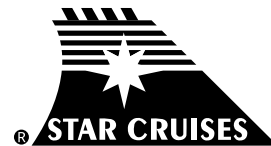


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**STAR CRUISES LIMITED**  
(Continued into Bermuda with limited liability)

## ONGOING CONNECTED TRANSACTIONS

The Waiver granted by the Stock Exchange on 20 December 2000 from strict compliance with the relevant requirements under Chapter 14 of the Listing Rules in respect of the KHD Transactions provided by the KHD Group to the Group and the GB Transactions provided by the GB Group to the Group, being ongoing connected transactions of the Company, expired on 31 December 2002. It is envisaged that the Group will continue to enter into similar transactions with the KHD Group and the GB Group on a regular basis after expiry of the Waiver.

The Company has applied to the Stock Exchange for the New Waiver, which will include the additional SC Transactions to be provided by the Group to the GB Group.

### 1. BACKGROUND

On 15 August 2000, the Company made an application for a waiver to the Stock Exchange from strict compliance with the relevant requirements of the Listing Rules in respect of the KHD Transactions provided by the KHD Group to the Group and the GB Transactions provided by the GB Group to the Group. The Stock Exchange granted the Waiver to the Company on 20 December 2000 subject to the conditions set out in the Prospectus. The Waiver expired on 31 December 2002 and the Company has applied to the Stock Exchange for the New Waiver, which will cover the connected transactions which were the subject of the Waiver and the SC Transactions to be provided by the Group to the GB Group commencing 1 January 2003.

#### 1.1 Construction of certain facilities of the Group by the KHD Group

The KHD Group has been involved in the construction, improvements and maintenance of the Group's two terminal buildings in Malaysia and Thailand, a number of jetties in Malaysia and berthing facilities in Malaysia, Thailand, Vietnam and the PRC.

Amounts paid by the Group to the KHD Group were approximately US\$5.2 million (HK\$40.56 million), US\$0.6 million (HK\$4.68 million) and US\$0.2 million (HK\$ 1.56 million) for the two years ended 31 December 2000, 31 December 2001 and the nine months ended 30 September 2002. These amounts represented approximately 0.54%, 0.06% and 0.02% of the consolidated net tangible assets of the Company as at the end of the respective periods and approximately 0.39%, 0.04% and 0.02% of the consolidated turnover of the Company for the respective periods. As of the date of this announcement, the outstanding construction works at Laem Chabang Terminal amount to approximately US\$2 million. Since the KHD Group has been appointed as the project manager for the construction and completion of the project at Laem Chabang Terminal, the KHD Group is likely to be re-appointed as the project manager to complete the

- (b) secretarial services;
- (c) share registration services; and
- (d) other support services (such as information technology support services, finance and administrative services, travel services, air ticket purchasing services, other purchasing services, central reservation services, leasing of office space and risk management services) upon terms and conditions to be mutually agreed upon.

#### Service fee

10% over and above the actual costs and expenses incurred by the GB Group in the provision of services (a), (b) and (c) under the GB Services Agreement as itemized above. The other support services as from time to time required will be subject to such terms and conditions to be mutually agreed upon.

#### Termination

The GB Services Agreement may be terminated by mutual agreement of GB and the Company or by either party giving the other party not less than 90 days' prior written notice.

By reference to the payments made by the Group to the GB Group in the two financial years ended 31 December 2000 and 31 December 2001 and the nine months ended 30 September 2002, and the anticipation of the increasing number of GB Transactions to be provided by the GB Group to the Group for cost efficiency purpose, it is expected that the aggregate consideration for the GB Transactions to be provided by the GB Group to the Group in each of the financial years commencing 1 January 2003 will not exceed the higher of HK\$10 million or 3% of the consolidated net tangible asset value of the Group as at the end of the relevant financial year.

#### 1.3 Services provided by the Group to the GB Group

For cost efficiency, the Group may also share its offices with and provide related administrative and other support services to

### 3. REASONS FOR, AND BENEFITS OF, THE ONGOING CONNECTED TRANSACTIONS

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.

The Board of Directors (including the independent non-executive directors) considers that the Ongoing Connected Transactions are on normal commercial terms and are fair and reasonable. It also considers that it will be in the interests of the Company and its shareholders as a whole to enter into or continue to enter into the Ongoing Connected Transactions for the following reasons:

3.1 **KHD Transactions.** The Group will need to maintain and enhance terminal, jetty and port facilities in the region where its ships are homeported and at the other ports of call, including but not limited to, Malaysia, Singapore, Hong Kong and other parts of the PRC. The KHD Group has proven performance track record in work accomplished for the Group. The Board of Directors considers that the Group will continue to benefit from the expertise, experience and efficiency of the KHD Group.

3.2 **GB Transactions and SC Transactions.** The Company is an associated company of GB. GB has provided Various Support Services to and conducted air ticket purchases for its subsidiaries and associated companies (including the Group) before the listing of the ordinary shares in the share capital of the Company on the Stock Exchange on 30 November 2000 and continues to provide such services to the Group thereafter. The Board of Directors considers that the continuing sharing of such services by the Group with its substantial shareholder at arm's length basis and on normal commercial terms will be cost effective and accordingly be in the commercial interest of the Group. Similarly, for cost efficiency purpose, sharing of office space with the GB Group and provision of related administrative support services by the Group to the GB Group at arm's length basis and on normal commercial terms will also be in the interests of the Company and its shareholders as a

Since the KHD Group has been appointed as the project manager for the construction and completion of the project at Laem Chabang Terminal, the KHD Group is likely to be re-appointed as the project manager to complete the construction upon terms and conditions to be mutually agreed upon. The said project is expected to be completed within the next two to three years and payment due to the KHD Group will be made during the said period. In addition, the Group may continue to engage the KHD Group as the project manager for construction of other facilities from time to time, in Malaysia, Thailand and other countries, as and when required, at arm's length basis and on normal commercial terms. By reference to the total payments made by the Group to the KHD Group in respect of the KHD Transactions in the two financial years ended 31 December 2000 and 31 December 2001 and the nine months ended 30 September 2002, and the outstanding construction works at Laem Chabang Terminal mentioned above, the Group anticipates that the total payments likely to be made to the KHD Group under the KHD Transactions in each of the financial years commencing 1 January 2003 will not exceed the higher of HK\$10 million or 3% of the Group's consolidated net tangible asset value as at the end of the relevant financial year.

#### 1.2 Services provided by the GB Group to the Group

The GB Group provides Various Support Services to the Group including air ticket purchases from Resorts World Tours, a travel agency which sells airline tickets and tour packages, from time to time.

Amounts charged to the Group in respect of all the above services provided by the GB Group totalled approximately US\$1.6 million (HK\$12.48 million), US\$1.6 million (HK\$12.48 million) and US\$0.7 million (HK\$5.46 million) respectively for the two years ended 31 December 2000 and 2001 and the nine months ended 30 September 2002. These amounts represented approximately 0.17%, 0.17% and 0.06% of the consolidated net tangible assets of the Company as at the end of the respective periods and approximately 0.12%, 0.12% and 0.06% of the consolidated turnover of the Company for the respective periods.

The GB Group has been providing, and will continue to provide, the above services to the Group. Such transactions with the GB Group have been, and will continue to be, entered into at arm's length basis and on normal commercial terms that are no less favourable than terms available from independent third parties. In addition, the Company expects that the GB Group will in future be providing an increasing number of shared services to the Group so as to benefit from economies of scale which will be in mutual benefit for both the Group and the GB Group. The Company and GB entered into the GB Services Agreement on 14 January 2003 to formalise the terms of engagement in respect of the provision of the Various Support Services commencing 1 January 2003 as set out below:

Principal terms of the GB Services Agreement are as follows:

Parties: GB  
The Company

Services to be provided by the GB Group to the Group as and when required by the Group from time to time:

- (a) treasury management services;

#### 1.3 Services provided by the Group to the GB Group

For cost efficiency, the Group may also share its offices with and provide related administrative and other support services to the GB Group as mutually agreed upon from time to time at arm's length basis and on normal commercial terms. The Company and GB entered into the SC Services Agreement on 14 January 2003 to formalise the terms of engagement in respect of the provision of certain services by the Group to the GB Group commencing 1 January 2003 as set out below:

Principal terms of the SC Services Agreement are as follows:

Parties: GB  
The Company

Services to be provided by the Group to the GB Group as and when required by the GB Group from time to time:

- (a) leasing of office space;
- (b) administrative services;
- (c) information technology support services; and
- (d) other support services (such as travel services and secretarial services) upon terms and conditions to be mutually agreed upon.

Service Fee

10% over and above the actual costs and expenses incurred by the Group in the provision of services (a), (b) and (c) under the SC Services Agreement as itemized above. The other support services as from time to time required will be subject to such terms and conditions to be mutually agreed upon.

Termination

The SC Services Agreement may be terminated by mutual agreement of the Company and GB or by either party giving the other party not less than 90 days' prior written notice.

All other support services as included under item (d) of the GB Services Agreement and the SC Services Agreement above will be engaged or continue to be engaged from the GB Group by the Group and/or to be engaged from the Group by the GB Group as and when required from time to time after arm's length negotiations and on normal commercial terms.

Based on the current estimation of the expected level of services to be required from the Group by the GB Group under the SC Services Agreement, it is expected that the aggregate consideration for the SC Transactions to be provided by the Group to the GB Group in each of the financial years commencing 1 January 2003 will not exceed the higher of HK\$10 million or 3% of the net tangible asset value of the Group as at the end of the relevant financial year.

#### 2. CONNECTION BETWEEN THE PARTIES

KHD is a company in which a brother of Tan Sri Lim Kok Thay, Chairman, President and Chief Executive Officer of the Group, has a substantial interest. GB is a substantial shareholder of the Company and holds approximately 34.8% attributable interests in the existing issued share capital of the Company. Accordingly, the KHD Transactions, the GB Transactions and the SC Transactions will constitute connected transactions of the Company under the Listing Rules.

Group: primarily, for cost efficiency purpose; sharing of office space with the GB Group and provision of related administrative support services by the Group to the GB Group at arm's length basis and on normal commercial terms will also be in the interests of the Company and its shareholders as a whole.

The Ongoing Connected Transactions are and will be conducted in the ordinary and usual course of business of the Group. These transactions will continue to be mutually agreed on arm's length basis on terms that are fair and reasonable to the Company.

#### 4. APPLICATION FOR WAIVER

The Ongoing Connected Transactions include certain existing obligations and obligations to be entered into by the Group on an ongoing basis. It would therefore be impractical to make ongoing disclosures regarding the same in strict compliance with the relevant requirements relating to connected transactions under Chapter 14 of the Listing Rules.

Application has been made to the Stock Exchange for a waiver from strict compliance with Rule 14.25 of the Listing Rules regarding the Ongoing Connected Transactions commencing 1 January 2003 in respect of each and every occasion they arise subject to the following conditions:

- (a) the Ongoing Connected Transactions shall have been entered into, and the terms of the respective arrangements governing such transactions shall be:
  - (i) entered into by the Group in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or on terms that are fair and reasonable so far as the Company's shareholders are concerned; and
  - (iii) in accordance with the terms of the agreements governing such transactions, which shall be on normal commercial terms or, where there are no such agreements, on terms that are no less favourable than terms available to or from independent third parties;
- (b) the aggregate annual consideration paid/payable by the Group or received/receivable by the Group, as the case may be, under each category of the Ongoing Connected Transactions, namely, the KHD Transactions, the GB Transactions and the SC Transactions, shall not exceed the higher of HK\$10 million or 3% of the consolidated net tangible asset value of the Group as at the end of the relevant financial year.
- (c) brief details of the Ongoing Connected Transactions as required by Rule 14.25(1)(A) to (D) of the Listing Rules shall be disclosed in the Company's next and each successive annual reports together with a statement of the opinion of the independent non-executive directors of the Company referred to in (d) below and confirmation that the auditors of the Company have issued the letter to the Board of Directors referred to in (e) below, if such transactions are conducted during the relevant year;
- (d) the independent non-executive directors of the Company shall review annually the Ongoing Connected Transactions and confirm, in the Company's relevant annual report, that such transactions have been conducted in the manner as stated in conditions (a) and (b) above;

- (e) the Company shall engage its auditors to review annually the Ongoing Connected Transactions and, provide the Board of Directors with a letter in respect of each financial year during which the Ongoing Connected Transactions are conducted (a copy of the letter shall be provided to the Listing Division of the Stock Exchange), stating whether:
- (i) the Ongoing Connected Transactions have been approved by the Board of Directors;
  - (ii) the Ongoing Connected Transactions have been entered into in accordance with the terms of the relevant agreements governing such transactions;
  - (iii) the aggregate annual consideration paid/payable by the Group or received/receivable by the Group, as the case may be, under each category of the Ongoing Connected Transactions, namely, the KHD Transactions, the GB Transactions and the SC Transactions, has not exceeded the higher of HK\$10 million or 3% of the consolidated net tangible asset value of the Group as at the end of the relevant financial year.
- (f) KHD and GB have undertaken to the Company that they will provide the Company's auditors with full access to their relevant records to the extent necessary for the purpose of the auditors' review of the Ongoing Connected Transactions.

In the event that any of the limits applicable to the specified type of Ongoing Connected Transactions are exceeded or if the Group enters into any new agreement with any connected persons (within the meaning of the Listing Rules) in the future, the Company will comply with the provisions of Chapter 14 of the Listing Rules dealing with connected transactions unless it applies for, and obtains, a waiver from the Stock Exchange.

#### DEFINITIONS

“Board of Directors”	the board of directors of the Company
“CLOB International”	The Central Limit Order Book International of the Singapore Exchange Securities Trading Limited
“Company”	STAR CRUISES LIMITED, an exempted company continued into Bermuda with limited liability and the shares of which are listed on the Stock Exchange and traded on CLOB International
“GB”	Genting Berhad, a company incorporated in Malaysia and listed on the Kuala Lumpur Stock Exchange, which is a substantial shareholder of the Company holding approximately 34.8% attributable interests in the Company's issued share capital
“GB Group”	GB and its related companies but excluding the Group
“GB Services Agreement”	the services agreement dated 14 January 2003 entered into between the Company and GB in relation to the provision of treasury management services, secretarial services, share registration services, and other support services (such as information technology support services, finance and administrative services, travel services, air ticket purchasing services, other purchasing services, central reservation services, leasing of office space and risk management services) by the GB Group to the Group
“GB Transactions”	ongoing transactions between the GB Group and the Group under the GB Services Agreement
“Group”	the Company, its subsidiaries and associated companies
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
“KHD”	Kien Huat Development Sdn Bhd, a company incorporated in Malaysia and in which a brother of Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Company, has a substantial interest
“KHD Group”	KHD and its related companies
“KHD Transactions”	ongoing transactions between the KHD Group and the Group in

	Company, has a substantial interest
“KHD Group”	KHD and its related companies
“KHD Transactions”	ongoing transactions between the KHD Group and the Group in relation to the provision of terminal, jetties and berthing facilities construction, maintenance and/or improvement services by the KHD Group to the Group
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Waiver”	the waiver from strict compliance with Chapter 14 of the Listing Rules sought by the Company from the Stock Exchange in respect of the Ongoing Connected Transactions
“Ongoing Connected Transactions”	the ongoing connected transactions which are and will continue to be entered into between the Group and the GB Group or the KHD Group, comprising the GB Transactions, the SC Transactions and the KHD Transactions
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus dated 28 November 2000 issued by the Company relating to the listing of its shares on the Stock Exchange
“Resorts World Tours”	Resorts World Tours Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of RWB
“RWB”	Resorts World Bhd, a company incorporated in Malaysia and listed on the Kuala Lumpur Stock Exchange, in which GB holds approximately 55.2% of its issued share capital
“SC Services Agreement”	the services agreement dated 14 January 2003 entered into between the Company and GB in relation to the provision of office space, administrative and information technology support services and other services (such as travel services and secretarial services) by the Group to the GB Group
“SC Transactions”	ongoing transactions between the GB Group and the Group under the SC Services Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	shall have the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“US\$”	United States dollars, the lawful currency of the United States of America
“Various Support Services”	services including treasury management services, secretarial services, share registration services, information technology support services, finance and administrative support services, travel services, air ticket purchasing services, other purchasing services, central reservation services, leasing of office space and various other support services such as risk management services
“Waiver”	the waiver granted by the Stock Exchange on 20 December 2000 to the Company in respect of the KHD Transactions and the GB Transactions provided by the GB Group to the Group, subject to the conditions set out in the Prospectus
“%”	per cent.

By order of the Board of  
**STAR CRUISES LIMITED**  
**Louisa Tam Suet Lin**  
*Company Secretary*

Hong Kong, 15 January 2003

*In this announcement, the Hong Kong dollar amounts have been translated from U.S. dollars at the rate of US\$1.00 to HK\$7.8. Such translations are for the convenience of the readers only. No representation is made that the US dollar amounts have been, could have been or could be, converted into Hong Kong dollars, or vice versa, at such rate or at any other rates on any relevant date.*