



PRESS RELEASE

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STAR CRUISES REPORTS IMPROVED EARNINGS

25 February, 1999 - Star Cruises PLC reported an operating income of US\$50 million for 1998, an increase of 52% compared with US\$32.9 million for 1997. "This improvement is due to a 17% increase in passenger cruise days as compared to last year as well as cost controls that were implemented last year," says Dato K T Lim, Chairman of Star Cruises.

"The devaluation of regional currencies had no significant effect as the US\$28.2 million reduction in revenue (US\$310.8 million in 1997 compared with US\$282.6 million in 1998) is more than offset by the US\$45.3 million reduction in expenses (US\$277.9 million in 1997 compared with US\$232.6 million in 1998)." There is an exceptional loss of US\$21.2 million and loss on discontinued operations of US\$24.9 million in 1998 compared with an exceptional income of US\$104.5 million in 1997. Second-half 1998 operating income increased 107% to US\$33.7 million from US\$16.3 million in the first half due to increased revenue of US\$159.4 million in the second half compared with US\$123.2 million in the first-half. Operating margins improved with the introduction of the first newbuilding, the SuperStar Leo, in November 1998.

Trading results for the first two months of 1999 had been excellent with passenger cruise days increasing more than 60% compared of the same period of 1998, mainly due to the SuperStar Leo. By the end of 1999, Star Cruises will have ships positioned in Singapore, Hong Kong, Taipei, Okinawa, Bangkok, Phuket and Port Klang with mainly 2, 3, 4, 5 and 7-night round trip cruises. Star Cruises' source

markets for cruise passengers are geographically well diversified and will have a well-balanced mix of local, intra-regional and inter-regional cruise passengers to the seven ports of embarkation.

In 1999, Star Cruises will bring about 350,000 cruise passengers to Singapore, 300,000 cruise passengers to Hong Kong, 250,000 cruise passengers to Malaysia, 150,000 cruise passengers to Thailand, 150,000 cruise passengers to Taiwan, 100,000 cruise passengers to Japan and 50,000 cruise passengers to China. The Company believes that it now enjoys the economies of scale with anticipated 2 million passenger cruise days in 1999. The worldwide online "Starres" reservation system, 24-hour Call Centre and other technology implemented in the last 12 months have produced significant efficiencies for the Company.

"We are pleased that cruising is well accepted in the Asian market and as cruising is still a small proportion of the overall leisure market, the Group is confident that the results for 1999 will be better with delivery of new cruise capacities," says Colin Au, President & Chief Executive of Star Cruises. "We look forward to the delivery of the second newbuilding, the SuperStar Virgo and the SuperStar Europe towards the end of this year which will reinforce Star Cruises as "The Leading Cruise Line in Asia-Pacific", he added.

Star Cruises, "The Leading Cruise Line In Asia Pacific" is one of the five largest cruise lines in the world. By 2002, Star Cruises will have a fleet of 10 vessels with lower berth capacity of about 12,000 with annual growth of 25% per year for the corresponding period. Star Cruises has also one of the youngest cruise fleets in the world with ships based throughout Asia and offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Sweden, Taiwan, Thailand, United Kingdom and United States of America.

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