GENTING
HONG KONG

Genting Hong Kong Limited
(Continued into Bermuda with limited liability)
Stock code: 678

EXTRAORDINARY
INTEGRATED EXPERIENCE

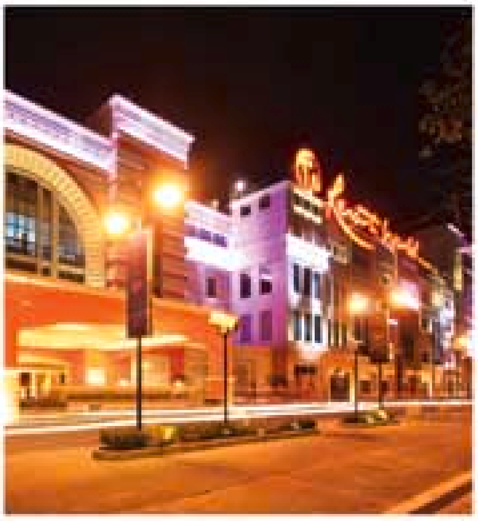
Annual Report 2010




STAR CRUISES
The Leading Cruise Line In Asia-Pacific

NCL
NORWEGIAN
CRUISE LINE




Resorts World
MANILA




我的客栈
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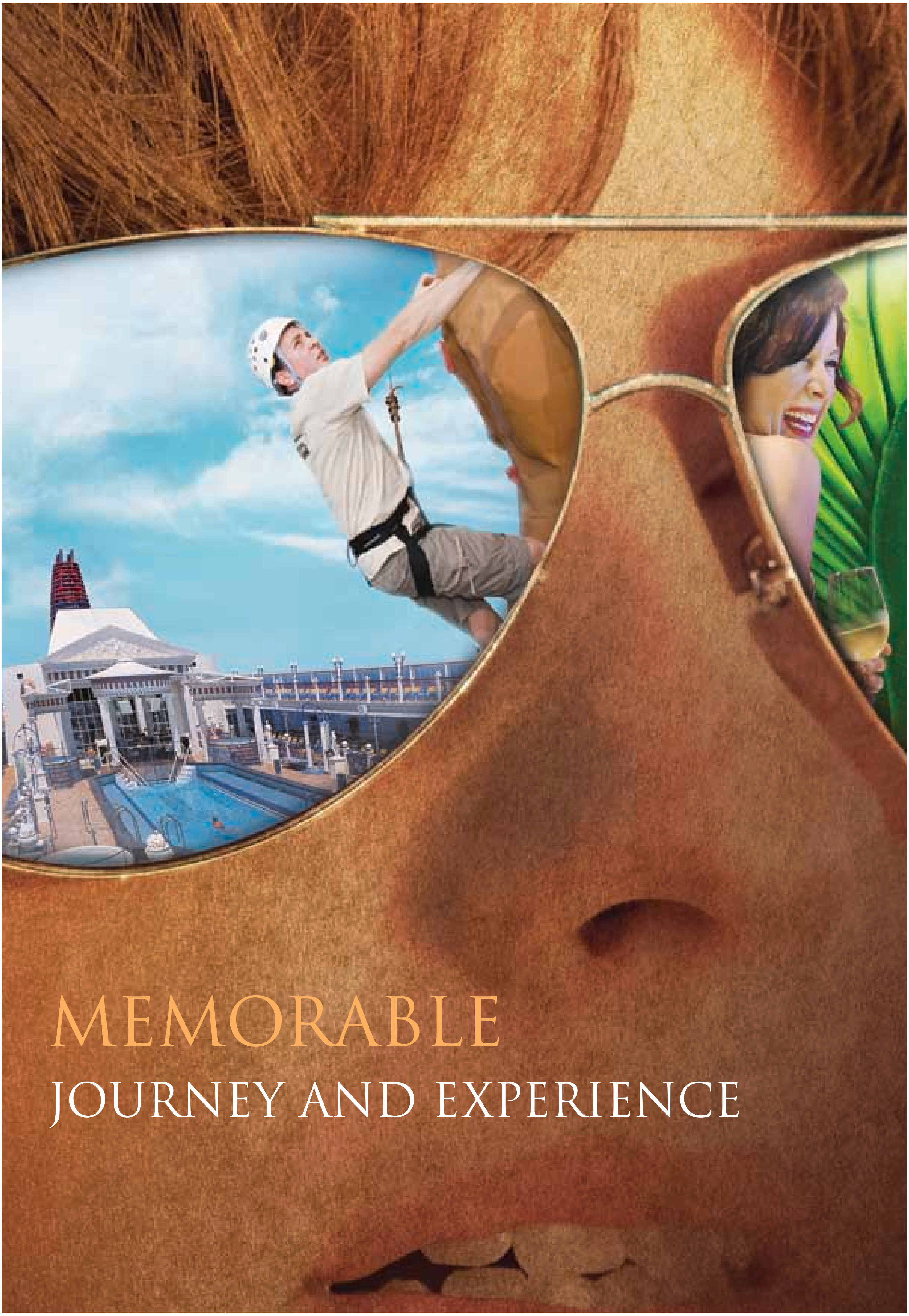

MEMORABLE
JOURNEY AND EXPERIENCE

OUR MISSION

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.

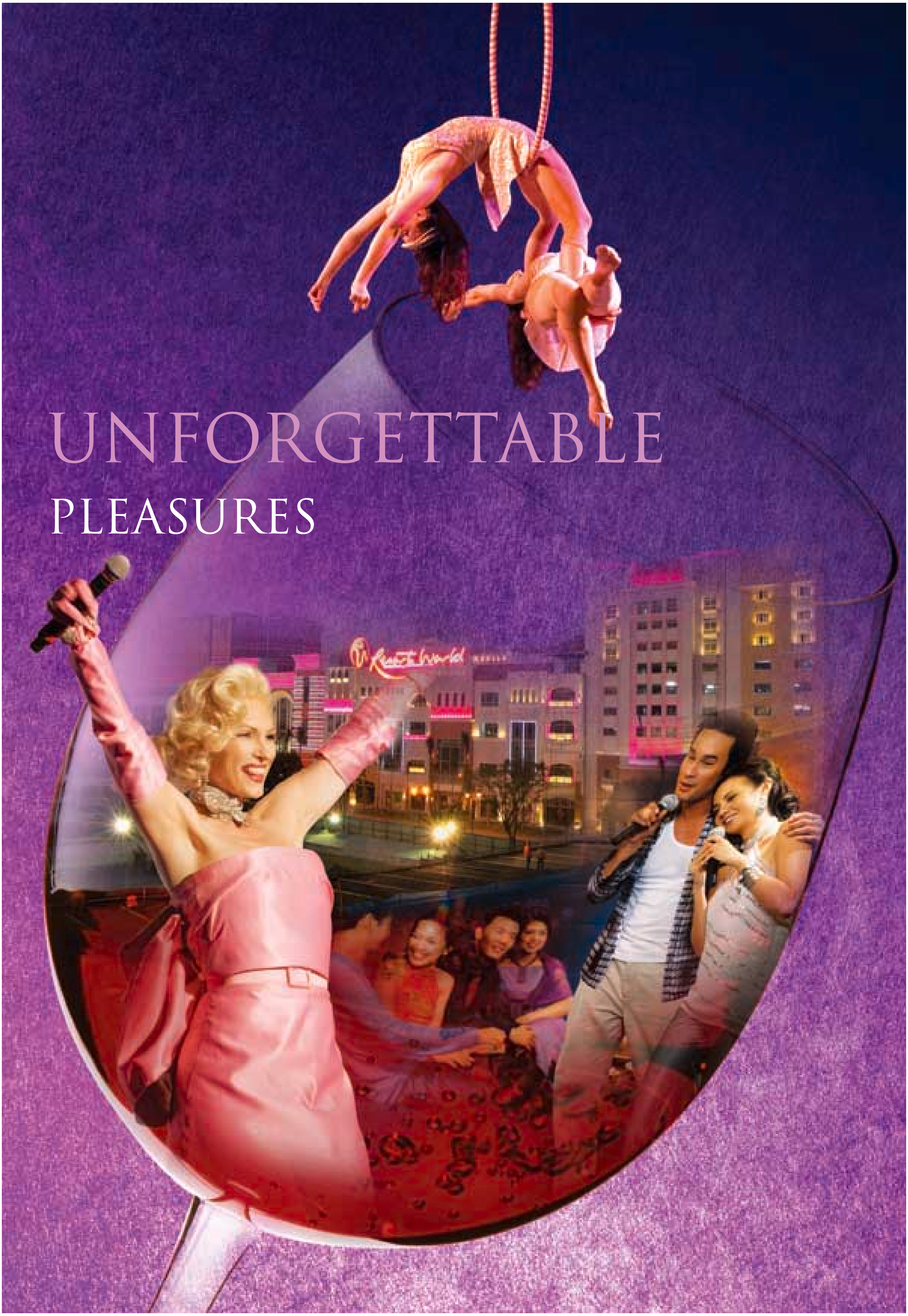
We will:
Be responsive to the changing demands of our customers and excel in providing quality products and services.

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

Generate a fair return to our shareholders.

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

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


UNFORGETTABLE
PLEASURES

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:

Resorts World Manila

Manila, Philippines – A brand under Travellers International Hotel Group, Inc. (Travellers). Travellers is a joint venture project of Genting Hong Kong and Alliance Global Group, Inc. of the Philippines.

Norwegian Cruise Line

A 50% joint ownership alongside Apollo and TPG

Star Cruises

Asia-Pacific

A pioneer in its own right, Star Cruises was incorporated in September 1993, to take on a bold initiative to grow the Asia-Pacific region as an international cruise destination. Star Cruises, together with Norwegian Cruise Line, is the third largest cruise operator in the world that owns a combined fleet of 18 ships visiting over 200 destinations in the world, offering approximately 35,000 lower berths.

Genting Hong Kong's first foray in a land-based attraction, Resorts World Manila, opened its doors to the public in August 2009. Resorts World Manila is one of the premier leisure brands under the Genting Group, a flagship integrated leisure and entertainment complex featuring 3 hotels including a six star all-suite Maxims Tower, 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. We will continue to leverage the Genting Group's unrivalled regional expertise in land-based resorts development as we expand our own individual footprint. Genting Hong Kong constantly seeks new scalable business opportunities and ways in which we can improve and excel in our business proposition.

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

Genting Hong Kong is listed on the Hong Kong Stock Exchange and is traded on the GlobalQuote of the Singapore Exchange Securities Trading Limited.

RESORTS WORLD MANILA

Resorts World Manila marked its first full year of operation in 2010 — and what an eventful and triumphant year it proved to be.

World-class Entertainment

Since its soft launch in August 2009, Resorts World Manila (RWM) has gone full speed ahead with the completion of its facilities, establishing its position as the Philippines' first integrated tourism hub that offers the best in luxury accommodations, relaxation, dining, shopping, entertainment and gaming, all in one place.

This entertainment and hospitality hub is home to three international brands: Maxims Tower, the first all-suite deluxe hotel in the country; Marriott Hotel Manila, a five-star brand known internationally for quality and service; and the Remington Hotel, an affordable option for the budget traveler, slated to open in the third quarter of 2011.

RWM expanded its offerings in the second half of 2010 with the opening of the Newport Mall which elevated visitors' shopping and entertainment experiences to a whole new level with some of the world's top brands, including a host of entertainment and dining options. The opening of its 4 ultra-modern and luxurious Newport Cinemas and the 1,500-seat state-of-the-art Newport Performing Arts Theatre also enriched the local entertainment scene.

The year also saw the completion and soft opening of Genting Club, RWM's exclusive members-only lifestyle club, representing the pinnacle of our passion for excellence and quest for perfection. Genting Club is a sophisticated yet intimate club, offering round-the-clock gaming, live entertainment, themed food and beverage outlets, a cigar lounge, as well as a venue for exclusive events and parties. Beyond its eclectic art collection amid luxurious decor, what makes Genting Club truly distinctive is the warm, personalized service and genuine smiles that its staff consistently lavishes upon its elite members.

Momentous "Firsts"

In November 2010, RWM launched its signature annual festival called Grand Fiesta Manila. Inspired by the various colorful fiestas celebrated in different parts of the Philippines throughout the year, the inaugural event was a four-day festival jam-packed with nightly concerts, free outdoor performances, an arts festival, body art fashion show, light shows, gaming tournaments, a charity fun run, and a vibrantly colorful Grand Parade. Creating a buzz of excitement that reverberated even beyond Metro Manila, Grand Fiesta Manila was a dazzling showcase of Filipino talent and a celebration of the rich cultural diversity that characterizes RWM itself.

During the festival, some of the region's society and business luminaries were treated to a Gala Dinner and a special performance by Lea Salonga, which was held to also celebrate Genting Group's 45th anniversary .

Another highlight of Grand Fiesta Manila is the premiere of RWM's first original production — Kaos. Staged at the Newport Performing Arts Theater, this one-of-a-kind spectacle combines the engaging narrative of Broadway musicals with dazzling acts, breathtaking stunts, daring acrobatics and amazing magic that are the staples of some of the grandest Las Vegas shows. With its multi-cultural cast led by accomplished Filipino actors and backed by an international production team of entertainment experts, Kaos wowed audiences from its opening day.

Building a Corporate Culture

RWM's vision of becoming "One of the best tourism destinations in Asia" is also supported by its ambition to build a corporate culture that will define the identity of RWM through the actions of every employee.

Part of this corporate culture is an active responsibility to the community. And it is doing its part through a corporate social responsibility program (CSR) anchored on its unique platform dubbed "WE-SEE", which stands for Wellness, Security, Environment and Education.

In 2010, RWM participated in various CSR projects, including partnering with Up With People (UWP), an international organization that gathers young delegates from all over the world to raise global awareness among its participants through travel and cultural immersion.

The Place to PLAY

With more exciting events, promotions, entertainment offerings, and additional attractions set to launch in 2011, combined with a well-defined corporate culture to guide it, RWM is poised to become not just a popular destination, but also a powerhouse that will revitalize the tourism industry in the Philippines.

Having revolutionized the entire industry by pioneering the integrated tourism destination concept in the Philippines, RWM is fully embracing its commitment to continuous development in fulfilling its vision of becoming "The Place to PLAY" in the region.

FLEET PROFILE

Star Cruises, together with Norwegian Cruise Line, is the third largest cruise operator in the world that owns a combined fleet of 18 ships visiting over 200 destinations in the world, offering approximately 35,000 lower berths.

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.

® STAR CRUISES

The Leading Cruise Line In Asia-Pacific℠

SuperStar Aquarius

SuperStar Libra

SuperStar Virgo

MegaStar Aries

Star Pisces

Norwegian Dream

MegaStar Taurus

Norwegian Cruise Line

Norwegian Cruise Line operates a fleet of 11 ships - a new generation Freestyle Cruising ship, *Norwegian Epic,* delivered in June 2010, *Norwegian Gem, Norwegian Jewel, Norwegian Pearl, Norwegian Sun, Norwegian Dawn, Norwegian Star, Norwegian Spirit, Norwegian Jade, Norwegian Sky and Pride of America,* calling destinations in North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean and Bermuda.

Norwegian Epic

Norwegian Gem

Norwegian Jewel

Norwegian Pearl

Norwegian Sun

Norwegian Dawn

Norwegian Star

Norwegian Spirit

Norwegian Jade

Norwegian Sky

Pride of America

CHAIRMAN'S STATEMENT

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

Dear Valued Shareholders,

This has been a great year of achievement for Genting Hong Kong Limited ("GHK" or the "Company") and its subsidiaries (the "Group"), which marked a number of major developments and improvements within the Group. I am pleased to report that for the financial year ended 31 December 2010, the Group's net income after tax increased by 394% to US$68.1 million from a loss of US$23.2 million in the previous financial year.

The strong performance of the Group is attributable to the following factors:

- Travellers International Hotel Group, Inc. ("Travellers"), for which we own 50%, achieved a net income of US$71.2 million, during its first full year of operation.
- Norwegian Cruise Line ("NCL"), for which we own 50%, reported a net income of US$22.6 million and a record EBITDA of US$400.4 million this year, which represents an increase of 23.6% from 2009.
- Star Asia, our wholly owned cruise business in Asia and other businesses, posted a net income of US$21.9 million, which represents 150% increase from a US$44.2 million loss in 2009.

Sustainable Growth

Following its opening in August 2009, Resorts World Manila ("RWM"), which is wholly owned by Travellers, continues to expand its world-class leisure, hospitality and entertainment offerings, including the opening of Newport Performing Arts Theatre and soft opening of Genting Club in 2010. As a result, in its first full year of operation it achieved US$355.8 million in total revenue and an EBITDA of US$102.0 million. The result has exceeded our expectations and we are pleasantly surprised by the depth of the market in the Philippines. We expect to see continuing growth in visitor arrivals which is currently averaging 12,000 daily, a notable increase from an average of 4,500 visitors daily in 2009 when RWM was first opened.

NCL reported an increase in total gross revenue by 8.5% to US$2,012.1 million and a record EBITDA of US$400.4 million this year, which represents an increase of 23.6% from 2009. Its strong result was largely due to the growing demand from its global customers coupled with a 4% increase in capacity days and improvement in ticket pricing. The launch of Norwegian Epic, its largest and most innovative ship, in June 2010, has firmly established NCL as one of the strongest brands in the global cruise industry. NCL's solid performance is also a testament to its drive to constantly innovate and nurture untapped markets, such as the launch of Epic Studio Staterooms, another industry first, which has won the cruise industry's first Travel & Leisure Design Award. In Asia, NCL sales have doubled in 2010, prompting the establishment of a dedicated contact center based in the Star Cruises Centre in Manila, Philippines to support the rapidly growing Asia-Pacific markets.

For Star Asia, the 2010 performance of our Asian cruise fleet reflects the result of continued improvements in operational efficiency and cost rationalization, as well as, active management of

Chairman's Statement

the fleet's deployment in the major cruise hubs of Singapore, Malaysia, Taiwan and Hong Kong. Revenue increased by 3.2% from US$376.8 million in 2009 to US$388.9 million in 2010 and its EBITDA increased by 8.8% to US$91.2 million. To further drive growth, we have begun to refurbish our Asian fleet with fresh hull graphic designs, internal renovations and improved navigational systems, efforts of which will continue throughout 2011.

Capital and Funding

We have strengthened our financial foundation considerably. As a testament to our continuing efforts to improve our balance sheet and pare down debt, our net debt for 2010 stands at US$351.9 million, of which US$100.0 million of convertible bonds at a strike price of HK$1.13 per share remains outstanding, which is 19.7% lower than the net debt position of US$438.3 million in 2009. During the year, US$50.0 million convertible bonds were converted into equity. In November 2010, GHK completed a US dollar denominated seven-year floating rate secured term loan and revolving credit facility of US$600 million. In view of favorable market conditions, it was an opportune time to undertake such a refinancing exercise given the attractive terms and pricing. The net proceeds received have been used to pay down existing indebtedness and for general corporate purposes.

Corporate Social Responsibility

In meeting our financial objectives, GHK continues to be a socially responsible corporation and remains committed to community service. GHK has been awarded the Caring Company Logo 2009/10 by the Hong Kong Council of Social Service in recognition of our community involvement for the second year running. The events we have participated also included the "Walk for Nature 2010" Charity at Mai Po Nature Reserve and Heifer "Race to Feed" Charity dedicated to ending world hunger. Throughout the year our crew and staff volunteers have played host to numerous groups of underprivileged children, seniors and families onboard our ships.

Prospects

Looking to 2011, we look forward to the further expansion of RWM with the Newport Mall becoming fully operational. The opening of our third hotel, the Remington Hotel, in late 2011 will also propel RWM on its strong growth momentum to generate stronger results ahead. We are confident RWM will consolidate its eminent position as the preferred choice for leisure and entertainment in the Philippines.

NCL, riding on the success of Norwegian Epic, has placed an order for two new next generation Freestyle Cruising ships, which will add another


8,000 berths to its capacity, each to be delivered in spring 2013 and 2014. This decision follows the marked improvement in NCL's operating performance and occupancy rates. In October, NCL filed a registration statement with the U.S. Securities and Exchange Commission ("SEC") relating to a proposed initial public offering ("IPO") of its ordinary shares.

Star Cruises has also shown strong growth in advance bookings especially in Taiwan and Singapore, coupled with higher yields and occupancies. As we continuously strive for excellence and to reach out to customers around the world, we proactively make improvements to our online booking and communications platform to offer an effective and versatile communication and distribution channel.

In the year ahead we expect to strengthen our financial position, achieve our profitability goals and stay vigilant in cost controls, while delivering memorable and extraordinary integrated experiences for our customers.

Acknowledgement

On behalf of the Board of Directors and Management, I would like to express my sincere gratitude 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 they operate.

Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

24 March 2011

GLOBAL HIGHLIGHTS

Mr. William Ng, Chief Operating Officer of Star Cruises, represented the company in receiving the title of honorary inductee into Travel Trade Gazette (TTG) Asia's "Travel Hall of Fame" once again at the 21st TTG Travel Awards 2010 in October.

Tan Sri Lim Kok Thay (3rd from left), Chairman and Chief Executive Officer of Genting Hong Kong, led a toast to guests and business partners with senior management on 25 March 2010 in Hong Kong to celebrate Star Cruises Limited's name change to Genting Hong Kong Limited in a rebranding project.

Captain Minas Myrtidis, Norwegian Cruise Line's Vice President of Fleet Regulatory Compliance & Corporate Environmental Compliance Officer (right), accepted the Gold 2010 William M. Benkert Marine Environmental Protection Award from Vice Admiral Manson Brown (left), Commander Pacific Area, at a reception in San Diego, California on 6 December 2010.

On 27 November 2010, Tan Sri Lim Kok Thay, Chairman and Chief Executive Officer of Genting Hong Kong, and spouse (right), together with Mr. Andrew Tan, Chairman of Alliance Global Group Inc., and spouse (left) celebrated the Grand Fiesta Manila 2010 and Genting Group's 45th Anniversary at Resorts World Manila in a cake-cutting ceremony.

Tan Sri Lim Kok Thay (3rd from left), Chairman and Chief Executive Officer of Genting Hong Kong, and Mr. David Chua (2nd from left), President of Genting Hong Kong, posed with loan partners in a signing ceremony for its US$600 million loan facility at Resorts World Manila on 27 November 2010.

Global Highlights

On 17 June 2010, Norwegian Cruise Line took delivery of its newest ship, Norwegian Epic. The Epic is the largest Freestyle Cruising ship to date at 153,000 gross tons with a 4,100 passenger capacity.

Nickelodeon-themed family entertainment and programming, including characters "meet and greet", interactive game shows and more were introduced on Norwegian Jewel in April 2010 and on Norwegian Epic in July 2010.

As the first enterprise to sponsor China PGA Championship Tour, Genting Hong Kong sponsored and signed with national master golfers, including Li Chao and Yuan Hao, forming the Genting Hong Kong Team to promote the development of golf in China.

On 20 November 2010, the legendary 70's funk band "Earth, Wind & Fire" entertained guests onboard SuperStar Aquarius on a night of nostalgic song and dance party.

Norwegian Epic hosted Macy's NBC July 4th Fireworks Broadcast 2010 with musical performances and the nation's largest fireworks display in New York, U.S.A..

In June 2010, Star Cruises participated in Seatrade's All Asia Cruise Convention in Suzhou, China. Mr. William Ng, Chief Operating Officer, was a guest speaker in the opening session.

One of the top-rated reality game shows, AXN's The Amazing Race Asia Season 4, featured Star Pisces when it was homeported in Penang.

SuperStar Libra's first call to Penang International Cruise Terminal was greeted with a traditional lion dance and drumbeat. Penang Tourism Board handed out souvenirs to passengers from Australia, Japan, Singapore and Malaysia etc.

Global Highlights

Slated to open in 2nd half year of 2011, the third My Inn will be located in Hongkou District, Shanghai, China.

Star Cruises' booth at JATA Travel Fair 2010 in Japan to showcase our products.

Representatives from the University of Sydney (UTS) and the New South Wales Technical and Further Education (TAFE NSW), in a signing ceremony with Genting-Star Tourism Academy (GSTA) to seal their international partnership in providing systematic education through the delivery of world-class hospitality and tourism programs, pose with senior management of Travellers International Hotel Group and Genting Hong Kong.

On 30 May 2010, Resorts World Manila (RWM) organized the La Flora de Mayo (The Flowers of May) festival and beauty contest. The winners pose with Mr. Kingson Sian (2nd from left), President of RWM.

商界展關懷
caringcompany 2008-11
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

The Genting Hong Kong team was the first runner-up for the second consecutive year at the Heifer "Race to Feed" 2010 Charity event on 30 October 2010.

Genting Hong Kong hosted a group of children from the Hong Kong Christian Service onboard SuperStar Aquarius for a new year celebration on 29 December 2010.

PHILANTHROPY
Philantrophy

The Genting Hong Kong staff supported the "Walk for Nature 2010" Charity at Mai Po Nature Reserve on 7 November 2010.

Resorts World Manila (RWM) partnered with Up With People to promote global awareness through travel and cultural immersion. 85 young delegates from 20 countries arrived in RWM on 19 March 2010 to start their mission in the Philippines.

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
Non-executive Director

President

Mr. David Chua Ming Huat

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

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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 18 ships cruising to over 200 destinations in the world, offering close to 35,000 lower berths, and is the third largest cruise operator in the world by lower berths. 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 11 cruise ships offering cruises in North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean and Bermuda.

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.

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.

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

The cruise industry in Asia Pacific is less seasonal due 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 November and January in the Hong Kong market attributable to unfavourable weather patterns and non-public holidays 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.

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.

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, 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 2010 ("Year 2010") Compared with Year Ended 31 December 2009 ("Year 2009")

Turnover

The Group's total revenue for 2010 was US$388.9 million, an increase of 3.2% from US$376.8 million in 2009.

Capacity days increased by 13.5% compared to 2009 due to the deployment of m.v. Star Pisces since February 2010. Occupancy percentage fell 8% from 91% to 83% in 2010 as a result of the introduction of an additional gaming-centric ship to the Asian fleet. However, stronger ticket pricing resulted in an increase in passenger ticket revenue yield by 3.5%. Overall, the Group saw a stronger second half in 2010 with an increase in revenues by 10.9% as compared to the first half.

Cost and expenses

Total costs and expenses before finance costs and other items for 2010 amounted to US$356.0 million compared with US$395.0 million in 2009, a decrease of US$39.0 million.

Operating expenses excluding depreciation, amortisation and impairment loss increased US$8.5 million (3.8%) to US$231.8 million in 2010 from US$223.3 million in 2009, primarily due to higher fuel expenditure. In 2010, Star Asia's average fuel price rose approximately 34.6% from US$367 per metric ton in 2009 to US$494 per metric ton in 2010. Excluding fuel expenses, total operating expenses fell by 1.9% and on a per capacity day basis, total operating expenses fell by 13.6% compared with 2009.

Selling, general and administrative expenses excluding depreciation and amortisation decreased by US$3.8 million (5.4%) to US$65.9 million in 2010 from US$69.7 million in 2009 mainly due to one-off retrenchment costs in 2009, partially offset by higher salary related costs and advertising and promotion costs in 2010.

Depreciation and amortisation expenses decreased by US$8.0 million (10.9%) primarily due to cessation of depreciation for jetties, terminal building and improvement in Port Klang which has been classified as non-current assets held-for-sale since July 2009, and decrease in drydocking expenses.

During 2010, the Group recorded a net reversal of previously recognised impairment loss of US$7.0 million in respect of the ships, leasehold land and building to reflect their recoverable values. In 2009, a net vessels impairment loss of US$28.6 million was recorded.

Other income / (expense), net

Other income, net, was US$37.4 million for the Year 2010 compared to other expenses, net, US$0.7 million for the Year 2009 mainly due to the net effect of the following items:

(a) During the Year 2010, the Group disposed of its interests in the entire issued share capital of Port Klang Cruise Centre Sdn Bhd and Glamourous Trendy Sdn Bhd and realised a gain on disposal of the subsidiaries of approximately US$17.6 million.

(b) During the Year 2010, the Group recorded its share of profit from jointly controlled entities of US$36.3 million compared to share of profit of US$23.6 million in Year 2009. The Group also recorded its share of profit from associates of US$9.9 million during the Year 2010 compared to share of loss of US$2.5 million in Year 2009.

(c) Finance costs, net of finance income increased by US$3.0 million to US$27.0 million for the Year 2010 compared to US$24.0 million for the Year 2009 as a result of both higher average outstanding debt and interest rates.

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

Profit / (Loss) before taxation

Profit before taxation for the Year 2010 was US$70.2 million compared to loss before taxation of US$18.8 million for the Year 2009.

Taxation

The Group incurred a taxation expense of US$2.1 million for the Year 2010 compared with US$4.3 million for the Year 2009.

Profit / (Loss) attributable to equity holders

Net profit attributable to equity holders of the Company was US$67.9 million for the Year 2010 compared with net loss attributable to equity holders of US$21.5 million for the Year 2009.

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 2010, cash and cash equivalents increased to US$159.4 million from US$137.6 million as at 31 December 2009 for the Group. The increase of US$21.8 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$67.1 million of net cash from operations for the Year 2010 compared to US$25.5 million for the Year 2009. The increase of US$41.6 million was primarily due to changes of operating assets and liabilities during the Year 2010 compared with the Year 2009 and operating profit of US$32.9 million in Year 2010 compared with US$18.1 million operating loss in Year 2009.

(b) The Group's capital expenditure was approximately US$24.5 million during the Year 2010. Majority of the capital expenditure relates to drydocking and the remaining was vessel refurbishments and onboard assets. During the Year 2009, the Group's capital expenditure was approximately US$18.6 million and received net proceeds of approximately US$4.0 million and US$2.8 million from the disposal of a ship and a building respectively.

(c) During the Year 2010, the Group used US$30.0 million to acquire additional 7.4% equity interest in Travellers, resulting in total equity interest of 50% in Travellers. The Group used US$50.0 million to acquire additional equity investment in NCLC in Year 2009.

(d) During the Year 2010, the Group made a drawdown of US$299.1 million under the bank loan facilities as corporate and general working capital. The Group also made a repayment of US$303.8 million under existing bank loans in Year 2010.

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

(f) The Group received US$10 million of dividend from Travellers in Year 2010.

Gearing ratio

The gearing ratio as at 31 December 2010 was 0.17 times, a decrease, from 0.23 times as at 31 December 2009 for the Group. The gearing ratio is calculated as net debt divided by total capital. Net debt of approximately US$0.35 billion (2009: US$0.44 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$2.02 billion (2009: US$1.87 billion).

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2010 are disclosed in note 35 to the consolidated financial statements.

Future commitments and funding sources

On 27 November 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured term loan and revolving credit facility of US$600 million. The loan proceeds will be used for refinance the existing facilities, to repay maturing loans and as general corporate and working capital purposes of the Group.

As at 31 December 2010, the Group had approximately US$0.51 billion of bank borrowings. Details of the borrowings and a schedule setting out the repayments of such borrowings are disclosed in note 28 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$1.2 billion.

As at 31 December 2010, the Group's liquidity was US$341.4 million consisting of US$159.4 million in cash and cash equivalents and US$182.0 million available under the Group's existing credit facilities.

Prospects

During 2011, Star Asia will reposition three of its existing vessels in a ship swap exercise to cater for the potential growth in their respective target markets:

— m.v. SuperStar Aquarius, previously in Hong Kong, will be deployed in Taiwan;

— m.v. SuperStar Libra, previously in Taiwan, will be deployed in Penang; and

— m.v. Star Pisces, previously in Penang, will be refurbished and deployed in Hong Kong.

Resorts World Manila at Newport City in Manila continues to extend its leisure, hospitality and entertainment offerings, and expects to expand its retail, hotel and business facilities during the year.

NCLC Group enjoyed a successful introduction of its largest and most innovative vessel to-date, m.v. Norwegian Epic, which will serve the Caribbean and European itineraries in 2011. NCLC will further expand its purpose-built Freestyle Cruising fleet with the delivery of two approximately 4,000-berth ships in the spring of 2013 and 2014.

NCLC Group

Total revenue increased 8.5% in 2010 compared to 2009. Net revenue increased 12.1% in 2010, primarily due to an increase in net yield of 7.7% and an increase in capacity days of 4.0%. The increase in net yield was due to an increase in passenger ticket pricing and onboard revenue. The increase in onboard revenue was primarily due to an increase in net revenue from NCLC Group's gaming operations, beverage sales and specialty dining. The increase in capacity days was due to the addition of m.v. Norwegian Epic to the fleet in late June 2010, partially offset by the departure of m.v. Norwegian Majesty from its fleet in October 2009.

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

Total ship operating expense increased 4.5% in 2010 compared to 2009 primarily related to an increase in capacity days as described above and higher ship operating expenses. The increase in ship operating expenses is primarily due to an increase in fuel expense resulting from a 28.3% increase in the average cost of US$490 per metric ton in 2010 from US$382 per metric ton in 2009 as well as an increase in payroll and related expenses, partially offset by a savings in port charge expenses. Total other operating expense increased 10.2% compared to 2009 with an increase in marketing expenses, including inaugural expenses for m.v. Norwegian Epic, partially offset by lower expenses associated with cost control initiatives. Net cruise cost increased 8.3% in 2010 compared to 2009. Net cruise cost per capacity day increased 4.2% primarily due to higher fuel expense per capacity day. Depreciation and amortisation expense increased 11.5% in 2010 compared to 2009 due to depreciation expense related to m.v. Norwegian Epic which entered service in late June 2010.

Finance costs, net of capitalised interest, increased to US$173.8 million in 2010 from US$115.4 million in 2009 primarily due to higher average interest rates and an increase in average outstanding borrowings related to the financing of m.v. Norwegian Epic.

Other income (expense) was an expense of US$34.0 million in 2010 compared to income of US$10.4 million in 2009. The expense in 2010 was primarily due to losses on foreign exchange contracts associated with the financing of m.v. Norwegian Epic. The income in 2009 was primarily due to fuel derivative gains of US$20.4 million, partially offset by interest rate swap losses of US$5.5 million and foreign currency losses of US$4.0 million, primarily due to changes in the exchange rate regarding the revaluation of NCLC Group's euro-denominated debt to U.S. dollars.

Travellers Group

In 2010, Travellers Group reported US$355.8 million in total revenues and US$102.0 million in EBITDA, marking Resorts World Manila's ("RWM") first full year of operations, compared with US$50.8 million total revenues and US$3.0 million EBITDA in 2009.

Total operating expenses amounted to US$118.3 million in 2010, due to the increase of new hires to support the expansion in operations, as well as, marketing and advertising efforts to promote the integrated resort. The full year impact of depreciation expenditure also contributed to the higher operating expenses in 2010.

Finance costs increased from US$0.2 million in 2009 to US$7.2 million in 2010, mainly due to additional bank borrowings and issuance of bond in 2010 to finance capital and project expenditures and for general corporate purposes.

Net income increased from US$0.1 million in 2009 to US$71.2 million in 2010.

Human Resources

As at 31 December 2010, the Group had approximately 4,430 employees, consisting of approximately 3,546 (or 80%) ship-based officers and crew as well as approximately 884 (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. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

For year ended 31 December 2010, 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 profit or loss 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 financial 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 2010, the Group had interest rate swaps on debts with a total outstanding notional amount of US$9.8 million with remaining maturity period of 1 year. With these interest rate swaps in place, as at 31 December 2010, 17% of the Group's debts were fixed and the remaining 83% 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 2010, the Group had fuel swap agreements to pay fixed prices for fuel with a total outstanding notional amount of approximately US$9.6 million maturing July 2011.

Directors and Senior Management Profiles

Directors' Profiles

Tan Sri Lim Kok Thay

Chairman and Chief Executive Officer

Tan Sri Lim Kok Thay, aged 59, 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, 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"), a public listed company in Malaysia in which GENT holds 49.38% equity interest; and a director and Chief Executive of Genting Plantations 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 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.

Directors' Profiles (Continued)

Mr. Alan Howard Smith

Deputy Chairman and Independent Non-executive Director

Mr. Alan Howard Smith, aged 67, 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.

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 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, Bahrain and London Stock Exchanges as well as the Dubai Financial Market. 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 and Frasers Property (China) Limited, which are listed on the Stock Exchange until he resigned/retired from the office with effect from 23 October 2009 and 13 January 2011 respectively. Mr. Smith had also acted as a director of 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 October 2008, July 2009 and September 2009 respectively.

Mr. Tan Boon Seng

Independent Non-executive Director

Mr. Tan Boon Seng, aged 55, 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 60, 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 57, 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

Non-Executive Director

Mr. Au Fook Yew, aged 61, has first been appointed as an Independent Non-executive Director of the Company in May 2009 and subsequently been re-designated as a Non-executive Director in August 2010. He is also a member of the Audit Committee. Mr. Au serves as an Advisor to a number of companies in Asia and U.S.A.. He has also served as a Director of Empire Resorts, Inc. (a company listed on NASDAQ Global Market) since August 2009. He had formerly 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 56, 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 International Group (now known as the Genting Singapore 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 48, 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 50, 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 senior positions in multinational corporations and listed companies. He holds a Bachelor degree in Mathematics from Simon Fraser University, Canada 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 38, 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 Fellow 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 49, 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, a Master degree in Arts from Macquarie University, Sydney, Australia and membership with professional organisations.

Directors and Senior Management Profiles

Senior Management Profiles (Continued)

Mr. Michael Geoffrey Johansen

Executive Vice President of Casino Marketing

Mr. Michael Geoffrey Johansen, aged 51, 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 and Singapore, Harrah's and Foxwoods based in Hong Kong and Resorts World Genting 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 45, 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 60, 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 Berhad 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 17 years in Casino Marketing.

Mr. Toh Yiu Joe

Executive Vice President

Mr. Toh Yiu Joe, aged 53, joined the Company in November 2010 as Executive Vice President. Mr. Toh has been in banking and investment management for over 25 years. Prior to joining the Company, he was a senior banker with Bank Pictet & Cie (Asia) Ltd and was a senior partner at PrimePartners Asset Management which managed private equity funds in Asia. He has served on the boards of several public companies. Mr. Toh is a graduate from the University of Western Australia and is a member of the Institute of Chartered Accountants of Australia.

Senior Management Profiles (Continued)

Ms. Jeannie Chia Kwee Tin

Senior Vice President of Casino Marketing

Ms. Jeannie Chia Kwee Tin, aged 39, is currently Senior Vice President of Casino Marketing. Her responsibilities include marketing of all Genting Hong Kong brands to Singapore market. Ms. Chia joined the Company as VIP Services Coordinator in 1993 and subsequently held several positions in Casino Marketing (formerly known as VIP Services and Business Development) for South East Asia, Taiwan and China markets. She was extensively involved in set up of new departments within Casino Marketing division from 1994 to 1997, as the Company expanded swiftly from one ship operation to becoming 'The Leading Cruise Line in Asia-Pacific'. Ms. Chia left the Company as Vice President of Casino Marketing in August 2009 and embarked on a special project for a Singapore Junket. She resumed the position upon returning in July 2010 and was promoted to Senior Vice President in March 2011. Ms. Chia holds a Bachelor in Business Administration from La Trobe University (Bendigo), Australia in 2004.

Mr. Michael Goh Beng Huat

Senior Vice President of Sales

Mr. Michael Goh Beng Huat, aged 52, 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 52, assumed the position of Senior Vice President of Marine Operations in December 2005. His responsibilities include technical, nautical, safety & security 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.

Ms. Mona Lai Yuen Ching

Senior Vice President of Legal, Company Secretarial & Compliance

Ms. Mona Lai Yuen Ching, aged 43, joined the Company in May 2010 as Senior Vice President of Legal, Company Secretarial & Compliance. Ms. Lai graduated in 1990 with a LL.B Bachelor of Laws Degree, and in 1991 with a LL.M Master of Laws Degree, from University of London, King's College and was admitted as solicitor to the High Court of Hong Kong and the Supreme Court of England and Wales in 1995 and 1997 respectively. Ms. Lai has more than 15 years of experience in the legal sector with the first 5 years working as a private practitioner. Prior to joining the Company, Ms. Lai worked in a few large public companies listed on the Stock Exchange as senior legal counsel.

Directors and Senior Management Profiles

Senior Management Profiles (Continued)

Mr. Lim Keong Hui

Senior Vice President of Business Development

Mr. Lim Keong Hui, aged 26, is currently Senior Vice President of Business Development. He started his career with the Company as Manager in President's 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 50, 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 52, 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 43, 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 38, 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. 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.

Ms. Cynthia Ong Hui Ping

Senior Vice President of Corporate Human Resources

Ms. Cynthia Ong Hui Ping, aged 43, has joined the Company as Senior Vice President of Corporate Human Resources in May 2010. She had held key management positions in regional human capital management with extensive expertise gained in cruising, hospitality, gaming and entertainment industries. Her last position was Human Resources Director with Melco Crown Hotel Limited, Macau. Previously, she had worked for the Company in Malaysia Corporate HR team during the period of 1997 to 2006.

Mr. Jef Tan Chin Chuan

Senior Vice President of Casino Marketing

Mr. Jef Tan Chin Chuan, aged 43, 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 43, 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.

Directors and Senior Management Profiles

Senior Management Profiles (Continued)

Mr. Cheng Foong Sim

Acting Senior Vice President of Hotel Operations

Mr. Cheng Foong Sim, aged 57, assumed the position of Acting Senior Vice President of Hotel Operations in October 2010. Mr. Cheng is responsible for the fleet hotel operations. He joined the Company as F&B Director in 1994. He was subsequently promoted to Executive Assistant Manager and Hotel Manager until 2002, and in the same year, he became Director of Training. Mr. Cheng was involved in the successful foundation, conceptualization and establishment of Genting-Star International Cruise Management Program in Shanghai (2005 to 2008) and the Genting-Star Tourism Academy (GSTA) in Manila (2008). Mr. Cheng was re-designated Assistant Vice President of Hotel Operations in 2009, and subsequently as Vice President of Hotel Operations. Mr. Cheng is a seasoned hotelier with over 30 years of experience in the hotel and tourism industry which includes the Shangri-la International Hotel Group and Cititel Hotel Group. He is a Certified Hotel Educator (CHE) with the Educational Institute of the American Hotel and Lodging Association (AH&LA), certified Professional Trainer and Assessor from Western Australia (WA) Service Training, and completed professional development course from Cornell University (USA).

Mr. Jeffery Yoon Weng Choon

Acting Senior Vice President of Cruise Operations

Mr. Jeffery Yoon Weng Choon, aged 45, joined the Company in May 2000 as Director of Strategic Planning, and during his tenure with the Company to present, he has been involved in Executive Office matters, finance, ship deployments, ports operations and terminal management in addition to looking into new business opportunities. He holds a Master degree in Business Administration majoring in International Business from the University of Wales College, Cardiff, UK. Prior to joining the Company in 2000, he spent a number of years working in the UK before returning to Malaysia where his experiences covered areas in corporate banking and management consultancy.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2010.

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 37 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 2010 has been provided.

Results

The results of the Company and its subsidiaries for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 75.

Dividends

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2010.

Reserves

Movements in the reserves of the Company and the Group during the year are set out on pages 82 to 84.

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 150.

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 2010, save for the issuance of new ordinary shares of US$0.10 each by the Company as follows:

(a) the issuance of 342,920,353 new ordinary shares of US$0.10 each upon conversion of an aggregate amount of US$50,000,000 of the US$150 million 7.5% unsecured convertible bonds due 2016 at the conversion price of HK$1.13 per share;

(b) the issuance of 423,117 new ordinary shares of US$0.10 each at an aggregate price of approximately US$106,795 pursuant to the exercise of options granted under The Star Cruises Employees' Share Option Scheme adopted by the Company on 16 April 1997 prior to the listing of its ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and

(c) the issuance of 1,737,090 new ordinary shares of US$0.10 each at an aggregate price of approximately HK$3,862,524 pursuant to the exercise of options granted under the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002).

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 2010 is set out on page 151.

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

Report of the Directors

Share Capital and Convertible Bonds

Details of the movements in share capital and convertible bonds of the Company are set out in notes 27 and 29 to the consolidated financial statements, respectively.

Indebtedness

Details of long-term financing facilities of the Company and its subsidiaries at 31 December 2010 are set out in note 28 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. Tan Boon Seng
Mr. Lim Lay Leng
Mr. Heah Sieu Lay
Mr. Au Fook Yew (re-designated from Independent Non-executive Director to Non-executive Director on 28 August 2010)
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Alan Howard Smith, Mr. Heah Sieu Lay and Mr. Au Fook Yew 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 four Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Tan Boon Seng, Mr. Lim Lay Leng and Mr. Heah Sieu Lay, an annual confirmation of their 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 (the "Listing Rules").

Biographical details of the Directors and Senior Management are set out on pages 28 to 36.

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 34 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 2010 are disclosed in note 34 to the consolidated financial statements.

(b) Transactions set out in items (a), (c) and (g) 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) 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 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 31 December 2008, 31 December 2009 and 31 December 2010 would not exceed US$5 million.

For the year ended 31 December 2010, the aggregate amount charged to the Group in respect of the GB Transactions was approximately US$1.6 million and has not exceeded the Annual Cap of US$5 million.

As announced in the Company's announcement dated 20 December 2010, in view of the expiry of the GB Services Agreement on 31 December 2010, the Company entered into new agreements on 20 December 2010 for a period of 3 years commencing from 1 January 2011 with Genting Management and Consultancy Services Sdn Bhd ("GMC") (a wholly-owned subsidiary of GENT), Genting Malaysia Berhad ("GENM") and Genting Singapore PLC ("GENS") separately in relation to the provision to relevant members of the Group as and when required from time to time of secretarial, share registration, investor and other related services by GMC (the "GENT Services Agreement"); air ticket purchasing, leasing of office space, travel and other related services by relevant members of the GENM group (the "GENM Services Agreement"); and information technology and implementation, support and maintenance services and other services in relation to information technology support and central reservation services by relevant members of the GENS group (the "GENS Services Agreement") respectively.

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 49.38% and 51.86% equity interest in GENM and GENS respectively while GENM held approximately 18.44% 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.

The Annual Cap for the transactions contemplated under the GENT Services Agreement, GENM Services Agreement and GENS Services Agreement respectively will not exceed US$0.5 million, US$1.5 million and US$2 million respectively for each of the financial years ending 31 December 2011, 31 December 2012 and 31 December 2013. Details of the said agreements and transactions contemplated thereunder have been set out in the announcement issued by the Company on 20 December 2010 and will be disclosed in subsequent published annual report and accounts of the Company for each of the said financial years in accordance with the Listing Rules.

Report of the Directors

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 between 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 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 between certain wholly-owned subsidiaries of the Company, 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.

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.

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 ended 31 December 2010 were expected to be as follows:

	For the year ended 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

Connected Transactions (Continued)

For the year ended 31 December 2010, (i) the aggregate amount paid/payable by the Group to the GENT Group in respect of the WC/JPM Transactions was approximately US$1.0 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$0.9 million and has not exceeded the Annual Cap of US$1.0 million.

As announced in the Company's announcement dated 23 December 2010, in view of the expiry of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement on 31 December 2010, the Group entered into supplemental agreements (the "New Amendment Agreements") on 23 December 2010 to renew the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement and the continuing connected transactions thereunder for a further period of 3 years from 1 January 2011 to 31 December 2013.

The Annual Cap for the aggregate amounts payable and the aggregate amounts 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 New Amendment Agreements, and as revised or supplemented by any future addenda to be entered into from time to time for each of the financial years ending 31 December 2011, 31 December 2012 and 31 December 2013 will not exceed US$2 million and US$1.5 million respectively. Details of the New Amendment Agreements and transactions contemplated thereunder have been set out in the announcement issued by the Company on 23 December 2010 and will be disclosed in subsequent published annual report and accounts of the Company for each of the said financial years in accordance with the Listing Rules.

(3) As announced in the Company's announcement dated 21 January 2010, Crystal Aim Limited ("CAL") entered into a services agreement (the "RWS Services Agreement") on 21 January 2010 with Resorts World at Sentosa Pte. Ltd. ("RWS") for a period commencing from 25 January 2010 (or such other date as agreed by the parties) up to 31 December 2011 in relation to the provision of certain services by CAL in respect of an integrated resort located at Sentosa, Singapore known as Resorts World Sentosa owned and operated by RWS, including but not limited to handling of English speaking inbound and outbound operation administration calls and provision of any reservations and booking services of tour packages, hotel rooms and any tickets for local and overseas customers of RWS, and handling of all amendment and cancellation related activities of any reservations and booking services (the "RWS Transactions").

CAL is an indirect wholly-owned subsidiary of the Company and RWS is wholly-owned by GENS.

The Annual Cap for the RWS Transactions under the term of the RWS Services Agreement for each of the financial period ended 31 December 2010 and financial year ending 31 December 2011 would/will not exceed US$4 million.

For the year ended 31 December 2010, the aggregate amount received/receivable by CAL in respect of the RWS Transactions was approximately US$0.7 million and has not exceeded the Annual Cap of US$4 million.

Report of the Directors

Connected Transactions (Continued)

The Audit Committee comprising all Non-executive Directors (including all Independent Non-executive Directors) of the Company has reviewed the GB Transactions, the WC/JPM Transactions and the RWS Transactions and confirmed that the GB Transactions, the WC/JPM Transactions and the RWS 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, the WC/JPM Transactions and the RWS Transactions.

(c) Transactions set out in item (l) of these related party transactions, constitute connected transactions under the Listing Rules, details of which as required to be disclosed in this annual report in accordance with the Listing Rules are given in note 34(l) to the consolidated financial statements.

(d) Transactions set out in items (b), (d), (f), (i) and (k) 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 2010 is less than 0.1% of the applicable percentage ratios (as prescribed in the Listing Rules).

(e) Transaction set out in item (p) 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).

(f) Other related party transactions entered into by the Group during the year ended 31 December 2010 as set out in note 34 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 ("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 ("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, along with other land-based Malaysian resorts. GENM provides leisure and hospitality services which comprise amusement, gaming, hotel and entertainment. GENS group's principal activities include the development and operation of integrated resorts, operation of casinos, provision of information technology application related services and provision of marketing support services to leisure and hospitality related businesses and investments. As at the date of this report, GENT held approximately 49.38% and 51.86% equity interest in GENM and GENS respectively.

The Group is principally engaged in the business of cruise and cruise-related operations and leisure, entertainment and hospitality activities.

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 four 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 2010, 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	362,703,613	36,298,108 *(1)*	2,035,982,196 *(2)*	4,974,882,524 *(3)*	5,920,513,153 *(4)*	76.184
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	851,270	—	—	—	851,270	0.011

Report of the Directors

Interests of Directors (Continued)

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

Notes:
As at 31 December 2010:

(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 corporations 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 IFG International Trust Company Limited 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.

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

Share options were 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 2010, the Directors had personal interests in the following underlying shares of the Company held through share options granted under the Post-listing Employee Share Option Scheme:

Name of Director	Number of underlying ordinary shares	Percentage of issued ordinary shares	Capacity in which such interests were held
Tan Sri Lim Kok Thay	10,796,439	0.139	Beneficial owner
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	2,084,069	0.027	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 36 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 corporations 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
Resorts World Inc Pte. Ltd. ("RWI") *(6)*	Tan Sri Lim Kok Thay	2,250,000 *(7)*	3,750,000 *(8)*	3,750,000 *(9 and 10)*	100

Notes:
As at 31 December 2010:

(1) WCIL was a company in which a subsidiary of each of the Company and Genting Singapore PLC ("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 51.69% 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.

(6) RWI was a company in which a subsidiary of each of the Company, GENT, Genting Malaysia Berhad ("GENM") and GENS and a company wholly-owned by Golden Hope Limited as trustee of the Golden Hope Unit Trust had a 20% interest.

(7) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 2,250,000 ordinary shares of RWI comprising (i) 750,000 ordinary shares directly held by Resorts World Enterprise Limited, a wholly-owned subsidiary of GENM through its two layers of wholly-owned subsidiaries, namely Sierra Springs Sdn Bhd and Resorts World Limited, GENM was in turn a 49.34% owned subsidiary of GENT; (ii) 750,000 ordinary shares directly held by Genting International Management Limited ("GIML"), a wholly-owned subsidiary of GENS; and (iii) 750,000 ordinary shares directly held by Genting Intellectual Property Pte Ltd, a wholly-owned subsidiary of GENT, by virtue of his interests in a chain of corporations holding such corporations.

(8) Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts had a deemed interest in 3,750,000 ordinary shares of RWI.

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

(10) These interests represented long positions in the shares of RWI.

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

(a) as at 31 December 2010, 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.

Report of the Directors

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 36 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 2010 were as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2010	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 31/12/2010	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	259,584	(259,584) *(Note 1)*	—	—	—	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	64,894	(64,894) *(Note 1)*	—	—	—	16/11/2000	US$0.2524	23/10/2003 - 22/08/2010
	324,478	**(324,478)**	**—**	**—**	**—**			
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	98,639	(98,639) *(Note 2)*	—	—	—	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	5,188	—	(5,188)	—	—	23/10/2000	US$0.3953	23/10/2003 - 22/08/2010
	103,827	**(98,639)**	**(5,188)**	**—**	**—**			
All other employees	259,584	—	(259,584)	—	—	07/01/2000	US$0.3953	07/01/2003 - 06/01/2010
	242,042	—	(117,446)	(124,596)	—	23/10/2000	US$0.2524	23/10/2003 - 22/08/2010
	242,168	—	(227,258)	(14,910)	—	23/10/2000	US$0.3953	23/10/2003 - 22/08/2010
	743,794	**—**	**(604,288)**	**(139,506)**	**—**			
Grand Total	**1,172,099**	**(423,117)**	**(609,476)**	**(139,506)**	**—**			

Notes:

(1) Exercise date was 21 August 2010. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK$2.0300.

(2) Exercise date was 13 August 2010. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK$1.9200.

Share Options (Continued)

(B) Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2010	Number of options granted on 16/11/2010 *(Note 4)*	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 31/12/2010	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	3,585,521	—	—	(421,822)	—	3,163,699	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	**—**	**—**	**(421,822)**	**—**	**10,796,439**			
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	661,943	—	—	(77,874)	—	584,069	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	**—**	**—**	**(77,874)**	**—**	**2,084,069**			
All other employees	55,719,813	—	(788,128) *(Note 1)*	(1,768,451)	—	53,163,234	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
	9,662,158	—	(278,962) *(Note 2)*	—	—	9,383,196	23/08/2004	HK$1.6202	24/08/2006 - 23/08/2014
	25,630,000	—	(670,000) *(Note 3)*	(1,750,000)	—	23,210,000	27/05/2008	HK$1.7800	28/05/2009 - 27/05/2018
	—	14,843,000	—	—	—	14,843,000	16/11/2010	HK$3.7800 *(Note 5)*	16/11/2011 - 15/11/2020
	91,554,728	**14,843,000**	**(1,737,090)**	**(3,518,451)**	**—**	**101,142,187**			
Grand Total	**104,934,932**	**14,843,000**	**(1,737,090)**	**(4,018,147)**	**—**	**114,022,695**			

Notes:

(1) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$3.7550.

(2) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$3.0000.

(3) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$3.5190.

(4) The offer of share options made on 16 November 2010 is valid for acceptance for 3 months from 16 November 2010 to 15 February 2011.

(5) The closing price per share quoted on the Stock Exchange on 15 November 2010, the trading day immediately before the date on which the options were granted was HK$3.6800.

Report of the Directors

Share Options (Continued)

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

The Group accounts for non-cash compensation expense in respect of share options issued to directors and employees based on the fair value of the employee services received in exchange for the grant of the options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The Group did not record any non-cash compensation expense for the options granted in 2010 as no options were accepted in 2010.

The Group used the extended binomial options pricing model to estimate the fair value of these options. The binomial pricing model, which is one of the commonly used models in estimating fair value of an option, requires inputs that are highly subjective. 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 change in the variables so adopted may materially affect the estimation of the fair value of an option. The extended binomial options pricing model, therefore, does not necessarily provide a reliable measure of the fair value of the share options.

Using the extended binomial option pricing model with the following assumptions, the estimated fair value of the options granted on 16 November 2010 was US$0.3718 per share:

Risk-free interest rate	2.78%
Expected option life (in years)	10
Expected volatility	42.27%
Expected dividend per share	—

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. The share options offered on 16 November 2010 under the Post-listing Employee Share Option Scheme (which were open for acceptance until 15 February 2011) 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 2011 to 2015. All the 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 2010, 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

	Nature of interests/capacity in which such interests were held						
Name of shareholder *(Notes)*	Beneficial owner	Interests of spouse	Interests 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)*	18.70
Kien Huat Realty Sdn. Berhad *(2)*	—	—	1,453,055,180 *(10)*	—	—	1,453,055,180	18.70
Genting Berhad *(3)*	—	—	1,453,055,180 *(10)*	—	—	1,453,055,180	18.70
Genting Malaysia Berhad *(4)*	—	—	1,432,959,180 *(11)*	—	—	1,432,959,180	18.44
Sierra Springs Sdn Bhd *(5)*	—	—	1,432,959,180 *(11)*	—	—	1,432,959,180	18.44
Resorts World Limited *(5)*	1,432,959,180	—	—	—	—	1,432,959,180	18.44
IFG International Trust Company Limited (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)*	45.32
Cove Investments Limited *(7)*	—	—	—	—	3,521,827,344 *(17)*	3,521,827,344	45.32
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(8)*	—	—	—	3,521,827,344 *(15)*	—	3,521,827,344	45.32
Joondalup Limited *(9)*	546,628,908	—	—	—	—	546,628,908	7.03
Puan Sri Wong Hon Yee	—	5,920,513,153 *(18(a))*	36,298,108 *(18(b))*	—	—	5,920,513,153 *(19)*	76.18

Report of the Directors

Interests of Substantial Shareholders (Continued)

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

Notes:
As at 31 December 2010:

(1) Parkview Management Sdn Bhd ("Parkview") was a trustee of a discretionary trust (the "Discretionary Trust 1"), the beneficiaries of which were Tan Sri Lim Kok Thay ("Tan Sri KT Lim") and certain members of his family. 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 39.51% 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 49.34% 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) IFG International Trust Company Limited ("IFG") was the trustee of a discretionary trust (the "Discretionary Trust 2"), the beneficiaries of which were Tan Sri KT Lim and certain members of his family. IFG 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 IFG 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) IFG 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) IFG 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) IFG 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 5,920,513,153 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	10,796,439 *(Note)*	0.139	Interests of spouse

Note:
As at 31 December 2010, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 10,796,439 underlying ordinary shares of the Company by virtue of the share options granted to Tan Sri KT Lim under 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 2010, 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 34 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.

Report of the Directors

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.

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 adopted a Post-listing Employee 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 had been offered from time to time to eligible employees entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

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 2010, 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 54 to 74.

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 five Non-executive Directors of the Company (including four Independent Non-executive Directors of the Company, namely Mr. Heah Sieu Lay, Mr. Alan Howard Smith, Mr. Tan Boon Seng and Mr. Lim Lay Leng, and one Non-executive Director, namely 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.

Facility Agreements of the Group

In November 2010, the Group entered into a new secured term loan and revolving credit facility in an aggregate amount of US$600 million. In December 2010, the Group had repaid all outstanding loan balance under the US$150 million secured floating rate term loan facility. As at 31 December 2010, the Group was a party to two facility agreements for an aggregate principal amount of US$1.35 billion, with terms ranging from five to eight years from the date of drawdown of the loan/ Closing Date (as defined in respective facility agreements), having outstanding loan balance of approximately US$371.8 million.

In January 2011, the Group had repaid all outstanding loan balance under the US$750 million secured term loan and revolving credit facility. Accordingly, the Group is now a party to a facility agreement for an aggregate principal amount of US$600 million (the "US$600 million Facility Agreement"), with a term of 7 years from the Closing Date (as defined in the US$600 million Facility Agreement). As at the date of this report, the outstanding loan balance is approximately US$500 million.

Pursuant to the US$600 million Facility Agreement, the Lim Family (as defined therein, including the late Tan Sri Lim Goh Tong (the father of Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer of the Company), his family members, the personal estate of any of the above persons and any trust created for the benefit of one or more of the above persons and their respective estates) is required to hold (directly or indirectly) together or individually, the largest percentage of the issued share capital of, and equity interest in, the Company. The holding of the Lim Family shall include any interest which the Lim Family, together or individually, is deemed to hold in accordance with Part XV of the Securities and Futures Ordinance, Hong Kong (Disclosure of Interests) and in addition, any interest in the Company held by GENT, GENM and their respective Affiliates (as defined in the US$600 million Facility Agreement).

Significant Subsequent Events

(a) In January 2011, the Group repaid the remaining outstanding balance of the US$750 million secured term loan and revolving credit facility and had drawndown the US$600 million secured term loan and revolving credit facility.

(b) In February 2011, the Group completed the disposal of S/S United States for US$2.9 million.

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, 24 March 2011

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 2010 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.

Corporate Governance Report

(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 Non-executive Directors (including four Independent Non-executive Directors, ("INEDs")) representing more than two-thirds 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 Officer (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, with one Executive Director, one Non-executive Director and four 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, Non-executive Director and INEDs, is disclosed in all corporate communications.

Corporate Governance Report

(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 Non-executive Directors (including INEDs) whereby the term of office of each Non-executive Director (including 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.
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 interests 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	Non-executive Directors (including the INEDs) of the Company continue to perform these functions.

Corporate Governance Report

(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.5.3	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.
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 2010 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 2010 to 31 December 2010 (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 Directors 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.

Corporate Governance Report

(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 deciding 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 shall participate in formulating proposals on the remuneration of other Executive Directors, if any, prior to their due consideration by the Remuneration Committee. 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 prospects.

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 2010, 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.

Corporate Governance Report

(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.

Corporate Governance Report

(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 Board Committees established for investment and/or 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), the Chairman of the Audit Committee and one other member of each of the Audit Committee and the Remuneration Committee had attended the 2010 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 meetings 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 2010 AGM.

E.2 Voting by poll

Principle

The issuer should ensure that shareholders are familiar with the detailed 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.

Corporate Governance Report

(II) State of Internal Controls

(A) Board responsibilities

The Board has the ultimate responsibilities for the Company's system of internal controls and, through the 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 Head of Legal, Company Secretarial and Compliance, 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 is a whistleblower system and all reported cases are deliberated by the Whistleblower Committee.

(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, there were no significant control failings that have materially impacted the business or operations of the Company. 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.

Corporate Governance Report

(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, six Board meetings were held and details of the Directors' attendance are set out below:

	Attendance
Executive Director:	
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	5/6
INEDs:	
Mr. Alan Howard Smith *(Deputy Chairman)*	6/6
Mr. Tan Boon Seng	5/6
Mr. Lim Lay Leng	6/6
Mr. Heah Sieu Lay	6/6
Non-executive Director:	
Mr. Au Fook Yew *(Note)*	4/6

Note:
Re-designated from INED to Non-executive Director on 28 August 2010.

(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 the Executive Director(s) 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 the Executive Director(s) 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 Director 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 2010, 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 Director and certain Senior Management; and

(b) recommended the Directors' fee for the year 2009 which has been approved by the shareholders of the Company at the 2010 AGM.

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

Corporate Governance Report

(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 28 August 2010, Mr. Au Fook Yew, previously an Independent Non-executive Director of the Company, has been re-designated as a Non-executive Director 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 2010, the Board has:

(a) recommended Mr. Tan Boon Seng and Mr. Lim Lay Leng (who retired by rotation pursuant to the Company's Bye-laws) for re-appointment at the 2010 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 2011 AGM of the Company pursuant to the Company's Bye-laws;

(c) 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 2011 AGM of the Company and re-appointed Mr. Alan Howard Smith as the Chairman of the Remuneration Committee;

(d) 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 2011 AGM of the Company and re-appointed Mr. Heah Sieu Lay as the Chairman of the Audit Committee; and

(e) approved the re-designation of Mr. Au Fook Yew as a Non-executive Director of the Company on 28 August 2010.

(III) Other Information (Continued)

(D) Audit Committee

(1) During the year under review, two 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)*	2/2
Mr. Alan Howard Smith	2/2
Mr. Tan Boon Seng	2/2
Mr. Lim Lay Leng	2/2
Non-executive Director:	
Mr. Au Fook Yew *(Note)*	2/2

Note:
Re-designated from INED to Non-executive Director on 28 August 2010.

(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;

Corporate Governance Report

(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 2010, the Audit Committee has, inter alia:

(a) reviewed the financial reports for the year ended 31 December 2009 and for the six months ended 30 June 2010;

(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 34 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$0.8 million was paid/payable to the Company's external auditors for the provision of audit services in 2010. During the same year, the fees paid/payable to the external auditors for non-audit related activities amounted to US$0.2 million related to tax services fees and regulatory reporting services fees.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2010

	Note	GROUP 2010 US$'000	2009 (restated) US$'000
Turnover	5	**388,879**	376,802
Operating expenses			
Operating expenses excluding depreciation, amortisation and impairment loss		**(231,787)**	(223,292)
Depreciation and amortisation	9	**(61,147)**	(67,892)
		(292,934)	(291,184)
Selling, general and administrative expenses			
Selling, general and administrative expense excluding depreciation and amortisation		**(65,942)**	(69,729)
Depreciation and amortisation	9	**(4,183)**	(5,449)
		(70,125)	(75,178)
Reversal of previously recognised impairment loss / (Impairment loss)	6	**7,042**	(28,588)
		(356,017)	(394,950)
		32,862	(18,148)
Share of profit of jointly controlled entities	18	**36,328**	23,565
Share of profit / (loss) of associates	19	**9,851**	(2,512)
Other income, net	8	**18,231**	2,238
Finance income		**2,776**	209
Finance costs	7	**(29,815)**	(24,191)
		37,371	(691)
Profit / (Loss) before taxation	9	**70,233**	(18,839)
Taxation	10	**(2,117)**	(4,319)
Profit / (Loss) for the year		**68,116**	(23,158)
Other comprehensive income / (loss):			
Foreign currency translation differences		**20,331**	(13,308)
Fair value gain on derivative financial instruments		**1,000**	3,995
Fair value gain on available-for-sale investment		**2,915**	—
Cash flow hedges transferred to profit or loss		**501**	(1,179)
Share of other comprehensive income of a jointly controlled entity		**2,265**	2,918
Release of reserves upon disposal of subsidiaries		**8,452**	—
Other comprehensive income / (loss) for the year		**35,464**	(7,574)
Total comprehensive income / (loss) for the year		**103,580**	(30,732)

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2010

		GROUP	
	Note	**2010** **US$'000**	2009 (restated) US$'000
Profit / (Loss) attributable to:			
Equity holders of the Company		**67,859**	(21,495)
Non-controlling interest		**257**	(1,663)
		68,116	(23,158)
Total comprehensive income / (loss) attributable to:			
Equity holders of the Company		**103,323**	(29,069)
Non-controlling interest		**257**	(1,663)
		103,580	(30,732)
Earnings / (Loss) per share attributable to equity holders of the Company			
– Basic earnings / (loss) per share (US cents)	11	**0.90**	(0.29)
– Diluted earnings / (loss) per share (US cents)	11	**0.90**	(0.29)

Statement of Financial Position

		GROUP			COMPANY	
	Note	31 December 2010 US$'000	31 December 2009 (restated) US$'000	1 January 2009 (restated) US$'000	2010 US$'000	2009 (restated) US$'000
ASSETS						
NON-CURRENT ASSETS						
Deferred tax assets	31	365	409	35	—	—
Property, plant and equipment	14	1,219,063	1,101,004	918,503	68	93
Land use right	15	44,397	41,456	43,820	—	—
Investment property	16	15,598	14,544	—	—	—
Investment in subsidiaries	17	—	—	—	1,288,336	1,288,336
Interest in jointly controlled entities	18	1,114,875	776,702	694,055	—	—
Interest in associates	19	209	271,849	287,428	—	—
Available-for-sale investment		6,310	—	—	—	—
Other assets	20	8,010	164	155	—	—
		2,408,827	2,206,128	1,943,996	1,288,404	1,288,429
CURRENT ASSETS						
Consumable inventories	21	6,525	5,397	5,363	—	—
Trade receivables	22	18,511	11,685	9,142	—	—
Prepaid expenses and other receivables	23	83,395	38,383	301,392	5,004	4,075
Derivative financial instruments	30	1,238	654	—	1,238	654
Amounts due from subsidiaries	24	—	—	—	1,392,620	1,406,854
Amounts due from related companies	34	3,391	1,933	446	—	—
Cash and cash equivalents	25	159,434	137,574	112,147	431	209
		272,494	195,626	428,490	1,399,293	1,411,792
Non-current assets classified as held-for-sale	26	8,799	197,720	192,659	—	—
		281,293	393,346	621,149	1,399,293	1,411,792
TOTAL ASSETS		2,690,120	2,599,474	2,565,145	2,687,697	2,700,221

Statement of Financial Position

	Note	GROUP 31 December 2010 US$'000	GROUP 31 December 2009 (restated) US$'000	GROUP 1 January 2009 (restated) US$'000	COMPANY 2010 US$'000	COMPANY 2009 (restated) US$'000
EQUITY						
Capital and reserves attributable to the Company's equity holders						
Share capital	27	777,133	742,625	742,625	777,133	742,625
Reserves:						
Share premium		1,510,652	1,495,033	1,495,033	1,510,652	1,495,033
Additional paid-in capital		97,653	95,924	94,388	95,852	95,383
Convertible bonds - equity component	29	5,929	8,893	—	5,929	8,893
Foreign currency translation adjustments		(6,758)	(35,541)	(22,233)	—	—
Fair value reserve		2,915	—	—	—	—
Cash flow hedge reserve		6,067	3,561	(3,412)	878	(664)
Accumulated losses		(414,906)	(482,765)	(461,270)	(533,170)	(498,507)
		1,978,685	1,827,730	1,845,131	1,857,274	1,842,763
Non-controlling interest		44,479	44,222	45,760	—	—
TOTAL EQUITY		2,023,164	1,871,952	1,890,891	1,857,274	1,842,763
LIABILITIES						
NON-CURRENT LIABILITIES						
Long-term borrowings	28	221,764	478,169	464,343	174,302	423,044
Derivative financial instruments	30	—	1,412	3,031	—	1,412
Deferred tax liabilities	31	75	816	254	—	—
		221,839	480,397	467,628	174,302	424,456
CURRENT LIABILITIES						
Trade creditors	32	38,891	26,340	25,475	—	—
Current income tax liabilities		2,593	2,651	3,046	—	—
Provision, accruals and other liabilities	33	102,013	110,165	111,594	5,351	3,289
Current portion of long-term borrowings	28	289,561	97,707	53,293	276,788	53,321
Derivative financial instruments	30	1,484	571	1,651	1,484	571
Amounts due to subsidiaries	24	—	—	—	372,498	375,821
Amounts due to related companies	34	739	586	1,118	—	—
Advance ticket sales		9,836	9,105	10,449	—	—
		445,117	247,125	206,626	656,121	433,002
TOTAL LIABILITIES		666,956	727,522	674,254	830,423	857,458
TOTAL EQUITY AND LIABILITIES		2,690,120	2,599,474	2,565,145	2,687,697	2,700,221
NET CURRENT (LIABILITIES) / ASSETS		(163,824)	146,221	414,523	743,172	978,790
TOTAL ASSETS LESS CURRENT LIABILITIES		2,245,003	2,352,349	2,358,519	2,031,576	2,267,219

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 2010

	Note	GROUP 2010 US$'000	2009 (restated) US$'000
OPERATING ACTIVITIES			
Cash generated from operations	(a)	**91,650**	46,243
Interest paid		**(25,055)**	(18,234)
Interest received		**2,776**	209
Income tax paid		**(2,285)**	(2,729)
Net cash inflow from operating activities		**67,086**	25,489
INVESTING ACTIVITIES			
Net cash inflow arising on disposal of subsidiaries	(b)	**24,102**	—
Purchase of property, plant and equipment		**(24,547)**	(18,557)
Proceeds from sale of property, plant and equipment		**63**	6,790
Acquisition of equity interest in an jointly controlled entity		**—**	(210)
Additional equity investment in an jointly controlled entity		**—**	(50,000)
Acquisition of equity interest in an associate		**(577)**	(20)
Additional equity interest in an associate		**(30,000)**	—
Acquisition of available-for-sale investment		**(3,395)**	—
Dividends received		**10,000**	—
Net cash outflow from investing activities		**(24,354)**	(61,997)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**299,098**	129,637
Repayments of long-term borrowings		**(303,822)**	(213,888)
Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme		**603**	—
Proceeds from issuance of convertible bonds, net of issuance costs		**—**	146,000
Payment of loan arrangement fees		**(20,231)**	(1,127)
Net cash (outflow) / inflow from financing activities		**(24,352)**	60,622
Effect of exchange rate changes on cash and cash equivalents		**3,480**	1,313
Net increase in cash and cash equivalents		**21,860**	25,427
Cash and cash equivalents at beginning of year		**137,574**	112,147
Cash and cash equivalents at end of year	25	**159,434**	137,574

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2010

Notes to Consolidated Statement of Cash Flows

(a) Cash generated from operations

	GROUP	
	2010	2009 (restated)
	US$'000	US$'000
OPERATING ACTIVITIES		
Profit / (Loss) before taxation	**70,233**	(18,839)
Depreciation and amortisation		
– relating to operating function	**61,147**	67,892
– relating to selling, general and administrative function	**4,183**	5,449
	65,330	73,341
Finance costs	**29,815**	24,191
Finance income	**(2,776)**	(209)
(Reversal of previously recognised impairment loss) / Impairment loss	**(7,042)**	28,588
Share of profit of jointly controlled entities	**(36,328)**	(23,565)
Share of (profit) / loss of associates	**(9,851)**	2,512
Gain on disposal of subsidiaries	**(17,602)**	—
Loss / (Gain) on disposal of property, plant and equipment	**113**	(3,137)
Loss / (Gain) on derivative instruments	**515**	(793)
Others	**4,610**	4,141
	97,017	86,230
Decrease / (Increase) in:		
Trade receivables	**(11,707)**	(6,154)
Consumable inventories	**(1,128)**	(34)
Prepaid expenses and other receivables	**(13,758)**	(32,189)
Other assets	**3,385**	(9)
Increase / (Decrease) in:		
Trade creditors	**12,551**	865
Provisions, accruals and other liabilities	**5,864**	897
Amounts due to related companies	**(1,305)**	(2,019)
Advance ticket sales	**731**	(1,344)
Cash generated from operations	**91,650**	46,243

Notes to Consolidated Statement of Cash Flows (Continued)

(b) Net cash inflow arising on disposal of subsidiaries

In June 2010, the Group disposed of interests in the entire issued share capital of Port Klang Cruise Centre Sdn Bhd ("PKCC") and Glamourous Trendy Sdn Bhd ("GT") for approximately US$55.6 million and realised a gain on disposal of the subsidiaries of approximately US$17.6 million.

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

	As at date of disposal US$'000
Property, plant and equipment	29,020
Land use right	1,075
Prepaid expenses and other receivables	111
Accruals and other liabilities	(5)
Deferred tax liabilities	(611)
Net assets disposed of	29,590
Release of reserves upon disposal of subsidiaries	8,452
Gain on disposal of subsidiaries	17,602
Sales proceeds	55,644

Sales proceeds will be / have been received as follows:

Advance deposits received in 2009	4,996
Cash received in 2010	24,102
Deferred consideration to be received in the form of promissory notes	26,546
	55,644

Statement of Changes in Equity

For the Year Ended 31 December 2010

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	Fair value reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
	Attributable to equity holders of the Company										
At 31 December 2009											
- as previously stated	742,625	1,495,033	95,924	8,893	(35,541)	3,561	—	(486,613)	1,823,882	42,939	1,866,821
- adoption of HKAS 17 (Revised) retrospectively	—	—	—	—	—	—	—	3,848	3,848	1,283	5,131
At 1 January 2010	742,625	1,495,033	95,924	8,893	(35,541)	3,561	—	(482,765)	1,827,730	44,222	1,871,952
Comprehensive income:											
Profit for the year	—	—	—	—	—	—	—	67,859	67,859	257	68,116
Other comprehensive income for the year:											
Foreign currency translation differences	—	—	—	—	20,331	—	—	—	20,331	—	20,331
Fair value gain on financial instruments	—	—	—	—	—	1,000	—	—	1,000	—	1,000
Cash flow hedges transferred to profit or loss	—	—	—	—	—	501	—	—	501	—	501
Share of other comprehensive income of a jointly controlled entity	—	—	1,260	—	—	1,005	—	—	2,265	—	2,265
Fair value gain on available-for-sale investment	—	—	—	—	—	—	2,915	—	2,915	—	2,915
Release of reserves upon disposal of subsidiaries	—	—	—	—	8,452	—	—	—	8,452	—	8,452
Total comprehensive income	—	—	1,260	—	28,783	2,506	2,915	67,859	103,323	257	103,580
Transaction with owners:											
Issuance of ordinary shares upon conversion of convertible bonds	34,292	15,232	—	(2,964)	—	—	—	—	46,560	—	46,560
Issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	216	387	—	—	—	—	—	—	603	—	603
Amortisation of share option expense	—	—	469	—	—	—	—	—	469	—	469
At 31 December 2010	777,133	1,510,652	97,653	5,929	(6,758)	6,067	2,915	(414,906)	1,978,685	44,479	2,023,164

GROUP (restated)	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	Non-controlling interest US$'000	Total equity US$'000
	Attributable to equity holders of the Company									
At 1 January 2009	742,625	1,495,033	94,388	—	(22,233)	(3,412)	(461,270)	1,845,131	45,760	1,890,891
Comprehensive loss:										
Loss for the year	—	—	—	—	—	—	(21,495)	(21,495)	(1,663)	(23,158)
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 profit or loss	—	—	—	—	—	(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)	—	—	(1,239)	—	(13,308)	6,973	(21,495)	(29,069)	(1,663)	(30,732)
Transaction with owners:										
Amortisation of share option expense	—	—	2,775	—	—	—	—	2,775	—	2,775
Non-controlling interest arising from incorporation of a subsidiary	—	—	—	—	—	—	—	—	125	125
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	(482,765)	1,827,730	44,222	1,871,952

Statement of Changes in Equity

For the Year Ended 31 December 2010

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$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2010	**742,625**	**1,495,033**	**95,383**	**8,893**	**(664)**	**(498,507)**	**1,842,763**
Comprehensive loss:							
Loss for the year	—	—	—	—	—	**(34,663)**[2]	**(34,663)**
Other comprehensive income for the year:							
Fair value gain on financial instruments	—	—	—	—	**1,000**	—	**1,000**
Cash flow hedges transferred to profit or loss	—	—	—	—	**542**	—	**542**
Total comprehensive income / (loss)	—	—	—	—	**1,542**	**(34,663)**	**(33,121)**
Transaction with owners:							
Issuance of ordinary shares upon conversion of convertible bonds	**34,292**	**15,232**	—	**(2,964)**	—	—	**46,560**
Issuance of ordinary shares pursuant to the Pre-listing and Post-listing Employees' Share Option Scheme	**216**	**387**	—	—	—	—	**603**
Amortisation of share option expense	—	—	**469**	—	—	—	**469**
At 31 December 2010	**777,133**	**1,510,652**	**95,852**	**5,929**	**878**	**(533,170)**	**1,857,274**
At 1 January 2009	742,625	1,495,033	92,608	—	(3,480)	(465,709)	1,861,077
Comprehensive loss:							
Loss for the year	—	—	—	—	—	(32,798)[2]	(32,798)
Other comprehensive income / (loss) for the year:							
Fair value gain on financial instruments	—	—	—	—	3,995	—	3,995
Cash flow hedges transferred to profit or loss	—	—	—	—	(1,179)	—	(1,179)
Total comprehensive income / (loss)	—	—	—	—	2,816	(32,798)	(29,982)
Transaction with owners:							
Convertible bonds - equity component	—	—	—	8,893	—	—	8,893
Amortisation of share option expense	—	—	2,775	—	—	—	2,775
At 31 December 2009	742,625	1,495,033	95,383	8,893	(664)	(498,507)	1,842,763

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$34.7 million (2009: US$32.8 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 GlobalQuote 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.

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 financial instruments) which are carried at fair value.

At 31 December 2010 the Group reclassified the remaining balance of US$225,937,000 in respect of an existing US$750 million secured term loan and revolving credit facility from non-current liabilities to current liabilities in light of the plan to repay it in full in January 2011. As a result, the Group had net current liabilities of US$163,824,000 as at 31 December 2010. Repayment of the secured term loan and revolving credit facility in January 2011 was funded by the drawdown of a new US$600 million secured term loan and revolving credit facility on the same date, as set out in Note 38 to the consolidated financial statements.

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.

Standards, amendments and interpretations to existing standards effective in 2010

From 1 January 2010, the Group has adopted the following HKFRS, amendments and interpretations to existing standards, which are relevant to its operations.

(i) HKFRS 3 (Revised) "Business Combinations" and consequential amendments to HKAS 27 "Consolidated and Separate Financial Statements", HKAS 28 "Investments in Associates" and HKAS 31 "Interests in Joint Ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted HKFRS 3 (Revised), it is required to adopt HKAS 27 (Revised) "Consolidated and Separate Financial Statements" at the same time. HKAS 27 (Revised) 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 amendments do not have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards effective in 2010 (Continued)

(ii) HKAS 17 (Revised) "Leases" provides additional guidelines to reassess the classification of land elements of unexpired leases on the basis of information existing at the inception of the leases. Prior to 1 January 2010, the Group accounted for the land elements of certain leases as operating leases. Upon adoption of HKAS 17 (Revised) on 1 January 2010, the Group accounts for a lease as finance lease as it fulfills the criteria which lead to a lease being classified as a finance lease.

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

	As previously reported US$'000	Effect of adoption of HKAS 17 (Revised) US$'000	As restated US$'000
Group			
At 31 December 2009			
Property, plant and equipment	890,668	210,336	1,101,004
Land use right	246,661	(205,205)	41,456
Accumulated losses	486,613	(3,848)	482,765
Non-controlling interest	42,939	1,283	44,222
For the year ended 31 December 2009			
Depreciation and amortisation	78,472	(5,131)	73,341
Non-controlling interest	2,946	(1,283)	1,663
Group			
At 31 December 2008			
Property, plant and equipment	708,167	210,336	918,503
Land use right	254,156	(210,336)	43,820

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards effective in 2010 (Continued)

(iii) HK(IFRIC) 17, 'Distribution of non-cash assets to owners' 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. This interpretation does not have a material impact on the Group's consolidated financial statements.

(iv) HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement'. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety. This amendment does not have a material impact on the Group's consolidated financial statements.

(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 requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. This amendment does not have a material impact on the Group's consolidated financial statements.

(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. This amendment does not have a material impact on the Group's consolidated 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 HKFRIC 11, 'HKFRS 2 - Group and treasury share transactions', the amendments expand on the guideline in HKFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This new guideline does not have a material impact on the Group's consolidated financial statements.

(viii) HKICPA's improvements to HKFRS published in May 2009.

Notes to the Consolidated 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

(i) HKFRS 9, 'Financial instruments' (effective from 1 January 2013). This standard introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The Group will apply HKFRS 9 from 1 January 2013. It is not expected to have a material impact on the Group's consolidated financial statements.

(ii) HKAS 24 (Revised), 'Related party disclosures' (effective from 1 January 2011). This revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply HKAS 24 (Revised) from 1 January 2010. It is not expected to have a material impact on the Group's consolidated financial statements.

(iii) Amendments to HKAS 32, 'Classification of right issues' (effective from 1 January 2011). This amendment addresses the accounting for right issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with HKAS 8, 'Accounting policies, changes in accounting estimates and errors'. The Group will apply the amended standard from 1 January 2011. It is not expected to have a material impact on the Group's consolidated financial statements.

(iv) HK(IFRIC) - Int 19, 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010). The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliable measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This interpretation is not relevant to the Group.

(v) Amendments to HK(IFRIC) - Int 14, 'Prepayments of a minimum funding requirement' (effective from 1 January 2011). The amendments correct an unintended consequence of HK(IFRIC) - Int 14, HKAS 19, 'The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK(IFRIC) - Int 14 was issued, and the amendments correct this. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 January 2011. It is not expected to have a material impact on the Group's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

(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 statement of financial position, 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.

(ii) Transaction with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Gains or losses arising from disposals of the Group's interests in subsidiaries to non-controlling 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.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(iii) Associates (Continued)

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.

(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.

2. Summary of Significant Accounting Policies (Continued)

(c) Translation of foreign currencies (Continued)

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 statement of financial position presented are translated using the closing rate at the date of that financial position;

(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.

(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.

Notes to the Consolidated Financial Statements

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 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 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) 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. The costs incurred in connection with the issue of convertible bonds are deferred and amortised over the lives of the convertible bonds from the date of issue of the bonds to their final redemption date.

2. Summary of Significant Accounting Policies (Continued)

(k) 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.

(l) 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.

(m) 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.

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 financial position 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 (l)).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

(m) Financial assets (Continued)

(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. Available-for-sale financial assets and 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.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as "gains and losses from investment securities".

The Group assesses at each financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated statement of comprehensive income. 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 (l).

(n) 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.

2. Summary of Significant Accounting Policies (Continued)

(n) Provisions, contingent liabilities and contingent assets (Continued)

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.

(o) 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.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

(o) Assets under leases (Continued)

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

(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.

(iv) Operating leases - where the Group is the lessor

When assets are leased out under an operating leases, the assets is included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

(p) 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 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.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

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 (w)).

2. Summary of Significant Accounting Policies (Continued)

(q) Investment properties

Investment properties are properly held either to earn income or capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses. 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.

(r) 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.

(s) 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 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.

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

(t) 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.

(u) 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 financial position date.

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

(v) 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 financial position date.

(w) Impairment of assets

At each 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.

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.

2. Summary of Significant Accounting Policies (Continued)

(x) Segment reporting

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

(y) 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.

(z) 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.

(aa) 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.

Notes to the Consolidated Financial Statements

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 financial instruments, primarily foreign currency forward contracts, fuel swaps and interest rate swaps to limit its exposures to fluctuations in foreign currency exchange rates, fluctuation in the fuel oil prices 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 2010, 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	
	2010 US$'000	2009 US$'000
Foreign exchange losses / gains	**218**	260

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 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 (2010: US$159.4 million and 2009: US$137.6 million) and committed credit lines available (2010: US$182.0 million and 2009: US$127.1 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 financial position liquidity ratios against internal and external financing requirements; and maintaining debt financing plans.

On 27 November 2010, the Group entered into a loan agreement with a syndicate of financial institutions for a secured term loan and revolving credit facility of US$600 million to refinance the existing facilities, to repay maturing loans and 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
2010				
Bank borrowings	293,560	71,133	57,158	106,290
Derivative financial instruments	1,484	—	—	—
Trade creditors	38,891	—	—	—
Accruals and other liabilities	102,013	—	—	—
Amount due to related companies	739	—	—	—
2009 (restated)				
Bank borrowings	98,690	152,221	173,152	154,651
Derivative financial instruments	571	925	487	—
Trade creditors	26,340	—	—	—
Accruals and other liabilities	110,165	—	—	—
Amount due to related companies	586	—	—	—

Notes to the Consolidated Financial Statements

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
2010				
Bank borrowings	280,787	50,000	44,000	93,119
Derivative financial instruments	1,484	—	—	—
Accruals and other liabilities	5,351	—	—	—
Amounts due to subsidiaries	372,498	—	—	—
2009 (restated)				
Bank borrowings	54,304	139,448	148,344	137,107
Derivative financial instruments	571	925	487	—
Accruals and other liabilities	3,289	—	—	—
Amounts due to subsidiaries	375,821	—	—	—

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	
	2010 **US$'000**	2009 (restated) US$'000	**2010** **US$'000**	2009 (restated) US$'000
Carrying amounts	**511,325**	575,876	**451,090**	476,365
Fair value	**511,162**	569,952	**451,090**	470,458

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 above 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 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)

Derivative financial instruments

	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
2010				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	6,885	—	—	—
– inflow	6,000	—	—	—
2009				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	6,456	—	—	—
– inflow	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.

At 31 December 2010, ignoring the amounts covered by the interest rate swaps and loan origination costs, a hypothetical one percentage point increase in interest rates on the long-term borrowings that are carried at variable rates would increase the profit/(loss) before taxation as follows:

	GROUP	
	2010 US$'000	2009 US$'000
Increase / Decrease in profit before taxation	5,281	5,787

	COMPANY	
	2010 US$'000	2009 US$'000
Increase / Decrease in loss before taxation	4,679	4,792

Notes to the Consolidated Financial Statements

3. Financial Risk Management (Continued)

(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 2010 was as follows:

	GROUP	
	2010	2009 (restated)
	US$'000	US$'000
Total borrowings *(note 28)*	**511,325**	575,876
Less: cash and cash equivalents *(note 25)*	**(159,434)**	(137,574)
Net debt	**351,891**	438,302
Total equity	**2,023,164**	1,871,952
Gearing ratio	**17%**	23%

(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, unobservable inputs) (level 3)

3. Financial Risk Management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

Level 2	2010 US$'000	2009 US$'000
Assets		
Available-for-sale investment	6,310	—
Derivatives used for hedging	1,238	654
Total assets	7,548	654
Liabilities		
Convertible bonds	96,114	141,963
Derivatives used for hedging	1,484	1,983
Total liabilities	97,598	143,946

The fair value of financial instruments traded in active market is based on quoted market prices at the financial position 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 trade in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the used 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 financial position 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.

Notes to the Consolidated Financial Statements

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 financial instruments used for hedging purposes are disclosed in note 30. 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 financial 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 financial 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 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 2010 was US$1.2 billion (2009: US$1.1 billion). More details are given in notes 6 and 14.

(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.

(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.

Notes to the Consolidated Financial Statements

5. Turnover and Segment Information

The Group is principally engaged in the operation of passenger cruise ships. Senior management reviews the performance and makes operating decisions and resources allocation based on the Group's internal reports. The Group's business is considered from a cruise operation and a non-cruise operation perspective. Accordingly, two reportable segments namely, cruise and cruise related activities and charter hire and others are identified.

Cruise and cruise related revenues comprise sales of passenger tickets which include 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 for the year ended 31 December 2010 and 2009 are as follows:

2010	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Passenger ticket revenue	111,958	—	111,958
Onboard and other revenues	32,222	—	32,222
Gaming revenue	216,772	—	216,772
Charter hire and others	—	27,927	27,927
Total turnover	360,952	27,927	388,879
Segment results before impairment loss	5,306	20,514	25,820
Reversal of previously recognised impairment loss / (Impairment loss)	(2,758)	9,800	7,042
	2,548	30,314	32,862
Share of profit of jointly controlled entities			36,328
Share of profit of associates			9,851
Other income, net			18,231
Finance income			2,776
Finance costs			(29,815)
Profit before taxation			70,233
Taxation			(2,117)
Profit for the year			68,116

5. Turnover and Segment Information (Continued)

2010	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Segment assets	1,536,864	1,144,457	2,681,321
Unallocated assets			8,799
Total assets			2,690,120
Segment liabilities	134,265	18,773	153,038
Long-term borrowings (including current portion)	451,090	60,235	511,325
	585,355	79,008	664,363
Tax liabilities			2,593
Total liabilities			666,956
Capital expenditure	22,763	1,784	24,547
Depreciation and amortisation	49,424	15,906	65,330

2009 (restated)	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	(8,242)	10,440
Impairment loss	(2,030)	(26,558)	(28,588)
	16,652	(34,800)	(18,148)
Share of profit of jointly controlled entities			23,565
Share of loss of associates			(2,512)
Other income, net			2,238
Finance income			209
Finance costs			(24,191)
Loss before taxation			(18,839)
Taxation			(4,319)
Loss for the year			(23,158)

Notes to the Consolidated Financial Statements

5. Turnover and Segment Information (Continued)

2009 (restated)	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Segment assets	1,526,269	875,485	2,401,754
Unallocated assets			197,720
Total assets			2,599,474
Segment liabilities	131,486	17,509	148,995
Long-term borrowings (including current portion)	476,365	99,511	575,876
	607,851	117,020	724,871
Tax liabilities			2,651
Total liabilities			727,522
Capital expenditure	14,562	3,803	18,365
Depreciation and amortisation	56,898	16,443	73,341

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

6. Reversal of Previously Recognised Impairment Loss / (Impairment Loss)

	GROUP	
	2010 US$'000	2009 US$'000
Impairment loss: Ships and equipment	**(2,758)**	(28,549)
Others	**—**	(39)
Reversal of previously recognised impairment loss	**9,800**	—
	7,042	(28,588)

In February 2011, the Group entered into an agreement to dispose of S/S United States to an independent party for US$3.0 million. As a result of this disposal, the Group recorded a reversal of impairment loss recorded in 2008 of US$2.9 million during the year ended 31 December 2010, being the amount by which the sales proceeds exceeded the carrying value of S/S United States. The Group also recorded a reversal of impairment loss of US$6.9 million in respect of leasehold land and building, to the extent of previously recognised impairment loss, on the basis that the recoverable amount is in excess of its carrying value as at 31 December 2010.

In addition to the above, the Group recorded an impairment loss of US$2.8 million during the year ended 31 December 2010, being the excess of the carrying value of m.v. MegaStar Taurus, over its recoverable value.

The Group completed a review on certain of its property, plant and equipment for impairment purposes in December 2009 and determined 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$28.6 million, being the excess of the carrying values over their recoverable amounts.

7. Finance Costs

	GROUP	
	2010 US$'000	2009 US$'000
Amortisation of:		
– bank loans arrangement fees	**2,770**	1,814
Interest on:		
– bank loans	**10,689**	17,021
– convertible bonds	**11,963**	4,856
Loans arrangement fees written off	**4,393**	500
Total finance costs	**29,815**	24,191

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 2010 was US$0.5 million (2009: US$1.2 million has been debited to equity and netted against interest expense).

8. Other Income, Net

	GROUP	
	2010 US$'000	2009 US$'000
Gain on disposal of subsidiaries *(note (i))*	**17,602**	—
(Loss) / Gain on disposal of property, plant and equipment *(note (ii))*	**(113)**	3,137
Gain / (Loss) on derivative instruments:		
– Forward contracts	**(580)**	530
– Fuel swaps	**65**	263
Gain / (Loss) on foreign exchange	**600**	(1,449)
Other income / (expenses), net	**657**	(243)
	18,231	2,238

Notes:

(i) In June 2010, the Group disposed of its interests in the entire issued share capital of Port Klang Cruise Centre Sdn Bhd and Glamourous Trendy Sdn Bhd for approximately US$55.6 million and realised a gain on disposal of the subsidiaries of approximately US$17.6 million.

(ii) In 2009, the Group disposed of a vessel for US$4.0 million and recorded a gain on disposal of the vessel of approximately US$2.2 million. In July 2009, the Group also 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.

Notes to the Consolidated Financial Statements

9. Profit / (Loss) Before Taxation

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

	GROUP	
	2010 **US$'000**	2009 (restated) US$'000
Total depreciation and amortisation analysed into:	**65,330**	73,341
– relating to operating function	**61,147**	67,892
– relating to selling, general and administrative function	**4,183**	5,449
Staff costs *(see note 12)*	**80,482**	81,375
Fuel costs	**40,359**	28,645
Operating leases - land and buildings	**5,968**	5,199
Ship charter costs	**—**	5,184
Auditors' remuneration - audit fees	**800**	857
Advertising expenses	**6,834**	5,340
(Reversal of previous recognised impairment loss) / Impairment loss *(see note 6)*	**(7,042)**	28,588

10. Taxation

	GROUP	
	2010 **US$'000**	2009 US$'000
Overseas taxation		
– Current taxation	**1,897**	3,354
– Deferred taxation	**(21)**	42
	1,876	3,396
Under / (Over) provision in respect of prior years		
– Current taxation	**390**	999
– Deferred taxation	**(149)**	(76)
	2,117	4,319
Deferred taxation credited in respect of temporary differences *(see note 31)*	**170**	34

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.

10. Taxation (Continued)

	GROUP	
	2010 US$'000	2009 US$'000
Profit / (Loss) before taxation	**70,233**	(18,839)
Tax calculated at domestic tax rates applicable to profit in the respective countries	**(3,383)**	(2,155)
Tax effects of:		
– Income not subject to taxation purposes	**(117)**	(30)
– Expenses not deductible for taxation purposes	**1,432**	2,993
– Utilisation of previously unrecognised tax losses and deductible temporary differences	**(146)**	(497)
– Deferred tax assets not recognised	**4,135**	3,098
– Others	**(45)**	(13)
Under provision in respect of prior years	**241**	923
Total tax expense	**2,117**	4,319

11. Earnings / (Loss) Per Share

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

	GROUP	
	2010 US$'000	2009 (restated) US$'000
BASIC		
Profit / (Loss) attributable to equity holders of the Company	**67,859**	(21,495)
Weighted average outstanding ordinary shares, in thousands	**7,540,410**	7,426,246
Basic earnings / (loss) per share in US cents	**0.90**	(0.29)
DILUTED		
Profit / (Loss) attributable to equity holders of the Company	**67,859**	(21,495)
Weighted average outstanding ordinary shares, in thousands	**7,540,410**	7,426,246
Effect of dilutive ordinary shares, in thousands	**5,772**	—
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**7,546,182**	7,426,246
Diluted earnings / (loss) per share in US cents	**0.90**	(0.29)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares; i.e. the share options, as the convertible bond is anti-dilutive. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Consolidated Financial Statements

12. Staff Costs

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

	GROUP 2010 US$'000	GROUP 2009 US$'000
Wages and salaries	**78,233**	69,976
Termination benefits	**529**	7,804
Social security costs	**400**	311
Non-cash share option expenses	**356**	1,986
Post-employment benefits	**964**	1,298
	80,482	81,375

13. Emoluments of Directors and Senior Management

The aggregate amounts of emoluments of the Directors of the Company for the year ended 31 December 2010 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	Non-cash share option expenses US$'000	Total US$'000
2010								
Tan Sri Lim Kok Thay	15	1,313	438	6	4	1,776	552	2,328
Mr. Alan Howard Smith	59	—	—	—	—	59	—	59
Mr. William Ng Ko Seng	—	304	92	119	1	516	119	635
Mr. Tan Boon Seng	57	—	—	—	—	57	—	57
Mr. Lim Lay Leng	57	—	—	—	—	57	—	57
Mr. Heah Sieu Lay	58	—	—	—	—	58	—	58
Mr. Au Fook Yew	54	—	—	—	—	54	—	54
	300	1,617	530	125	5	2,577	671	3,248

13. Emoluments of Directors and Senior Management (Continued)

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	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

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

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

	GROUP	
	2010 US$'000	2009 US$'000
Fees	**15**	20
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	**4,410**	4,749
Contributions to provident fund	**10**	18
Non-cash share option expenses	**2,306**	2,425
	6,741	7,212
Number of Directors included in the five highest paid individuals	**2**	3

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

	Number of individuals	
	2010	2009
HK$4,500,001 - HK$5,000,000	**3**	1
HK$5,000,001 - HK$5,500,000	**—**	1
HK$7,500,001 - HK$8,000,000	**—**	1
HK$18,000,001 - HK$18,500,000	**1**	1
HK$19,500,001 - HK$20,000,000	**1**	—
HK$20,000,001 - HK$20,500,000	**—**	1

Notes to the Consolidated Financial Statements

14. Property, Plant and Equipment

Property, plant and equipment consists of the following:

GROUP

	Cruise ships, passenger ferry and ship improvements US$'000	Leasehold land, jetties, buildings, terminal building and improvements US$'000	Equipment and motor vehicles US$'000	Equipment and other construction in progress US$'000	Total US$'000
Cost					
At 1 January 2010	1,166,202	316,930	156,552	5,359	1,645,043
Exchange differences	(445)	939	629	—	1,123
Transfer to a related company	—	—	(723)	—	(723)
Additions	14,883	1,597	6,809	1,258	24,547
Write off	—	(1)	(80)	—	(81)
Disposals	—	—	(317)	—	(317)
Classified from non-current assets held-for-sale	239,416	—	1,759	—	241,175
Adjustments to drydocking	(3,797)	—	—	—	(3,797)
At 31 December 2010	1,416,259	319,465	164,629	6,617	1,906,970
Accumulated depreciation and impairment loss					
At 1 January 2010	(378,822)	(73,760)	(91,457)	—	(544,039)
Exchange differences	139	(67)	(637)	—	(565)
Transfer to a related company	—	—	109	—	109
Charge for the year	(53,144)	(1,197)	(8,289)	—	(62,630)
Write off	—	1	77	—	78
Disposals	—	—	313	—	313
Classified from non-current assets held-for-sale	(79,812)	—	(1,361)	—	(81,173)
At 31 December 2010	(511,639)	(75,023)	(101,245)	—	(687,907)
Net book value					
At 31 December 2010	904,620	244,442	63,384	6,617	1,219,063

The carrying amount of a vessel of the Group of US$160.0 million has been classified from non-current assets held-for-sale to property, plant and equipment as at 31 December 2010 as this vessel will be recovered through the continuing use of the vessel, as opposed to recovery through a sale transaction.

14. Property, Plant and Equipment (Continued)

GROUP

	Cruise ships, passenger ferry and ship improvements US$'000	Leasehold land, jetties, buildings, terminal building and improvements US$'000	Equipment and motor vehicles US$'000	Equipment and other construction in progress US$'000	Total US$'000
Cost					
At 1 January 2009					
- as previously stated	868,195	78,335	159,071	18,826	1,124,427
- adoption of HKAS 17 (Revised) retrospectively	—	287,270	—	(6,839)	280,431
At 1 January 2009, as restated	868,195	365,605	159,071	11,987	1,404,858
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	316,930	156,552	5,359	1,645,043
Accumulated depreciation and impairment loss					
At 1 January 2009					
- as previously stated	(309,231)	(15,959)	(91,070)	—	(416,260)
- adoption of HKAS 17 (Revised) retrospectively	—	(70,095)	—	—	(70,095)
At 1 January 2009, as restated	(309,231)	(86,054)	(91,070)	—	(486,355)
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)	(73,760)	(91,457)	—	(544,039)
Net book value					
At 31 December 2009	787,380	243,170	65,095	5,359	1,101,004

At 31 December 2010, the net book value of property, plant and equipment pledged as security for the Group's long-term bank loans amounted to US$1,177million (2009: US$1,048 million).

Notes to the Consolidated Financial Statements

14. Property, Plant and Equipment (Continued)

The categories of "cruise ships, passenger ferry and ship improvements" and "equipment and motor vehicles" include a cruise ship and its related onboard equipment leased by the Group under operating lease with the following carrying amounts:

	2010 US$'000	2009 US$'000
Cost		
At 1 January and 31 December	**280,696**	280,696
Accumulated depreciation		
At 1 January	**(12,520)**	—
Depreciation for the year	**(11,618)**	(12,520)
At 31 December	**(24,138)**	(12,520)
Net book value		
At 31 December	**256,558**	268,176

	COMPANY	
	2010 US$'000	2009 US$'000
Cost		
At 1 January	**178**	167
Additions	**17**	11
At 31 December	**195**	178
Accumulated depreciation		
At 1 January	**(85)**	(48)
Depreciation for the year	**(42)**	(37)
At 31 December	**(127)**	(85)
Net book value		
At 31 December	**68**	93

15. Land Use Right

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

	GROUP	
	2010 US$'000	2009 (restated) US$'000
Hong Kong:	**—**	—
Outside Hong Kong:		
Long leasehold (not less than 50 years)	**410**	616
Medium leasehold (less than 50 years but not less than 10 years)	**43,987**	40,840
	44,397	41,456

15. Land Use Right (Continued)

	GROUP	
	2010	2009 (restated)
	US$'000	US$'000
At 1 January		
– as previously reported	**41,456**	254,156
– effect of adoption of HKAS 17 (Revised) retrospectively	**—**	(210,336)
	41,456	43,820
Amortisation of prepaid operating lease for the year	**(1,910)**	(1,917)
Reversal of previously recognised impairment loss	**5,057**	—
Classified as non-current assets held-for-sale	**—**	(462)
Disposal	**(613)**	—
Exchange differences	**407**	15
At 31 December	**44,397**	41,456

16. Investment Property

	GROUP	
	2010	2009
	US$'000	US$'000
Apartments, at cost		
At 1 January	**17,927**	—
Classification from property, plant and equipment	**—**	17,927
At 31 December	**17,927**	17,927
Accumulated depreciation and impairment loss		
At 1 January	**3,383**	—
Classification from property, plant and equipment	**—**	2,985
Reversal of previously recognised impairment loss	**(1,844)**	—
Charge for the year	**790**	398
At 31 December	**2,329**	3,383
Net book value		
At 31 December	**15,598**	14,544

The aggregate rental income and direct operating expenses from investment property that generated rental income which was recognised during the financial year amounted to US$0.7 million (2009: US$0.1 million) and US$0.4 million (2009: US$0.3 million) respectively.

The fair value of the properties was estimated at US$69.4 million based on valuation by an independent professionally qualified valuer. Valuations were based on current prices in an active market for all properties.

Notes to the Consolidated Financial Statements

17. Investment in Subsidiaries

	COMPANY	
	2010 US$'000	2009 US$'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 37 to the consolidated financial statements.

18. Interest in Jointly Controlled Entities

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

	GROUP	
	2010 US$'000	2009 US$'000
At 1 January	**776,702**	694,055
Unlisted investment in a jointly controlled entity	**—**	210
Additional equity investments in a jointly controlled entity	**—**	50,000
Share of profit of jointly controlled entities	**36,742**	23,496
Share of reserves of a jointly controlled entity	**2,265**	2,918
Distribution of non-cash assets	**—**	7,900
Payment on behalf by a jointly controlled entity	**—**	(1,750)
Redemption of preferred shares	**(39,044)**	—
Dividend paid	**(10,000)**	—
Transfer from interest in associates	**330,749**	—
Translation differences	**17,399**	—
Others	**62**	(127)
At 31 December	**1,114,875**	776,702

18. Interest in Jointly Controlled Entities (Continued)

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:

2010

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	**2,729,114**	**1,914,335**	**1,006,064**	**8,980**	**50**
Travellers International Hotel Group, Inc. ("Travellers")	Republic of the Philippines	**453,529**	**299,303**	**103,189**	**24,453**	**50**
Genting Management Services, Inc. ("GMS")	Republic of the Philippines	**3,336**	**247**	**5,190**	**3,308**	**64**
WorldCard International Limited ("WCIL")	Isle of Man	**590**	**922**	**284**	**156***	**50**
Genting-Star Tourism Academy, Inc. ("GSTA")	Republic of the Philippines	**1,267**	**380**	**410**	**(569)***	**69**
		3,187,836	**2,215,187**	**1,115,137**	**36,328**	

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
GMS	Republic of the Philippines	4,352	4,263	582	156	64
WCIL	Isle of Man	673	1,165	265	(87)*	50
GSTA	Republic of the Philippines	1,309	1,344	309	(127)	65.3
		2,363,169	1,563,058	928,758	23,565	

* During the year ended 31 December 2010, the Group has accrued for its share of profit / (loss) in WCIL and GSTA in the aggregate amount of US$413,000 (2009: US$87,000), which is in excess of its investments in WCIL and GSTA. As at 31 December 2010, the carrying values of WCIL and GSTA have been recorded in accruals and other liabilities as the Group has constructive obligations towards these jointly controlled entities.

Notes to the Consolidated Financial Statements

19. Interest in Associates

The movements of the interest in associates are as follows:

	GROUP	
	2010 US$'000	2009 US$'000
At 1 January	**271,849**	287,428
Acquisition of an associate during the year	**577**	—
Additional investments during the year	**50,000**	20
Share of profit / (loss) of associates	**9,868**	(2,508)
Transfer to interest in jointly controlled entities	**(330,749)**	—
Translation differences	**(1,336)**	(13,091)
At 31 December	**209**	271,849

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

2010

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	**—**	**—**	**73,035**	**10,236**	**42.6**
Star Alliance VIP World , Inc. ("Star Alliance")	Republic of the Philippines	**—**	**2**	**—**	**(16)***	**40**
Cruise City Holdings Limited ("Cruise City")	British Virgin Islands	**12**	**—**	**—**	**(1)***	**30**
Resorts World Inc Pte. Ltd.	Singapore	**303**	**101**	**29**	**(368)**	**20**
		315	**103**	**73,064**	**9,851**	

19. Interest in Associates (Continued)

2009

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	213,236	66,268	21,635	(2,490)	42.6
Star Alliance	Republic of the Philippines	—	18	—	(18)	40
Cruise City	British Virgin Islands	14	1	—	(4)*	30
		213,250	66,287	21,635	(2,512)	

* During the year ended 31 December 2010, the Group has accrued for its share of loss in Star Alliance and Cruise City of US$17,000 (2009: US$4,000), which have in excess of the Group's investments in Star Alliance and Cruise City. As at 31 December 2010, the carrying values of Star Alliance and Cruise City have been recorded in the accruals and other liabilities as the Group has constructive obligations towards these associates.

20. Other Assets

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
Promissory notes receivables	**7,911**	—	**—**	—
Others	**99**	164	**—**	—
	8,010	164	**—**	—

21. Consumable Inventories

	GROUP	
	2010 US$'000	2009 US$'000
Food and beverages	**1,948**	1,708
Supplies and consumables	**4,577**	3,689
	6,525	5,397

Notes to the Consolidated Financial Statements

22. Trade Receivables

	GROUP	
	2010 **US$'000**	2009 US$'000
Trade receivables	**18,548**	11,757
Less: Provisions	**(37)**	(72)
	18,511	11,685

The ageing analysis of the trade receivables is as follows:

	GROUP	
	2010 **US$'000**	2009 US$'000
Current to 30 days	**14,810**	6,756
31 days to 60 days	**688**	864
61 days to 120 days	**1,695**	604
121 days to 180 days	**915**	2,403
181 days to 360 days	**121**	6
Over 360 days	**319**	1,124
	18,548	11,757

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

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

	GROUP	
	2010 **US$'000**	2009 US$'000
Hong Kong dollar	**10,437**	4,162
Singapore dollar	**4,356**	5,196
US dollar	**2,010**	457
Malaysia Ringgit	**859**	360
India Rupee	**324**	385
Renminbi	**308**	250
Australia dollar	**178**	392
Other currencies	**39**	483
	18,511	11,685

22. Trade Receivables (Continued)

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

	GROUP	
	2010 US$'000	2009 US$'000
At 1 January	**(72)**	(478)
Reversal of impairment of receivables	**14**	406
Receivables written off during the year as uncollectible	**21**	—
At 31 December	**(37)**	(72)

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 2010, the trade receivables that were past due but not impaired was US$3.7 million (2009: US$4.9 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.

23. Prepaid Expenses and Other Receivables

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
Other debtors, deposits and prepayment	**21,783**	18,141	**1,787**	3,833
Promissory notes and interest receivables	**19,351**	—	**—**	—
Prepayment of equity interest in Premium Travellers Ltd.	**—**	20,000	**—**	—
Receivable from redemption of preferred shares in Travellers	**39,044**	—	**—**	—
Amounts due from a jointly controlled entity	**3,217**	242	**3,217**	242
	83,395	38,383	**5,004**	4,075

24. Amounts Due From / (To) Subsidiaries

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

Notes to the Consolidated Financial Statements

25. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Deposits with banks - maturing within 3 months	8,972	1,700	—	—
Cash and bank balances	150,462	135,874	431	209
	159,434	137,574	431	209

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

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Hong Kong dollar	65,804	49,563	87	87
Singapore dollar	34,143	34,583	26	24
US dollar	24,205	31,531	318	98
Malaysia Ringgit	16,875	6,627	—	—
Renminbi	7,408	2,909	—	—
Australia dollar	1,512	2,588	—	—
New Taiwan dollar	2,414	2,266	—	—
Indian Rupee	3,976	2,538	—	—
Swedish Krona	1,267	2,510	—	—
Others	1,830	2,459	—	—
	159,434	137,574	431	209

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

	GROUP		COMPANY	
	2010	2009	2010	2009
Effective interest rate	2.2%	0.01%	—	—
Average maturity days	31 days	7 days	—	—

26. Non-current Assets Classified as Held-for-sale

The carrying amounts of certain vessels and leasehold properties of the Group of US$8.8 million have been classified under non-current assets held-for-sale as at 31 December 2010 (31 December 2009: US$197.7 million) as these vessels will be recovered through a sale transaction. As at 31 December 2010 and 2009, the vessels were also included as security for the Group's long-term bank borrowing.

27. Share Capital

	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 2010	10,000	1	14,999,990,000	1,499,999
Addition during the year	—	—	5,000,000,000	500,000
At 31 December 2010	10,000	1	19,999,990,000	1,999,999
At 1 January 2009 and 31 December 2009	10,000	1	14,999,990,000	1,499,999

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	US$'000
At 1 January 2010	7,426,245,846	742,625
Issue of ordinary shares pursuant to the Pre-listing and Post-listing Employee Share Option Schemes	2,160,207	216
Issue of ordinary shares upon conversion of convertible bonds	342,920,353	34,292
At 31 December 2010	7,771,326,406	777,133
At 1 January 2009 and 31 December 2009	7,426,245,846	742,625

The net proceeds from the issuance of ordinary shares pursuant to share options have been used for general corporate and working capital purposes of the Group. As at 31 December 2010, there were no unapplied proceeds from this issuance of shares.

Notes to the Consolidated Financial Statements

28. Long-term Borrowings

Long-term borrowings consist of the following:

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
SECURED:				
US$600 million secured term loan and revolving credit facility	**129,039**	—	**129,039**	—
US$750 million secured term loan and revolving credit facility	**225,937**	334,402	**225,937**	334,402
HK$340 million mortgage loan	**35,101**	39,474	**—**	—
HK$195 million secured term loan	**25,134**	20,037	**—**	—
US$40 million secured loan facility	**—**	40,000	**—**	—
UNSECURED:				
Convertible bonds *(see note 29)*	**96,114**	141,963	**96,114**	141,963
Total liabilities	**511,325**	575,876	**451,090**	476,365
Less: Current portion	**(289,561)**	(97,707)	**(276,788)**	(53,321)
Long-term portion	**221,764**	478,169	**174,302**	423,044

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

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
US dollars	**451,090**	516,365	**451,090**	476,365
Hong Kong dollars	**60,235**	59,511	**—**	—
	511,325	575,876	**451,090**	476,365

As at 31 December 2010, the outstanding balances of long-term borrowings denominated in Hong Kong dollar was approximately HK$467 million (2009: HK$461 million).

As at 31 December 2010, the net carrying amount of the Group's long-term borrowings, including interest accrued and net of transaction costs incurred would be US$0.51 billion (2009: US$0.58 billion).

As at 31 December 2010, the net carrying amount of the Company's long-term borrowings, including interest accrued and net of transaction costs incurred would be US$0.45 billion (2009: US$0.48 billion).

As at 31 December 2010, approximately 17% of the Group's long-term borrowings was fixed (2009: 27%) and 83% was variable (2009: 73%), 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$9.8 million as at 31 December 2010 (2009: US$24.5 million).

28. Long-term Borrowings (Continued)

The following is a schedule of repayments of the long-term borrowings in respect of the outstanding borrowings as at 31 December 2010.

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
Within one year	**289,561**	97,707	**276,788**	53,321
In the second year	**68,983**	150,366	**47,850**	137,593
In the third to fifth years	**50,726**	173,152	**37,568**	148,344
After the fifth year	**102,055**	154,651	**88,884**	137,107
	511,325	575,876	**451,090**	476,365

The exposure of the Group's and Company's borrowings to interest rate changes and the contractual repricing dates at the financial position dates (after taking into consideration the borrowings which have been hedged using interest rate swaps of approximately US$9.8 million (2009: US$24.5 million)) are as follows:

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
6 months or less	**405,451**	407,973	**345,216**	308,462

The secured long-term borrowings were secured by, amongst other securities, a mortgage over each associated vessel with an aggregate carrying amount of US$965.9 million and the land and the residential properties in Macau with an aggregate carrying amount of US$275.7 million.

The weighted average interest rates at the financial position date were as follows:

	GROUP		COMPANY	
	2010	2009	**2010**	2009
Bank borrowings in US dollars	**2.0%**	1.7%	**2.0%**	1.5%
Bank borrowing in Hong Kong dollars	**2.2%**	1.9%	**—**	—
Convertible bonds	**9.4%**	9.4%	**9.4%**	9.4%

Notes to the Consolidated Financial Statements

29. 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.

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 covenants 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	
	2010 US$'000	2009 US$'000
Face value of the Bonds due 2016 issued on 20 August 2009	**150,000**	150,000
Issuance costs	**(4,000)**	(4,000)
Net proceeds	**146,000**	146,000
Remaining equity component	**(5,929)**	(8,893)
Equity component transferred to the share premium	**(2,964)**	—
Equity component	**(8,893)**	(8,893)
Liability component on initial recognition	**137,107**	137,107
Interest accrued as at 1 January	**4,856**	—
Interest expense for the year	**11,961**	4,856
Interest paid during the year	**(11,250)**	—
Conversion of the Bonds to ordinary shares	**(46,560)**	—
Liability component	**96,114**	141,963

As at 31 December 2010, approximately US$50 million of the US$150 million Bonds have been converted into ordinary shares of the Company and none of the Bonds due 2016 were redeemed or purchased by the Company.

30. 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 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$35.0 million (as at 31 December 2010, the outstanding notional amount was approximately US$9.8 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 9 to 10 years from the dates of the interest rate swap agreements. As at 31 December 2010, the estimated fair market value of the interest rate swaps was approximately US$0.5 million, which was unfavourable to the Group and the Company. This amount has been recorded within the current portion of the derivative financial instruments in the accompanying consolidated and Company statements 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) The Group entered into fuel swap agreements with an aggregate notional amount of US$25.2 million, to pay fixed price for fuel. As at 31 December 2010, the outstanding notional amount was approximately US$9.6 million, maturing through July 2011 and the estimated fair market value of the fuel swap was approximately US$1.2 million, which was favourable to the Group and the Company. This amount has been recorded within the current portion of the derivative financial 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 a Singapore dollars forward contract and the notional amount of the contract was approximately US$69.0 million (as at 31 December 2010, the outstanding notional amount was approximately US$6.0 million). The notional amount will be reduced six-monthly over a periods of 11 years from the date of the contract. As at 31 December 2010, the estimated fair market value of this forward contract was approximately US$1.0 million, which was unfavourable to the Group and the Company. The changes in the fair value of this forward contract are recognised as other expense in the statement of comprehensive income. This amount has been recorded within the current portion of the derivative financial instruments in the accompanying consolidated and Company statements 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 2010.

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31. Deferred Tax

	GROUP Excess of capital allowances over depreciation	
	2010 **US$'000**	2009 US$'000
Deferred tax liabilities		
The movements in deferred tax liabilities are as follows:		
At 1 January	**816**	254
Exchange difference	**84**	222
Deferred taxation (credited) / charged to consolidated statement of comprehensive income	**(214)**	340
Write off upon disposal of subsidiaries	**(611)**	—
At 31 December	**75**	816
The amount shown in the statement of financial position includes the following:		
Deferred tax liabilities to be settled after 12 months	**75**	816

	GROUP Tax losses	
	2010 **US$'000**	2009 US$'000
Deferred tax assets		
The movements in the deferred tax assets are as follows:		
At 1 January	**409**	35
Deferred taxation (charged) / credited to consolidated statement of comprehensive income	**(44)**	374
At 31 December	**365**	409
The amount shown in the statement of financial position includes the following:		
Deferred tax assets to be recovered after 12 months	**365**	409

As at 31 December 2010, the unused tax losses which have no expiry date and for which no deferred tax asset was recognised in the statement of financial position were approximately US$301 million (2009: US$235 million).

32. Trade Creditors

The ageing of trade creditors is as follows:

	GROUP	
	2010 US$'000	2009 US$'000
Current to 60 days	**34,150**	21,454
61 days to 120 days	**2,290**	3,171
121 days to 180 days	**2,071**	7
Over 180 days	**380**	1,708
	38,891	26,340

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	
	2010 US$'000	2009 US$'000
US dollar	**25,236**	17,565
Hong Kong dollar	**6,509**	5,835
Malaysia Ringgit	**4,022**	1,124
Philippines Peso	**431**	716
Other currencies	**2,693**	1,100
	38,891	26,340

33. Provisions, Accruals and Other Liabilities

Provisions, accruals and other liabilities consist of the following:

	GROUP		COMPANY	
	2010 US$'000	2009 US$'000	**2010 US$'000**	2009 US$'000
Payroll, taxes and related benefits	**14,803**	11,695	**3,659**	907
Star Cruise Point accrued	**39,526**	48,731	**—**	—
Interest accrued	**631**	1,471	**372**	853
Others	**47,053**	48,268	**1,320**	1,529
	102,013	110,165	**5,351**	3,289

Notes to the Consolidated Financial Statements

34. 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 IFG International Trust Company Limited as trustee of a discretionary trust, the beneficiaries of which are Tan Sri Lim Kok Thay and certain members of his family, is a substantial shareholder of the Company.

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

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 ("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 ("GENS"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

WorldCard International Limited ("WCIL") is a company in which a subsidiary of each of the Company and GENS has a 50% interest. The Group's share of profit from WCIL amounted to US$156,000 for the year ended 31 December 2010 (2009: loss of US$87,000). As at 31 December 2010, the Group's accumulative share of losses in WCIL has exceeded its interest in WCIL by US$70,000 (2009: US$226,000) 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.

Rich Hope Limited ("Rich Hope") is a company in which Tan Sri Lim Kok Thay and his wife have attributable interests as to 75% and 25% respectively. Tan Sri Lim Kok Thay is also a director of Star Cruises (HK) Limited ("SCHK"), an indirect wholly-owned subsidiary of the Company.

Resorts World at Sentosa Pte. Ltd. ("RWS") is a company incorporated in Singapore and an indirect wholly-owned subsidiary of GENS. Crystal Aim Limited ("CAL") is a company incorporated in the British Virgin Islands and an indirect wholly-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).

Genting Intellectual Property Pte Ltd ("GIP") is a company incorporated in Singapore and a wholly-owned subsidiary of GENT. Star Market Holdings Limited ("SMHL") is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

Resorts World Inc Pte. Ltd. ("RWI") is a company incorporated in Singapore in which a subsidiary of each of the Company, GENT, GENM and GENS and a company wholly-owned by Golden Hope as trustee of the Golden Hope Unit Trust has a 20% interest.

NCLC is a jointly controlled entity of the Company.

Each of Travellers International Hotel Group, Inc. ("Travellers"), Genting Management Services, Inc. ("GMS") and Genting-Star Tourism Academy Inc. ("GSTA") is a jointly controlled entity of the Company.

34. Significant Related Party Transactions and Balances (Continued)

Select Gain Limited ("Select Gain") is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. GENT, through its wholly-owned subsidiary, Vista Knowledge Pte. Ltd. ("Vista Knowledge"), held approximately 19.40% shareholding interest in Union Bank of Colombo Limited ("Union Bank") as of 30 December 2010; and is a substantial shareholder of Union Bank.

Significant related party transactions entered into or subsisting between the Group and the above companies during the years ended 31 December 2010 and 2009 are set out below:

(a) 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$1,573,000 in the year ended 31 December 2010 (2009: US$1,370,000).

(b) The Group provides certain travel services to the GENS Group internationally and the amount charged to the GENS Group was approximately US$36,000 for the year ended 31 December 2010 (2009: in respect of administrative support services: US$56,000).

(c) 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 2010 and 2009, the following transactions took place:

	GROUP	
	2010 US$'000	2009 US$'000
Amounts charged from the GENT Group to the Group	**951**	1,142
Amounts charged to the GENT Group by the Group	**887**	670

(d) 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 2010, the amount charged by CCL to the Group in respect of the rental amounted to US$139,000 (2009: US$58,000). No amount was paid to CCL for fitting out work for the year ended 31 December 2010 (2009: US$311,000).

(e) The Group did not sell office furniture to KHR for the year ended 31 December 2010 (2009: US$5,000).

(f) On 1 January 2010, SCHK entered into a tenancy agreement with Rich Hope in respect of the lease of an apartment in Hong Kong. During the year ended 31 December 2010, the amount charged by Rich Hope to SCHK in respect of the rental and various deposits amounted to US$226,000.

Notes to the Consolidated Financial Statements

34. Significant Related Party Transactions and Balances (Continued)

(g) On 21 January 2010, CAL entered into a services agreement with RWS pursuant to which RWS engages CAL as a provider of certain services in respect of the integrated resort, Resorts World Sentosa which is located at Sentosa, Singapore and owned and operated by RWS, including but not limited to handling of English speaking inbound and outbound operation administration calls and provision of any reservations and booking services of tour packages, hotel rooms and any tickets for local and overseas customers of RWS, and handling of all amendment and cancellation related activities of any reservations and booking services. Amount charged to RWS in respect of these services rendered by CAL was approximately US$738,000 for the year ended 31 December 2010.

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 comparable to transactions with independent parties.

(h) 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.

(i) 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.

(j) On 17 August 2007, the Group entered into a Reimbursement and Distribution Agreement ("RDA") with NCLC, Apollo Management, L.P. and its affiliates which set out arrangements in relation to the business of NCL America ("NCLA"). As part of the RDA, the Group had 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 the 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 the 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.

(k) On 1 March 2010, the Company and SMHL entered into a Cross Licensing Agreement with GENT, GIP, GENS and GIML in respect of the grant of license for the "GENTING" trade marks and intellectual property rights (the "Genting IP") to GIP in consideration of the payment to each of GIML and SMHL of a sum of US$10 each, and the grant of license for the Resorts World Trade Mark and the Resorts World Know How (the "Resorts World IP") to GIML and SMHL in consideration of the payment to GIP from GIML and SMHL of a sum of US$10 each.

34. Significant Related Party Transactions and Balances (Continued)

(l) On 8 June 2010, Select Gain and Union Bank entered into a Subscription Agreement pursuant to which Union Bank agreed to issue and Select Gain agreed to subscribe, on a conditional basis, for 18,000,000 new ordinary voting shares in Union Bank (the "Union Bank Shares") for a total consideration amount of LKR225 million (equivalent to approximately US$2.0 million). Pursuant to the prospectus dated 14 December 2010 issued by Union Bank, Select Gain made further applications for the subscription for new Union Bank Shares: (i) on 23 December 2010, Select Gain applied for a total of 591,619 new Union Bank Shares through acceptance of the provisional allotment of shares and 2,000,000 additional Union Bank Shares, both at a price of LKR25 per Union Bank Share under the Category A Share Issue; and (ii) on 27 December 2010, Select Gain applied for a total of 10,266,666 new Union Bank Shares at a price of LKR30 per Union Bank Share under the Category B Share Issue. On 30 December 2010, Select Gain was informed by Union Bank that a total of 5,369,409 new Union Bank Shares were allotted to Select Gain for an aggregated price of LKR157,194,900 (equivalent to approximately US$1.4 million), comprising (a) 777,474 new Union Bank Shares at a price of LKR25 per Union Bank Share under the Category A Share Issue; and (b) 4,591,935 new Union Bank Shares at a price of LKR30 per Union Bank Share under the Category B Share Issue. As a result, Select Gain held 23,369,409 Union Bank Shares, representing approximately 7.01% of the enlarged issued share capital of Union Bank as at 30 December 2010.

(m) NCLC entered into charter agreements with the Group for certain ships owned by the Group. Charter hire revenue received for these ships was US$23.4 million for the year ended 31 December 2010 (2009: US$29.5 million). The charter agreement dated 27 August 2010 with respect to m.v. Norwegian Sky provides NCLC Group with an option to purchase the ship during the charter period.

(n) Famous City Holdings Limited ("Famous City") and Star Cruise Pte Ltd ("SCPL"), both are wholly-owned subsidiaries of the Company entered into Contracts of Lease with Travellers in respect of the lease of office area in the Philippines. During the year ended 31 December 2010, the amount charged by Travellers to the Group in respect of the rental amounted to US$0.3 million.

(o) On 1 October 2010, Famous City entered into Service Agreements with GSTA and GMS in respect of provision of back-office support services. Service revenue received from GSTA and GMS was US$0.3 million for the year ended 31 December 2010.

(p) On 23 November 2010, SMHL entered into a Subscription Agreement with other four investors, being companies wholly-owned by GENT, GENM, GENS and Golden Hope (as trustee of the Golden Hope Unit Trust), in relation to the subscription of 20% of the enlarged issued share capital of RWI for SGD750,000 each.

Transactions with Directors

(q) 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 were 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 are exercisable at the price of 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 2010 and the outstanding share options as at 31 December 2010 are set out in the section headed "Share Options" in the Report of the Directors.

Notes to the Consolidated Financial Statements

34. Significant Related Party Transactions and Balances (Continued)

Key management compensation

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

	GROUP	
	2010 US$'000	2009 US$'000
Salaries and other short-term employee benefits	**9,212**	8,775
Post-employment benefits	**50**	51
Non-cash share option expenses	**2,469**	2,589
	11,731	11,415

35. Commitments and Contingencies

(i) Capital expenditure

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

	GROUP	
	2010 US$'000	2009 US$'000
Contracted but not provided for		
– Property under development	**5,666**	8,605

35. Commitments and Contingencies (Continued)

(ii) Operating leases

Rental expense under non-cancellable operating lease commitments was US$1.5 million for the year ended 31 December 2010 (2009: US$2.3 million).

At 31 December 2010, future minimum lease payments payable under non-cancellable operating leases are as follows:

	GROUP	
	2010 US$'000	2009 US$'000
Within one year	**1,559**	1,662
In the second to fifth year inclusive	**1,983**	3,609
After the fifth year	**5,798**	7,586
	9,340	12,857

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

(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 2010 was Nil (2009: US$13.5 million).

Charter-hire revenue receivable under the operating lease commitments in respect of cruise ships and onboard equipment from NCLC was US$23.4 million for the year ended 31 December 2010 (2009: US$29.5 million).

At 31 December 2010, minimum annual rentals receivable for leases with initial or remaining terms within one year was US$20.7 million for the year ending 31 December 2011 (2009: US$24.8 million for the year ended 31 December 2010).

(iv) Material litigation

On 24 October 2008, Genting Hong Kong 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 the hearing date is fixed on 6 June 2011 for 10 days. 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.

Notes to the Consolidated Financial Statements

36. 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.

36. 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.

Notes to the Consolidated Financial Statements

36. Share Option Schemes (Continued)

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

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.

As of 31 December 2010, no options remained outstanding under the Pre-listing Employee Share Option Scheme. Details of the movement of outstanding options during the year are set out in section headed "Share Options" in the Report of the Directors.

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

	2010 Average exercise price in US$ per share	Options (thousands)
At 1 January	**0.3142**	**1,172**
Exercised	**0.2524**	**(423)**
Cancelled/forfeited	**0.3491**	**(749)**
At 31 December	**—**	**—**

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

36. 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. The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options can be granted under the scheme.

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 1.7% of the issued share capital as at the date of this Report. No further options can be granted under the Post-listing Employee Share Option Scheme following its expiry on 29 November 2010.

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.

Notes to the Consolidated Financial Statements

36. 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.

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. The share options offered on 16 November 2010 under the Post-listing Employee Share Option Scheme (which were open for acceptance until 15 February 2011) 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 2011 to 2015.

36. Share Option Schemes (Continued)

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

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.

Remaining life of the Post-listing Employee Share Option Scheme

The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options may be granted under the scheme. All outstanding share options remain exercisable subject to 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:

	2010	
	Average exercise price in HK$ per share	**Options (thousands)**
At 1 January	**2.3607**	**104,935**
Granted	**3.7800**	**14,843**
Exercised	**2.2237**	**(1,737)**
Cancelled/forfeited	**2.3638**	**(4,018)**
At 31 December	**2.5474**	**114,023**

	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

Notes to the Consolidated Financial Statements

36. Share Option Schemes (Continued)

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

A summary of the share options outstanding as at 31 December 2010 is as follows:

	Options outstanding		Options exercisable
Exercise price	Number outstanding (in thousands)	Weighted average remaining life (years)	Number (in thousands)
HK$2.8142	57,454	1.6	57,454
HK$1.6202	10,016	3.6	10,016
HK$1.7800	31,710	9.0	12,282
HK$3.7800	14,843	10.0	—
	114,023	5.0	79,752

37. Principal Subsidiaries

The following is a list of principal subsidiaries as at 31 December 2010:

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

37. 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
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)
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: Malaysia 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.

Notes to the Consolidated Financial Statements

38. Significant Subsequent Events

(i) In January 2011, the Group repaid the remaining outstanding balance of the US$750 million secured term loan and revolving credit facility and had drawndown the US$600 million secured term loan and revolving credit facility.

(ii) In February 2011, the Group completed the disposal of S/S United States for US$2.9 million.

39. Approval of Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2011.

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 its subsidiaries, (together, the "Group") set out on pages 75 to 148, which comprise the consolidated and Company statements of financial position as at 31 December 2010, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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 2010 and of the Group's profit 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, 24 March 2011

Audited Five Years Financial Summary

	2010 US$'000	2009 (restated) US$'000	2008 (restated) US$'000	2007 (restated) US$'000	2006 US$'000
Results					
Turnover	**388,879**	376,802	441,039	2,576,240	2,343,055
Results from operations before impairment loss	**25,820**	10,440	(16,230)	84,619	95,452
Reversal of previously recognised impairment loss / (Impairment loss)	**7,042**	(28,588)	(99,873)	(5,165)	(30,600)
	32,862	(18,148)	(116,103)	79,454	64,852
Share of profit / (loss) of jointly controlled entities	**36,328**	23,565	(104,098)	—	—
Share of profit / (loss) of associates	**9,851**	(2,512)	1,454	(907)	(82)
Other income / (expenses), net	**18,231**	2,238	146,525	(44,840)	(26,556)
Finance income	**2,776**	209	3,233	4,482	6,670
Finance costs	**(29,815)**	(24,191)	(28,610)	(234,295)	(200,944)
Profit / (Loss) before taxation	**70,233**	(18,839)	(97,599)	(196,106)	(156,060)
Taxation	**(2,117)**	(4,319)	(3,528)	(4,780)	(136)
Profit / (Loss) for the year	**68,116**	(23,158)	(101,127)	(200,886)	(156,196)
Attributable to:					
Equity holders of the Company	**67,859**	(21,495)	(80,107)	(200,806)	(156,196)
Non-controlling interest	**257**	(1,663)	(21,020)	(80)	—
	68,116	(23,158)	(101,127)	(200,886)	(156,196)
Basic earnings / (loss) per share (US cents)	**0.90**	(0.29)	(1.08)	(2.77)	(2.76)
Diluted earnings / (loss) per share (US cents)	**0.90**	(0.29)	(1.08)	N/A*	N/A*
Assets and Liabilities					
Total assets	**2,690,120**	2,599,474	2,565,145	6,428,589	6,139,675
Total liabilities	**(666,956)**	(727,522)	(674,254)	(4,389,217)	(4,196,376)
Total equity	**2,023,164**	1,871,952	1,890,891	2,039,372	1,943,299

* 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 2010

	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)	137,962ft^2 (12,817m^2)	96,123ft^2 (8,930m^2)	90	J
2.	An adjoining site to the Star Cruises Jetty, Porto Malai, Langkawi, Kedah Darul Aman, Malaysia	Lot 2931 (previously Lot PT 741)	40,462ft^2 (3,759m^2)	—	90	J
3.	Cuiyan Road, Suzhou Industrial Park, Suzhou, China	Lot No: 75034	4,220m^2	—	40	O/H
4.	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)	8,100m^2	—	25	H/C
5.	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	—	15,164.49m^2	25	R

Notes:

i The Group owns 100% of each of the properties listed in items 1 to 3 above. The Group owns 75% of the property listed in items 4 and 5 above by virtue of the Group's equity interest in the company which owns the property.

ii. Usage:

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

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