



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2005

The Directors of Star Cruises Limited ("Company") announce the unaudited consolidated results of the Company and its subsidiary companies ("Group") for the three months ended 31 March 2005, together with the comparative figures for the previous period as follows:

	Note	Three months ended 31 March	
		2005	2004
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>unaudited</i>
Turnover	2	404,483	390,747
Operating expenses (excluding depreciation and amortisation)		(267,541)	(254,362)
Selling, general and administrative expenses (excluding depreciation)		(66,565)	(69,639)
Depreciation and amortisation		<u>(40,374)</u>	<u>(48,279)</u>
		<u>(374,480)</u>	<u>(372,280)</u>
Operating profit	2	30,003	18,467
Interest income		1,430	644
Financial costs		(31,761)	(22,087)
Share of loss of an associated company		(151)	—
Other non-operating income / (expenses), net		<u>5,269</u>	<u>(6,393)</u>
		<u>(25,213)</u>	<u>(27,836)</u>
Profit / (Loss) before taxation		4,790	(9,369)
Taxation	3	<u>(387)</u>	<u>189</u>
Net profit / (loss) for the period		<u>4,403</u>	<u>(9,180)</u>
Basic earnings / (loss) per share (US cents)	4	0.08	(0.17)
Fully diluted earnings per share (US cents)	4	0.08	N/A*
Operating data			
Passenger Cruise Days		2,062,090	2,065,310
Capacity Days		2,018,194	2,122,018
Occupancy as a percentage of total capacity days		102%	97%

* Diluted loss per share for the three months ended 31 March 2004 is not shown as the diluted loss per share is less than the basic loss per share.

CONSOLIDATED BALANCE SHEET

	As at	
	31 March 2005	(Restated) 31 December 2004
	US\$'000	US\$'000
	unaudited	audited
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	645,055	605,286
Deferred tax asset	387	387
Property, plant and equipment	3,972,936	3,821,484
Lease prepayments	1,801	1,818
Investment in an associated company	14,997	15,148
Restricted cash	150	150
Other assets	<u>82,901</u>	<u>85,095</u>
	<u>4,718,227</u>	<u>4,529,368</u>
CURRENT ASSETS		
Consumable inventories	42,000	42,059
Trade receivables	12,038	12,089
Prepaid expenses and others	36,173	29,684
Derivative financial instruments	2,624	2,241
Amounts due from related companies	198	125
Restricted cash	36,694	28,520
Cash and cash equivalents	<u>306,602</u>	<u>341,027</u>
	<u>436,329</u>	<u>455,745</u>
TOTAL ASSETS	<u><u>5,154,556</u></u>	<u><u>4,985,113</u></u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	529,332	529,320
Reserves:		
Share premium	1,267,932	1,267,913
Additional paid-in capital	94,245	94,018
Convertible bonds - equity component	14,400	14,400
Foreign currency translation adjustments	(23,541)	(23,197)
Unamortised share option expense	(2,097)	(2,300)
Cash flow hedge reserve	1,285	(20,564)
Retained earnings / (Accumulated losses)	<u>1,611</u>	<u>(31,218)</u>
	<u>1,883,167</u>	<u>1,828,372</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term borrowings	2,501,456	2,412,854
Derivative financial instruments	11,519	22,361

Other long-term liabilities	5,581	5,734
Deferred tax liabilities	<u>671</u>	<u>539</u>
	<u>2,519,227</u>	<u>2,441,488</u>

CURRENT LIABILITIES

Trade creditors	72,320	83,481
Current income tax liabilities	1,200	1,227
Provisions, accruals and other liabilities	208,311	209,281
Current portion of long-term borrowings	184,514	179,159
Derivative financial instruments	796	1,392
Advance ticket sales	<u>285,021</u>	<u>240,713</u>
	<u>752,162</u>	<u>715,253</u>

TOTAL LIABILITIES	<u>3,271,389</u>	<u>3,156,741</u>
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TOTAL EQUITY AND LIABILITIES	<u>5,154,556</u>	<u>4,985,113</u>
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NOTES TO THE ACCOUNTS

1. Principal Accounting Policies

The unaudited results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited results are prepared under the historical cost convention.

These unaudited results should be read where relevant, in conjunction with the annual accounts of the Group for the year ended 31 December 2004.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

As at 1 January 2005, the Group adopted these new HKFRSs as listed below, which are relevant to its operations. The comparative figures in respect of 2004 have been amended as required and where necessary, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes

HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The Group revalued certain of the properties in conjunction with the listing of the entire share capital on The Stock Exchange of Hong Kong Limited in 2000. On 1 January 2005, the Group applied the exemptions under HKFRS 1 whereby it elected to use the revalued amount of these properties under HK GAAP as deemed cost at the date of transition to HKFRSs.

The adoption of these new HKFRSs did not have any significant impact on its results of operations and financial position, except for the adoption of HKFRS 2, HKFRS 3, HKAS 38, HKAS 17, HKAS 32 and HKAS 39.

HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share options granted after 7 November 2002 and to be vested after 1 January 2005. The Group has also applied HKFRS 2

retrospectively for share options granted after 7 November 2002 and vested before 1 January 2005. Prior to 1 January 2005, the Group accounted for compensation expense in respect of these share options to employees based on the excess, if any, of the quoted market price of the share at the date of the grant over the exercise price of the option. Effective from 1 January 2005, the Group accounts for the compensation cost of these share options based on the fair value of the employee services received in exchange for the grant of these options.

This change in accounting policy has been accounted for retrospectively as follows:

	As previously reported <i>US\$'000</i>	Effect of adoption of HKFRS <i>US\$'000</i>	As restated <i>US\$'000</i>
Group			
At 31 December 2004			
Reserves:			
Additional paid-in capital	92,689	1,329	94,018
Accumulated losses	(31,079)	(139)	(31,218)
Unamortised share option expense	<u>(1,110)</u>	<u>(1,190)</u>	<u>(2,300)</u>

HKAS 17

The adoption of HKAS 17 requires the Group to classify the land held under a long-term lease as an operating lease if the risks and rewards incidental to ownership will not be transferred to the lessee. The comparative in respect of the property, plant and equipment have been restated whereby the land held under operating lease is now presented as lease prepayments. The effect of the reclassification of the comparative is as follows:

	As previously reported <i>US\$'000</i>	Effect of adoption of HKFRS <i>US\$'000</i>	As restated <i>US\$'000</i>
Group			
At 31 December 2004			
Property, plant and equipment	3,823,302	(1,818)	3,821,484
Lease prepayments	<u>—</u>	<u>1,818</u>	<u>1,818</u>

HKAS 32

The adoption of HKAS 32 requires the Group to analyse the compound financial instruments into debt and equity components based on the circumstances at the inception of the instrument. The comparative in respect of the convertible bonds have been restated whereby the equity conversion option is now presented as a component of reserves. The effect of reclassification of comparatives has been accounted for retrospectively as follows:

	As previously reported <i>US\$'000</i>	Effect of adoption of HKFRS <i>US\$'000</i>	As restated <i>US\$'000</i>
Group			
At 31 December 2004			
Convertible bonds	180,000	(6,050)	173,950
Provision, accruals and other liabilities	217,631	(8,350)	209,281
Reserves:			
Convertible bonds - equity component	<u>—</u>	<u>14,400</u>	<u>14,400</u>

HKFRS 3 and HKAS 38

The adoption of HKFRS 3 and HKAS 38 resulted in a change in the accounting policy for goodwill and trade names. Prior to 1 January 2005, goodwill and trade names were amortised over useful lives of 40 years and negative goodwill was amortised over 26 years, the remaining weighted average useful life of the non-monetary assets acquired. In addition, the goodwill and trade names were assessed for impairment annually or where there were indications of possible impairment.

In accordance with the provisions of HKFRS 3:

- The Group ceased amortisation of goodwill and trade names from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill and trade names;
- The carrying amount of previously recognised negative goodwill has been derecognised as at 1 January 2005 with a corresponding adjustment to the opening balance of retained earnings;
- The Group will continue to review goodwill and trade names for impairment annually or where there are indications of possible impairment.

This change in accounting policy has been accounted for prospectively from 1 January 2005 as follows:

	As previously reported <i>US\$'000</i>	Effect of adoption of HKFRS <i>US\$'000</i>	As restated <i>US\$'000</i>
Group			
At 1 January 2005			
Intangible assets, net of accumulated amortisation and impairment	605,286	39,769	645,055
Retained earnings/(Accumulated losses)	<u>(31,079)</u>	<u>39,769</u>	<u>8,690</u>

HKAS 39

Upon adoption of HKAS 39 on 1 January 2005, the fair value of certain interest rate swaps of US\$10.7 million which no longer qualified as hedging instruments as a result of early repayment of certain bank borrowings and which had been included within cash flow hedge reserve, has been adjusted to the opening balance of retained earnings. Similarly, the fair value of the 5.5% capped USD LIBOR-in-arrears interest rate swaps amounting to US\$0.6 million which were not effective hedges and had been included within cash flow hedge reserve, has been adjusted to the opening balance of retained earnings.

The effects of the change on the Group's consolidated financial statements have been accounted for prospectively from 1 January 2005 as follows:

	As previously reported US\$'000	Effect of adoption of HKFRS US\$'000	As restated US\$'000
Group			
At 1 January 2005			
Reserves:			
Cash flow hedge reserve	(20,564)	11,343	(9,221)
Accumulated losses	<u>(31,079)</u>	<u>(11,343)</u>	<u>(42,422)</u>

2. Turnover and Operating Profit

The turnover consists of revenues earned from cruise and cruise related activities and others.

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Other operations of the Group comprise charter hire and provision of transportation and tour services, none of which are of a sufficient size to be reported separately.

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

	TURNOVER		OPERATING PROFIT	
	Three months ended		Three months ended	
	31 March		31 March	
	2005	2004	2005	2004
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Cruise and cruise related activities	399,800 ¹	390,747 ¹	31,039	19,194
Others	<u>4,683</u>	<u>—</u>	<u>(1,036)</u>	<u>(727)</u>
	<u>404,483</u>	<u>390,747</u>	<u>30,003</u>	<u>18,467</u>

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

	TURNOVER		OPERATING PROFIT	
	Three months ended		Three months ended	
	31 March		31 March	
	2005	2004	2005	2004
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Asia Pacific	74,147	111,714	13,275	18,083
North America(<i>note 2</i>)	300,585	255,214	15,086	2,528
Others	<u>29,751</u>	<u>23,819</u>	<u>1,642</u>	<u>281</u>
	<u>404,483</u>	<u>390,747</u>	30,003	20,892
Amortisation of goodwill			—	(2,425)
			<u>30,003</u>	<u>18,467</u>

Notes:

1. Cruise and cruise related revenues consist of passenger ticket revenue of US\$255.4 million and US\$241.2 million for the three months ended 31 March 2005 and 2004 respectively. The remaining portion relates to revenues from onboard and other services.
2. Substantially, all the turnover and operating profit arises in the United States of America.
3. **Taxation**

	Three months ended	
	31 March	
	2005	2004
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
Overseas taxation		
- Current taxation	248	486
- Deferred taxation	<u>—</u>	<u>(749)</u>
	248	(263)
Under provision in respect of prior years		
- Current taxation	5	74
- Deferred taxation	<u>134</u>	<u>—</u>
	<u>387</u>	<u>(189)</u>

The Company, which is domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions. However, the Group has incurred a tax charge, as illustrated in the table above, based on the income which is subject to local tax in certain of the jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

4. Earnings / (Loss) per share

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

	Three months ended	
	31 March	
	2005	2004
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>
<u>BASIC</u>		
Net profit / (loss)	4,403	(9,180)
Weighted average outstanding ordinary shares in thousands	5,293,234	5,293,141
Basic earnings / (loss) per share in US cents	<u>0.08</u>	<u>(0.17)</u>
<u>FULLY DILUTED</u>		
Net profit / (loss)	4,403	(9,180)
Weighted average outstanding ordinary shares in thousands	5,293,234	5,293,141
Effect of dilutive ordinary shares in thousands	3,433	442,310
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,296,667	5,735,451
Fully diluted earnings per share in US cents	<u>0.08</u>	<u>N/A*</u>

* Diluted loss per share for the three months ended 31 March 2004 is not shown as the diluted loss per share is less than the basic loss per share.

INTERIM DIVIDEND

The Directors do not recommend the declaration of any interim dividend in respect of the three months ended 31 March 2005.

BUSINESS REVIEW

Key points for the three months ended 31 March 2005 (“1Q 2005”) and in comparison with three months ended 31 March 2004 (“1Q 2004”) were as follows: -

- Capacity decreased by 4.9% from 2.1 million to 2.0 million capacity days
- Net cruise revenue increased by 2.6%
- Net cruise revenue yield increased by 7.8%
- EBITDA increased by 3.6% from US\$67.9 million to US\$70.4 million
- Operating profit increased by 62.5% from US\$18.5 million to US\$30.0 million
- Net profit was US\$4.4 million, up from a net loss of US\$9.2 million
- Ship operating expenses per capacity day were up by 10.7%
- Cruise selling, general and administrative expenses (“SG&A”) per capacity day decreased marginally, by 0.4%

- Net cruise revenue yield represents net cruise revenue per capacity day after deducting such costs as commissions, air ticket costs and other direct costs.
- Ship operating expenses represent operating expenses excluding such costs as commissions, air ticket costs and other direct costs as well as excluding non-recurring income or expenses.
- EBITDA represents earnings before interest, taxation, depreciation and amortisation and excluding non-recurring income or expenses but including non-cruise segment generated by the recently acquired tour company in Hawaii.

Star Cruises Group

For 1Q 2005, the Group recorded a net profit of US\$4.4 million as compared with a net loss of US\$9.2 million in 1Q 2004.

The Group's net cruise revenue for 1Q 2005 was 2.6% higher as compared with 1Q 2004 despite a 4.9% decrease in capacity. Net cruise revenue yield was up by 7.8% primarily due to higher cruise ticket prices, onboard revenues and occupancy levels. Occupancy increased to 102.2% in 1Q 2005 from 97.3% in 1Q 2004. The capacity reduction resulted mainly from the disposals of two older and less cost efficient ships m.v. SuperStar Capricorn and m.v. SuperStar Aries in February 2004 and April 2004 respectively.

The 1Q 2005 ship operating expenses per capacity day were 10.7% higher as compared with 1Q 2004. This was primarily attributed to increases in crew payroll costs associated with higher staffing levels and higher cost structure of NCL America that commenced operation in July 2004 and the increase in fuel prices. Fuel prices increased approximately 20% as compared with 1Q 2004. Fuel costs were approximately 15% of ship operating expenses for 1Q 2005 and 1Q 2004, respectively. Cruise SG&A expenses per capacity day decreased marginally as compared with 1Q 2004 mainly due to lower advertising expenses partially offset by the impact of the reduction in capacity. The lower advertising expenses in 1Q 2005 were mainly due to the delay until later in the year of advertising expenses in Asia compounded by the higher promotional costs in 1Q 2004 relating to the introduction of NCL America brand.

EBITDA per capacity day for 1Q 2005 were 9.0% higher as compared with 1Q 2004. Depreciation and amortisation per capacity day decreased 12.1% as compared with 1Q 2004 mainly due to the impact of cessation of amortisation of goodwill and trade names in 1Q 2005 following the adoption of new accounting standards effective 1 January 2005, and to a lesser extent, the impact of the disposal of m.v. SuperStar Capricorn and m.v. SuperStar Aries. Goodwill and trade names amortisation was US\$4.1 million in 1Q 2004.

Interest expense, net of interest income and capitalised interest increased by 41.4% to US\$30.3 million for 1Q 2005 as compared with US\$21.4 million for 1Q 2004 primarily as a result of the impact of higher interest rates. Interests incurred during the ships construction period, are capitalised into the ship costs.

As a result, the Group recorded a net profit per capacity day of US\$2.2 for 1Q 2005 up from a net loss per capacity day of US\$4.3 for 1Q 2004.

Star Cruises (excluding NCL)

The 1Q 2005 capacity was 39.1% lower as compared with 1Q 2004 because of the disposals of two abovementioned ships and the transfer of m.v. SuperStar Leo (renamed m.v.

Norwegian Spirit) to the NCL Group. Net cruise revenue yield in 1Q 2005 was 14.6% higher as compared with 1Q 2004. The higher net cruise revenue yield in 1Q 2005 continued to be driven mainly by higher occupancies and improved onboard revenues. Occupancy level for 1Q 2005 was at 92.4% as compared with 79.7% in 1Q 2004.

Ship operating expenses per capacity day increased 12.1% in 1Q 2005 as compared with 1Q 2004 primarily due to higher crew payroll expenses associated with higher staffing levels as a result of higher occupancies. SG&A expenses per capacity day increased as a result of the negative scale economy impact of the capacity reduction.

The India deployment was announced in April 2005, m.v. SuperStar Libra will be homeported in Mumbai, India from September 2005. She is the first of some of the 6 ships that will be progressively transferred over to the Star Cruises fleet.

In addition, Star Cruises announced the return of m.v. SuperStar Gemini, currently on her summer deployment in Taiwan, to Singapore offering longer 7 night itineraries from November 2005 to April 2006 catering primarily to the Caucasian markets.

NCL Group

The NCL Group offered capacity increased by 9.1% to 1.6 million capacity days from 1.5 million in 1Q 2004. Occupancy was one tenth of a percentage point lower at 104.4% as compared with 104.5% in 1Q 2004. Net revenue yield was up by 9.8% or by 8.1% excluding the impact of non-cruise revenue generated by the tour company in Hawaii.

Ship operating costs per capacity day were up by 13.9%, or by 8.4% when charter payments to Star Cruises are excluded (No charter payments were made in 1Q 2004). Part of this increase was due to higher fuel costs and part due to increased numbers of US crew as compared to 1Q 2004.

SG&A expense fell in absolute terms, and with the growing scale this translated into a 9.6% reduction in SG&A per capacity day.

The year has started well for all three brands within the NCL Group and forward bookings during the so-called Wave Period have been strong. Capacity will grow further in 2Q 2005 with the introduction of m.v. Pride of America in late June 2005 and then in 3Q 2005 with the introduction of m.v. Norwegian Jewel in early August 2005. m.v. Norwegian Sea (m.v. SuperStar Libra) will leave the fleet and transfer over to Star Cruises in August 2005, as discussed above.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2004.

SIGNIFICANT SUBSEQUENT EVENT

On 3 May 2005, NCL Corporation Ltd., a direct wholly-owned subsidiary of the Company, entered into a contract for the building of a new 2,400-berth ship for a contract price of €391 million. The ship will be built at Meyer Werft in Papenburg, Germany and is expected to be delivered in October 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the three months ended 31 March 2005, save for the issue of 116,818 new ordinary shares of US\$0.10 each at an aggregate price of US\$31,377 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

CORPORATE GOVERNANCE

The Stock Exchange has promulgated a new Code on Corporate Governance Practices ("CG Code") as Appendix 14 of the Listing Rules and the new rules on Corporate Governance Report ("CG Report") as Appendix 23 of the Listing Rules which took effect for accounting periods commencing on or after 1 January 2005 (save for the code provisions on internal controls and the disclosure requirements in the CG Report relating to internal controls, which will be implemented for accounting periods commencing on or after 1 July 2005), to replace the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005. The Company has been and will continue its process of reviewing its internal control systems and corporate governance practices and implementing new and applicable measures under the CG Code in line with the respective compliance dates. Under the transitional arrangements, the Company with 31 December as year-end will first be required to report on compliance with the code provisions of the CG Code in its interim results announcement and interim report for the six months ending 30 June 2005.

These interim results have been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant provisions of the CG Code. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

BOARD OF DIRECTORS

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 J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board
TAN SRI LIM KOK THAY

Chairman, President and Chief Executive Officer

Hong Kong, 24 May 2005

Forward-looking statements

This announcement contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of the Company about the industry and markets in which the Group operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual result to differ materially from those expressed or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this announcement only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release of this announcement.

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