
Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2000.

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. Details of the Company's principal subsidiary companies are set out in note 32 to the accounts.

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2000 are set out in the consolidated profit and loss account on page 45.

DIVIDENDS

The Directors do not recommend the declaration of any dividend in respect of the year ended 31 December 2000.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 24 to the accounts. The distributable reserves of the Company amounted to US\$33.3 million as at 31 December 2000.

FIVE-YEAR 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 100.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31 December 2000. Neither the Company nor any of its subsidiaries has purchased or, save for the placing of new shares to the placees as detailed in the prospectus of the Company dated 28 November 2000 and the issue of new shares pursuant to the exercise of options granted under The Star Cruises Employees Share Option Scheme, sold any of the Company's shares during the year ended 31 December 2000.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US\$0.2 million.

FIXED ASSETS

A brief description of the properties owned by the Group is set out on page 101.

Details of the movements in fixed assets during the year are set out in note 11 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 23 to the accounts.

INDEBTEDNESS

Details of short-term borrowings and long-term financing facilities of the Company and its subsidiary companies at 31 December 2000 are set out in notes 20 and 22 to the accounts.

DIRECTORS

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

Dato' Lim Kok Thay	
Mr. William Ng Ko Seng	
Mr. Chong Chee Tut	(Appointed on 7 August 2000)
Mr. David Colin Sinclair Veitch	(Appointed on 7 August 2000)
Mr. Alan Howard Smith, J.P.	(Appointed on 21 August 2000)
Mr. Tan Boon Seng	(Appointed on 21 August 2000)
Mr. Lim Lay Leng	(Appointed on 18 October 2000)
Mr. Lee Swee Hing	(Resigned on 7 August 2000)
Mr. Cong Ong	(Resigned on 7 August 2000)
Mr. Au Fook Yew	(Resigned on 16 November 2000)
Tan Sri Alwi Jantan	(Appointed on 21 August 2000; Resigned on 19 October 2000)

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Chong Chee Tut and Mr. William Ng Ko Seng retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Bye-law 102(B) of the Company's Bye-laws, Mr. Lim Lay Leng retires at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Biographical details of the Directors and senior management are set out on pages 27 to 31.

DIRECTORS' SERVICE CONTRACTS

Mr. David Colin Sinclair Veitch has a service contract with the Company for an initial term of three years commencing from 24 January 2000, to be automatically renewed for further terms of three years each until terminated by either party.

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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Connected transactions" below and in the section headed "Related party transactions and balances" in note 18 to the accounts, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company 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 by the Group during the year ended 31 December 2000 are disclosed in note 18 to the accounts.
- (b) The related party transactions, which constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and required to be disclosed in accordance with Chapter 14 of the Listing Rules, are as follows:
 - (i) Kien Huat Development Sdn Bhd ("Kien Huat"), a company in which a brother of Dato' Lim Kok Thay has a substantial interest, together with its related companies, have since 1997 been engaged by certain companies in the Group to construct terminal buildings and a number of jetties which serve as the administrative and technical support offices and berthing facilities for the Group's cruise vessels. Payments made by the Group for the construction of such facilities were approximately US\$5.2 million for the year ended 31 December 2000 and shall not exceed US\$20 million in the period since the listing of the Company on November 30, 2000 to 31 December 2002.
 - (ii) Genting Berhad, a company in which Dato' Lim Kok Thay has a deemed interest and is also a director and shareholder, and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services and various other support services. The Group also purchases air tickets from Resorts World Tours Sdn Bhd, a wholly-owned subsidiary of Resorts World Bhd, a subsidiary of Genting Berhad, from time to time. Amounts charged to the Group in respect of all these services totalled US\$1.6 million for the year ended 31 December 2000 and shall not exceed 1% of the Group's turnover for each of the years ending 31 December 2002.

- (iii) On 1 August 2000, Megastar Capricorn Services Limited, an indirect wholly-owned subsidiary of the Company, entered into a joint promotion programme with Resorts World Bhd, the holding company of Resorts World Limited ("RWL") which is a substantial shareholder of the Company, at an arm's length consideration and on normal commercial terms in the usual and ordinary course of its business, for the allocation of cabins on board the cruise ship, MegaStar Capricorn, to members of Resorts World Bhd's loyalty programme. The cash consideration for this arrangement payable to Megastar Capricorn Services Limited by Resorts World Bhd was approximately US\$40,000 for the year ended 31 December 2000.
- (iv) Certain Directors of the Company and the Group were granted call options entitling them to subscribe for ordinary shares in the share capital of the Company under The Star Cruises Employees Share Option Scheme. Call options granted are exercisable at the price of US\$0.2712 and US\$0.455 per share.
- (v) In October 2000, the Company issued US\$480 million in aggregate principal amount of Floating Rate Convertible Unsecured Loan Notes due 20 August 2001 ("Convertible Notes") to RWL. The Convertible Notes were constituted by a Deed Poll executed by the Company on 27 September 2000 and were issued to RWL pursuant to separate Note Purchase Agreements entered into between the Company and RWL on 28 September 2000 and 9 October 2000. Pursuant to a Deed of Amendment dated 24 November 2000 to the Deed Poll entered into between the Company and RWL, US\$442,499,850 principal amount of the Convertible Notes were mandatorily converted into new ordinary shares. On 29 November 2000, the Company issued 609,781,993 new ordinary shares of US\$0.10 each to RWL at an issue price of HK\$5.66 (US\$0.726 as per conversion rate of US\$1: HK\$7.7997) per share arising from the aforesaid mandatory conversion and the balance of US\$37,500,150 of Convertible Notes not converted into ordinary shares was redeemed on the same day.
- (vi) On 24 November 2000, Arrasas Limited, a wholly-owned subsidiary of the Company, entered into separate Stock Purchase Agreements with RWL, Genting Overseas Holdings Limited (a wholly-owned subsidiary of Genting Berhad) and Palomino Limited (an indirect subsidiary of Genting Berhad) to acquire in the aggregate 29,110,200 ordinary shares representing approximately 10.9% of the issued share capital of NCL Holding ASA for a total cash consideration of NOK436,653,000 (US\$45,746,299) or NOK15 (equivalent to US\$1.572 approximately based on the exchange rates at 29 November 2000) per share. The transaction was completed on 29 November 2000. The agreements require that in the event Arrasas Limited pays more than NOK15 (US\$1.572) per share in any subsequent transactions, Arrasas Limited will be required to pay to these related companies the difference between the such higher price per share and NOK15 (US\$1.572) per share.
- (vii) On 22 March 1999, Port Klang Cruise Centre Sdn Bhd, an indirect wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement to acquire a parcel of land in Kijal, State of Terengganu, Malaysia from Kijal Resort Sdn Bhd, a subsidiary of Resorts World Bhd, for approximately US\$1.1 million for the construction of a jetty. The Group made a deposit of US\$0.1 million on this property. By a Deed of Revocation dated 1 August 2000, the parties to the Sale and Purchase Agreement formally revoked and rescinded the Sale and Purchase Agreement as a result of a failure to effect a subdivision of the property from a larger parcel of land and subsequent transfer of the property. The US\$0.1 million deposit was refunded to the Group.

(viii) On 7 January 2000, the Company entered into a service contract with Mr. David Colin Sinclair Veitch, a Director of the Company, as amended by letters dated 29 September 2000 and 30 October 2000 under which Mr. Veitch was granted an option to subscribe for US\$200,000 in value of new ordinary shares of the Company before the listing of the Company on The Stock Exchange of Hong Kong Limited ("Listing"). The option was exercised by Mr. Veitch before the Listing arising from which 275,000 new ordinary shares of US\$0.10 each of the Company were allotted and issued to him at the placement price of HK\$5.66 (US\$0.726) per share on 29 November 2000.

The Stock Exchange of Hong Kong Limited has granted a waiver to the Company from compliance with connected transactions requirements of the Listing Rules in respect of the continuing connected transactions under items (i), (ii), (iii) and (iv) (the "Continuing Connected Transactions") above for a period of three years expiring on 31 December 2002 subject to the following conditions:

1. except in respect of the issuance of shares upon the exercise of options granted under The Star Cruises Employees Share Option Scheme under (iv), the Continuing Connected Transactions shall have been entered into, and the terms of the respective agreements governing such transactions shall be:
 - (a) entered into by the Group in the ordinary and usual course of its business;
 - (b) on normal commercial terms or on terms that are fair and reasonable so far as the Company's shareholders are concerned; and
 - (c) in accordance with the terms of the agreements governing such transactions or on terms that are no more (or less) favourable than terms available to (or from) independent third parties;
2. as required by rule 14.25(1)(A) to (D) of the Listing Rules, brief details of the Continuing Connected Transactions shall be disclosed in the Company's future annual reports together with a statement of the opinion of the independent non-executive Directors of the Company and the auditors of the Company referred to in paragraphs 3 and 4 below, if such transactions are conducted during the relevant period;
3. the Company's independent non-executive Directors shall review annually the Continuing Connected Transactions and confirm in the Company's annual report that such transactions, if any, are conducted in accordance with the terms of the relevant agreements governing such transactions (or, where there is no such agreement, in the manner as stated in paragraph 1 above) and where applicable, the continuing connected transactions have been entered into within the limits stated in paragraph 4(c) and (d) below;
4. the Company shall engage its auditors, PricewaterhouseCoopers, to provide the Company's Board of Directors with a letter in respect of each financial year during which the Continuing Connected Transactions are conducted, stating whether, in the opinion of the auditors:
 - (a) the Continuing Connected Transactions have been approved by the Company's Board of Directors;

- (b) the Continuing Connected Transactions have been entered into in accordance with the terms of the relevant agreements governing such transactions;
 - (c) the aggregate consideration paid to Kien Huat in respect of all outstanding construction contracts with Kien Huat since the Listing has not exceeded US\$20 million over the three financial years ending 31 December 2002; and
 - (d) the aggregate consideration paid in respect of the services provided by Genting Berhad and its affiliates in that financial year has not exceeded one per cent of the Group's turnover;
5. Kien Huat, Genting Berhad and Resorts World Bhd shall undertake to the Company to provide the Company's auditors with full access to their relevant records to the extent necessary for the auditors' review of the above Continuing Connected Transactions.

The Audit Committee comprising of all the independent non-executive Directors of the Company has reviewed and confirmed that the Continuing Connected Transactions have been entered into by the Group in accordance with the waiver conditions granted by The Stock Exchange of Hong Kong Limited as stated in paragraph 3 above.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Dato' Lim Kok Thay is the Managing Director of Genting Berhad and Resorts World Bhd, which are both substantial shareholders of the Company and companies listed on the Kuala Lumpur Stock Exchange. Resorts World Bhd's principal activities include the operation of a tourist resort in Malaysia known as Genting Highlands Resort, along with other land-based Malaysian resorts, through its subsidiaries. Other activities of Resorts World Bhd cover leisure and hospitality, amusement, gaming and entertainment. Resorts World Bhd is a subsidiary of Genting Berhad.

The Group engages in cruise and cruise-related businesses. Resorts World Bhd and Genting Berhad, as set out above, are not engaged in cruise or cruise-related businesses. As the cruise industry forms a segment of the leisure industry, there may be indirect competition between the Group and Resorts World Bhd.

Dato' Lim Kok Thay is considered as having interests in business apart from the Group's business, which may compete indirectly with the Group's business under paragraph 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN EQUITY SECURITIES

At 31 December 2000, the interests of the Directors in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI ordinance")), as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Ordinary shares of US\$0.10 each in the Company

	Number of ordinary shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Dato' Lim Kok Thay	3,115,000	—	23,247,990 ¹	3,647,723,812 ²	3,674,086,802
Mr. Chong Chee Tut	215,000	—	—	—	215,000
Mr. Ng Ko Seng	187,500	—	—	—	187,500
Mr. David Colin Sinclair Veitch	275,000	—	—	—	275,000

Notes:

1. Deemed interests through Goldsfine Investments Limited.
2. Deemed interests through Resorts World Limited, Golden Hope Limited and Joondalup Limited.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for the Company and other subsidiaries.

Interest arising from options granted under the Company's Share Option Plans

Name of Director	Number of options granted	Number of shares acquired and exercise of options during the year	Number of options outstanding at year end	Date granted	Exercise price per share	Exercisable Period
Dato' Lim Kok Thay	5,000,000	—	5,000,000	25/5/1998	US\$0.2712	21/8/1999 - 20/8/2006
	3,625,000	—	3,625,000	24/3/1999	US\$0.2712	24/3/2002 - 23/3/2009
	1,375,000	—	1,375,000	24/3/1999	US\$0.455	24/3/2002 - 23/3/2009
	1,000,000	—	1,000,000	23/10/2000	US\$0.2712	23/10/2003 - 22/8/2010
	3,625,000	—	3,625,000	16/11/2000	US\$0.2712	24/3/2002 - 23/3/2009
	1,375,000	—	1,375,000	16/11/2000	US\$0.455	24/3/2002 - 23/3/2009
	250,000	—	250,000	16/11/2000	US\$0.2712	23/10/2003 - 22/8/2010
			16,250,000			
Mr. Chong Chee Tut	185,000	—	185,000	25/5/1998	US\$0.2712	21/12/2000 - 20/12/2005
	125,000	(25,000)	100,000	25/5/1998	US\$0.455	24/6/2000 - 23/6/2007
	425,000	—	425,000	24/3/1999	US\$0.2712	24/3/2002 - 23/3/2009
	75,000	—	75,000	24/3/1999	US\$0.455	24/3/2002 - 23/3/2009
	480,000	—	480,000	23/10/2000	US\$0.2712	23/10/2003 - 22/8/2010
	20,000	—	20,000	23/10/2000	US\$0.455	23/10/2003 - 22/8/2010
			1,285,000			
Mr. Ng Ko Seng	187,500	—	187,500	25/5/1998	US\$0.2712	1/8/2000 - 20/8/2005
	25,000	—	25,000	24/3/1999	US\$0.2712	24/3/2002 - 23/3/2009
	100,000	—	100,000	24/3/1999	US\$0.455	24/3/2002 - 23/3/2009
	380,000	—	380,000	23/10/2000	US\$0.2712	23/10/2003 - 22/8/2010
	20,000	—	20,000	23/10/2000	US\$0.455	23/10/2003 - 22/8/2010
			712,500			
Mr. David Colin Sinclair Veitch	1,000,000	—	1,000,000	7/1/2000	US\$0.455	7/1/2003 - 6/1/2010

Details of the Company's Share Option Plans are set out in Note 30 to the accounts.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2000, the register of substantial shareholders maintained by the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name of shareholder	Number of ordinary shares	Percentage of shareholding
Parkview Management Sdn Bhd (1 and 8)	1,486,886,993	35.9
Kien Huat Realty Sdn Bhd (2 and 8)	1,486,886,993	35.9
Genting Berhad (3 and 8)	1,486,886,993	35.9
Resorts World Bhd (4 and 8)	1,486,886,993	35.9
Sierra Springs Sdn Bhd (5 and 8)	1,486,886,993	35.9
Resorts World Limited (5 and 8)	1,486,886,993	35.9
GZ Trust Corporation (6 and 9)	2,160,836,819	52.2
Golden Hope Limited (7, 9 and 10)	2,160,836,819	52.2

Notes:

- Parkview Management Sdn Bhd is a trustee of a discretionary trust ("Discretionary Trust"), the beneficiaries of which include certain members of Tan Sri Lim Goh Tong's family ("Lim Family").
- Kien Huat Realty Sdn Bhd ("KHR") is a private company of which the Discretionary Trust, through Info-Text Sdn Bhd and Dataline Sdn Bhd controls more than one third of the voting power.
- Genting Berhad is a company listed on the Kuala Lumpur Stock Exchange ("KLSE") in Malaysia of which KHR controls more than one third of the voting power.
- Resorts World Bhd is a company listed on KLSE and is a subsidiary of Genting Berhad.
- Sierra Springs Sdn Bhd and Resorts World Limited are companies which are wholly-owned subsidiaries of Resorts World Bhd.
- GZ Trust Corporation is the trustee of various discretionary trusts established for the benefit of certain members of the Lim Family. These discretionary trusts are unit-holders of Golden Hope Unit Trust ("GHUT"), a private unit trust.
- Golden Hope Limited is the trustee of GHUT.
- The interests of persons named in Notes 1 to 5 in 1,486,886,993 ordinary shares relates to the same block of shares.
- The interests of the persons named in Notes 6 and 7 in 2,160,836,819 ordinary shares relates to the same block of shares.
- As disclosed in the prospectus of the Company dated 28 November 2000, Golden Hope Limited has pledged an aggregate of 346 million shares held by it to financial institutions. Up to the date of this report, the Company has not received any notification by Golden Hope Limited of pledges or charges of any further shares in the Company nor of any indications from any pledgee or chargee that any of such pledged or charged shares will be disposed of.

SHARE OPTIONS AND CONVERTIBLE SECURITIES

Information on the Company's share option scheme and details of the movements in the share options and convertible securities of the Company during the year are set out in note 30 and note 23 to the accounts.

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 SCHEME

Information on the Group's retirement benefit schemes is set out in note 31 to the accounts.

MANAGEMENT CONTRACTS

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.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code of Best Practice stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period from 30 November 2000 up to the date of this report, except that independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company. In the opinion of the Directors, this meets the same objective as the Code of Best Practice.

PRACTICE NOTE 19 TO THE LISTING RULES

The Company is a party to three loan agreements for an aggregate amount of approximately US\$1.8 billion with terms ranging from five to sixteen years. These agreements require the Lim family to retain a direct or indirect ownership interest of 51 per cent or more in the Company during the term of the loans. A fourth loan amounting to approximately US\$50 million with a revolving term of one year which required the Company to remain directly or indirectly majority-owned by Golden Hope Limited was repaid during the year. The short-term revolving credit of US\$50 million related to this fourth loan remains available to the Company.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external and internal audit and of internal controls and risk evaluation. The Committee comprises three independent non-executive Directors, namely Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

SIGNIFICANT EVENTS DURING THE YEAR

On 13 January 2000, the Company through its wholly-owned subsidiary, Arrasas Limited ("Arrasas"), made a mandatory offer pursuant to the Norwegian Securities Trading Act (1997) to acquire all outstanding ordinary shares and all outstanding American Depository Shares ("ADS") (one ADS comprises of four ordinary shares) of NCL Holding ASA ("NCL") not already owned by the Group then at a price of NOK35 (US\$3.931) per share. At the close of the mandatory offer on 10 February 2000, Arrasas acquired a further 48.3% interest in NCL which resulted in a total equity interest of approximately 84.5% of NCL's outstanding shares.

On 24 November 2000, Arrasas entered into separate Stock Purchase Agreements with companies related to but not subsidiaries of the Company, to acquire in the aggregate 29,110,200 ordinary shares representing approximately 10.9% of NCL's outstanding shares for a total cash consideration of NOK436,653,000 (US\$45,746,299) or NOK15 (US\$1.572) per share. Upon completion of the aforesaid acquisition on 29 November 2000, Arrasas owned approximately 95.4% equity interest in NCL. On 30 November 2000, Arrasas initiated a compulsory acquisition of the remaining ordinary shares and ADS of NCL at a price of NOK13 (equivalent to US\$1.460 approximately based on exchange rate at 31 December 2000) per share pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act and became the sole shareholder of NCL on that day. Following the compulsory acquisition, the ordinary shares and ADS of NCL were delisted from the Oslo Stock Exchange and the New York Stock Exchange in December 2000.

The compulsory offer period lapsed on 7 February 2001. As at 8 February 2001, persons holding 8,916,969 shares accepted the offer and persons holding 1,845,677 shares rejected the offer. The persons holding the remaining 1,618,172 shares have not responded to the offer, and pursuant to Norwegian law are deemed to have accepted the offer. The persons who have explicitly accepted the offer and those who are deemed to have accepted the offer were paid for their shares on 23 February 2001. In relation to those persons who have not accepted the offer, Arrasas is in a position to raise a valuation request to Oslo City Court where the court will determine the offer price resulting in a collective offer price to each of those persons. In the event that the court determines an offer price that is higher than NOK13 per share, Arrasas would be required to pay all persons subject to this compulsory offer the difference between the such higher price and NOK13 per share.

At the Extraordinary General Meeting held on 23 August 2000, shareholders of the Company approved the following:-

- (a) an increase in the authorised share capital of the Company from US\$100,000,000 to US\$1,000,000,000 by the creation of 9,000,000,000 new ordinary shares of US\$0.10 each;
- (b) a bonus issue of four (4) new ordinary shares for every one (1) ordinary share held by shareholders registered on the Register of Members at the close of business on 15 August 2000 ("Bonus Issue");
- (c) redomicile of the Company from the Isle of Man to Bermuda and adoption of a new Memorandum of Continuance and Bye-laws of the Company;
- (d) listing and quotation of the entire issued and paid-up share capital of the Company ("Listing") on The Stock Exchange of Hong Kong Limited ("SEHK") and the withdrawal of the listing and quotation of the entire issued and paid-up share capital of the Company from the Luxembourg Stock Exchange;
- (e) a general and unconditional mandate for the Directors to allot, issue and deal with such number of shares with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue immediately on the Listing having become effective and the aggregate nominal amount of the share capital of the Company purchased under the authority referred to in sub-paragraph (f) below;
- (f) a general and unconditional mandate for the Directors to exercise all powers of the Company to repurchase on the SEHK or any other stock exchange on which the securities of the Company may be listed, such number of shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue on the Listing having become effective, such mandate relating only to repurchases made in accordance with the Listing Rules of the SEHK; and
- (g) adoption of a new Employees' Share Option Scheme subject to and conditional upon the Listing having become effective.

On 23 August 2000, 2,499,432,972 new ordinary shares of US\$0.10 each in the share capital of the Company were allotted and issued to all entitled shareholders of the Company pursuant to the Bonus Issue. The new ordinary shares were listed on the Luxembourg Stock Exchange on 8 September 2000.

The redomicile of the Company from the Isle of Man to Bermuda, which was undertaken in preparation for the Listing, took effect from 9 October 2000. Upon its continuation into Bermuda as an exempted company with limited liability, the Company adopted its present name "Star Cruises Limited". The Company was discontinued as an Isle of Man company on 13 October 2000.

On 28 September 2000 and 9 October 2000, the Company entered into separate Note Purchase Agreements with RWL, a substantial shareholder of the Company, pursuant to which RWL had subscribed for a total of US\$480 million Convertible Notes issued by the Company. The Convertible Notes were constituted by a Deed Poll executed by the Company on 27 September 2000.

On 29 November 2000, the following new issue of shares were made by the Company in connection with the Listing of the Company:-

- (a) issue of a total of 685,573,993 new ordinary shares at the placement price of HK\$5.66 (US\$0.726) per share comprising of 75,792,000 new ordinary shares to independent placees and 609,781,993 new ordinary shares to RWL arising from the mandatory conversion of US\$442,499,850 principal amount of the Convertible Notes;
- (b) issue of 330,729,329 new ordinary shares to Joondalup Limited, a company wholly-owned by Golden Hope Limited as trustee of the Golden Hope Unit Trust, a substantial shareholder of the Company, at the placement price of HK\$5.66 (US\$0.726) per share in satisfaction of approximately US\$240 million of the US\$260 million loan extended to the Company by Joondalup Limited in December 1999; and
- (c) issue of 275,000 new ordinary shares to Mr. David Colin Sinclair Veitch, a Director of the Company, at the placement price of HK\$5.66 (US\$0.726) per share upon the exercise of an option granted to him, which was the right to subscribe for the shares at the placement price before the Listing.

On 30 November 2000, the entire issued and paid-up share capital of the Company was listed on The Stock Exchange of Hong Kong Limited and the delisting of the Company from the Luxembourg Stock Exchange took effect from the same day.

SIGNIFICANT SUBSEQUENT EVENTS

- (i) On 19 January 2001, the Group contracted for the sale of m.v. Star Aquarius for a net cash consideration of US\$75 million for delivery at the end of February 2001. The Company recorded an impairment loss of US\$37.7 million in the year ended 31 December 2000 in respect of m.v. Star Aquarius.
- (ii) In April 2001, the Group signed an amendment agreement in respect of its US\$600 million 5-year term loan. This amendment agreement, inter alia, amends certain terms contained in the original loan agreement. Furthermore, the Group will repay US\$150 million of this loan in 2001 under the terms of this amendment agreement and this amount has been classified as a current liability as at 31 December 2000.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dato' Lim Kok Thay

Chairman, President and Chief Executive Officer

Hong Kong, 18 April 2001