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STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 25% INTEREST IN RESORTS WORLD AT SENTOSA PTE. LTD.

Reference is made to the announcement of the Company dated 18 December 2006 in connection with the formation of a joint venture, Resorts World at Sentosa Pte. Ltd. (formerly known as Infinity @ TheBay Pte. Ltd.), for the development of Resorts World at Sentosa. The Company's investment in RWS was approved by the independent shareholders of the Company at the special general meeting of the Company held on 29 January 2007. Reference is also made to the announcement of the Company dated 6 March 2007 in relation to the disposal of the Company's 25% indirect interest in RWS.

On 2 March 2007, GIPLC issued a letter to the Company notifying the Company that GIPLC believed that a divestment of the Sale Interest would expedite the processing of RWS' application for a casino licence and would, therefore, be in the mutual interests of the Company and GIPLC. On 3 March 2007, the Company issued a reply to GIPLC notifying its agreement with GIPLC that it is essential for RWS to be in a position to meet the suitability requirements necessary for the application of a casino licence at the appropriate time in the future and, on such basis, its acceptance, subject to the relevant approvals being obtained, to withdraw its investment in RWS by selling the Sale Interest.

The Company, SC Asia, GIPLC and Star Eagle entered into a sale and purchase agreement on 27 March 2007 whereby SC Asia has agreed to sell to Star Eagle, and Star Eagle has agreed to purchase from SC Asia, the Sale Interest for the total consideration of S\$255,000,000. Completion of the RWS Disposal is conditional upon, amongst other things, obtaining approval from the independent shareholders of the Company, obtaining approval from the independent shareholders of GIPLC, the release from liabilities and obligations of the Company as guarantor under the Indemnity and the Facility and the release from obligations of SC Asia under the Facility. As at the date of this announcement, all Securities provided by the Group for the benefit of RWS comprise the Securities provided by the Company under the Indemnity and the Facility and the aggregate amount of such Securities from which the Company will be released totals S\$55,625,000. Completion is expected to take place on the next business day following the satisfaction of all conditions set out in the Sentosa SPA.

Upon completion of the RWS Disposal, the Company will cease to have any interest in RWS and the Sentosa Integrated Resort and the Shareholders' Agreement in relation to RWS will terminate.

The RWS Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and as GIPLC and Star Eagle are indirect subsidiaries of GB, a substantial shareholder of the Company, and hence connected persons of the Company, also a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the percentage ratios of this connected transaction are more than 2.5%, such connected transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. A circular containing further details of the RWS Disposal, a letter from the independent board committee of the Company and a letter from the independent financial adviser will be despatched to the Shareholders as soon as practicable.

Reference is made to the Sentosa Announcement in connection with the formation of a joint venture, RWS, for the development of Resorts World at Sentosa. The Company's investment in RWS was approved by the independent shareholders of the Company at the special general meeting of the Company held on 29 January 2007. Reference is also made to the Company's announcement dated 6 March 2007 in relation to the disposal of the Sale Interest.

DISPOSAL OF 25% INDIRECT INTEREST IN RWS AND THE SENTOSA SPA

On 2 March 2007, GIPLC issued a letter to the Company notifying the Company that GIPLC believed that a divestment of the Sale Interest would expedite the processing of RWS' application for a casino licence and would, therefore, be in the mutual interests of the Company and GIPLC. On 3 March 2007, the Company issued a reply to GIPLC notifying its agreement with GIPLC that it is essential for RWS to be in a position to meet the suitability requirements necessary for the application of a casino licence at the appropriate time in the future and, on such basis, its acceptance, subject to the relevant approvals being obtained, to withdraw its investment in RWS by selling the Sale Interest to GIPLC.

In view of the foregoing, the Company, SC Asia, GIPLC and Star Eagle entered into the Sentosa SPA to implement the RWS Disposal.

Date

27 March 2007

Parties

- (a) The Company
- (b) SC Asia, a wholly-owned subsidiary of the Company
- (c) GIPLC
- (d) Star Eagle, a wholly-owned subsidiary of GIPLC

The RWS Disposal

Pursuant to the Sentosa SPA, SC Asia has agreed to sell to Star Eagle, and Star Eagle has agreed to purchase from SC Asia, the Sale Interest for the Consideration of S\$255,000,000. As at the date of the Sentosa SPA, RWS' issued share capital amounted to S\$700,000,000 divided into 700,000,000 ordinary shares of which 525,000,000 were allotted and issued to Star Eagle and 175,000,000 were allotted and issued to SC Asia, in all cases at S\$1 per share, and there was no outstanding shareholder's loan owed to the Company or SC Asia by RWS.

Consideration and Use of Proceeds

The Consideration to be paid by Star Eagle to SC Asia for the Sale Interest is S\$255,000,000 and will be payable in cash in full upon completion of the RWS Disposal.

The Consideration has been agreed after arm's length negotiations between the parties to the Sentosa SPA taking into account the recommendation on the premium of S\$80,000,000 made by the Company's financial adviser in respect of the RWS Disposal, AMS Corporate Finance Limited.

It is the current intention of the Company to apply the proceeds from the RWS Disposal for the reduction of the outstanding balance of the revolver facility of the Company.

In connection with the RWS Disposal, the Company will be released from its potential liabilities as guarantor under the Indemnity and the Facility. As at the date of this announcement, all Securities provided by the Group for the benefit of RWS comprise the Securities provided by the Company under the Indemnity and the Facility and the aggregate amount of such Securities from which the Company will be released totals S\$55,625,000. Pursuant to the Sentosa SPA, GIPLC and Star Eagle will procure the releases of the Company from its liabilities under the Indemnity and the Facility as soon as practicable.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, AMS Corporate Finance Limited is not related to GIPLC or any of its associates.

Conditions

Completion of the RWS Disposal is conditional upon, amongst other things, obtaining approval from the independent shareholders of the Company, obtaining approval from the independent shareholders of GIPLC, the release from liabilities and obligations of the Company as guarantor under the Indemnity and the Facility and the release from obligations of SC Asia under the Facility. Written consent of Sentosa Development Corporation in respect of the RWS Disposal has been obtained. Sentosa Development Corporation is the lessor of the land on which the Sentosa Integrated Resort is to be built and one of the governing authorities in relation to the development of the Sentosa Integrated Resort.

Completion

Completion of the RWS Disposal is expected to take place on the next business day following the satisfaction of all conditions set out in the Sentosa SPA. Upon completion of the RWS Disposal, the Company will cease to have any interest in RWS and the Sentosa Integrated Resort, the Shareholders' Agreement in relation to RWS will terminate and the Company will cease to have any funding commitment towards RWS.

Upon completion of the RWS Disposal, the estimated unaudited gain arising from the RWS Disposal will be in the range of approximately S\$78,500,000 to S\$79,500,000 which is arrived at by deducting the estimated book value of the Sale Interest and the estimated incidental costs in relation to the RWS Disposal in the range of approximately S\$175,500,000 to S\$176,500,000 from the Consideration.

FINANCIAL INFORMATION OF RWS AND ACCOUNTING TREATMENT

As at 31 December 2006, the unaudited net asset value of RWS amounted to approximately S\$36,264,000. For the period from the date of incorporation of RWS (i.e. 28 February 2005) to 31 December 2005, RWS incurred an unaudited loss (both before tax and after taxation and extraordinary items) of approximately S\$8,000. For the period from 1 January 2006 to 31 December 2006, RWS recorded an unaudited profit (both before tax and after taxation and extraordinary items) of approximately S\$22,000.

RWS has prepared its accounts in accordance with the Singapore Financial Reporting Standards.

The Group has accounted for its interest in RWS using the equity method of accounting in accordance with the Hong Kong Financial Reporting Standards and has recorded its portion of RWS' net operating results as share of profit/loss of an associate. The Group will continue with such accounting treatment in respect of its interest in RWS until completion of the RWS Disposal.

REASONS FOR THE RWS DISPOSAL

It is essential for RWS to be in a position to meet the suitability requirements necessary for the application of a casino licence at the appropriate time in the future. The Directors believe that the RWS Disposal for the Consideration would better preserve the value of the investment made by the Company in RWS thus far and will also enable the Company to devote its resources on the other major projects of the Company. The Directors have considered the recommendation made by the Company's financial adviser carefully and are of the view that the RWS Disposal is on normal commercial terms and the terms of the Sentosa SPA are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE GROUP

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.

SC Asia is an investment holding company and its subsidiaries are principally engaged in the business of cruise and cruise related operations in the Asia-Pacific region.

INFORMATION ON GIPLC AND STAR EAGLE

The principal activity of GIPLC is investment holding. The principal activities of GIPLC's subsidiaries include the development and operation of integrated resorts, operation of casinos, investments, provision of IT application related services and provision of sales and marketing services to leisure and hospitality related businesses.

Star Eagle is an investment holding company established by GIPLC for the purpose of holding GIPLC's investment in RWS.

INFORMATION ON RWS

RWS is a special purpose vehicle principally engaged in providing tourism and hospitality services. RWS owns and develops and will operate and manage the Sentosa Integrated Resort which will offer a comprehensive range of recreational and entertainment facilities. The development of the Sentosa Integrated Resort is currently at the planning stage.

GENERAL

The RWS Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and as GIPLC and Star Eagle are indirect subsidiaries of GB, a substantial shareholder of the Company, and hence connected persons of the Company, also a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the percentage ratios of this connected transaction are more than 2.5%, such connected transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As GIPLC and Star Eagle each has a material interest in the RWS Disposal, GIPLC, Star Eagle, their respective ultimate beneficial owners and their respective associates (as defined under the Listing Rules) who are beneficially interested in any Shares would be required under the Listing Rules to abstain from voting on the resolution to approve the RWS Disposal and the Sentosa SPA.

A circular containing further details of the RWS Disposal, a letter from the independent board committee of the Company and a letter from the independent financial adviser will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Bank”	Oversea-Chinese Banking Corporation Limited
“Company”	STAR CRUISES LIMITED, an exempted company continued into Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and traded on Central Limit Order Book International of Singapore Exchange Securities Trading Limited

“Consideration”	the total consideration of S\$255,000,000 payable by Star Eagle to SC Asia for the disposal of the Sale Interest under the Sentosa SPA
“Directors”	the directors of the Company
“Facility”	the S\$192,500,000 facility granted to RWS on 27 February 2007
“GB”	Genting Berhad, a company incorporated in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad, a substantial shareholder of the Company
“GIPLC”	Genting International P.L.C., a company incorporated in the Isle of Man and listed on the Main Board of the Singapore Exchange Securities Trading Limited and a subsidiary of GB
“Group”	the Company and its subsidiaries
“Indemnity”	the deed of guarantee and indemnity dated 20 September 2006 in favour of the Bank pursuant to which the Company undertook to fund 25% of the principal sum of S\$30,000,000 which will be due from RWS to the Bank
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange for the time being in force
“RWS”	Resorts World at Sentosa Pte. Ltd. (formerly known as Infinity @ TheBay Pte. Ltd.), a company incorporated with limited liability under Company No. 200502573D in Singapore and having its registered office at 6 Shenton Way #28-09 DBS Building Tower Two, Singapore 068809
“RWS Disposal”	the disposal of the Sale Interest pursuant to the Sentosa SPA
“Sale Interest”	the Company’s 25% indirect interest in RWS
“SC Asia”	Star Cruises Asia Holding Ltd., an exempted company incorporated in Bermuda with limited liability, a direct wholly owned subsidiary of the Company
“Security”	a guarantee, an indemnity or other form of security or financial assistance granted in favour of any third party(ies) for the purpose of enabling debt financing to be made available to RWS
“Sentosa Announcement”	the Company’s announcement dated 18 December 2006
“Sentosa Integrated Resort”	the integrated resort to be developed at Sentosa Island, Singapore and to be known as “Resorts World at Sentosa”

“Sentosa SPA”	the sale and purchase agreement in relation to the sale and purchase of the Sale Interest entered into by and between the Company, SC Asia, GIPLC and Star Eagle on 27 March 2007
“Shareholders”	holders of the Shares as recorded on the principal register of shareholders of the Company in Bermuda and the branch register of shareholders of the Company in Hong Kong
“Shareholders’ Agreement”	the shareholders’ agreement entered into by and between the Company, SC Asia, GIPLC and Star Eagle on 15 December 2006
“Shares”	ordinary shares of US\$0.10 each in the share capital of the Company
“Singapore”	the Republic of Singapore
“Star Eagle”	Star Eagle Holdings Limited, a company incorporated in the British Virgin Islands, a direct wholly owned subsidiary of GIPLC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “SGD”	Singapore dollar(s), the lawful currency of Singapore
“US\$” or “USD”	US dollar(s), the lawful currency of the United States of America

By order of the board of directors of
STAR CRUISES LIMITED
Louisa Tam Suet Lin
Company Secretary

Hong Kong, 27 March 2007

As at the date of this announcement, the Board of Directors of the Company comprises four Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Chong Chee Tut, Mr. William Ng Ko Seng and Mr. David Colin Sinclair Veitch, and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Tan Boon Seng and Mr. Lim Lay Leng.

Please also refer to the published version of this announcement in China Daily.