GENTING
HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

Stock Code: 678

Annual Report 2011

STAR CRUISES
The Leading Cruise Line In Asia-Pacific

NCL
NORWEGIAN
CRUISE LINE

Resorts World
MANILA

云顶之星
GENTING STAR

Contents

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.

Corporate Profile

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

Star Cruises

Asia-Pacific

Norwegian Cruise Line

A 50% joint ownership alongside Apollo and TPG

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.

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 Hotel, an iconic shopping mall, 4 high-end cinemas and a multi-purpose performing arts theatre.

Our mission 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 for 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

With two full years of operations under its belt, **Resorts World Manila ("RWM") is gradually but steadily coming of age.**

In 2011, consistent premiere offerings and implementation saw RWM's revenue reach US$659.3 million (PHP 28.5 billion) as compared to US$355.8 million (PHP 16.1 billion) in 2010. It solidified its leadership as the first integrated tourism destination in the Philippines with new facilities and offerings and an array of industry-level accolades.

Enriching customer base

RWM is simply the place to be for holidaymakers as well as mass consumers. In 2011, it welcomed an average of 18,000 visitors everyday, totaling foot traffic to over 6 million visitors for the year.

The introduction of new attractions is expected to further increase foot traffic. Last November, Remington Hotel, a new lodging brand, joined the all-luxury suite Maxims Hotel and five-star Marriott Hotel Manila in RWM. With its 623 rooms and 89 serviced apartments, Remington Hotel provides budget-friendly and comfortable accommodation, amenities and services. The addition of Remington brought the total number of hotel rooms in RWM to 1,226.

The Genting Club was formally launched in a two-day glitzy affair in June, adding an exclusive lifestyle club for VIPs. GameZoo, a two-storey amusement complex in Newport Mall, houses over 100 video game stations that promise to delight and excite virtual world lovers of all ages. Its centerpiece "4D Rider" simulates a four-dimensional roller-coaster thrill and features 4D movies. Armed with these new additions, RWM's repertoire to create unrivalled experience was deftly enhanced.

Cementing reputation

Besides a haven of fun, RWM is regarded as a valued patron of the arts. Succeeding its original Las Vegas-meets-Broadway production "Kaos", RWM brought the world-renowned musical "The Sound of Music" to the region with a 50-strong cast of veteran and upcoming Filipino talents. A stellar production team was assembled for accompaniment. Unveiled in October 2011 for a two-month run, the musical was so well received that it has been extended to May 2012.

RWM is truthfully "the place to PLAY". Republiq and Opus, two of the most popular clubbing hotspots in Manila, consistently attract corporate clients to hold parties and celebrations. The spacious plaza at Newport Mall, located within RWM, is a highly sought after venue for social and art events, further drawing foot traffic to RWM. RWM's very own Bar 360 has earned the reputation of a hotbed for quality singers, bands to other performing art entertainers.

Basking in accolades

In 2011, RWM was recognized for its pioneering initiatives in the fields of hospitality, food and beverage, entertainment, interior design, and advertising.

RWM debuted at the Hospitality Asia Platinum Awards (HAPA) as a first-time nominee and brought home awards in recognition of Maxims Hotel, namely: "Overall Best in Asia for Service Excellence", "Overall Best in Philippines for Service Excellence", "Best 5 in Asia for Signature Serviced Residences", and "Best 10 in Asia for Concierge". In addition, Passion restaurant's Chef David Chu Wai Fung was nominated by HAPA for "Master Chef for Asian Cuisine".

RWM's first TV commercial, titled "Winner", also clinched the "Araw Silver Craft for Best Editing" and "Araw Gold Craft for Best Use of Music in Film" awards at the 2011 Araw Awards.

"Kaos", RWM's original production, was named "Best Special Concept Production" at the Aliw Awards, while two cast members, Joel Trinidad and Gian Magdangal, won "Best Actor in a Featured Role" and "Best Male Performer in a Special Concept Production" respectively.

The outstanding design of the state-of-the-art NPAT received accolades beyond the Philippines. In Hong Kong, Joseph Sy & Associates, the architect firm that created the chic and snappy interior of NPAT, was presented the "Leisure & Entertainment Space Silver Award" by the Asia Pacific Interior Design Awards 2011 and an "Interior Design (Professional) Certificate of Excellence" by Perspective Awards 2011. On top of this, the theater was also named "Best Theater Venue" by the BroadwayWorld Philippines Awards.

Caring for the community

RWM actively reached out to the communities in 2011 through its Corporate Social Responsibility (CSR) efforts. RWM and Alliance Global generated US$254,444 (PHP 11 million) for ABS-CBN Foundation's relief efforts for Sendong storm victims. This includes US$138,788 (PHP 6 million) proceeds from "The Sound of Music" and donations from the casts and crew of the production.

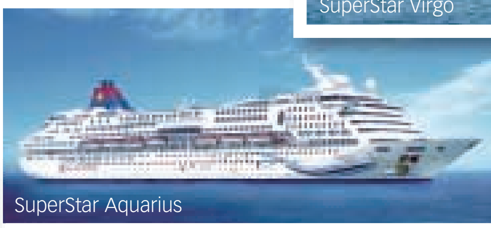
With more attractions and promotions in the pipeline, RWM is poised to strengthen its offerings for domestic, regional and international holidaymakers. It will continue to champion Filipino talent in world-class standards through bigger and better productions, and large-scale events such as the annual Grand Fiesta Manila. As RWM pushes the envelope in the tourism realm, it will stay committed to caring for the communities and those in need.

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.**

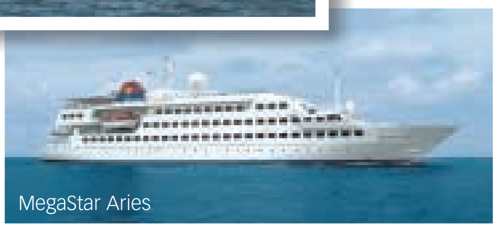

Star Pisces


SuperStar Virgo


SuperStar Aquarius


SuperStar Libra


MegaStar Taurus


MegaStar Aries


Norwegian Dream

OUT HERE, FUN RULES

Star Cruises

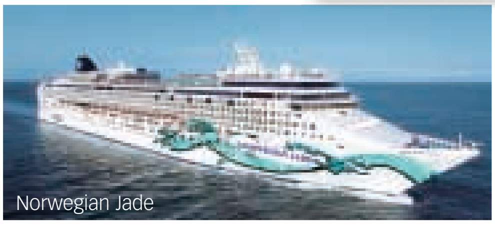
Star Cruises, the leading cruise line in Asia-Pacific, has a fleet of 7 ships which includes SuperStar Virgo, SuperStar Aquarius, SuperStar Libra, Star Pisces, MegaStar Aries, MegaStar Taurus and Norwegian Dream, offering various cruise itineraries in the Asia-Pacific region.

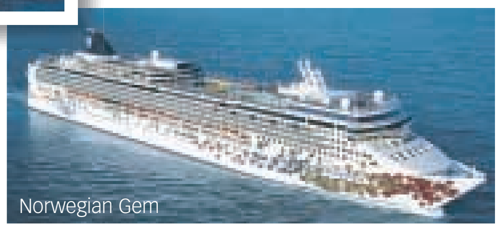
® STAR CRUISES
The Leading Cruise Line In Asia-Pacific℠

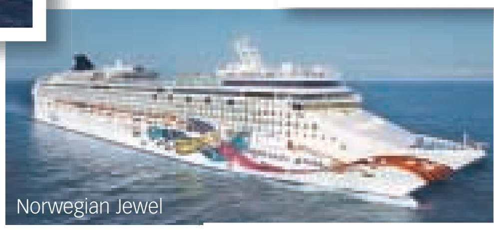

Norwegian Epic


Pride of America

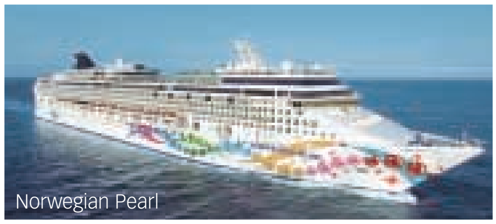

Norwegian Dawn

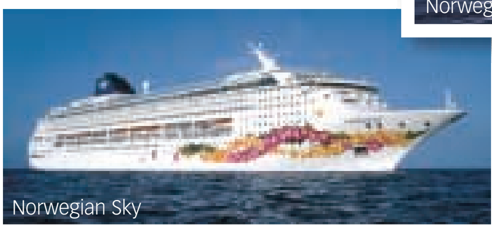

Norwegian Jade

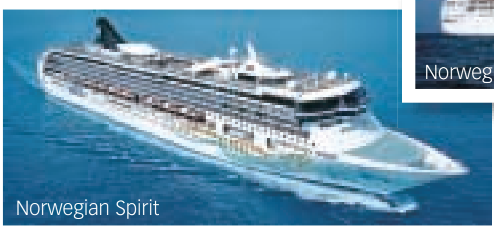

Norwegian Gem

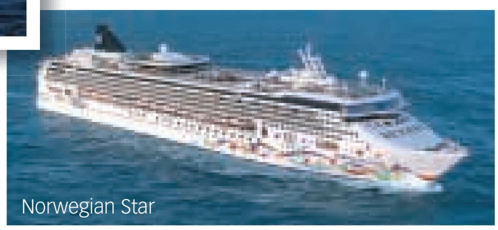

Norwegian Jewel


Norwegian Sun


Norwegian Pearl


Norwegian Sky


Norwegian Spirit


Norwegian Star

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.

Dear Valued Shareholders,

I am pleased to report that this has been a stellar year for Genting Hong Kong Limited ("GHK" or the "Company") and its subsidiaries (the "Group"). In being single-minded about driving our growth strategy with a steadfast discipline in yield management and asset optimization, we achieved the best performance in the history of GHK.

Chairman's Statement

In the financial year ended 31 December 2011, the Group's net income after tax grew to US$185.4 million from US$82.9 million in 2010, a 123.6% year-on-year increase.

Our business segments collectively contributed to the Group's strong performance:

- Travellers International Hotel Group, Inc. ("Travellers"), a 50%-owned joint venture that owns and manages Resorts World Manila ("RWM"), reported a net income of US$111.9 million, representing a 57.2% increase.
- Norwegian Cruise Line ("Norwegian"), for which we own 50%, has a record adjusted EBITDA of US$506.0 million and a net income of US$126.9 million, compared to US$405.1 million and US$23.0 million respectively in 2010.
- Star Asia, a wholly-owned entity that manages Star Cruises and other GHK businesses, posted a net income of US$57.9 million, representing a 76.0% increase from US$32.9 million of net income in 2010.

Excellent Growth Momentum

RWM continues to shine and consolidated its position as an integrated resort leader with its world-class leisure, hospitality and entertainment offerings. In 2011, it posted US$659.3 million in total revenue and an EBITDA of US$214.4 million. RWM added a third hotel - Remington Hotel - in November, providing an additional choice for domestic and international travellers alike. Succeeding "Kaos", its first original production presented at the state-of-the-art Newport Performing Arts Theatre, RWM rolled out the perennial classic hit "The Sound of Music". The house has been packed continuously since its launch in October and has entertained more than 75,000 people in over 100 shows. The musical was extended into this year due to popular demand. The fully tenanted Newport Mall continued to attract visitors with its wide variety of shopping, dining and entertainment choices, propelling the average foot traffic to 18,000 visitors per day.

Following the momentum of a banner year in 2010, Norwegian posted yet another year of record results. Total gross revenue increased 10.3% to US$2,219 million from US$2,012 million and adjusted EBITDA increased 24.9% to US$506.0 million from US$405.1 million in 2010. These strong results were driven by continued operating improvements, higher ticket pricing and increased onboard spend per capacity day. Norwegian refurbished four of its cruise ships in 2011, accentuating its appeal to guests for greater holiday satisfaction. It also strengthened relationships with travel agents through "Partners First", a wide-ranging initiative which ensures ease and

convenience when doing business with Norwegian. It has broadened its reach to guests with "Cruise Like a Norwegian", a new brand platform and advertising campaign that heightened awareness of Norwegian and the holiday experiences that it entails.

In 2011, Star Asia continued to cement its Asia-Pacific cruise line leadership position with continual refurbishment of the Star Cruises fleet. Renovations of Star Pisces and SuperStar Aquarius were followed by the US$25 million renovation of Singapore-homeported SuperStar Virgo. Our seasonal deployment of SuperStar Aquarius to Sanya was a promising pathfinder to further tap into the growing Chinese cruise market. Revenue increased to US$515.5 million from US$399.8 million in 2010, a 28.9% increase. EBITDA increased by 38.2% to US$141.1 million, compared with US$102.1 million.

Capital & Funding

In November 2010, GHK successfully executed a US dollar denominated seven-year floating rate term loan and revolving credit facility of US$600 million. GHK completed the drawdown of this facility in January 2011 and the subsequent refinancing of existing debt. In June 2011, GHK raised a 3.95% coupon RMB1.38 billion dimsum bond due in the year 2014. GHK also received US$74.5 million from the disposal of S/S United States and assets in Macau, as well as, US$49 million from the redemption of preferred shares in a jointly controlled entity.

As a result, GHK's cash and cash equivalents as at 31 December 2011 are US$568 million, 257% higher than the amount in 2010 of US$159 million. Further, as GHK continues to systematically pare down debt, we are pleased to report that the net debt for 2011 stands at US$193 million, compared to US$352 million in the previous year.

Corporate Social Responsibility

GHK and its offices around the region are committed to caring for the communities that we operate in. Such commitment has been intricately woven into the fabric of our corporate culture, bringing forth numerous endeavours, from fund-raising event sponsorships, employee volunteer activities, educational ship tours to donations totaling US$200,000.

The spirit of sharing amongst my colleagues was most notably apparent when HK$3 million (about US$384,600) was raised amongst management, employees and crew at GHK, Star Cruises and Norwegian within days after the Sendong storm devastated Southern Philippines in December 2011. The proceeds were channeled to the ABS-CBN Foundation in the Philippines to aid storm victims restore their way of life. In early 2011, GHK and RWM sponsored the Living for Christ Foundation's housing and social development projects in San Simon, Pampanga. The project aimed at improving the deprived living conditions of children and families.

In Malaysia, we orchestrated a charity cruise onboard SuperStar Libra and helped raise RM$260,000 (about US$86,400) to build a cancer patient hospice centre in Penang in association with the National Cancer Society of Malaysia, Penang Branch and the Penang Hospice Society.

Throughout the year we have organized events for numerous underprivileged communities in Asia, some with special partners like English Premier League football club Aston Villa and Nickelodeon's SpongeBob SquarePants.

Art, Culture and Sport

We are delighted to have supported two major art, cultural and sporting initiatives in the past year, which not only helped cultivate an appreciation for them but also broaden the scope of our connections with customers. To coincide

with the 100th anniversary celebrations of the founding of the Republic of Taiwan, GHK sponsored and organized an exhibition of multi-talented Taiwan artist Yu Peng at the Eslite Bookshop Gallery in Shin Yin district in Taipei. GHK also contributed to the steady growth of golf in Mainland China with its second-year sponsorship of the China Professional Golf Association championship tour and the sponsorship of a 10-member Genting Golf Team.

Prospects

Riding on the strong momentum from last year, our growth roadmap continues to focus on achieving our key goals and taking a disciplined approach towards capital and resource allocation.

Looking ahead, RWM expects to complete one of the Philippines' biggest convention centres by 2013. We also look forward to a variety of extended retail and leisure offerings as well as additional luxury hotels which will be rolled out in phases over the next couple of years.

Norwegian is gearing up to augment guest capacity with two under-construction cruise ships, christened Norwegian Breakaway and Norwegian Getaway by the cruise line's aficionados. Designed from the ground up with customer satisfaction in mind, Norwegian Breakaway is all set to appeal to a range of customers with her luxurious suites to studios for solo travelers as well as staterooms designed specifically for families with children. She will embark on a seven-day transatlantic cruise from Southampton, England to New York City on 30 April 2013. Thereafter, the vessel will make New York City her year-round homeport, the largest ship ever to homeport in the city.

Star Asia has shown, time and again, its leadership in charting a course to grow not only its business but also the overall cruise industry in Asia. We look forward to returning SuperStar Aquarius for a second seasonal deployment in Hainan, and the deployment of Norwegian Dream in the region, after her refurbishment. These will further enhance our flexibility in our fleet deployment. While the strong results have given Star Asia more scope to boost growth, we remain steadfast in the quest to improve operational efficiency and rationalize operating costs.

As we forge ahead, we remain committed to delivering world-class holidays and leisure 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

22 March 2012

Accolades

Star Cruises:

- "Travel Hall of Fame" from TTG Asia Awards
- "Times Travel Honours 2011 Excellence Award - Cruise Liner" from Times Travel Academy India
- "TOPSIS Organizational Award (Bronze)" from the TOPSIS Forum in Singapore (TOPSIS = Threat-Oriented Passenger Screening Integrated System)

Resorts World Manila:

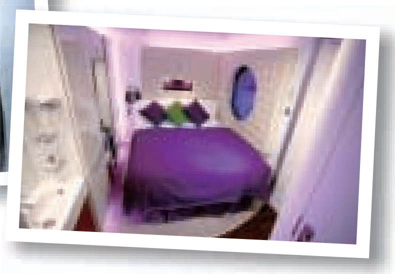
- "Best in Asia for Service Excellence", "Best in the Philippines for Service Excellence", "Best 5 in Asia for Signature Serviced Residences" and "Best 10 in Asia for Concierge" from the Hospitality Asia Platinum Awards for Maxims Hotel
- "The Best Special Concept Production" award from the Aliw Award 2011 in the Philippines for "Kaos"
- "Gold award for Best Use of Music in Film" and "Silver award for Best Editing" from the 2011 Araw Awards for TV commercial titled "Winner"
- "Best Theater Venue" from the BroadwayWorld Philippines Awards for Newport Performing Arts Theatre
- "Leisure and Entertainment Space Silver Award" from The Asia Pacific Interior Design Awards 2011 and an "Interior Design (Professional) Certificate of Excellence" from Perspective Awards 2011 for Newport Performing Arts Theatre

Norwegian Cruise Line:

- "Travel + Leisure Design Award" by Travel + Leisure magazine for Norwegian Epic's studio stateroom design
- "Gold" and 3 "Silver" ADDY awards (the world's largest advertising awards)

Employees:

- "Asian Leader for Global Leisure and Entertainment Tourism" from the inaugural Seagull Philippines Asian Leaders Awards for GHK Chairman and CEO Tan Sri Lim Kok Thay
- "Gold Award for Plated Dessert" from the Hong Kong International Culinary Classic competition for Pastry Chef Michael Aspiras of Resorts World Manila
- Aliw Award 2011 "Best Actor in a Featured Role" and "Best Male Performer in Special Concept Production" for RWM's Kaos cast members Joel Trinidad and Gian Magdangal respectively
- "Pacific West Cooking Bronze Medal", from Penang International Salon Gastronomique 2011 Battle of the Chefs competition for SuperStar Libra Chef Shah Irwan Omar



Global Highlights

Jan 2

Norwegian Cruise Line and its CEO Kevin Sheehan are featured in CBS' Emmy-nominated reality TV series "Undercover Boss". More than 14 million viewers tune in to watch Mr. Sheehan go undercover and work as a crewmember onboard Norwegian Epic and Pride of America. The episode unveils the magic behind the operations of a cruise ship.

Feb

Norwegian Cruise Line completes the first phase of its US$20 million renovation project for Great Stirrup Cay, the cruise line's 250-acre private island in the Bahamas. The opening of the island's new marina and dining facility are the first significant milestone of the project. Renovations are scheduled to be completed by late 2012.

Mar 10

Norwegian Cruise Line pledges US$5 million to non-profit charity, Camillus House, to help alleviate chronic homelessness in Miami-Dade County, Florida. It is the largest corporate contribution to the charity's fund-raising campaign. The contribution is allocated to construct a new three-acre Campus, named "Norwegian Cruise Line Campus of Camillus House", in recognition of the cruise line's generosity.

Apr 6

In Taiwan, SuperStar Aquarius welcomes onboard over 350 teenagers and school children from underprivileged youth organizations for tours, dinners and shows.

Apr - Dec

Genting Hong Kong sponsors the China Professional Golfers' Association Championship Tour and the Genting Golf Team for the 2nd consecutive year. The sponsorship reflects GHK's drive to promote golfing and golf holidays for Chinese and regional holidaymakers.

Jun 24

Resorts World Manila steals the media spotlight, thanks to its successful honeymoon packages, introduced in association with Philippine Airlines and Taobao.com. Couples enjoy a 4-day-3-night stay in Maxims Hotel and experience the shopping, dining and entertainment at Resorts World Manila.

Jul 15

Star Pisces celebrates the first graduation of special-need children, aged 5-6, from Hong Kong Heep Hong Society's Wanchai Special Child Care Centre. More than 250 parents, siblings and teachers attend the graduation ceremony and enjoy their onboard experience.

Jul 18

Norwegian Cruise Line introduces "The Haven by Norwegian" suite complex on upcoming new cruise ships and five existing Jewel-class ships. The company also unveils designs for some of the ship's most luxurious accommodations.

Jul 31

More than 100 children are thrilled to meet the English Premier League football club Aston Villa on Star Pisces. The club's ambassador and ex-footballer, Ian Taylor, inspires the children to strive for their dreams by sharing his own success story.

Aug 19

The crew of Star Pisces welcomes 200 primary school students from the Hong Kong Federation of Youth Groups' summer English-language programme. The children are invited to a special tour to the ship's bridge while practising English.

Sep 13

From over 230,000 names suggested by Norwegian Cruise Line's fans, the cruise line selects "Norwegian Breakaway" and "Norwegian Getaway" as the names for its two upcoming new ships. Norwegian Breakaway and Norwegian Getaway are scheduled to launch in April 2013 and April 2014 respectively. The name contest, called "Norwegian's Cruising for Names", is held in conjunction with national newspaper USA Today.

Sep 16

SuperStar Libra welcomes 100 orphans and underprivileged children to a fun day out to celebrate Malaysia Day. The children enjoy the entertainment programme and magic show prepared by the crew. A sumptuous buffet lunch is also served onboard.

Oct 15 - 17

Mr. William Ng, Chief Operating Officer of Star Cruises, shares his cruise industry insights at the Industry Leader Forum of the 6th China Cruise Shipping 2011, hosted by China Cruise & Yacht Industry Association in Tianjin, China. The company also showcases its travel products at the cruise expo.

Sep 29 - Oct 10

Genting Hong Kong organizes and sponsors "Yu Peng Exhibition 2011, Taiwan: Loyalist_Migrant_Hermit" showcasing about 100 ink, oil and pastel paintings by Taiwan's celebrated artist Yu Peng. This exhibition underlines GHK's drive to connect people with art & culture; and foster understanding of global culture on a local and international scale. A commemorative painting album is published in conjunction with the exhibition.

Nov 11

Remington Hotel opens its door to guests at Resorts World Manila. With 623 guestrooms and 89 serviced apartments, the hotel offers a new choice for budget conscious travellers.

Nov 3

Star Cruises celebrates SuperStar Aquarius' homeporting in Sanya with new Sanya-Vietnam cruise itineraries. Star Cruises becomes the first international cruise line to homeport in Sanya. The ship is warmly welcomed by government officials of Hainan, media and travel agencies.

Nov 13

GHK holds a fund-raising 3-night cruise on SuperStar Libra and donates 200 cabins that raise RM260,000. The proceeds are presented to the National Cancer Society of Malaysia, Penang Branch and the Penang Hospice Society to establish a cancer patient hospice centre in Penang, Malaysia. DOLCI VOCI, a renowned Penang choral group, performs for the guests onboard.

Nov 23

Genting Star (previously known as My Inn) opens its 3rd hotel in Shanghai's Hongkou district. The budget-friendly Genting Star Shanghai features 172 guestrooms, business centre, restaurants, convenience stores, book café and video game café.

Nov 18 – Dec 30

Star Cruises launches the first Nickelodeon "SpongeBob At Sea" cruises in Asia. Co-sponsored with OCBC Bank and Mondial Insurance, 19 SpongeBob-themed cruises on SuperStar Virgo immerse children and guests into SpongeBob's world.

Nov 28

More than 100 children from charitable organizations enjoy a day of fun with SpongeBob SquarePants and Patrick Starfish on SuperStar Virgo in Singapore. The children are excited about meeting their favourite cartoon stars and enjoyed a buffet onboard.

Dec

For the second year on a roll, Resorts World Manila celebrates the holiday seasons with the festive Grand Fiesta Manila. The month-long fiesta includes a series of cultural, music and performing arts activities that celebrates the best of Philippine culture.

Dec 21

Genting Hong Kong Volunteer Team hosts a Winter Solstice lunch onboard Star Pisces for 150 elderly citizens from underprivileged communities. The seniors enjoy the food and the activities organized by the volunteer team during their first cruise visit with their friends on this special day.

Dec 23

With Genting Hong Kong's deepest concern for the storm-stricken Southern Philippines, the company kick-starts a donation drive that raises HK$3 million for the victims. Donations are presented to ABS-CBN Foundation, INC for its relief efforts in the affected area.

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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Fax: (441) 2956759

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Fax: (852) 28650990

Transfer Agent
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Tel: (65) 62280507
Fax: (65) 62251452

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

Internet Homepage
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E-mail: chuen.thong@gentinghk.com

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. ("Norwegian") and its subsidiaries (the "Norwegian 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 Norwegian 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. Norwegian 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.

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. Demand also varies by ship and itinerary.

Overview (Continued)

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 2011 ("Year 2011") Compared with Year Ended 31 December 2010 ("Year 2010")

Turnover

The Group's total revenue for 2011 was US$515.5 million, an increase of 28.9% from US$399.8 million in 2010. The increase in total revenue was mainly due to the 42.6% increase in gaming revenue in 2011 and 7.3% increase in capacity days as a result of the full operations of m.v. SuperStar Libra in 2011, whilst it was laid up in the first quarter of 2010. Occupancy fleetwide increased by 1% from 83% to 84% in 2011 which contributed towards a 13.7% increase in ticket and onboard revenue for the year.

The ongoing fleet rationalisation which included the refurbishment and relocation of m.v. Star Pisces from Malaysia to Hong Kong as well as the relocation of m.v. SuperStar Libra and m.v. SuperStar Aquarius to Malaysia and Taiwan regions respectively contributed towards the improvement in gaming revenue.

Cost and expenses

Total costs and expenses before finance costs and other items in 2011 amounted to US$448.0 million compared with US$356.0 million in 2010, an increase of US$92.0 million.

Operating expenses excluding depreciation and amortisation increased US$54.8 million (23.7%) to US$286.6 million in 2011 from US$231.8 million in 2010, primarily due to a 18.5% increase in ship operating expenses, mainly resulting from the increase in capacity days, payroll, port charges and higher fuel expenditure. In 2011, Star Asia's average fuel price rose approximately 28.1% from US$494 per metric ton in 2010 to US$633 per metric ton in 2011. Excluding fuel expenses, total operating expenses increased by 22.2%, representing a 13.9% increase on a per capacity day basis compared with 2010.

Selling, general and administrative expenses excluding depreciation and amortisation increased by US$21.9 million (33.2%) to US$87.8 million in 2011 from US$65.9 million in 2010 mainly due to higher salary related costs, and advertising and promotion expenses in 2011.

Depreciation and amortisation expenses increased by US$8.2 million (12.6%) primarily due to the depreciation of m.v. Norwegian Dream which has been reclassified to property, plant and equipment from non-current assets held-for-sale since December 2010.

EBITDA

The Group's EBITDA in 2011 was US$141.1 million, an increase of 38.2% from US$102.1 million in 2010.

Finance costs

Net finance costs increased by US$3.4 million to US$30.4 million in 2011 compared to US$27.0 million in 2010, primarily due to the increase in average outstanding debts in 2011 and interest expense incurred on the issuance of RMB1.38 billion bonds in June 2011.

Other income, net

Net other income was US$23.3 million in 2011 compared with US$18.2 million in 2010. During 2011, net other income mainly comprised the agreed settlement of US$13.3 million in relation to the non-completion by Louis Plc. of the sale and purchase contract for m.v. Norwegian Dream and a realised gain of approximately US$14.3 million on the disposal of interests in Fancy Star Holdings Limited and Keen Impact International Limited, which own the Nova City apartments, for approximately US$71.6 million.

During 2010, the net other income comprised a realised gain of approximately US$17.6 million on the disposal of interest in Port Klang Cruise Centre Sdn Bhd and Glamourous Trendy Sdn Bhd for approximately US$55.6 million.

Profit before taxation

Profit before taxation in 2011 was US$188.0 million compared to US$85.0 million in 2010.

Taxation

The Group incurred a taxation expense of US$2.5 million in 2011 compared with US$2.1 million in 2010.

Profit attributable to equity holders

Profit attributable to equity holders of the Company was US$182.2 million in 2011 compared with US$82.6 million in 2010.

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, Renminbi, Hong Kong dollar and Malaysia Ringgit. For the Year 2011, cash and cash equivalents increased to US$568.2 million from US$159.4 million as at 31 December 2010 for the Group. The increase of US$408.8 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$86.2 million of net cash from operations for the Year 2011 compared to US$67.1 million for the Year 2010. The increase of US$19.1 million was primarily due to increase in operating profit to US$67.5 million in Year 2011 compared with US$43.8 million in Year 2010.

(b) The Group's capital expenditure was approximately US$36.1 million during the Year 2011. Majority of the capital expenditure relates to vessel refurbishments and the remaining was drydocking and onboard assets. During the Year 2010, the Group's capital expenditure was approximately US$24.5 million.

(c) During the Year 2011, the Group used US$8.1 million to acquire additional equity interests in Resorts World Inc Pte. Ltd.. The Group used US$30.0 million to acquire additional 7.4% equity interests investment in Travellers in Year 2010.

(d) During the Year 2011, the Group made a drawdown of US$358.0 million under the bank loan facilities as corporate and general working capital. The Group also made a repayment of US$321.3 million under existing bank loans in Year 2011.

(e) During the Year 2011, the Group issued RMB1.38 billion bonds. The net proceeds net of issuance costs of approximately US$212.9 million were used as general working capital purposes and to finance China's projects of the Group.

(f) The Group received US$49.2 million from redemption of preferred shares in Travellers in Year 2011.

Gearing ratio

The gearing ratio as at 31 December 2011 was 0.09 times, a decrease, from 0.18 times as at 31 December 2010 for the Group. The gearing ratio is calculated as net debt divided by total capital. Net debt of approximately US$0.19 billion (2010: US$0.35 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$2.19 billion (2010: US$2.00 billion).

Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2011 are disclosed in note 36 to the consolidated financial statements.

Future commitments and funding sources

As at 31 December 2011, the Group had approximately US$0.76 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$1.1 billion.

As at 31 December 2011, the Group's liquidity was US$692.0 million consisting of US$568.2 million in cash and cash equivalents and US$123.8 million available under the Group's existing credit facilities.

Prospects

In early November 2011, m.v. SuperStar Aquarius began its Sanya route for the first time with 4D/3N and 3D/2N cruises around the region, visiting cities such as Danang, Huê and Halong Bay. Cross border pass approval was recently granted on 9 March 2012, allowing Hainan permanent residents with valid identity cards to enjoy the vessel's various itineraries until 1 April 2012, when the vessel is scheduled to return to Taiwan for its summer deployment. Elsewhere on the fleet, Singapore-homeported m.v. SuperStar Virgo underwent a US$25 million transformation over the new year and was reintroduced to the public on 23 January 2012. The vessel now sports a fresh hull design, offering an exciting new range of recreation activities and delectable cuisine options. m.v. Star Pisces in Hong Kong and m.v. SuperStar Libra in Penang, Malaysia continue to offer exciting leisure and entertainment options onboard their respective routes.

Over the course of its second full year of operations in 2011, Resorts World Manila at Newport City further extended its leisure, hospitality and entertainment offerings. Notably, these include the formal launch of Genting Club in June, the opening of Remington Hotel where 309 of the 712 rooms have been rolled out since November, and the opening of amusement centre, GameZoo Arcade, in December. Remington Hotel expects to be fully opened by the first half of 2012. Looking ahead, construction of the 112,050 square meters convention centre continues and is expected to be completed in 2013 with 14 function rooms and 4 ball rooms. Construction of additional luxury hotels which will be rolled out in phases over the next 2 years.

After a successful naming contest, Norwegian Cruise Lines continues to look forward to the delivery of its two newest ships, Norwegian Breakaway and Norwegian Getaway, during the first half of 2013 and 2014, respectively. Plans and renderings for all stateroom categories, from the popular Studio single cabins to the luxury suites in The Haven have been revealed and are receiving rave reviews. Norwegian Breakaway will sail a seven-day Transatlantic cruise from Southampton, England to New York City on 30 April 2013. Thereafter, the vessel will make New York City her year-round homeport, the largest ship ever to home port in the City. Norwegian's 250-acre Bahamian island, Great Stirrup Cay, is also undergoing a US$25 million investment to further enhance the private island experience for its cruise passengers.

Norwegian Group

Total revenue increased 10.3% to US$2,219.3 million in 2011 compared to US$2,012.1 million in 2010. Net revenue increased 10.8% in 2011, primarily due to an increase in net yield of 3.0% and an increase in capacity days of 7.5%. The increase in net yield was due to an increase in passenger ticket pricing and onboard revenue. The increase in onboard revenue on a capacity day basis was primarily due to an increase in revenue from Norwegian Group's gaming operations, beverage sales and spa. The increase in capacity days was due to the addition of m.v. Norwegian Epic to the fleet in late June 2010.

Norwegian Group (Continued)

Total ship operating expense increased 9.0% in 2011 compared to 2010 due to an increase in capacity days as described above and higher ship operating expenses. The increase in ship operating expenses was primarily due to an increase in fuel expense as a result of a 14.2% increase in average fuel price to US$571 per metric ton in 2011 from US$500 per metric ton in 2010. Total other operating expense increased only slightly compared to 2010 due to an increase in depreciation expense related to m.v. Norwegian Epic which entered service in late June 2010 primarily offset by lower general and administrative expenses as a result of ongoing business improvement initiatives and non-recurring expenses related to the launch of m.v. Norwegian Epic in 2010. Net cruise cost increased 5.6% in 2011 primarily due to an increase in capacity days. On a capacity day basis, net cruise cost decreased 1.8% primarily due to the decrease in general and administrative expenses discussed above substantially offset by an increase in fuel expense. Excluding fuel expense, net cruise cost per capacity day decreased 4.4%.

Finance cost, net of capitalised interest, increased to US$190.2 million in 2011 from US$173.8 million in 2010 primarily due to an increase in higher average interest rates. Other income (expense) was US$0.9 million in 2011 compared to US$(34.0) million in 2010. The expense in 2010 was primarily due to losses on foreign exchange contracts associated with the financing of m.v. Norwegian Epic.

Travellers Group

In 2011, Travellers and its subsidiaries (the "Travellers Group") reported US$659.3 million in total revenues, a 85.3% increase compare with US$355.8 million in 2010. EBITDA doubled to US$214.4 million from US$102.0 million in 2010.

Total operating expenses amounted to US$206.6 million in 2011, compared with US$118.3 million in 2010, which is mainly 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.

Finance costs increased from US$7.2 million in 2010 to US$61.0 million in 2011, mainly due to additional bank borrowings, recognition of an interest rate swap liability of US$26.9 million and full year interest charge on issuance of a US$300.0 million 7-year bond in October 2010 to finance capital and project expenditures and for general corporate purposes.

Net income increased from US$71.2 million in 2010 to US$111.9 million in 2011.

The Group's interest in Travellers Group was accounted for as associate up to 30 June 2010 and then as jointly controlled entity thereafter.

On 29 February 2012, the Bureau of Internal Revenue ("BIR") in the Philippines issued BIR Revenue Memorandum Circular No. 8-2012 which affirmed the non-exemption from corporate income taxation of the Philippine Amusement and Gaming Corporation (PAGCOR) by virtue of the amendment of Section 1, RA 9337 of Section 27(c) of the National Internal Revenue Code of 1997. This circular may give rise to an uncertainty on whether this non-exemption will be extended to PAGCOR licensees, such as Travellers Group. The Provisional License Agreement between PAGCOR and Travellers Group stipulated that payment of license fees are in lieu of all taxes. After due consideration of the relevant provisions of Travellers Group's Provisional License Agreement with PAGCOR and in consultation with external legal advice, management of Travellers Group believes that remedies are adequate and available to Travellers Group in this matter. Hence, no provision has been recognized in the consolidated financial statements.

Human Resources

As at 31 December 2011, the Group had approximately 4,868 employees, consisting of approximately 3,779 (or 78%) ship-based officers and crew as well as approximately 1,089 (or 22%) 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 2011, there is no significant change in the remuneration policies, bonus, share options scheme and training schemes for the group.

Financial Instruments

General

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

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

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Group's foreign currency denominated forecasted transactions. The Group's principal net foreign currency exposure relates to the Singapore dollar, Renminbi, Malaysian Ringgit 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

Majority 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.

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 2011, the Group had fuel swap agreements to pay fixed prices for fuel with a total outstanding notional amount of approximately US$26.4 million maturing December 2012.

Directors and Senior Management Profiles

Directors' Profiles

Tan Sri Lim Kok Thay

Chairman and Chief Executive Officer

Tan Sri Lim Kok Thay, aged 60, 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 the Nomination 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 49.36% 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. GENT is an investment holding and management company and is principally involved, through its subsidiaries, in leisure and hospitality, gaming and entertainment businesses, development and operation of integrated resort, plantation, the generation and supply of electric power, property development and management, tours and travel related services, genomics research and development, investments and oil and gas exploration and development 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 68, has been an Independent Non-executive Director of the Company since August 2000 and is the Chairman of the Remuneration Committee and the Nomination 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, which is listed on the Singapore Exchange Securities Trading Limited; Asian Credit Hedge Fund Ltd., which is listed on the Irish 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 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; United International Securities Limited, which is listed on the Singapore Exchange Securities Trading Limited, during the period from April 1983 to April 2011; and Castle Asia Alternative PCC Limited (formerly known as KGR Absolute Return PCC Limited), which was listed on the London Stock Exchange, during the period from October 2005 to April 2011. Mr. Smith also acts as a director of 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 July 2009 and September 2009 respectively.

Mr. Tan Boon Seng

Independent Non-executive Director

Mr. Tan Boon Seng, aged 56, has been an Independent Non-executive Director of the Company since August 2000 and is a member of the Audit Committee, the Remuneration Committee and the Nomination 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 61, has been an Independent Non-executive Director of the Company since October 2000 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Lim is also an Independent Non-executive Director of Lee Hing Development Limited, which is listed on the Stock Exchange and a director of several private property and investment holding companies in Hong Kong, China and Malaysia. Mr. Lim 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' Profiles (Continued)

Mr. Heah Sieu Lay

Independent Non-executive Director

Mr. Heah Sieu Lay, aged 58, has been an Independent Non-executive Director of the Company since May 2008 and is the Chairman of the Audit Committee of the Company. 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 62, 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 of the Company. 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 57, was appointed an Alternate Director to Tan Sri Lim Kok Thay in May 2009. Mr. Ng is the Chief Operating Officer – Cruise and a director of a number of subsidiaries of the Company. He joined the Group at its inception in 1994 in Hong Kong and had been an Executive Director of the Company from August 1998 to April 2009. Prior to joining the Group, he had been with the Genting Singapore Group (formerly known as the Genting International Group) since 1987. Mr. Ng had also been in public practice with international accounting firms in the United Kingdom and Malaysia for 12 years.

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

Senior Management Profiles

Mr. David Chua Ming Huat

President

Mr. David Chua Ming Huat, aged 49, 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 51, 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 39, 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 and Wales and a Member of the Hong Kong Institute of Certified Public Accountants.

Ms. Mona Lai Yuen Ching

Senior Vice President of Legal, Company Secretarial & Compliance

Ms. Mona Lai Yuen Ching, aged 44, 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.

Senior Management Profiles (Continued)

Mr. Kenny Ng Joon Ming

Senior Vice President of Information Technology & Business Process Outsourcing

Mr. Kenny Ng Joon Ming, aged 44, is currently Senior Vice President of Information Technology & Business Process Outsourcing. 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).

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2011.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the business of cruise and cruise related operations and leisure, entertainment and hospitality activities. Details of the Company's principal subsidiaries are set out in note 38 to the consolidated financial statements.

As the Group is principally engaged in the operation of passenger cruise ships in Asia Pacific, no geographical analysis of financial information for the year ended 31 December 2011 has been provided.

Results

The results of the Company and its subsidiaries for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on pages 70 and 71.

Dividends

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2011.

Reserves

Movements in the reserves of the Company and the Group during the year are set out on pages 78 to 80.

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 2011, save for the issuance of 904,466 new ordinary shares of US$0.10 each at an aggregate price of approximately HK$1,873,784 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$0.2 million.

Property, Plant and Equipment

A brief description of the properties owned by the Group as at 31 December 2011 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.

Share Capital, Convertible Bonds and 3.95% RMB1,380,000,000 Bonds

Details of the movements in share capital, convertible bonds and 3.95% RMB1,380,000,000 bonds of the Company are set out in notes 27, 29 and 30 to the consolidated financial statements, respectively.

Indebtedness

Details of long-term financing facilities of the Company and its subsidiaries at 31 December 2011 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
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, Tan Sri Lim Kok Thay, Mr. Tan Boon Seng and Mr. Lim Lay Leng will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the 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 his independence and considers that each of the Independent Non-executive Directors is independent in accordance with the guidelines set out in Rule 3.13(a) and (c) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Biographical details of the Directors and Senior Management are set out on pages 26 to 30.

Directors' Service Contracts

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

Interests of Directors and Controlling Shareholders in Contracts of Significance

Save as disclosed in the section headed "Connected Transactions" below and in the section headed "Significant Related Party Transactions and Balances" in note 35 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any of the Company's Director or controlling shareholder or its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

(a) Significant related party transactions entered into by the Group during the year ended 31 December 2011 are disclosed in note 35 to the consolidated financial statements.

(b) Transactions set out in items (a), (b), (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 this annual report in accordance with the Listing Rules are given below:

(1) In view of the expiry of the services agreement dated 28 January 2008 between Genting Berhad ("GENT") and the Company on 31 December 2010, the Company entered into new agreements on 20 December 2010 all 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-GENHK Services Agreement"); air ticket purchasing, leasing of office space, travel and other related services by relevant members of the GENM group (the "GENM-GENHK 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-GENHK Services Agreement") respectively.

Following the disposal from the GENS group to the GENM group of certain of its wholly-owned subsidiaries which are providing information technology services to the Group on 31 October 2011, the Company had entered into a supplemental agreement with GENM on 31 October 2011 (the "Supplemental Agreement") to amend the GENM-GENHK Services Agreement (together with the Supplemental Agreement, the "Amended GENM-GENHK Services Agreement") for the purpose of expanding the scope of services covered by the GENM-GENHK Services Agreement to include information technology services. The maximum aggregate annual consideration (the "Annual Cap") for the transactions under the GENM-GENHK Services Agreement for each of the financial years ended/ending 31 December 2011, 31 December 2012 and 31 December 2013 has been increased to include annual consideration expected to be payable for such additional services.

Transactions under the GENT-GENHK Services Agreement, the Amended GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement are collectively referred to as the "GENT/GENM/GENS (Payable) Transactions".

GENT is a company listed on the Main Market of Bursa Malaysia Securities Berhad and in which Tan Sri Lim Kok Thay has a deemed interest and is also the Chairman and Chief Executive and a shareholder. 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 49.36% and 51.98% equity interest in GENM and GENS respectively while GENM held approximately 18.44% equity interest in the Company. Apart from its deemed interest in the Company through GENM, GENT also held approximately 0.26% equity interest in the Company through a wholly-owned subsidiary. Tan Sri Lim Kok Thay is also the Chairman and Chief Executive of GENM and the Executive Chairman of GENS.

Connected Transactions (Continued)

The Annual Cap for the transactions contemplated under the GENT-GENHK Services Agreement, the Amended GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement respectively for each of the three financial years ending 31 December 2013 was/is expected to be as follows:

	For the year ended/ending 31 December		
	2011	2012	2013
	US$	US$	US$
Annual amounts paid/payable by the Group under the GENT-GENHK Services Agreement	0.5 million	0.5 million	0.5 million
Annual amounts paid/payable by the Group under the Amended GENM-GENHK Services Agreement	3 million	4 million	5 million
Annual amounts paid/payable by the Group under the GENS-GENHK Services Agreement	2 million	2 million	2 million

For the year ended 31 December 2011, the aggregate amount paid/payable by the Group in respect of the transactions contemplated under the GENT-GENHK Services Agreement, the Amended GENM-GENHK Services Agreement and the GENS-GENHK Services Agreement was approximately US$0.01 million, US$0.9 million and US$0.6 million respectively and has not exceeded the Annual Cap of US$0.5 million, US$3 million and US$2 million respectively.

(2) The Company entered into two agreements on 31 March 2011 both for a period of 3 years commencing from 1 January 2011 with GENM and GENS separately in relation to the provision by the Group of leasing of office space and equipment, tourism consultancy and other related services and administrative services to the GENM group as and when required from time to time (the "GENHK-GENM Services Agreement"); and air ticket purchasing, travel related services, administrative services including human resources and payroll related services, leasing of office space and equipment and other related services to the GENS group as and when required from time to time (the "GENHK-GENS Services Agreement") respectively.

Transactions under the GENHK-GENM Services Agreement and the GENHK-GENS Services Agreement are collectively referred to as the "GENM/GENS (Receivable) Transactions".

The Annual Cap for the transactions contemplated under the GENHK-GENM Services Agreement and the GENHK-GENS Services Agreement respectively for each of the three financial years ending 31 December 2013 was/is expected to be as follows:

	For the year ended/ending 31 December		
	2011	2012	2013
	US$	US$	US$
Annual amounts received/receivable by the Group under the GENHK-GENM Services Agreement	1 million	1.2 million	1.5 million
Annual amounts received/receivable by the Group under the GENHK-GENS Services Agreement	3 million	3.5 million	4 million

Connected Transactions (Continued)

For the year ended 31 December 2011, the aggregate amount received/receivable by the Group in respect of the transactions contemplated under the GENHK-GENS Services Agreement was approximately US$0.1 million and has not exceeded the Annual Cap of US$3 million. No amount was received/receivable by the Group in respect of the transactions contemplated under the GENHK-GENM Services agreement as the Group did not render any of these services to the GENM group during the year.

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

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

(ii) the Joint Promotion and Marketing Agreement and an addendum among certain wholly-owned subsidiaries of the Company, 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 I") 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.

In view of the expiry of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement (as amended by the Amendment Agreements I) on 31 December 2010, 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 II") on 23 December 2010 to fix the term of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement (as amended by the Amendment Agreements I) for a further period of three years from 1 January 2011 to 31 December 2013 pursuant to Rule 14A.35 of the Listing Rules.

Connected Transactions (Continued))

Upon completion of the disposal of 50% equity interest in WCIL by each of the Group and the GENS group to Resorts World Inc Pte. Ltd. ("RWI") on 4 November 2011, WCIL becomes a wholly-owned subsidiary of RWI which is in turn a joint venture company equally owned by a subsidiary of each of the Company, GENT, GENM and GENS and a company wholly-owned by Golden Hope Limited as trustee of the Golden Hope Unit Trust.

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 terms of the WC Merchant Agreement, the Onshore WC Merchant Agreements and the JPM Agreement as amended by the Amendment Agreements I and the Amendment Agreements II, 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 from time to time (transactions under all these agreements and addenda are collectively referred to as the "WC/JPM Transactions"), for the three financial years ending 31 December 2013 were/are expected to be as follows:

	For the year ended/ending 31 December		
	2011 US$	2012 US$	2013 US$
Annual amounts paid/payable by the Group under the WC/JPM Transactions	2 million	2 million	2 million
Annual amounts received/receivable by the Group under the WC/JPM Transactions	1.5 million	1.5 million	1.5 million

For the year ended 31 December 2011, (i) the aggregate amount paid/payable by the Group in respect of the WC/JPM Transactions was approximately US$1.7 million and has not exceeded the Annual Cap of US$2 million and (ii) the aggregate amount received/receivable by the Group in respect of the WC/JPM Transactions was approximately US$1.49 million and has not exceeded the Annual Cap of US$1.5 million.

(4) 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.

Connected Transactions (Continued)

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 ended 31 December 2011 would not exceed US$4 million.

For the year ended 31 December 2011, the aggregate amount received/receivable by CAL in respect of the RWS Transactions was approximately US$1.1 million and has not exceeded the Annual Cap of US$4 million.

As announced in the Company's announcement dated 29 December 2011, in view of the expiry of the RWS Services Agreement on 31 December 2011, the Company entered into a first supplemental agreement with RWS on 29 December 2011 (the "First Supplemental Agreement") to renew the RWS Services Agreement and continuing connected transactions thereunder for a further period of one year from 1 January 2012 to 31 December 2012.

The Annual Cap for the transactions contemplated under the RWS Services Agreement (as amended by the First Supplemental Agreement) will not exceed US$4 million for the financial year ending 31 December 2012. Details of the First Supplemental Agreement and transactions contemplated thereunder have been set out in the announcement issued by the Company on 29 December 2011 and will be disclosed in subsequent published annual report and accounts of the Company for the financial year ending 31 December 2012 in accordance with the Listing Rules.

The Audit Committee comprising all Non-executive Directors (including all Independent Non-executive Directors) of the Company has reviewed the GENT/GENM/GENS (Payable) Transactions, the GENM/GENS (Receivable) Transactions, the WC/JPM Transactions and the RWS Transactions (collectively, the "Non-exempt Continuing Connected Transactions") and confirmed that the Non-exempt Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either 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 Company's auditor was engaged to report on the Group's Non-exempt Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued the unqualified letter containing the findings and conclusions in respect of the Non-exempt Continuing Connected Transactions disclosed by the Group in pages 33 to 37 of this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions (Continued)

(c) Transactions set out in items (n) and (o) 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 notes 35(n) and (o) to the consolidated financial statements.

(d) Transactions set out in items (d), (e), (f), (h), (i) and (u) 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(3) 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 2011 is less than the relevant de minimis threshold of 0.1% or 1% of the applicable percentage ratios (as prescribed in the Listing Rules).

(e) Transactions set out in items (p) and (t) of these related party transactions, which also constitute connected transactions under the Listing Rules, are exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31 of the Listing Rules as these transactions were entered into on normal commercial terms and the total consideration under each of these connected transactions 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 2011 as set out in note 35 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Directors' Interests in Competing Business

Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer of the Company, is the Chairman and Chief Executive and a shareholder and share option holder of Genting Berhad ("GENT") and Genting Malaysia Berhad ("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 sales and marketing support services to leisure and hospitality related businesses and investments. As at the date of this report, GENT held approximately 49.36% and 51.98% 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 2011, 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

Name of Director	Nature of interests/capacity in which such interests were held: 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)*	76.175
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	851,270	—	—	—	851,270	0.011

Notes:

As at 31 December 2011:

(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.

Interests of Directors (Continued)

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

Share options were granted to the Directors 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) (the "Post-listing Employee Share Option Scheme").

As at 31 December 2011, 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 Post-listing Employee Share Option Scheme are set out in the section headed "Share Options" below and note 37 to the consolidated financial statements.

These interests in share options represented long positions in the underlying shares in respect of physically settled derivatives of the Company. Interests of the respective Directors set out in this subsection (B) need to be aggregated with their interests in the shares of the Company set out in subsection (A) above in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

		Nature of interests/ capacity in which such interests were held				
Name of associated corporation	Name of Director	Interests of spouse	Interests of controlled corporation	Founder/ Beneficiary of discretionary trusts	Total	Percentage of issued ordinary shares
		Number of ordinary shares *(Notes)*				
Resorts World Inc Pte. Ltd. ("RWI") *(1)*	Tan Sri Lim Kok Thay	—	32,250,000 *(2)*	53,750,000 *(3)*	53,750,000 *(16 and 17)*	100
Starlet Investments Pte. Ltd. ("Starlet") *(4)*	Tan Sri Lim Kok Thay	250,000 *(5)*	250,000 *(6)*	250,000 *(7)*	500,000 *(16 and 17)*	100
SC Alliance VIP World Philippines, Inc. ("SC Alliance") *(8)*	Tan Sri Lim Kok Thay	2,000 *(9)*	2,000 *(10)*	2,000 *(11)*	2,000 *(16 and 17)*	40
Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") *(12)*	Tan Sri Lim Kok Thay	5,000 *(13)*	5,000 *(14)*	5,000 *(15)*	5,000 *(16 and 17)*	100

Interests of Directors (Continued)

Notes:

As at 31 December 2011:

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

(2) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 32,250,000 ordinary shares of RWI comprising (i) 10,750,000 ordinary shares directly held by Resorts World Enterprise Limited ("RWEL"), 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 49.40% owned subsidiary of GENT); (ii) 10,750,000 ordinary shares directly held by Genting International Management Limited ("GIML"), a wholly-owned subsidiary of GENS; and (iii) 10,750,000 ordinary shares directly held by Genting Intellectual Property Pte Ltd ("GIP"), a wholly-owned subsidiary of GENT, by virtue of his interests in a chain of corporations holding such corporations.

(3) As founder and a beneficiary of two discretionary trusts, Tan Sri Lim Kok Thay had a deemed interest in 53,750,000 ordinary shares of RWI.

(4) Starlet was a company in which each of a subsidiary of the Company and International Resort Management Services Pte. Ltd. ("IRMS") had a 50% interest. IRMS was owned as to 80% by Tan Sri Lim Kok Thay and 20% by his spouse, Puan Sri Wong Hon Yee.

(5) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 250,000 ordinary shares of Starlet directly held by IRMS in which Puan Sri Wong Hon Yee had a 20% interest.

(6) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 250,000 ordinary shares of Starlet directly held by IRMS.

(7) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 250,000 ordinary shares of Starlet.

(8) SC Alliance was owned as to 40% by Starlet.

(9) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 2,000 ordinary shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.

(10) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 2,000 ordinary shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest, by virtue of his interests in a chain of corporations holding Starlet.

(11) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 2,000 ordinary shares of SC Alliance.

(12) SCHKMS was owned as to (i) 60% by SC Alliance which was in turn owned as to 40% by Starlet; and (ii) 40% by Starlet.

(13) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 5,000 ordinary shares of SCHKMS directly and indirectly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.

(14) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 5,000 ordinary shares of SCHKMS comprising (i) 3,000 ordinary shares directly held by SC Alliance; and (ii) 2,000 ordinary shares directly held by Starlet, by virtue of his interests in a chain of corporations holding SC Alliance and Starlet.

(15) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 5,000 ordinary shares of SCHKMS.

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

(17) These interests represented long positions in the shares of the relevant associated corporations of the Company.

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

(a) as at 31 December 2011, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and

(b) at no time during the year was the Company and its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures in the Company or any other body corporate.

Share Options

Details of the Company's Post-listing Employee Share Option Scheme are set out in note 37 to the consolidated financial statements. The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options can be granted under the scheme but the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme. Details of the movement in the share options granted to the Directors of the Company and the employees of the Group under the Post-listing Employee Share Option Scheme during the year and outstanding as at 31 December 2011 were as follows:

Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2011	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 31/12/2011	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	3,163,699	—	—	—	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
	10,796,439	**—**	**—**	**—**	**10,796,439**			
Mr. William Ng Ko Seng (Alternate Director to Tan Sri Lim Kok Thay)	584,069	—	—	—	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
	2,084,069	**—**	**—**	**—**	**2,084,069**			
All other employees	53,163,234	(261,046) *(Note 1)*	—	—	52,902,188	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
	9,383,196	(38,420) *(Note 2)*	—	—	9,344,776	23/08/2004	HK$1.6202	24/08/2006 – 23/08/2014
	23,210,000	(605,000) *(Note 3)*	—	—	22,605,000	27/05/2008	HK$1.7800	28/05/2009 – 27/05/2018
	14,843,000	—	(2,448,000)	—	12,395,000	16/11/2010	HK$3.7800	16/11/2011 – 15/11/2020
	101,142,187	**(904,466)**	**(2,448,000)**	**—**	**97,789,721**			
Grand Total	**114,022,695**	**(904,466)**	**(2,448,000)**	**—**	**110,670,229**			

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$3.4141.

(2) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$3.3586.

(3) At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$3.0844.

Share Options (Continued)

Post-listing Employee Share Option Scheme (Continued)

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; (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; and (iii) the share options granted on 16 November 2010 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, the outstanding share options under the Post-listing Employee Share Option Scheme vest in seven tranches over a period of ten years from their respective dates of offer and become exercisable as to 30% and 20% of the amount granted commencing from two years and three years respectively after the dates of offer, with the remaining options exercisable annually in equal tranches of 10% commencing in each of the following years. All the 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 2011, 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)*	45.31
Cove Investments Limited *(7)*	—	—	—	—	3,521,827,344 *(17)*	3,521,827,344	45.31
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(8)*	—	—	—	3,521,827,344 *(15)*	—	3,521,827,344	45.31
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

Interests of Substantial Shareholders (Continued)

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

Notes:

As at 31 December 2011:

(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 39.66% 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 49.40% 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.

Interests of Substantial Shareholders (Continued)

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

Notes: (Continued)

(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.

(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 2011, 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 2011, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws in Bermuda.

Retirement Benefit Schemes

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

Management Contracts

Save for the arrangements relating to the provision of services by Genting Berhad and its related companies to the Group as set out in the section headed "Connected Transactions" above and in the section headed "Significant Related Party Transactions and Balances" in note 35 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major Customers and Suppliers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and the aggregate amount of turnover attributable to the Group's five largest customers was less than 30% of the Group's turnover.

Emolument Policy

The Group's emolument policy and structure are periodically reviewed by the Remuneration Committee. The Group provides competitive salaries, benefits and incentives including statutory provident fund scheme and voluntary schemes where applicable and insurance schemes covering term life, accident and medical for its employees.

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 2011, 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 50 to 69.

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 Agreement of the Group

The Group is a party to a facility agreement entered into in November 2010 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 31 December 2011, the outstanding loan balance was approximately US$450 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

(i) Travellers Group has declared a redemption of preferred stock of approximately US$100 million in February 2012, of which approximately US$50 million pertains to the Group.

(ii) On 29 February 2012, Norwegian Group issued US$100 million aggregate principal amount of 9.50% Senior Notes due November 2018 in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). These notes were issued under the indenture governing Norwegian Group's 9.50% Senior Notes due 2018 that were issued on 9 November 2010 (the "Existing Notes"), as supplemented, pursuant to which Norwegian Group issued US$250 million of the Existing Notes. Norwegian Group used the net proceeds from the offering to repay portions of certain outstanding revolving credit facilities, certain existing capital leases and for general corporate purposes.

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, 22 March 2012

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 2011 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 all applicable rules and regulations are followed.	No	All Directors have access to the advice and services of the Company Secretary on Board procedures and corporate governance matters as and when required.
A.1.5	Minutes of Board and Board Committees meetings shall be kept by a duly appointed secretary of the meeting and such minutes shall be open for inspection on reasonable notice by any Director.	No	Minutes of the meetings of the Board, the Audit Committee, the Share Option Committee and other ad hoc Board Committees established for specific transaction purposes are kept by the Company Secretary while minutes of the Remuneration Committee meetings are kept by the Head of the Corporate Human Resources Department who is the Secretary of the Remuneration Committee. Such minutes are available for inspection by the Directors/Board Committees Members.

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.1 The Board (Continued)

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

(I) Statement of Compliance (Continued)

A. Directors (Continued)

A.2 Chairman and Chief Executive Officer

Principle

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

Summary of Code Provisions	Any deviations?	Governance practices of the Company
A.2.1 Roles of Chairman and Chief Executive Officer shall be separate and shall not be performed by the same individual.	Yes	Currently, Tan Sri Lim Kok Thay ("Tan Sri KT Lim") is the Chairman and Chief Executive Officer of the Company and Mr. David Chua Ming Huat ("Mr. David Chua") is the President of the Company. Tan Sri KT Lim has been with the Group since the formation of the Company in 1993 and has considerable experience in the leisure and entertainment industry. Tan Sri KT Lim provides leadership for the Board in considering and setting the overall strategies and objectives of the Company. Mr. David Chua, together with the Senior Management team of the Group, assists 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.

(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) scrutinising 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.

(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 2011 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 2011 to 31 December 2011 (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.

(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	A 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	The 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 2011, the Directors have: (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared accounts on the going concern basis. The Auditor's Report states the auditors' reporting responsibilities.
C.1.3 The Board's responsibility to present a balanced, clear and understandable assessment shall extend to annual and interim reports, other price sensitive announcements and other disclosures.	No	The Board endeavours to present a balanced, clear and understandable assessment of the Group's position in all corporate communications.

(I) Statement of Compliance (Continued)

C. Accountability and Audit (Continued)

C.2 Internal controls

Principle

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

Summary of Code Provisions		Any deviations?	Governance practices of the Company
C.2.1	Directors shall conduct a review of the effectiveness of internal control system of the issuer and its subsidiaries at least annually and report to shareholders that they have done so in this Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.	No	The Board through the Audit Committee, has conducted periodic reviews of the effectiveness of the Group's system of internal controls, which include financial, operational, compliance controls and risk management functions. The Board is of the view that the Group 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 of Audit Committee meetings shall be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of Audit Committee meetings shall be sent to all members of the committee for their comments and records within a reasonable time after the meeting.	No	Minutes of the Audit Committee meetings are kept by the Company Secretary as Secretary of the Audit Committee. Draft and final versions of minutes of Audit Committee meetings are sent to all Audit Committee members for their comments and records within a reasonable time.
C.3.2	A former partner of the issuer's existing auditing firm shall be prohibited from acting as a member of the issuer's Audit Committee for a period of 1 year commencing on the date of his ceasing: (a) to be partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.	No	None of the five Audit Committee members are former partners of the external auditors.
C.3.3	The terms of reference of the Audit Committee shall include at least the prescribed specific duties.	No	Terms of reference of the Audit Committee contain the specific duties prescribed by the CG Code. Please refer to section (III)(D)(2) of this Report for the principal duties of the Audit Committee.
C.3.4	The Audit Committee shall make available its terms of reference.	No	Terms of reference of the Audit Committee (including its role and functions) are available on the Company's website.
C.3.5	Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer shall include in this Report a statement from the Audit Committee explaining its recommendation and the reason why the Board has taken a different view.	No	The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming AGM, PricewaterhouseCoopers be re-appointed as the external auditors. The Board endorsed the Audit Committee's recommendation on the re-appointment of the external auditors.
C.3.6	The Audit Committee shall be provided with sufficient resources to discharge its duties.	No	The Audit Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.

(I) Statement of Compliance (Continued)

D. Delegation by the Board

D.1 Management functions

Principle

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

Summary of Code Provisions		Any deviations?	Governance practices of the Company
D.1.1	When the Board delegates aspects of its management and administration functions to Management, it must also give clear directions as to the powers of management.	No	The Board delegates management and administration functions to Management as it considers appropriate from time to time, with clear directions as to the powers of management including circumstances where Management shall report back and obtain prior approval from the Board.
D.1.2	The issuer shall formalise 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 two other members of each of the Audit Committee and the Remuneration Committee had attended the 2011 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 2011 AGM. No other general meeting was convened during year 2011.

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.

(II) State of Internal Controls

(A) Board responsibilities

The Board has the ultimate responsibilities for the Group'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 Group's objectives.

(B) Key internal control process

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

(1) The Company has in place a formal organization structure that clearly defines the Group's 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 Group 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 budgets.

(7) There is a comprehensive management and financial accounting system in place providing financial and operational performance measure indicators to 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 Group has a Risk Management Programme to complement the ongoing risk management delegated to various committees.

The programme is backed by Risk Management Policy which requires business units to perform self risk assessment. 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 step 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 Group 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 management, external and internal auditors.

(C) Statement from Directors

During the year, there was no significant control failing that materially impacted the business or operations of the Group. The Board is of the view that the Group maintains a reasonably sound and effective system of internal controls relevant to its level of operations.

(III) Other Information

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

(A) Board of Directors

(1) During the year under review, four 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)*	4/4
INEDs:	
Mr. Alan Howard Smith *(Deputy Chairman)*	4/4
Mr. Tan Boon Seng	3/4
Mr. Lim Lay Leng	4/4
Mr. Heah Sieu Lay	4/4
Non-executive Director:	
Mr. Au Fook Yew	2/4

(B) Remuneration of Directors

(1) During the year under review, two Remuneration Committee meetings were 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)*	2/2
Tan Sri Lim Kok Thay *(Chairman and Chief Executive Officer)*	2/2
Mr. Lim Lay Leng *(INED)*	2/2
Mr. Tan Boon Seng *(INED)*	0/2

(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;

(III) Other Information (Continued)

(B) Remuneration of Directors (Continued)

(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 2011, 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 2010 which has been approved by the shareholders of the Company at the 2011 AGM.

(4) No Director or any of his associates is involved in deciding his own remuneration.

(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) During the financial year under review, there have not been any changes to the Board composition.

(3) During the year 2011, the Board has:

(a) recommended Mr. Alan Howard Smith, Mr. Heah Sieu Lay and Mr. Au Fook Yew (who retired by rotation pursuant to the Company's Bye-laws) for re-appointment at the 2011 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 2012 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 2012 AGM of the Company and re-appointed Mr. Alan Howard Smith as the Chairman of the Remuneration Committee; and

(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 2012 AGM of the Company and re-appointed Mr. Heah Sieu Lay as the Chairman of the Audit Committee.

(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	1/2
Mr. Lim Lay Leng	2/2
Non-executive Director:	
Mr. Au Fook Yew	1/2

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

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

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

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

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

(e) in regard to (d) above,

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

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

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

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

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

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

(III) Other Information (Continued)

(D) Audit Committee (Continued)

(j) to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, 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 2011, the Audit Committee has, inter alia:

(a) reviewed the financial reports for the year ended 31 December 2010 and for the six months ended 30 June 2011;

(b) reviewed the internal and external audit plans;

(c) reviewed the internal and external audit reports;

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

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

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

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

(h) discussed periodically with internal and external auditors to ensure co-ordination between them;

(i) discussed periodically with management and internal audit team to ensure that the Group's internal audit function was adequately resourced and had appropriate standing within the Company; and

(j) reported to the Board conclusions of its review and recommendations on the matters set out in (a) to (g) above.

(E) Auditors' Remuneration

A remuneration of US$0.89 million was paid/payable to the Company's external auditors for the provision of audit services in 2011. During the same year, the fees paid/payable to the external auditors for non-audit related activities amounted to US$0.63 million of which US$0.24 million related to tax services fees and US$0.39 million related to regulatory reporting services fees.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2011

	Note	GROUP 2011 US$'000	2010 (restated) US$'000
Turnover	5	**515,535**	399,831
Operating expenses			
Operating expenses excluding depreciation and amortisation		**(286,611)**	(231,787)
Depreciation and amortisation	9	**(67,681)**	(61,147)
		(354,292)	(292,934)
Selling, general and administrative expenses			
Selling, general and administrative expenses excluding depreciation and amortisation		**(87,821)**	(65,942)
Depreciation and amortisation	9	**(5,897)**	(4,183)
		(93,718)	(70,125)
Reversal of previously recognised impairment loss	6	**—**	7,042
		(448,010)	(356,017)
		67,525	43,814
Share of profit of jointly controlled entities	18	**127,933**	40,152
Share of (loss)/profit of associates	19	**(404)**	9,851
Other income, net	8	**23,291**	18,231
Finance income		**4,217**	2,776
Finance costs	7	**(34,603)**	(29,815)
		120,434	41,195
Profit before taxation	9	**187,959**	85,009
Taxation	10	**(2,532)**	(2,117)
Profit for the year		**185,427**	82,892

	Note	GROUP 2011 US$'000	2010 (restated) US$'000
Other comprehensive income/(loss):			
Foreign currency translation differences		**10,918**	20,331
Fair value gain on derivative financial instruments		**5,314**	1,000
Fair value (loss)/gain on available-for-sale investment		**(2,403)**	2,915
Realised (loss)/gain of derivative financial instruments transferred to profit or loss		**(5,085)**	501
Share of other comprehensive (loss)/income of a jointly controlled entity		**(11,365)**	2,265
Release of reserves upon disposal of subsidiaries		**—**	8,452
Other comprehensive (loss)/income for the year		**(2,621)**	35,464
Total comprehensive income for the year		**182,806**	118,356
Profit attributable to:			
Equity holders of the Company		**182,204**	82,635
Non-controlling interest		**3,223**	257
		185,427	82,892
Total comprehensive income attributable to:			
Equity holders of the Company		**179,583**	118,099
Non-controlling interest		**3,223**	257
		182,806	118,356
Earnings per share attributable to equity holders of the Company			
– Basic (US cents)	11	**2.34**	1.10
– Diluted (US cents)	11	**2.26**	1.10

Statement of Financial Position

	Note	GROUP			COMPANY	
		31 December 2011	31 December 2010 (restated)	1 January 2010 (restated)	**2011**	2010
		US$'000	US$'000	US$'000	**US$'000**	US$'000
ASSETS						
NON-CURRENT ASSETS						
Deferred tax assets	32	**325**	365	409	**—**	—
Property, plant and equipment	14	**1,185,948**	1,219,063	1,101,004	**39**	68
Land use right	15	**1,195**	44,397	41,456	**—**	—
Investment property	16	**—**	15,598	14,544	**—**	—
Investment in subsidiaries	17	**—**	—	—	**1,288,336**	1,288,336
Interest in jointly controlled entities	18	**1,236,315**	1,123,213	781,216	**—**	—
Interest in associates	19	**7,916**	209	271,849	**—**	—
Available-for-sale investment		**3,907**	6,310	—	**—**	—
Other assets	20	**10,614**	8,010	164	**7,000**	—
		2,446,220	2,417,165	2,210,642	**1,295,375**	1,288,404
CURRENT ASSETS						
Consumable inventories	21	**7,557**	6,525	5,397	**—**	—
Trade receivables	22	**46,876**	18,511	11,685	**—**	—
Prepaid expenses and other receivables	23	**49,492**	83,395	38,383	**7,666**	5,004
Derivative financial instruments	31	**1,049**	1,238	654	**1,049**	1,238
Amounts due from subsidiaries	24	**—**	—	—	**1,426,992**	1,392,620
Amounts due from related companies	35	**923**	3,391	1,933	**—**	—
Restricted cash		**1,968**	—	—	**—**	—
Cash and cash equivalents	25	**568,172**	159,434	137,574	**215,918**	431
		676,037	272,494	195,626	**1,651,625**	1,399,293
Non-current assets classified as held-for-sale	26	**—**	8,799	197,720	**—**	—
		676,037	281,293	393,346	**1,651,625**	1,399,293
TOTAL ASSETS		**3,122,257**	2,698,458	2,603,988	**2,947,000**	2,687,697

	Note	GROUP 31 December 2011 US$'000	GROUP 31 December 2010 (restated) US$'000	GROUP 1 January 2010 (restated) US$'000	COMPANY 2011 US$'000	COMPANY 2010 US$'000
EQUITY						
Capital and reserves attributable to the Company's equity holders						
Share capital	27	777,223	777,133	742,625	777,223	777,133
Reserves:						
Share premium		1,510,802	1,510,652	1,495,033	1,510,802	1,510,652
Additional paid-in capital		101,664	97,653	95,924	99,259	95,852
Convertible bonds - equity component	29	5,929	5,929	8,893	5,929	5,929
Foreign currency translation adjustments		4,160	(6,758)	(35,541)	—	—
Fair value reserve		512	2,915	—	—	—
Cash flow hedge reserve		(5,674)	6,067	3,561	1,107	878
Accumulated losses		(255,982)	(438,186)	(520,821)	(574,493)	(533,170)
		2,138,634	1,955,405	1,789,674	1,819,827	1,857,274
Non-controlling interest		47,702	44,479	44,222	—	—
TOTAL EQUITY		2,186,336	1,999,884	1,833,896	1,819,827	1,857,274
LIABILITIES						
NON-CURRENT LIABILITIES						
Loans and borrowings	28	689,606	221,764	478,169	689,606	174,302
Derivative financial instruments	31	—	—	1,412	—	—
Deferred tax liabilities	32	16	75	816	—	—
		689,622	221,839	480,397	689,606	174,302
CURRENT LIABILITIES						
Trade creditors	33	31,256	38,891	26,340	—	—
Current income tax liabilities		2,836	2,593	2,651	—	—
Provision, accruals and other liabilities	34	130,471	133,631	152,735	9,596	5,351
Current portion of long-term borrowings	28	71,281	289,561	97,707	52,544	276,788
Derivative financial instruments	31	—	1,484	571	—	1,484
Amounts due to subsidiaries	24	—	—	—	375,427	372,498
Amounts due to related companies	35	771	739	586	—	—
Advance ticket sales		9,684	9,836	9,105	—	—
		246,299	476,735	289,695	437,567	656,121
TOTAL LIABILITIES		935,921	698,574	770,092	1,127,173	830,423
TOTAL EQUITY AND LIABILITIES		3,122,257	2,698,458	2,603,988	2,947,000	2,687,697
NET CURRENT ASSETS/(LIABILITIES)		429,738	(195,442)	103,651	1,214,058	743,172
TOTAL ASSETS LESS CURRENT LIABILITIES		2,875,958	2,221,723	2,314,293	2,509,433	2,031,576

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 2011

		GROUP	
	Note	**2011**	2010
			(restated)
		US$'000	US$'000
OPERATING ACTIVITIES			
Cash generated from operations	(a)	**112,910**	91,650
Interest paid		**(26,981)**	(25,055)
Interest received		**2,643**	2,776
Income tax paid		**(2,340)**	(2,285)
Net cash inflow from operating activities		**86,232**	67,086
INVESTING ACTIVITIES			
Net cash inflow arising on disposal of subsidiaries	(b)&(c)	**71,612**	24,102
Purchase of property, plant and equipment		**(36,109)**	(24,547)
Proceeds from sale of property, plant and equipment		**2,923**	63
Acquisition of equity interest in a jointly controlled entity		**(203)**	—
Acquisition of equity interest in associates		**(8,107)**	(30,577)
Acquisition of available-for-sale investment		**—**	(3,395)
Dividends received		**—**	10,000
Loans to third parties		**(11,000)**	—
Settlement of promissory notes	(c)	**18,635**	—
Receipts from redemption of preferred shares in a jointly controlled entity		**49,233**	—
Net cash inflow/(outflow) from investing activities		**86,984**	(24,354)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**357,968**	299,098
Repayments of loans and borrowings		**(321,258)**	(303,822)
Payment of loan arrangement fees		**(11,800)**	(20,231)
Proceeds from issuance of ordinary shares pursuant to the Post-listing Employee Share Option Scheme		**240**	603
Proceeds from issuance of RMB1.38 billion bonds, net of issuance costs		**212,934**	—
Restricted cash, net		**(1,968)**	—
Net cash inflow/(outflow) from financing activities		**236,116**	(24,352)
Effect of exchange rate changes on cash and cash equivalents		**(593)**	3,480
Net increase in cash and cash equivalents		**408,738**	21,860
Cash and cash equivalents at beginning of year		**159,434**	137,574
Cash and cash equivalents at end of year	25	**568,172**	159,434

Notes to Consolidated Statement of Cash Flows

(a) Cash generated from operations

	GROUP	
	2011	2010 (restated)
	US$'000	US$'000
OPERATING ACTIVITIES		
Profit before taxation	**187,959**	85,009
Depreciation and amortisation		
– relating to operating function	**67,681**	61,147
– relating to selling, general and administrative function	**5,897**	4,183
	73,578	65,330
Finance costs	**34,603**	29,815
Finance income	**(4,217)**	(2,776)
Reversal of previously recognised impairment loss	**—**	(7,042)
Share of profit of jointly controlled entities	**(127,933)**	(40,152)
Share of loss/(profit) of associates	**404**	(9,851)
Gain on disposal of subsidiaries	**(14,322)**	(17,602)
Loss on deemed disposal of a jointly controlled entity	**726**	—
(Gain)/Loss on disposal of property, plant and equipment	**(2)**	113
Damages claim from a litigation	**(13,300)**	—
Loss on derivative financial instruments	**140**	515
Others	**21,315**	4,610
	158,951	107,969
Decrease/(Increase) in:		
Trade receivables	**(44,803)**	(11,707)
Consumable inventories	**(1,032)**	(1,128)
Prepaid expenses and other receivables	**6,122**	(13,758)
Other assets	**2,124**	3,385
Increase/(Decrease) in:		
Trade creditors	**(7,635)**	12,551
Provisions, accruals and other liabilities	**(3,165)**	(5,088)
Amounts due to related companies	**2,500**	(1,305)
Advance ticket sales	**(152)**	731
Cash generated from operations	**112,910**	91,650

Notes to Consolidated Statement of Cash Flows (Continued)

(b) Net cash inflow arising on disposal of subsidiaries

In November 2011, the Group disposed of interests in the entire issued share capital of Fancy Star Holdings Limited ("FSHL") and Keen Impact International Limited ("KIIL") for approximately US$71.6 million and realised a gain on disposal of the subsidiaries of approximately US$14.3 million.

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

	As at date of disposal US$'000
Property, plant and equipment	206
Land use right	41,878
Investment property	15,162
Cash and bank balances	44
Net assets disposed off	57,290
Gain on disposal of subsidiaries	14,322
Sales proceeds	71,612
Sales proceeds have been received as follows:	
Cash received	71,612
Less: Mortgage loan and loan interest accrued	(31,937)
	39,675

Notes to Consolidated Statement of Cash Flows (Continued)

(c) 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 off	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 (i)	26,546
	55,644

Note:

(i) US$18.6 million promissory notes have been settled during the year ended 31 December 2011.

Statements of Changes in Equity

For the Year Ended 31 December 2011

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 2010											
– as previously stated	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
– adjustment related to customer loyalty award credits	–	–	–	–	–	–	–	(31,618)	(31,618)	–	(31,618)
– adjustment related to borrowing costs	–	–	–	–	–	–	–	8,338	8,338	–	8,338
At 1 January 2011	777,133	1,510,652	97,653	5,929	(6,758)	6,067	2,915	(438,186)	1,955,405	44,479	1,999,884
Comprehensive income:											
Profit for the year	–	–	–	–	–	–	–	182,204	182,204	3,223	185,427
Other comprehensive income/(loss) for the year:											
Foreign currency translation differences	–	–	–	–	10,918	–	–	–	10,918	–	10,918
Fair value gain on financial instruments	–	–	–	–	–	5,314	–	–	5,314	–	5,314
Cash flow hedges transferred to profit or loss	–	–	–	–	–	(5,085)	–	–	(5,085)	–	(5,085)
Share of other comprehensive income of a jointly controlled entity	–	–	605	–	–	(11,970)	–	–	(11,365)	–	(11,365)
Fair value gain on available for sale investment	–	–	–	–	–	–	(2,403)	–	(2,403)	–	(2,403)
Total comprehensive income/(loss)	–	–	605	–	10,918	(11,741)	(2,403)	182,204	179,583	3,223	182,806
Transaction with owners:											
Issuance of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	90	150	–	–	–	–	–	–	240	–	240
Amortisation of share option expense	–	–	3,406	–	–	–	–	–	3,406	–	3,406
At 31 December 2011	777,223	1,510,802	101,664	5,929	4,160	(5,674)	512	(255,982)	2,138,634	47,702	2,186,336

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	—	(482,765)	1,827,730	44,222	1,871,952
– adjustment related to customer loyalty award credits	—	—	—	—	—	—	—	(42,570)	(42,570)	—	(42,570)
– adjustment related to borrowing costs	—	—	—	—	—	—	—	4,514	4,514	—	—
At 1 January 2010	742,625	1,495,033	95,924	8,893	(35,541)	3,561	—	(520,821)	1,789,674	44,222	1,833,896
Comprehensive income:											
Profit for the year (as restated)	—	—	—	—	—	—	—	82,635	82,635	257	82,892
Other comprehensive income/(loss) 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/(loss)	—	—	1,260	—	28,783	2,506	2,915	82,635	118,099	257	118,356
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 and Post-listing Employee Share Option Schemes	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	(438,186)	1,955,405	44,479	1,999,884

Statements of Changes in Equity (Continued)

For the Year Ended 31 December 2011

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 2011	**777,133**	**1,510,652**	**95,852**	**5,929**	**878**	**(533,170)**	**1,857,274**
Comprehensive loss:							
Loss for the year	—	—	—	—	—	(41,323)[2]	(41,323)
Other comprehensive income for the year:							
Fair value gain on financial instruments	—	—	—	—	5,314	—	5,314
Cash flow hedges transferred to profit or loss	—	—	—	—	(5,085)	—	(5,085)
Total comprehensive income	—	—	—	—	229	(41,323)	(41,094)
Transaction with owners:							
Issuance of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	90	150	—	—	—	—	240
Amortisation of share option expense	—	—	3,407	—	—	—	3,407
At 31 December 2011	**777,223**	**1,510,802**	**99,259**	**5,929**	**1,107**	**(574,493)**	**1,819,827**
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	—	—	—	—	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 Employee Share Option Schemes	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

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$41.3 million (2010: US$34.7 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.

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 2011

From 1 January 2011, the Group has adopted the following HKFRS, amendments and interpretations to existing standards, which are relevant to its operations.

(i) 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. This amendment does not have a material impact on the Group's consolidated financial statements.

(ii) 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'. This amendment does not have a material impact on the Group's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing s tandards effective in 2011 (Continued)

(iii) Amendment to HKAS 34, 'Interim financial reporting' (effective from 1 January 2011). This amendment provide guidance to illustrate how to apply disclosure principles in HKAS 34 and add disclosure requirements around:

- the circumstances likely to affect fair values of financial instruments and their classification;
- transfers of financial instruments between different levels of the fair value hierarchy;
- changes in classification of financial assets; and
- changes in contingent liabilities and assets.

The amendments do not have a material impact on the Group's financial information.

(iv) HKFRS 1 (Amendment), 'Severe hyperinflation and removal of fixed dates for first-time adopters' (effective from 1 July 2011). These amendments include two changes to HKFRS 1, 'First-time adoption of HKFRS'. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to HKFRSs', thus eliminating the need for entities adopting HKFRSs for the first time to restate derecognition transactions that occurred before the date of transition to HKFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with HKFRSs after a period when the entity was unable to comply with HKFRSs because its functional currency was subject to severe hyperinflation. The amendments do not have a material impact on the Group's consolidated financial statements.

(v) HKFRS 7 (Amendment), 'Disclosures – Transfers of financial assets' (effective from 1 July 2011). This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have a material impact on the Group's consolidated financial statements.

(vi) 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 for any surplus arising from the voluntary prepayments of minimum funding contributions in respect of future service. 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 amendments do not have a material impact on the Group's consolidated financial statements.

(vii) HK(IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010). The interpretation clarifies the accounting by the debtor when the debtor renegotiates the terms of its debt with the result that the liability is extinguished through issuing its own equity instruments to the creditor (i.e. a "debt for equity swap"). A gain or loss recognised in profit or loss is the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability. If the fair value of the equity instruments cannot be reliably measured then the fair value of the existing financial liability is used to measure the gain or loss. The amount of the gain or loss should be separately disclosed on the face of the statement of comprehensive income or in the notes. This interpretation applies to all debtors that enter into debt for equity swap transactions in full or partial settlement of a financial liability. This interpretation does not have a material impact to the Group's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards effective in 2011 (Continued)

(viii) HKICPA's improvements to HKFRS published in May 2010.

New and amended standards that have been issued and not yet effective and have not been early adopted

(i) HKAS 12 (Amendment), 'Deferred tax: Recovery of underlying assets' (effective from 1 January 2012). HKAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in HKAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, HK(SIC) 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK(SIC) 21, which is withdrawn. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

(ii) HKAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

(iii) 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.

(iv) HKFRS 10, 'Consolidated financial statements' (effective from 1 January 2013). The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The standard is not expected to have a material impact on the Group's consolidated financial statements.

(v) HKAS 27 (revised 2011), 'Separate financial statements' (effective from 1 January 2013). HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. The standard is not expected to have a material impact on the Group's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

New and amended standards that have been issued and not yet effective and have not been early adopted (Continued)

(vi) HKFRS 11, 'Joint arrangements' (effective from 1 January 2013). HKFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard is not expected to have a material impact on the Group's consolidated financial statements.

(vii) HKAS 28 (revised 2011), 'Associates and joint ventures' (effective from 1 January 2013). HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The revised standard is not expected to have a material impact on the Group's consolidated financial statements.

(viii) HKFRS 12, 'Disclosure of interests in other entities' (effective from 1 January 2013). HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not expected to have a material impact on the Group's consolidated financial statements.

(ix) HKFRS 13, 'Fair value measurements' (effective from 1 January 2013). HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP. The standard is not expected to have a material impact on the Group's consolidated financial statements.

(x) HKAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The amendment is not expected to have a material impact on the Group's consolidated financial statements.

(xi) HKFRS 7 (Amendment), 'Financial instruments: Disclosures - Offsetting financial assets and financial liabilities' (effective from 1 January 2013). The amendments also require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The amendment is not expected to have a material impact on the Group's consolidated financial statements.

(xii) HK(IFRIC) - Int 20, 'Stripping costs in the production phase of a surface mine' (effective from 1 January 2013). It sets out the accounting for overburden waste removal (stripping) costs that are incurred in surface mining activity during the production phase of a mine. The interpretation may require mining entities reporting under IFRS/HKFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable components of an ore body. The interpretation is not relevant to the Group.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

New and amended standards that have been issued and not yet effective and have not been early adopted (Continued)

(xiii) HKAS 32 (Amendment), 'Financial instruments: Presentation - Offsetting financial assets and financial liabilities' (effective from 1 January 2014). The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right of set-off'; and (ii) that some gross settlement systems may be considered equivalents to net settlement. The amendment is not expected to have a material impact on the Group's consolidated financial statements.

(xiv) HKFRS 9, 'Financial Instruments' (effective from 1 January 2015). HKFRS 9 is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is not expected to have a material impact on the Group's consolidated financial statements.

(xv) HKFRS 7 and HKFRS 9 (Amendments), 'Mandatory effective date and transition disclosures' (effective from 1 January 2015). HKFRS 7 and HKFRS 9 (Amendments) "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required. The standard and amendment are not expected to have a material impact on the Group's consolidated financial statements.

Apart from the impact mentioned above and certain presentational changes, the adoption of these new/revised HKFRS standards and interpretations has no significant impact on the Group's financial information. Where necessary, comparative information has been reclassified and expanded from previously reported consolidated financial information to take into account any presentational change made in the annual financial statements or in these audited consolidated financial information.

The Group has adopted HK(IFRIC) – Int 13 to recognise the fair values of the customer loyalty award credits, based on the published redemption terms, historical redemption pattern of customers and fair value of cabins onboard and other goods and services as at year end. In 2011, the Group reassessed the measurement basis used for calculating the fair value of customer loyalty award credits for redemption of cabin onboard and measurement basis used in prior years was inappropriate as it did not fully reflect the historical redemption pattern. As a result, prior period adjustment has been made to correct the provision against customer loyalty award credits.

In accordance with HKAS 23, an entity is required to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. In 2011, the Group conducted a comprehensive review of the borrowing costs across the Group's operations to ensure full compliance with HKAS 23. As a result, prior period adjustment has been made to the share of profits from a jointly controlled entity in the 2010 comparative figure to conform fully to the requirements of HKFRS. The adjustment is primarily to capitalise the relevant borrowing costs associated with the construction of a qualifying asset by the jointly controlled entity which were expensed in prior years.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

The effect of these retrospective adjustments are summarised as follows:

	As previously reported US$'000	Adjustment related to customer loyalty award credits US$'000	Adjustment related to borrowing costs US$'000	As restated US$'000
Group				
At 31 December 2010				
Accumulated losses	(414,906)	(31,618)	8,338	(438,186)
Interest in jointly controlled entities	1,114,875	—	8,338	1,123,213
Provision, accruals and other liabilities	102,013	31,618	—	133,631
For the year ended 31 December 2010				
Turnover	388,879	10,952	—	399,831
Share of profit of jointly controlled entities	36,328	—	3,824	40,152
Profit for the year	68,116	10,952	3,824	82,892
Profit attributable to equity holders of the Company	67,859	10,952	3,824	82,635
Basic earnings per share (US cents)	0.90	0.15	0.05	1.10
Diluted earnings per share (US cents)	0.90	0.15	0.05	1.10
Group				
At 1 January 2010				
Accumulated losses	(482,765)	(42,570)	4,514	(520,821)
Interest in jointly controlled entities	776,702	—	4,514	781,216
Provision, accruals and other liabilities	110,165	42,570	—	152,735

The above adjustments have been applied retrospectively and relevant notes have been restated in 2010 comparatives accordingly. Except for the above changes, other 2010 comparatives remain the same.

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.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(iii) Associates

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

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

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

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

(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.

2. Summary of Significant Accounting Policies (Continued)

(c) Translation of foreign currencies

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

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

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

(i) assets and liabilities for each 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;

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

(iv) on the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss; and

(v) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences, are re-attributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposal (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue and expense recognition

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

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

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

(e) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(f) 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'.

(g) 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.

(h) 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.

(i) 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.

2. Summary of Significant Accounting Policies (Continued)

(j) 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.

(k) Convertible bonds

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

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

The finance cost recognised in the consolidated statement of comprehensive income in respect of convertible bonds is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability component of the convertible bonds for each accounting period. 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.

(l) Consumable inventories

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

(m) Trade receivables

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

(n) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

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

2. Summary of Significant Accounting Policies (Continued)

(n) Financial assets (Continued)

(i) Classification (Continued)

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 (m) and (j)).

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.

(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 (m).

2. Summary of Significant Accounting Policies (Continued)

(o) Provisions, contingent liabilities and contingent assets

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

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

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

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

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

(p) Assets under leases

(i) Finance leases

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

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

(ii) Operating leases

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

2. Summary of Significant Accounting Policies (Continued)

(p) Assets under leases (Continued)

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

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

(a) Finance leases

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

(b) Operating leases

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

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

When assets are leased out under an operating leases, the assets are 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.

(q) Property, plant and equipment

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

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

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

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

(q) Property, plant and equipment (Continued)

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 (x)).

(r) 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.

(s) Earnings per share

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

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

2. Summary of Significant Accounting Policies (Continued)

(t) Share option expense

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each 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.

(u) Retirement benefit costs

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

(v) Employee leave entitlements

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

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

(w) Borrowings and borrowing costs

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(x) 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 recognized.

(y) 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.

(z) Share capital

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

(aa) Non-current assets held-for-sale

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

(ab) Financial guarantee contracts

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

3. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group enters into derivative 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, Renminbi, Malaysia Ringgit 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 2011, if the Singapore dollar, Renminbi and Malaysia Ringgit 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, Renminbi and Malaysia Ringgit denominated trade receivables would be as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
Foreign exchange losses/gains	**670**	276

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, deposits with banks and financial institutions, damages claim receivables and advances to third parties, 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 the advances are made to third parties and 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, damages claim receivables and advances to third parties. 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 and assets guarantees.

At Company level, credit risk arises from damages claim receivables and amounts due from subsidiaries. The Company also manages its credit risk by performing regular reviews of the ageing profile of damages claim receivables and 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 (2011: US$568.2 million and 2010: US$159.4 million) and committed credit lines available (2011: US$123.8 million and 2010: US$182.0 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 non-derivative financial liabilities and net-settled derivative financial liabilities 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**
2011				
Loans and borrowings	**74,303**	**50,000**	**504,531**	**150,000**
Derivative financial instruments	**—**	**—**	**—**	**—**
Trade creditors	**31,256**	**—**	**—**	**—**
Accruals and other liabilities	**130,471**	**—**	**—**	**—**
Amount due to related companies	**771**	**—**	**—**	**—**
2010 (restated)				
Loans and borrowings	293,560	71,133	57,158	106,290
Derivative financial instruments	1,484	—	—	—
Trade creditors	38,891	—	—	—
Accruals and other liabilities	133,631	—	—	—
Amount due to related companies	739	—	—	—

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
2011				
Loans and borrowings	**55,566**	**50,000**	**504,531**	**150,000**
Accruals and other liabilities	**9,596**	**—**	**—**	**—**
Amounts due to subsidiaries	**375,427**	**—**	**—**	**—**
2010				
Loans and 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	—	—	—

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.

Loans and borrowings

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

	GROUP		COMPANY	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Carrying amounts	**760,887**	511,325	**742,150**	451,090
Fair value	**760,887**	511,162	**742,150**	451,090

The difference between the fair value and carrying value of the loans and 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 loans and borrowings is estimated based on rates currently available for the same or similar terms and remaining maturities.

The table below analyses the Group's and the Company's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the 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)

Loans and borrowings (Continued)

	GROUP/COMPANY			
	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
2011				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	—	—	—	—
– inflow	—	—	—	—
2010				
Forward foreign exchange contracts				
– cash flow hedges:				
– outflow	6,885	—	—	—
– inflow	6,000	—	—	—

3. Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Cash flow interest rate risk

The Group's and the Company's interest-rate risk arises from loans and 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 loans and 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 2011, ignoring the amounts covered by the interest rate swaps and loan origination costs, a hypothetical one percentage point increase in interest rates on the loans and borrowings that are carried at variable rates would increase the profit/(loss) before taxation as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
Increase/Decrease in profit before taxation	**7,788**	5,281

	COMPANY	
	2011	2010
	US$'000	US$'000
Increase/Decrease in loss before taxation	**7,601**	4,679

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 2011 was as follows:

	GROUP	
	2011	2010 (restated)
	US$'000	US$'000
Total borrowings (note 28)	**760,887**	511,325
Less: cash and cash equivalents (note 25)	**(568,172)**	(159,434)
Net debt	**192,715**	351,891
Total equity	**2,186,336**	1,999,884
Gearing ratio	**9%**	18%

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- 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 2011.

	2011 US$'000	2010 US$'000
Level 1		
Assets		
Available-for-sale equity investment	3,907	6,310
Level 2		
Assets		
Derivatives used for hedging	1,049	1,238
Liabilities		
Convertible bonds	97,708	96,114
Derivatives used for hedging	—	1,484
Total liabilities	97,708	97,598

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

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 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. To the extent that the derivative is not effective as a hedge, gains and losses are recognised in the consolidated statement of comprehensive income as gains or losses on derivative 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 2011 was US$1.2 billion (2010: US$1.2 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 or any asserted claims brought against the Group including its jointly controlled entities and its associates, 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.

4. Critical Accounting Estimates and Judgements (Continued)

(d) Contingencies (Continued)

A recent circular issued by the Bureau of Internal Revenue in the Philippines reaffirmed the non-exemption from corporate income taxation of the Philippine Amusement and Gaming Corporation (PAGCOR). This may give rise to an uncertainty on whether this non-exemption will be extended to PAGCOR licensees, such as our jointly controlled entity. After due consideration of the relevant provisions in the Provisional License Agreement between PAGCOR and our jointly controlled entity and in consultation with external legal advice, it is believed that remedies are adequate and available to our jointed controlled entity. Hence, no provision has been recognized in 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.

Cruise and cruise related revenues during the year ended 31 December 2010 have been restated to account for the retrospective adjustments as summarised in Note 2.

The segment information of the Group for the year ended 31 December 2011 and 2010 are as follows:

2011	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Passenger ticket revenue	119,245	—	119,245
Onboard and other revenues	44,626	—	44,626
Gaming revenue	324,648	—	324,648
Charter hire and others	—	27,016	27,016
Total turnover	488,519	27,016	515,535
Segment results	87,216	(19,691)	67,525
Share of profit of jointly controlled entities			127,933
Share of loss of associates			(404)
Other income, net			23,291
Finance income			4,217
Finance costs			(34,603)
Profit before taxation			187,959
Taxation			(2,532)
Profit for the year			185,427

5. Turnover and Segment Information (Continued)

2011	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Segment assets	2,054,438	1,067,819	3,122,257
Unallocated assets			—
Total assets			3,122,257
Segment liabilities	166,558	5,640	172,198
Loans and borrowings (including current portion)	742,150	18,737	760,887
	908,708	24,377	933,085
Tax liabilities			2,836
Total liabilities			935,921
Capital expenditure	33,483	2,626	36,109
Depreciation and amortisation	48,907	24,671	73,578

5. Turnover and Segment Information (Continued)

2010 (restated)	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	227,724	—	227,724
Charter hire and others	—	27,927	27,927
Total turnover	371,904	27,927	399,831
Segment results	16,258	20,514	36,772
Reversal of previously recognised impairment loss/(Impairment loss)	(2,758)	9,800	7,042
	13,500	30,314	43,814
Share of profit of jointly controlled entities			40,152
Share of profit of associates			9,851
Other income, net			18,231
Finance income			2,776
Finance costs			(29,815)
Profit before taxation			85,009
Taxation			(2,117)
Profit for the year			82,892

5. Turnover and Segment Information (Continued)

2010 (restated)	Cruise and cruise related activities US$'000	Charter hire and others US$'000	Total US$'000
Segment assets	1,536,864	1,152,795	2,689,659
Unallocated assets			8,799
Total assets			2,698,458
Segment liabilities	165,883	18,773	184,656
Loans and borrowings (including current portion)	451,090	60,235	511,325
	616,973	79,008	695,981
Tax liabilities			2,593
Total liabilities			698,574
Capital expenditure	22,763	1,784	24,547
Depreciation and amortisation	49,424	15,906	65,330

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

	GROUP	
	2011 US$'000	2010 US$'000
Impairment loss: Ships and equipment	—	(2,758)
Reversal of previously recognised impairment loss	—	9,800
	—	7,042

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, being the excess of the recoverable value over its carrying value.

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.

7. Finance Costs

	GROUP	
	2011	2010
	US$'000	US$'000
Amortisation of:		
– bank loans arrangement fees and commitment fee	**3,851**	2,770
Interest on:		
– bank loans and others	**14,567**	10,689
– convertible bonds	**9,094**	11,963
– RMB bonds	**5,236**	—
Loans arrangement fees written off	**1,855**	4,393
Total finance costs	**34,603**	29,815

For the cash flow hedges, the amount that has been debited to equity and netted against interest expense for the year ended 31 December 2011 was US$5.1 million (2010: US$0.5 million has been credited to equity and included in finance costs of the Group).

8. Other Income, Net

	GROUP	
	2011	2010
	US$'000	US$'000
A gain on damages claim from a litigation (note (a))	**13,300**	—
Loss on deemed disposal of a jointly controlled entity (note (b))	**(726)**	—
Gain on disposal of subsidiaries (note (c))	**14,322**	17,602
Gain/(Loss) on disposal of property, plant and equipment	**2**	(113)
Gain/(Loss) on derivative financial instruments:		
– Forward contracts	**(301)**	(580)
– Fuel swaps	**161**	65
(Loss)/Gain on foreign exchange	**(3,118)**	600
Other (expenses)/income, net	**(349)**	657
	23,291	18,231

Notes:

(a) In June 2011, the Group agreed to an out-of-court settlement of US$13.3 million in relation to the non-completion by Louis Plc. of the sale and purchase contract for m.v. Norwegian Dream.

(b) In June 2011, the Group diluted its existing equity interest of Star Cruises Hong Kong Management Services Philippines, Inc. from 64% to 32% and recorded a loss on deemed disposal of the jointly controlled entity of approximately US$0.7 million.

(c) In November 2011, the Group disposed of its interests in the entire issued share capital of Fancy Star Holdings Limited and Keen Impact Investment Limited for approximately US$71.6 million and realised a gain on disposal of the subsidiaries of US$14.3 million.

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.

9. Profit Before Taxation

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

	GROUP	
	2011	2010
	US$'000	US$'000
Total depreciation and amortisation analysed into:	**73,578**	65,330
– relating to operating function	**67,681**	61,147
– relating to selling, general and administrative function	**5,897**	4,183
Staff costs (see note 12)	**103,924**	80,482
Fuel costs	**55,888**	40,359
Operating leases – land and buildings	**4,987**	5,968
Auditors' remuneration – audit fees	**890**	800
Advertising expenses	**11,569**	6,834
Reversal of previous recognised impairment loss (see note 6)	**—**	(7,042)

10. Taxation

	GROUP	
	2011	2010
	US$'000	US$'000
Overseas taxation		
– Current taxation	**2,334**	1,897
– Deferred taxation	**84**	(21)
	2,418	1,876
Under/(Over) provision in respect of prior years		
– Current taxation	**200**	390
– Deferred taxation	**(86)**	(149)
	2,532	2,117
Deferred taxation charged in respect of temporary differences (see note 32)	**2**	170

10. Taxation (Continued)

The Company, which is domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions. However, the Group has incurred a tax charge, as illustrated in the table below, based on the income which is subject to local tax in certain of the jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

	GROUP	
	2011	2010
	US$'000	US$'000
Profit before taxation	**187,959**	85,009
Tax calculated at domestic tax rates applicable to profit in the respective countries	**(3,145)**	(3,383)
Tax effects of:		
– Income not subject to taxation purposes	**(554)**	(117)
– Expenses not deductible for taxation purposes	**1,499**	1,432
– Utilisation of previously unrecognised tax losses and deductible temporary differences	**32**	(146)
– Deductible temporary differences not recognised	**4,432**	4,135
– Others	**154**	(45)
Under provision in respect of prior years	**114**	241
Total tax expense	**2,532**	2,117

11. Earnings Per Share

Earnings per share is computed as follows:

	GROUP	
	2011	2010 (restated)
	US$'000	US$'000
BASIC		
Earnings attributable to equity holders of the Company	**182,204**	82,635
Weighted average outstanding ordinary shares, in thousands	**7,771,842**	7,540,410
Basic earnings per share in US cents	**2.34**	1.10
DILUTED		
Earnings attributable to equity holders of the Company	**182,204**	82,635
Interest expense on convertible bonds	**9,094**	—
Earnings used to determine diluted earnings per share	**191,298**	82,635
Weighted average outstanding ordinary shares, in thousands	**7,771,842**	7,540,410
Effect of dilutive ordinary shares, in thousands :		
– options	**15,594**	5,772
– convertible bonds	**685,841**	—
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**8,473,277**	7,546,182
Diluted earnings per share in US cents	**2.26**	1.10

For the year ended 31 December 2010, the Company has only one category of dilutive potential ordinary shares, i.e. the share options, as the convertible bond is anti-dilutive.

12. Staff Costs

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

	GROUP	
	2011	2010
	US$'000	US$'000
Wages and salaries	**98,714**	78,223
Termination benefits	**35**	529
Social security costs	**481**	400
Non-cash share option expenses	**3,406**	356
Post-employment benefits	**1,288**	964
	103,924	80,482

13. Emoluments of Directors and Senior Management

The aggregate amounts of emoluments of the Directors of the Company for the year ended 31 December 2011 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
2011								
Tan Sri Lim Kok Thay	18	1,313	568	10	5	1,914	545	2,459
Mr. Alan Howard Smith	67	—	—	—	—	67	—	67
Mr. Ng Ko Seng	—	365	207	102	2	676	117	793
Mr. Tan Boon Seng	54	—	—	—	—	54	—	54
Mr. Lim Lay Leng	63	—	—	—	—	63	—	63
Mr. Heah Sieu Lay	61	—	—	—	—	61	—	61
Mr. Au Fook Yew	54	—	—	—	—	54	—	54
	317	1,678	775	112	7	2,889	662	3,551

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
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

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	
	2011 US$'000	2010 US$'000
Fees	**18**	15
Basic salaries, discretionary bonuses, housing allowances, other allowances and benefits in kind	**5,240**	4,410
Contributions to provident fund	**11**	10
Non-cash share option expenses	**2,362**	2,306
	7,631	6,741
Number of Directors included in the five highest paid individuals	**2**	2

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

	Number of individuals	
	2011	2010
HK$4,500,001 - HK$5,000,000	**—**	3
HK$6,000,001 - HK$6,500,000	**2**	—
HK$8,000,001 - HK$8,500,000	**1**	—
HK$18,000,001 - HK$18,500,000	**—**	1
HK$19,000,001 - HK$19,500,000	**1**	—
HK$19,500,001 - HK$20,000,000	**—**	1
HK$20,000,001 - HK$20,500,000	**1**	—

14. Property, Plant and Equipment

Property, plant and equipment consists of the following:

GROUP

	Cruise ships, passenger ferry and ship improvements US$'000	Finance leasehold land, land, jetties, buildings, terminal building and improvements US$'000	Equipment and motor vehicles US$'000	Equipment and other construction in progress US$'000	Total US$'000
Cost					
At 1 January 2011	1,416,259	319,465	164,629	6,617	1,906,970
Exchange differences	—	(385)	338	—	(47)
Transfer to a related company	—	—	1	—	1
Additions	7,024	3,482	25,581	22	36,109
Write off	—	—	(147)	—	(147)
Disposals	—	—	(33)	—	(33)
Disposal of subsidiaries	—	—	(268)	—	(268)
Classified from/(to) non-current assets held-for-sale	13,761	—	4,249	—	18,010
Adjustments to drydocking	(2,369)	—	—	—	(2,369)
At 31 December 2011	1,434,675	322,562	194,350	6,639	1,958,226
Accumulated depreciation and impairment loss					
At 1 January 2011	(511,639)	(75,023)	(101,245)	—	(687,907)
Exchange differences	18	(28)	(369)	—	(379)
Transfer to a related company	—	—	4	—	4
Charge for the year	(60,336)	(1,442)	(10,244)	—	(72,022)
Write off	—	—	64	—	64
Disposals	—	—	11	—	11
Disposal of subsidiaries	—	—	61	—	61
Classified from/(to) non-current assets held-for-sale	(8,121)	—	(3,989)	—	(12,110)
At 31 December 2011	(580,078)	(76,493)	(115,707)	—	(772,278)
Net book value					
At 31 December 2011	854,597	246,069	78,643	6,639	1,185,948

At 31 December 2011, the net book value of property, plant and equipment pledged as security for the Group's long-term bank loans amounted to US$1,139 million (2010: US$1,177 million).

The carrying amount of a vessel of the Group of US$5.9 million has been classified from non-current assets held-for-sale to property, plant and equipment as at 31 December 2011 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$'000	Finance leasehold land, land, jetties, buildings, terminal building and improvements US$'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)

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:

	2011 US$'000	2010 US$'000
Cost		
At 1 January and 31 December	**280,696**	280,696
Accumulated depreciation		
At 1 January	**(24,138)**	(12,520)
Charge for the year	**(11,248)**	(11,618)
At 31 December	**(35,386)**	(24,138)
Net book value		
At 31 December	**245,310**	256,558

COMPANY

	Office equipment and motor vehicles	
	2011 US$'000	2010 US$'000
Cost		
At 1 January	**195**	178
Additions	**16**	17
At 31 December	**211**	195
Accumulated depreciation		
At 1 January	**(127)**	(85)
Charge for the year	**(45)**	(42)
At 31 December	**(172)**	(127)
Net book value		
At 31 December	**39**	68

15. Land Use Right

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

	GROUP	
	2011	2010
	US$'000	US$'000
Hong Kong:	**—**	—
Outside Hong Kong:		
Long leasehold (not less than 50 years)	**99**	410
Medium leasehold (less than 50 years but not less than 10 years)	**1,096**	43,987
	1,195	44,397

	GROUP	
	2011	2010
	US$'000	US$'000
At 1 January	**44,397**	41,456
Amortisation of prepaid operating lease for the year	**(1,088)**	(1,910)
Reversal of previously recognised impairment loss	**—**	5,057
Disposal	**(41,878)**	(613)
Classified to property, plant and equipment	**(41)**	—
Translation differences	**(195)**	407
At 31 December	**1,195**	44,397

16. Investment Property

	GROUP	
	2011	2010
	US$'000	US$'000
Apartments, at cost		
At 1 January	**17,927**	17,927
Disposals	**(17,927)**	—
At 31 December	**—**	17,927
Accumulated depreciation and impairment loss		
At 1 January	**2,329**	3,383
Reversal of previously recognised impairment loss	**—**	(1,844)
Charge for the year	**436**	790
Disposals	**(2,765)**	—
At 31 December	**—**	2,329
Net book value		
At 31 December	**—**	15,598

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$1.2 million (2010: US$0.7 million) and US$0.4 million (2010: US$0.4 million) respectively.

17. Investment in Subsidiaries

	COMPANY	
	2011	2010
	US$'000	US$'000
Unlisted shares	**1,838,317**	1,838,317
Less: Impairment loss in a subsidiary	**(549,981)**	(549,981)
	1,288,336	1,288,336

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

18. Interest in Jointly Controlled Entities

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

	GROUP	
	2011	2010 (restated)
	US$'000	US$'000
At 1 January		
– as previously stated	**1,114,875**	776,702
– adjustment related to borrowing costs	**8,338**	4,514
As restated	**1,123,213**	781,216
Unlisted investment in a jointly controlled entity	**203**	—
Share of profit of jointly controlled entities	**128,349**	40,566
Share of reserves of a jointly controlled entity	**(11,365)**	2,265
Loss on deemed disposal of a jointly controlled entity	**(726)**	—
Redemption of preferred shares	**(10,189)**	(39,044)
Dividend declared/paid	**(2,219)**	(10,000)
Transfer from interest in associate	**—**	330,749
Translation differences	**9,146**	17,399
Others	**(97)**	62
At 31 December	**1,236,315**	1,123,213

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:

2011

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. ("Norwegian")	Bermuda	2,730,871	1,857,493	1,109,662	69,745	50
Travellers International Hotel Group, Inc. ("Travellers")	Republic of the Philippines	526,627	309,555	659,350	53,588	50
Genting Management Services Inc. ("GMS")	Republic of the Philippines	4,227	3,557	1,584	1,053	64
Genting-Star Tourism Academy Inc. ("GSTA")	Republic of the Philippines	1,122	409	733	(324)*	69
Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS")	Republic of the Philippines	3,336	47	4,014	3,968	32*
Starlet Investments Pte. Ltd.	Singapore	203	3	—	(6)	50
WorldCard International Limited ("WCIL")	Isle of Man	—	—	—	(91)*	—
		3,266,386	2,171,064	1,775,343	127,933	

2010 (restated)

Name	Country of incorporation	Assets US$'000	Liabilities US$'000	Turnover US$'000	Profit/ (Loss) US$'000	Effective equity interest in percentage
Norwegian	Bermuda	2,729,114	1,914,335	1,006,064	12,804	50
Travellers	Republic of the Philippines	453,529	299,303	103,189	24,453	50
GMS	Republic of the Philippines	3,336	247	5,190	3,308	64
GSTA	Republic of the Philippines	1,267	380	410	(569)*	69
WCIL	Isle of Man	590	922	284	156*	50
		3,187,836	2,215,187	1,115,137	40,152	

* During the year ended 31 December 2011, the Group has accrued for its share of loss in GSTA in the aggregate amount of US$324,000 (2010: US$569,000), which is in excess of its investments in GSTA. As at 31 December 2011, the carrying value of GSTA has been recorded in accruals and other liabilities as the Group has constructive obligations towards this jointly controlled entity.

In November 2011, the Group disposed of its 50% equity interest in WCIL for a total consideration of US$1 to Resorts World Inc Pte. Ltd..

During the year ended 31 December 2011, the Group accounted for its share of loss from WCIL of approximately US$91,000, being the Group's portion of WCIL's results from 1 January 2011 to the date of disposal. During the year ended 31 December 2010, the Group's share of profit from WCIL amounted to approximately US$156,000.

In June 2011, the Group diluted its existing equity interest of SCHKMS from 64% to 32% and recorded a loss on deemed disposal of the jointly controlled entity of approximately US$0.7 million.

19. Interest in Associates

The movements of the interest in associates are as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
At 1 January	**209**	271,849
Acquisition of an associate during the year	**—**	577
Additional investments during the year	**8,107**	50,000
Share of (loss)/profit of associates	**(400)**	9,868
Transfer to interest in jointly controlled entities	**—**	(330,749)
Translation differences	**—**	(1,336)
At 31 December	**7,916**	209

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

2011

Name	Country of incorporation	Assets US$'000	Liabilities US$'000	Turnover US$'000	Profit/ (Loss) US$'000	Effective equity interest in percentage
SC Alliance VIP World Philippines, Inc.	Republic of the Philippines	—	3	—	—	20
Star Alliance VIP World , Inc. ("Star Alliance")	Republic of the Philippines	—	1	—	(3)*	40
Cruise City Holdings Limited ("Cruise City")	British Virgin Islands	—	—	—	(1)*	—
Resorts World Inc Pte. Ltd. ("RWI")	Singapore	8,341	789	551	(400)	20
		8,341	793	551	(404)	

19. Interest in Associates (Continued)

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	Republic of the Philippines	—	2	—	(16)*	40
Cruise City	British Virgin Islands	12	—	—	(1)*	30
RWI	Singapore	303	101	29	(368)	20
		315	103	73,064	9,851	

* During the year ended 31 December 2011, the Group has accrued for its share of loss in Star Alliance and Cruise City of US$4,000 (2010: US$17,000), which is in excess of the Group's investments in Star Alliance and Cruise City. As at 31 December 2011, 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.

In March 2011, Cruise City has been dissolved by liquidation.

20. Other Assets

	GROUP		COMPANY	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Damages claim receivable	**7,000**	—	**7,000**	—
Loans and advances to customers	**514**	—	**—**	—
Loans to a third party	**3,100**	—	**—**	—
Promissory notes receivables	**—**	7,911	**—**	—
Others	**—**	99	**—**	—
	10,614	8,010	**7,000**	—

21. Consumable Inventories

	GROUP	
	2011 US$'000	2010 US$'000
Food and beverages	**2,060**	1,948
Supplies and consumables	**5,497**	4,577
	7,557	6,525

22. Trade Receivables

	GROUP	
	2011	2010
	US$'000	US$'000
Trade receivables	**48,427**	18,548
Less: Provision for impairment	**(1,551)**	(37)
	46,876	18,511

The ageing analysis of the trade receivables is as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
Current to 30 days	**35,480**	14,810
31 days to 60 days	**1,016**	688
61 days to 120 days	**3,974**	1,695
121 days to 180 days	**3,807**	915
181 days to 360 days	**2,620**	121
Over 360 days	**1,530**	319
	48,427	18,548

Credit terms generally range from payment in advance to 45 days credit (31 December 2010 : payment in advance to 45 days).

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

	GROUP	
	2011	2010
	US$'000	US$'000
Hong Kong dollar	**33,104**	10,437
Singapore dollar	**9,444**	4,356
US dollar	**—**	2,010
Malaysia Ringgit	**1,366**	859
Chinese Renminbi	**2,587**	308
Other currencies	**375**	541
	46,876	18,511

22. Trade Receivables (Continued)

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

	GROUP	
	2011 US$'000	2010 US$'000
At 1 January	(37)	(72)
Provision during the year	(1,514)	—
Reversal of impairment of receivables	—	14
Receivables written off during the year as uncollectible	—	21
At 31 December	(1,551)	(37)

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 2011, the trade receivables that were past due but not impaired was US$11.4 million (2010: US$3.7 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	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Other debtors, deposits and prepayment	27,221	21,783	1,306	1,787
Promissory notes and interest receivables	7,911	19,351	—	—
Damages claim receivables	2,500	—	2,500	—
Short term loan to third party	8,000	—	—	—
Receivable from redemption of preferred shares in Travellers	—	39,044	—	—
Amounts due from a jointly controlled entity	3,860	3,217	3,860	3,217
	49,492	83,395	7,666	5,004

24. Amounts Due From/(To) Subsidiaries

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

25. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Deposits with banks – maturing within 3 months	**395,027**	8,972	**213,380**	—
Cash and bank balances	**173,145**	150,462	**2,538**	431
	568,172	159,434	**215,918**	431

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Chinese Renminbi	**228,270**	7,408	**214,857**	—
US dollar	**136,254**	24,205	**619**	318
Hong Kong dollar	**110,887**	65,804	**291**	87
Malaysian Ringgit	**27,656**	16,875	**—**	—
Singapore dollar	**25,451**	34,143	**151**	26
Indian Rupee	**17,061**	3,976	**—**	—
New Taiwan dollar	**7,529**	2,414	**—**	—
Euro dollar	**4,370**	350	**—**	—
Sri Lankan Rupee	**2,291**	—	**—**	—
Australian dollar	**1,449**	1,512	**—**	—
Others	**6,954**	2,747	**—**	—
	568,172	159,434	**215,918**	431

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
Effective interest rate per annum	**1.5%**	2.2%	**1.5%**	—
Average maturity days	**92 days**	31 days	**110 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 as these vessels will be recovered through a sale transaction. As at 31 December 2010, 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 2011 and 31 December 2011	10,000	1	19,999,990,000	1,999,999
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

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	US$'000
At 1 January 2011	7,771,326,406	777,133
Issue of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	904,466	90
At 31 December 2011	7,772,230,872	777,223
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

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 2011, there were no unapplied proceeds from this issuance of shares.

28. Loans and Borrowings

Loans and borrowings consist of the following:

	GROUP		COMPANY	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
SECURED:				
US$600 million secured term loan and revolving credit facility	432,053	129,039	432,053	129,039
US$750 million secured term loan and revolving credit facility	—	225,937	—	225,937
HK$340 million mortgage loan	—	35,101	—	—
HK$195 million secured term loan	16,769	25,134	—	—
RMB12.5 million entrustment loan (i)	1,968	—	—	—
UNSECURED:				
Convertible bonds (see note 29)	97,708	96,114	97,708	96,114
RMB1.38 billion 3.95% bonds (see note 30)	212,389	—	212,389	—
Total liabilities	760,887	511,325	742,150	451,090
Less: Current portion	(71,281)	(289,561)	(52,544)	(276,788)
Long-term portion	689,606	221,764	689,606	174,302

Note:

(i) The RMB12.5 million entrustment loan is equivalent to the amount of restricted cash.

The carrying amounts of the loans and borrowings are denominated in the following currencies:

	GROUP		COMPANY	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
US dollars	529,761	451,090	529,761	451,090
Chinese Renminbi	214,357	—	212,389	—
Hong Kong dollars	16,769	60,235	—	—
	760,887	511,325	742,150	451,090

As at 31 December 2011, the outstanding balances of loans and borrowings denominated in Hong Kong dollar was approximately HK$130 million (2010: HK$467 million).

As at 31 December 2011, the outstanding balances of loans and borrowings denominated in Renminbi was approximately RMB1.39 billion (2010: Nil).

As at 31 December 2011, the net carrying amount of the Group's loans and borrowings, including interest accrued and net of transaction costs incurred would be US$0.76 billion (2010: US$0.51 billion).

28. Loans and Borrowings (Continued)

As at 31 December 2011, the net carrying amount of the Company's loans and borrowings, including interest accrued and net of transaction costs incurred would be US$0.74 billion (2010: US$0.45 billion).

As at 31 December 2011, approximately 38% of the Group's loans and borrowings was fixed (2010: 17%) and 62% was variable (2010: 83%), after taking into consideration the effect of interest-rate swaps and the fixing of interest rates on certain of the loans and borrowings. The outstanding notional amount of interest-rate swap was nil as at 31 December 2011 (2010: US$9.8 million).

The following is a schedule of repayments of the loans and borrowings in respect of the outstanding borrowings as at 31 December 2011:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Within one year	**71,281**	289,561	**52,544**	276,788
In the second year	**46,986**	68,983	**46,986**	47,850
In the third to fifth years	**495,481**	50,726	**495,481**	37,568
After the fifth year	**147,139**	102,055	**147,139**	88,884
	760,887	511,325	**742,150**	451,090

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 amounting to nil in 2011 (2010: US$9.8 million)) are as follows:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
6 months or less	**448,822**	405,451	**432,053**	345,216

The secured loans and borrowings were secured by, amongst other securities, a mortgage over each associated vessel with an aggregate carrying amount of US$921.9 million and the land in Macau with an aggregate carrying amount of US$217.2 million.

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
Bank borrowings in US dollars	**3.0%**	2.0%	**3.0%**	2.0%
Bank borrowing in Hong Kong dollars	**2.8%**	2.2%	**—**	—
Convertible bonds	**9.4%**	9.4%	**9.4%**	9.4%
RMB1.38 billion 3.95% bonds	**4.9%**	—	**4.9%**	—

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	
	2011 US$'000	2010 US$'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)**	(5,929)
Equity component transferred to the share premium	**(2,964)**	(2,964)
Equity component	**(8,893)**	(8,893)
Liability component on initial recognition	**137,107**	137,107
Interest accrued as at 1 January	**5,567**	4,856
Interest expense for the year	**9,094**	11,961
Interest paid during the year	**(7,500)**	(11,250)
Conversion of the Bonds to ordinary shares	**(46,560)**	(46,560)
Liability component	**97,708**	96,114

29. Convertible Bonds (Continued)

As at 31 December 2011, US$50 million of the US$150 million Bonds due 2016 have been converted into ordinary shares of the Company and none of the Bonds due 2016 were redeemed or purchased by the Company.

30. RMB1,380,000,000 3.95% Bonds

In June 2011, the Company issued RMB1.38 billion 3.95% Bonds (the "RMB Bonds due 2014") due in June 2014. The issue price of the RMB Bonds due 2014 was 100% of their principal amount. The RMB Bonds due 2014 carries interest at the rate of 3.95% per annum payable semi-annually in arrears.

The RMB Bonds due 2014 mature on the Interest Payment Date (as defined in the Terms and Conditions of the RMB Bonds due 2014) and will be redeemed on such date at their principal amount. The RMB Bonds due 2014 are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of Bermuda.

The RMB Bonds due 2014 may be redeemed, at the option of the bondholders, in the event of a Change in Control (as defined in the Terms and Conditions of the RMB Bonds due 2014), on the Put Settlement Date (as defined in the Terms and Conditions of the RMB Bonds due 2014) at 101 per cent. of their principal amount, together with accrued interest to but excluding such Put Settlement Date.

Unless previously redeemed, or purchased and cancelled as set out in the Terms and Conditions of the RMB Bonds due 2014, the RMB Bonds due 2014 would be redeemed on 30 June 2014 at 100% of the outstanding principal amount thereof, plus any accrued but unpaid interest.

Detailed terms and conditions of the RMB Bonds due 2014 are constituted by the deed of covenants dated 30 June 2011 issued by the Company in favour of the Bondholders.

The analysis of the RMB Bonds due 2014 recorded in the statement of financial position is as follows:

	GROUP/COMPANY	
	2011	2010
	US$'000	US$'000
Face value of the RMB Bonds due 2014 issued on 30 June 2011	**212,934**	—
Issuance costs	**(5,800)**	—
Net proceeds	**207,134**	—
Interest expense for the year	**5,236**	—
Interest paid during the year	**(4,285)**	—
Exchange differences	**4,304**	—
Balance as at 31 December	**212,389**	—

The net proceeds net of issuance costs of approximately US$212.9 million from the issuance of the RMB Bonds due 2014 were used as general working capital purposes and to finance China's projects of the Group.

As at 31 December 2011, none of the RMB Bonds due 2014 were redeemed or purchased by the Company.

31. Derivative Financial Instruments

The fair values of financial instruments including derivatives are determined based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realised as at the 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 Group entered into fuel swap agreements with an aggregate notional amount of US$37.4 million, to pay fixed price for fuel. As at 31 December 2011, the outstanding notional amount was approximately US$26.4 million, maturing through December 2012 and the estimated fair market value of the fuel swap was approximately US$1.0 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.

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 2011.

32. Deferred Tax

	GROUP	
	Excess of capital allowances over depreciation	
	2011	2010
	US$'000	US$'000
Deferred tax liabilities		
The movements in deferred tax liabilities are as follows:		
At 1 January	**75**	816
Exchange difference	**(17)**	84
Deferred taxation credited to consolidated statement of comprehensive income	**(42)**	(214)
Write off upon disposal of subsidiaries	**—**	(611)
At 31 December	**16**	75
The amount shown in the statement of financial position includes the following:		
Deferred tax liabilities to be settled after 12 months	**16**	75

32. Deferred Tax (Continued)

	GROUP	
	Tax losses	
	2011	2010
	US$'000	US$'000
Deferred tax assets		
The movements in the deferred tax assets are as follows:		
At 1 January	**365**	409
Deferred taxation charged to consolidated statement of comprehensive income	**(40)**	(44)
At 31 December	**325**	365
The amount shown in the statement of financial position includes the following:		
Deferred tax assets to be recovered after 12 months	**325**	365

As at 31 December 2011, 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$310 million (2010: US$301 million).

Deferred tax liabilities of US$10,075,000 (2010: US$3,369,000) have not been recognised for the withholding tax that would be payable upon the distribution of the share of undistributed earnings of a jointly controlled entity totalled US$83,957,000 at 31 December 2011 (2010: US$28,071,000).

33. Trade Creditors

The ageing analysis of trade creditors is as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
Current to 60 days	**24,299**	34,150
61 days to 120 days	**1,831**	2,290
121 days to 180 days	**619**	2,071
Over 180 days	**4,507**	380
	31,256	38,891

Credit terms granted to the Group generally vary from no credit to 45 days credit (31 December 2010: no credit to 45 days).

33. Trade Creditors (Continued)

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

	GROUP	
	2011	2010
	US$'000	US$'000
US dollar	**23,591**	25,236
Macau Patacas	**2,971**	—
Malaysia Ringgit	**1,239**	4,022
Philippines Peso	**—**	431
Hong Kong dollar	**—**	6,509
Other currencies	**3,455**	2,693
	31,256	38,891

34. Provisions, Accruals and Other Liabilities

Provisions, accruals and other liabilities consist of the following:

	GROUP			COMPANY	
	2011	2010 (restated)	2009 (restated)	**2011**	2010
	US$'000	US$'000	US$'000	**US$'000**	US$'000
Payroll, taxes and related benefits	**24,781**	14,803	11,695	**7,552**	3,659
Star Cruise Points accrued	**48,611**	71,144	91,301	**—**	—
Interest accrued	**675**	631	1,471	**410**	372
Amounts due to jointly controlled entities	**17,010**	—	—	**—**	—
Others	**39,394**	47,053	48,268	**1,634**	1,320
	130,471	133,631	152,735	**9,596**	5,351

35. Significant Related Party Transactions and Balances

Golden Hope Limited ("Golden Hope"), a company incorporated in the Isle of Man acting as trustee of the Golden Hope Unit Trust, a private unit trust which is held directly and indirectly by 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, Executive Director and Chief Executive Officer and a substantial shareholder 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. Genting Management and Consultancy Services Sdn Bhd ("GMC") is a company incorporated in Malaysia and a wholly-owned subsidiary of GENT.

35. Significant Related Party Transactions and Balances (Continued)

Upon completion of the disposal of 50% equity interest in WorldCard International Limited ("WCIL") by each of the Group and the GENS group to Resorts World Inc Pte. Ltd. ("RWI") on 4 November 2011, WCIL becomes a wholly-owned subsidiary of RWI which is a company incorporated in Singapore and is in turn a joint venture company equally owned by 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. The Group's share of loss from WCIL amounted to US$91,000 for the year ended 31 December 2011 (2010: share of profit of US$156,000). As at 31 December 2011, the Group's accumulative share of losses in WCIL has exceeded its interest in WCIL by US$nil (2010: US$70,000).

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") and Macau Land Investment Corporation ("MLIC"), which are 75%-owned subsidiaries of the Company.

Starmax Management Limited ("Starmax") is a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Kwan.

Rich Hope Limited ("Rich Hope") is a company in which each of Tan Sri Lim Kok Thay and his wife has an attributable interest as to 50%. Tan Sri Lim Kok Thay is also a director of Star Cruises (HK) Limited ("SCHK"), an indirect wholly-owned subsidiary of the Company.

Ambadell Pty Limited ("Ambadell") is ultimately wholly-owned by Golden Hope as trustee of the Golden Hope Unit Trust. Star Cruises (Australia) Pty Ltd ("SCA") is a company incorporated in Australia and 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.

NCL Corporation Ltd. ("Norwegian") is a jointly controlled entity of the Company.

International Resort Management Services Pte. Ltd. ("IRMS") is a company incorporated in Singapore and owned as to 80% by Tan Sri Lim Kok Thay and 20% by his wife.

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.

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 PLC ("Union Bank") as of 30 December 2010; and is a substantial shareholder of Union Bank. As at 31 December 2011, Vista Knowledge held approximately 18.52% shareholding interest in Union Bank.

35. Significant Related Party Transactions and Balances (Continued)

Star Cruises Hong Kong Management Services Philippines, Inc. ("SCHKMS") is a company incorporated in the Republic of the Philippines and 64% owned indirectly by Starlet Investments Pte. Ltd. ("Starlet"), which is in turn 50% owned directly and indirectly by each of IRMS and the Company respectively. SCHKMS is a jointly controlled entity of the Company.

Significant related party transactions entered into or subsisting between the Group and the above companies during the year ended 31 December 2011 and 2010 are set out below:

(a) On 20 December 2010, the Company entered into new services agreements for a period of three years commencing from 1 January 2011 with GMC, GENM and GENS separately in relation to the provision of certain services to the Group. On 31 October 2011, the Company had entered into a supplemental agreement with GENM to amend the relevant services agreement for the purpose of expanding the scope of services to include information technology services. For the year ended 31 December 2011, (i) the amount charged to the Group in respect of secretarial, share registration, investor and other related services rendered by GMC was approximately US$15,000 (2010: US$122,000), (ii) the amount charged to the Group in respect of air ticket purchasing, leasing of office space, travel, information technology and implementation, support and maintenance services and other related services rendered by the GENM group was approximately US$943,000 (2010: US$796,000) and (iii) the amount charged to the Group in respect of information technology and implementation, support and maintenance services, and other services in relation to information technology support and central reservation services rendered by the GENS group was approximately US$576,000 (2010: US$599,000).

(b) On 31 March 2011, the Company entered into new services agreements for a period of three years commencing from 1 January 2011 with GENS and GENM separately in relation to the provision of certain services by the Group. For the year ended 31 December 2011, (i) the amount charged by the Group in respect of travel related services and administrative services rendered to the GENS group was approximately US$84,000 (2010: US$36,000) and (ii) no amount was charged by the Group in respect of the transactions contemplated under the relevant services agreement with GENM as the Group did not render any of these services to the GENM group during the year (2010: Nil).

(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 2011 and 2010, the following transactions took place:

	GROUP	
	2011	2010
	US$'000	US$'000
Amounts charged from the GENT group to the Group	**1,650**	951
Amounts charged to the GENT group by the Group	**1,487**	887

35. Significant Related Party Transactions and Balances (Continued)

(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 2011, the amount charged by CCL to the Group in respect of the rental amounted to US$139,000 (2010: US$139,000).

(e) 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 2011, the amount charged by Rich Hope to SCHK in respect of the rental amounted to US$191,000 (2010: in respect of the rental and various deposits: US$226,000).

(f) SCA entered into a tenancy agreement with Ambadell in respect of the lease of an office area in Australia. During the year ended 31 December 2011, the amount charged by Ambadell to the Group in respect of the rental amounted to US$61,000 (2010: US$55,000).

(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$1,116,000 for the year ended 31 December 2011 (2010: US$738,000).

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

(i) On 1 March 2010, the Company and SMHL entered into a Cross Licensing Agreement with GENT, GIP, GENS and GIML (as amended and restated by an Amended and Restated Cross License Agreement dated 23 November 2010) 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. On 23 November 2010, GIML and SMHL entered into a Genting IP License Agreement (the "Genting IP License Agreement") with RWI in respect of the grant of license for the Genting IP to RWI in consideration of the payment to each of GIML and SMHL of a sum of SGD10 each. On 15 December 2011, GIML and SMHL entered into an Amending Agreement to the Genting IP License Agreement with RWI to allow the wholly-owned subsidiaries of RWI to further sub-license the Genting IP to any permitted sub-licensees in consideration of the payment to each of GIML and SMHL of a sum of SGD10 each.

35. Significant Related Party Transactions and Balances (Continued)

(j) 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. As at 31 December 2011, Select Gain held approximately 6.69% shareholding interest in Union Bank.

(k) Norwegian group entered into a charter agreement with the Group for a ship owned by the Group. Charter hire revenue received for this ship was US$21.5 million for the year ended 31 December 2011 (2010: US$23.4 million). The charter agreement dated 27 August 2010 with respect to m.v. Norwegian Sky provides a subsidiary of Norwegian with an option to purchase the ship during the charter period.

(l) 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 2011, the amount charged by Travellers to the Group in respect of the rental amounted to US$0.3 million (2010: US$0.3 million).

(m) On 1 October 2010, Famous City entered into Service Agreements with GSTA and GMS in respect of provision of back-office support services. During the year ended 31 December 2011, service revenue received from GSTA and GMS was US$0.3 million (2010: US$0.3 million).

(n) 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. On 10 June 2011, SMHL and the other four investors further subscribed for additional shares in proportion to their respective 20% shareholdings in RWI for SGD10 million each, for engaging through RWI's subsidiaries in the business of licensing of trademarks and intellectual property rights and the provision of membership loyalty network services, promoting and marketing services as well as management and technical support services.

(o) On 16 June 2011, MLIC accepted the offer from Starmax to dispose of the entire issued capital of Fancy Star Holdings Limited, a wholly-owned subsidiary of MLIC which indirectly holds Tower 6 of Nova City in Macau, for HK$560 million. On 29 July 2011, MLIC entered into a sale and purchase agreement with Starmax in respect of the said disposal and this transaction was completed on 14 November 2011.

35. Significant Related Party Transactions and Balances (Continued)

(p) On 30 November 2010, Genting Philippines Holdings Limited ("GPHL"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, has entered into a subscription and shareholders' agreement with IRMS, whereby each of GPHL and IRMS agreed to subscribe 50% interest for SGD250,000 in Starlet, a company incorporated in Singapore, for engaging in the business of development, operation and management of casinos in various jurisdictions. The transaction which was completed in June 2011, resulted in the Group recording a loss on deemed disposal of US$0.7 million during the year ended 31 December 2011.

(q) On 7 January 2011, NCL (Bahamas) Ltd. ("NCLB"), a wholly-owned subsidiary of Norwegian, has entered into a general services agreement with CAL for the provision of contact centre services by CAL. During the year ended 31 December 2011, the amount charged by CAL to NCLB in respect of the services amounted to US$241,000.

(r) Famous City and Travellers have entered into a service agreement for the provision of training, marketing and promotion services by Famous City to Travellers with effect from 1 January 2011. During the year ended 31 December 2011, the amount charged by Famous City to Travellers in respect of the services amounted to US$152,000.

(s) CAL and Travellers have entered into a general services agreement for the provision of contact centre services and customer services by CAL to the customers of Travellers with effect from 1 July 2010. During the year ended 31 December 2011, service revenue received from Travellers was US$1,241,000.

(t) On 24 October 2011, Star Cruise (C) Limited, a wholly-owned subsidiary of the Company and Calidone Limited, a wholly-owned subsidiary of GENS entered into an agreement for sale and purchase with RWI for the disposal of 50% issued share capital of WCIL each to RWI for US$1 each.

(u) On 2 December 2011, Famous City and SCHKMS entered into a services agreement in respect of the provision of back office support services by Famous City. During the year ended 31 December 2011, mobilization fee and service revenue received from SCHKMS were US$131,000 and US$19,000 respectively.

Transactions with Directors

(v) 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 the Post-listing Employee Share Option Scheme. Share options granted under the Post-listing Employee Share Option Scheme are exercisable at the price of HK$2.8142 (US$0.36) (as adjusted), HK$1.6202 (US$0.21) (as adjusted), HK$1.7800 (US$0.23) and HK$3.7800 (US$0.49) per share. Details of the movements of the share options during the year ended 31 December 2011 and the outstanding share options as at 31 December 2011 are set out in the section headed "Share Options" in the Report of the Directors.

Key management compensation

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

	GROUP	
	2011	2010
	US$'000	US$'000
Salaries and other short-term employee benefits	**13,352**	9,213
Post-employment benefits	**83**	50
Non-cash share option expenses	**3,681**	2,469
	17,116	11,732

36. Commitments and Contingencies

(i) Capital expenditure

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

	GROUP	
	2011	2010
	US$'000	US$'000
Contracted but not provided for		
– Property under development	**32,666**	5,666

(ii) Operating leases

Rental expense under non-cancellable operating lease commitments was US$1.7 million for the year ended 31 December 2011 (2010: US$1.5 million).

At 31 December 2011, future minimum lease payments payable under non-cancellable operating leases are as follows:

	GROUP	
	2011	2010
	US$'000	US$'000
Within one year	**3,098**	1,559
In the second to fifth year inclusive	**2,219**	1,983
After the fifth year	**6,075**	5,798
	11,392	9,340

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

(iii) Charter-hire

Charter-hire revenue receivable under the operating lease commitments in respect of cruise ships and onboard equipment from Norwegian was US$21.5 million for the year ended 31 December 2011 (2010: US$23.4 million).

At 31 December 2011, 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 2012 (2010: US$20.7 million for the year ended 31 December 2011).

(iv) Material litigation

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

37. Share Option Scheme

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.

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,

37. Share Option Scheme (Continued)

Post-listing Employee Share Option Scheme (Continued)

Granting options to Directors, Chief Executive or Substantial Shareholders (Continued)

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; (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; and (iii) the share options granted on 16 November 2010 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, 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.

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.

37. Share Option Scheme (Continued)

Post-listing Employee Share Option Scheme (Continued)

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:

	2011	
	Average exercise price in HK$ per share	**Options (thousands)**
At 1 January	**2.5474**	**114,023**
Exercised	**2.0717**	**(905)**
Cancelled/forfeited	**3.7800**	**(2,448)**
At 31 December	**2.5241**	**110,670**

	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

37. Share Option Scheme (Continued)

Post-listing Employee Share Option Scheme (Continued)

A summary of the share options outstanding as at 31 December 2011 is as follows:

Exercise price	Options outstanding Number outstanding (in thousands)	Options outstanding Weighted average remaining life (years)	Options exercisable Number (in thousands)
HK$2.8142	57,193	0.6	57,193
HK$1.6202	9,977	2.6	9,977
HK$1.7800	31,105	9.0	18,153
HK$3.7800	12,395	9.0	2,479
	110,670	4.1	87,802

38. Principal Subsidiaries

The following is a list of principal subsidiaries as at 31 December 2011:

Name of Company	Principal country of operation	Country of incorporation	Issued and fully paid up share capital (in thousands)	Effective equity interest in percentage	Principal activities
Subsidiaries held directly:					
Star Cruises Asia Holding Ltd.	Bermuda	Bermuda	US$158,032	100.00	Investment holding
Star NCLC Holdings Ltd.	Bermuda	Bermuda	US$10	100.00	Investment holding
Subsidiaries held indirectly:					
Star Cruise Management Limited	Note *(1)*	Isle of Man	US$2,000	100.00	Investment holding and provision of management services
Cruise Properties Limited	Isle of Man	Isle of Man	RM197,600	100.00	Investment holding
Inter-Ocean Limited	Note *(2)*	Isle of Man	US$52,000	100.00	Investment holding and cruise services
Star Cruise Services Limited	Note *(2)*	Isle of Man	US$52,000	100.00	Investment holding and cruise services
Superstar Virgo Limited	Note *(2)*	Isle of Man	US$25,000	100.00	Bareboat chartering
My Inn (Hangzhou) Hotel Co. Limited	The People's Republic of China	The People's Republic of China	RMB44,850	100.00	Hotel management and accommodation
Suzhou My Inn Hotel Co., Ltd.	The People's Republic of China	The People's Republic of China	US$8,000	100.00	Operation and management of internal facilities of budget hotel and hotel room
Suzhou Trip-X Information Technologies Co., Ltd.	The People's Republic of China	The People's Republic of China	US$10,000	100.00	Software development of tourist information system
Genting (Shanghai) Education Information Consulting Co., Limited	The People's Republic of China	The People's Republic of China	US$140	100.00	Education information consulting (except study abroad consulting and agent service)
Treasure Island Entertainment Complex Limited	Macau Special Administrative Region	Macau Special Administrative Region	MOP100	75.00	Development of hospitality facilities
Genting Philippines Holdings Limited	Republic of the Philippines	British Virgin Islands	US$10	100.00	Investment holding

RM: Malaysian Ringgit

RMB: Renminbi

MOP: Macau Patacas

38. Principal Subsidiaries (Continued)

Notes:

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

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

39. Significant Subsequent Events

(i) Travellers Group has declared a redemption of preferred stock of approximately US$100 million in February 2012, of which approximately US$50 million pertains to the Group.

(ii) On 29 February 2012, Norwegian Group issued US$100 million aggregate principal amount of 9.50% Senior Notes due November 2018 in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended. These notes were issued under the indenture governing Norwegian Group's 9.50% Senior Notes due 2018 that were issued on 9 November 2010 (the "Existing Notes"), as supplemented, pursuant to which Norwegian Group issued US$250 million of the Existing Notes. Norwegian Group used the net proceeds from the offering to repay portions of certain outstanding revolving credit facilities, certain existing capital leases and for general corporate purposes.

40. Approval of Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2012.

Independent Auditor's Report

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

We have audited the consolidated financial statements of Genting Hong Kong Limited (the "Company") and subsidiaries, (together, the "Group") set out on pages 70 to 148, which comprise the consolidated and Company statements of financial position as at 31 December 2011, 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 about 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 2011 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, 22 March 2012

Audited Five Years Financial Summary

	2011	2010	2009	2008	2007
	US$'000	US$'000	US$'000	US$'000	US$'000
		(restated)	(restated)		
Results					
Turnover	**515,535**	399,831	373,384	441,039	2,576,240
Results from operations before impairment loss	**67,525**	36,772	7,022	(16,230)	84,619
Reversal of previously recognised impairment loss/ (Impairment loss)	**—**	7,042	(28,588)	(99,873)	(5,165)
	67,525	43,814	(21,566)	(116,103)	79,454
Share of profit/(loss) of jointly controlled entities	**127,933**	40,152	28,079	(104,098)	—
Share of profit/(loss) of associates	**(404)**	9,851	(2,512)	1,454	(907)
Other income/(expenses), net	**23,291**	18,231	2,238	146,525	(44,840)
Finance income	**4,217**	2,776	209	3,233	4,482
Finance costs	**(34,603)**	(29,815)	(24,191)	(28,610)	(234,295)
Profit/(Loss) before taxation	**187,959**	85,009	(17,743)	(97,599)	(196,106)
Taxation	**(2,532)**	(2,117)	(4,319)	(3,528)	(4,780)
Profit/(Loss) for the year	**185,427**	82,892	(22,062)	(101,127)	(200,886)
Attributable to:					
Equity holders of the Company	**182,204**	82,635	(20,399)	(80,107)	(200,806)
Non-controlling interest	**3,223**	257	(1,663)	(21,020)	(80)
	185,427	82,892	(22,062)	(101,127)	(200,886)
Basic earnings/(loss) per share (US cents)	**2.34**	1.10	(0.27)	(1.08)	(2.77)
Diluted earnings/(loss) per share (US cents)	**2.26**	1.10	(0.27)	(1.08)	N/A*
Assets and Liabilities					
Total assets	**3,122,257**	2,698,458	2,603,988	2,565,145	6,428,589
Total liabilities	**(935,921)**	(698,574)	(770,092)	(674,254)	(4,430,021)
Total equity	**2,186,336**	1,999,884	1,833,896	1,890,891	1,998,568

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

Properties Summary

As at 31 December 2011

	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

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 item 4 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)

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