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STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

DISCLOSEABLE TRANSACTION

ACQUISITION OF SHARES IN

MACAU LAND INVESTMENT CORPORATION

AND

DEVELOPMENT OF LAND

A letter from the Board is set out on pages 6 to 15 of this circular.

30 March 2007

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DEFINITIONS

In this Circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of 75% interest in MLIC and the assumption of the Vendors’ Loans by New Orisol pursuant to the Sale and Purchase Agreements
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company as amended, supplemented or modified from time to time
“Circular”	this circular in relation to the Project
“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 the Central Limit Order Book International of Singapore Exchange Securities Trading Limited
“Completion Date”	19 March 2007, the date on which the Acquisition was completed
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition in the amount equal to HK\$1,466,508,410.65 payable by New Orisol to the Vendors pursuant to the Sale and Purchase Agreements
“Deposit”	the non-refundable deposit in the aggregate amount of HK\$153,562,500 paid by New Orisol to the Vendors upon signing of the Sale and Purchase Agreements
“Directors”	the directors of the Company
“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
“Genting Star”	Genting Star Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of GIPLC
“GIPLC”	Genting International P.L.C., a company incorporated in the Isle of Man and listed on the Main Board of Singapore Exchange Securities Trading Limited and a subsidiary of GB

DEFINITIONS

“GOHL”	Genting Overseas Holdings Limited, a company incorporated in the Isle of Man with limited liability and a wholly-owned subsidiary of GB
“Golden Hope”	Golden Hope Limited, a company incorporated in the Isle of Man with limited liability and the trustee of Golden Hope Unit Trust
“Goldsfine”	Goldsfine Investments Ltd., a company incorporated in the British Virgin Islands with limited liability and equally owned by Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Company, and his spouse
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party which is not connected with the Group or the directors, chief executives and substantial shareholders of any member of the Group or any of their respective associates
“Joondalup”	Joondalup Limited, a company incorporated in the Isle of Man with limited liability and wholly-owned by Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Company
“Land”	the piece of land located at “Terreno a aterrar junto à Praca de Ferreira do Amaral” in Macau with a measurement of approximately 8,100 square meters which is generally known as “1 Lago Nam Van, Macao”
“Latest Practicable Date”	26 March 2007, being the latest practicable date prior to the printing of this Circular for ascertaining certain information herein
“Lim Family”	Tan Sri Lim Goh Tong and members of his family. Tan Sri Lim Goh Tong is the father of Tan Sri Lim Kok Thay
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange for the time being in force
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Announcement”	the announcement of the Company dated 22 January 2007 in relation to, amongst other things, the Project

DEFINITIONS

“MLIC”	Macau Land Investment Corporation, a company incorporated with limited liability under the laws of the British Virgin Islands which indirectly owns the entire issued share capital of TIECL
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules
“NCLA”	NCL America Inc., a corporation incorporated in Delaware of the United States of America, and an indirect wholly-owned subsidiary of the Company
“NCLB”	NCL (Bahamas) Ltd., a company incorporated in Bermuda with limited liability, and an indirect wholly-owned subsidiary of the Company
“NCLL”	Norwegian Cruise Line Limited, an exempted company incorporated in Bermuda with limited liability, and an indirect wholly-owned subsidiary of the Company
“New Orisol”	New Orisol Investments Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, and a wholly-owned subsidiary of the Company
“New Orisol Acquisition”	the acquisition by the Company, through SC Asia, of 25% interest of Genting Star pursuant to the New Orisol SPA
“New Orisol SPA”	the sale and purchase agreement in relation to the New Orisol Acquisition entered into by and between SC Asia and Genting Star dated 2 March 2007
“Placement”	the subscription for 255,000,000 Shares pursuant to the share subscription agreements dated 17 January 2007 and the grant of options pursuant to the share option agreements dated 17 January 2007
“Post-listing Employee Share Option Scheme”	the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002)
“Pre-listing Employee Share Option Scheme”	the share option scheme adopted by the Company on 16 April 1997 prior to the listing of its Shares on the Stock Exchange
“Project”	the purchase of the Land through the Acquisition and the proposal to develop and build a hotel that will house, <i>inter alia</i> , a casino on the Land (subject to obtaining the relevant authorisation from the Government of Macau)

DEFINITIONS

“RWL”	Resorts World Limited, a company incorporated in the Isle of Man with limited liability, and an indirect wholly-owned subsidiary of Resorts World Bhd
“Sale and Purchase Agreements”	the Santos SPA and the World Arena Silverland SPA
“Santos Loans”	the loans made by Mr. José Manuel dos Santos to TIECL which loans were in the amount of MOP29,611,260 as at the date of the Santos SPA and such other loans which may be made by Mr. José Manuel dos Santos to TIECL prior to completion of the Acquisition
“Santos SPA”	the sale and purchase agreement in relation to 50% of the issued share capital of MLIC and the Santos Loans entered into by and between New Orisol and Mr. José Manuel dos Santos dated 16 January 2007
“SC Asia”	Star Cruises Asia Holding Ltd., an exempted company incorporated in Bermuda with limited liability, a direct wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option(s)”	share option(s) granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme, respectively, entitling the holders thereof to subscribe for Shares
“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 in relation to New Orisol entered into by and between the Company, SC Asia, GIPLC and Genting Star on 16 January 2007
“Shares”	ordinary shares of US\$0.10 each in the share capital of the Company
“Silverland”	Silverland Concept Corporation, a company incorporated with limited liability under the laws of the British Virgin Islands
“Singapore”	the Republic of Singapore
“SJM”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance
“TIECL”	Treasure Island Entertainment Complex Limited, a company incorporated with limited liability in Macau which holds a lease over the Land (subject to such grant of lease being published in the Gazette of Macau)
“Vendors”	Mr. José Manuel dos Santos, Silverland and World Arena
“Vendors’ Loans”	the Santos Loans and 50% of the YK Loans
“Waiver”	the waiver from strict compliance with the requirements under Rule 14.38 and Rule 14A.49 of the Listing Rules granted to the Company by the Stock Exchange on 5 March 2007
“World Arena”	World Arena Corporation, a company incorporated with limited liability under the laws of the British Virgin Islands
“World Arena Silverland SPA”	the sale and purchase agreement in relation to 25% of the issued share capital of MLIC and 50% of the YK Loans entered into by and between New Orisol, World Arena and Silverland dated 16 January 2007
“YK Loans”	the loans made by Mr. Kwan Yan Chi to TIECL which loans were in the amount of MOP29,612,240 as at the date of the World Arena Silverland SPA and such other loans which may be made by Mr. Kwan Yan Chi to TIECL prior to completion of the Acquisition
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau pataca, the lawful currency of Macau
“US\$” or “USD”	US dollar(s), the lawful currency of the United States of America

LETTER FROM THE BOARD



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

Board of Directors:

Tan Sri Lim Kok Thay

Chairman, President and Chief Executive Officer

Mr. Alan Howard Smith

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 of the Company,

Deputy Chairman, President and

Chief Executive Officer of NCL Corporation Ltd.

Mr. Tan Boon Seng

Independent Non-executive Director

Mr. Lim Lay Leng

Independent Non-executive Director

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Corporate headquarters and principal
place of business in Hong Kong:*

Suite 1501

Ocean Centre

5 Canton Road

Tsimshatsui

Kowloon

Hong Kong

30 March 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES IN MACAU LAND INVESTMENT CORPORATION AND DEVELOPMENT OF LAND

1. INTRODUCTION

1.1 Background

Reference is made to the announcement of the Company dated 22 January 2007, the Macau Announcement, in connection with, amongst other things, the joint venture arrangement in relation to New Orisol for carrying out the Acquisition of the Land and the development of a hotel which will house, *inter alia*, a casino and certain entertainment complex in Macau, subject to the approval of the

LETTER FROM THE BOARD

Government of Macau. Reference is also made to the announcements of the Company dated 13 February 2007 and 28 February 2007 in relation to the delay in the despatch of the circular in relation to the relevant transactions disclosed in the Macau Announcement and the Waiver applied for by the Company from strict compliance with the requirements under Rule 14.38 and Rule 14A.49 of the Listing Rules. The Stock Exchange granted the Waiver on 5 March 2007 such that the despatch of the Circular be postponed to on or before 31 March 2007. Further reference is made to the announcement of the Company dated 6 March 2007 in relation to the acquisition by the Company of GIPLC's 25% indirect interest in New Orisol on 2 March 2007 at investment cost pursuant to the exit provision of the Shareholders' Agreement.

New Orisol has become a wholly-owned subsidiary of the Company since the completion of the New Orisol Acquisition on 2 March 2007. The Company, through New Orisol, is carrying out the Project (including the Acquisition in relation to the Land) as described below.

1.2 *The Project*

On 16 January 2007, New Orisol entered into the Sale and Purchase Agreements with Mr. José Manuel dos Santos, World Arena and Silverland for the sale by the Vendors and the purchase by New Orisol, of 75% of the entire issued share capital of MLIC and certain loans owed by TIECL which as at the date of the Sale and Purchase Agreements amounted to MOP59,223,500. The total Consideration for the Acquisition amounted to HK\$1,466,508,410.65 of which the Deposit of HK\$153,562,500 was paid on the date of signing the Sale and Purchase Agreements and the balance on the Completion Date. MLIC indirectly owns 100% of TIECL. TIECL has been granted by the Government of Macau with a lease over the Land (subject to such grant of lease being published in the Gazette of Macau). Subject to having obtained the relevant authorisation or approval from the Government of Macau, TIECL proposes to develop and build on the Land a hotel that will house, *inter alia*, a casino which will be subject to obtaining the relevant authorisation from the Government of Macau on application by SJM. At completion of the Acquisition, World Arena and Silverland have retained 25% of MLIC.

On 18 January 2007, the Company entered into an agreement with SJM under which the Company has agreed to procure TIECL grant to SJM a right to use certain area in the hotel to be built on the Land for the operation of a casino (subject to receiving the relevant authorisation from the Government of Macau), and SJM has agreed to engage TIECL (upon completion of the Acquisition and the obtaining of all relevant authorisations from the Government of Macau) to provide certain services in respect of the casino (comprising its marketing, promotion, publicity, customer development and introduction, co-ordination of activities, interior design and fitting out of the casino, security and other human resources services). The provision of services and the respective right of utilisation of the premises will only become effective upon the satisfaction of a number of conditions, namely the completion of the Acquisition (which has been satisfied), the formalisation of the rights of TIECL over the Land, the approval by the Government of Macau of the installation of the casino on the premises and the agreement between SJM and the Company and the obtaining of all necessary approvals by the Company (if any). SJM will pay monthly fees to TIECL for using the casino premises and for the services rendered by TIECL in respect of the casino. Such arrangements are subject to and conditional upon the approval by the Government of Macau.

LETTER FROM THE BOARD

The estimated total funding requirement for the Project to be contributed by the Company through New Orisol as a wholly-owned subsidiary is approximately HK\$3,500,000,000 comprising the Consideration and New Orisol's portion of the development costs for developing the Land (inclusive of any expenses incurred so far). The balance of the Consideration was paid by New Orisol on the Completion Date by using the shareholder's loan advanced by the Company which was, in turn, sourced by the Company by utilising funds from the Placement and drawdown of available unutilised credit facility. To meet the remainder of the estimated total funding requirement for the Project, the Company intends to utilise internal resources, available unutilised credit facilities and/or additional equity to be raised by the Company, details of which have not yet been determined.

1.3 *Requirements under the Listing Rules*

The Project of acquiring 75% interest of MLIC and developing the Land constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this Circular is to provide the Shareholders with details of the Project.

2. THE PROJECT

The Acquisition

2.1 **Date of the Santos SPA and the World Arena Silverland SPA**

16 January 2007

2.2 **Parties to the Santos SPA**

- (a) New Orisol
- (b) Mr. José Manuel dos Santos

2.3 **Parties to the World Arena Silverland SPA**

- (a) New Orisol
- (b) World Arena
- (c) Silverland

2.4 **Sale and purchase under the Santos SPA**

Pursuant to the Santos SPA, Mr. José Manuel dos Santos agreed to sell and New Orisol agreed to purchase 50% of the entire issued share capital of MLIC and the Santos Loans. As at the Completion Date, the Santos Loans amounted to MOP34,143,260.00. Completion of the sale and purchase under the Santos SPA took place on 19 March 2007.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Mr. José Manuel dos Santos was an Independent Third Party on the date of the Santos SPA and the Completion Date.

2.5 Sale and purchase under the World Arena Silverland SPA

Pursuant to the World Arena Silverland SPA, World Arena and Silverland agreed to sell and New Orisol agreed to purchase an aggregate of 25% of the entire issued share capital of MLIC and 50% of the YK Loans. As at the Completion Date, the YK Loans amounted to MOP34,142,952.20. Completion of the sale and purchase under the World Arena Silverland SPA took place on 19 March 2007.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries: (i) each of World Arena and Silverland and their respective ultimate beneficial owners was an Independent Third Party; and (ii) World Arena and Silverland were 100% beneficially owned by Mr. Kwan Yan Chi and his brother Mr. Kwan Yan Ming, respectively, on the date of the World Arena Silverland SPA.

2.6 Consideration

The total Consideration paid by New Orisol for the Acquisition was HK\$1,466,508,410.65. A non-refundable Deposit of HK\$153,562,500 was paid to the Vendors by New Orisol on signing of the Sale and Purchase Agreements. The balance of the Consideration was paid in full on completion.

The Consideration was agreed after arm's length negotiations between New Orisol and the Vendors with reference to a preliminary valuation report dated 15 January 2007 and a formal valuation report dated 23 March 2007 on the unbuilt Land prepared by an independent property valuer based on the assumption that the development mix will have a portion of commercial floor area (for casino and retail uses). Both the preliminary valuation report and the formal valuation report valued the Land at a market value of approximately HK\$2,300,000,000 as at 15 January 2007. The independent property valuer adopted the direct comparison approach in both the preliminary valuation report and the formal valuation report, which assumes sale of the property interest in its existing state with the benefit of vacant possession and by making reference to comparable land sales transactions available in the relevant market. As at the Latest Practicable Date, apart from land reclamation and site formation work, construction work in respect of developing the hotel has not commenced on the Land.

Prior to completion of the Acquisition, MLIC was owned as to 50% by Mr. José Manuel dos Santos, 35% by World Arena and 15% by Silverland. Following the completion of the Acquisition, MLIC is owned as to 75% by New Orisol, 15% by World Arena and 10% by Silverland.

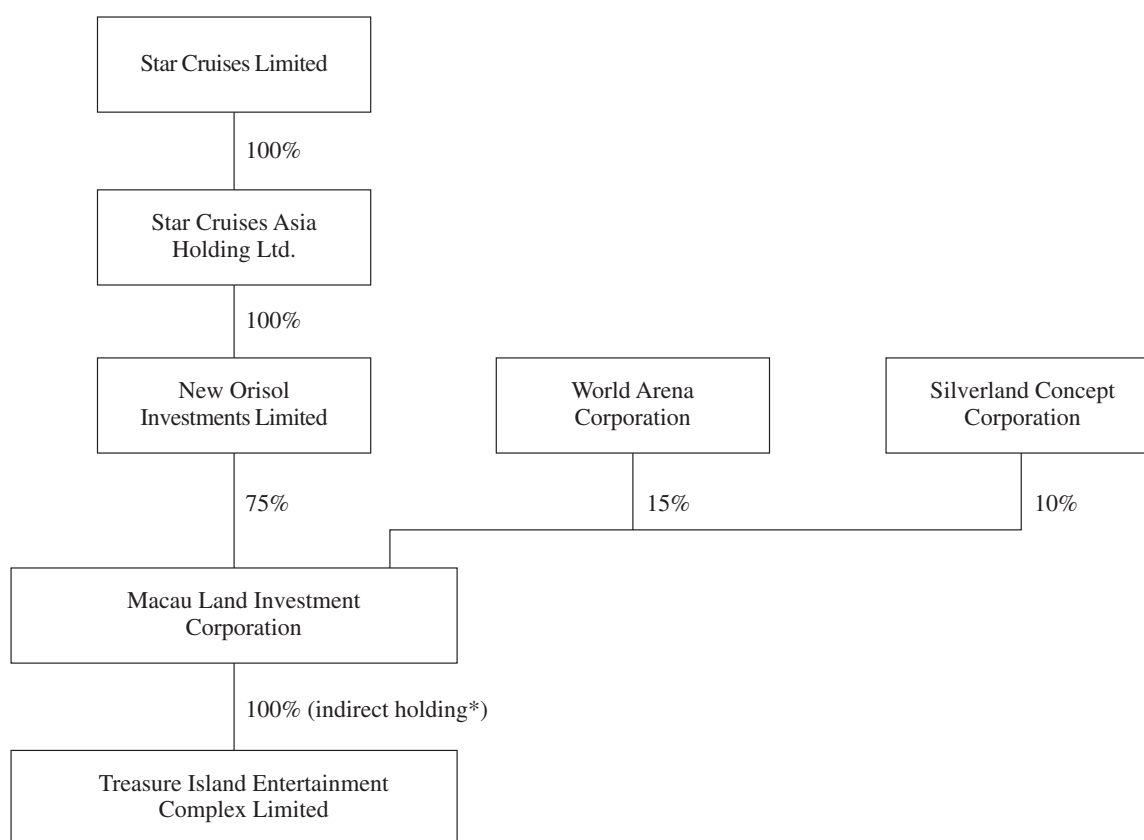
As at the Completion Date, the Company, through New Orisol, had also incurred certain costs and expenses of approximately HK\$174,000,000 mainly paid to third party consultants as agency commission for introducing the Company and the Vendors to, and advising on the structure of, the Acquisition. The amount of such costs and expenses incurred by the Company had increased from that disclosed in the Company's announcement on 22 January 2007 as a result of the Company's increased interests in New Orisol and payments due on the Completion Date. The estimated total funding

LETTER FROM THE BOARD

requirement of New Orisol, which is in the amount of approximately HK\$3,500,000,000, has already taken into account such total costs and expenses mainly paid to third party consultants as agency commission. Following the completion of the Acquisition, such costs and expenses has become part of the cost of the Acquisition and accordingly will be capitalised as part of the investment costs in MLIC in the financial statements of New Orisol.

2.7 Completion

Completion of the Acquisition took place on 19 March 2007. The following chart sets out the simplified shareholding structure of MLIC, its holding companies and its subsidiaries immediately following completion of the Acquisition.



* MLIC holds its interest in TIECL through two intermediate holding companies.

2.8 Financial Information on MLIC and TIECL

MLIC has commenced its business of investment holding since November 2006. MLIC has not prepared consolidated accounts of itself and its subsidiaries. As at 31 December 2006, the unaudited net asset value of MLIC amounted to MOP801. MLIC did not record any profit or incur any loss up to 31 December 2006. The intermediate holding companies of TIECL do not have any operation other than holding TIECL and did not record any profit or incur any loss up to 31 December 2006. As at 31 December 2006, the unaudited net asset value of each of these intermediate holding companies amounted to MOP8.

LETTER FROM THE BOARD

TIECL has not commenced operation since the date of its incorporation (other than land reclamation and site formation in relation to the Land). As at 31 December 2006, the unaudited total assets value of TIECL amounted to MOP65,196,425, the unaudited total liabilities value of TIECL amounted to MOP66,127,695 and the unaudited net liabilities value of TIECL amounted to MOP931,270. The major components of the unaudited total assets of TIECL relate to prepaid lease rental, land development costs and construction in progress and the major components of the unaudited total liabilities of TIECL relate to Santos Loans and YK Loans. For the year ended 31 December 2005, TIECL incurred unaudited losses before and after tax of MOP15,863. For the year ended 31 December 2006, TIECL incurred unaudited losses before tax of MOP237,213 and unaudited losses after tax of MOP237,693. Such losses represented the administrative expenses which primarily were legal and professional fees. As at 31 December 2006, the prepaid lease rental and the land development costs for the land amounted to MOP53,354,996.

The Development of the Land

2.9 Principal Activity of TIECL

Following the completion of the Acquisition, New Orisol owns 75% of the issued share capital in MLIC which indirectly owns 100% of the issued share capital in TIECL. The principal asset of TIECL is its holding of a lease over the Land (subject to such grant of lease being published in the Gazette of Macau). Subject to having obtained the relevant authorisation or approval from the Government of Macau, TIECL proposes to develop and build on the Land a hotel that will, *inter alia*, house a casino.

On 18 January 2007, the Company entered into an agreement with SJM under which the Company has agreed to procure TIECL grant to SJM a right to use certain area in the hotel to be built on the Land for the operation of a casino (subject to obtaining the relevant authorisation from the Government of Macau), and SJM has agreed to engage TIECL (upon completion of the Acquisition and the obtaining of all relevant authorisations from the Government of Macau) to provide certain services in respect of the casino (comprising its marketing, promotion, publicity, customer development and introduction, co-ordination of activities, interior design and fitting out of the casino, security and other human resources services). The provision of services and the respective right of utilisation of the premises will only become effective upon the satisfaction of a number of conditions, namely the completion of the Acquisition (which has been satisfied), the formalisation of the rights of TIECL over the Land, the approval by the Government of Macau of the installation of the casino on the premises and the agreement between SJM and the Company and the obtaining of all necessary approvals by the Company (if any). The Acquisition was completed on 19 March 2007 whereas the other conditions are underway and no specific timing is set as to when such conditions will be satisfied as at the Latest Practicable Date. SJM will pay monthly fees to TIECL for using the casino premises and for the services rendered by TIECL in respect of the casino. Such arrangements are subject to and conditional upon the approval by the Government of Macau.

The Group has the expertise to provide the abovementioned services.

LETTER FROM THE BOARD

The operation of TIECL will take place outside Hong Kong and will not be subject to the Gaming Ordinance (Chapter 148 of the Laws of Hong Kong). The Company will use its reasonable endeavours to ensure that throughout the holding of its investment in TIECL, the operation of TIECL will comply with the applicable laws in the relevant jurisdiction. Shareholders are reminded that, in accordance with the guidelines on gambling business issued by the Stock Exchange, should the operation of TIECL fail to comply with the applicable laws in the relevant jurisdiction, the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may direct the Company to take remedial action and/or suspend dealings in, or cancel the listing of, the Shares under Rule 6.01 of the Listing Rules. The Company will use its best endeavours to ensure active trading in, and maintain the listing status of, the Shares.

The Company has obtained a legal opinion from its legal advisers as to Macau law that, subject to the approval/authorisation of the Government of Macau, the arrangements with SJM as described above are lawful under, and do not contravene with, the laws and regulations of Macau. Furthermore, under the current gaming regime of Macau, neither the Company nor TIECL requires a licence to perform its obligations under the agreement with SJM. Nonetheless, under the rules of the Administrative Proceeding Code of Macau, the Government of Macau may, at its own discretion, impose on SJM and the Company/TIECL conditions and/or request additional information from such parties, in order to grant such approval/authorisation.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, SJM was not a connected person of the Company as at the Latest Practicable Date.

2.10 Risks associated with the gaming business in Macau

(a) *Loss of concession*

It is illegal to operate a casino in Macau unless the operator has been granted by the Government of Macau an appropriate gaming concession or sub-concession. The Company has agreed to procure TIECL grant to SJM a right to use certain area in the hotel to be built on the Land for the operation of a casino under the gaming concession granted to SJM. If for any reason SJM loses the concession or the concession is not renewed upon its expiry on 31 March 2020, the operation of the casino will be adversely affected.

(b) *Money laundering*

Macau has in place an anti-money laundering legal framework designed to prevent and combat the processes of disguising or concealing properties or proceeds of illicit origin or derived from illicit activities. Although the Directors will endeavour to put in place anti-money laundering policy in compliance with the applicable anti-money laundering laws and regulations of Macau, there is no guarantee that the casino operation would not attract criminal elements to use the gaming activities of the casino for money laundering. Should such anti-money laundering policy fail to prevent and combat such illegal acts in the future, the reputation and operation of the casino may be adversely affected.

LETTER FROM THE BOARD

Funding of the Project

The estimated total funding requirement for the Project to be contributed by the Company through New Orisol as a wholly-owned subsidiary is approximately HK\$3,500,000,000 comprising the Consideration and New Orisol's portion of the development costs for developing the Land (inclusive of any expenses incurred so far). The balance of the Consideration was paid by New Orisol on the Completion Date by using the shareholder's loan advanced by the Company which was, in turn, sourced by the Company by utilising funds from the Placement as to approximately HK\$655 million and drawdown of available unutilised credit facility as to approximately HK\$658 million. To meet the remainder of the estimated total funding requirement for the Project, the Company intends to utilise internal resources, available unutilised credit facilities and/or additional equity to be raised by the Company, details of which have not yet been determined.

3. REASONS FOR, AND BENEFITS OF, THE PROJECT

One of the main business areas of the Group is the development, investment and operation of hospitality facilities in Asia.

Following completion of the Acquisition, New Orisol owns 75% of the issued share capital of MLIC, which in turn indirectly owns 100% of TIECL. TIECL has been granted by the Government of Macau with a lease over the Land (subject to such grant of lease being published in the Gazette of Macau). Subject to having obtained the relevant authorisation or approval from the Government of Macau, TIECL proposes to develop and build on the Land a hotel that will house, *inter alia*, a casino which will be subject to obtaining the relevant authorisation from the Government of Macau applied for by SJM.

The Company has entered into an agreement with SJM under which the Company has agreed to procure TIECL grant to SJM a right to use certain area in the hotel to be built on the Land for the operation of a casino (subject to obtaining the relevant authorisation from the Government of Macau), and SJM has agreed to engage TIECL (upon completion of the Acquisition and the granting of all relevant authorisations from the Government of Macau) to provide certain services in respect of the casino. SJM will pay monthly fees to TIECL for using the casino premises and for the services rendered by TIECL in respect of the casino. Such arrangements are subject to and conditional upon approval by the Government of Macau and upon the satisfaction of a number of conditions, namely the completion of the Acquisition (which has been satisfied), the formalisation of the rights of TIECL over the Land, the approval by the Government of Macau of the installation of the casino on the premises and the agreement between SJM and the Company and the obtaining of all necessary approvals by the Company (if any). The Directors believe that the Company's investment in the Project will complement the Group's existing business and is a continuation of the Group's principal activity in Asia.

Having taken into account the preliminary estimate of the total development costs for the Project in the region of approximately HK\$4,700,000,000 which are currently intended to be funded by loans from banks or other financial institutions to be made available to MLIC and/or TIECL and by loans from the shareholders of MLIC, further details of which have not yet been determined, the estimated total funding requirement for the Project to be contributed by the Company through New Orisol as a

LETTER FROM THE BOARD

wholly-owned subsidiary will be approximately HK\$3,500,000,000 comprising the Consideration and New Orisol's portion of the development costs for the Project (inclusive of any expenses incurred so far). As at the Completion Date, New Orisol had already paid the Consideration (including the Deposit) and incurred certain costs and expenses in connection with the Acquisition of approximately HK\$174,000,000 by using the shareholder's loans advanced by the Company which was, in turn, sourced by the Company by utilising internal resources and funds from the Placement and drawdown of available unutilised credit facility. Detailed timing as to the funding contributions to the remaining part of the Project is to be considered and decided by the Company.

Following the payment of the Consideration and related costs and expenses, the non-current assets of the Group were increased by the investment costs in MLIC, and at the same time the current assets of the Group were decreased by the amount of cash paid for the Consideration and related costs and expenses, whereas the liabilities of the Group were increased by the amount of bank loans obtained for financing the Consideration and related costs and expenses. For the portion financed by the bank loans, the related interest expenses and liabilities were increased accordingly. As the Company has not decided on the methods of financing the balance of the estimated total funding requirement for the Project, the further possible/potential financial impact of the Project (if any) on the Group's assets and liabilities remains to be ascertained. In the event the Company decides to fund the balance of the estimated total funding requirement for the Project by debt financing, its liabilities and interest expenses will increase accordingly.

Following completion of the Acquisition, each of MLIC and TIECL has become a subsidiary of the Company and the results of MLIC and TIECL will be consolidated into the Group's financial statements.

The Directors are of the view that the terms of the Sale and Purchase Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

4. 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.

5. INFORMATION ON WORLD ARENA, SILVERLAND, MLIC, TIECL AND SJM

The principal activity of each of World Arena and Silverland is investment holding.

The principal activity of MLIC is investment holding. As at the Latest Practicable Date, other than the indirect holding in TIECL, MLIC does not have any material assets.

The principal activities of TIECL include the development and operation of hospitality facilities and casinos (subject to receiving the relevant authorisation from the Government of Macau). As at the Latest Practicable Date, other than the prepaid lease rental, land development costs and construction in progress, TIECL does not have any material assets.

LETTER FROM THE BOARD

SJM is one of the three main concessionaries to engage in casino gaming operations in Macau from 1 April 2002 to 31 March 2020.

6. REQUIREMENTS OF THE LISTING RULES

The Project of acquiring 75% interest of MLIC and developing the Land constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

If the size of the Project increases, the Company will comply with the applicable requirements under the Listing Rules, where necessary.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this Circular.

Yours faithfully,
For and on behalf of the Board of
STAR CRUISES LIMITED
Tan Sri Lim Kok Thay
Chairman, President and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

(A) Interests pursuant to the SFO

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be entered into the register kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

2.1 Interests in the Shares

Name of Director	Nature of interests/capacity in which such interests were held					Total	Percentage of issued Shares
	Beneficial owner	Interests of spouse	Interests of controlled corporation	Founder/Beneficiary of discretionary trusts			
	Number of Shares (<i>Notes</i>)						
Tan Sri Lim Kok Thay	362,216,893	36,298,108	582,927,016	4,974,882,524	5,920,026,433	82.199	
		(1)	(2)	((3) and (4))	(5)		
Mr. Chong Chee Tut	1,103,605	—	—	—	1,103,605	0.015	
Mr. William Ng Ko Seng	750,034	—	—	—	750,034	0.010	
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.005	

Notes:

As at the Latest Practicable Date:

- (1) Tan Sri Lim Kok Thay had a family interest in the same block of 36,298,108 Shares directly held by Goldsfine in which his wife, Puan Sri Wong Hon Yee had a corporate interest.

- (2) Tan Sri Lim Kok Thay was also deemed to have a corporate interest in 582,927,016 Shares (comprising (i) the same block of 36,298,108 Shares directly held by Goldsfine in which each of Tan Sri Lim Kok Thay and Puan Sri Wong Hon Yee held 50% of its issued share capital and (ii) the same block of 546,628,908 Shares directly held by Joondalup in which Tan Sri Lim Kok Thay held 100% of its issued share capital).
- (3) Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts (trustees of which are Parkview Management Sdn Bhd and GZ Trust Corporation respectively), had a deemed interest in 4,974,882,524 Shares.
- (4) Out of 4,974,882,524 Shares, 502,528,000 Shares were pledged shares.
- (5) There was no duplication in arriving at the total interest.
- (6) All the above interests represent long positions in the Shares and exclude those in the underlying Shares through Share Options or equity derivatives. Interests of the respective Directors set out in this subsection 2.1 need to be aggregated with their interests in the underlying Shares through Share Options or equity derivatives of the Company set out in subsection 2.2 below in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2.2 Interests in the underlying Shares of the Company through Share Options or equity derivatives

Name of Director	Number of underlying Shares	Percentage of issued Shares	Capacity in which such interests were held
Tan Sri Lim Kok Thay	8,923,237 (1)	0.124	Beneficial owner
Mr. Chong Chee Tut	1,200,579 (1)	0.017	Beneficial owner
Mr. William Ng Ko Seng	868,308 (1)	0.012	Beneficial owner
Mr. David Colin Sinclair Veitch	3,115,023 (1)	0.043	Beneficial owner

Notes:

As at the Latest Practicable Date:

- (1) The Directors had personal interests in relevant underlying Shares held through Share Options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme.
- (2) Further details of the Share Options granted to the Directors under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme are set out in subsection 2.3 below.
- (3) All the above interests in Share Options represent long positions in the underlying Shares in respect of physically settled derivatives of the Company. Interests of the respective Directors set out in this subsection 2.2 need to be aggregated with their interests in the Shares set out in subsection 2.1 above in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2.3 Share Options

As at the Latest Practicable Date, details of the outstanding Share Options granted to the directors under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme were as follows:

(a) *Pre-listing Employee Share Option Scheme*

Name of Director	Date granted	Exercise price per Share	Exercisable period	Number of Share Options outstanding
Tan Sri Lim Kok Thay	24/03/1999	US\$0.2524	24/03/2002 - 23/03/2009	1,411,493
	24/03/1999	US\$0.3953	24/03/2002 - 23/03/2009	535,393
	23/10/2000	US\$0.2524	23/10/2003 - 22/08/2010	648,963
	16/11/2000	US\$0.2524	24/03/2002 - 23/03/2009	1,411,493
	16/11/2000	US\$0.3953	24/03/2002 - 23/03/2009	535,393
	16/11/2000	US\$0.2524	23/10/2003 - 22/08/2010	162,241
				<u>4,704,976</u>
Mr. Chong Chee Tut	25/05/1998	US\$0.3953	23/06/2000 - 22/06/2007	32,448
	24/03/1999	US\$0.2524	24/03/2002 - 23/03/2009	165,484
	24/03/1999	US\$0.3953	24/03/2002 - 23/03/2009	29,202
	23/10/2000	US\$0.2524	23/10/2003 - 22/08/2010	311,502
	23/10/2000	US\$0.3953	23/10/2003 - 22/08/2010	12,979
				<u>551,615</u>
Mr. William Ng Ko Seng	24/03/1999	US\$0.2524	24/03/2002 - 23/03/2009	6,487
	24/03/1999	US\$0.3953	24/03/2002 - 23/03/2009	38,938
	23/10/2000	US\$0.2524	23/10/2003 - 22/08/2010	147,961
	23/10/2000	US\$0.3953	23/10/2003 - 22/08/2010	12,979
				<u>206,365</u>
Mr. David Colin Sinclair Veitch	07/01/2000	US\$0.3953	07/01/2003 - 06/01/2010	<u>519,170</u>
Grand Total				<u>5,982,126</u>

The outstanding Share Options under the Pre-listing Employee Share Option Scheme vest over a period of ten years following their respective original dates of grant and generally become exercisable as to 20% and 30% of the amount granted three years and four years after the grant date, with the remaining Share Options exercisable annually in equal tranches of 10% over the remaining option period, subject to further terms and conditions set out in the relevant offer letters and provisions of the Pre-listing Employee Share Option Scheme.

(b) *Post-listing Employee Share Option Scheme*

Name of Director	Date granted	Exercise price per Share	Exercisable period	Number of Share Options outstanding
Tan Sri Lim Kok Thay	19/08/2002	HK\$2.8142	20/08/2004 - 19/08/2012	3,585,521
	23/08/2004	HK\$1.6202	24/08/2006 - 23/08/2014	<u>632,740</u>
				<u>4,218,261</u>
Mr. Chong Chee Tut	19/08/2002	HK\$2.8142	20/08/2004 - 19/08/2012	551,619
	23/08/2004	HK\$1.6202	24/08/2006 - 23/08/2014	<u>97,345</u>
				<u>648,964</u>
Mr. William Ng Ko Seng	19/08/2002	HK\$2.8142	20/08/2004 - 19/08/2012	<u>661,943</u>
Mr. David Colin Sinclair Veitch	19/08/2002	HK\$2.8142	20/08/2004 - 19/08/2012	2,206,475
	23/08/2004	HK\$1.6202	24/08/2006 - 23/08/2014	<u>389,378</u>
				<u>2,595,853</u>
Grand Total				<u>8,125,021</u>

Other than the Share Options granted on 23 August 2004 under the Post-listing Employee Share Option Scheme which become exercisable in part or in full for a period of eight years commencing from two years after the date of offer, the outstanding Share Options under the Post-listing Employee Share Option Scheme vest in seven tranches over a period of ten years from their respective dates of offer and become exercisable as to 30% and 20% of the amount granted commencing from two years and three years respectively after the relevant dates of offer, with the remaining Share Options exercisable annually in equal tranches of 10% commencing in each of the following years. All the outstanding Share Options under the Post-listing Employee Share Option Scheme are subject to further terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

2.4 Interest in the shares of associated corporations of the Company

Name of associated corporation (<i>Notes</i>)	Name of Director	No. of issued ordinary shares	Percentage of issued ordinary shares	Capacity in which such interests were held
WorldCard International Limited (“WCIL”) (1)	Tan Sri Lim Kok Thay	1,000,000	100	Founder and a beneficiary of two discretionary trusts
Resorts World at Sentosa Pte. Ltd. (formerly known as Infinity @ TheBay Pte. Ltd.) (“RWS”) (2)	Tan Sri Lim Kok Thay	700,000,000	100	Founder and a beneficiary of two discretionary trusts

Notes:

As at the Latest Practicable Date:

- (1) WCIL was a company in which a subsidiary of each of the Company and GIPLC had a 50% interest.
- (2) RWS was a company in which a subsidiary of each of the Company and GIPLC had 25% and 75% interest, respectively.
- (3) All the above interests represented long positions in the shares of the relevant associated corporations of the Company.

2.5 Interests in subsidiaries of the Company

As at the Latest Practicable Date, certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which would be required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Directorships in substantial shareholders

As at the Latest Practicable Date, Tan Sri Lim Kok Thay is the Chairman, President and Chief Executive of GB, Chairman and Chief Executive of Resorts World Bhd and a director of RWL, Kien Huat Realty Sdn Bhd, Parkview Management Sdn Bhd, Golden Hope, Joondalup and Cove Investments Limited. GB, Resorts World Bhd, RWL, Kien Huat Realty Sdn Bhd, Parkview Management Sdn Bhd (acting as trustee of a discretionary trust), Golden Hope (acting as trustee of Golden Hope Unit Trust), Joondalup and Cove Investments Limited are substantial shareholders of the Company.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital:

3.1 Interests in the Shares

Name of shareholder	Beneficial owner	Nature of interests/capacity in which such interests were held					Total	Percentage of issued Shares
		Interests of spouse	Interests of controlled corporation	Trustee	Beneficiary of trust			
Number of Shares (Notes)								
Parkview Management Sdn Bhd (as trustee of a discretionary trust) (1)	—	—	2,463,055,180 (10)	2,463,055,180 (12)	—	—	2,463,055,180 (20)	34.20
Kien Huat Realty Sdn Bhd (2)	—	—	2,463,055,180 (10)	—	—	—	2,463,055,180	34.20
GB (3)	—	—	2,463,055,180 (10)	—	—	—	2,463,055,180	34.20
Resorts World Bhd (4)	—	—	2,442,959,180 (11)	—	—	—	2,442,959,180	33.92
Sierra Springs Sdn Bhd (5)	—	—	2,442,959,180 (11)	—	—	—	2,442,959,180	33.92
RWL (5)	2,442,959,180	—	—	—	—	—	2,442,959,180	33.92
GZ Trust Corporation (as trustee of a discretionary trust) (6)	—	—	2,511,827,344 (13)	2,511,827,344 (14 and 19)	2,511,827,344 (16)	2,511,827,344 (20)	2,511,827,344	34.88
Cove Investments Limited (7)	—	—	—	—	2,511,827,344 (17 and 19)	2,511,827,344	2,511,827,344	34.88
Golden Hope (as trustee of Golden Hope Unit Trust) (8)	—	—	—	2,511,827,344 (15 and 19)	—	—	2,511,827,344	34.88
Joondalup (9)	546,628,908	—	—	—	—	—	546,628,908	7.59
Puan Sri Wong Hon Yee	—	5,920,026,433 (18(a) and 19)	36,298,108 (18(b))	—	—	—	5,920,026,433 (20)	82.20

Notes:

As at the Latest Practicable Date:

- (1) Parkview Management Sdn Bhd (“Parkview”) was a trustee of a discretionary trust (the “Discretionary Trust 1”), the beneficiaries of which include certain members of the Lim Family.
- (2) Kien Huat Realty Sdn Bhd (“KHR”) was a private company of which the Discretionary Trust 1, through Aranda Tin Mines Sdn Bhd, Infomark (Malaysia) Sdn Bhd, Inforex Sdn Bhd, Dataline Sdn Bhd and Info-Text Sdn Bhd (all of which were 100% held by Parkview as trustee of the Discretionary Trust 1), controlled an aggregate of 100% of its equity interest.
- (3) GB was a company listed on the Main Board of Bursa Malaysia Securities Berhad of which KHR controlled 39.6% of its equity interest.
- (4) Resorts World Bhd, a company listed on the Main Board of Bursa Malaysia Securities Berhad of which GB controlled 53.1% of its equity interest.
- (5) RWL was a wholly-owned subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) which was in turn a wholly-owned subsidiary of Resorts World Bhd.
- (6) GZ Trust Corporation (“GZ”) was the trustee of a discretionary trust (the “Discretionary Trust 2”) established for the benefit of certain members of the Lim Family. GZ as trustee of the Discretionary Trust 2 held 99.99% of the units in Golden Hope Unit Trust, a private unit trust directly and 0.01 % of the units in Golden Hope Unit Trust indirectly through Cove (as defined below).
- (7) Cove Investments Limited (“Cove”) was wholly-owned by GZ as trustee of the Discretionary Trust 2.
- (8) Golden Hope was the trustee of Golden Hope Unit Trust.
- (9) Joondalup was wholly-owned by Tan Sri Lim Kok Thay.
- (10) Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB had a corporate interest in 2,463,055,180 Shares (comprising the same block of 2,442,959,180 Shares held directly by RWL and the same block of 20,096,000 Shares held directly by GOHL, a wholly-owned subsidiary of GB).
- (11) Each of Resorts World Bhd and Sierra Springs had a corporate interest in the same block of 2,442,959,180 Shares held directly by RWL.
- (12) The interest in 2,463,055,180 Shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 2,442,959,180 Shares held directly by RWL and the same block of 20,096,000 Shares held directly by GOHL.
- (13) GZ as trustee of the Discretionary Trust 2 had a corporate interest in the same block of 2,511,827,344 Shares held directly by Golden Hope as trustee of Golden Hope Unit Trust.
- (14) GZ in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 2,511,827,344 Shares held directly by Golden Hope as trustee of Golden Hope Unit Trust.
- (15) The interest in 2,511,827,344 Shares was held directly by Golden Hope in its capacity as trustee of Golden Hope Unit Trust.

- (16) GZ as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 2,511,827,344 Shares held directly by Golden Hope as trustee of Golden Hope Unit Trust in its capacity as beneficiary of Golden Hope Unit Trust.
- (17) Cove which held 0.01% of the units in Golden Hope Unit Trust was deemed to have interest in the same block of 2,511,827,344 Shares held directly by Golden Hope as trustee of Golden Hope Unit Trust in its capacity as beneficiary of Golden Hope Unit Trust.
- (18) (a) Puan Sri Wong Hon Yee as the spouse of Tan Sri Lim Kok Thay, had a family interest in the same block of 5,920,026,433 Shares in which Tan Sri Lim Kok Thay had a deemed interest.
- (b) Puan Sri Wong Hon Yee also had a corporate interest in 36,298,108 Shares held directly by Goldsfine by holding 50% of its equity interest.
- (19) Out of the same block of 2,511,827,344 Shares held directly by Golden Hope as trustee of Golden Hope Unit Trust, 502,528,000 Shares were pledged shares.
- (20) There was no duplication in arriving at the total interest.
- (21) All these interests represented long positions in the Shares and excluded those in the underlying Shares through Share Options or equity derivatives. Interests of the respective substantial shareholders set out in this subsection 3.1 need to be aggregated with their interests in the underlying Shares, if any, through Share Options or equity derivatives of the Company set out in subsection 3.2 below in order to give their respective total interests in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3.2 Interests in the underlying Shares through Share Options or equity derivatives

Name of shareholder	Number of underlying Shares	Percentage of issued Shares	Nature of interests
Puan Sri Wong Hon Yee	8,923,237 (<i>Note</i>)	0.124	Interests of spouse

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri Lim Kok Thay, was deemed to have a family interest in 8,923,237 underlying Shares by virtue of the Share Options granted to Tan Sri Lim Kok Thay under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme. These interests represent long positions in the underlying Shares in respect of physically settled derivatives of the Company and need to be aggregated with her interests set out in subsection 3.1 above to give her total interests pursuant to the SFO.

3.3 Interests in other members of the Group

Name of subsidiary	Name of shareholder	Number of shares held	Holding percentage
MLIC	World Arena	15 ordinary shares	15%
	Silverland	10 ordinary shares	10%

Save as disclosed in this Circular and so far as the Directors or chief executive of the Company were aware, as at the Latest Practicable Date, there were no other persons (other than Directors or chief executive of the Company), who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

4. SERVICE CONTRACTS

The only Director who has entered into a service contract (as amended) with the Group (other than contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation) is Mr. David Colin Sinclair Veitch. The particulars of his service contract (as amended) are as follows:

- (a) a three year “evergreen” service contract which was entered into on 7 January 2000 (as amended by a letter agreement dated 24 November 2004), to be perpetually renewed until terminated by either party in accordance with paragraph (d) below;
- (b) the salary of Mr. Veitch is payable bi-monthly and subject to review on 1 January of each year. For the year ended 31 December 2006, his annual base salary was approximately US\$1,240,000;
- (c) Mr. Veitch is eligible for an assured bonus equivalent to two months’ salary and a further discretionary bonus of up to an additional four months’ salary for the financial year ended 31 December 2003 and thereafter;
- (d) in the event of a voluntary termination by Mr. Veitch of his employment, he is entitled to receive an amount equivalent to 1.5 times the aggregate of his annual salary and assured bonus at that time, provided that he will not be entitled to receive such amount if he voluntarily terminates his own employment after 7 January 2010. In the event that Mr. Veitch’s employment is terminated by the Company for reasons other than fraud, embezzlement, misappropriation or gross dishonesty, he is entitled to receive an amount equivalent to three times the aggregate of his annual salary and assured bonus at that time. In the event of a merger or change of control of the Company (as defined in the service contract (as amended)), Mr. Veitch’s employment will be deemed to have been terminated by the Company without cause and he will be entitled to receive the amount as described in the preceding sentence. In the event of (i) any reduction in Mr. Veitch’s salary or benefits; or (ii) any assignment of duties to Mr. Veitch that are inconsistent with, or greater in scope than, those customarily assigned to a chief executive officer; or (iii) a reduction in his title or position, Mr. Veitch shall be entitled to the termination payment as if his employment was involuntarily terminated, i.e., an amount equivalent to three times the aggregate of his annual salary plus assured bonus;

- (e) Mr. Veitch is also entitled to receive certain other benefits including life insurance and accidental death and dismemberment insurance coverage, medical benefits, participation in a supplemental senior executive retirement plan, and housing and travel allowances;
- (f) Mr. Veitch has been granted an option to purchase from the Company the residential accommodation he and his family currently reside at any time during his employment for a price equal to the original purchase price. This purchase option would apply if his employment was to be terminated without cause. In the event that his employment was terminated with cause, he would have an option to purchase at fair market value as assessed by independent valuers or at the original purchase price, whichever is the greater; and
- (g) Mr. Veitch may not, without the prior written consent of the Company, take up any employment outside of his service contract which is reasonably likely to interfere with the performance of his duties or conflict with his obligations to the Company. In the event of a voluntary termination by Mr. Veitch of his employment, he will be subject to a non-compete restriction as follows: if termination occurs one year or more after commencement of his employment, he may not accept employment with a competing cruise line for a period of 12 (twelve) months from the date of termination. In the event that Mr. Veitch's employment is terminated by the Company, there will be no restriction on his ability to accept subsequent employment.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

The information regarding the following threatened and pending litigation of the Group was up-to-date as at the Latest Practicable Date:

5.1 Litigation against NCLL

- (a) A proposed class action suit was filed on 1 August 2000 in the U.S. District Court for the Southern District of Texas against NCLL, alleging that NCLL violated the Americans with Disabilities Act of 1990 ("ADA") in its treatment of physically impaired passengers. The same plaintiffs also filed on the same date a proposed class action suit in a Texas state court alleging that NCLL and a third party violated Texas' Deceptive Trade Practices and Consumer Protection Act. The state court judge granted NCLL's motion for summary judgment and the plaintiffs filed an appeal which is currently pending. On 6 June 2005, the U.S. Supreme Court ruled in the Federal matter that the ADA is applicable to foreign flagged cruise vessels that operate in U.S. waters to the same extent that it applies to U.S. flagged ships. The U.S. Supreme Court remanded the case to the Fifth Circuit Court of Appeals to determine which claims in the lawsuit remain and the Fifth Circuit remanded the case to the trial court. NCLL has filed a motion for summary judgment in the trial court which is currently pending.

- (b) A proposed class action suit was filed on 20 December 2000 in a Florida State Court alleging that NCLL discriminated against disabled persons in violation of the ADA and the Florida Trade Act on several of its vessels. The case is proceeding in Florida State Court. Discovery has commenced.
- (c) On 25 July 2002, NCLL was served with a complaint in which a former employee alleged that NCLL failed to pay him severance pay/employment benefits following his discharge. The matter was tried before a jury in January 2007 at which time a verdict in favor of the former employee was returned. Trial counsel is currently evaluating possible appealable issues.
- (d) In May 2003, an explosion in the boiler room onboard the s/s Norway resulted in the death of eight crew members and the injury of approximately 20 other crew members. All personal injury claims stemming from this incident are covered by insurance. The incident is currently under investigation by regulatory agencies and the United States Attorney's Office for the Southern District of Florida. NCLL is cooperating with the investigation. Up to the Latest Practicable Date, none of the agencies involved has rendered opinions or conclusions concerning the incident.

5.2 Litigation against NCLB

- (a) On or about 3 February 2006, NCLB was served with a class action complaint filed in the United States District Court for the Southern District of New York alleging copyright infringement stemming from performances of certain portions of copyrighted music aboard vessels in its fleet.
- (b) On 16 June 2006, a complaint was filed against NCLB in the Circuit Court of Miami-Dade County, Florida, alleging breach of contract and fraudulent misrepresentation stemming from two 2004 charter sailings of Pride of Aloha.
- (c) On 14 July 2006, NCLB was served with a complaint filed in Florida State Court on behalf of a former onboard concessionaire alleging breach of contract and unjust enrichment.

5.3 Litigation against NCLB and NCLA

On 24 August 2006, NCLB and NCLA were served with a complaint brought by the U.S. Equal Employment Opportunity Commission to correct alleged unlawful employment practices on the basis of national origin and religion and to provide relief to seven former employees who were allegedly terminated as a result of the same.

In addition, the Group is routinely involved in personal injury and personal property damage claims typical of the cruise ship business. After application of deductibles, these claims are covered by insurance and other indemnity arrangements. In the opinion of the Company, such claims, if decided adversely, individually or in the aggregate, would not have a material adverse effect on the results of operation, cash flows, and financial position of the Group.

The Group had evaluated its overall exposure with respect to all its then threatened and pending litigation. To the extent required, the Group had accrued amounts of approximately US\$8,900,000 as at 31 December 2006 for all estimable probable losses associated with its deemed exposure.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Company, is the Chairman, President and Chief Executive and a shareholder and share option holder of GB and the Chairman and Chief Executive and a shareholder and share option holder of Resorts World Bhd, both of which are substantial shareholders of the Company and companies listed on Bursa Malaysia Securities Berhad. He is also the Executive Chairman and a shareholder and share option holder of GIPLC, a company listed on the Main Board of Singapore Exchange Securities Trading Limited. 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. Resorts World Bhd provides leisure and hospitality services which comprise amusement, gaming, hotel and entertainment. GIPLC's principal activities 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. Resorts World Bhd and GIPLC are subsidiaries of GB.

The Group engages in cruise and cruise-related businesses. GB and Resorts World Bhd (save as via their indirect equity interests in the Company) and GIPLC, as set out above, are not engaged in cruise or cruise-related businesses. However, as the cruise industry forms a segment of the leisure industry, there may be indirect competition between the Group, Resorts World Bhd and GIPLC.

Tan Sri Lim Kok Thay is therefore considered as having interests in business (the "Deemed Competing Business") apart from the Group's business, which may compete indirectly with the Group's business under paragraph 8.10 of the Listing Rules. The Company's management team is separate and independent from Resorts World Bhd, GIPLC and GB. Coupled with the appointment of three Independent Non-executive Directors to the Board, the Group is capable of carrying on its business independent of and at arm's length from the Deemed Competing Business.

7. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr. Choo Seng Nam. Mr. Choo is a fellow member of both the Association of Certified Chartered Accountants and Hong Kong Institute of Certified Public Accountants. He is also a Chartered Accountant of the Malaysian Institute of Accountants.
- (b) The secretary of the Company is Ms. Louisa Tam Suet Lin, an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

- (c) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (d) The corporate headquarters and principal place of business in Hong Kong of the Company is at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (e) The Bermuda principal registrar of the Company is Butterfield Fund Services (Bermuda) Limited located at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda. The Hong Kong branch registrar of the Company is Computershare Hong Kong Investor Services Limited located at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. The Company's transfer agent in Singapore is M & C Services Private Limited located at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906.
- (f) The English text of this Circular shall prevail over the Chinese text.