



**Star Cruises Limited**  
(Continued into Bermuda with limited liability)

**ANNOUNCEMENT**  
**RESULTS FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2002**

The Directors of Star Cruises Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiary companies (the "Group") for the three months and six months ended 30 June 2002 together with the comparative figures for the previous periods as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2002 US\$'000 unaudited	2001 US\$'000 unaudited	2002 US\$'000 unaudited	2001 US\$'000 unaudited
Turnover	1	389,756	327,231	757,798	662,613
Operating expenses (excluding depreciation and amortisation)		(234,227)	(202,603)	(471,407)	(415,159)
Selling, general and administrative expenses (excluding depreciation)		(61,253)	(57,380)	(118,092)	(117,995)
Depreciation and amortisation		(43,538)	(37,784)	(86,204)	(73,876)
		<u>(339,018)</u>	<u>(297,767)</u>	<u>(675,703)</u>	<u>(607,030)</u>
Operating profit	1	50,738	29,464	82,095	55,583
Interest income		625	2,086	998	5,293
Financial costs		(24,622)	(30,172)	(49,221)	(66,958)
Other non-operating income / (expenses), net		(4,005)	2,291	(10,371)	7,176
		<u>(28,002)</u>	<u>(25,795)</u>	<u>(58,594)</u>	<u>(54,489)</u>
Profit before taxation		22,736	3,669	23,501	1,094
Taxation	2	(451)	(2,885)	(535)	(466)
Net profit for the period		<u>22,285</u>	<u>784</u>	<u>22,966</u>	<u>628</u>
Basic earnings per share (US cents)	3	0.53	0.02	0.55	0.02
Fully diluted earnings per share (US cents)	3	0.53	0.02	0.55	0.02
<u>Operating data</u>					
Passenger Cruise Days		2,060,397	1,765,362	4,023,079	3,459,543
Capacity Days		2,101,350	1,812,404	4,190,292	3,621,108
Occupancy as a percentage of capacity days		98%	97%	96%	96%

## NOTES TO THE ACCOUNTS

### 1. Turnover and Operating Profit

The Group is principally engaged in the operation of passenger cruise ships.

Turnover consists of revenues earned from cruise and cruise related activities and charter hire. Cruise and cruise related revenue comprises sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenue from onboard services and other related services, including gaming, food and beverage. Charter hire revenue includes the lease operation of a catamaran to a third party customer.

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

	TURNOVER			
	Three months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Cruise and cruise related activities	388,255	323,041	756,037	655,747
Charter hire	1,501	4,190	1,761	6,866
	<b>389,756</b>	<b>327,231</b>	<b>757,798</b>	<b>662,613</b>

	OPERATING PROFIT			
	Three months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Cruise and cruise related activities	49,930	26,775	81,543	51,643
Charter hire	808	2,689	552	3,940
	<b>50,738</b>	<b>29,464</b>	<b>82,095</b>	<b>55,583</b>

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

	TURNOVER			
	Three months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	121,078	120,944	231,560	252,888
North America (note)	248,845	180,498	479,402	359,511
Others	19,833	25,789	46,836	50,214
	<u>389,756</u>	<u>327,231</u>	<u>757,798</u>	<u>662,613</u>

	OPERATING PROFIT			
	Three months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	30,813	25,668	50,432	53,733
North America (note)	20,433	5,146	32,961	5,252
Others	1,771	718	3,260	733
	<u>53,017</u>	<u>31,532</u>	<u>86,653</u>	<u>59,718</u>
Amortisation of goodwill	(2,279)	(2,068)	(4,558)	(4,135)
	<u>50,738</u>	<u>29,464</u>	<u>82,095</u>	<u>55,583</u>

Note: Substantially all this turnover and operating profit arises in the United States of America.

## 2. Taxation

	Three months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Overseas taxation				
- Current taxation	451	245	535	466
- Deferred taxation	-	2,640	-	-
	<u>451</u>	<u>2,885</u>	<u>535</u>	<u>466</u>

3. Earnings per share

Earnings per share has been calculated as follows:

	Three months ended 30 June		Six months ended 30 June	
	2002 US\$'000 unaudited	2001 US\$'000 unaudited	2002 US\$'000 unaudited	2001 US\$'000 unaudited
<b><u>BASIC</u></b>				
Net profit	22,285	784	22,966	628
Average outstanding ordinary shares in thousands	4,187,167	4,144,062	4,167,254	4,143,683
Basic earnings per share in US cents	0.53	0.02	0.55	0.02
<b><u>FULLY DILUTED</u></b>				
Net profit	22,285	784	22,966	628
Average outstanding ordinary shares in thousands	4,187,167	4,144,062	4,167,254	4,143,683
Effect of dilutive ordinary shares in thousands	14,822	16,479	13,335	26,590
Average outstanding ordinary shares after assuming dilution in thousands	4,201,989	4,160,541	4,180,589	4,170,273
Fully diluted earnings per share in US cents	0.53	0.02	0.55	0.02

**INTERIM DIVIDEND**

The Directors do not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2002.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Three months ended 30 June 2002 as compared with three months ended 30 June 2001

#### Turnover

The Group's revenue for the three months ended 30 June 2002 was US\$389.8 million, up 19.1% from US\$327.2 million for the three months ended 30 June 2001. During this quarter, capacity increase with improved net revenue yield drove the revenue growth. Net revenue yield is defined as net revenue per capacity day after deducting such costs as commissions and air tickets. Net revenue yield in the second quarter improved significantly from an 8.3% decline experienced in the first quarter to an increase of 1.6% in the second quarter despite the disruption to the bookings cycle from the events of 11 September.

Star Cruises Asia Pacific operated with 6.8% less capacity days in the three months ended 30 June 2002 compared to the three months ended 30 June 2001. The decline in capacity days was primarily due to cessation of cruise operations in Japan resulted in the early return of SuperStar Taurus early this year. In addition, Norwegian Star 1 was also returned to her owner in May 2002. This was partially offset by the introduction of Wasa Queen in September 2001 and the rejoining of SuperStar Capricorn into the fleet in January this year. SuperStar Capricorn was previously chartered to a third party. A 3.9% higher net revenue yield was achieved in the second quarter, reflecting more favourable business conditions regionally.

NCL Group (which consists of Norwegian Cruise Line and Orient Lines brands) recorded an increase in capacity days of 30.6% for the three months ended 30 June 2002 as compared to the three months ended 30 June 2001. The increase in capacity days was primarily due to the introduction into service of the purpose built "Freestyle Cruising" ships M/S Norwegian Sun and m.v. Norwegian Star in second half of last year. Net revenue yield was higher by 3.3%.

#### Cost and expenses

Total costs and expenses before interest and non-operating items for the three months ended 30 June 2002 amounted to US\$339.0 million as compared with US\$297.8 million for the three months ended 30 June 2001.

The ship operating expenses excluding costs such as commissions and air tickets as they are already factored into the net revenue yield, was 3.8% lower on a per capacity day basis for the three months ended 30 June 2002 as compared with the same period in 2001. The ship operating expenses on a per capacity day basis dropped despite an increase in fuel costs, mainly attributable to the savings from cost control initiatives implemented in 2001, and the rationalisation of its cruise operations in November 2001 following the 11 September events.

Included in the selling, general and administrative expenses for the three months ended 30 June 2002 was a net other expense of US\$2.9 million. This amount was primarily consisted of an additional liability of US\$5.4 million mainly in relation to the arbitration settlement award for damages relating to the re-delivery of M/S Leeward and the write back of US\$2.5 million in over-provision relating to the early re-delivery of M/S Norwegian Star 1.

Excluding the net other expenses of US\$2.9 million mentioned above, the selling, general and administrative expenses also reduced on a per capacity day basis for the three months ended 30 June 2002 as compared with the same period of 2001. The Group continued to enjoy the benefits from the economies of scale as a result of increased capacity with the introduction of Norwegian Sun and Norwegian Star in the second half of 2001. Furthermore, the Group merged the shoreside operations of Orient Lines and NCL during the last quarter of 2001 which together with cost control measures drove the selling, general and administrative costs down by 12.3% on a per capacity day basis in this quarter from the same quarter a year ago.

Depreciation and amortisation expenses increased US\$5.7 million from US\$37.8 million for the three months ended 30 June 2001 to US\$43.5 million for the three months ended 30 June 2002. The increase was primarily due to additional depreciation associated with the addition of ships and ship refurbishment expenditure during the period.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Operating profit**

Operating profit increased 72.2% from US\$29.5 million for the three months ended 30 June 2001 to US\$50.7 million for the three months ended 30 June 2002. The results for the quarter was achieved on the back of a 15.9% higher capacity and a 1.6% increase in net revenue yield whilst occupancy remained at 98%. In addition, operating, selling, general and administrative expenses (excluding net other expenses) per capacity day was 6.3% lower through greater scale economies from the increased capacity and as cost savings accrue from stringent cost control measures taken in 2001.

### **Non-operating income/(expense)**

Non-operating expenses were marginally higher by 8.6% at US\$28.0 million for the three months ended 30 June 2002 compared with US\$25.8 million for the three months ended 30 June 2001. During the three months ended 30 June 2002, the Group incurred a non-cash loss on foreign exchange amounted to US\$2.8 million as compared to a non-cash gain on foreign exchange of US\$1.9 million in the second quarter of 2001. The non-cash loss resulted primarily from the strengthening of the Singapore dollar against the US dollar during the quarter. Net interest expenses for the three months ended 30 June 2002 reduced compared with the same period last year as the Group benefited from the lower interest rates.

### **Profit before taxation**

Profit before taxation for the three months ended 30 June 2002 was US\$22.7 million, as compared to US\$3.7 million for the three months ended 30 June 2001.

### **Taxation**

The Group incurred taxation expenses of US\$0.5 million for the three months ended 30 June 2002 as compared with US\$2.9 million for the same period in 2001.

### **Net profit attributable to shareholders**

As a result of improved net revenue yield and lower operating cost per capacity day, the Group recorded a net profit attributable to shareholders of US\$22.3 million for the three months ended 30 June 2002.

### **Liquidity and capital resources**

#### **Sources and uses of funds**

The majority of the cash and cash equivalents are held in U.S. dollars. For the three months ended 30 June 2002, cash and cash equivalents increased to US\$334.2 million from US\$170.4 million as at 31 March 2002. The Group's business provided US\$113.6 million of net cash from operations for the three months ended 30 June 2002 as compared to US\$76.0 million for the three months ended 30 June 2001.

During the three months ended 30 June 2002, the Group's capital expenditure was approximately US\$15.7 million. A substantial portion of capital expenditure was for vessel refurbishments and onboard assets.

In June 2002, the Group issued approximately 189 million new ordinary shares at the price of HK\$3.30 (US\$0.42) per share to an existing shareholder in a top-up share placement. As at 30 June 2002, the net proceeds of US\$77.3 million remained on deposit with banks and will be used as general working capital and for the acquisition or construction of the vessel(s).

The Group made scheduled principal repayments of US\$10.4 million in relation to its long-term bank loans during the three months ended 30 June 2002.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Six months ended 30 June 2002 as compared with six months ended 30 June 2001

#### Turnover

The Group's revenue for the six months ended 30 June 2002 was US\$757.8 million, up 14.4% from US\$662.6 million for the six months ended 30 June 2001. During the first six months, capacity increased 15.7% with the addition of two new ships in Norwegian Cruise Line. Net revenue yield deterioration for the six months ended 30 June 2002 following the 11 September incident was lower than previously expected at 3.4% compared with the same period last year.

Star Cruises Asia Pacific operated with 13.3% less capacity days in the six months ended 30 June 2002 compared to the six months ended 30 June 2001. The decline in capacity days was primarily due to cessation of cruise operations in Japan and the cessation of the Taiwan operations in the first quarter of this year. In addition, the reduction in capacity days was also due partly to the disposal of Star Aquarius, MegaStar Sagittarius and MegaStar Capricorn in the first quarter last year. This was partially offset by the introduction of Wasa Queen in September 2001 and the rejoining of SuperStar Capricorn into the fleet in January this year. Net revenue yield was essentially unchanged as compared with the same period a year ago.

NCL Group (which consists of Norwegian Cruise Line and Orient Lines brands) recorded an increase in capacity days of 35.5% for the six months ended 30 June 2002 as compared to the six months ended 30 June 2001. The increase in capacity days was primarily due to the introduction into service of M/S Norwegian Sun and m.v. Norwegian Star in second half of last year. Net revenue yield was down by 1.4%.

#### Cost and expenses

Total costs and expenses before interest and non-operating items for the six months ended 30 June 2002 amounted to US\$675.7 million as compared with US\$607.0 million for the six months ended 30 June 2001.

The ship operating expenses excluding costs such as commissions and air tickets as they are already factored into the net revenue yield, was 6.3% lower on a per capacity day basis for the six months ended 30 June 2002 as compared with the same period in 2001. The ship operating expenses on a per capacity day basis dropped mainly contributed to the savings accrue from cost control initiatives implemented in 2001, and the rationalisation of its cruise operations in November 2001 following the 11 September events.

Included in the selling, general and administrative expenses for the six months ended 30 June 2002 was a net other expense of US\$2.9 million. This amount was primarily consisted of an additional liability of US\$5.4 million mainly in relation to the arbitration settlement award for damages relating to the re-delivery of M/S Leeward and the write back of US\$2.5 million in over-provision relating to the early re-delivery of M/S Norwegian Star 1.

Excluding the net other expenses of US\$2.9 million mentioned above, the selling, general and administrative expenses also reduced on a per capacity day basis for the six months ended 30 June 2002 as compared with the same period of 2001. The Group continued to enjoy the benefits from the economies of scale from the increase in capacity with the introduction of Norwegian Sun and Norwegian Star in the second half of 2001. Furthermore, the Group merged the shoreside operations of Orient Lines and NCL during the last quarter of 2001 which together with cost control measures drove the selling, general and administrative costs down by 15.7% on a per capacity day basis in this first six months of 2002 against the same period a year ago.

Depreciation and amortisation expenses increased US\$12.3 million from US\$73.9 million for the six months ended 30 June 2001 to US\$86.2 million for the six months ended 30 June 2002. The increase was primarily due to additional depreciation associated with the addition of ships and ship refurbishment expenditure during the period.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Operating profit**

Operating profit increased 47.7% from US\$55.6 million for the six months ended 30 June 2001 to US\$82.1 million for the six months ended 30 June 2002. The results for the six months was achieved on the back of a 15.7% higher capacity despite a reduction of 3.4% in net revenue yield whilst occupancy remained at 96%. In addition, operating, selling, general and administrative expenses (excluding the net other expenses) per capacity day was 9.0% lower through greater economies of scale from the increased capacity and as cost savings accrue from stringent cost control measures taken in 2001.

### **Non-operating income/(expense)**

Non-operating expenses was marginally higher by 7.5% to US\$58.6 million for the six months ended 30 June 2002 from US\$54.5 million for the six months ended 30 June 2001. During the six months ended 30 June 2002, the Group incurred a non-cash loss on foreign exchange amounted to US\$3.4 million as compared to a non-cash gain on foreign exchange of US\$7.5 million in the same period last year. The non-cash loss resulted primarily from the strengthening of the Singapore dollar against the US dollar during the six months ended 30 June 2002. The Group also recorded losses on extinguishment of debts in the amount of approximately US\$5.9 million in the six months ended 30 June 2002. Net interest expenses for the six months ended 30 June 2002 reduced compared with the same period last year as the Group benefited from the lower interest rates.

### **Profit before taxation**

Profit before taxation for the six months ended 30 June 2002 was US\$23.5 million, as compared to US\$1.1 million for the six months ended 30 June 2001.

### **Taxation**

The Group incurred taxation expenses of US\$0.5 million for the six months ended 30 June 2002 essentially the same for the same period in 2001.

### **Net profit attributable to shareholders**

As a result of the changes in revenues and expenses, the Group recorded a net profit attributable to shareholders of US\$23.0 million for the six months ended 30 June 2002.

### **Liquidity and capital resources**

#### **Sources and uses of funds**

For the six months ended 30 June 2002, cash and cash equivalents increased to US\$334.2 million from US\$171.6 million as at 31 December 2001. The Group's business provided US\$155.7 million of net cash from operations for the six months ended 30 June 2002 as compared to US\$107.3 million for the six months ended 30 June 2001.

During the six months ended 30 June 2002, the Group's capital expenditure was approximately US\$32.1 million. A substantial portion of capital expenditure was for vessel refurbishments and onboard assets.

In June 2002, the Group issued approximately 189 million new ordinary shares at the price of HK\$3.30 (US\$0.42) per share to an existing shareholder in a top-up share placement. As at 30 June 2002, the net proceeds of US\$77.3 million remained on deposit with banks and will be used as general working capital and for the acquisition or construction of the vessel(s).

The Group made scheduled principal repayments of US\$27.8 million in relation to its long-term bank loans during the six months ended 30 June 2002. In March 2002, the Group refinanced the outstanding balance of the 5-year syndicated term loan through a drawdown of US\$450 million under the US\$450 million syndicated term loan agreement signed in February 2002.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Contingent liabilities

- (a) Upon re-delivery of the M/S Leeward to its owners, Effjohn International NV ("Effjohn"), at the time of expiration of the bareboat charter entered into between NCL and Effjohn, Effjohn claimed damages relating to the condition of the ship and its equipment. Arbitration proceedings have commenced and on 25 April 2002, the arbitration panel issued a judgement in favour of Effjohn with an amount of award of US\$10.2 million. As at 31 December 2001, the Group has recorded a liability of approximately US\$6 million pursuant to this matter. In the three months ended 30 June 2002, the Group recorded additional liability of approximately US\$4.2 million after receiving the official translation of the judgement from Norwegian to English and subsequent advice from its Norwegian counsel regarding the prospects for overturning the arbitration award under the Norwegian law. As the full amount has been accounted for to date, this is no longer a contingent liability to the Group.
- (b) On 16 May 2000, NCL voluntarily self reported to the U.S. Attorney's Office for the Southern District of Florida ("U.S. Attorney's Office") a pattern of violations of environmental law on several of its ships. These violations were identified by a detailed internal review and investigation. Management believes that they have halted the infractions and commenced a comprehensive remedial programme to ensure that there will be no repeat of this problem. The Group believes that they are co-operating fully with the U.S. Attorney's Office and other authorities to investigate this matter. In June 2000, a federal grand jury in Miami, Florida issued a subpoena to the Group to produce documents relating to these same matters. Since that time, the Group has co-operated with the Government in its investigation and turned over a substantial amount of documents as well as the results of its internal investigation. NCL has entered into a plea agreement with the US Federal Government resolving NCL's liability with the Federal authorities. The plea agreement recognises NCL's internal investigation, co-operation and efforts to remedy the conditions leading to this violation, and provides that NCL will pay a fine of US\$1 million, be placed on probation, and maintain a comprehensive environmental compliance plan. In addition to the agreed fine, NCL has also agreed to make community service payments in the total amount of US\$500,000 to two Florida-based environmental organisations as a condition of its probation. These costs have been fully provided for in the financial statements as of 31 December 2001.

### Prospects

During the second quarter this year, NCL announced the 2003 deployment of Norwegian Sun to Seattle to become the third ship in our Alaska fleet. NCL also was able to move Norwegian Wind in Vancouver from her traditional Monday slot into a vacated Sunday slot, which means all three of its Alaska ships will now have weekend departure days. As NCL has focused the three ships solely on the round-trip Inside Passage itinerary, this will also mean that NCL will be the leading line by capacity in this, the more popular of the two Alaska cruise itineraries.

NCL also recently announced, in a further development to its Homeland Cruising program, that it has been successful in securing a second license to sail to Bermuda from the northeast on weekend departures. There are five such licenses, limited by Bermuda's own cruise tourism policy. This second license will allow NCL to offer Bermuda cruises from both New York and Philadelphia from summer 2003 onwards, in addition to the cruises it currently offers from Boston on the first of the two licenses. The contract with Bermuda will give NCL this New York/Philadelphia license for three years and extend the current Boston license, which was due to expire at the end of 2003, for a further three years through 2006. With two of the largest ships in the Bermuda market, NCL will be the brand with the leading capacity in this important summer market in the northeast. With the addition of Norwegian Dawn in New York offering Bahamas cruises, also next summer, NCL will carry more passengers on cruises out of northeastern US departure points (Boston, New York, and Philadelphia) in 2003 than any other brand.

In Asia Pacific, Star Cruises will continue to develop the largely untapped Chinese market. The rapidly growing number of outbound passengers from China which registered a 31% increase in first half of 2001 as compared with first half of 2000, and a 128% increase for the first six months of 2002 as compared with the same period in 2001, augurs well for the two ships which are currently deployed to penetrate the homeland cruising China market. Wasa Queen is currently providing a cruise ferry service between Xiamen and Hong Kong and SuperStar Gemini services the North China – South Korea cruise sector.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Prospects (continued)**

For the Group as a whole, with the cost control measures on target and barring unforeseen circumstances, the Group expects that its performance to be satisfactory for the remainder of this year.

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 2001 and the interim report for the three months ended 31 March 2002.

### **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 six months ended 30 June 2002, save for the issuance of 189,091,000 new ordinary shares of US\$0.10 each at an aggregate price, net of issuance costs, of US\$77,328,617 to an existing shareholder in a top-up share placement, and the issue of 1,481,500 new ordinary shares of US\$0.10 each at an aggregate price of US\$474,292 pursuant to the exercise of options granted under The Star Cruises Employees Share Option Scheme.

### **CORPORATE GOVERNANCE**

In compliance with the Code of Best Practice stipulated in Appendix 14 of the Listing Rules (the "Code of Best Practice"), the Company has established an Audit Committee with written terms of reference with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of the external and internal audit and of internal controls and risk evaluation. 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. The Audit Committee has reviewed these results.

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not at any time during the six months ended 30 June 2002, in compliance with the Code of Best Practice, except that Independent Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

### **PUBLICATION OF FINANCIAL INFORMATION**

All the information required by paragraphs 46(1) to 46(6) inclusive in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be available for publication in the website of the Stock Exchange as soon as practicable.

By order of the Board

TAN SRI LIM KOK THAY  
Chairman, President and Chief Executive Officer

Hong Kong, 16 August 2002

*Note:*

*The Group prepares financial statements in accordance with Hong Kong GAAP given its listing on the Stock Exchange of Hong Kong. Management continues to prepare financial statements in accordance with US GAAP given that this was the basis historically, most global cruise companies prepare their financial statements in accordance with US GAAP and financial analysts' preference for US GAAP. For information on the Group's US GAAP announcement, kindly visit the Group's website at [www.starcruises.com](http://www.starcruises.com)*

**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.