694,055**	—
Unlisted investment in a jointly controlled entity	**210**	798,627
Additional equity investments in a jointly controlled entity	**50,000**	—
Share of profit / (loss) of jointly controlled entities	**23,496**	(104,068)
Share of reserves of a jointly controlled entity	**1,081**	(504)
Distribution of non-cash assets	**7,900**	—
Others	**(40)**	—
At 31 December	**776,702**	694,055

The Group's share of the results of its jointly controlled entities, all of which are unlisted, and its aggregated assets and liabilities, are as follows:

2009

Name	**Country of incorporation**	**Assets US$'000**	**Liabilities US$'000**	**Turnover US$'000**	**Profit / (Loss) US$'000**	**Effective equity interest in percentage**
NCL Corporation Ltd.	Bermuda	**2,356,835**	**1,556,286**	**927,602**	**23,623**	**50**
Genting Management Services, Inc. ("GMS")	Republic of the Philippines	**4,352**	**4,263**	**582**	**156***	**64**
WorldCard International Limited ("WCIL")	Isle of Man	**673**	**1,165**	**265**	**(87)***	**50**
Genting-Star Tourism Academy, Inc.	Republic of the Philippines	**1,309**	**1,344**	**309**	**(127)**	**65.3**
		2,363,169	**1,563,058**	**928,758**	**23,565**	

19. Interest in Jointly Controlled Entities (Continued)

2008

Name	Country of incorporation	Assets US$'000	Liabilities US$'000	Turnover US$'000	Profit / (Loss) US$'000	Effective equity interest in percentage
NCL Corporation Ltd.	Bermuda	2,442,726	1,748,671	1,053,201	(104,068)	50
GMS	Republic of the Philippines	724	789	55	(67)*	64
WCIL	Isle of Man	497	898	518	37*	50
		2,443,947	1,750,358	1,053,774	(104,098)	

* During the year ended 31 December 2009, the Group has accrued for its share of profit / (loss) in GMS and WCIL in the aggregate amount of US$69,000 (2008: US$30,000 for GMS and WCIL), which is in excess of its investments in these entities. As at 31 December 2009, the carrying values of these entities have been recorded in accruals and other liabilities as the Group has constructive obligations towards these jointly controlled entities.

20. Interest in Associates

The movements of the interest in associates are as follows:

	GROUP	
	2009 US$'000	2008 US$'000
At 1 January	**287,428**	—
Acquisition of an associate during the year	**—**	285,962
Additional investments during the year	**20**	—
Share of (loss) / profit of associates	**(2,508)**	1,466
Translation differences	**(13,091)**	—
At 31 December	**271,849**	287,428

20. Interest in Associates (Continued)

The Group's share of the results of its associates, all of which are unlisted, and its aggregated assets and liabilities, are as follows:

2009

Name	Country of incorporation	Assets US$'000	Liabilities US$'000	Turnover US$'000	Profit / (Loss) US$'000	Effective equity interest in percentage
Travellers International Hotel Group, Inc. ("Travellers")	Republic of the Philippines	**213,236**	**66,268**	**21,635**	**(2,490)**	**42.6**
Star Alliance VIP World , Inc.	Republic of the Philippines	**—**	**18**	**—**	**(18)**	**40**
Cruise City Holdings Limited ("Cruise City")	British Virgin Islands	**14**	**1**	**—**	**(4)***	**30**
		213,250	**66,287**	**21,635**	**2,512**	

2008

Name	Country of incorporation	Assets US$'000	Liabilities US$'000	Turnover US$'000	Profit / (Loss) US$'000	Effective equity interest in percentage
Travellers	Republic of the Philippines	143,129	575	2,000	1,466	42.6
Cruise City	British Virgin Islands	18	118	58	(12)*	30
		143,147	693	2,058	1,454	

* During the year ended 31 December 2009, the Group has accrued for its share of loss in Cruise City of US$4,000 (2008: US$12,000), which is in excess of its investment in Cruise City. As at 31 December 2009, the carrying value of Cruise City has been recorded in the accruals and other liabilities as the Group has constructive obligations towards this associate.

21. Other Assets

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Loan arrangement fees	**1,855**	2,616	**1,855**	2,557
Others	**164**	115	**—**	—
	2,019	2,771	**1,855**	2,557

22. Consumable Inventories

	GROUP	
	2009 US$'000	2008 US$'000
Food and beverages	**1,708**	1,994
Supplies and consumables	**3,689**	3,369
	5,397	5,363

23. Trade Receivables

	GROUP	
	2009 US$'000	2008 US$'000
Trade receivables	**11,757**	9,620
Less: Provisions	**(72)**	(478)
	11,685	9,142

The ageing analysis of the trade receivables is as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Current to 30 days	**6,756**	3,054
31 days to 60 days	**864**	2,111
61 days to 120 days	**604**	1,719
121 days to 180 days	**2,403**	160
181 days to 360 days	**6**	994
Over 360 days	**1,124**	1,582
	11,757	9,620

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

23. Trade Receivables (Continued)

The carrying amounts of the Group's trade receivables after provision are denominated in the following currencies:

	GROUP	
	2009 US$'000	2008 US$'000
Singapore dollar	**5,196**	4,440
Hong Kong dollar	**4,162**	1,901
Philippine Peso	**591**	—
US dollar	**457**	177
Australia dollar	**392**	1,679
India Rupee	**385**	27
Renminbi	**250**	398
Other currencies	**252**	520
	11,685	9,142

Movements on the provision for impairment of trade receivables are as follows:

	GROUP	
	2009 US$'000	2008 US$'000
At 1 January	**(478)**	(3,256)
Deemed disposal of a subsidiary	**—**	2,684
Reversal of impairment of receivables	**406**	70
Receivables written off during the year as uncollectible	**—**	24
At 31 December	**(72)**	(478)

The aged debt profile of trade receivables is reviewed on a regular basis to ensure that the trade receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been extended. Overdue balances are reviewed regularly by senior management. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. As at 31 December 2009, the trade receivables that were past due but not impaired was US$4.9 million (2008: US$6.1 million). No impairment has been made on this amount as the Group is closely monitoring these receivables and is confident of their eventual recovery.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables mentioned above.

24. Prepaid Expenses and Other Receivables

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Other debtors, deposits and prepayment	**19,124**	17,942	**4,816**	1,133
Prepayment of equity interest in Premium Travellers Limited	**20,000**	—	**—**	—
Deposit held in escrow account for payment of NCL America cash losses and shut down costs *(see note 35(i))*	**—**	55,997	**—**	—
Amounts due from jointly controlled entities *(see note below)*	**242**	228,203	**242**	2,467
	39,366	302,142	**5,058**	3,600

Note:

Included in the amounts due from jointly controlled entities as at 31 December 2008 are considerations receivable from NCLC in respect of m.v. Norwegian Sky of US$293.8 million partially offset by amount payable to NCLC in respect of NCL America cash losses and shut down cost of US$56.0 million under the Reimbursement and Distribution Agreement (more details are explained in note 35(i)).

25. Amounts Due from / (to) Subsidiaries

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

26. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Deposits with banks - maturing within 3 months	**1,700**	3,890	**—**	—
Cash and bank balances	**135,874**	108,257	**209**	111
	137,574	112,147	**209**	111

The cash and cash equivalents are denominated in the following currencies:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Hong Kong dollar	**49,563**	21,572	**87**	87
Singapore dollar	**34,583**	45,362	**24**	24
US dollar	**31,531**	30,402	**98**	—
Ringgit Malaysia	**6,627**	1,448	**—**	—
Renminbi	**2,909**	2,157	**—**	—
Australia dollar	**2,588**	1,318	**—**	—
New Taiwan dollar	**2,266**	5,713	**—**	—
Indian Rupee	**2,538**	1,211	**—**	—
Swedish Krona	**2,510**	1,188	**—**	—
Others	**2,459**	1,776	**—**	—
	137,574	112,147	**209**	111

The effective interest rate on deposits with banks - maturing within 3 months and its average maturity days are as follows:

	GROUP		COMPANY	
	2009	2008	**2009**	2008
Effective interest rate	**0.01%**	1.3%	**—**	—
Average maturity days	**7 days**	25 days	**—**	—

27. Non-current Assets Classified as Held for Sale

The carrying amounts of certain vessels and leasehold properties of the Group of US$197.7 million have been classified under non-current assets held for sale as at 31 December 2009 (31 December 2008: US$192.7 million) as these vessels will be recovered through a sale transaction. As at 31 December 2009 and 2008, the vessels were also included as the security for the Group's long-term bank borrowing.

28. Share Capital

	GROUP/COMPANY Authorised share capital			
	Preference shares of US$0.10 each		Ordinary shares of US$0.10 each	
	No. of shares	**US$'000**	**No. of shares**	**US$'000**
At 1 January 2009 and 31 December 2009	**10,000**	**1**	**14,999,990,000**	**1,499,999**
At 1 January 2008 and 31 December 2008	10,000	1	14,999,990,000	1,499,999

	GROUP/COMPANY Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	**US$'000**
At 1 January 2009 and 31 December 2009	**7,426,245,846**	**742,625**
At 1 January 2008 and 31 December 2008	7,426,245,846	742,625

There were no unapplied proceeds from the ordinary shares issued in the previous years.

29. Long-term Borrowings

Long-term borrowings consist of the following:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
SECURED:				
US$750 million secured term loan and revolving credit facility	**337,240**	477,142	**337,240**	477,142
HK$340 million mortgage loan	**39,474**	43,860	**—**	—
HK$195 million secured term loan	**20,037**	—	**—**	—
US$40 million secured loan facility	**40,000**	—	**—**	—
UNSECURED:				
Convertible bonds *(see note 30)*	**141,963**	—	**141,963**	—
Total liabilities	**578,714**	521,002	**479,203**	477,142
Less: Current portion	**(98,690)**	(54,043)	**(54,304)**	(49,657)
Long-term portion	**480,024**	466,959	**424,899**	427,485

29. Long-term Borrowings (Continued)

The carrying amounts of the long-term borrowings are denominated in the following currencies:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
US dollars	**519,203**	477,142	**479,203**	477,142
Hong Kong dollars	**59,511**	43,860	**—**	—
	578,714	521,002	**479,203**	477,142

As at 31 December 2009, the outstanding balances of long-term borrowings denominated in Hong Kong dollar was approximately HK$461 million (2008: HK$340 million).

As at 31 December 2009, the net carrying amount of the Group's long-term borrowings, net of transaction costs incurred would be US$0.58 billion (2008: US$0.52 billion).

As at 31 December 2009, the net carrying amount of the Company's long-term borrowings, net of transaction costs incurred would be US$0.48 billion (2008: US$0.48 billion).

As at 31 December 2009, approximately 29% of the Group's long-term borrowings was fixed (2008: 12%) and 71% was variable (2008: 88%), after taking into consideration the effect of interest-rate swaps and the fixing of interest rates on certain of the long-term borrowings. The outstanding notional amount of interest-rate swap was approximately US$24.5 million as at 31 December 2009 (2008: US$62.9 million).

The following is a schedule of repayments of the long-term borrowings in respect of the outstanding borrowings as at 31 December 2009.

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Within one year	**98,690**	54,043	**54,304**	49,657
In the second year	**62,221**	54,043	**49,448**	49,657
In the third to fifth years	**263,152**	341,329	**238,344**	328,171
After the fifth year	**154,651**	71,587	**137,107**	49,657
	578,714	521,002	**479,203**	477,142

29. Long-term Borrowings (Continued)

The exposure of the Group's and Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates (after taking into consideration the borrowings which have been hedged using interest rate swaps of approximately US$24.5 million (2008: US$62.9 million)) are as follows:

	GROUP		COMPANY	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
6 months or less	**410,811**	458,165	**311,300**	414,305

The secured long-term borrowings were secured by, amongst other securities, a mortgage over each associated vessel with carrying amount of US$1,011.8 million and the residential properties in Macau with carrying amount of US$259.5 million.

The weighted average interest rates at the balance sheet date were as follows:

	GROUP		COMPANY	
	2009	2008	**2009**	2008
Bank borrowings in US dollars	**1.7%**	4.1%	**1.5%**	4.1%
Bank borrowing in Hong Kong dollars	**1.9%**	3.6%	**—**	—
Convertible bonds	**9.4%**	—	**9.4%**	—

30. Convertible Bonds

US$150 million 7.5% Unsecured Convertible Bonds due 2016

In August 2009, the Company issued US$150 million 7.5% Convertible Bonds (the "Bonds due 2016") due in August 2016. The issue price of the Bonds due 2016 was 100% of their principal amount. The Bonds due 2016 carried interest at the rate of 7.5% per annum payable semi-annually in arrears. Subject to certain conditions, the Bonds due 2016 carried a right of conversion into fully-paid ordinary shares of the Company at an initial conversion price of HK$1.13 (US$0.15 based on a fixed rate of exchange applicable on conversion of the Bonds due 2016 of HK$7.75 = US$1.00) per share, subject to adjustments.

On or at any time after 20 August 2014, the Company may, subject to satisfaction of certain conditions, redeem all or a portion of the Bonds due 2016 at their Early Redemption Amount (as defined in the Terms and Conditions of the Bonds due 2016) on a semi-annual basis for the Bondholder plus any accrued interest provided that the closing price of the Company's ordinary shares for a defined duration of time is at least 130% of the conversion price in effect on the relevant trading day. In addition, if at any time the aggregate principal amount of the Bonds due 2016 outstanding is less than 10% of US$150 million, the Company shall have the option to redeem such outstanding Bonds due 2016 in whole but not in part at the Early Redemption Amount plus any accrued but unpaid interest.

The Bonds due 2016 may be redeemed, at the option of the bondholders, in the event of a Change in Control or Delisting (as defined in the Terms and Conditions of the Bonds due 2016), at the Early Redemption Amount together with any accrued but unpaid interest.

30. Convertible Bonds (Continued)

US$150 million 7.5% Unsecured Convertible Bonds due 2016 (Continued)

Unless previously converted, redeemed or purchased and cancelled as set out in the Terms and Conditions of the Bonds due 2016, the Bonds due 2016 would be redeemed on 20 August 2016 at 100% of the outstanding principal amount thereof, plus any accrued but unpaid interest.

Detailed terms and conditions of the Bonds due 2016 are constituted by the deed of convenant dated 20 August 2009 issued by the Company in favour of the Bondholders.

The analysis of the Bonds due 2016 recorded in the statement of financial position is as follows:

	GROUP/ COMPANY
	2009 **US$'000**
Face value of the Bonds due 2016 issued on 20 August 2009	**150,000**
Issuance costs	**(4,000)**
Net proceeds	**146,000**
Equity component	**(8,893)**
Liability component on initial recognition	**137,107**
Interest expense for the year	**4,856**
Liability component	**141,963**

As at 31 December 2009, none of the Bonds due 2016 were redeemed or purchased by the Company or converted into ordinary shares of the Company.

The net proceeds of approximately US$146 million from the issuance of the Bonds due 2016 have been used as general working capital purposes and repayment of borrowings of the Group.

US$180 million 2% Convertible Bonds due 20 October 2008

In October 2003, the Company issued US$180 million 2% Convertible Bonds (the "Bonds due 2008") due in October 2008. The Bonds due 2008 are listed on the Luxembourg Stock Exchange. The issue price of the Bonds due 2008 was 100% of their principal amount and the Bonds due 2008 carried interest at the rate of 2% per annum payable semi-annually in arrears. Subject to certain conditions, the Bonds due 2008 carried a right of conversion into fully-paid ordinary shares of the Company at an initial conversion price of HK$3.18 (US$0.41 based on a fixed rate of exchange applicable on conversion of the Bonds due 2008 of HK$7.743 = US$1.00) per share, subject to reset and adjustments. Pursuant to the "Rights Issues of Shares or Option over Shares" as stated in the terms and conditions of the Bonds due 2008, the rights issue undertaken by the Company has resulted in an adjustment to the conversion price at which ordinary shares of the Company will be issued upon conversion of the Bonds due 2008. The adjusted conversion price applicable with effect from 28 December 2006 has been adjusted to HK$2.53 per share.

30. Convertible Bonds (Continued)

US$180 million 2% Convertible Bonds due 20 October 2008 (Continued)

On or at any time after 20 October 2005, the Company may, subject to satisfaction of certain conditions, redeem all or a portion of the Bonds due 2008 at their Early Redemption Amount (as defined in the Terms and Conditions of the Bonds due 2008) which represents a gross yield of 5.55% on a semi-annual basis for the Bondholder plus any accrued interest provided that the closing price of the Company's ordinary shares for a defined duration of time is at least 125% of the conversion price in effect on the relevant trading day. In addition, if at any time the aggregate principal amount of the Bonds due 2008 outstanding is less than 10% of US$180 million, the Company shall have the option to redeem such outstanding Bonds due 2008 in whole but not in part at the Early Redemption Amount plus any accrued interest.

The Bonds due 2008 may be redeemed, at the option of the bondholders, in the event of a Change in Control or Delisting (as defined in the Terms and Conditions of the Bonds due 2008), at the Early Redemption Amount together with any accrued but unpaid interest.

Unless previously converted, redeemed or purchased and cancelled as set out in the Terms and Conditions of the Bonds due 2008, the Bonds due 2008 would be redeemed on 20 October 2008 at 120.136% of the outstanding principal amount thereof, plus any accrued but unpaid interest.

Detailed terms and conditions of the Bonds due 2008 are constituted by the trust deed dated 20 October 2003 entered into between the Company and the trustee.

During the year ended 31 December 2008, all of the outstanding Bonds due 2008 in the aggregate principal amount of approximately US$54.9 million were redeemed by the Company on 20 October 2008 in accordance with the Terms and Conditions of the Bonds due 2008.

The analysis of the Bonds due 2008 recorded in the statement of financial position is as follows:

	GROUP/ COMPANY 2008 US$'000
Face value of the Bonds due 2008 issued on 20 October 2003	180,000
Remaining equity component	—
Transferred to retained earnings upon redemption	(4,391)
Equity component transferred to share premium	(10,009)
Equity component	(14,400)
Liability component on initial recognition	165,600
Interest accrued as at 1 January	37,452
Interest expense for the year	3,688
Interest paid during the year	(12,150)
Conversion of the Bonds due 2008 to ordinary shares	(139,704)
Redemption of the Bonds due 2008 during the year	(54,886)
Liability component	—

31. Derivative Financial Instruments

The fair values of financial instruments including derivatives are determined based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realised as at the statement of financial position date or that will be realised in the future and do not include expenses that could be incurred in an actual sale or settlement. The following are the estimated fair values of the Group's financial instruments and the methods used to estimate such fair values:

(a) The Group has several interest rate swaps with an aggregate notional amount of US$430.4 million (as at 31 December 2009, the outstanding notional amount was approximately US$37.7 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 December 2009, the estimated fair market value of the interest rate swaps was approximately US$1.6 million, which was unfavourable to the Group and the Company. This amount has been recorded within the current and non-current portion of the derivative financial instruments in the accompanying statement of financial position.

    These interest rate swaps have been designated 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 statement of comprehensive income as the underlying hedged items are recognised.

(b) During the year ended 31 December 2009, the Group entered into fuel swap agreements with an aggregate notional amount of US$17.6 million, to pay fixed price for fuel. As at 31 December 2009, the outstanding notional amount was approximately US$5.6 million, maturing through April 2010 and the estimated fair market value of the fuel swap was approximately US$0.7 million, which was favourable to the Group and the Company. This amount has been recorded within the current portion of the derivative instruments in the accompanying consolidated and Company statements of financial position. 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 statement of comprehensive income as the underlying hedged items are recognised.

(c) The Group has various Singapore dollars forward contracts and the notional amount of these contracts was approximately US$206.7 million (as at 31 December 2009, the outstanding notional amount was approximately US$6.0 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 December 2009, the estimated fair market value of these forward contracts was approximately US$0.4 million, which was unfavourable to the Group and the Company. The changes in the fair value of these forward contracts are recognised as other expense in the statement of comprehensive income. This amount has been recorded within the non-current portion of the derivative financial instruments in the accompanying consolidated and Company statement of financial position.

The fair values of the above instruments have been estimated using published market prices or quotes from reputable financial institutions. The Group had no significant concentrations of credit risk as at 31 December 2009.

32. Deferred Tax

	GROUP Excess of capital allowances over depreciation	
	2009 US$'000	2008 US$'000
Deferred tax liabilities		
The movements in deferred tax liabilities are as follows:		
At 1 January	**254**	38
Exchange difference	**36**	(7)
Deferred taxation charged to consolidated statement of comprehensive income	**526**	223
At 31 December	**816**	254
The amount shown in the statement of financial position includes the following:		
Deferred tax liabilities to be settled after 12 months	**816**	254

	GROUP Tax losses	
	2009 US$'000	2008 US$'000
Deferred tax assets		
The movements in the deferred tax assets are as follows:		
At 1 January	**35**	43
Exchange difference	**—**	(4)
Deferred taxation charged / (credited) to consolidated statement of comprehensive income	**374**	(4)
At 31 December	**409**	35
The amount shown in the statement of financial position includes the following:		
Deferred tax assets to be recovered after 12 months	**409**	35

As at 31 December 2009, the unused tax losses which have no expiry date and for which no deferred tax asset was recognised in the statement of financial position was approximately US$257 million (2008: US$213 million).

33. Trade Creditors

The ageing of trade creditors is as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Current to 60 days	**21,454**	20,665
61 days to 120 days	**3,171**	1,337
121 days to 180 days	**7**	675
Over 180 days	**1,708**	2,798
	26,340	25,475

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

The carrying amounts of trade creditors are denominated in the following currencies:

	GROUP	
	2009 US$'000	2008 US$'000
US dollar	**17,565**	17,583
Hong Kong dollar	**5,835**	5,288
Ringgit Malaysia	**1,124**	1,301
Philippines Peso	**716**	3
Other currencies	**1,100**	1,300
	26,340	25,475

34. Provisions, Accruals and Other Liabilities

Provisions, accruals and other liabilities consist of the following:

	GROUP			COMPANY	
	2009	2008 (restated)	2007 (restated)	**2009**	2008
	US$'000	US$'000	US$'000	**US$'000**	US$'000
Payroll, taxes and related benefits	**11,695**	6,710	48,822	**907**	—
Loyalty point accrued	**48,731**	45,059	40,804	**—**	—
Interest accrued	**1,471**	3,159	50,668	**853**	3,030
Provisions *(see below)*	**—**	9,106	6,632	**—**	—
Others	**48,268**	47,560	169,266	**1,529**	1,297
	110,165	111,594	316,192	**3,289**	4,327

34. Provisions, Accruals and other Liabilities (Continued)

The movements of the provisions are as follows:

	GROUP
	Provision for onerous contract US$'000
As at 1 January 2009	**9,106**
Release of provision to consolidated statement of comprehensive income	**(9,106)**
As at 31 December 2009	**–**

The sales and leaseback arrangement of Norwegian Majesty was completed and therefore the provision for onerous contract was fully utilised and charged to the consolidated statement of comprehensive income in 2009.

35. Significant Related Party Transactions and Balances

Golden Hope Limited ("Golden Hope"), 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 family members of the late Tan Sri Lim Goh Tong, is a substantial shareholder of the Company.

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

Kien Huat Development Sdn Bhd ("KHD") is a company wholly-owned indirectly by a brother of Tan Sri Lim Kok Thay.

Genting Berhad ("GENT"), 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 Genting Malaysia Berhad (formerly known as Resorts World Bhd) ("GENM"), a company also listed on Bursa Malaysia which in turn indirectly controls Resorts World Limited, which is a substantial shareholder of the Company. GENT indirectly controls Genting Singapore PLC (formerly known as Genting International PLC) ("GENS"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

VXL Capital Limited ("VXL Capital") is a company in which a brother of Tan Sri Lim Kok Thay has a substantial interest and is listed on the Stock Exchange.

WorldCard International Limited ("WCIL") is a company in which a subsidiary of each of the Group and GENS has a 50% interest. The Group's share of profit from WCIL amounted to US$87,000 for the year ended 31 December 2009 (2008: share of profit of US$37,000). As at 31 December 2009, the Group's share of losses in WCIL has exceeded its interest in WCIL by US$226,000 (2008: US$139,000) and this has been recorded in accruals and other liabilities as the Group has constructive obligations towards WCIL.

Kien Huat Realty Sdn. Berhad ("KHR"), a private company in which Tan Sri Lim Kok Thay has a deemed interest, is a substantial shareholder of the Company.

Clever Create Limited ("CCL") is a company in which Mr. Kwan Yany Yan Chi ("Mr. Kwan") and his wife have an interest. Mr. Kwan is a director and an indirect substantial shareholder of Treasure Island Entertainment Complex Limited ("TIECL"), a 75% owned subsidiary of the Company.

Genting International Management Limited ("GIML"), a wholly-owned subsidiary of GENS, is the registered owner of the "Crockfords and device" trademark (the "Crockfords" Trademark).

35. Significant Related Party Transactions and Balances (Continued)

NCLC, a jointly controlled entity of the Company.

Significant related party transactions entered into or subsisting between the Group and the above companies during the years ended 31 December 2009 and 2008 are set out below:

(a) KHD, together with its related companies, are involved in carrying out improvements to the Group's berthing facilities and other infrastructure facilities. No amount was charged to the Group in respect of these services for the year ended 31 December 2009 (2008: Nil). No amount was paid by KHD on behalf of the Group to the third party contractors for the year ended 31 December 2009 (2008: US$47,000).

(b) Related companies of GENT provide certain services to the Group, including secretarial and share registration services, air ticket purchasing services, leasing of office space and other support services (such as information technology support services, travel services, other purchasing services and central reservation services). Amount charged to the Group in respect of these services rendered by the GENT Group was approximately US$1,370,000 in the year ended 31 December 2009 (2008: US$2,630,000).

(c) The Group provides certain administrative support services to GENS internationally and the amount charged to GENS was approximately US$56,000 for the year ended 31 December 2009 (2008: US$16,000).

(d) WCIL, together with its subsidiaries, operate and administer the WorldCard programme on an international basis (save for Malaysia). The Group participated as a merchant in the WorldCard programme (save for Malaysia) and was subsequently allowed to participate in the WorldCard programme in Malaysia through certain inter-operator arrangements. In May 2007, the WorldCard programme was extended to cover sale of travel and tour packages which are sold to WorldCard holders at onshore outlets of the Group in various territories, including the cruise packages to board for the cruise ships of the Company or of its affiliates.

The Group also implemented joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the GENM Group.

During the year ended 31 December 2009, the following transactions took place:

	GROUP	
	2009 US$'000	2008 US$'000
Amounts charged from the GENT Group to the Group	**1,142**	1,202
Amounts charged to the GENT Group by the Group	**670**	268

(e) On 29 May 2009, TIECL entered into a tenancy agreement with CCL in respect of the lease of an office area in Macau. During the year ended 31 December 2009, the amount charged by CCL to the Group in respect of the rental and rental deposit amounted to US$58,000. The Group also paid to CCL for certain fitting out work amounted to US$311,000.

(f) The Group sold office furniture to KHR amounted to US$5,000 for the year ended 31 December 2009.

Amounts outstanding at the end of each fiscal year in respect of the above transactions were included in the consolidated statement of financial position 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.

35. Significant Related Party Transactions and Balances (Continued)

(g) On 1 April 2009, the Group accepted an unsecured and interest bearing short-term loan facility of US$50 million from Golden Hope, a substantial shareholder of the Company. In April 2009, the Group drewdown the shareholder's loan for the additional equity investment in NCLC and this loan was subsequently repaid in May 2009.

(h) On 9 April 2009, Star Cruises (BVI) Limited ("SCBVI"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with GIML to obtain the right to use and authorisation to grant to any companies within the Group and to any authorised third party (the "Authorised Company") subject to prior consent of GIML the right to use, the "Crockfords" Trademark in Macau, the Philippines and such other locations as may be mutually agreed in writing by SCBVI and GIML (the "Territories") for a consideration of GBP1.00. In addition, the Group and/or the Authorised Company shall expend an amount equivalent to GBP50,000 per annum in each of the Territories to promote and market the "Crockfords" Trademark in the Territories.

(i) On 17 August 2007, the Group entered into a Reimbursement and Distribution Agreement ("RDA") with NCLC, Apollo and its affiliates which set out arrangements in relation to the business of NCL America ("NCLA"). As part of the RDA, the Group has agreed to reimburse NCLC for certain cash losses of NCLA and for certain expenses (in the event of a shutdown of the NCLA business) and the reimbursement shall not exceed US$85.0 million in aggregate. In January 2009, the Group paid an amount of US$56.0 million in respect of this reimbursement.

On 19 December 2008, the Company and other parties to the RDA confirmed that they had made the NCLA Wind-up Determination. In implementing the NCLA Wind-up Determination, NCLC had transferred m.v. Norwegian Sky in the amount of US$293.8 million to the Group in January 2009. On 2 January 2009, the Group entered into a bareboat charter agreement with NCLC for the charter hire of m.v. Norwegian Sky for a period of approximately 2 years, at US$24.8 million per annum. Cash payment in respect of m.v. Pride of America of US$196.9 million was received by Group from NCLC in July 2008. In June 2009, S.S. United States at the value of US$10.5 million was transferred by NCLC to the Group.

(j) NCLC entered into charter agreements with the Group for certain ships owned by the Group. Charter hire revenue received for these ships was US$29.5 million for the year ended 31 December 2009 (2008: US$12.5million).

(k) On 16 November 2007, the Group entered into a memorandum of agreement with VXL Capital and non-related parties whereby the parties agreed, inter alia, to form a joint venture for the purpose of submitting a tender for the development of a cruise terminal at Kai Tak, Hong Kong in response to the invitation issued by the Hong Kong Government and subsequently on 7 January 2008, a shareholders' agreement was entered into and supplemented on 6 March 2008. On 6 March 2008, the parties entered into another memorandum of agreement whereby they gave consent to the tender submission to the Hong Kong Government. On 9 July 2008, the Hong Kong Government announced that the tender submissions received were rejected and the project would be re-tendered by the end of year 2008, with funding from the Hong Kong Government on the site formation works and the public facilities, subject to the funding approval by the Legislative Council. Subsequently, the Hong Kong Government had decided to develop the Kai Tak cruise terminal by itself.

(l) On 19 June 2008, the Company entered into a Non-Competition Agreement with Mr. Colin Veitch, a former director of the Company, for a consideration of US$10.0 million whereby Mr. Colin Veitch agrees, inter alia, that he will not engage in businesses or employment that will compete with that of the Company in accordance with the terms of the Non-Competition Agreement for a duration of five years.

35. Significant Related Party Transactions and Balances (Continued)

Transactions with Directors

(m) Certain Directors of the Company and the Group were granted share options entitling them to subscribe for ordinary shares in the share capital of the Company under both the Pre-listing Employee Share Option Scheme and Post-listing Employee Share Option Scheme. Share options granted are exercisable at the price of US$0.2524 (as adjusted) and US$0.3953 (as adjusted) per share under the Pre-listing Employee Share Option Scheme and HK$2.8142 (US$0.36) (as adjusted), HK$1.6202 (US$0.21) (as adjusted) and HK$1.7800 (US$0.23) per share under the Post-listing Employee Share Option Scheme. Details of the movements of the share options during the year ended 31 December 2009 and the outstanding share options as at 31 December 2009 are set out in the section headed "Share Options" in the Report of the Directors.

Key management compensation

(n) The key management compensation is analysed as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Salaries and other short-term employee benefits	**8,775**	5,964
Post-employment benefits	**51**	54
Ex-gratia payment	**—**	10,000
Non-cash share option expenses	**2,589**	1,585
	11,415	17,603

36. Commitments and Contingencies

(i) Capital expenditure

Capital expenditure contracted but not provided for at the statement of financial position date are as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Contracted but not provided for		
– Property under development	**8,605**	25,446

In addition to the above, on 31 July 2008, the Company entered into a number of agreements to acquire, through its wholly-owned subsidiaries, an aggregate of 50% (direct and indirect) interests in the share capital of Travellers for a total consideration of US$335 million to pursue strategic and collaborative arrangements in relation to the development and operation of hotel and casino complexes in the Philippines. As at 31 December 2009, the Group has paid US$285 million for the acquisition of 42.6% interest in Travellers and further US$20 million in December 2009 as an advance payment with the remaining US$30 million payable upon certain post-completion events.

(ii) Operating leases

Rental expense under non-cancellable operating lease commitments was US$2.3 million for the year ended 31 December 2009 (2008: US$1.9 million).

At 31 December 2009, future minimum lease payments payable under non-cancellable operating leases are as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Within one year	**1,662**	2,966
In the second to fifth year inclusive	**3,609**	2,331
After the fifth year	**7,586**	7,588
	12,857	12,885

The rental expense under non-cancellable operating lease commitments mainly relates to rental of offices occupied by the Group.

36. Commitments and Contingencies (Continued)

(iii) Charter-hire

Charter hire payable under the operating lease commitments in respect of certain cruise ships and onboard equipments for the year ended 31 December 2009 was US$13.5 million (2008: US$14.5 million).

At 31 December 2009, minimum annual rentals payable for leases with initial or remaining terms in excess of one year was Nil for the year ending 31 December 2010 (2008: US$14.7 million for the year ended 31 December 2009).

Charter-hire revenue receivable under the operating lease commitments in respect of cruise ships and onboard equipment from NCLC was US$29.5 million for the year ended 31 December 2009 (2008: US$12.5 million).

At 31 December 200.9, minimum annual rentals receivable for leases with initial or remaining terms in excess of one year was US$24.8 million for the year ending 31 December 2010 (2008: US$5.2 million for the year ended 31 December 2009).

(iv) Material litigation

On 24 October 2008, Genting Hong Kong Limited (formerly known as Star Cruises Limited) and Ocean Dream Limited (hereinafter collectively referred to as “the Company”) has commenced arbitration proceeding against a third party (the “Buyer”) in respect of the disposal of m.v. Norwegian Dream (the “Vessel”) due to the failure of the Buyer to accept delivery of the Vessel in accordance with the Memorandum of Agreement for the sale and purchase of the Vessel (“MOA”). The Company intends to request, among other things, that the arbitral tribunal award the agreed liquidated damages of US$21.8 million and further losses under the MOA to the Company. The Company and the Buyer have appointed their respective arbitrators for the arbitration proceeding and both parties have filed all the necessary claim and defence statements, replies and related documents. The Company is now preparing for the next stage i.e. the disclosure of documents and preparation of evidence and the Company believes it has a strong case against the Buyer.

In addition, the Group is routinely involved in personal injury and personal property damage claims typical of the cruise ship business. After application of deductibles, these claims are covered by insurance and other indemnity arrangements. In the opinion of management, such claims, if decided adversely, individually or in the aggregate, would not have a material adverse effect on the results of operation, cash flows, and financial position of the Group.

37. Share Option Schemes

(i) Pre-listing Employee Share Option Scheme

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

On 23 August 2000, the share option agreement was modified to reflect a four for one bonus share and to accelerate the original vesting period to comply with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). With effect from 30 November 2000, the date of listing of the Company's shares on the Stock Exchange (the "Listing"), no further options can be granted under the Pre-listing Employee Share Option Scheme.

A summary of the Pre-listing Employee Share Option Scheme is given below:

Purpose

To grant options to selected employees of the Group and Star Cruises Investments Limited, acting as a trustee company for the employees under the said scheme.

Participants

Employees of the Group who are executives of any company comprised in the Group.

Total number of shares available for issue

Prior to the Listing, the allocation of the total amount of options under the Pre-listing Employee Share Option Scheme could not exceed 5% of the issued ordinary shares of the Company at any time during the existence of the Pre-listing Employee Share Option Scheme. No further options can be granted under the Pre-listing Employee Share Option Scheme following the Listing.

Maximum entitlement of each employee

Prior to the Listing, the Board of Directors might in its absolute discretion at any time and from time to time as it deemed fit make an offer to any employee whom the Board of Directors might in its absolute discretion select to subscribe for ordinary shares of the Company in accordance with the terms of the Pre-listing Employee Share Option Scheme provided always that any such offer by the Board in the case of any one employee should not exceed three million shares of the Company or zero point two per cent (0.2%) of the issued ordinary shares of the Company per offer, whichever was the higher amount.

37. Share Option Schemes (Continued)

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

Period within which the shares must be taken up under an option

Prior to the Listing, options would expire at the retirement age of the employees, which was 55 years old, and if the retirement period was less than 10 years from the date of an offer, the option period for the remaining tranches would expire on the tenth year from the grant date or at any age to be determined by the Board. Following the Listing, the options will expire in the tenth year from their original grant date.

Minimum period for which an option must be held before it can be exercised

Under the Pre-listing Employee Share Option Scheme, the Board of Directors of the Company may determine at its absolute discretion the minimum period, if any, for which an option must be held before it can be exercised. Prior to the Listing, the options generally became exercisable as to 50% of the amount granted 4 years after the grant date and the remaining can be exercised annually in tranches subject to a minimum amount per tranche per year at various dates in the future until the retirement age of the employees.

Following the Listing, options vest over a period of 10 years from their respective original dates of grant and generally became 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.

Amount payable on acceptance of the option and period within which payments must be made

Prior to the Listing, an offer of options under the Pre-listing Employee Share Option Scheme should be open for acceptance within three months from the date of such offer or such period as the Board of Directors may at its sole discretion determine. An option price of US$1 was payable by the employee concerned on acceptance of the option.

Basis of determining the exercise price of the shares

Prior to the Listing, options were generally granted at an exercise price per share equal to the average of the middle market quotation of the share as quoted and shown in the daily official list issued by the Luxembourg Stock Exchange or any approved stock exchange as the Directors deemed relevant for the five market days preceding the date of the offer in writing to the employee.

Remaining life of the Pre-listing Employee Share Option Scheme

No further options may be granted under the Pre-listing Employee Share Option Scheme following the Listing. The options remaining outstanding thereunder (as modified) remain exercisable under the Pre-listing Employee Share Option Scheme on the terms and conditions subject to the respective grants.

Details of the movement during the year for options outstanding are set out in section headed “Share Options” in the Report of the Directors.

37. Share Option Schemes (Continued)

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

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009 Average exercise price in US$ per share	**2009** Options (thousands)
At 1 January	**0.3065**	**8,728**
Cancelled/forfeited	**0.3053**	**(7,556)**
At 31 December	**0.3142**	**1,172**

	2008 Average exercise price in US$ per share	2008 Options (thousands)
At 1 January	0.3068	14,078
Cancelled/forfeited	0.3074	(5,350)
At 31 December	0.3065	8,728

A summary of the share options outstanding as at 31 December 2009 is as follows:

	Options outstanding		**Options exercisable**
Exercise price	**Number outstanding (in thousands)**	**Weighted average remaining life (years)**	**Number (in thousands)**
US$0.2524	**665**	**1.1**	**665**
US$0.3953	**507**	**0.8**	**507**
	1,172	**1.0**	**1,172**

37. Share Option Schemes (Continued)

(ii) Post-listing Employee Share Option Scheme

The Company adopted a share option scheme on 23 August 2000 which was effected on 30 November 2000 upon listing of the Company's shares on the Stock Exchange and amended on 22 May 2002 (the "Post-listing Employee Share Option Scheme") to comply with the new requirements set out in Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange effective 1 September 2001.

A summary of the Post-listing Employee Share Option Scheme is given below:

Purpose

The main purpose of the Post-listing Employee Share Option Scheme is to motivate the employees of the Group including any executive directors of any company in the Group.

Participants

The participants are the employees of the Group including any executive director of any company in the Group.

Total number of shares available for issue

The maximum number of shares available for issue under the Post-listing Employee Share Option Scheme and options to be granted under any other schemes of the Company is 132,733,953, representing approximately 3.2% of the issued share capital of the Company as of 22 May 2002 (the date of adoption of the Post-listing Employee Share Option Scheme (as amended)) and approximately 1.8% of the issued share capital as at the date of this Report.

Maximum entitlement of each employee

The total number of shares issued and to be issued upon exercise of the options granted to any one employee (including the exercised, cancelled and outstanding options) in any 12-month period up to and including the proposed date of the latest grant shall not exceed 1 per cent. of shares in issue, provided that the Company may grant further options in excess of this 1 per cent. limit subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such employee and his associates (as defined in the Listing Rules) abstaining from voting.

37. Share Option Schemes (Continued)

(ii) Post-listing Employee Share Option Scheme (Continued)

Granting options to Directors, Chief Executive or Substantial Shareholders

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

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

(a) representing in aggregate over 0.1% of the shares in issue; and

(b) having an aggregate value in excess of HK$5 million, based on the closing price of the shares as quoted in the Stock Exchange's daily quotation sheet at the offer date of such option,

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

Period within which the shares must be taken up under an option

The period during which the options may be exercised will be determined by the Board of Directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted.

Minimum period for which an option must be held before it can be exercised

The Board of Directors of the Company may determine at its absolute discretion the minimum period, if any, for which an option must be held before it can be exercised.

Amount payable on acceptance of the option and period within which payments must be made

An offer of options shall be open for acceptance for a period of ninety days after the date of offer or such period as the Board of Directors may at its sole discretion determine. An option price of US$1 shall be payable by the employee concerned on acceptance of the option.

Basis of determining the exercise price of the shares

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

37. Share Option Schemes (Continued)

(ii) Post-listing Employee Share Option Scheme (Continued)

Remaining life of the Post-listing Employee Share Option Scheme

The Post-listing Employee Share Option Scheme will remain in force until 29 November 2010.

Other than (i) the share options granted on 23 August 2004 which become exercisable in part or in full for a period of eight years commencing from two years after the date of offer and (ii) the share options granted on 27 May 2008 vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the 5 years from 2009 to 2013, the options 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 outstanding share options are subject to further terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

Details of the movement during the year for options outstanding are set out in the section headed "Share Options" in the Report of Directors.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009	
	Average exercise price in HK$ per share	**Options (thousands)**
At 1 January	**2.3561**	**106,733**
Cancelled/forfeited	**2.0896**	**(1,798)**
At 31 December	**2.3607**	**104,935**

	2008	
	Average exercise price in HK$ per share	Options (thousands)
At 1 January	2.6663	83,134
Granted	1.7800	35,540
Cancelled/forfeited	2.8009	(11,941)
At 31 December	2.3561	106,733

37. Share Option Schemes (Continued)

(ii) Post-listing Employee Share Option Scheme (Continued)

A summary of the share options outstanding as at 31 December 2009 is as follows:

Exercise price	Options outstanding Number outstanding (in thousands)	Options outstanding Weighted average remaining life (years)	Options exercisable Number (in thousands)
HK$2.8142	**60,510**	**2.6**	**56,846**
HK$1.6202	**10,295**	**4.6**	**10,295**
HK$1.7800	**34,130**	**9.0**	**6,826**
	104,935	**4.9**	**73,967**

38. Principal Subsidiaries

The following is a list of principal subsidiaries as at 31 December 2009:

Name of Company	Principal country of operation	Country of incorporation	Issued and fully paid up share capital (in thousands)	Effective equity interest in percentage	Principal activities
Subsidiaries held directly:					
Star Cruises Asia Holding Ltd.	Bermuda	Bermuda	US$158,032	100.00	Investment holding
Star NCLC Holdings Ltd.	Bermuda	Bermuda	US$10	100.00	Investment holding
Subsidiaries held indirectly:					
Star Cruise Management Limited	*Note (1)*	Isle of Man	US$2,000	100.00	Investment holding and provision of management services
Cruise Properties Limited	Isle of Man	Isle of Man	RM197,600	100.00	Investment holding
Inter-Ocean Limited	*Note (2)*	Isle of Man	US$52,000	100.00	Investment holding and cruise services
Star Cruise Services Limited	*Note (2)*	Isle of Man	US$52,000	100.00	Investment holding and cruise services
Superstar Virgo Limited	*Note (2)*	Isle of Man	US$25,000	100.00	Bareboat chartering
My Inn (Hangzhou) Hotel Co. Limited	The People's Republic of China	The People's Republic of China	RMB44,850	100.00	Hotel management and accommodation
Suzhou My Inn Hotel Co., Ltd.	The People's Republic of China	The People's Republic of China	US$8,000	100.00	Operation and management of internal facilities of budget hotel and hotel room
Suzhou Trip-X Information Technologies Co., Ltd.	The People's Republic of China	The People's Republic of China	US$10,000	100.00	Software development of tourist information system
Genting (Shanghai) Education Information Consulting Co., Limited	The People's Republic of China	The People's Republic of China	US$140	100.00	Education information consulting (except study abroad consulting and agent service)

38. Principal Subsidiaries (Continued)

Name of Company	Principal country of operation	Country of incorporation	Issued and fully paid up share capital (in thousands)	Effective equity interest in percentage	Principal activities
Treasure Island Entertainment Complex Limited	Macau Special Administrative Region	Macau Special Administrative Region	MOP100	75.00	Development of hospitality facilities
Keen Impact International Limited	Macau Special Administrative Region	British Virgin Islands	US$0.002	75.00	Property owner
Genting Philippines Holdings Limited	Republic of the Philippines	British Virgin Islands	US$10	100.00	Investment holding

RM: Malaysian Ringgit
RMB: Renminbi
MOP: Macau Patacas

Notes:

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

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

39. Significant Subsequent Event

On 11 February 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured floating rate term loan facility of US$150 million. The loan proceeds will be used for general corporate and working capital purposes of the Group.

40. Approval of Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2010.

Independent Auditor's Report

TO THE SHAREHOLDERS OF GENTING HONG KONG LIMITED
(Continued into Bermuda with limited liability)

We have audited the consolidated financial statements of Genting Hong Kong Limited (the "Company") and subsidiaries, (together, the "Group") set out on pages 73 to 151, which comprise the consolidated and Company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated and Company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2010

Audited Five Years Financial Summary

	2009	2008 (Restated)	2007	2006	2005
	US$'000	US$'000	US$'000	US$'000	US$'000
Results					
Turnover	**376,802**	441,039	2,576,240	2,343,055	1,967,353
Results from operations before impairment loss	**5,309**	(16,230)	84,619	95,452	145,937
Impairment loss	**(28,588)**	(99,873)	(5,165)	(30,600)	(1,400)
	(23,279)	(116,103)	79,454	64,852	144,537
Share of profit / (loss) of jointly controlled entities	**23,565**	(104,098)	—	—	—
Share of profit / (loss) of associates	**(2,512)**	1,454	(907)	(82)	(5,219)
Other income / (expenses), net	**2,238**	146,525	(44,840)	(26,556)	28,675
Finance income	**209**	3,233	4,482	6,670	8,484
Finance costs	**(24,191)**	(28,610)	(234,295)	(200,944)	(155,930)
Profit / (Loss) before taxation	**(23,970)**	(97,599)	(196,106)	(156,060)	20,547
Taxation	**(4,319)**	(3,528)	(4,780)	(136)	(2,641)
Profit / (Loss) for the year	**(28,289)**	(101,127)	(200,886)	(156,196)	17,906
Attributable to:					
Equity holders of the Company	**(25,343)**	(80,107)	(200,806)	(156,196)	17,906
Minority interest	**(2,946)**	(21,020)	(80)	—	—
	(28,289)	(101,127)	(200,886)	(156,196)	17,906
Basic earnings / (loss) per share (US cents)	**(0.34)**	(1.08)	(2.77)	(2.76)	0.32
Diluted earnings / (loss) per share (US cents)	**(0.34)**	(1.08)	N/A*	N/A*	0.32
Assets and Liabilities					
Total assets	**2,597,181**	2,568,511	6,428,589	6,139,675	5,410,879
Total liabilities	**(730,360)**	(677,620)	(4,389,217)	(4,196,376)	(3,510,998)
Total equity	**1,866,821**	1,890,891	2,039,372	1,943,299	1,899,881

* Diluted loss per share for the years ended 31 December 2007 and 2006 are not shown, as the diluted loss per share is less than the basic loss per share.

Properties Summary

As at 31 December 2009

	Location	Lot No.	Approximate land area	Approximate gross built-up area	Lease term (years)	Usage
1.	Star Cruises Jetty, Porto Malai, Langkawi, Kedah Darul Aman, Malaysia	Lot 2930 (previously Lot PT 740)	137,962ft² (12,817m²)	96,123ft² (8,930m²)	90	J
2.	An adjoining site to the Star Cruises Jetty, Porto Malai, Langkawi, Kedah Darul Aman, Malaysia	Lot 2931 (previously Lot PT 741)	40,462ft² (3,759m²)	—	90	J
3.	Star Cruises Terminal (Building), Pulau Indah, Pelabuhan Klang (Port Klang), Selangor Darul Ehsan, Malaysia *(note ii)*	Lot PT 78146 (previously Lot PT 64547)	252,728ft² (23,479m²)	292,888ft² (27,210m²)	99	T
4.	Star Cruises Terminal (Car Park), Pulau Indah, Pelabuhan Klang (Port Klang), Selangor Darul Ehsan, Malaysia *(note ii)*	Lot PT 78147 (previously Lot PT 64548)	270,489ft² (25,129m²)	—	99	T
5.	Star Cruises Terminal (Jetty), Pulau Indah, Pelabuhan Klang (Port Klang), Selangor Darul Ehsan, Malaysia *(note ii)*	Lot PT 63807	262,103ft² (24,350m²)	104,050ft² (9,666.5m²)	99	J
6.	Star Cruises Jetty, Kijal, Kemaman, Terengganu Darul Iman, Malaysia	Lot PT 4580	65,122ft² (6,050m²)	8,124ft² (754.75m²)	30	J
7.	Cuiyan Road, Suzhou Industrial Park, Suzhou, China	Lot No: 75034	4,220m²	—	40	O/H
8.	A piece of land located at “Terreno a aterrar junto à Praca de Ferreira do Amaral” in Macau which is generally known as “1 Lago Nam Van, Macao”	Reclamation Area (Lot A)	8,100m²	—	25	H/C
9.	A building designated as Tower 6 (described as Sub-condominium E) of 132 residential units and 132 car parking spaces, registered at the Real Estate Registry of Macau under n.º 23204-V and 23204-II, respectively, of Nova City Complex, Avenida de Kwong Tung S/N, Taipa, Macau	Tower 6, Nova City Complex	—	15,164.49m²	25	R

Notes:

i The Group owns 100% of each of the properties listed in items 1 to 7 above. The Group owns 75% of the property listed in items 8 and 9 above by virtue of the Group's equity interest in the company which owns the property.

ii On 28 August 2009, a sale and purchase agreement was signed with an independent third party, whereby the Group agreed to sell these properties listed in item 3 to 5 above for an aggregate consideration of RM188 million (equivalent to approximately US$53.2 million).

iii. Usage:

J — Jetty
T — Passenger Terminal
O — Office
H — Hotel
C — Casino (subject to approval of the Government of the Macau)
R — Residential

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