STAR CRUISES

STAR CRUISES LIMITED

(Continued into Bermuda with limited liability – Registration No. 29337)

INTERIM REPORT TO SHAREHOLDERS

for the three months ended 31 March 2002

STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

Interim Report for the three months ended 31 March 2002

CONTENTS

Corporate Information

Board of Directors

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Chairman, President and Chief Executive Officer

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

Mr. Chong Chee Tut
Executive Director and Chief Operating Officer

Mr. William Ng Ko Seng
Executive Director and Executive Vice President

Mr. David Colin Sinclair Veitch
Executive Director, President and Chief Executive Officer of Norwegian Cruise Line Limited

Mr. Tan Boon Seng
Independent Non-executive Director

Mr. Lim Lay Leng
Independent Non-executive Director

Secretary
Ms. Louisa Tam Suet Lin

Assistant Secretary
Mr. Tan Wooi Meng
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The Board of Directors (the “Directors”) of Star Cruises Limited (the “Company”) presents the unaudited consolidated accounts of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2002, as follows:

Consolidated Profit and Loss Account

	Note	Three months ended 31 March 2002 *US$'000* *unaudited*	2001 *US$'000* *unaudited*
Turnover	2	368,042	335,382
Operating expenses (excluding depreciation and amortisation)		(237,180)	(212,556)
Selling, general and administrative expenses (excluding depreciation)		(56,839)	(60,615)
Depreciation and amortisation	3	(42,666)	(36,092)
		(336,685)	(309,263)
Operating profit	2	31,357	26,119
Interest income		373	3,207
Financial costs		(24,599)	(36,786)
Other non-operating income / (expenses), net		(6,366)	4,885
		(30,592)	(28,694)
Profit / (Loss) before taxation		765	(2,575)
Taxation	4	(84)	2,419
Net profit / (loss) for the period		681	(156)
Basic earnings / (loss) per share (US cents)	5	0.02	(0.004)
Fully diluted earnings / (loss)* per share (US cents)	5	0.02	N/A
<u>Operating data</u>			
Passenger Cruise Days		1,962,682	1,694,181
Capacity Days		2,088,942	1,808,704
Occupancy as a percentage of capacity days		94%	94%

* Diluted loss per share for the three months ended 31 March 2001 is not shown as the diluted loss per share is less than the basic loss per share.

Consolidated Balance Sheet

	Note	As at 31 March 2002 US$'000 unaudited	31 December 2001 US$'000 audited
Intangible assets		622,036	626,138
Fixed assets		3,271,669	3,296,768
Restricted cash		150	150
Other assets		16,068	10,514
CURRENT ASSETS			
Consumable inventories		34,348	32,871
Trade receivables	6	16,475	25,398
Prepaid expenses and others		46,727	53,681
Amounts due from related companies	9	120	—
Restricted cash		1,661	1,891
Cash and cash equivalents		170,359	171,575
		269,690	285,416
CURRENT LIABILITIES			
Trade creditors	7	67,042	109,293
Provisions, accruals and other liabilities		140,465	148,878
Current portion of long-term bank loans	8	116,676	94,551
Amounts due to related companies	9	—	96
Advance ticket sales		187,122	161,195
		511,305	514,013
Net current liabilities		(241,615)	(228,597)
Total assets less current liabilities		3,668,308	3,704,973
Financed by:			
Share capital		414,731	414,673
Reserves		1,163,654	1,159,568
Shareholders' funds		1,578,385	1,574,241
Long-term bank loans	8	2,081,052	2,120,564
Other long-term liabilities		8,693	9,990
Deferred taxation		178	178
		3,668,308	3,704,973

Consolidated Cash Flow Statement

	Three months ended 31 March	
	2002	2001
	US$'000	*US$'000*
	unaudited	*unaudited*
OPERATING ACTIVITIES		
Cash generated from operations	67,498	61,270
Interest paid	(25,559)	(32,875)
Interest received	373	3,147
Income tax paid	(295)	(233)
Net cash inflow from operating activities	42,017	31,309
INVESTING ACTIVITIES		
Purchase of fixed assets	(16,429)	(88,007)
Proceeds from sale of fixed assets	73	90,460
Others	—	(246)
Net cash (outflow) / inflow from investing activities	(16,356)	2,207
FINANCING ACTIVITIES		
Proceeds from long-term bank loans	450,000	43,630
Principal repayments of long-term bank loans	(467,387)	(24,387)
Proceeds from issuance of ordinary shares	156	823
Restricted cash	230	(26)
Others	(9,856)	(448)
Net cash (outflow) / inflow from financing activities	(26,857)	19,592
Effect of exchange rate changes on cash and cash equivalents	(20)	(1,533)
Net (decrease) / increase in cash and cash equivalents	(1,216)	51,575
Cash and cash equivalents at 1 January	171,575	292,508
Cash and cash equivalents at 31 March	170,359	344,083

Consolidated Statement of Changes in Equity

	Share capital US$'000	Share premium US$'000	Additional paid-in capital US$'000	Foreign currency translation adjustments US$'000	Unamortised share option expense US$'000	Cash flow hedge reserve US$'000	Retained earnings US$'000	Total US$'000
Three months ended 31 March 2002								
unaudited								
At 1 January 2002	414,673	1,054,845	93,952	(26,189)	(6,450)	(8,059)	51,469	1,574,241
Exchange translation differences	—	—	—	44	—	—	—	44
Cash flow hedge:								
-Loss on financial instruments	—	—	—	—	—	(1,247)	—	(1,247)
-Transferred to profit and loss account	—	—	—	—	—	3,925	—	3,925
Net profits not recognised in the profit and loss account	—	—	—	44	—	2,678	—	2,722
Net profit for the period	—	—	—	—	—	—	681	681
Issue of ordinary shares pursuant to Star Cruises Employees Share Option Scheme	58	98	—	—	—	—	—	156
Amortisation of share options	—	—	—	—	585	—	—	585
At 31 March 2002	414,731	1,054,943	93,952	(26,145)	(5,865)	(5,381)	52,150	1,578,385
Three months ended 31 March 2001								
unaudited								
At 1 January 2001	414,108	1,053,853	93,952	(25,577)	(8,911)	—	67,512	1,594,937
Exchange translation differences	—	—	—	(590)	—	—	—	(590)
Net losses not recognised in the profit and loss account	—	—	—	(590)	—	—	—	(590)
Net loss for the period	—	—	—	—	—	—	(156)	(156)
Issue of ordinary shares pursuant to Star Cruises Employees Share Option Scheme	295	528	—	—	—	—	—	823
Amortisation of share options	—	—	—	—	682	—	—	682
At 31 March 2001	414,403	1,054,381	93,952	(26,167)	(8,229)	—	67,356	1,595,696

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited accounts of the Group have been prepared in compliance with the revised Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting", and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies and methods of computation used in the preparation of these quarterly accounts are consistent with those used in the annual accounts for the year ended 31 December 2001.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current financial period.

2. TURNOVER AND OPERATING PROFIT

The Group is principally engaged in the operation of passenger cruise ships.

Turnover consists of revenues earned from cruise and cruise related activities and charter hire. Cruise and cruise related revenue comprises sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Charter hire revenue includes the lease operation of a catamaran to a third party customer.

The amounts of each significant category of revenue recognised by the Group were as follows:

Three months ended 31 March 2002

	Cruise and cruise related activities *US$'000*	Charter Hire *US$'000*	Total *US$'000*
unaudited			
Turnover	367,782	260	368,042
Operating profit / (loss)	31,613	(256)	31,357
Interest income			373
Financial costs			(24,599)
Other non-operating expenses, net			(6,366)
Profit before taxation			765
Taxation			(84)
Net profit for the period			681

Three months ended 31 March 2001

	Cruise and cruise related activities *US$'000*	Charter Hire *US$'000*	Total *US$'000*
unaudited			
Turnover	332,706	2,676	335,382
Operating profit	24,868	1,251	26,119
Interest income			3,207
Financial costs			(36,786)
Other non-operating income, net			4,885
Loss before taxation			(2,575)
Taxation			2,419
Net loss for the period			(156)

Notes to the Accounts *(Continued)*

2. TURNOVER AND OPERATING PROFIT *(Continued)*

The Group's turnover and operating profit in its principal markets of North America and Asia Pacific is analysed as follows:

	TURNOVER Three months ended 31 March		OPERATING PROFIT Three months ended 31 March	
	2002 *US$'000 unaudited*	2001 *US$'000 unaudited*	2002 *US$'000 unaudited*	2001 *US$'000 unaudited*
Asia Pacific	110,482	131,944	19,619	28,065
North America *(note)*	230,557	179,013	12,528	106
Others	27,003	24,425	1,489	15
	368,042	335,382	33,636	28,186
Amortisation of goodwill			(2,279)	(2,067)
			31,357	26,119

Note: Substantially all this turnover and operating profit arises in the United States of America.

3. DEPRECIATION AND AMORTISATION

Depreciation and amortisation of the Group consists of the following:

	Three months ended 31 March	
	2002 *US$'000 unaudited*	2001 *US$'000 unaudited*
Depreciation of fixed assets	38,076	31,233
Amortisation of software development costs	488	968
Amortisation of goodwill	2,279	2,067
Amortisation of trade names and trademarks	1,823	1,824
Total depreciation and amortisation	42,666	36,092
– relating to operating function	39,510	32,752
– relating to selling, general and administrative function	3,156	3,340

4. TAXATION

	Three months ended 31 March	
	2002 *US$'000 unaudited*	2001 *US$'000 unaudited*
Overseas taxation		
– Current taxation	84	221
– Deferred taxation	—	(2,640)
	84	(2,419)

Notes to the Accounts *(Continued)*

5. EARNINGS / (LOSS) PER SHARE

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

	Three months ended 31 March 2002 US$'000 unaudited	2001 US$'000 unaudited
BASIC		
Net profit / (loss)	681	(156)
Average outstanding ordinary shares in thousands	4,147,120	4,143,299
Basic earnings / (loss) per share in US cents	0.02	(0.004)
FULLY DILUTED		
Net profit / (loss)	681	(156)
Average outstanding ordinary shares in thousands	4,147,120	4,143,299
Effect of dilutive ordinary shares in thousands	12,001	35,051
Average outstanding ordinary shares after assuming dilution in thousands	4,159,121	4,178,350
Fully diluted earnings per share in US cents	0.02	N/A*

* Diluted loss per share for the three months ended 31 March 2001 is not shown as the diluted loss per share is less than the basic loss per share.

6. TRADE RECEIVABLES

	As at 31 March 2002 US$'000 unaudited	31 December 2001 US$'000 audited
Trade receivables	19,870	28,804
Less: Provisions	(3,395)	(3,406)
	16,475	25,398

At 31 March 2002 and 31 December 2001, the ageing analysis of the trade receivables were as follows:

	As at 31 March 2002 US$'000 unaudited	31 December 2001 US$'000 audited
Current to 30 days	5,202	14,164
31 days to 60 days	3,207	4,665
61 days to 120 days	5,749	4,493
121 days to 180 days	2,285	2,562
181 days to 360 days	2,536	635
Over 360 days	891	2,285
	19,870	28,804

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

Notes to the Accounts *(Continued)*

7. TRADE CREDITORS

The ageing of trade creditors as at 31 March 2002 and 31 December 2001 were as follows:

	As at 31 March 2002 US$'000 *unaudited*	As at 31 December 2001 US$'000 *audited*
Current to 60 days	63,092	96,872
61 days to 120 days	2,359	10,378
121 days to 180 days	959	1,668
Over 180 days	632	375
	67,042	109,293

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

8. LONG-TERM BANK LOANS

Long-term bank loans consist of the following:

		As at 31 March 2002 US$'000 *unaudited*	As at 31 December 2001 US$'000 *audited*
US$521.6 million syndicated term loan		417,067	434,454
US$626.9 million syndicated term loan		313,461	313,461
US$600 million term loan	(i)	—	450,000
US$450 million term loan	(i)	450,000	—
US$210 million M/S Norwegian Sky Loan		182,000	182,000
US$623 million Fleet Loan		565,200	565,200
US$225 million M/S Norwegian Sun Post-delivery Loan		225,000	225,000
US$45 million term loan		45,000	45,000
Total liabilities		2,197,728	2,215,115
Less: Current portion		(116,676)	(94,551)
Long-term portion		2,081,052	2,120,564

(i) On 20 February 2002, the Group signed an agreement with a syndicate of banks to provide up to US$450 million ("US$450 million term loan") to refinance the US$600 million 5-year term loan. The Group drewdown this US$450 million term loan on 28 March 2002.

The US$450 million term loan bears interest at rates, which vary according to London Interbank Offer Rate, and is repayable in 12 equal installments at six-monthly intervals commencing 18 months from the facility agreement date. The US$450 million term loan is secured by first and second priority mortgages over certain ships of the Group, guarantees from certain subsidiaries, assignment of earnings and assignment of insurances granted by the subsidiaries owning the ships relating to the first and second priority mortgages. The shares of these subsidiaries owning the ships relating to the first priority mortgage are also pledged as collateral. In addition, the shares over Norwegian Cruise Line Limited are granted as security.

As a result of the extinguishment of the US$600 million term loan, the Group recorded a non-operating expense of US$5.9 million. Such amount represents the unamortised balance of the related loan arrangement fees.

Notes to the Accounts *(Continued)*

9. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Golden Hope Limited, a company incorporated in the Isle of Man acting as trustee for the Golden Hope Unit Trust, a private unit trust whose beneficiaries include various trusts established for the benefit of Tan Sri Lim Goh Tong, and certain members of his family controls the Group.

Dato' Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Group, is a son of Tan Sri Lim Goh Tong.

Kien Huat Development Sdn Bhd ("Kien Huat") is a company in which a brother of Dato' Lim Kok Thay has a substantial interest.

Genting Berhad ("GB"), a company in which Dato' Lim Kok Thay has a deemed interest and which is listed on the Kuala Lumpur Stock Exchange, controls Resorts World Berhad ("RWB"), a company also listed on the Kuala Lumpur Stock Exchange which in turn controls Resorts World Limited which is a substantial shareholder of the Company. GB indirectly controls Genting International PLC ("GIPLC"), a company listed on the Luxembourg Stock Exchange.

A description of certain material transactions between the Group and these companies is set out below:

(a) Kien Huat, together with its related companies, is involved in constructing a terminal building and renovating a ship berth for the Group in Laem Chabang, Bangkok, Thailand. In addition, Kien Huat is also involved in carrying out improvements to the Group's berthing facilities and other infrastructure facilities. Amounts charged to the Group in respect of these services were US$0.1 million each in the three-month periods ended 31 March 2002 and 2001 respectively.

(b) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services and other support services. The Group also purchased air tickets from a subsidiary of RWB. Amounts charged to the Group in respect of these services totalled US$0.2 million and US$0.5 million in the three-month periods ended 31 March 2002 and 2001 respectively.

(c) The Group provides certain administrative support and business liaison services to GIPLC internationally and the amount charged to GIPLC were US$0.1 million and nil in the three-month periods ended 31 March 2002 and 2001 respectively.

Amounts outstanding at the end of each fiscal period in respect of the above transactions are included in the balance sheets within amounts due from / (to) related companies.

10. FINANCIAL INSTRUMENTS

(i) In March 2002, the Group entered into several additional amortising interest rate swaps with a notional amount of US$36.9 million to convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation. As at 31 March 2002, the estimated fair market value of the interest rate swaps with a notional amount of US$355.4 million was approximately US$5.4 million, which was unfavourable to the Group. The changes in the fair value of the interest rate swaps were included as a separate component of reserves and recognised in the profit and loss account as the underlying hedged items were recognised. Subsequently in April 2002, an additional US$60.0 million amortising interest rate swaps were entered into by the Group to further convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation.

(ii) The Group has entered into various Singapore dollars forward contracts. As at 31 March 2002, the notional amount of these contracts was US$201.2 million. The notional amount will be reduced six-monthly in varying amounts over periods ranging from 5 to 11 years from August 2000. As at 31 March 2002, the estimated fair market value of these forward contracts was approximately US$13.3 million which was favourable to the Group. The changes in the fair value of these forward contracts were recognised in the profit and loss account.

Notes to the Accounts *(Continued)*

11. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

The Group had the following commitments as at 31 March 2002 and 31 December 2001:

	As at	
	31 March 2002	31 December 2001
	US$'000	*US$'000*
	unaudited	*audited*
Contracted but not provided for		
- Cruise ship under construction	330,697	330,697
- Cruise terminal under construction	—	3,060
- Others	—	1,094
	330,697	334,851

(ii) Material Litigation and Contingencies

Save as disclosed below, there were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2001.

Upon re-delivery of the M/S Leeward to its owners, Effjohn International NV ("Effjohn"), at the time of expiration of the bareboat charter entered into between NCL and Effjohn, Effjohn claimed damages relating to the condition of the ship and its equipment. On 14 July 2000, NCL received written notice from Effjohn of its intent to initiate arbitration proceedings to recover damages relating to the condition of the ship at the time of re-delivery and loss of revenue for the period the ship was out of service for repair. NCL has received Effjohn's points of claim as part of the arbitration proceeding and NCL filed its response on 15 October 2000. Arbitration proceedings have commenced in this matter. On 25 April 2002, the arbitration panel issued a judgement in favour of Effjohn with an amount of award of US$10.2 million. The Group believes the arbitration may have erred in certain legal conclusions reached in its judgement and intends to review the prospects of appeal upon the official translation of the judgement from Norwegian to English. Accordingly, no additional provision has been made in the accompanying financial statements as at 31 March 2002. As at 31 December 2001, the Group has recorded a liability of approximately US$6 million pursuant to this matter.

Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the three months ended 31 March 2002.

Management's Discussion and Analysis

Financial Review

Turnover

The Group's revenue for the three months ended 31 March 2002 was US$368.0 million, up 9.7% from US$335.4 million for the three months ended 31 March 2001. The increase in revenue was on the back of a 15.5% capacity increase, despite a net yield decline of 8.3%, defined as net revenue per capacity day. Lower prices for the bookings taken in the first few months subsequent to the terrorist attacks of 11 September 2001 as well as the lower occupancies for the longer itinerary ships have resulted in a decline in yield during the three months ended 31 March 2002.

For the three months ended 31 March 2002, Star Cruises operated with 19.3% less capacity days, compared to the three months ended 31 March 2001. Yield was 2.7% lower as a result of the slowing Asia economies versus the same period in 2001. The 19.3% decline in capacity days was primarily due to cessation of cruise operations in Taiwan and Japan as part of the overall reconsolidation strategy following 11 September events. This was partially offset by the introduction into service of Wasa Queen in September 2001.

NCL Group (which consists of Norwegian Cruise Line and Orient Lines brands) recorded an increase in capacity days of 40.6% for the three months ended 31 March 2002 compared to the three months ended 31 March 2001. Yield was lower by 6.0%. The increase in capacity days was primarily due to the introduction into service of M/S Norwegian Sun in August 2001 and m.v. Norwegian Star in December 2001.

Management's Discussion and Analysis *(Continued)*

Financial Review *(Continued)*

Cost and expenses

Total costs and expenses before interest and non-operating items for the three months ended 31 March 2002 amounted to US$336.7 million as compared with US$309.3 million for the three months ended 31 March 2001.

The ship operating expenses excluding costs such as commissions and air tickets as they are already factored into the net revenue yield, were 8.6% lower for the three months ended 31 March 2002 on a per capacity day basis as compared with the same period in 2001. This reduction in the ship operating expenses was achieved through cost control initiatives implemented in 2001, and the rationalisation of its cruise operations in North Asia in November 2001 following the 11 September events. The ship operating costs during the first half of 2001 were higher than in the previous year as the Group incurred higher costs in the introduction of the Freestyle Cruising concept to ensure its early success and in upgrading the safety level for the fleet of NCL Group. As the ship operation becomes comfortable with this new approach, the hotel manning costs have been scaled back.

As the cost control measures put in place over the year take effect, the selling, general and administrative expenses decreased 19.1% per capacity day for the three months ended 31 March 2002 as compared with the same period of 2001. The Group also benefited from the economies of scales as a result of increased capacity with the introduction of Norwegian Sun and Norwegian Star in the second half of 2001. Additionally, the merging of the shoreside operations of Orient Lines and NCL during the last quarter of 2001 has also created further scale economies.

Depreciation and amortisation expenses increased US$6.6 million from US$36.1 million for the three months ended 31 March 2001 to US$42.7 million for the three months ended 31 March 2002. The increase was primarily due to additional depreciation associated with the addition of ships and ship refurbishment expenditure during the period.

Operating profit

Operating profit increased 20.3% from US$26.1 million for the three months ended 31 March 2001 to US$31.4 million for the three months ended 31 March 2002. The result for the quarter was boosted by greater scale economies with the addition of two new ships in Norwegian Cruise Line as well as the effect of stringent cost control measures put in place over the past year.

Non-operating income/(expense)

Non-operating expenses was marginally higher by 6.6% to US$30.6 million for the three months ended 31 March 2002 from US$28.7 million for the three months ended 31 March 2001. During the three months ended 31 March 2002, the Group recorded losses on the extinguishment of debts in the amount of approximately US$5.9 million. The increase in these non-operating expenses were partially offset by the benefits of lower interest rates.

Profit before taxation

Profit before taxation for the three months ended 31 March 2002 was US$0.8 million, as compared to a loss of US$2.6 million for the three months ended 31 March 2001.

Taxation

The Group incurred taxation expenses of US$0.1 million for the three months ended 31 March 2002 as compared with US$2.4 million taxation benefit for the same period in 2001.

Net profit attributable to shareholders

As a result of the changes in revenues and expenses, the Group recorded a net profit attributable to shareholders of US$0.7 million for the three months ended 31 March 2002.

Liquidity and capital resources

Sources and uses of funds

The majority of the cash and cash equivalents are held in U.S. dollars. For the three months ended 31 March 2002, cash and cash equivalents decreased slightly to US$170.4 million from US$171.6 million as at 31 December 2001. The Group's business provided US$67.5 million of cash from operations for the three months ended 31 March 2002 as compared to US$61.3 million for the three months ended 31 March 2001.

During the three months ended 31 March 2002, the Group's capital expenditures were approximately US$16.4 million. A substantial portion of capital expenditures was related to the costs for vessel refurbishments and onboard assets.

During the three months ended 31 March 2002, the Group made scheduled principal repayments of US$17.4 million in relation to its long-term bank loans. In March 2002, the Group refinanced the outstanding balance of the 5-year syndicated term loan through a drawdown of US$450 million under the US$450 million syndicated term loan agreement signed in February 2002.

Management's Discussion and Analysis *(Continued)*

Financial Review *(Continued)*

Prospects

The Group is now looking forward to the delivery of Norwegian Dawn in December of this year. The Group has announced the deployment of this vessel and she is now open for sale through the spring of 2004. Norwegian Dawn will spend the winter and spring based in Florida conducting East and West Caribbean 7-day cruises and between May and October she will be based in New York offering a unique itinerary that takes her high speed and which includes two ports in the Bahamas and two ports in Florida. This New York deployment builds upon a programme that has been developing since summer 2001 on Norwegian Sea and the Group is hopeful that the success it has had on that smaller ship can be scaled up to this larger more attractive ship.

In Asia Pacific, the Group had taken the initial step to penetrate and develop the largely untapped Chinese market following the liberalisation and the improving economic sentiments in North Asia, by deploying the Wasa Queen to provide a cruise ferry service between Xiamen and Hong Kong in March this year. This will be further boosted by the deployment of a second ship, the SuperStar Gemini in May 2002 to service the North China - Korea cruise sector. The Group is cautiously optimistic on the contribution from this new market but it should be noted that it would take time to develop the market. As an indication, it took the Group about two years each to develop its core markets in Singapore and Hong Kong.

Barring unforeseen circumstances, the Group expects that its performance to be satisfactory for the remainder of this year.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2001.

Directors' Interests in Equity Securities

As at 31 March 2002, the interests of the Directors and the Chief Executive Officer in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance, Hong Kong ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange 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				
	Personal interests	Family interests	Corporate interests	Other interests	Total
Dato' Lim Kok Thay	5,615,000	23,247,990[1]	23,247,990[1]	3,643,723,812[2]	3,672,586,802
Mr. Chong Chee Tut	252,000	—	—	—	252,000
Mr. William Ng Ko Seng	87,500	—	—	—	87,500
Mr. David Colin Sinclair Veitch	275,000	—	—	—	275,000

Notes:

1. Deemed interest under family interest and corporate interest refers to the same block of 23,247,990 ordinary shares held by Goldsfine Investments Limited ("Goldsfine"). Each of Dato' Lim Kok Thay and his wife, Datin Wong Hon Yee holds 50% of the issued share capital of Goldsfine. This same block of 23,247,990 ordinary shares held by Goldsfine has not been duplicated in arriving at the total interest of Dato' Lim.

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.

Share Options are granted to the Directors under The Star Cruises Employees Share Option Scheme, details of which are set out in the section headed "Share Options" below.

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

(a) at no time during the period, the Directors and the Chief Executive Officer of the Company (including their spouse and children under 18 years of age) had any interest in, or exercised, any rights to subscribe for shares of the Company and its associated corporations within the meaning of the SDI Ordinance; and

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

Share Options

Details of the Company's share option plans are set out in the published annual report of the Company for the year ended 31 December 2001. Share Options are granted to the Directors of the Company and the employees of the Group under The Star Cruises Employees Share Options Scheme. Details of the share options granted under the said scheme and outstanding as at 31 March 2002 are as follows:

	Number of options outstanding at 1/1/2002	Number of shares acquired and exercise of options during the period	Number of options lapsed during the period	Number of options outstanding at 31/3/2002	Date granted	Exercise price per share	Exercisable Period
Dato' Lim Kok Thay	2,500,000	—	—	2,500,000	25/5/1998	US$0.2712	21/8/1999 - 20/8/2005
(Director)	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$0.4550	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$0.4550	24/3/2002 - 23/3/2009
	250,000	—	—	250,000	16/11/2000	US$0.2712	23/10/2003 - 22/8/2010
	13,750,000	**—**	**—**	**13,750,000**			
Mr. Chong Chee Tut	148,000	—	—	148,000	25/5/1998	US$0.2712	20/12/2000 - 19/12/2005
(Director)	100,000	—	—	100,000	25/5/1998	US$0.4550	23/6/2000 - 22/6/2007
	425,000	—	—	425,000	24/3/1999	US$0.2712	24/3/2002 - 23/3/2009
	75,000	—	—	75,000	24/3/1999	US$0.4550	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$0.4550	23/10/2003 - 22/8/2010
	1,248,000	**—**	**—**	**1,248,000**			
Mr. William Ng Ko Seng	187,500	—	—	187,500	25/5/1998	US$0.2712	21/8/2000 - 20/8/2005
(Director)	25,000	—	—	25,000	24/3/1999	US$0.2712	24/3/2002 - 23/3/2009
	100,000	—	—	100,000	24/3/1999	US$0.4550	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$0.4550	23/10/2003 - 22/8/2010
	712,500	**—**	**—**	**712,500**			
Mr. David Colin Sinclair Veitch (Director)	**1,000,000**	**—**	**—**	**1,000,000**	7/1/2000	US$0.4550	7/1/2003 - 6/1/2010
All other employees	5,005,000	(525,000)[1]	—	4,480,000	25/5/1998	US$0.2712	21/8/1999 - 20/8/2005
	85,000	—	—	85,000	25/5/1998	US$0.2712	20/12/2000 - 19/12/2005
	250,000	(50,000)[2]	—	200,000	25/5/1998	US$0.2712	11/3/2000 - 10/3/2007
	187,500	—	—	187,500	25/5/1998	US$0.2712	6/1/2000 - 5/1/2007
	1,050,000	—	—	1,050,000	25/5/1998	US$0.4550	23/6/2000 - 22/6/2007
	6,824,500	—	(1,267,000)	5,557,500	25/5/1998	US$0.4550	6/1/2000 - 5/1/2007
	18,500,650	—	(280,750)	18,219,900	24/3/1999	US$0.2712	24/3/2002 - 23/3/2009
	10,482,850	—	(220,500)	10,262,350	24/3/1999	US$0.4550	24/3/2002 - 23/3/2009
	7,500	—	—	7,500	24/3/1999	US$0.4550	24/3/2003 - 23/3/2005
	195,500	—	—	195,500	24/3/1999	US$0.4550	24/3/2003 - 23/3/2004
	1,276,150	—	—	1,276,150	30/6/1999	US$0.2712	30/6/2002 - 29/6/2009
	2,612,100	—	—	2,612,100	30/6/1999	US$0.4550	30/6/2002 - 29/6/2009
	15,000	—	—	15,000	30/6/1999	US$0.4550	30/6/2003 - 29/6/2004
	2,350,900	—	—	2,350,900	23/10/2000	US$0.2712	23/10/2003 - 22/8/2010
	3,423,850	—	(134,000)	3,289,850	23/10/2000	US$0.4550	23/10/2003 - 22/8/2010
	52,266,500	**(575,000)**	**(1,902,250)**	**49,789,250**			
Grand Total	**68,977,000**	**(575,000)**	**(1,902,250)**	**66,499,750**			

Share Options *(Continued)*

Notes:

1. At the dates before the options were exercised, the weighted average market closing value per share quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK$3.257.

2. Exercise date was 8 March 2002. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK$3.500.

HK$: Hong Kong dollars, the lawful currency of Hong Kong

Substantial Shareholders

As at 31 March 2002, in addition to the interest disclosed above in respect of the Directors and the Chief Executive Officer of the Company, the following companies and person were interested in 10% or more of the issued share capital of the Company according to the register kept under section 16(1) of the SDI Ordinance and information received by the Company:

Name of shareholder *(Notes)*	**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)*	2,156,836,819	52.0
Golden Hope Limited *(7 and 9)*	2,156,836,819	52.0
Datin Wong Hon Yee *(10)*	3,672,586,802	88.6

Notes:

1. 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").

2. 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.

3. 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.

4. Resorts World Bhd is a company listed on KLSE and is a subsidiary of Genting Berhad.

5. Sierra Springs Sdn Bhd and Resorts World Limited are companies which are wholly-owned subsidiaries of Resorts World Bhd.

6. 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.

7. Golden Hope Limited is the trustee of GHUT.

8. The interests of the persons named in Notes 1 to 5 in 1,486,886,993 ordinary shares relates to the same block of shares.

9. The interests of the persons named in Notes 6 and 7 in 2,156,836,819 ordinary shares relates to the same block of shares.

10. Datin Wong Hon Yee as the wife of Dato' Lim Kok Thay, has a family interest in the same block of 3,672,586,802 ordinary shares in which Dato' Lim has a deemed interest. Datin Wong also has a corporate interest in 23,247,990 ordinary shares held by Goldsfine by holding 50% of the issued share capital of Goldsfine.

Practice Note 19 to the Listing Rules

The Company is a party to three loan agreements for an aggregate amount of approximately US$1.6 billion with terms ranging from seven to sixteen years from the dates of these agreements. These agreements require the Lim Family to retain a direct or indirect ownership interest of 51% or more in the Company during the terms of these loans.

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 three months ended 31 March 2002, save for the issue of 575,000 new ordinary shares of US$0.10 each at an aggregate price of US$155,940 pursuant to the exercise of options granted under The Star Cruises Employees Share Option Scheme.

Corporate Governance

In compliance with the Code of Best Practice stipulated in Appendix 14 of the Listing Rules (the "Code of Best Practice"), the Company has established an Audit Committee with written terms of reference 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 of the external and internal audit and of internal controls and risk evaluation. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng. This interim report has been reviewed by the Audit Committee.

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not at any time during the three months ended 31 March 2002, in compliance with the Code of Best Practice, 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.

On behalf of the Board

DATO' LIM KOK THAY
Chairman, President and Chief Executive Officer

Hong Kong, 22 May 2002