

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements and Annual Report of the Star Cruises PLC Group of Companies for the year ended December 31, 1999.

REVIEW OF RESULTS

Net income for the full year ended December 31, 1999 was a record US\$90.2 million (US 14.4 cents earnings per share) on revenue of US\$391.7 million compared to net income of US\$39.1 million (US 7.0 cents earnings per share) on revenue of US\$268.5 million for the same period last year (excluding the results of the discontinued North American cruise operations in 1998).

For the full year of 1999, revenues increased 46%, however net income increased 130% and earnings per share increased by 106% over the same period in 1998. Earnings and revenues growth in the year were also driven by capacity increase of 39% in available berth days compared with last year. Occupancy for the full year was 101% compared to 88% for the previous year and gross revenue yields was US\$194 as compared with US\$185, an increase of 5%. Our results for last year underscore the effect of economies of scale for the Company.

For the year of 1999, Star Cruises' financial performance for EBITDA (Earnings before Interest, Tax, Depreciation and Amortization), Operating Income and Net Income on a per available berth day and operating margins ranks well with its peers in the cruise industry. The 101% occupancy for 1999 demonstrates that Star Cruises can reach the industry norm of exceeding 100% occupancy.

1999 vs 1998 Results

	Years Ended December 31,	
	1999	1998*
	US\$'000	US\$'000
Revenues	391,685	268,508
Operating income	106,857	43,931
Net income	90,209	39,137
Earnings per share in US cents:		
- Basic	US 14.4 cents	US 7.0 cents
- Diluted	US 14.3 cents	US 6.9 cents
Passenger Cruise Days	2,040,859	1,280,967
Available Berth Days	2,022,404	1,453,489
Occupancy as a percentage of total capacity	101%	88%

* Excluding the results of the discontinued North American cruise operations.

There is a great potential for the cruise industry worldwide as cruising only constitutes 3 to 4% of the vacation market in the North America and hardly 1% of the vacation market in the Asia-Pacific region. In terms of passenger cruise days, Star Cruises recorded a 59% increase year on year.

Star Cruises stresses on brand and market leadership. The Star Cruises brand is strengthened by its young and modern fleet and good service and food with a no tipping policy.

In the seven years that Star Cruises has operated in the Asia-Pacific region, it has won numerous awards and in particular in 1999, Star Cruises was awarded the "Best Cruise Operator in Asia-Pacific" by Travel Trade Gazette Asia for the third time and SuperStar Leo won three out of the possible eight Shippax awards for her outstanding sundecks, saloons and cabins. SuperStar Leo was also featured on the cover of the authoritative Berlitz Complete Guide to Cruising & Cruise Ships, 2000.

FLEET DEPLOYMENT

The introduction of SuperStar Virgo in August 1999 in the Singapore market was a success.

With the arrival of SuperStar Virgo, SuperStar Leo was repositioned in Hong Kong offering 3- and 4-day cruises to China and Vietnam. Star Pisces continues her itinerary in Hong Kong.

SuperStar Aries (formerly known as the mv Europa) was positioned in Bangkok in September 1999 targetting the European and Thai market with cruises to ports of call in Vietnam and Thailand.

During the year, we chartered the SuperStar Taurus (formerly the mv Leeward) for positioning in Japan. She commenced operations with Kobe as the homeport with ports of embarkation also in Fukuoka and Pusan at the end of March this year. We believe there is good potential in the Japanese market where cruising for the mass market is virtually non-existent.

Star Aquarius maintains her homeport in Keelung catering for the Taiwan market especially from Taipei.

The luxurious 100-passenger MegaStar Capricorn was positioned in Dubai in April 2000, the first ship to be homeported in the Arabian Gulf.

SAFETY AND ENVIRONMENTAL ISSUES

Star Cruises ships operate in very high traffic sea lanes. Safety is a priority for Star Cruises' vessels. We have completed installation of hi-fog sprinklers in all cabins and engine rooms on board all vessels five years ahead of the SOLAS requirements. Fire detection systems are presently upgraded to the highest standards along with installation of ARC-detection systems for all switchboards on board.

The implementation of a one-button shut down system in all galleys is complete and we are in the process of installing the same system to the laundry, main engine, auxilliary engines and engine room ventilation. We have also implemented DNV's Nauticus class survey system onboard SuperStar Virgo - the first ever on a passenger vessel in the world. We are also in progress to complete the first fire risk analysis ever on a passenger vessel on board the SuperStar Virgo.

In line with rising environmental concerns on cruise ship operations, we have started work on implementation of ISO 14001 across the fleet.

CRUISE INFRASTRUCTURE

We have secured a 50-year lease on the land to build the sole cruise terminal in Laem Chabang, Bangkok and a 10-year priority berthing agreement in Hong Kong. Star Cruises owns the Port Klang (gateway port to Kuala Lumpur) and Langkawi Cruise Terminal. Star Cruises also has exclusive and priority arrangements in many ports of call.

INFORMATION TECHNOLOGY

In 1999 we completed the implementation of a US\$6 million private satellite communication via the MEASAT I satellite across the entire fleet. It provides close-circuit television-monitoring (CCTV), voice, fax and data communication from ship-to-shore and communication to remote areas in which the fleet operates in future. With this, passengers on board can now enjoy Internet access on all ships.

Phase I of Interactive Television or ITV has been successfully implemented on board SuperStar Leo and SuperStar Virgo. ITV is running on PC-based Windows 2000 televisions and enables web-browsing from the TV set. Phase II will be implemented in Year 2000 whereby upon completion, passengers can actually view their bills, browse the net and purchase items electronically. ITV also provides live streams into television sets thus providing more entertainment options to cruisers.

NCL ACQUISITION

Towards the end of 1999 we made several announcements on Star Cruises' acquisition of shares in NCL Holding ASA (NCL). NCL is a company incorporated under the laws of the Kingdom of Norway and was then the fourth largest cruise operator in the world. NCL is listed on the Oslo Stock Exchange (OSE) and the New York Stock Exchange in the form of American Depositary Shares.

After the close of business on December 16, 1999, Star Cruises and companies affiliated to Star Cruises crossed the 40% threshold level for a mandatory offer, triggering an obligation pursuant to the Norwegian Securities Trading Act (NSTA) to make a mandatory offer, for all shares at the highest price paid by Star Cruises or its related parties during the previous six months. This notification was also made public by the OSE in accordance with the NSTA. Our offer document was sent out on January 13, 2000.

In early February we also announced that the Company entered into a letter of agreement with Carnival Corporation to jointly acquire NCL where the Company would own 60% and Carnival Corporation would own 40% of Arrasas Limited, the bidding vehicle for NCL. The announcement of our joint venture with Carnival Corporation removed the uncertainty of a potential counter offer by Carnival Corporation at a price higher than our offer price of NOK 35 per NCL share.

The mandatory offer for the acquisition of NCL closed on February 10, 2000 and upon settlement on February 17, 2000, the Company owns approximately 84.5% of NCL with its affiliates holding a further 10.9%.

After the letter of agreement, we progressed discussions with Carnival Corporation on the future direction of NCL. As the two parties could not come to an understanding on the future strategy of NCL, we announced that the two parties have decided to part amicably on March 17, 2000.

The acquisition of NCL is strategic to Star Cruises. NCL is the first cruise company in the US and has about similar level of brand recognition as the major cruise brands in the world. The NCL acquisition will provide Star Cruises access to the 30 million US and European cruise passengers and to the distribution channels there. Repeat rates in these matured markets are high and the availability of year-round Asia-Pacific cruises is viewed by them as attractive. The NCL acquisition also doubled the lower berth capacity of Star Cruises at a reasonable cost per berth. With the acquisition of NCL, Star Cruises is now "The First Global Cruise Line" with presence in Asia-Pacific, North America, South America and Europe.

We believe the continued strong growth of the cruise industry worldwide will be from vacationers switching from land-based holidays to cruising. NCL has introduced "freestyle cruising", where passengers can choose when, where, with whom and what they dine just like they would at any good land-based resort. The dining or meals in the main restaurants are included in the cruise fare. However, should passengers prefer specialty dining, they can go to the smaller gourmet and ethnic restaurants on board the ships.

To increase service level comparable to the best land-based hotels, NCL will increase crew on the ships to a one crew per cabin ratio. We are also deploying the 91,000 gross ton SuperStar Scorpio to NCL upon its delivery in 2002.

On May 19, 2000, Star Cruises accepted a fully underwritten offer to refinance the US\$600 million bridge loan with a 5-year medium-term loan with no principal repayments for the first 3 years.

The Company has mandated Credit Suisse First Boston and HSBC Investment Bank to jointly coordinate and lead the proposed listing of the Company on a major stock exchange and the accompanying equity fund raising.

The Company will seek shareholders' approval for the issue of up to 200 million new securities of Star Cruises representing 32% of the existing share capital of the Company. The new securities may be in the form of new ordinary shares of Star Cruises or equity-linked securities of Star Cruises and will be issued over a period of time.

Our substantial shareholder, Resorts World Bhd., has also announced that it will be participating up to US\$480 million in the new Star Cruises issue. The participation is subject to the relevant approvals and conditions.

PROSPECTS

Star Cruises is poised to increase its dominance in Asia-Pacific from the present 70% command of the market share. Since its inception only seven years ago, Star Cruises has redefined the cruise landscape in Asia-Pacific by attracting first-time cruisers, establishing new cruise routes, developing world-class cruise infrastructure and continuously educating and marketing cruise products that cater to a wide spectrum of the vacation market.

Due to the high entry barriers in the cruise industry in capital costs, fleet operations and time required for newbuildings, Star Cruises is set to remain as the dominant cruise line in Asia-Pacific. We are confident that with the economies in Asia-Pacific coming out of their recession, the cruise industry will develop greater depth.

The Group is expected to enjoy higher capacity increase, economies of scale and synergies enjoyed via the acquisition of NCL Holding ASA for the coming years ahead.

APPRECIATION

On behalf of the Board of Directors, I would like to commend the management, staff and crew for their invaluable dedication and undivided commitment that have played a significant role in thrusting the Group to where it is today.

Our sincerest thanks and gratitude to our shareholders, business associates, financiers, various Governments and authorities for their cooperation, kind assistance and support extended throughout the year and the coming years ahead.

We also wish to thank the travel industry for continuously voting Star Cruises to many prestigious awards at ship and cruise operator levels.

DATO' LIM KOK THAY

Chairman

May 19, 2000