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If you have sold or transferred all your shares in Genting Hong Kong Limited, you should at once hand this circular to the purchaser or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GENTING
HONG KONG
Genting Hong Kong Limited
(Continued into Bermuda with limited liability)
(Stock Code: 678)

**DISPOSAL MANDATE IN RELATION TO
THE FUTURE DISPOSAL OF ORDINARY SHARES OF
NORWEGIAN CRUISE LINE HOLDINGS LTD.**

POSSIBLE VERY SUBSTANTIAL DISPOSAL

AND

NOTICE OF SPECIAL GENERAL MEETING

The notice convening the special general meeting (“SGM”) of Genting Hong Kong Limited (the “Company”) to be held at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 2 June 2015 at 4:00 p.m. is set out on pages 112 to 114 of this circular. The form of proxy enclosed with this circular, together with any power of attorney or other authority under which the form of proxy is signed or a notarially certified copy of that power or authority, shall be deposited at the Corporate Headquarters of the Company at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong, or the office of the Company’s transfer agent in Singapore, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, or at Genting Hong Kong Limited, c/o Genting Management & Consultancy Services Sdn Bhd, 24th Floor Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting and any adjournment thereof and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at the SGM (or any adjourned meeting thereof) should they so wish.

5 May 2015

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	4
FUTURE DISPOSAL OF NCLH SHARES	5
DISPOSAL MANDATE	5
SALE PROCEEDS	7
INFORMATION ABOUT THE PARTIES	8
REASONS FOR AND BENEFITS OF THE FUTURE DISPOSAL	8
FINANCIAL EFFECTS TO THE GROUP	9
IMPLICATIONS UNDER THE LISTING RULES	9
GENERAL	10
SPECIAL GENERAL MEETING	10
RECOMMENDATION	11
ADDITIONAL INFORMATION	11
APPENDIX I — FINANCIAL INFORMATION OF NCLH	12
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP	71
APPENDIX III — ADDITIONAL INFORMATION ON THE REMAINING GROUP AND THE GROUP	85
APPENDIX IV — GENERAL INFORMATION	97
NOTICE OF SPECIAL GENERAL MEETING	112
FORM OF PROXY	

DEFINITIONS

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

“2014 Disposal Mandate”	the specific mandate granted by the Shareholders on 25 April 2014 to the Directors to effect disposal(s) from time to time for 12 months from 25 April 2014 of such number of NCLH Shares held by Star NCLC (subject to a maximum of 56,819,334 NCLH Shares, subject to adjustments), which expired on 24 April 2015
“Approved Sale Shares”	the maximum number of Remaining NCLH Shares (i.e. 50,569,334 NCLH Shares, subject to adjustments) or such number of Remaining NCLH Shares then held by Star NCLC as shall represent the difference between the maximum of 50,569,334 NCLH Shares and the number of Remaining NCLH Shares actually sold by Star NCLC during the period from the date of this circular up to the date of the SGM
“Board”	the board of Directors
“Capital Changes”	an alteration to the nominal value of the NCLH Shares as a result of consolidation, subdivision or reclassification, or an issue of NCLH Shares to Star NCLC by way of capitalization of profits or reserves or by way of a scrip dividend during the Mandate Period
“Company”	Genting Hong Kong Limited, an exempted company continued into Bermuda with limited liability having its Shares primary listed on the Main Board of the Stock Exchange and secondary listed on the Main Board of the Singapore Exchange Securities Trading Limited
“Director(s)”	the director(s) of the Company
“Disposal Mandate”	the specific mandate to be granted by the Shareholders to the Directors to effect disposal(s) from time to time of such number of Approved Sale Shares which, when aggregated with disposals of NCLH Shares to be completed after the expiry of the 2014 Disposal Mandate, will amount to a major transaction or a very substantial disposal of the Company under Chapter 14 of the Listing Rules
“Future Disposal”	disposal of any of the Remaining NCLH Shares by Star NCLC from time to time
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Public Offering”	the initial public offering of NCLH on the NASDAQ Global Select Market in January 2013
“Latest Practicable Date”	27 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	a period of 12 months from the date of passing the relevant resolution(s) in respect of the Disposal Mandate
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“NCLH”	Norwegian Cruise Line Holdings Ltd., a company incorporated under the laws of Bermuda having its NCLH Shares listed on the NASDAQ Global Select Market under the symbol “NCLH”. NCLH is currently accounted for as an associated company of the Company
“NCLH Share(s)”	the ordinary share(s) of NCLH with a par value of US\$0.001 per share
“PRC”	the People’s Republic of China
“Remaining Group”	the Group excluding the Group’s interests in NCLH
“Remaining NCLH Shares”	50,569,334 NCLH Shares beneficially owned by Star NCLC, representing approximately 22% of the total issued and outstanding shares of NCLH
“Secondary Public Offering”	a secondary public offering by way of a marketed underwritten offering or a block trade, in both of which cases Star NCLC will enter into an underwriting agreement with reputable investment bank(s) as underwriter(s) pursuant to which Star NCLC agrees to sell and the underwriter(s) agree to purchase the target shares. In a typical marketed underwritten offering, the underwriter(s) will market the offering to the public before entering into the underwriting agreement and the purchase price will be determined based on the market responses while in a typical block trade, the underwriter(s) will purchase the target shares first and will market the target shares afterwards

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
“SGM”	the special general meeting to be convened by the Company at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 2 June 2015 to consider and, if thought fit, to approve the Future Disposal and the grant of the Disposal Mandate, notice of which is set out on pages 112 to 114 of this circular
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	the ordinary share(s) with a par value of US\$0.10 each in the share capital of the Company
“Star NCLC”	Star NCLC Holdings Ltd., a limited liability company incorporated under the laws of Bermuda and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“US GAAP”	the generally accepted accounting principles in the United States of America
“US\$” or “\$”	United States dollars, the lawful currency of the United States of America
“€”	Euro, the lawful currency of the eurozone
“%”	per cent

LETTER FROM THE BOARD



GENTING
HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

Board of Directors:

Executive Directors:

Tan Sri Lim Kok Thay

(Chairman and Chief Executive Officer)

Mr. Lim Keong Hui

*(Executive Director — Chairman's Office
and Chief Information Officer)*

Independent Non-executive Directors:

Mr. Alan Howard Smith

(Deputy Chairman)

Mr. Lam Wai Hon, Ambrose

Mr. Justin Tan Wah Joo

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

5 May 2015

To the Shareholders

Dear Sir or Madam,

**DISPOSAL MANDATE IN RELATION TO
THE FUTURE DISPOSAL OF ORDINARY SHARES OF
NORWEGIAN CRUISE LINE HOLDINGS LTD.**

POSSIBLE VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

The Board announced on 31 March 2015 that the Company proposed to seek advance approval from the Shareholders the Disposal Mandate authorizing the Board to effect disposal(s) from time to time during the Mandate Period of the Remaining NCLH Shares (in whole or in part) which may amount to a major transaction or a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to give you further details of the Disposal Mandate, the Future Disposal, a notice of the SGM and such other information as required by the Listing Rules.

FUTURE DISPOSAL OF NCLH SHARES

The Company obtained the 2014 Disposal Mandate from its Shareholders for disposal of up to 56,819,334 NCLH Shares for a period of 12 months from 25 April 2014. Details of the 2014 Disposal Mandate were set out in the Company's announcement dated 5 March 2014 and the Company's circular dated 7 April 2014 respectively. As at the Latest Practicable Date, Star NCLC has disposed of 6,250,000 NCLH Shares pursuant to the 2014 Disposal Mandate and continues to own 50,569,334 NCLH Shares, representing approximately 22% of the total issued and outstanding NCLH Shares. The 2014 Disposal Mandate expired on 24 April 2015.

Depending on prevailing market conditions and subject to any contractual selling restrictions, Star NCLC may from time to time in the future continue to dispose of the Remaining NCLH Shares to realize its investments in NCLH. The Future Disposal may, when aggregated with disposals of NCLH Shares to be completed after the expiry of the 2014 Disposal Mandate, constitute a major transaction or a very substantial disposal of the Company under Chapter 14 of the Listing Rules and requires Shareholders' approval in a general meeting (as applicable) of the Company.

Given the volatility of the stock market, disposing NCLH Shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of such number of the Remaining NCLH Shares which, when aggregated with disposals of NCLH Shares to be completed after the expiry of the 2014 Disposal Mandate, may constitute a major transaction or a very substantial disposal by the Company.

Given that the 2014 Disposal Mandate has expired and to allow flexibility in effecting Future Disposal of the Remaining NCLH Shares at appropriate occasions, the Company proposes to seek from its Shareholders the Disposal Mandate subject to the parameters below. There is no assurance that the Company will proceed with the Future Disposal within any particular time frame after obtaining the Disposal Mandate. Whether and when the Company will embark on the Future Disposal depends on a number of factors including the then prevailing market prices and market conditions at the relevant time.

DISPOSAL MANDATE

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

1. Mandate Period

- for a period of 12 months from the passing of the relevant resolution at the SGM.

LETTER FROM THE BOARD

2. Maximum Number of NCLH Shares to be Disposed

- the Disposal Mandate authorizes and empowers the Board to sell up to the maximum number of the Approved Sale Shares (subject to adjustment in the event of capital restructuring of NCLH as described in the sub-section “Capital Restructuring of NCLH” below).

3. Scope of Authority

- the Board is authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Future Disposal, including but not limited to the number of batches of disposals, the number of Approved Sale Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether through Secondary Public Offering(s) or sales in the open market), the target purchasers, and the selling price (subject to the parameters set out in paragraph 5 below).

4. Manner of Disposal

- apart from disposal in the open market at market price on the NASDAQ Global Select Market, the Company may also dispose of the Approved Sale Shares during the Mandate Period through Secondary Public Offering(s) by entering into underwriting agreement(s) with reputable investment banks as underwriters. The terms and conditions of such Secondary Public Offering(s) will be negotiated on an arms’ length basis.

5. Mechanism for Setting Selling Price

- the selling price per Approved Sale Share that is to be sold through Secondary Public Offering(s) shall represent no more than 20% discount to the average closing price of the NCLH Shares as quoted on the NASDAQ Global Select Market in the five (5) trading days immediately prior to the date of the relevant underwriting agreement; and
- whether the disposal is made in the open market at market price or through Secondary Public Offering(s), the minimum selling price per Remaining NCLH Share shall not be less than US\$19.00.

6. Capital Restructuring of NCLH

- If and when there shall be any Capital Changes of NCLH, the number of Approved Sale Shares shall be adjusted accordingly and the minimum selling price per Approved Sale Share shall be adjusted by multiplying US\$19.00 by the total number of NCLH Shares in issue immediately before the Capital Changes and divided by the total number of NCLH Shares in issue immediately thereafter. If and when there shall be an issue of new NCLH Shares to Star NCLC by way of a rights issue during the Mandate Period, the number of Approved Sale Shares shall be adjusted to include such new NCLH Shares issued.

LETTER FROM THE BOARD

The maximum 20% discount to the average closing price of the NCLH Shares as quoted on the NASDAQ Global Select Market in the five (5) trading day period represents the maximum discount to the referenced average closing price which the Company may consider in the exercise of the Disposal Mandate in the context of Secondary Public Offering(s), having regard to the then prevailing share price performance and market sentiment. The minimum selling price of US\$19.00 per Remaining NCLH Share was determined with reference to the public offering price of US\$19.00 per NCLH Share in respect of the initial public offering of the NCLH Shares which was completed on 24 January 2013. The Company considers that the minimum selling price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the Approved Sale Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

It is expected that the purchasers of the Approved Sale Shares and their respective ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). In the event that any purchaser of the Approved Sale Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SALE PROCEEDS

Based on the carrying amount of the Remaining NCLH Shares as at 31 December 2014 in accordance with the Group's books and records which was approximately US\$798.5 million and on the assumption that the maximum number of Approved Sale Shares (i.e. 50,569,334 NCLH Shares, subject to adjustments) are disposed of by Star NCLC pursuant to the Disposal Mandate at the minimum selling price of US\$19.00 (before deduction of any transaction related expenses) per Approved Sale Share, the expected gain on the disposal of all the Approved Sale Shares is approximately US\$162.4 million. Based on the closing price of US\$50.2 per NCLH Share as quoted on the NASDAQ Global Select Market on the Latest Practicable Date, the aggregate market value of the Approved Sale Shares is approximately US\$2,538.6 million. On the assumption that the maximum number of Approved Sale Shares (i.e. 50,569,334 NCLH Shares, subject to adjustments) are disposed of by Star NCLC pursuant to the Disposal Mandate at US\$50.2 (before deduction of all of any transaction related expenses) per Approved Sale Share, the expected gain on the disposal of all the Approved Sale Shares is approximately US\$1,740.1 million. The Shareholders however should note that the actual amounts of the proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group in relation to the Future Disposal would depend on the actual selling price(s) of the Approved Sale Shares and the actual number of the Approved Sale Shares to be disposed of by Star NCLC and subject to review by the Company's independent auditors.

LETTER FROM THE BOARD

INFORMATION ABOUT THE PARTIES

The Company

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 as well as leisure, entertainment and hospitality activities.

NCLH

NCLH is a diversified cruise operator of leading global cruise lines spanning market segments from contemporary to luxury under the Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises brands. NCLH has a net asset value of approximately US\$3,518.8 million as at 31 December 2014. The following information is a summary of the consolidated financial statements of NCLH for each of the two financial years ended 31 December 2013 and 31 December 2014, respectively:

	For the year ended 31 December 2013	For the year ended 31 December 2014
	<i>US\$'000</i>	<i>US\$'000</i>
Net income before taxes	114,688	340,334
Net income	102,886	342,601
Net income attributable to NCLH	101,714	338,352

If the maximum number of Approved Sale Shares (i.e. 50,569,334 NCLH Shares, subject to adjustments) are disposed of by Star NCLC pursuant to the Disposal Mandate, the percentage of the NCLH Shares held by Star NCLC will decrease from approximately 22% to nil.

REASONS FOR AND BENEFITS OF THE FUTURE DISPOSAL

The Group's strategy has been to realize profits with cash inflow from realization of its investment in NCLH and to capture return at opportune times, subject to favorable prevailing NCLH Share prices and market sentiment.

The Company will apply the sale proceeds from the Future Disposal as general working capital for the Group and/or to fund new investments of the Group should suitable opportunities arise. As at the Latest Practicable Date, the Company has not identified any suitable investment opportunities. The Company will make announcement in compliance with the requirements of the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

The Directors believe that the Future Disposal and the Disposal Mandate are fair and reasonable. The Board (including the Independent Non-executive Directors) considers that the Future Disposal represents a good opportunity to increase the cash flow of the Group. The Board is also of the view that the Future Disposal will be conducted in the interest of the Company and the Shareholders as a whole and the Disposal Mandate will give flexibility to the Directors to dispose of the Remaining NCLH Shares at the appropriate times and prices in order to maximize the return to the Group.

FINANCIAL EFFECTS TO THE GROUP

Based on the closing price of US\$50.2 per NCLH Share as quoted on the NASDAQ Global Select Market on the Latest Practicable Date, the aggregate market value of the Approved Sale Shares is approximately US\$2,538.6 million. On the assumption that the maximum number of Approved Sale Shares (i.e. 50,569,334 NCLH Shares) are disposed of by Star NCLC pursuant to the Disposal Mandate at US\$50.2 per Approved Sale Share, the expected gain (before deduction of any transaction related expenses) on the disposal of all the Approved Sale Shares is approximately US\$1,740.1 million. The estimated gain is based on the excess of sale proceeds (before deduction of any transaction related expenses) of approximately US\$2,538.6 million over the carrying value of the Remaining NCLH Shares of approximately US\$798.5 million. The Group's cash and cash equivalents as a result of the Future Disposal would increase by approximately US\$2,538.6 million and its investment in associates would be reduced by approximately US\$798.5 million, giving rise to an increase in net assets of approximately US\$1,740.1 million. The Future Disposal would not have any impact to the total liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

The Future Disposal may, when aggregated with disposals of NCLH Shares to be completed after the expiry of the 2014 Disposal Mandate, constitute a major transaction or a very substantial disposal of the Company under Chapter 14 of the Listing Rules and will require Shareholders' approval in a general meeting (as applicable) of the Company.

Given the volatility of the stock market, disposing NCLH Shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each such disposal of further Approved Sale Shares that requires Shareholders' approval. To allow flexibility in effecting future disposals of the Approved Sale Shares at appropriate times, the Company proposes to seek from its Shareholders in advance of the Disposal Mandate subject to the parameters above.

A waiver has been granted by the Stock Exchange from strict compliance with Rule 14.68(2)(a)(i) of the Listing Rules. Pursuant to Rule 14.68(2)(a)(i), a circular shall contain (i) the financial information of NCLH prepared by the Directors in accordance with the accounting policies of the Company, being HKFRS; and (ii) such financial information shall be reviewed by the auditors of the Company. Since (i) NCLH, being a company listed on the NASDAQ Global Select Market, is required to publish financial information in accordance with US GAAP on a quarterly basis under the relevant regulatory requirements; (ii) NCLH is currently accounted for as an associated company of the Company using the equity method of accounting and its assets have not been consolidated in the consolidated financial statements of the Company since early 2008; and (iii) it will take substantially

LETTER FROM THE BOARD

longer period of time and more costs for the Company to prepare the financial information of NCLH as required under Rule 14.68(2)(a)(i), the Company has included in this circular, as alternative disclosure, the audited financial information of NCLH for the three years ended 31 December 2012, 2013 and 2014 prepared under US GAAP with a line-by-line reconciliation of such audited financial information of NCLH (except for the notes thereto) for the differences between US GAAP and HKFRS, together with an explanation of such differences.

If, during the period from the date of this circular up to the date of the SGM, the Company continues to dispose of further Remaining NCLH Shares which will constitute a notifiable transaction, the Company will strictly comply with Chapter 14 of the Listing Rules. In the event that any purchaser of the Remaining NCLH Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further announcement(s) on the disposal of the Approved Sale Shares will be made if such disposal (or disposals aggregated since the date of (a) approval of the Disposal Mandate; or (b) an announcement relating to previous disposal(s) made pursuant to the Disposal Mandate, whichever is later) will constitute a notifiable transaction under the Listing Rules but no circular will be despatched to the Shareholders if such disposal(s) are made during the Mandate Period. The Company will also make an announcement as soon as possible after expiration of the Disposal Mandate.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Future Disposal and the Disposal Mandate. Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

GENERAL

There is no assurance that the Company will proceed with the Future Disposal after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Future Disposal or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Future Disposal. The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

SPECIAL GENERAL MEETING

The Directors have resolved to convene the SGM to consider and, if thought fit, to approve the Future Disposal and the Disposal Mandate by the Shareholders. A notice of the SGM is set out on pages 112 to 114 of this circular. Voting at the SGM on the resolution will be taken by poll.

The form of proxy, together with any power of attorney or other authority under which the form of proxy is signed or a notarially certified copy of that power or authority, shall be deposited at the Corporate Headquarters of the Company at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong, or the office of the Company's transfer agent in Singapore, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, or at Genting Hong Kong Limited,

LETTER FROM THE BOARD

c/o Genting Management & Consultancy Services Sdn Bhd, 24th Floor Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the SGM and any adjournment thereof and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the SGM (or any adjourned meeting thereof) should they so wish.

RECOMMENDATION

The Directors believe that the Future Disposal and the Disposal Mandate are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Future Disposal and the Disposal Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Genting Hong Kong Limited
Tan Sri Lim Kok Thay
Chairman and Chief Executive Officer

1. PUBLISHED FINANCIAL INFORMATION OF THE NCLH GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014

The financial information of the NCLH Group prepared in accordance with the US GAAP (“NCLH US GAAP Financial Information”), which has been extracted from the audited consolidated financial statement for each of the three years ended 31 December 2012, 2013 and 2014 from the Form 10-K Annual Report filed pursuant to the applicable rules and regulations are disclosed as follows. The auditor of NCLH has given an unqualified opinion in Form 10-K Annual Report. The NCLH US GAAP Financial Information are presented in United States dollars. Within the notes to NCLH US GAAP Financial Information, “we” and “ours” refer to NCLH Group.

Norwegian Cruise Line Holdings Ltd.

Consolidated Statements of Operations

(in thousands, except share and per share data)

	Year Ended December 31,		
	2014	2013	2012
Revenue			
Passenger ticket	\$2,212,547	\$1,815,869	\$1,604,563
Onboard and other	<u>913,334</u>	<u>754,425</u>	<u>671,683</u>
Total revenue	<u>3,125,881</u>	<u>2,570,294</u>	<u>2,276,246</u>
Cruise operating expense			
Commissions, transportation and other	503,722	455,816	410,531
Onboard and other	224,000	195,526	173,916
Payroll and related	452,647	340,430	293,059
Fuel	326,231	303,439	283,678
Food	168,240	136,785	125,807
Other	<u>271,784</u>	<u>225,663</u>	<u>191,442</u>
Total cruise operating expense	<u>1,946,624</u>	<u>1,657,659</u>	<u>1,478,433</u>
Other operating expense			
Marketing, general and administrative	403,169	301,155	251,183
Depreciation and amortization	<u>273,147</u>	<u>215,593</u>	<u>189,537</u>
Total other operating expense	<u>676,316</u>	<u>516,748</u>	<u>440,720</u>
Operating income	<u>502,941</u>	<u>395,887</u>	<u>357,093</u>

APPENDIX I**FINANCIAL INFORMATION OF NCLH**

	Year Ended December 31,		
	2014	2013	2012
Non-operating income (expense)			
Interest expense, net	(151,754)	(282,602)	(189,930)
Other income (expense)	<u>(10,853)</u>	<u>1,403</u>	<u>2,099</u>
Total non-operating income (expense)	<u>(162,607)</u>	<u>(281,199)</u>	<u>(187,831)</u>
Net income before income taxes	340,334	114,688	169,262
Income tax benefit (expense)	<u>2,267</u>	<u>(11,802)</u>	<u>(706)</u>
Net income	342,601	102,886	168,556
Net income attributable to non-controlling interest	<u>4,249</u>	<u>1,172</u>	<u>—</u>
Net income attributable to Norwegian Cruise Line Holdings Ltd.	<u>\$ 338,352</u>	<u>\$ 101,714</u>	<u>\$ 168,556</u>
Weighted-average shares outstanding⁽¹⁾			
Basic	<u>206,524,968</u>	<u>202,993,839</u>	<u>178,232,850</u>
Diluted	<u>212,017,784</u>	<u>209,239,484</u>	<u>179,023,683</u>
Earnings per share			
Basic	<u>\$ 1.64</u>	<u>\$ 0.50</u>	<u>\$ 0.95</u>
Diluted	<u>\$ 1.62</u>	<u>\$ 0.49</u>	<u>\$ 0.94</u>

(1) In 2013 and 2012, we retrospectively applied the exchange of ordinary shares due to the Corporate Reorganization as the effect is substantially the same as a stock split.

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Net income	<u>\$ 342,601</u>	<u>\$102,886</u>	<u>\$168,556</u>
Other comprehensive income (loss):			
Shipboard Retirement Plan	(2,311)	2,538	(1,330)
Cash flow hedges:			
Net unrealized gain (loss) related to cash flow hedges	(238,436)	2,247	19,907
Amount realized and reclassified into earnings	<u>13,354</u>	<u>(4,128)</u>	<u>(16,402)</u>
Total other comprehensive income (loss)	<u>(227,393)</u>	<u>657</u>	<u>2,175</u>
Total comprehensive income	115,208	103,543	170,731
Comprehensive income attributable to non-controlling interest	<u>2,808</u>	<u>900</u>	<u>—</u>
Comprehensive income attributable to Norwegian Cruise Line Holdings Ltd.	<u>\$ 112,400</u>	<u>\$102,643</u>	<u>\$170,731</u>

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.**Consolidated Balance Sheets***(in thousands, except share data)*

	December 31,	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 84,824	\$ 56,467
Accounts receivable, net	32,432	18,260
Inventories	56,555	43,715
Prepaid expenses and other assets	109,924	64,482
Total current assets	283,735	182,924
Property and equipment, net	8,623,773	5,647,670
Goodwill and intangible assets	2,383,928	611,330
Other long-term assets	281,641	209,054
Total assets	<u>\$11,573,077</u>	<u>\$6,650,978</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 576,947	\$ 286,575
Accounts payable	101,983	86,788
Accrued expenses and other liabilities	552,514	253,752
Due to Affiliate	37,948	36,544
Advance ticket sales	817,207	411,829
Total current liabilities	2,086,599	1,075,488
Long-term debt	5,607,157	2,841,214
Due to Affiliate	18,544	55,128
Other long-term liabilities	341,964	47,882
Total liabilities	<u>8,054,264</u>	<u>4,019,712</u>

APPENDIX I**FINANCIAL INFORMATION OF NCLH**

	December 31,	
	2014	2013
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Ordinary shares \$.001 par value; 490,000,000 shares authorized; 230,116,780 shares issued and 227,630,430 shares outstanding at December 31, 2014 and 205,160,340 shares issued and outstanding at December 31, 2013	230	205
Additional paid-in capital	3,702,344	2,822,864
Accumulated other comprehensive income (loss)	(242,642)	(16,690)
Retained earnings (deficit)	140,881	(197,471)
Treasury shares (2,486,350 ordinary shares at cost)	<u>(82,000)</u>	<u>—</u>
Total shareholders' equity controlling interest	3,518,813	2,608,908
Non-controlling interest	<u>—</u>	<u>22,358</u>
Total shareholders' equity	<u>3,518,813</u>	<u>2,631,266</u>
Total liabilities and shareholders' equity	<u>\$11,573,077</u>	<u>\$6,650,978</u>

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.**Consolidated Balance Sheets***(in thousands, except share data)*

	December 31,	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,467	\$ 45,500
Accounts receivable, net	18,260	15,062
Inventories	43,715	39,681
Prepaid expenses and other assets	64,482	64,686
Total current assets	182,924	164,929
Property and equipment, net	5,647,670	4,960,142
Goodwill and tradenames	611,330	611,330
Other long-term assets	209,054	202,026
Total assets	<u>\$6,650,978</u>	<u>\$5,938,427</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 286,575	\$ 221,233
Accounts payable	86,788	79,126
Accrued expenses and other liabilities	253,752	231,040
Due to Affiliate	36,544	59,897
Advance ticket sales	411,829	353,793
Total current liabilities	1,075,488	945,089
Long-term debt	2,841,214	2,764,120
Due to Affiliate	55,128	147,364
Other long-term liabilities	47,882	63,070
Total liabilities	<u>4,019,712</u>	<u>3,919,643</u>

	December 31,	
	2013	2012
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Ordinary shares, \$.001 par value; 490,000,000 shares authorized; 205,160,340 shares issued and outstanding at December 31, 2013, and \$.0012 par value; 40,000,000 shares authorized; 21,000,000 shares issued and outstanding at December 31, 2012	205	25
Additional paid-in capital	2,822,864	2,327,097
Accumulated other comprehensive income (loss)	(16,690)	(17,619)
Retained earnings (deficit)	<u>(197,471)</u>	<u>(299,185)</u>
Total shareholders' equity controlling interest	2,608,908	2,010,318
Non-controlling interest	<u>22,358</u>	<u>8,466</u>
Total shareholders' equity	<u>2,631,266</u>	<u>2,018,784</u>
Total liabilities and shareholders' equity	<u>\$6,650,978</u>	<u>\$5,938,427</u>

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities			
Net income	\$ 342,601	\$ 102,886	\$ 168,556
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	304,877	245,111	216,137
Loss (gain) on derivatives	7,274	(861)	1,945
Deferred income taxes, net	6,187	2,844	—
Write-off of financing fees	15,628	36,357	2,358
Share-based compensation expense	14,617	23,075	5,160
Premium on debt issuance	—	—	6,000
Changes in operating assets and liabilities excluding the impact of the Acquisition of Prestige:			
Accounts receivable, net	(7,256)	(3,198)	(4,592)
Inventories	(261)	(4,034)	(3,447)
Prepaid expenses and other assets	(6,373)	(15,667)	(3,490)
Accounts payable	315	7,662	(1,228)
Accrued expenses and other liabilities	(18,061)	25,925	(3,107)
Advance ticket sales	(23,947)	55,181	14,302
	<u>635,601</u>	<u>475,281</u>	<u>398,594</u>
Net cash provided by operating activities			
Cash flows from investing activities			
Acquisition of Prestige	(826,686)	—	—
Additions to property and equipment and other	(1,051,974)	(894,851)	(303,840)
	<u>(1,878,660)</u>	<u>(894,851)</u>	<u>(303,840)</u>
Net cash used in investing activities			

APPENDIX I**FINANCIAL INFORMATION OF NCLH**

	Year Ended December 31,		
	2014	2013	2012
Cash flows from financing activities			
Repayments of long-term debt	(1,688,720)	(2,393,613)	(859,422)
Repayments to Affiliate	(37,043)	(116,694)	—
Proceeds from long-term debt	3,189,721	2,522,311	800,618
Proceeds from the issuance of ordinary shares, net	—	473,914	—
Proceeds from the exercise of share options	5,857	2,020	—
Purchases of treasury shares	(82,000)	—	—
NCLC partnership tax distributions	(218)	—	—
Deferred financing fees and other	<u>(116,181)</u>	<u>(57,401)</u>	<u>(49,376)</u>
Net cash provided by (used in) financing activities	<u>1,271,416</u>	<u>430,537</u>	<u>(108,180)</u>
Net increase (decrease) in cash and cash equivalents	28,357	10,967	(13,426)
Cash and cash equivalents at beginning of year	<u>56,467</u>	<u>45,500</u>	<u>58,926</u>
Cash and cash equivalents at end of year	<u>\$ 84,824</u>	<u>\$ 56,467</u>	<u>\$ 45,500</u>
Supplemental disclosures (Note 13)			

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(in thousands)

	Ordinary Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Treasury Shares	Non- controlling Interest	Total Shareholders' Equity
Balance, December 31, 2011	\$ 25	\$2,324,167	\$ (19,794)	\$ (467,741)	\$ —	\$ 7,806	\$1,844,463
Share-based compensation	—	—	—	—	—	660	660
Transactions with Affiliates, net	—	2,930	—	—	—	—	2,930
Other comprehensive income	—	—	2,175	—	—	—	2,175
Net income	—	—	—	168,556	—	—	168,556
Balance, December 31, 2012	25	2,327,097	(17,619)	(299,185)	—	8,466	2,018,784
Share-based compensation	—	33,056	—	—	—	19	33,075
Transactions with Affiliates, net	—	(70)	—	—	—	—	(70)
Corporate Reorganization	—	(20,176)	—	—	—	20,176	—
IPO proceeds, net	179	473,735	—	—	—	—	473,914
Proceeds from the exercise of share options	1	2,019	—	—	—	—	2,020
Other comprehensive income	—	—	929	—	—	(272)	657
Net income	—	—	—	101,714	—	1,172	102,886
Transfers from non-controlling interest	—	7,203	—	—	—	(7,203)	—
Balance, December 31, 2013	205	2,822,864	(16,690)	(197,471)	—	22,358	2,631,266
Share-based compensation	—	14,617	—	—	—	—	14,617
Transactions with Affiliates, net	—	(59)	—	—	—	—	(59)
NCLC partnership tax distributions	—	—	—	—	—	(218)	(218)
Proceeds from the exercise of share options	1	5,856	—	—	—	—	5,857
Treasury shares	—	—	—	—	(82,000)	—	(82,000)
Acquisition of Prestige	20	834,122	—	—	—	—	834,142
Other comprehensive loss	—	—	(225,952)	—	—	(1,441)	(227,393)
Net income	—	—	—	338,352	—	4,249	342,601
Transfers from non-controlling interest	4	24,944	—	—	—	(24,948)	—
Balance, December 31, 2014	\$ 230	\$3,702,344	\$ (242,642)	\$ 140,881	\$ (82,000)	\$ —	\$3,518,813

The accompanying notes are an integral part of these consolidated financial statements.

Norwegian Cruise Line Holdings Ltd.
Notes to the Consolidated Financial Statements

1. Description of Business and Organization

NCLH is a diversified cruise operator of leading global cruise lines spanning market segments from contemporary to luxury under the Norwegian, Oceania and Regent brands. These brands operate 21 ships with approximately 40,000 Berths visiting 420 worldwide destinations. The Company's brands will introduce six additional ships through 2019 increasing the total Berths to approximately 58,000. Norwegian is the innovator in cruise travel with a history of breaking the boundaries of traditional cruising, most notably with the introduction of "Freestyle Cruising," which revolutionized the industry by giving guests more freedom and flexibility on the most contemporary ships at sea. Oceania is the market leader in the upper-premium cruise segment featuring the finest cuisine at sea, elegant accommodations, impeccable service and destination-driven itineraries. Regent is the market leader in the luxury cruise segment with all-suite accommodations, highly personalized service and the industry's most inclusive luxury experience featuring round-trip air, fine wines and spirits and unlimited shore excursions among its numerous included amenities.

Norwegian commenced operations from Miami in 1966. In February 2000, Genting HK acquired control of and subsequently became the sole owner of the Norwegian operations.

In January 2008, the Apollo Funds acquired 50% of the outstanding ordinary share capital of NCLC. As part of this investment, the Apollo Funds assumed control of NCLC's Board of Directors. Also, in January 2008, the TPG Viking Funds acquired, in the aggregate, 12.5% of NCLC's outstanding share capital from the Apollo Funds.

In February 2011, NCLH, a Bermuda limited company, was formed with the issuance to the Sponsors of, in aggregate, 10,000 ordinary shares, with a par value of \$.001 per share. On January 24, 2013, NCLH consummated the IPO. In connection with the consummation of the IPO, the Sponsors' ordinary shares in NCLC were exchanged for the ordinary shares of NCLH at a share exchange ratio of 1.0 to 8.42565 and NCLH became the owner of 100% of the ordinary shares and parent company of NCLC (the "Corporate Reorganization"). Accordingly, NCLH contributed \$460.0 million to NCLC and the historical financial statements of NCLC became those of NCLH. The Corporate Reorganization was effected solely for the purpose of reorganizing our corporate structure. NCLH had not prior to the completion of the Corporate Reorganization conducted any activities other than those incidental to its formation and to preparations for the Corporate Reorganization and IPO. The Corporate Reorganization resulted in all parties being in the same economic position as they were immediately prior to the IPO. As the economic position of the investors did not change as part of the Corporate Reorganization it is considered a nonsubstantive merger from an accounting perspective.

As a result of the Corporate Reorganization, NCLC was treated as a partnership for U.S. federal income tax purposes, and the terms of the partnership (including the economic rights with respect thereto) are set forth in an amended and restated tax agreement for NCLC. Economic interests in NCLC were represented by the partnership interests established under the tax agreement, which we refer to as "NCL Corporation Units." The NCL Corporation Units held by NCLH (as a result of its

ownership of 100% of the ordinary shares of NCLC) represented a 97.3% economic interest in NCLC as of the consummation of the IPO. The remaining 2.7% economic interest in NCLC as of the consummation of the IPO was in the form of Management NCL Corporation Units held by management (or former management).

In March 2014, December 2013 and August 2013 the Sponsors completed the Secondary Equity Offerings.

On November 19, 2014, we completed the Acquisition of Prestige. We believe that the combination of Norwegian and Prestige creates a cruise operating company with a diversified product portfolio and strong market presence (we refer you to Note—4 “The Acquisition of Prestige”).

In the fourth quarter of 2014, all Management NCL Corporation Units were exchanged for NCLH ordinary shares and restricted shares. NCLH became the sole member and 100% owner of the economic interests in NCLC and the non-controlling interest no longer exists. Accordingly, NCLC is now treated as a disregarded entity for U.S. federal income tax purposes. No new NCLC profits interests or Management NCL Corporation Units will be issued; however, NCLH has granted, and expects to continue to grant, options to acquire its ordinary shares to our management team under its long-term incentive plan.

As a result of the aforementioned transactions, the Sponsors owned 56.0% of NCLH’s ordinary shares as of December 31, 2014 (we refer you to Note 8— “Related Party Disclosures”).

2. Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and contain all normal recurring adjustments necessary for a fair statement of the results for the periods presented. Estimates are required for the preparation of consolidated financial statements in accordance with generally accepted accounting principles and actual results could differ from these estimates. All significant intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, and include cash and investments with original maturities of three months or less at acquisition and also include amounts due from credit card processors.

Restricted Cash

Restricted cash consists of cash collateral in respect of certain agreements and is included in prepaid expenses and other assets and other long-term assets in our consolidated balance sheets.

Accounts Receivable, Net

Accounts receivable are shown net of an allowance for doubtful accounts of \$2.8 million and \$1.8 million as of December 31, 2014 and 2013, respectively.

Inventories

Inventories mainly consist of provisions, supplies and fuel and are carried at the lower of cost or market using the first-in, first-out method of accounting.

Advertising Costs

Advertising costs incurred that result in tangible assets, including brochures, are treated as prepaid expenses and charged to expense as consumed. Advertising costs of \$14.3 million and \$7.6 million as of December 31, 2014 and 2013, respectively, are included in prepaid expenses and other assets. Expenses related to advertising costs totaled \$122.5 million, \$89.0 million and \$83.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Earnings Per Share

Basic EPS is computed by dividing net income attributable to Norwegian Cruise Line Holdings Ltd. by the basic weighted-average number of shares outstanding during each period. Diluted EPS is computed by dividing net income by diluted weighted-average shares outstanding. A reconciliation between basic and diluted EPS was as follows (in thousands, except share and per share data):

	Year Ended December 31,		
	2014	2013	2012
Net income attributable to Norwegian Cruise Line Holdings Ltd.	<u>\$ 338,352</u>	<u>\$ 101,714</u>	<u>\$ 168,556</u>
Net income	<u>\$ 342,601</u>	<u>\$ 102,886</u>	<u>\$ 168,556</u>
Basic weighted-average shares outstanding ⁽¹⁾	206,524,968	202,993,839	178,232,850
Potentially dilutive shares	<u>5,492,816</u>	<u>6,245,645</u>	<u>790,833</u>
Diluted weighted-average shares outstanding ⁽¹⁾	<u>212,017,784</u>	<u>209,239,484</u>	<u>179,023,683</u>
Basic EPS	\$ 1.64	\$ 0.50	\$ 0.95
Diluted EPS	\$ 1.62	\$ 0.49	\$ 0.94

(1) In 2013 and 2012, we retrospectively applied the exchange of ordinary shares due to the Corporate Reorganization as the effect is substantially the same as a stock split.

Property and Equipment, Net

Property and equipment are recorded at cost. Major renewals and improvements that we believe add value to our ships are capitalized as a cost of the ship while costs of repairs and maintenance, including Dry-dock costs, are charged to expense as incurred. During ship construction, certain interest is capitalized as a cost of the ship. Gains or losses on the sale of property and equipment are recorded as a component of operating income (expense) in our consolidated statements of operations.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets and after a 15% reduction for the estimated residual values of ships as follows:

	Useful Life
Ships	30 years
Computer hardware and software	3-10 years
Other property and equipment	3-40 years
Leasehold improvements	Shorter of lease term or asset life

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or related asset life.

Long-lived assets are reviewed for impairment, based on estimated future cash flows, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. We consider historical performance and future estimated results in our evaluation of potential impairment and then compare the carrying amount of the asset to the estimated future cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, we measure the amount of the impairment by comparing the carrying amount of the asset to its fair value. We estimate fair value based on the best information available making whatever estimates, judgments and projections are considered necessary. The estimation of fair value is generally measured by discounting expected future cash flows at discount rates commensurate with the risk involved.

Goodwill and Tradenames

Goodwill represents the excess of cost over the fair value of net assets acquired. We review goodwill and our tradenames for impairment annually as of December 31 or whenever events or changes in circumstances indicate that the carrying amount of goodwill and our tradenames may not be fully recoverable.

We have concluded that our business has a single reportable segment. Each brand, Oceania, Regent and Norwegian, constitutes a business for which discrete financial information is available and management regularly reviews the operating results and, therefore, each brand is considered an operating segment. Our operating segments have similar economic characteristics, including similar margins and similar products and services; therefore, we aggregate all of the operating segments into one reportable segment.

The impairment review of goodwill is based on a combined approach using the expected future cash flows of our operating segments and market multiples to determine the fair values of our reporting units. Our discounted cash flow valuation reflects our projection for growth and profitability, taking into account our assessment of future market conditions and demand, as well as a determination of a cost of capital that incorporates both business and financial risks. We believe that the combined approach is the most representative method to assess fair value as it utilizes expectations of long-term growth as well as current market conditions.

Revenue and Expense Recognition

Deposits received from guests for future voyages are recorded as advance ticket sales and are subsequently recognized as passenger ticket revenue along with onboard and other revenue, and all associated direct costs of a voyage are recognized as cruise operating expenses on a pro rata basis over the period of the voyage.

Revenue and expenses include taxes assessed by a governmental authority that are directly imposed on a revenue-producing transaction between a seller and a customer. The amounts included on a gross basis are \$191.4 million, \$147.6 million and \$133.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Foreign Currency

The majority of our transactions are settled in U.S. dollars. We translate assets and liabilities of our foreign subsidiaries at exchange rates in effect at the balance sheet date. Gains or losses resulting from transactions denominated in other currencies are recognized in our consolidated statements of operations within other income (expense) and such gains or losses were immaterial for the years ended December 31, 2014, 2013 and 2012.

Derivative Instruments and Hedging Activity

We enter into derivative contracts, primarily forward, swap, option and three-way collar contracts, to reduce our exposure to fluctuations in foreign currency exchange rates, interest rates and fuel prices. The criteria used to determine whether a transaction qualifies for hedge accounting treatment includes the correlation between fluctuations in the fair value of the hedged item and the fair value of the related derivative instrument and its effectiveness as a hedge. As the derivative is marked to fair value, we elected an accounting policy to net the fair value of our derivatives when a master netting arrangement exists with our counterparties.

A derivative instrument that hedges a forecasted transaction or the variability of cash flows related to a recognized asset or liability may be designated as a cash flow hedge. Changes in fair value of derivative instruments that are designated as cash flow hedges are recorded as a component of accumulated other comprehensive income (loss) until the underlying hedged transactions are recognized in earnings. To the extent that an instrument is not effective as a hedge, gains and losses are recognized in other income (expense) in our consolidated statements of operations. Realized gains and losses related to our fuel hedges are recognized in fuel expense. For presentation in our statement of cash flows, we have elected to classify the cash flows from our cash flow hedges in the same category as the cash flows from the items being hedged.

Concentrations of Credit Risk

We monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Credit risk, including but not limited to counterparty non-performance under derivative instruments, our revolving credit facility and new ship progress payment guarantees, is not considered significant, as we primarily conduct business with large, well-established financial institutions and insurance companies that we have well-established relationships with and that have credit risks acceptable to us or the credit risk is spread out among a large number of creditors. We do not anticipate non-performance by any of our significant counterparties.

Insurance

We use a combination of insurance and self-insurance for a number of risks including claims related to crew and guests, hull and machinery, war risk, workers' compensation, property damage and general liability. Liabilities associated with certain of these risks, including crew and passenger claims, are estimated actuarially based upon known facts, historical trends and a reasonable estimate of future expenses. While we believe these accruals are adequate, the ultimate losses incurred may differ from those recorded.

Income Taxes

Deferred tax assets and liabilities are calculated in accordance with the liability method. Deferred taxes are recorded using the currently enacted tax rates that apply in the periods that the differences are expected to reverse. Deferred taxes are not discounted.

We provide a valuation allowance on deferred tax assets when it is more likely than not that such assets will not be realized. With respect to acquired deferred tax assets, future reversals of the valuation allowance will first be applied against goodwill and other intangible assets before recognition of a benefit in our consolidated statements of operations.

Share-Based Compensation

We recognize expense for our share-based compensation awards using a fair-value-based method. Share-based compensation expense is recognized over the requisite service period for awards that are based on service period and not contingent upon any future performance. We refer you to Note 10—“Employee Benefits and Share Option Plans.”

Segment Reporting

We have concluded that our business has a single reportable segment. Each brand, Oceania, Regent and Norwegian, constitutes a business for which discrete financial information is available and management regularly reviews the operating results and, therefore, each brand is considered an operating segment. Our operating segments have similar economic characteristics, including similar margins and similar products and services; therefore, we aggregate all of the operating segments into one reportable segment.

Although we sell cruises on an international basis, our passenger ticket revenue is primarily attributed to guests who make reservations in North America. Revenue attributable to North American guests was 80.1%, 79.9% and 80.5% for the years ended December 31, 2014, 2013 and 2012, respectively. Substantially all of our long-lived assets are located outside of the U.S. and consist primarily of our ships.

Share Repurchases

On April 29, 2014, NCLH’s Board of Directors authorized, and NCLH announced, a three-year share repurchase program for up to \$500.0 million. NCLH may make repurchases in the open market, in privately negotiated transactions, in accelerated repurchase programs or in structured share repurchase programs, and any repurchases may be made pursuant to Rule 10b5-1 plans. Repurchased shares are recorded at cost as treasury shares. These shares are not retired. There was no share repurchase activity during the three months ended December 31, 2014.

Recently Issued Accounting Policies

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” ASU No. 2014-09 requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligations, determination of the transaction price, allocation of the transaction price to the performance obligation and recognition of revenue as the entity satisfies the performance obligations. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance. ASU No. 2014-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. Early adoption is not permitted. We are currently evaluating the guidance to determine the potential impact of adopting ASU No. 2014-09 on our results of operations, cash flows and financial position.

3. Goodwill and Intangible Assets

Goodwill and intangible assets increased due to the Acquisition of Prestige by \$985.1 million and \$800.0 million, respectively.

The following table sets forth changes in the Company's goodwill due to the Acquisition of Prestige for the year ended December 31, 2014 (in thousands):

	Goodwill
Balance at December 31, 2013	\$ 403,805
Goodwill assigned in purchase price allocations (see Note 4)	<u>985,126</u>
Balance at December 31, 2014	<u><u>\$1,388,931</u></u>

The gross carrying amounts included within goodwill and intangible assets, the related accumulated amortization and the weighted-average amortization periods of the Company's intangible assets are listed in the following table (in thousands, except amortization period):

	December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Weighted- Average Amortization Period (Years)
Customer relationships	\$ 120,000	\$ (4,556)	6.0
Backlog	70,000	(7,972)	1.0
Tradenames (Indefinite-lived)	<u>817,525</u>	<u>—</u>	<u>N/A</u>
Total intangible assets	<u><u>\$1,007,525</u></u>	<u><u>\$ (12,528)</u></u>	<u><u>4.2</u></u>

The following table sets forth the Company's amortization of intangible assets (in thousands):

Year ended December 31,	Amortization Expense
2015	\$72,999
2016	21,066
2017	30,273
2018	24,889
2019	18,414
Thereafter	9,831

4. The Acquisition of Prestige

On September 2, 2014, NCLH entered into an agreement with funds affiliated with Apollo and other owners to acquire 100% of the equity of Prestige. The combination of the Norwegian and Prestige brands creates a diversified cruise operating company. Prestige's Oceania and Regent brands focus on providing guests with vacation experiences onboard eight mid-size cruise ships that operate in the upper premium and luxury market segments. We plan to maintain the brand integrity of both Oceania and Regent to ensure a consistent upscale guest experience.

The Acquisition of Prestige and the principal factors that contribute to the recognition of goodwill are enhancements of our financial profile by creating a company with increased economies of scale, greater operating leverage and synergies. These synergies include revenue enhancements and opportunities for savings in various areas. The Acquisition of Prestige also creates a company with greater cash flow generation, accelerating the ability to delever our balance sheet.

On November 19, 2014, we completed the Acquisition of Prestige. Consideration consisted of \$1.1 billion in cash and non-cash considerations of 19,969,889 NCLH ordinary shares valued at \$834.1 million based on the closing market price of NCLH's shares as of November 18, 2014 and contingent consideration valued at \$43.4 million. In addition, we assumed debt of \$1.6 billion from Prestige. The contingent consideration arrangement subjects NCLH to an additional cash payment of up to \$50 million upon achievement of certain 2015 revenue milestones. The contingent consideration was valued using various projected 2015 revenue scenarios weighted by the likelihood of each scenario occurring. The probability weighted payout was then discounted at an appropriate discount rate commensurate for the risk of meeting the probabilistic cash flows.

Prestige is reported in our results of operations for the period ended December 31, 2014 which includes approximately \$111.7 million of revenue and approximately \$19.7 million of operating loss related to Prestige.

The excess of the cost of acquisition over the net of amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill, which is not expected to be deductible for tax purposes. Our preliminary fair valuation of assets acquired and liabilities assumed, is based on all available information, including, in part, certain valuations and other analyses. Solely as a result of uncertainty related to potential adjustments to the consideration allocation, which adjustments, if any, are not expected to be material to the consolidated financial statements, the preliminary purchase price allocation is not finalized as of December 31, 2014.

Based on this preliminary fair valuation, the purchase price is allocated as follows (in thousands):

Preliminary Consideration Allocated (in thousands):

Preliminary value assigned:

Accounts receivable	\$ 6,916
Inventories	12,579
Prepaid expenses and other assets	48,670
Amortizable intangible assets	190,000
Property and equipment	2,175,039
Goodwill and tradenames	1,595,126
Other long-term assets	15,607
Current portion of long-term debt	(97,006)
Accounts payable	(14,880)
Accrued expenses and other liabilities	(190,256)
Advance ticket sales	(439,313)
Long-term debt	(1,456,038)
Other long-term liabilities	<u>(142,216)</u>
 Total consideration allocated, net of \$295.8 million of cash acquired	 <u><u>\$ 1,704,228</u></u>

Goodwill and intangible assets acquired include the following (in thousands):

Goodwill	\$985,126
Tradenames (indefinite lived)	610,000
Backlog (1 year amortization period)	70,000
Customer relationships (6 year amortization period)	120,000

Pro forma financial information (unaudited)

The following unaudited pro forma financial information presents the combined results of operations of NCLH and Prestige as if the Acquisition of Prestige had occurred on January 1, 2013. The pro forma results presented below for 2014 and 2013 combine the historical results of NCLH and Prestige for 2014 and 2013. The unaudited pro forma financial information is not intended to represent or be indicative of our consolidated results of operations or financial condition that would have been reported had the Acquisition of Prestige been completed as of January 1, 2013 and should not be taken as indicative of our future consolidated results of operations or financial condition.

The unaudited pro forma financial information was as follows (in thousands, except per share data):

	Year Ended December 31,	
	2014	2013
Total revenue	\$4,310,079	\$3,704,692
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	497,020	(683)
Earnings per share:		
Basic	\$ 2.21	\$ —
Dilutive	\$ 2.19	\$ —

The unaudited pro forma financial information includes non-recurring pro forma adjustments of \$57.5 million in acquisition related expenses within Marketing, general and administrative expense, a purchase price adjustment decreasing passenger ticket revenue by \$48.9 million, \$15.4 million of expenses related to financing transactions in conjunction with the Acquisition of Prestige within interest expense and \$70.0 million of amortization related to the backlog intangible asset in the year ended December 31, 2013.

5. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) for the year ended December 31, 2014 was as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)	Change Related to Cash Flow Hedges	Change Related to Shipboard Retirement Plan
Accumulated other comprehensive income (loss) at beginning of period	\$(16,690)	\$(10,532)	\$(6,158)
Current period other comprehensive loss before reclassifications	(239,597)	(236,925)	(2,672)
Amounts reclassified	<u>13,645</u>	<u>13,269⁽¹⁾</u>	<u>376⁽²⁾</u>
Accumulated other comprehensive income (loss) at end of period	<u><u>\$(242,642)</u></u>	<u><u>\$(234,188)⁽³⁾</u></u>	<u><u>\$ (8,454)</u></u>

(1) We refer you to Note 9—"Fair Value Measurements and Derivatives" for the affected line items in the consolidated statements of operations.

(2) Amortization of prior-service cost and actuarial loss reclassified to payroll and related expense.

- (3) Of the existing amounts related to derivatives designated as cash flow hedges, approximately \$102.7 million of loss is expected to be reclassified into earnings in the next 12 months.

Accumulated other comprehensive income (loss) for the year ended December 31, 2013 was as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)	Change Related to Cash Flow Hedges	Change Related to Shipboard Retirement Plan
Accumulated other comprehensive income (loss) at beginning of period	\$(17,619)	\$(7,872)	\$(9,747)
Current period other comprehensive income before reclassifications	6,104	3,177	2,927
Amounts reclassified	<u>(5,175)</u>	<u>(5,837)⁽¹⁾</u>	<u>662⁽²⁾</u>
Accumulated other comprehensive income (loss) at end of period	<u><u>\$ (16,690)</u></u>	<u><u>\$ (10,532)</u></u>	<u><u>\$ (6,158)</u></u>

- (1) We refer you to Note 9—"Fair Value Measurements and Derivatives" for the affected line items in the consolidated statements of operations.

- (2) Amortization of prior-service cost and actuarial loss reclassified to payroll and related expense.

6. Property and Equipment, Net

Property and equipment consisted of the following (in thousands):

	December 31,	
	2014	2013
Ships	\$ 9,706,093	\$ 6,542,073
Ships under construction	290,381	297,624
Land	1,009	1,009
Other	<u>351,377</u>	<u>273,077</u>
	10,348,860	7,113,783
Less: accumulated depreciation and amortization	<u>(1,725,087)</u>	<u>(1,466,113)</u>
Total	<u><u>\$ 8,623,773</u></u>	<u><u>\$ 5,647,670</u></u>

Ships increased to \$9.7 billion from \$6.5 billion primarily due to the Acquisition of Prestige as well as the addition of Norwegian Getaway. Depreciation and amortization expense for the years ended December 31, 2014, 2013 and 2012 was \$273.1 million, \$215.6 million and \$189.5 million, respectively. Repairs and maintenance expenses including Dry-dock expenses were \$69.9 million, \$67.1 million and \$44.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Ships under construction include progress payments to the shipyard, planning and design fees, loan interest and commitment fees and other associated costs. Interest costs associated with the construction of ships that were capitalized during the construction period amounted to \$22.0 million, \$26.3 million and \$22.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

In December 2014, an incident onboard Oceania's Insignia resulted in the cancellation of certain voyages. Repairs on the ship are on schedule for a return to service in March 2015. This resulted in a reduction to diluted EPS for the full year 2014 of \$0.02.

7. Long-Term Debt

Long-term debt consisted of the following:

	Interest Rate		Maturities Through	Balance	
	December 31, 2014	2013		December 31, 2014	2013
				<i>(in thousands)</i>	
€662.9 million Norwegian Epic term loan ⁽¹⁾	2.02%	2.02%	2022	\$ 535,708	\$599,996
\$625.0 million senior secured revolving credit facility	2.16-2.17%	2.16-2.17%	2018	200,000	231,000
\$350.0 million senior secured term loan facility	4.00%	—	2021	350,000	—
\$1,375.0 million term loan facility	2.17%	2.17%	2018	1,315,625	658,125
€308.1 million Pride of Hawai'i loan ⁽¹⁾	1.18%	1.19%	2018	130,194	167,392
\$300.0 million 5.00% senior unsecured notes ⁽²⁾	5.00%	5.00%	2018	298,926	298,618
\$334.1 million Norwegian Jewel term loan	1.18%	1.19%	2017	81,065	108,087
€258.0 million Pride of America Hermes loan ⁽¹⁾	1.19%	1.19%	2017	63,526	88,936
€529.8 million Breakaway one loan ⁽¹⁾	1.84%	1.84%	2025	594,104	650,685
€529.8 million Breakaway two loan ⁽¹⁾	4.50%	4.50%	2026	666,808	144,947

APPENDIX I
FINANCIAL INFORMATION OF NCLH

	Interest Rate			Balance	
	December 31, 2014	2013	Maturities Through	December 31, 2014	2013
	<i>(in thousands)</i>				
€590.5 million Breakaway three loan ⁽¹⁾	2.98%	2.98%	2027	121,278	34,045
€590.5 million Breakaway four loan ⁽¹⁾	2.98%	2.98%	2029	35,057	35,057
€126 million Norwegian Jewel term loan ⁽¹⁾	1.18%	1.14-1.19%	2017	57,989	47,837
€126 million Norwegian Jade term loan ⁽¹⁾	1.18%	1.14-1.19%	2017	58,524	48,105
€666 million Seahawk 1 term loan ⁽¹⁾	3.92%	—	2030	40,845	—
€666 million Seahawk 2 term loan ⁽¹⁾	3.92%	—	2031	40,845	—
\$680 million 5.25% senior unsecured notes	5.25%	—	2019	680,000	—
Sirena loan	2.75%	—	2019	82,000	—
Marina newbuild loan ⁽³⁾	0.88%	—	2023	379,868	—
Riviera newbuild loan ⁽⁴⁾	0.87%	—	2024	427,184	—
Capital lease obligations	1.62%-12.93%	1.62-5.00%	2022	24,558	14,959
Total debt				6,184,104	3,127,789
Less: current portion of long-term debt				(576,947)	(286,575)
Total long-term debt				<u>\$5,607,157</u>	<u>\$2,841,214</u>

(1) Currently U.S. dollar-denominated.

(2) Net of unamortized original issue discount of \$1.1 million as of December 31, 2014.

(3) Includes premium of \$0.4 million as of December 31, 2014.

(4) Includes premium of \$0.5 million as of December 31, 2014.

In November 2014, concurrent with the Acquisition of Prestige, NCLC and certain of its subsidiaries (i) borrowed an incremental \$700.0 million under our \$1,375.0 million term loan facility (ii) entered into a \$350.0 million senior secured term loan facility (iii) amended the Marina and Riviera newbuild loan agreements to, among other things, permit the existing term loans or commitments thereunder to remain outstanding following the Acquisition of Prestige, and (iv) issued the \$680.0 million 5.25% senior unsecured notes. Also in November 2014, we borrowed \$82.0 million related to the acquisition of Sirena.

In July 2014, we entered into the €666 million Seahawk 1 term loan and the €666 million Seahawk 2 term loan to finance 80% of the contract price of two of our Breakaway Plus Class Ships for delivery in the spring of 2018 and the fall of 2019.

We have export credit financing in place that provides financing for 80% of the Seven Seas Explorer's contract price. As of December 31, 2014, no borrowings were outstanding under this Explorer newbuild loan agreement.

Costs incurred in connection with the arranging of loan financing have been deferred and are amortized over the life of the loan agreement. Interest expense, net for the year ended December 31, 2014 includes \$32.3 million of amortization and \$15.4 million of expenses related to financing transactions in connection with the Acquisition of Prestige. For the years ended December 31, 2013 and 2012, interest expense, net included amortization of \$64.9 million (including a \$37.3 million write-off of deferred financing fees) and amortization of \$28.2 million (including a \$2.4 million write-off of deferred financing fees), respectively.

Our debt agreements contain covenants that, among other things, require us to maintain a minimum level of liquidity, as well as limit our net funded debt-to-capital ratio, maintain certain other ratios and restrict our ability to pay dividends. Our ships and substantially all other property and equipment are pledged as collateral for our debt. We believe we were in compliance with these covenants as of December 31, 2014. There are no restrictions in the agreements that limit intercompany borrowings or dividends between our subsidiaries that would impact our ability to meet our cash obligations.

The following are scheduled principal repayments on long-term debt including capital lease obligations as of December 31, 2014 for each of the next five years (in thousands):

Year	Amount
2015	\$ 576,947
2016	573,929
2017	534,446
2018	1,746,830
2019	992,463
Thereafter	<u>1,759,489</u>
Total	<u>\$6,184,104</u>

We had an accrued interest liability of \$32.8 million and \$10.2 million as of December 31, 2014 and 2013, respectively.

8. Related Party Disclosures

Transactions with Genting HK, the Apollo Funds and the TPG Viking Funds

As of December 31, 2014, the ownership percentages of NCLH's ordinary shares were as follows:

Shareholder	Number of Shares	Percentage Ownership
Genting HK ⁽¹⁾	56,819,334	25.0%
Apollo Funds ⁽²⁾	54,659,020	24.0%
TPG Viking Funds ⁽³⁾	16,079,834	7.0%

- (1) Genting HK owns our ordinary shares indirectly through Star NCLC Holdings Ltd., a Bermuda wholly-owned subsidiary.
- (2) The Apollo Funds include AAA Guarantor—Co-Invest VI (B), L.P., AIF VI NCL (AIV), L.P., AIF VI NCL (AIV II), L.P., AIF VI NCL (AIV III), L.P., AIF VI NCL (AIV IV), L.P., Apollo Overseas Partners (Delaware) VI, L.P., Apollo Overseas Partners (Delaware 892) VI, L.P., Apollo Overseas Partners VI, L.P., Apollo Overseas Partners (Germany) VI, L.P., AAA Guarantor—Co-Invest VII, L.P., AIF VI Euro Holdings, L.P., AIF VII Euro Holdings, L.P., Apollo Alternative Assets, L.P., Apollo Management VI, L.P. and Apollo Management VII, L.P.
- (3) The TPG Viking Funds include TPG Viking, L.P., a Delaware limited partnership, TPG Viking AIV I, L.P., a Cayman Islands exempted limited partnership, TPG Viking AIV II, L.P., a Cayman Islands exempted limited partnership and TPG Viking AIV III, L.P., a Delaware limited partnership.

On September 2, 2014, NCLH entered into the Merger Agreement with funds affiliated with Apollo and other owners for total consideration of \$3.025 billion (including assumption of debt) in cash and stock. On November 19, 2014, we completed the Acquisition of Prestige. The acquisition consideration is subject to an additional cash payment of up to \$50 million upon achievement of certain 2015 revenue milestones.

Following NCLH's IPO, NCLH contributed \$460.0 million to NCLC.

In May 2011, we entered into an agreement with Star Cruise Management Limited, a wholly-owned subsidiary of Genting HK, whereby Star Cruise Management Limited will provide sales, marketing and promotional services in the Asia Pacific region. We pay a monthly commission fee based on net ticket revenue generated under the agreement and have paid \$2.3 million under the contract through December 31, 2014.

In January 2011, we entered into an agreement with Crystal Aim Limited, a wholly-owned subsidiary of Genting HK, for the operation of a call center. Compensation under the agreement is based on an hourly rate for the services provided. We have paid approximately \$1.1 million under the contract through December 31, 2014.

In June 2012, we exercised our option with Genting HK to purchase Norwegian Sky. The purchase price was \$259.3 million, which consisted of a \$50.0 million cash payment and a \$209.3 million payable to Genting HK, \$79.7 million of such amount was paid to Genting HK within fourteen days of the consummation of the IPO, together with accrued interest thereon, and the remaining balance is to be repaid over seven equal semi-annual payments the first of which was due and paid in June 2013 and has a weighted-average interest rate of 1.52% through maturity. The fair value of the payable was \$205.5 million based on discounting the future payments at an imputed interest rate of 2.26% per annum, which was commensurate with the Company's borrowing rate for similar assets. The payable is collateralized by a mortgage and an interest in all earnings, proceeds of insurance and certain other interests related to the ship and is included in the balance sheet caption "Due to Affiliate" on our consolidated balance sheets. We have paid \$203.7 million to Genting HK in connection with the Norwegian Sky Purchase Agreement through December 31, 2014.

In July 2009, we entered into an agreement with Caesars Entertainment establishing a marketing alliance which incorporates cross company marketing, purchasing and loyalty programs. Caesars Entertainment is owned by Affiliates of both Apollo and TPG.

In November 2006, we entered into an agreement with Sabre Inc., an affiliate of TPG, for the use of reservation software. We pay a commission fee based on the number of annual bookings made through the system. We have paid approximately \$9.3 million under the contract through December 31, 2014.

9. Fair Value Measurements and Derivatives

Fair value is defined as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair Value Hierarchy

The following hierarchy for inputs used in measuring fair value should maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs be used when available:

Level 1	Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement dates.
Level 2	Significant other observable inputs that are used by market participants in pricing the asset or liability based on market data obtained from independent sources.
Level 3	Significant unobservable inputs we believe market participants would use in pricing the asset or liability based on the best information available.

Derivatives

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We attempt to minimize these risks through a combination of our normal operating and financing activities and through the use of derivatives. We assess whether derivatives used in hedging transactions are “highly effective” in offsetting changes in the cash flow of our hedged forecasted transactions. We use regression analysis for this hedge relationship and high effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the fair values of the derivative and the hedged forecasted transaction. Cash flows from the derivatives are classified in the same category as the cash flows from the underlying hedged transaction. The determination of ineffectiveness is based on the amount of dollar offset between the cumulative change in fair value of the derivative and the cumulative change in fair value of the hedged transaction at the end of the reporting period. If it is determined that a derivative is not highly effective as a hedge, or if the hedged forecasted transaction is no longer probable of occurring, then the amount recognized in accumulated other comprehensive income (loss) is released to earnings. In addition, the ineffective portion of our highly effective hedges is recognized in earnings immediately and reported in other income (expense) in our consolidated statements of operations. There are no amounts excluded from the assessment of hedge effectiveness and there are no credit-risk-related contingent features in our derivative agreements.

We monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Credit risk, including but not limited to counterparty non-performance under derivatives and our revolving credit facility, is not considered significant, as we primarily conduct business with large, well-established financial institutions that we have established relationships with and that have credit risks acceptable to us or the credit risk is spread out among a large number of creditors. We do not anticipate non-performance by any of our significant counterparties.

The following table sets forth our derivatives measured at fair value and discloses the balance sheet location (in thousands):

	Balance Sheet location	Asset		Liability	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Fuel swaps designated as hedging instruments	Prepaid expenses and other assets	\$ —	\$ 5,024	\$ —	\$ 666
	Other long-term assets	—	6,869	—	9
	Accrued expenses and other liabilities	—	—	111,304	—
	Other long-term liabilities	190	—	77,250	—

APPENDIX I
FINANCIAL INFORMATION OF NCLH

	Balance Sheet location	Asset		Liability	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Fuel collars designated as hedging instruments	Prepaid expenses and other assets	—	452	—	195
Fuel options not designated as hedging instruments	Prepaid expenses and other assets	—	—	—	195
Foreign currency options designated as hedging instruments	Accrued expenses and other liabilities	—	—	—	9,815
Foreign currency forward contracts designated as hedging instruments	Prepaid expenses and other assets	—	2,624	—	—
	Accrued expenses and other liabilities	—	—	29,498	6,582
	Other long-term liabilities	—	—	118	—
Foreign currency collar designated as a hedging instrument	Prepaid expenses and other assets	—	12,502	—	—
Foreign currency collar not designated as a hedging instrument	Other long-term assets	—	—	16,744	—
Interest rate swaps designated as hedging instruments	Accrued expenses and other liabilities	—	—	5,736	1,707
	Other long-term liabilities	—	—	3,104	1,374
Interest rate swap not designated as hedging instruments	Accrued expenses and other liabilities	—	—	3,823	—

The fair values of swap and forward contracts are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. The Company determines the value of options and collars utilizing an option pricing model based on inputs that are either readily available in public markets or can be derived from information available in publicly quoted markets. The option pricing model used by the Company is an industry standard model for valuing options and is used by the broker/dealer community. The inputs to this option pricing model are the option strike price, underlying price, risk-free rate of interest, time to expiration, and volatility. The fair value of option contracts considers both the intrinsic value and any remaining time value associated with those derivatives that have not yet settled. The Company also considers counterparty credit risk and its own credit risk in its determination of all estimated fair values. Our derivatives and financial instruments were categorized as Level 2 in the fair value hierarchy, and we had no derivatives or financial instruments categorized as Level 1 or Level 3.

Our derivative contracts include rights of offset with our counterparties when right of offset exists. We have elected to net certain assets and liabilities within counterparties. We are not required to post cash collateral related to our derivative instruments.

The following table discloses the gross and net amounts recognized within assets and liabilities (in thousands):

	Gross	Gross	Total Net	Gross	Net
December 31, 2014	Amounts	Amounts	Amounts	Amounts	Amounts
		Offset		Not Offset	
Liabilities	\$247,577	\$(190)	\$247,387	\$(59,023)	\$188,364

	Gross	Gross	Total Net	Gross	Net
December 31, 2013	Amounts	Amounts	Amounts	Amounts	Amounts
		Offset		Not Offset	
Assets	\$27,471	\$(1,065)	\$26,406	\$(15,126)	\$11,280
Liabilities	19,478	—	19,478	(19,478)	—

Fuel Swaps

As of December 31, 2014, we had fuel swaps maturing through December 31, 2018 which are used to mitigate the financial impact of volatility in fuel prices pertaining to approximately 1.3 million metric tons of our projected fuel purchases.

The effects on the consolidated financial statements of the fuel swaps which were designated as cash flow hedges were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain (loss) recognized in other comprehensive income (loss) — effective portion	\$(198,595)	\$ 8,532	\$ 18,906
Loss recognized in other income (expense) — ineffective portion	(5,753)	(345)	(509)
Amount reclassified from accumulated other comprehensive income (loss) into fuel expense	8,388	(6,250)	(14,448)

Fuel Collars and Options

We had fuel collars and fuel options maturing through December 2014, which were used to mitigate the financial impact of volatility in fuel prices of our fuel purchases. The effects on the consolidated financial statements of the fuel collars which were designated as cash flow hedges were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain (loss) recognized in other comprehensive income (loss) — effective portion	\$(1,024)	\$(1,152)	\$ 592
Gain (loss) recognized in other income (expense) — ineffective portion	(292)	(26)	165
Amount reclassified from accumulated other comprehensive income (loss) into fuel expense	1,888	1,547	(1,954)

The effects on the consolidated financial statements of the fuel options which were not designated as hedging instruments were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain (loss) recognized in other income (expense)	\$(864)	\$1,340	\$3,218

Foreign Currency Options

We had foreign currency options that matured through January 2014, which consisted of call options with deferred premiums. These options were used to mitigate the financial impact of volatility in foreign currency exchange rates related to our ship construction contracts denominated in euros. If the spot rate at the date the ships were delivered was less than the strike price under these option contracts, we would have paid the deferred premium and would not exercise the foreign currency options. The effects on the consolidated financial statements of the foreign currency options which were designated as cash flow hedges were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Loss recognized in other comprehensive income (loss) — effective portion	\$(1,157)	\$(3,304)	\$(19,428)
Loss recognized in other income (expense) — ineffective portion	(241)	(97)	(864)
Amount reclassified from accumulated comprehensive income (loss) into depreciation and amortization expense	1,269	470	—

Foreign Currency Forward Contracts

As of December 31, 2014, we had foreign currency forward contracts which are used to mitigate the financial impact of volatility in foreign currency exchange rates related to our ship construction contracts and forecasted Dry-dock payments denominated in euros. The notional amount of our foreign currency forward contracts was €364.5 million, or \$446.1 million based on the euro/U.S. dollar exchange rate as of December 31, 2014.

The effects on the consolidated financial statements of the foreign currency forward contracts which were designated as cash flow hedges were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain (loss) recognized in other comprehensive income (loss) — effective portion	\$(30,686)	\$(2,983)	\$11,685
Gain (loss) recognized in other income (expense) — ineffective portion	(7)	67	—
Amount reclassified from accumulated comprehensive income (loss) into depreciation and amortization expense	(243)	(84)	—

The effects on the consolidated financial statements of the foreign currency forward contracts which were not designated as hedging instruments were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain recognized in other income (expense)	\$—	\$20	\$—

Foreign Currency Collar

We had a foreign currency collar that matured in January 2014, which was used to mitigate the volatility of foreign currency exchange rates related to our ship construction contracts denominated in euros. The effects on the consolidated financial statements of the foreign currency collar which was designated as a cash flow hedge was as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Gain (loss) recognized in other comprehensive income (loss) — effective portion	\$(1,588)	\$4,350	\$8,152
Amount reclassified from accumulated comprehensive income (loss) into depreciation and amortization expense	(333)	—	—

As of December 31, 2014, we had a foreign currency collar used to mitigate the volatility of foreign currency exchange rates related to our ship construction contracts denominated in euros. The notional amount of our foreign currency collar was €274.4 million, or \$332.0 million based on the euro/U.S. dollar exchange rate as of December 31, 2014. The effects on the consolidated financial statements of the foreign currency collar which was not designated as a hedging instrument was as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Loss recognized in other income (expense)	\$(6,980)	\$—	\$—

Interest Rate Swaps

As of December 31, 2014, we had interest rate swap agreements to modify our exposure to interest rate movements and to manage our interest expense. The notional amount of outstanding debt associated with the interest rate swap agreements was \$1.3 billion.

The effects on the consolidated financial statements of the interest rates swaps which were designated as cash flow hedges were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Loss recognized in other comprehensive income (loss) — effective portion	\$(5,386)	\$(3,196)	\$—
Amount reclassified from other comprehensive income (loss) into interest expense, net	2,385	189	—

The effects on the consolidated financial statements of the interest rates swap contract which was not designated as a hedging instrument was as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Loss recognized in other income (expense)	\$(3)	\$—	\$—

Other

The carrying amounts reported in the consolidated balance sheets of all other financial assets and liabilities approximate fair value.

Long-Term Debt

As of December 31, 2014 and 2013, the fair value of our long-term debt, including the current portion, was \$6,229.1 million and \$3,146.4 million, respectively, which was \$45.0 million and \$18.6 million higher, respectively, than the carrying values. The difference between the fair value and carrying value of our long-term debt is due to our fixed and variable rate debt obligations carrying interest rates that are above or below market rates at the measurement dates. The fair value of our long-term debt was calculated based on estimated rates for the same or similar instruments with similar terms and remaining maturities resulting in Level 2 inputs in the fair value hierarchy. Market risk associated with our long-term variable rate debt is the potential increase in interest expense from an increase in interest rates. The calculation of the fair value of our long-term debt is considered a Level 2 input.

Non-recurring Measurements of Non-financial Assets

Goodwill and other long-lived assets, principally tradenames, are reviewed for impairment on an annual basis or earlier if there is an event or change in circumstances that would indicate that the carrying value of these assets could not be fully recovered.

If the carrying amount of the asset exceeds the estimated expected undiscounted future cash flows, we measure the amount of the impairment by comparing the carrying amount of the asset to its fair value. We estimate fair value based on the best information available making whatever estimates, judgments and projections considered necessary. The estimation of fair value measured by discounting expected future cash flows at discount rates commensurate with the risk involved are considered Level 3 inputs. We do not believe that we have any impairment to our goodwill or tradenames as of December 31, 2014. We believe our estimates and judgments with respect to our goodwill and tradenames are reasonable. Nonetheless, if there was a material change in assumptions used in the determination of such fair values or if there is a material change in the conditions or circumstances that influence such assets, we could be required to record an impairment charge. Goodwill increased \$985.1 million and intangible assets increased \$800.0 million due to the Acquisition of Prestige (we refer you to Note 4—“The Acquisition of Prestige”).

10. Employee Benefits and Share Option Plans

Management NCL Corporation Units

In 2009, we adopted a profits sharing agreement which authorized us to grant profits interests in the Company to certain key employees. These interests generally vested with the holders based on a combination of performance-based and time-based vesting metrics, each as specified in the profits sharing agreement and each holder’s award agreement. Genting HK, the Apollo Funds and the TPG Viking Funds were entitled to initially receive any distributions made by the Company, pro rata based on their shareholdings in the Company. Once Genting HK, the Apollo Funds and the TPG Viking Funds received distributions in excess of certain hurdle amounts specified in the profits sharing agreement and each holder’s award agreement, each vested profits interest award generally entitled the holder of such award to a portion of such excess distribution amount. In connection with the Corporate Reorganization, NCLC’s outstanding profits interests granted under its profits sharing agreement to management (or former management) of NCLC were exchanged for an economically equivalent number of NCL Corporation Units. We refer to the NCL Corporation Units exchanged for profits interests granted under the profits sharing agreement as “Management NCL Corporation Units.” The Management NCL Corporation Units received upon the exchange of outstanding profits interests were subject to the same time-based vesting requirements and performance-based vesting requirements applicable to the profits interests for which they were exchanged.

We accounted for the exchange of the outstanding profits interests for the economically equivalent number of Management NCL Corporation Units and share-based option awards as an award modification. An award modification requires that the fair value of the awards immediately before the modification and immediately after the modification be determined. We engaged a third-party valuation firm to assist in the completion of a valuation which was derived using a binomial lattice model. It was determined that the post-modification award value derived greater value versus the pre-modification award value, resulting in the recognition of incremental compensation expense. At the date of award modification, approximately \$5.5 million of incremental cost associated with vested awards was charged to share-based compensation, with the remaining unvested portion to be charged over the remaining vesting period.

The Management NCL Corporation Units, generally consisted of fifty percent of “Time-Based Units” (“TBUs”) and fifty percent of “Performance-Based Units” (“PBUs”). The TBUs generally vested over five years and upon a distribution event, the vesting amount of the PBUs was based on the amount of proceeds that are realized above certain hurdles.

In the fourth quarter of 2014, all Management NCL Corporation Units were exchanged for NCLH ordinary shares and restricted shares under a management exchange agreement (the “Management Exchange Agreement”). NCLH became the sole member and 100% owner of the economic interests in NCLC and the non-controlling interest no longer exists as of December 31, 2014. Accordingly, NCLC is now treated as a disregarded entity for U.S. federal income tax purposes. No new NCLC profits interests or Management NCL Corporation Units will be issued; however, NCLH has granted, and expects to continue to grant, options to acquire its ordinary shares to our management team under its long-term incentive plan. The exchange for NCLH ordinary shares and restricted shares, per the Management Exchange Agreement, resulted in no incremental expense after applying the modification accounting treatment as substantially all key terms and conditions remained consistent.

The termination of employment may result in forfeiture of any non-vested TBUs and all PBUs. TBUs that were vested can be either continued by the Company or cancelled and paid to the employee. Cancellation could take place any time after termination but not before two years after the grant date.

	Number of Management NCL Corporation Units		TBUs Weighted- Average Grant-Date Fair Value	PBUs Weighted- Average Grant-Date Fair Value
	TBUs	PBUs		
Outstanding as of December 31, 2013	1,749,659	2,960,034	\$ 3.45	\$ 3.57
Exchanged for NCLH shares	(1,549,376)	(1,747,973)	\$ 3.56	\$ 3.69
Exchanged for NCLH restricted shares ⁽¹⁾	(197,960)	(1,208,608)	\$ 2.62	\$ 3.37
Forfeited	<u>(2,323)</u>	<u>(3,453)</u>	<u>\$ 2.18</u>	<u>\$ 3.72</u>
Outstanding as of December 31, 2014	<u>—</u>	<u>—</u>		

(1) Represents the unvested units exchanged as part of the Management Exchange Agreement and exchanged for restricted shares.

The fair value of each Management NCL Corporation Unit award was estimated on the date of grant using a binomial lattice pricing model. The total intrinsic value of units exchanged for NCLH ordinary shares during the year 2014 and 2013 was \$132.4 million and \$33.3 million, respectively. The total intrinsic value of units exchanged for NCLH restricted shares was \$56.8 million during 2014. There were no units exchanged for NCLH restricted shares during 2013 or 2012 and there were no units exchanged for NCLH ordinary shares during the year 2012.

Share Option Awards

In January 2013, the Company adopted a 2013 performance incentive plan which provides for the issuance of up to 15,035,106 of NCLH's share options and ordinary shares, with no more than 5,000,000 shares being granted to one individual in any calendar year. Share options are generally granted with an exercise price equal to the closing market price of NCLH shares at the date of grant. The vesting period is typically set at 4 or 5 years with a contractual life ranging from 7 to 10 years. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The estimated fair value of the options, less estimated forfeitures, is amortized over the vesting period using the straight-line vesting method. The assumptions used within the option-pricing model are as follows:

	2014	2013
Dividend yield	0%	0%
Expected stock price volatility	48.30%-49.90%	50.40%-54.80%
Risk-free interest rate	1.80%-2.02%	0.8%-1.82%
Expected term	6.25 years	5.00-6.25 years

Expected volatility was determined based on the historical share prices of our competitors. When we accumulate sufficient historical share price data, we will use our volatility to determine fair value. The risk-free rate was based on United States Treasury zero coupon issues with a remaining term equal to the expected option term at grant date. The expected term was calculated under the simplified method. Our forfeiture assumption is derived from historical turnover rates and those estimates are revised as appropriate to reflect the actual forfeiture results.

APPENDIX I
FINANCIAL INFORMATION OF NCLH

The following is a summary of option activity under our share option plan for the year ended December 31, 2014:

	Number of Share Option Awards		Weighted-Average Exercise Price		Weighted- Average Contractual Term	Aggregate Intrinsic Value (in thousands)
	TBUs	PBUs	TBUs	PBUs	(years)	
Outstanding as of January 1, 2014	3,242,643	1,572,516	\$ 25.36	\$ 19.00	7.26	\$ 58,684
Granted	3,180,615	—	34.13	—		
Exercised	(182,603)	(103,063)	22.64	19.00		
Forfeited and cancelled	<u>(160,774)</u>	<u>(12,138)</u>	29.43	19.00		
Outstanding as of December 31, 2014	<u>6,079,881</u>	<u>1,457,315</u>	<u>\$ 29.92</u>	<u>\$ 19.00</u>	<u>7.61</u>	<u>\$ 142,831</u>
Vested and expected to vest as of December 31, 2014	<u>5,830,423</u>	<u>947,486</u>	<u>\$ 29.96</u>	<u>\$ 19.00</u>	<u>7.79</u>	<u>\$ 124,268</u>
Exercisable as of December 31, 2014	<u>1,314,484</u>	<u>511,522</u>	<u>\$ 22.31</u>	<u>\$ 19.00</u>	<u>5.71</u>	<u>\$ 46,334</u>

The weighted-average grant-date fair value of options granted during the year 2014 and 2013 was \$16.86 and \$6.38, respectively. There were no options granted during 2012. The total intrinsic value of options exercised during the year 2014 was \$4.5 million and for 2013 was \$1.4 million and total cash received by the Company from exercises was \$6.1 million in 2014 and \$2.0 million in 2013. There were no options exercised during the year 2012. As of December 31, 2014, there was approximately \$64.1 million of total unrecognized compensation cost net of estimate forfeitures, related to share options granted under our share-based incentive plans which is expected to be recognized over a weighted-average period of 3.3 years.

Restricted Share Awards

The following is a summary of restricted share activity of NCLH shares for the year ended December 31, 2014:

	Number of Time-Based Awards	Weighted- Average Grant Date Fair Value	Number of Performance- Based Awards	Weighted- Average Grant Date Fair Value
Non-vested as of January 1, 2014	10,756	\$23.24	—	\$—
Granted	203,433 ⁽¹⁾	3.53	1,208,608 ⁽²⁾	3.37
Vested	(12,470)	22.23	—	—
Forfeited or Expired	<u>(5,075)</u>	<u>3.32</u>	<u>—</u>	<u>—</u>
Non-vested and expected to vest as of December 31, 2014	<u>196,644</u>	<u>\$ 3.43</u>	<u>1,208,608</u>	<u>\$ 3.37</u>

(1) Includes 197,960 time-based restricted shares that were converted from Management NCL Corporation Units as a result of the Management Exchange Agreement.

(2) Represents performance-based restricted shares that were converted from Management NCL Corporation Units as a result of the Management Exchange Agreement.

As of December 31, 2014, there was \$0.8 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the employee share option plan. The cost is expected to be recognized over a weighted-average period of 2.3 years. Restricted shares, with the exception of those related to the Management Exchange Agreement, which maintain their original vesting conditions of time and performance, vest in substantially equal quarterly installments over 2 years. The total fair value of shares vested during the year ended December 31, 2014 was \$0.7 million.

The share-based compensation expense for the years ended December 31, 2014, 2013 and 2012 was \$20.6 million, which includes \$6.0 million of non-recurring charges associated with the Management Exchange Agreement, \$23.1 million, which includes \$18.5 million of non-recurring charges associated with the Corporate Reorganization and \$5.2 million, respectively, and was recorded in marketing general and administrative expense.

Employee Benefit Plans

Certain of our employees are employed pursuant to agreements that provide for severance payments. Severance is generally only payable upon an involuntary termination of the employment by us without cause or a termination by the employee for good reason. Severance generally includes a cash payment based on the employee's base salary (and in some cases, bonus), and our payment of the employee's continued medical benefits for the applicable severance period.

We maintain annual incentive bonus plans for our executive officers and other key employees. Bonuses under these plans become earned and payable based on both the Company's and each individual's performance during the applicable performance period and the individual's continued employment. Company performance criteria include the attainment of certain financial targets and other strategic objectives.

We maintain a 401(k) Plan for our shoreside employees, including our executive officers. Participants may contribute up to 100% of eligible compensation each pay period, subject to certain limitations. We make matching contributions equal to 100% of the first 3% and 50% of the next 4%-10% of each participant's contributions. In addition, we may make discretionary supplemental contributions to the Plan, which shall be allocated to each eligible participant on a pro-rata basis based on the compensation of the participant to the total compensation of all participants. Our matching contributions are vested according to a five-year schedule. The 401(k) Plan is subject to the provisions of ERISA and is intended to be qualified under section 401(a) of the U.S. Internal Revenue Code (the "Code").

Our contributions are reduced by contributions forfeited by those employees who leave the 401(k) Plan prior to vesting fully in the contributions. Forfeited contributions of \$0.1 million were utilized in each of the years ended December 31, 2014, 2013 and 2012.

We maintain a Supplemental Executive Retirement Plan ("SERP"), which is a legacy unfunded defined contribution plan for certain of our executives who were employed by the Company in an executive capacity prior to 2008. The SERP was frozen to future participation following that date. The SERP provides for Company contributions on behalf of the participants to compensate them for the benefits that are limited under the 401(k) Plan. We credit participants under the SERP for amounts that would have been contributed by us to the Company's previous Defined Contribution Retirement Plan and the former 401(k) Plan without regard to any limitations imposed by the Code. Participants do not make any elective contributions under this plan. As of December 31, 2014 and 2013, the aggregate balance of participants' deferred compensation accounts under the SERP Plan was \$0.4 million and \$0.5 million, respectively.

We recorded expenses related to the above 401(k) Plan and SERP of \$3.7 million, \$3.3 million and \$2.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

We maintain a Senior Management Retirement Savings Plan ("SMRSP"), which is a legacy unfunded defined contribution plan for certain of our employees who were employed by the Company prior to 2001. The SMRSP provides for Company contributions on behalf of the participants to compensate them for the difference between the qualified plan benefits that were previously available under the Company's cash balance pension plan and the redesigned 401(k) Plan. We credit participants under the SMRSP Plan for the difference in the amount that would have been contributed by us to the Company's previous Norwegian Cruise Line Pension Plan and the qualified plan maximums of the new 401(k) Plan.

Effective January 2009, we implemented the Shipboard Retirement Plan which computes benefits based on years of service, subject to eligibility requirements of the Shipboard Retirement Plan. The Shipboard Retirement Plan is unfunded with no plan assets. The current portion of the projected

benefit obligation of \$0.9 million and \$0.8 million was included in accrued expenses and other liabilities as of December 31, 2014 and 2013, respectively, and \$18.8 million and \$14.8 million was included in other long-term liabilities in our consolidated balance sheet as of December 31, 2014 and 2013, respectively. The amounts related to the Shipboard Retirement Plan were as follows (in thousands):

	As of or for the Year Ended December 31,		
	2014	2013	2012
Pension expense:			
Service cost	\$ 1,393	\$ 1,498	\$ 1,367
Interest cost	728	603	604
Amortization of prior service cost	378	378	378
Amortization of actuarial loss	<u>—</u>	<u>90</u>	<u>13</u>
Total pension expense	<u>\$ 2,499</u>	<u>\$ 2,569</u>	<u>\$ 2,362</u>
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	\$ 15,570	\$ 16,221	\$ 13,329
Service cost	1,393	1,498	1,367
Interest cost	728	603	604
Actuarial gain (loss)	2,689	(2,070)	1,721
Direct benefit payments	<u>(650)</u>	<u>(682)</u>	<u>(800)</u>
Projected benefit obligation at end of year	<u>\$ 19,730</u>	<u>\$ 15,570</u>	<u>\$ 16,221</u>
Amounts recognized in the consolidated balance sheets:			
Projected benefit obligation	<u>\$ 19,730</u>	<u>\$ 15,570</u>	<u>\$ 16,221</u>
Amounts recognized in accumulated other comprehensive income (loss):			
Prior service cost	\$ (5,671)	\$ (6,049)	\$ (6,427)
Accumulated actuarial loss	<u>(3,849)</u>	<u>(1,160)</u>	<u>(3,320)</u>
Accumulated other comprehensive income (loss)	<u>\$ (9,520)</u>	<u>\$ (7,209)</u>	<u>\$ (9,747)</u>

The discount rates used in the net periodic benefit cost calculation for the years ended December 31, 2014, 2013 and 2012 were 4.8%, 3.8% and 4.7%, respectively, and the actuarial loss is amortized over 19.03 years. The discount rate is used to measure and recognize obligations, including adjustments to other comprehensive income (loss), and to determine expense during the periods. It is determined by using bond indices which reflect yields on a broad maturity and industry universe of high-quality corporate bonds.

The pension benefits expected to be paid in each of the next five years and in aggregate for the five years thereafter are as follows (in thousands):

Year	Amount
2015	\$ 937
2016	877
2017	876
2018	868
2019	902
Next five years	4,843

In April 2014 the shareholders approved the Norwegian Cruise Line Holdings Ltd. Employee Stock Purchase Plan (“ESPP”). The purpose of the ESPP is to provide eligible employees with an opportunity to purchase NCLH’s ordinary shares at a favorable price and upon favorable terms in consideration of the participating employees’ continued services. A maximum of 2,000,000 of the Company’s ordinary shares may be purchased under the ESPP. To be eligible to participate in an offering period, on the Grant Date of that period, an individual must be customarily employed by the Company or a participating subsidiary for more than twenty hours per week and for more than five months per calendar year. Participation in the ESPP is also subject to certain limitations. The ESPP is considered to be compensatory based on a) the 15% purchase price discount and b) that has a look-back purchase price feature. Since the plan is compensatory, compensation expense must be recorded in the statements of operations on a straight-line basis over the six-month withholding period. For the year ended December 31, 2014, the compensation expense was \$0.09 million. As of December 31, 2014, we had a \$0.3 million liability for payroll withholdings received.

11. Income Taxes

We are incorporated in Bermuda. Under current Bermuda law, we are not subject to tax on income or capital gains. We have received from the Minister of Finance under The Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, then the imposition of any such tax shall not be applicable to us or to any of our operations or shares, debentures or other obligations, until March 31, 2035.

The components of the provision for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Current:			
Bermuda	\$ —	\$ —	\$ —
United States	(9,162)	8,098	—
Foreign — Other	<u>3,278</u>	<u>860</u>	<u>706</u>
Total current	<u>(5,884)</u>	<u>8,958</u>	<u>706</u>
Deferred:			
Bermuda	—	—	—
United States	3,617	2,844	—
Foreign — Other	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred:	<u>3,617</u>	<u>2,844</u>	<u>—</u>
Income tax expense (benefit)	<u>\$ (2,267)</u>	<u>\$ 11,802</u>	<u>\$ 706</u>

Our reconciliation of income tax expense computed by applying our Bermuda statutory rate and reported income tax expense was as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Tax at Bermuda statutory rate	\$ —	\$ —	\$ —
Foreign income taxes at different rates	2,813	14,020	706
Benefit from global tax platform ⁽¹⁾	—	(6,074)	—
Tax contingencies	275	1,394	—
Return to provision adjustments	(14,444)	—	—
(Benefit) expense from change in tax status	(1,462)	2,462	—
Valuation allowance	<u>10,551</u>	<u>—</u>	<u>—</u>
Income tax expense (benefit)	<u>\$ (2,267)</u>	<u>\$ 11,802</u>	<u>\$ 706</u>

- (1) During 2013, we implemented a restructuring plan to provide a global tax platform for international expansion. As part of the plan, the Company became a tax resident of the U.K. As such, it qualifies for relief from U.S. Branch Profits taxes under the U.S.-U.K. Tax Treaty. In addition, the restructuring resulted in additional interest and depreciation which reduced the Company's overall income tax expense.

Deferred tax assets and liabilities were as follows:

	As of December 31,	
	2014	2013
Deferred tax assets:		
Loss carryforwards	\$ 77,031	\$ 28,351
Shares in foreign subsidiary	17,808	59,587
Other	1,121	2,920
Valuation allowance	<u>(81,704)</u>	<u>(84,695)</u>
 Total net deferred assets	 <u>14,256</u>	 <u>6,163</u>
 Deferred tax liabilities:		
Property and equipment	<u>(20,888)</u>	<u>(6,367)</u>
 Total deferred tax liabilities	 <u>(20,888)</u>	 <u>(6,367)</u>
 Net deferred tax liability	 <u>\$ (6,632)</u>	 <u>\$ (204)</u>

We have U.S. net operating loss carryforwards of \$158.6 million and \$3.6 million, respectively, for the years ended December 31, 2014 and 2013 which begin to expire in 2023. We have state net operating loss carryforwards of \$24.5 million and \$42.3 million, respectively, for the years ended December 31, 2014 and 2013, which expire between 2025- 2034. Based on the weight of available evidence, we have recorded a valuation allowance in the amount of \$10.6 million with respect to the U.S. deferred tax assets of one of our U.S. subsidiaries.

Included above are deferred tax assets associated with our operations in Norway for which we have provided a full valuation allowance. We have Norway net operating loss carryforwards of \$58.8 million and \$88.0 million for the years ended December 31, 2014 and December 31, 2013, respectively, which can be carried forward indefinitely.

On November 19, 2014, we acquired the stock of Prestige. Included above are deferred tax assets associated with Prestige, including net operating loss carryforwards of \$104.3 million, which begin to expire in 2023, and state net operating loss carryforwards of \$0.1 million. We have recorded a valuation allowance of \$36.5 million with respect to the Prestige deferred tax assets based on the weight of available evidence. Section 382 of the Code may limit the amount of taxable income that can be offset by the Prestige's NOL carryforwards.

As a result of the Corporate Reorganization in 2013, we obtained certain U.S. net operating losses of our shareholders. These loss carryforwards were subject to Section 382 of the Code which may limit the amount of taxable income that can be offset by NOL carryforwards after a change in control (generally greater than 50% change in ownership). We do not expect the 382 limitation to materially impact the deferred tax asset as it relates to the NOL.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Year Ended December 31, 2014
Unrecognized tax benefits, beginning of year	\$ 10,894
Gross increases in tax positions in current period	<u>280</u>
Unrecognized tax benefits, end of year	<u>\$ 11,174</u>

If the \$11.2 million unrecognized tax benefits at December 31, 2014 were recognized, our effective tax rate would be affected. We believe that there will not be a significant increase or decrease to the tax positions within 12 months of the reporting date. We recognize interest and penalties related to unrecognized tax benefits in income tax expense.

We file income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and foreign jurisdictions. We are generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by authorities for years prior to 2011, except for years in which NOLs generated prior to 2011 are utilized.

Due to our international structure as well as the existence of international tax treaties that exempt taxation on certain activities, the repatriation of earnings from our subsidiaries would have no tax impact.

We derive our income from the international operation of ships. Under Section 883 certain foreign corporations, though engaged in the conduct of a trade or business within the U.S., are exempt from U.S. federal income and branch profit taxes on gross income derived from or incidental to the international operation of ships. Applicable U.S. Treasury regulations provide that a foreign corporation will qualify for the benefits of Section 883 if, in relevant part, (i) the foreign country in which the corporation is organized grants an equivalent exemption for income from the operation of ships of sufficiently broad scope to corporations organized in the U.S. and (ii) the foreign corporation is a CFC for more than half of the taxable year, and more than 50% of its stock is owned by qualified U.S. persons for more than half of the taxable year, the CFC test. Our 2013 tax returns were filed with tax authorities under Section 883 and our 2014 tax returns will also be filed under Section 883.

For U.S. federal income tax purposes, Regent and its non-U.S. subsidiaries are disregarded as entities separate from their immediate foreign parent (PCH) and Oceania is treated as a corporation. Both Regent and Oceania rely on PCH's ability to meet the requirements necessary to qualify for the benefits of Section 883. PCH is organized as a company in Panama, which grants an equivalent tax exemption to U.S. corporations, and is thus classified as a qualified foreign country for purposes of Section 883. PCH was classified as a CFC for the taxable year ended December 31, 2014 and we believe we meet the ownership and substantiation requirements of the CFC test under the regulations.

12. Commitments and Contingencies

Operating Leases

Total expense under non-cancelable operating lease commitments, primarily for offices, motor vehicles and office equipment was \$9.2 million, \$9.4 million and \$9.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, minimum annual rentals for non-cancelable leases with initial or remaining terms in excess of one year were as follows (in thousands):

Year	Amount
2015	\$ 7,810
2016	6,975
2017	6,902
2018	6,934
2019	2,877
Thereafter	<u>10,831</u>
Total	<u>\$ 42,329</u>

Rental payments applicable to such operating leases are recognized on a straight-line basis over the term of the lease.

Ship Construction Contracts

We have orders with Meyer Werft for four Breakaway Plus Class Ships for delivery in the fall of 2015, spring of 2017, spring of 2018 and fall of 2019. These ships will be the largest in our fleet, reaching approximately 164,600 Gross Tons and up to 4,200 Berths each and will be similar in design and innovation to our Breakaway Class Ships. The combined contract price of these four ships is approximately €3.0 billion, or \$3.6 billion based on the euro/U.S. dollar exchange rate as of December 31, 2014. We have export credit financing in place that provides financing for 80% of their contract prices. We also have a contract with Italy's Fincantieri shipyard to build a luxury cruise ship to be named Seven Seas Explorer. The contract price of the ship is approximately €343.0 million, or approximately \$415.0 million, based on the euro/U.S. dollar exchange rate as of December 31, 2014. We have export credit financing in place that provides financing for 80% of the ship's contract price. Seven Seas Explorer is expected to be delivered in the summer of 2016.

In connection with the contracts to build the ships, we do not anticipate any contractual breaches or cancellation to occur. However, if any would occur, it could result in, among other things, the forfeiture of prior deposits or payments made by us and potential claims and impairment losses which may materially impact our business, financial condition and results of operations.

As of December 31, 2014, minimum annual payments for non-cancelable ship construction contracts with initial or remaining terms in excess of one year were as follows (in thousands):

Year	Amount
2015	\$ 897,818
2016	514,375
2017	832,640
2018	892,362
2019	776,053
Thereafter	<u>—</u>
Total	<u>\$3,913,248</u>

Port Facility Commitments

As of December 31, 2014, future commitments to pay for usage of certain port facilities were as follows (in thousands):

Year	Amount
2015	\$ 30,411
2016	29,608
2017	29,141
2018	20,403
2019	20,858
Thereafter	<u>82,215</u>
Total	<u>\$212,636</u>

The FMC requires evidence of financial responsibility for those offering transportation on passenger ships operating out of U.S. ports to indemnify passengers in the event of non-performance of the transportation. Accordingly, each of our three brands are required to maintain a \$22.0 million third-party performance guarantee in respect of liabilities for non-performance of transportation and other obligations to passengers. Recent regulations have revised the financial requirements with respect to both death/injury and non-performance coverages to increase the current \$22.0 million performance guarantee to \$30.0 million effective April 2, 2015. Once fully effective in April 2015, the guarantee requirements will be subject to additional consumer price index-based adjustments. We do not anticipate that compliance with the new rules will have a material effect on our costs. Also, each of our brands have a legal requirement to maintain a security guarantee based on cruise business originated from the U.K. and, accordingly, have established separate bonds with the Association of British Travel Agents currently valued at British Pound Sterling 8.0 million in the aggregate. We also are required to establish financial responsibility by other jurisdictions to meet liability in the event of non-performance of our obligations to passengers from those jurisdictions.

From time to time, various other regulatory and legislative changes have been or may in the future be proposed that may have an effect on our operations in the U.S. and the cruise industry in general.

Litigation

In July 2009, a class action complaint was filed against NCL (Bahamas) Ltd., in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman's Wage Act and wrongful termination resulting in a loss of retirement benefits. In December 2010, the Court denied the plaintiffs' Motion for Class Certification. In February 2011, the plaintiffs filed a Motion for Reconsideration of the Court's Order on Class Certification which was denied. The Court tried six individual plaintiffs' claims, and in September 2012 awarded wages aggregating approximately \$100,000 to such plaintiffs. In October 2013, the United States Court of Appeals for the Eleventh Circuit affirmed the Court's rulings as to the denial of class certification and the trial verdict. The plaintiffs filed a petition for a writ of certiorari in the United States Supreme Court seeking review of the appellate court decision which was denied in March 2014. The matter was ordered to mediation on October 2014. At that time, all outstanding claims brought on behalf of the known plaintiffs were resolved.

In May 2011, a class action complaint was filed against NCL (Bahamas) Ltd., in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman's Wage Act and breach of contract. In July 2012, this action was stayed by the Court pending the outcome of the litigation commenced with the class action complaint filed in July 2009. The matter was resolved at the Court ordered mediation in conjunction with the matter described above.

In the normal course of our business, various other claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our deductible amount. Nonetheless, the ultimate outcome of these claims and lawsuits that are not covered by insurance cannot be determined at this time. We have evaluated our overall exposure with respect to all of our threatened and pending litigation and, to the extent required, we have accrued amounts for all estimable probable losses associated with our deemed exposure. We are currently unable to estimate any other potential contingent losses beyond those accrued, as discovery is not complete nor is adequate information available to estimate such range of loss or potential recovery. We intend to vigorously defend our legal position on all claims and, to the extent necessary, seek recovery.

13. Supplemental Cash Flow Information

For the years ended December 31, 2014, 2013 and 2012 we paid interest and related fees of \$233.5 million, \$316.9 million and \$240.6 million, respectively. For the year ended 2013 we had non-cash investing activities in connection with capital leases of \$15.5 million. For the years ended December 31, 2014, 2013 and 2012 we paid income taxes of \$9.8 million, \$1.1 million and \$0.4 million, respectively. For the year ended December 31, 2014 we had non-cash investing activities for capital expenditures of \$13.0 million. For the year ended December 31, 2013, we had a non-cash financing activity of \$10.0 million in connection with the modification of certain fully-vested

Management NCL Corporation Units from liability to equity award status. Upon the IPO this liability award was fully vested at the time of the settlement and was reclassified to equity in the balance sheet resulting in a non-cash financing activity. We refer you to Note—4 “The Acquisition of Prestige” for non-cash transactions in conjunction with the Acquisition of Prestige.

14. Subsequent Events

On January 8, 2015, Kevin M. Sheehan resigned as President and Chief Executive Officer of the Company, together with all of his positions and offices with the Company and its subsidiaries or affiliates, effective immediately. In connection with Mr. Sheehan’s resignation from the Company, Mr. Sheehan and the Company entered into a Separation Agreement and Release (the “Separation Agreement”). The Separation Agreement sets forth the terms of Mr. Sheehan’s resignation from the Company, including, among other things, a general release of claims in favor of the Company and certain non-competition, non-solicitation, confidentiality and cooperation undertakings. The Separation Agreement also provides that Mr. Sheehan will receive (i) all of his accrued and unpaid base salary (and accrued and unpaid vacation time) through January 8, 2015 (the “Effective Date”), (ii) his previously approved bonus payment for fiscal year 2014 of \$1,627,500, (iii) a one-time cash separation payment in an amount equal to his base salary and target bonus and (iv) vesting of a portion of his outstanding unvested equity-based awards as of the Effective Date, and all remaining unvested equity-based awards shall immediately terminate, expire and be forfeited as of the Effective Date. This resulted in a total severance expense of \$13.4 million of which \$8.2 million was due to the acceleration of the equity-based awards which was recorded in January 2015.

Effective as of January 8, 2015, Frank J. Del Rio, was appointed President and Chief Executive Officer of the Company. The terms of Mr. Del Rio’s employment with the Company are currently set forth in the employment agreement filed herewith.

15. Quarterly Selected Financial Data (Unaudited) (in thousands, except per share data)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2014	2013	2014	2013	2014	2013	2014	2013
Total revenue	\$664,028	\$527,631	\$765,927	\$644,433	\$907,017	\$797,885	\$788,909	\$600,345
Operating income	73,089	30,988	148,588	95,389	234,822	208,080	46,442	61,430
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	51,267 ⁽¹⁾	(96,395) ⁽²⁾	111,616 ⁽³⁾	(8,841) ⁽⁴⁾	201,078 ⁽⁵⁾	170,858 ⁽⁶⁾	(25,609) ⁽⁷⁾	36,092 ⁽⁸⁾
Earnings (loss) per share:								
Basic	\$0.25	\$(0.49)	\$0.54	\$(0.04)	\$0.99	\$0.84	\$(0.12)	\$0.18
Diluted	\$0.24	\$(0.49)	\$0.54	\$(0.04)	\$0.97	\$0.82	\$(0.12)	\$0.17

The seasonality of the North American cruise industry generally results in the greatest demand for cruises during the summer months. This predictable seasonality in demand has resulted in fluctuations in our revenue and results of operations. The seasonality of our results is increased due to ships being taken out of service for regularly scheduled Dry-docks, which we typically scheduled during non-peak demand periods.

- (1) Includes \$2.7 million of expenses associated with non-cash compensation and a tax benefit of \$6.7 million from a change in estimate of tax provision associated with a change in our corporate entity structure and expenses related the Secondary Equity Offering.
- (2) Includes \$110.4 million of expenses associated with debt prepayments, non-cash compensation, changes in corporate entity structure and other supplemental adjustments.
- (3) Includes \$5.0 million of expenses associated with non-cash compensation and \$2.3 million of expenses related to the tax restructuring and costs related to the settlement of a 2007 breach of contract claim.
- (4) Includes \$69.1 million of expenses associated with debt prepayments, non-cash compensation, changes in corporate entity structure and other supplemental adjustments.
- (5) Includes \$20.3 million of certain fees (legal, accounting and consulting) and integration costs related to the Acquisition of Prestige, \$7.0 million of expenses associated with non-cash compensation and \$0.8 million of expenses related to the tax restructuring.
- (6) Includes \$9.3 million of expenses associated with non-cash compensation, changes in corporate entity structure and a Secondary Equity Offering.
- (7) Includes a total of \$103.3 million of expenses as follows:
 - \$13.6 million of non-cash compensation;
 - \$10.6 million related to tax due to the change in corporate structure;
 - \$15.4 million of expenses related to financing transactions in conjunction with the Acquisition of Prestige;
 - \$37.2 million related to the Acquisition of Prestige which includes legal, accounting, consulting fees and integration and severance costs;
 - \$25.6 million related to the Acquisition of Prestige of which \$13.0 million related to the fair value adjustment of deferred revenue and \$12.6 million related to amortization expense; and
 - \$0.9 million related to the tax restructuring.
- (8) Includes \$4.1 million of expenses, net related to non-cash compensation, a Secondary Equity Offering and benefits incurred from changes in corporate entity structure.

2. DIFFERENCES BETWEEN ACCOUNTING POLICIES ADOPTED BY THE GROUP (HKFRS) AND NCLH (US GAAP)

The Company has applied to the Stock Exchange for, and has been granted, a waiver from the strict compliance with the requirement of Rule 14.68(2)(a)(i) of the Listing Rules.

Instead, this circular contains the NCLH US GAAP Financial Information as set out in the section entitled “FINANCIAL INFORMATION OF THE NCLH GROUP” in this Appendix I. Your attention is drawn to the basis of presentation of the NCLH US GAAP Financial Information as set out in Note 2 to the NCLH US GAAP Financial Information.

The NCLH US GAAP Financial Information covers the financial positions of the NCLH Group as at 31 December 2012, 2013 and 2014, and the results and cash flows of the NCLH Group for the three years ended 31 December 2012, 2013 and 2014 (the “**Relevant Periods**”).

The accounting policies adopted in the preparation of the NCLH US GAAP Financial Information differ in certain material respects from the accounting policies presently adopted by the Group which comply with HKFRS. Differences, other than presentational differences, which would have a significant effect on the NCLH US GAAP Financial Information had they been prepared in accordance with HKFRS or in accordance with the accounting policies presently adopted by the Group rather than in accordance with US GAAP, are set out below in the section entitled “NCLH’s Unaudited Financial Information under HKFRS”.

In particular, disclosure is set out providing:

- (a) a comparison between NCLH’s consolidated statements of comprehensive income as extracted from the NCLH US GAAP Financial Information, and a restatement of such consolidated statements of comprehensive income had they instead been prepared in accordance with HKFRS or in accordance with the accounting policies presently adopted by the Group. The process taken in the preparation of such restatement is set out below;
- (b) a comparison between NCLH’s consolidated balance sheets as extracted from the NCLH US GAAP Financial Information, and a restatement of such consolidated balance sheets had they instead been prepared in accordance with HKFRS or in accordance with the accounting policies presently adopted by the Group. The process taken in the preparation of such restatement is also set out below;
- (c) a comparison between NCLH’s consolidated statements of changes in Shareholders’ equity as extracted from the NCLH US GAAP Financial Information, and a restatement of such consolidated statements of changes in Shareholders’ equity had they instead been prepared in accordance with HKFRS or in accordance with the accounting policies presently adopted by the Group. The process taken in the preparation of such restatement is also set out below; and

- (d) a discussion of the material financial statements line item differences arising out of the restatement exercise outlined in (a) to (d) above,

(together the “**Reconciliation Information**”).

Reconciliation process

The Reconciliation Information has been prepared by the Company by comparing the differences between the accounting policies adopted by NCLH for the three years ended 31 December 2012, 2013 and 2014 prepared in accordance with US GAAP, and the accounting policies presently adopted by the Group in accordance with HKFRS, and quantifying the relevant material financial effects of such differences. Your attention is drawn to the fact that the Reconciliation Information has not been subject to an independent audit. Accordingly, it may not truly and fairly present NCLH’s financial positions as at 31 December 2012, 2013 and 2014, nor the results and cash flows for each of the Relevant Periods then ended, under the accounting policies presently adopted by the Group in accordance with HKFRS.

The Group’s auditor, PricewaterhouseCoopers (“PwC Hong Kong”), was engaged by the Company to conduct work on the Reconciliation Information in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The work consisted primarily of:

- (i) comparing the unadjusted financial information of NCLH prepared under US GAAP (the “Unadjusted Financial Information of NCLH”) as set out below in the section entitled “NCLH’s Unaudited Financial Information under HKFRS” with the NCLH US GAAP Financial Information, with a view to ensuring the Unadjusted Financial Information of NCLH has been properly extracted;
- (ii) considering the adjustments made and evidence supporting the adjustments made in arriving at the unaudited financial information under HKFRS also set out below in the section entitled “NCLH’s Unaudited Financial Information under HKFRS”, which included reviewing the differences between NCLH’s accounting policies and the Group’s accounting policies; and
- (iii) checking the arithmetical accuracy of the computation of the Unaudited Financial Information under HKFRS.

PwC Hong Kong’s engagement did not involve independent examination of any of the underlying financial information nor constitute an audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. PwC Hong Kong’s engagement was intended solely for the use of the directors of the Company in connection with this circular and may not be suitable for another purpose. Based on the work performed, PwC Hong Kong has concluded that:

- (i) the Unadjusted Financial Information of NCLH as set out below in the section entitled “NCLH’s Unaudited Financial Information under HKFRS” has been properly extracted from the NCLH US GAAP Financial Information;

- (ii) the adjustments made in arriving at the unaudited financial information under HKFRS also set out below in the section entitled “NCLH’s Unaudited Financial Information under HKFRS” reflect, in all material respects, differences between NCLH’s accounting policies and the Group’s accounting policies; and

- (iii) the computation of the Unaudited Financial Information under HKFRS is arithmetically accurate.

NCLH’S UNAUDITED FINANCIAL INFORMATION UNDER HKFRS

NCLH’s consolidated financial statements for the three years ended 31 December 2012, 2013 and 2014 have been prepared and presented under US GAAP. There are no material differences between NCLH’s consolidated financial statements for the three financial years ended 31 December 2012, 2013 and 2014 as presented under NCLH’s then accounting policies in accordance with US GAAP in comparison with that as presented under the Group’s accounting policies in accordance with HKFRS, other than as set out below:

- (a) Accounting for depreciation in relation to borrowing costs capitalised during ship construction;

- (b) Accounting for dry docking costs;

- (c) Accounting for loan fee;

- (d) Accounting for deferred credit card fees and deferred sales incentive expenses; and

- (e) HKFRS transitional adjustments.

The following unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in shareholders’ equity for each of the Relevant Periods and the unaudited consolidated balance sheets as at 31 December 2012, 2013 and 2014 of NCLH under HKFRS (collectively the “**Unaudited Financial Information under HKFRS**”) are derived from the consolidated financial statements for each of the years ended 31 December 2012, 2013 and 2014 as included in this Appendix I. The consolidated statements of cash flows are not presented as there are no significant differences except for presentational differences. Your attention is drawn to the fact that the Unaudited Financial Information under HKFRS has not been subject to an independent audit. Accordingly, it may not fairly present the operations during the Relevant Periods and the financial positions ended on those dates under HKFRS.

Unaudited consolidated statements of comprehensive income (US\$'000)

	2014			2013			2012		
	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS
Revenue									
Passenger ticket	2,212,547		2,212,547	1,815,869		1,815,869	1,604,563		1,604,563
Onboard and other	913,334		913,334	754,425		754,425	671,683		671,683
Total Revenue	<u>3,125,881</u>		<u>3,125,881</u>	<u>2,570,294</u>	<u>—</u>	<u>2,570,294</u>	<u>2,276,246</u>	<u>—</u>	<u>2,276,246</u>
Cruise operating expense									
Commissions, transportation and other	503,722		503,722	455,816		455,816	410,531		410,531
Onboard and other	224,000		224,000	195,526		195,526	173,916		173,916
Payroll and related	452,647		452,647	340,430		340,430	293,059		293,059
Fuel	326,231		326,231	303,439		303,439	283,678		283,678
Food	168,240		168,240	136,785		136,785	125,807		125,807
Other	271,784	10,981	282,765	225,663	875	226,538	191,442	1,085	192,527
Total cruise operating expense	<u>1,946,624</u>	<u>10,981</u>	<u>1,957,605</u>	<u>1,657,659</u>	<u>875</u>	<u>1,658,534</u>	<u>1,478,433</u>	<u>1,085</u>	<u>1,479,518</u>
Other operating expense									
Marketing, general and administrative	403,169		403,169	301,155		301,155	251,183		251,183
Depreciation and amortization	273,147	(5,704)	267,443	215,593	(9,771)	205,822	189,537	4,972	194,509
Total other operating expense	<u>676,316</u>	<u>(5,704)</u>	<u>670,612</u>	<u>516,748</u>	<u>(9,771)</u>	<u>506,977</u>	<u>440,720</u>	<u>4,972</u>	<u>445,692</u>
Operating Income	<u>502,941</u>	<u>(5,277)</u>	<u>497,664</u>	<u>395,887</u>	<u>8,896</u>	<u>404,783</u>	<u>357,093</u>	<u>(6,057)</u>	<u>351,036</u>
Non-operating income/expense									
Interest expenses, net	(151,754)	127	(151,627)	(282,602)	127	(282,475)	(189,930)	127	(189,803)
Other (expense)/ Income	(10,853)		(10,853)	1,403	—	1,403	2,099	—	2,099
Total non-operating income/(expense)	<u>(162,607)</u>		<u>(162,480)</u>	<u>(281,199)</u>	<u>127</u>	<u>(281,072)</u>	<u>(187,831)</u>	<u>127</u>	<u>(187,704)</u>
Net income before income taxes	<u>340,334</u>	<u>(5,150)</u>	<u>335,184</u>	<u>114,688</u>	<u>9,023</u>	<u>123,711</u>	<u>169,262</u>	<u>(5,930)</u>	<u>163,332</u>
Income tax credit/(expense)	<u>2,267</u>		<u>2,267</u>	<u>(11,802)</u>		<u>(11,802)</u>	<u>(706)</u>		<u>(706)</u>
Net income	<u>342,601</u>	<u>(5,150)</u>	<u>337,451</u>	<u>102,886</u>	<u>9,023</u>	<u>111,909</u>	<u>168,556</u>	<u>(5,930)</u>	<u>162,626</u>
Net income attributable to non-controlling interest	4,249		4,249	1,172	—	1,172	—	—	—
Net income attributable to Norwegian Cruise Line Holdings Ltd.	<u>338,352</u>	<u>(5,150)</u>	<u>333,202</u>	<u>101,714</u>	<u>9,023</u>	<u>110,737</u>	<u>168,556</u>	<u>(5,930)</u>	<u>162,626</u>

APPENDIX I
FINANCIAL INFORMATION OF NCLH

	2014			2013			2012		
	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS
Net income									
Other comprehensive income/(loss):	342,601	(5,150)	337,451	102,886	9,023	111,909	168,556	(5,930)	162,626
Shipboard Retirement Plan	(2,311)		(2,311)	2,538		2,538	(1,330)		(1,330)
Cash flow hedges:									
Net unrealized gain (related to cash flow hedges)	(238,436)		(238,436)	2,247		2,247	19,907		19,907
Amount realized and reclassified into earnings	13,354		13,354	(4,128)		(4,128)	(16,402)		(16,402)
Total other comprehensive (loss)/ income	(227,393)	—	(227,393)	657	—	657	2,175	—	2,175
Total comprehensive income/(loss)	115,208	(5,150)	110,058	103,543	9,023	112,566	170,731	(5,930)	164,801
Comprehensive income attributable to non-controlling interest	2,808	—	2,808	900	—	900	—	—	—
Total comprehensive income attributable to Norwegian Cruise Line Holdings Ltd.	112,400	(5,150)	107,250	102,643	9,023	111,666	170,731	(5,930)	164,801

Unaudited consolidated statements of changes in shareholders' equity (US\$'000)

	2014			2013			2012		
	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS
Balance as at 1 January	2,631,266	(78,410)	2,552,856	2,018,784	(87,433)	1,931,351	1,844,463	(81,503)	1,762,960
Transactions with Affiliates, net	(59)		(59)	(70)		(70)	2,930		2,930
Other comprehensive income	(227,393)		(227,393)	657		657	2,175		2,175
Share-based compensation	14,617		14,617	33,075		33,075	660		660
IPO proceeds, net	—		—	473,914		473,914	—		—
Acquisition of Prestige	834,142		834,142	—		—	—		—
Proceeds from the exercise of share options	5,857		5,857	2,020		2,020	—		—
Net income	342,601	(5,150)	337,451	102,886	9,023	111,909	168,556	(5,930)	162,626
Treasury stock	(82,000)		(82,000)	—		—	—		—
Major shareholder partnership tax distribution	(218)		(218)	—		—	—		—
Balance as at 31 December	<u>3,518,813</u>		<u>3,435,253</u>	<u>2,631,266</u>		<u>2,552,856</u>	<u>2,018,784</u>		<u>1,931,351</u>

Unaudited Consolidated Balance Sheets (US\$'000)

	2014			2013			2012		
	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS
Assets									
Current assets									
Cash & cash equivalents	84,824		84,824	56,467		56,467	45,500		45,500
Account receivables, net	32,432		32,432	18,260		18,260	15,062		15,062
Inventories	56,555		56,555	43,715		43,715	39,681		39,681
Prepaid expenses & other assets	109,924	(21,641)	88,283	64,482	(10,660)	53,822	64,686	(9,785)	54,901
	<u>283,735</u>		<u>262,094</u>	<u>182,924</u>		<u>172,264</u>	<u>164,929</u>		<u>155,144</u>
Property and equipment, net	8,623,773	(76,036)	8,547,737	5,647,670	(79,407)	5,568,263	4,960,142	(82,779)	4,877,363
Goodwill and trade names	2,383,928	(11,798)	2,372,130	611,330	(11,798)	599,532	611,330	(11,798)	599,532
Deferred drydocking costs-long term	—	25,817	25,817	—	23,484	23,484	—	17,085	17,085
Other assets	281,641	98	281,739	209,054	(29)	209,025	202,026	(156)	201,870
	<u>11,289,342</u>		<u>11,227,423</u>	<u>6,468,054</u>		<u>6,400,304</u>	<u>5,773,498</u>		<u>5,695,850</u>
Total assets	<u>11,573,077</u>		<u>11,489,517</u>	<u>6,650,978</u>		<u>6,572,568</u>	<u>5,938,427</u>		<u>5,850,994</u>
Liabilities and shareholders' equity									
Current liabilities									
Accounts payable	(101,983)		(101,983)	(86,788)		(86,788)	(79,126)		(79,126)
Accrued expenses and other liabilities	(552,514)		(552,514)	(253,752)		(253,752)	(231,040)		(231,040)
Current portion of long-term debt	(576,947)		(576,947)	(286,575)		(286,575)	(221,233)		(221,233)
Advance ticket sales	(817,207)		(817,207)	(411,829)		(411,829)	(353,793)		(353,793)
Due to affiliate	(37,948)		(37,948)	(36,544)		(36,544)	(59,897)		(59,897)
	<u>(2,086,599)</u>		<u>(2,086,599)</u>	<u>(1,075,488)</u>		<u>(1,075,488)</u>	<u>(945,089)</u>		<u>(945,089)</u>
Total current liabilities									
Long-term debt	(5,607,157)		(5,607,157)	(2,841,214)		(2,841,214)	(2,764,120)		(2,764,120)
Due to affiliate	(18,544)		(18,544)	(55,128)		(55,128)	(147,364)		(147,364)
Other long-term liabilities	(341,964)		(341,964)	(47,882)		(47,882)	(63,070)		(63,070)
	<u>(8,054,264)</u>		<u>(8,054,264)</u>	<u>(4,019,712)</u>		<u>(4,019,712)</u>	<u>(3,919,643)</u>		<u>(3,919,643)</u>
Total liabilities	<u>(8,054,264)</u>		<u>(8,054,264)</u>	<u>(4,019,712)</u>		<u>(4,019,712)</u>	<u>(3,919,643)</u>		<u>(3,919,643)</u>

APPENDIX I
FINANCIAL INFORMATION OF NCLH

	2014			2013			2012		
	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS	Unadjusted financial information from Appendix I	Adjustment	Unaudited financial information under HKFRS
Shareholders' equity									
Share capital	(230)		(230)	(205)		(205)	(25)		(25)
Additional paid in capital	(3,702,344)	30,074	(3,672,270)	(2,822,864)	30,074	(2,792,790)	(2,327,097)	30,074	(2,297,023)
Accumulated other comprehensive loss	242,642		242,642	16,690		16,690	17,619		17,619
Retained (earnings) deficit	(140,881)	53,486	(87,395)	197,471	48,336	245,807	299,185	57,359	356,544
Non-controlling interest	—		—	(22,358)		(22,358)	(8,466)		(8,466)
Treasury stock	82,000		82,000	—		—	—		—
Total shareholders' equity	(3,518,813)		(3,435,253)	(2,631,266)		(2,552,856)	(2,018,784)		(1,931,351)
Total liabilities & shareholders' equity	(11,573,077)		(11,489,517)	(6,650,978)		(6,572,568)	(5,938,427)		(5,850,994)

Note 1: Accounting for depreciation in relation to borrowing costs capitalised during ship construction

According to the accounting policies of NCLH under US GAAP, certain borrowing costs which were financed through internal funds, with no external loans being drawn-down, in relation to ship construction was capitalized in the cost of fixed assets. Under the accounting policies of the Group, the depreciation on these capitalized borrowing costs under US GAAP is reversed.

Note 2: Accounting for dry docking costs

According to the accounting policies of NCLH under US GAAP, drydock costs are recorded as expenses under direct method. Under the accounting policies of the Group, drydock costs is recorded under deferred method and amortised over the period until next planned drydock, which is 2 to 3 years.

Note 3: Accounting for loan fee

According to the accounting policies of NCLH under US GAAP, the loan fee of US\$975,000 is written off once incurred. Under the accounting policies of the Group, the loan fee is amortised using the effective interest method over the tenure of the US\$610 million revolver loan.

Note 4: Accounting for deferred credit card fees

According to the accounting policies of NCLH under US GAAP, credit card fees are recognised as expense when the revenue is recognised for the associated voyage. Under the accounting policies of the Group, it is written off to the statement of comprehensive income once incurred.

Note 5: HKFRS transitional adjustments

Certain adjustments impacting ‘goodwill and trade name’, ‘retained earnings/deficit’ and ‘additional paid in capital’ relate to GAAP differences between the accounting policies of NCLH under US GAAP and the accounting policies of the Group prior to the Group’s transition in the financial reporting framework to HKFRS on 1 January 2005. These differences were not retrospectively adjusted upon the adoption of HKFRS on 1 January 2005 in accordance with the transitional provisions of the applicable standards.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information of the Remaining Group (the “Unaudited Pro Forma Financial Information”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as at 31 December 2014 as if the Future Disposal of the NCLH Shares held by the Group had been completed on 31 December 2014; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2014 as if the Future Disposal had been completed on 1 January 2014. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it does not purport to represent the true picture of the financial position of the Remaining Group as at 31 December 2014 or at any future date had the Future Disposal been completed on 31 December 2014 or the results and cash flows of the Remaining Group for the year ended 31 December 2014 or for any future period had the Future Disposal been completed on 1 January 2014.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2014, the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2014, as set out in the published annual report of the Group for the year ended 31 December 2014, after giving effect to the pro forma adjustments described in the accompanying notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Audited Consolidated Statement of Financial Position of the Group as at 31 December 2014	Pro Forma Adjustments					Adjusted Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group as at 31 December 2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note 1</i>	<i>Note 2(a)</i>	<i>Note 2(b)</i>	<i>Note 2(c)</i>	<i>Note 2(d)</i>	<i>Note 2(e)</i>	
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	1,146,285						1,146,285
Land use right	4,278						4,278
Interests in jointly controlled entities	127,706						127,706
Interest in associates	1,394,279	(757,926)				(99,456)	536,897
Deferred tax assets	312						312
Available-for-sale investments	209,943						209,943
Other assets and receivables	35,226						35,226
	<u>2,918,029</u>						<u>2,060,647</u>
CURRENT ASSETS							
Properties under development	17,820						17,820
Consumable inventories	17,983						17,983
Trade receivables	80,066						80,066
Prepaid expenses and other receivables	90,322						90,322
Available-for-sale investments	15,515					292,250	307,765
Amounts due from related companies	3,225						3,225
Restricted cash	9,517						9,517
Cash and cash equivalents	718,574		960,817	(31,227)			1,648,164
	<u>953,022</u>						<u>2,174,862</u>
TOTAL ASSETS	<u><u>3,871,051</u></u>						<u><u>4,235,509</u></u>
EQUITY							
Capital and reserves attributable to the equity owners of the Company							
Share capital	803,669						803,669
Other reserves	1,017,420	40,530				5,319	1,063,269
Retained earnings	1,372,898				131,134	187,475	1,691,507
	<u>3,193,987</u>						<u>3,558,445</u>
Non-controlling interests	46,497						46,497
TOTAL EQUITY	<u><u>3,240,484</u></u>						<u><u>3,604,942</u></u>

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	Pro Forma Adjustments						Adjusted
	Audited						Unaudited Pro
	Consolidated	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	Forma
Statement of						Consolidated	
Financial Position						Statement of	
of the Group as at						Financial Position	
31 December 2014	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	of the Remaining	
	Note 1	Note 2(a)	Note 2(b)	Note 2(c)	Note 2(d)	Group as at 31	
						December 2014	
						US\$'000	
LIABILITIES							
NON-CURRENT LIABILITIES							
Loans and borrowings	237,659						237,659
Deferred tax liabilities	7,850						7,850
	<u>245,509</u>						<u>245,509</u>
CURRENT LIABILITIES							
Trade creditors	33,271						33,271
Current income tax liabilities	4,369						4,369
Provision, accruals and other liabilities	93,592						93,592
Current portion of loans and borrowings	220,792						220,792
Derivative financial instruments	16,191						16,191
Amounts due to related companies	522						522
Advance ticket sales	16,321						16,321
	<u>385,058</u>						<u>385,058</u>
TOTAL LIABILITIES	<u>630,567</u>						<u>630,567</u>
TOTAL EQUITY AND LIABILITIES	<u>3,871,051</u>						<u>4,235,509</u>
NET CURRENT ASSETS	<u>567,964</u>						<u>1,789,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,485,993</u>						<u>3,850,451</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Audited						Adjusted Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group for the year ended 31 December 2014
	Consolidated Statement of Comprehensive Income of the Group for the year ended 31 December 2014						
	US\$'000	US\$'000	Pro Forma Adjustments			US\$'000	
Note 1	Note 3(a)	Note 3(b)	Note 3(c)	Note 3(d)	Note 3(e)	US\$'000	
Turnover	570,810						570,810
Operating expenses							
Operating expenses excluding depreciation and amortisation	(407,356)						(407,356)
Depreciation and amortisation	(83,445)						(83,445)
	(490,801)						(490,801)
Selling, general and administrative expenses							
Selling, general and administrative expenses excluding depreciation and amortisation	(114,596)						114,596
Depreciation and amortisation	(7,315)						7,315
	(121,911)						(121,911)
	(612,712)						(612,712)
	(41,902)						(41,902)
Share of profit of jointly controlled entities	1,530						1,530
Share of profit of associates	147,276	(95,002)					52,274
Other income, net	8,424						8,424
Other gains, net	300,952		(276,602)	322,319	(19,125)	319,853	647,397
Finance income	12,997						12,997
Finance costs	(31,442)						(31,442)
	439,737						691,180
Profit before taxation	397,835						649,278
Taxation	(13,771)						(13,771)
Profit for the year	384,064						635,507

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	Audited Consolidated Statement of Comprehensive Income of the Group for the year ended 31 December 2014						Adjusted Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group for the year ended 31 December 2014
	US\$'000	US\$'000	Pro Forma Adjustments			US\$'000	US\$'000
	Note 1	Note 3(a)	Note 3(b)	Note 3(c)	Note 3(d)	Note 3(e)	
Other comprehensive income/ (loss)							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences	(27,278)						(27,278)
Fair value loss on derivative financial instruments	(17,953)						(17,953)
Fair value gain on available-for-sale investments	75,722						75,722
Cash flow hedges transferred to profit or loss	927						927
Share of other comprehensive loss of associates	(47,746)	44,337					(3,409)
Release of reserves upon disposal of equity interest in an associate	2,844		(2,844)	205		754	959
Release of reserves upon deemed disposal of jointly controlled entities	(18)						(18)
Other comprehensive loss/(income) for the year	<u>(13,502)</u>						<u>28,950</u>
Total comprehensive income for the year	<u><u>370,562</u></u>						<u><u>664,457</u></u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Audited Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2014	Pro Forma Adjustments		Adjusted unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group for the year ended 31 December 2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note 1</i>	<i>Note 4(a)</i>	<i>Note 4(b)</i>	
OPERATING ACTIVITIES				
Net cash generated from operations	50,413			50,413
Interest paid	(27,418)			(27,418)
Interest received	14,361			14,361
Income tax paid	<u>(6,104)</u>			<u>(6,104)</u>
Net cash inflow from operating activities	<u>31,252</u>			<u>31,252</u>
INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash acquired	(39,658)			(39,658)
Disposal of equity interest in an associate	299,980	960,817	(31,227)	1,229,570
Purchase of property, plant and equipment	(188,194)			(188,194)
Proceeds from sale of property, plant and equipment	17,313			17,313
Proceeds from disposal of available-for-sale investments	5,115			5,115
Acquisition of equity shares and preferred shares in jointly controlled entities	(118,309)			(118,309)
Proceeds from disposal of financial assets at fair value through profit or loss	59,947			59,947
Dividends received	37,425			37,425
Repayment of impaired loan	13,827			13,827
Repayments of loans from third parties	1,341			1,341
Loans to third parties	(5,642)			(5,642)
Loans to a jointly controlled entity	(3,741)			(3,741)
Refund of capital from a jointly controlled entity	<u>10,223</u>			<u>10,223</u>
Net cash inflow from continuing investing activities	89,627			1,019,217
Net cash inflow from discontinued operations	<u>37,043</u>			<u>37,043</u>
Net cash inflow from investing activities	<u>126,670</u>			<u>1,056,260</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	Audited Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2014	Pro Forma Adjustments		Adjusted unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group for the year ended 31 December 2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note 1</i>	<i>Note 4(a)</i>	<i>Note 4(b)</i>	
FINANCING ACTIVITIES				
Repayments of loans and borrowings	(290,288)			(290,288)
Proceeds from issuance of ordinary shares pursuant to the Post-listing Employee Share Option Scheme	620			620
Restricted cash	169			169
Dividends paid	<u>(80,345)</u>			<u>(80,345)</u>
Net cash outflow from financing activities	<u>(369,844)</u>			<u>(369,844)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,917)</u>			<u>(4,917)</u>
Net (decrease)/increase in cash and cash equivalents	(216,839)			712,751
Cash and cash equivalents at beginning of year	<u>935,413</u>			<u>935,413</u>
Cash and cash equivalents at end of year	<u><u>718,574</u></u>			<u><u>1,648,164</u></u>

Notes to the unaudited pro forma financial information of the Remaining Group

- The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2014, and the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014, as set out in the published annual report of the Group.
- For the purpose of the unaudited pro forma consolidated statement of financial position, the pro forma adjustments, assuming the Future Disposal had taken place on 31 December 2014, include the following:
 - the de-recognition of the carrying amount of the Group's 22.1% interest in NCLH (i.e. 50,569,334 NCLH Shares) (inclusive of the release of reserves not previously recognised in profit or loss of the Group) based on the audited consolidated statement of financial position of the Group as at 31 December 2014. The carrying amount (inclusive of the release of reserves not previously recognised in profit or loss of the Group) of US\$798,456,000 (Note i below) is calculated by reference to the Group's proportionate share of net assets of NCLH as at 31 December 2014;

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (b) the estimated consideration of US\$960,817,000, being the estimated consideration of the Future Disposal to be received upon the completion of the Future Disposal, based on 50,569,334 NCLH Shares held by the Group as at 31 December 2014 at the minimum selling price of US\$19 per NCLH Shares.

The above estimated consideration is of hypothetical nature calculated based on the minimum selling price of US\$19 per NCLH Shares. As at 31 December 2014, the actual closing selling price of NCLH Shares was US\$46.76 per share;

- (c) the estimated transaction costs of approximately US\$31,227,000 payable by the Group upon completion in connection with the Future Disposal calculated based on the minimum selling price of US\$19 per NCLH Shares;
- (d) the estimated gain of approximately US\$131,134,000 resulting from the Future Disposal, which is calculated based on estimated consideration of US\$960,817,000 (Note 2(b) above) less the estimated transaction costs of US\$31,227,000 (Note 2(c) above) and the carrying amount of the 22.1% interest in NCLH (inclusive of the release of reserves not previously recognised in profit or loss of the Group) as at 31 December 2014 of US\$798,456,000 (Note i below) assuming the Future Disposal had taken place on 31 December 2014. The carrying amount is calculated by reference to the Group's proportionate share of net assets of NCLH as at 31 December 2014; and
- (e) the de-recognition of the carrying amount of 6,250,000 NCLH Shares as interest in associate, which would then become an available-for-sale investment of the Group. After the Future Disposal in Note 2(a) above, the remaining interest in NCLH held by the Group would be 2.9%. NCLH would cease to be an associate of the Group and become an available-for-sale investment. According to the Group's accounting policies, the interest in 6,250,000 NCLH Shares should be initially recognised at fair value which was measured according to the market price of the NCLH Shares of US\$46.76 per share as of 31 December 2014, totalling US\$292,250,000. The estimated gain of US\$187,475,000 is recognised, being the difference between fair value of US\$292,250,000 and the carrying amount of the 2.9% interest in NCLH of US\$104,775,000 (inclusive of the release of reserves not previously recognised in profit or loss of the Group), is recognised. The carrying amount (inclusive of the release of the reserves not previously recognised in profit or loss of the Group) of US\$104,775,000 (Note i below) is calculated by reference to the proportionate share of net assets of NCLH as at 31 December 2014.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The closing price of NCLH Shares of US\$46.76 per share as of 31 December 2014 is only for illustrative purpose and does not purport to represent the actual selling price that the Group is able to achieve when it sells the respective shares subsequently.

Note i:

	<i>US\$'000</i>
Carrying amount of 31.4% interest in NCLH (or 64,319,334 NCLH Shares) as at 1 January 2014	774,172
Share of profit of NCLH in 2014	95,002
Movements in other reserves	(44,337)
De-recognition of carrying amount pursuant to disposals of 7,500,000 NCLH shares in 2014	(93,795)
Gain on deemed disposal of interest in NCLH upon the issuance of the new NCLH shares for the acquisition of Prestige Cruises International, Inc.	<u>126,340</u>
Carrying amount of 25.0% interest in NCLH (or 56,819,334 NCLH Shares) as at 31 December 2014	857,382
Release of reserves upon disposal of interest in NCLH	<u>45,849</u>
Carrying amount of 25.0% interest in NCLH together with respective reserves as at 31 December 2014	903,231
Less: Carrying amount of 2.9% interest in NCLH (or 6,250,000 NCLH Shares) (inclusive of the release of reserves not previously recognised in profit or loss of the Group) as at 31 December 2014	<u>(104,775)</u>
Carrying amount of 22.1% interest in NCLH (or 50,569,334 NCLH Shares) (inclusive of the release of reserves not previously recognised in profit or loss of the Group) as at 31 December 2014	<u><u>798,456</u></u>

3. For the purpose of the unaudited pro forma consolidated statement of comprehensive income, the pro forma adjustments, assuming the Future Disposal had taken place on 1 January 2014, include the following:

- (a) the reversal of the Group's share of profit and other comprehensive income of NCLH for the year ended 31 December 2014, as if the Future Disposal was completed 1 January 2014. After the Future Disposal, the Group's interest in NCLH would be reduced to 13,750,000 NCLH Shares, equivalent to 6.7% interest in NCLH as at 1 January 2014, and NCLH would cease to be an associate of the Group and become an available-for-sale investment of the Group;
- (b) the reversal of gain of approximately US\$276,602,000 and the reversal of the release of reserves upon disposal of equity interest in NCLH (an associate) approximately US\$2,844,000 in relation to the deemed disposal of interest in NCLH upon the issuance of the new NCLH Shares for the acquisition of Prestige Cruises International, Inc. (completed in November 2014) and the disposal of 7,500,000 NCLH Shares at US\$32.97 per share (completed in March 2014), as if the Future Disposal had taken place on 1 January 2014;

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (c) the recognition of an estimated gain of approximately US\$322,319,000 resulting from the de-recognition of the carrying amount of 13,750,000 NCLH Shares as interest in associate and the initial recognition at fair value of the 13,750,000 NCLH Shares as available-for-sale investment based on the accounting policies of the Group. The fair value of US\$487,713,000 for the 13,750,000 NCLH Shares was determined based on the market price of US\$35.47 per share as at 1 January 2014;
- (d) the recognition of an estimated loss of approximately US\$19,125,000 resulting from the disposal of 7,500,000 NCLH Shares (classified as available-for-sale investment) in March 2014 based on the actual selling price of US\$32.97 per share (compared to the carrying amount at fair value of US\$35.47 per share as at 1 January 2014). The total consideration was US\$247,275,000 and the transaction costs were approximately US\$375,000; and
- (e) the recognition of an estimated gain of approximately US\$319,853,000 resulting from the Future Disposal, which is calculated based on estimated consideration of US\$960,817,000 being the estimated consideration of the Future Disposal to be received upon the completion of the Future Disposal based on 50,569,334 NCLH Shares held by the Group at the minimum selling price of US\$19 per NCLH Share less the estimated transaction related costs of US\$31,227,000 and the carrying amount of the interest in NCLH (inclusive of the release of reserves not previously recognised in profit or loss of the Group), as at 1 January 2014 of US\$609,737,000 (Note ii). The carrying amount (inclusive of the release of reserve not previously recognised in the profit or loss of the Group) of US\$609,737,000 is calculated by reference to the proportionate share of net assets of NCLH as at 1 January 2014. The above estimated gain has not taken into account any potential returns that could be generated from the cash consideration received.

Note ii:

	<i>US\$'000</i>
Carrying amount of 31.4% interest in NCLH as at 1 January 2014 (refer to Note i on page 79)	774,172
Release of reserves upon disposal of interest in NCLH as if Future Disposal had taken place on 1 January 2014	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">959</div>
Carrying amount of 31.4% interest in NCLH (inclusive of the release of reserves not previously recognised in profit or loss of the Group) as at 1 January 2014	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">775,131</div>
Carrying amount of 24.7% interest in NCLH (or 50,569,334 NCLH Shares) (inclusive of the release of reserves not previously recognised in profit or loss of the Group) as at 1 January 2014	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">609,737</div>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

4. For the purpose of the unaudited pro forma consolidated statement of cash flows, the pro forma adjustments, assuming the Future Disposal had taken place on 1 January 2014, include the following:
- (a) the estimated consideration of US\$960,817,000 being the estimated consideration of the Future Disposal to be received upon the completion of the Future Disposal based on 50,569,334 NCLH Shares held by the Group at the minimum selling price of US\$19 per NCLH Shares; and
 - (b) the estimated transaction costs of US\$31,227,000 in connection with the Future Disposal.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014, including the subsequent disposal of 6,250,000 NCLH Shares in March 2015.

In March 2015, the Group completed the disposal of 6,250,000 NCLH Shares for a total consideration (net of transaction cost) of US\$316,892,000 and generated a gain of approximately US\$212,117,000. Taking into account the estimated gain of approximately US\$131,134,000 resulting from the Future Disposal as at 31 December 2014 as disclosed in Note 2(d) above and the actual gain of approximately US\$212,117,000 from the disposal of the 6,250,000 NCLH Shares, the total estimated net gain of the disposal of 56,819,334 NCLH Shares amounted to approximately US\$343,251,000.

6. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN
A CIRCULAR**

TO THE DIRECTORS OF GENTING HONG KONG LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Genting Hong Kong Limited (the “Company”) and its subsidiaries (collectively the “Group”) excluding the Group’s interests in Norwegian Cruise Line Holdings Ltd. (collectively the “Remaining Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2014, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages 71 to 81 of the Company’s circular dated 5 May 2015 (the “Circular”), in connection with the possible very substantial disposal of ordinary shares in Norwegian Cruise Line Holdings Ltd. (the “Transaction”) by Star NCLC Holdings Ltd., a subsidiary of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 71 to 81 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group’s financial position as at 31 December 2014 and the Group’s financial performance and cash flows for the year ended 31 December 2014 as if the Transaction had taken place at 31 December 2014 and 1 January 2014, respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the directors from the Group’s consolidated financial information for the year ended 31 December 2014, on which an announcement of results for the year ended 31 December 2014 and an announcement of the audited consolidated statement of cash flows for the year ended 31 December 2014 have been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2014 or 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5 May 2015

I. FINANCIAL INFORMATION

Financial information of the Group for each of the years ended 31 December 2011, 2012, 2013 and 2014 is disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gentinghk.com>) respectively:

annual report of the Company for the year ended 31 December 2014 (pages 93 to 173)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0427/LTN201504271089.pdf>)

annual report of the Company for the year ended 31 December 2013 (pages 97 to 189)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0425/LTN201404251229.pdf>)

annual report of the Company for the year ended 31 December 2012 (pages 81 to 153)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN20130425779.pdf>);

annual report of the Company for the year ended 31 December 2011 (pages 70 to 149)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0426/LTN20120426234.pdf>);

II. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately US\$432.8 million which comprised (i) the outstanding balance of approximately US\$358.5 million under two secured term loans and revolving credit facilities of US\$900 million in aggregate, (ii) the unsecured convertible bonds of approximately US\$66.4 million; and (iii) secured entrustment loans of approximately US\$7.9 million. The secured term loan and revolving credit facilities are guaranteed by companies within the Group and are secured by legal charges over assets with a carrying amount of approximately US\$1.6 billion as at 31 March 2015. The US\$7.9 million entrustment loans are secured by cash deposits.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, we did not have any loan capital or debt securities issued or to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities as of 31 March 2015.

III. WORKING CAPITAL

Taking into account the expected completion of the Future Disposal and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practical Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Company have been made up.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Future Disposal will enable the Group to realize the value of its investment in NCLH at an opportune time and further strengthen the balance sheet and liquidity position of the Group. The Group continues to proactively shape the future of the cruise industry within the region by upgrading its fleet, enhancing the experience of cruisers through its new and diverse itineraries and developing its product offerings and services.

In 2015, m.v. SuperStar Virgo and m.v. SuperStar Gemini will continue their homeport deployment in Hong Kong and Singapore, respectively. m.v. SuperStar Gemini will be offering various itineraries cruising to destinations including Penang, Langkawi, Port Klang and Malacca while m.v. SuperStar Virgo will be offering destination cruise from April onwards to Sanya and Taiwan. M.v. SuperStar Aquarius will commence its seasonal deployment in Keelung, Taiwan from April.

The Group has two new cruise ships on order with Meyer Werft GmbH for delivery scheduled in the fourth quarter of 2016 and 2017, respectively. The production of m.v. Genting World, the first of its two new cruise ships in pipeline, officially commenced following the steel cutting ceremony on 9 February 2015 at Papenburg, Germany. Upon completion, each of the sister ships is sized at 151,000 gross tons with more than 1,600 cabins, accommodating approximately 4,500 passengers and 2,000 crew members. The 21-deck new cruise ship will offer a wide array of Asian and international food & beverage outlets as well as world-class recreation, health & fitness and conference facilities catering to the unique demand of the Asian clientele. The two new ships are expected to reinforce Star Cruises' leading position in Asia-Pacific. The Group has recently entered into an agreement to acquire Crystal Cruises, Inc. ("Crystal Cruises"), which will add two award-winning luxury ships — m.v. Crystal Serenity and m.v. Crystal Symphony — to our growing fleet, and expand the Company's presence in the cruise industry.

The Group will keep fine-tuning the development plan and marketing strategies to meet its business needs and changes in the market conditions. In addition, the Group will continue to seek new investment opportunities to improve the Group's profitability and maximize returns to the Shareholders.

**VI. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION OF THE
REMAINING GROUP**

The Remaining Group is principally engaged in the business of cruise and cruise related operations and leisure, entertainment and hospitality activities. Set out below is the management and discussion and analysis on the Remaining Group.

(i) For the Year ended 31 December 2014**Liquidity, financial resources and capital commitments**

As at 31 December 2014, cash and cash equivalents amounted to US\$1,648.2 million which include an estimated consideration on the disposal of NCLH Shares at the minimum selling price of US\$19 per share, net of transaction related expenses. Majority of the Remaining Group's cash and cash equivalents were held in U.S. dollars, Singapore dollars, Hong Kong dollars, Australian dollars and Malaysia Ringgit. The Remaining Group's liquidity as at 31 December 2014 was US\$2,079.6 million, comprising cash and cash equivalents and undrawn credit facilities.

Total loans and borrowings as at 31 December 2014 was US\$458.4 million, which were denominated in U.S. dollars and Renminbi. Approximately 13% of the Remaining Group's loans and borrowings was raised at fixed rates and 87% was raised at floating rates, based on the carrying amount of loans and borrowing after taking into consideration the effect of the loan origination costs. As at 31 December 2014, loans and borrowings of US\$220.8 million was repayable within one year. The Remaining Group remained in a net cash position of US\$1,189.8 million as at 31 December 2014, which was calculated as total loans and borrowings less cash and cash equivalents which include an estimated consideration on the disposal of NCLH Shares at the minimum selling price of US\$19 per share, net of transaction related expenses.

The capital structure of the Remaining Group attributable to equity owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity in the 2014 annual report of the Company. The capital structure of the Remaining Group remained unchanged throughout the year ended 31 December 2014.

As at 31 December 2014, the Remaining Group had capital commitments in respect of the acquisition of property, plant and equipment not provided for in the financial statements amounting to US\$1,669.6 million.

Significant investments of the Group and segmental information

The Remaining Group continues to focus on its cruise business which offers various cruise itineraries and call destinations primarily in the Asia Pacific region. Its reported revenue of US\$570.8 million for the year ended 31 December 2014, a 2.9% growth from that of 2013. Gaming revenue increased 10.5% to US\$348.9 million mainly due to a higher blended hold rate despite reduction in

gaming volume. Passenger ticket revenue decreased 15.6% to US\$134.8 million mainly due to the drydock of m.v. SuperStar Virgo (“Virgo”) as well as changes in deployment and itineraries of m.v. SuperStar Gemini (“Gemini”) and Virgo, which included the relocation of Gemini from Shanghai to Singapore and of Virgo from Singapore to Hong Kong in 2014.

Other revenue improved from US\$12.6 million to US\$23.5 million in 2014 mainly due to the increase in dividend income received from available-for-sale investments and revenue generated from aviation operations.

The Remaining Group held an approximately 44.9% effective interest in the common shares of Travellers International Hotel Group, Inc. (“Travellers”) as at 31 December 2014. Its share of Travellers’ results for the year ended 31 December 2014 amounted to US\$52.4 million.

Travellers has subscribed for 3.23 billion shares in RWBCI, the developer of Bayshore City Resorts World at the Entertainment City in Paranaque City, making Travellers effectively the 95% owner of RWBCI. Bayshore City Resorts World will have at least 1,500 hotel rooms to be managed and operated by international hotel brands. These include “The Westin Hotel Manila Bayshore” of the Starwood Asia Pacific Hotels & Resorts and the “Genting Grand” and “Crockfords Tower” of the Genting group. Bayshore City Resorts World will be designed with attractions and facilities to accommodate millions of visitors and tourists annually and cater to different market segments ranging from families, the corporate sector, business travellers, tourists and the meetings and convention market. In addition to the branded hotels, the highlights of Bayshore City Resorts World include a 3,000-seater Grand Opera House, mall, cinema and commercial complex with retail component that shall offer the latest trend and style in fashion, department stores, food and beverage outlets and cinemas, entertainment and gaming facilities. Bayshore City Resorts World has commenced site development and is projected to open in the fourth quarter of 2018. Meanwhile, the second and third phase expansion projects for the development of new hotels and other gaming and non-gaming attractions at Resorts World Manila are in progress.

Material acquisitions and disposals of subsidiaries and associated companies

In March 2014, the Group completed the underwriting agreement to sell 7.5 million shares in NCLH at an offering price of US\$32.97 per share less 3.25% underwriting discount and commission. The percentage of ordinary shares in NCLH beneficially owned by the Group has decreased from 31.4% to 27.7% as a result of the share disposal, with a disposal gain of approximately US\$152.6 million to the Group.

On 23 December 2014, the Company through an indirect wholly-owned subsidiary, Pearl Concept Enterprises Limited (“Pearl Concept”), subscribed for 50% of the share capital in Magical Gains Holdings Limited for US\$118.3 million.

Except for the above, the Remaining Group has no significant investment held and has not been involved in any material acquisitions or disposals of subsidiaries and associated companies during the year.

Employees and remuneration policies

As at 31 December 2014, the Remaining Group had approximately 6,269 employees, consisting of approximately 5,012 (or 80%) shipbased officers and crew as well as approximately 1,257 (or 20%) staff employed in the various world-wide offices of the Remaining Group. The Remaining Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Remaining Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Remaining Group entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

The Company has accounted for NCLH as a jointly controlled entity up to the Initial Public Offering in January 2013 and then as an associate thereafter. Results of NCLH has been accounted for using equity method of accounting, therefore staff costs of NCLH has been recognized and reflected as part of the share of results of jointly controlled entity/associate in the consolidated financial statements of the Company, but has not been consolidated as staff cost of the Group, i.e., the staff cost shown in the consolidated financial statements of the Company does not include those related to NCLH. Thus remuneration of employees (including employee salaries and other employee related benefits but excluding directors' remuneration) for the Remaining Group for the year ended 31 December 2014 is US\$132.4 million, the same as what has been disclosed in the annual report of the Company for the year ended 31 December 2014.

For the year ended 31 December 2014, there was no significant change in the remuneration policies, bonus, share options scheme and training schemes for the Remaining Group.

Charges on group assets

As at 31 December 2014, the outstanding borrowings of the Remaining Group were secured by legal charges including fixed and floating charges over assets with a carrying amount of approximately US\$1.6 billion.

Future plans for material investments or capital assets

The Remaining Group has commissioned Meyer Werft GmbH for the construction of two brand new mega vessels at an aggregate cost of approximately €1.4 billion to meet the growing demands from the Asia Pacific market and to take advantage of port infrastructure development in Asia. The two new vessels are scheduled to be delivered to the Group in the fourth quarter of 2016 and 2017

respectively. The construction of the first new vessel has officially commenced in February this year following the steel-cutting ceremony. The vessel will be a floating resort at sea, a destination itself. It will offer enhanced products covering lifestyle and entertainment, health and wellness and will be equipped with innovative and upmarket facilities.

The acquisition of Crystal Cruises is expected to be completed in or around May 2015 which includes two cruise ships, Crystal Symphony and Crystal Serenity with a total 1,992 passenger berths. Crystal Cruises has been rated the “World’s Best Cruise ship” for 21 out of 22 years. The acquisition is expected to further bolster the Company’s position in the cruise industry.

Gearing ratio

The Remaining Group was in a net cash position of US\$1,189.8 million as at 31 December 2014 which include an estimated consideration on the disposal of NCLH Shares at the minimum selling price of US\$19 per share, net of transaction related expenses. The gearing ratio is defined as net debt divided by total equity, which was not applicable for the year ended 31 December 2014.

Exposure to fluctuations in exchange rates and related hedges

The Remaining Group adopts a prudent treasury policy with all financing and treasury activities managed and controlled at its corporate head office. The Remaining Group manages its exposure primarily through fuel swap agreements. It is also the Remaining Group’s policy that hedging will not be performed in excess of actual requirement.

The Remaining Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Remaining Group’s foreign currency denominated forecasted transactions. The Remaining Group’s principal net foreign currency exposure mainly relates to Singapore dollar, Renminbi, Malaysian Ringgit, Philippines Peso and Hong Kong dollar. To manage this exposure, the Remaining Group takes advantage of any natural offset of the Remaining Group’s foreign currency revenues and expenses.

Contingent liabilities

As at 31 December 2014, the Remaining Group did not have any material contingent liabilities.

(ii) For the Year ended 31 December 2013

Liquidity, financial resources and capital commitments

As at 31 December 2013, cash and cash equivalents amounted to US\$935.4 million. Majority of the Remaining Group’s cash and cash equivalents were held in U.S. dollars, Singapore dollars, Renminbi, Hong Kong dollars Philippines Peso and Ringgit Malaysia. The Remaining Group’s liquidity as at 31 December 2013 was US\$1,352.9 million, comprising cash and cash equivalents and undrawn credit facilities.

Total loans and borrowings as at 31 December 2013 was US\$746.4 million, which were denominated in U.S. dollars, Hong Kong dollars and Renminbi. Approximately 37% of the Remaining Group's loans and borrowings was raised at fixed rates and 63% was raised at floating rates, based on the carrying amount of loans and borrowing after taking into consideration the effect of the loan origination costs. As at 31 December 2013, loans and borrowings of US\$360.4 million was repayable within one year. The Remaining Group turned into a net cash position of US\$189.0 million as at 31 December 2013, which was calculated as total loans and borrowings less cash and cash equivalents.

The capital structure of the Remaining Group attributable to equity owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity in the 2013 results announcement of the Company. The capital structure of the Remaining Group remained unchanged throughout the year ended 31 December 2013.

As at 31 December 2013, the Remaining Group had capital commitments in respect of the acquisition of property, plant and equipment not provided for in the financial statements amounting to US\$993.7 million.

Significant investments of the Group and segmental information

The Remaining Group continues to focus on its cruise business which offers various cruise itineraries and call destinations primarily in the Asia Pacific region. Its reported revenue of US\$554.7 million for the year ended 31 December 2013 registered a growth of 6.6% compared to 2012. Passenger ticket revenue and onboard and other revenue increased 28.0% and 39.1% to US\$159.6 million and US\$66.9 million respectively in 2013 mainly due to higher capacity days coupled with an improvement in occupancy. In 2013, Gemini and m.v. Genting World ("Genting World") had a full year operation which contributed to the increase in capacity days despite routine dry-docks of the Remaining Group's other vessels, namely m.v. Star Pisces, m.v. Superstar Aquarius and m.v. Superstar Libra. Gaming revenue decreased 7.4% to US\$315.7 million in 2013 due to a weaker overall luck factor notwithstanding a strong year-on-year growth in drop.

Its segment results in 2013 decreased US\$98.2 million compared to 2012 were mainly due to increase in operating expenses attributable to the full year operation of Gemini and Genting World and higher marketing and promotion expenses in connection with the Group's 20th anniversary celebrations and Gemini's first year homeport deployment in Shanghai.

The Remaining Group held an approximately 44.9% effective interest in the common shares of Travellers as at 31 December 2013. Its share of Travellers' results for the year ended 31 December 2013 amounted to US\$31.2 million.

Travellers is developing several new hotels and other leisure and entertainment attractions at Resorts World Manila ("RWM") in the Philippines. The second phase of RWM's expansion project is expected to include an expansion of the Marriot Hotel Manila, while the third phase of RWM's expansion project is expected to feature two new hotels, the Sheraton Hotel Manila and the Hilton Manila as well as an extension to Maxims Hotel. The expansion project is expected to improve RWM's position as a prime entertainment and tourism hotspot in the Philippines, catering to the growing influx of visitors, domestic and international alike, to RWM in the next few years.

Material acquisitions and disposals of subsidiaries and associated companies

In August 2013, the Group entered into an underwriting agreement to sell 11.5 million shares in NCLH at an offering price of US\$29.75 per share less 3.25% underwriting discount and commission. The percentage of ordinary shares of NCLH beneficially owned by the Group has decreased from 43.4% to 37.7% as a result of the share disposal, with a disposal gain of approximately US\$192.6 million to the Group.

In December 2013, the Group entered into another underwriting agreement to sell 12.65 million shares in NCLH at an offering price of US\$33.25 per share less 3.25% underwriting discount and commission. The percentage of ordinary shares of NCLH beneficially owned by the Group has decreased from 37.5% to 31.4% as a result of the share disposal, with a disposal gain of approximately US\$259.1 million to the Group.

Except for the above, the Remaining Group has no significant investment held and has not been involved in any material acquisitions or disposals of subsidiaries and associated companies during the year.

Employees and remuneration policies

As at 31 December 2013, the Remaining Group had approximately 6,319 employees, consisting of approximately 5,049 (or 80%) shipbased officers and crew as well as approximately 1,270 (or 20%) staff employed in the various world-wide offices of the Remaining Group. The Remaining Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Remaining Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Remaining Group entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

The Company has accounted for NCLH as a jointly controlled entity up to the Initial Public Offering in January 2013 and then as an associate thereafter. Results of NCLH has been accounted for using equity method of accounting, therefore staff costs of NCLH has been recognized and reflected as part of the share of results of jointly controlled entity/associate in the consolidated financial statements of the Company, but has not been consolidated as staff cost of the Group, i.e., the staff cost shown in the consolidated financial statements of the Company does not include those related to NCLH. Thus remuneration of employees (including employee salaries and other employee related benefits but excluding directors' remuneration) for the Remaining Group for the year ended 31 December 2013 is US\$125.3 million, the same as what has been disclosed in the annual report of the Company for the year ended 31 December 2013.

For the year ended 31 December 2013, there was no significant change in the remuneration policies, bonus, share options scheme and training schemes for the Remaining Group.

Charges on group assets

As at 31 December 2013, the outstanding borrowings of the Remaining Group were secured by legal charges including fixed and floating charges over assets with a carrying amount of approximately US\$1.5 billion.

Future plans for material investments or capital assets

The Remaining Group has commissioned Meyer Werft GmbH for the construction of two brand new mega vessels at an aggregate cost of approximately €1.4 billion to meet the growing demands from the Asia Pacific market and to take advantage of port infrastructure development in Asia. Each of these ships is approximately 150,000 gross tons with about 3,300 lower berths and will be designed to offer a wide variety of Asian and international food & beverage outlets as well as world class recreation, health & fitness and conference facilities catering for the unique demand of Asian clientele. The two new ships are scheduled to be delivered to Star Cruises in the fourth quarter of 2016 and 2017, respectively.

Gearing ratio

The Remaining Group was in a net cash position of US\$189.0 million as at 31 December 2013. The gearing ratio is defined as net debt divided by total equity, which was not applicable for the year ended 31 December 2013.

Exposure to fluctuations in exchange rates and related hedges

The Remaining Group adopts a prudent treasury policy with all financing and treasury activities managed and controlled at its corporate head office. The Remaining Group manages its exposure primarily through fuel swap agreements. It is also the Remaining Group's policy that hedging will not be performed in excess of actual requirement.

The Remaining Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Remaining Group's foreign currency denominated forecasted transactions. The Remaining Group's principal net foreign currency exposure mainly relates to Singapore dollar, Renminbi, Malaysian Ringgit, Philippines Peso and Hong Kong dollar. To manage this exposure, the Remaining Group takes advantage of any natural offset of the Remaining Group's foreign currency revenues and expenses.

Contingent liabilities

As at 31 December 2013, the Remaining Group did not have any material contingent liabilities.

(iii) For the Year Ended 31 December 2012**Liquidity, financial resources and capital commitments**

As at 31 December 2012, cash and cash equivalents amounted to US\$450.7 million. Majority of the Remaining Group's cash and cash equivalents were held in U.S. dollars, Singapore dollars, Renminbi, Hong Kong dollars and Malaysia Ringgit. The Remaining Group's liquidity as at 31 December 2012 was US\$912.5 million, comprising cash and cash equivalents and undrawn credit facilities.

Total loans and borrowings as at 31 December 2012 was US\$842.4 million, which was denominated in U.S. dollars and Renminbi. Approximately 34% of the Remaining Group's loans and borrowings was raised at fixed rates and 66% was raised at floating rates, after taking into consideration the effect of the loan origination costs. As at 31 December 2012, loans and borrowings of US\$130.4 million was repayable within 1 year. The Remaining Group was in a net debt position of US\$391.7 million as at 31 December 2012, which was calculated as total loans and borrowings less cash and cash equivalents.

The capital structure of the Remaining Group attributable to equity owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity in the 2012 annual report of the Company. The capital structure of the Remaining Group remained unchanged throughout the year ended 31 December 2012.

As at 31 December 2012, the Remaining Group has capital commitments in respect of the acquisition of property, plant and equipment not provided for in the financial statements amounted to US\$21.0 million.

Significant investments of the Group and segmental information

Star Asia buttressed its leadership in the Asia-Pacific cruise industry with substantial investments in growth-centric refurbishments and strategic deployments in the region. SuperStar Gemini, formerly Norwegian Dream, underwent a large-scale refurbishment with customization especially for Asian customers. The retail space was redesigned and considerably expanded, including an upscale duty-free retail boulevard that was instantly a hit with passengers. Genting World, formerly known as MegaStar Aries before refurbishment, was launched in December 2012 to cater to premium customers looking for unique cruise holiday with small groups of family and friends.

The Remaining Group's turnover for 2012 was US\$520.4 million, an increase of US\$26.4 million from 2011. The increase was mainly attributable to US\$16.4 million increase in gaming revenue and US\$8.9 million increase in ticket and onboard revenue. m.v. SuperStar Aquarius which began its maiden Sanya route since November 2011 and higher net yield in Taiwan and Malaysia regions contributed to the increased ticket and onboard revenue.

Its segment results improved 9.4% year-on-year drawing on the collective performance of the various business segments.

The Remaining Group held a 50% interest in Travellers as at 31 December 2012. Its share of Travellers' results for the year ended 31 December 2012 amounted to US\$78.0 million.

Travellers Group remains uniquely and strategically positioned to capitalise on the growth opportunities in the Philippines through its existing operations in the Phase 3 expansion at Newport City and development of Resorts World Bayshore at the Entertainment City. The expansion at Newport City includes the construction of Marriott Grand Ballroom, which will be a 5,000-seater MICE venue that is linked to the existing Marriott Hotel along with additional new world-class hotels including Hilton and Sheraton. The development of Resorts World Bayshore will include a 5-star 600-room Westin Hotel and an iconic structure, the Grand Opera House with an intention of turning it into the Broadway of Asia.

Material acquisitions and disposals of subsidiaries and associated companies

In May 2012, the Remaining Group disposed off its entire interest in Resorts World Inc Pte. Ltd. For approximately US\$7.7 million and recorded a loss on disposal of the associate of approximately US\$0.5 million.

Except for the above, the Remaining Group has no significant investment held and has not been involved in any material acquisitions or disposals of subsidiaries and associated companies during the year.

Employees and remuneration policies

As at 31 December 2012, the Remaining Group had approximately 6,456 employees, consisting of approximately 5,168 (or 80%) shipbased officers and crew as well as approximately 1,288 (or 20%) staff employed in the various world-wide offices of the Remaining Group. The Remaining Group provides competitive salaries, benefits and incentives including provident fund schemes and medical insurance schemes for its staff. In addition, the Remaining Group had adopted a Post-listing Employees Share Option Scheme under which options may be granted to eligible employees of the Remaining Group entitling them to subscribe for shares in the share capital of the Company. Upon expiry of the said scheme on 29 November 2010, no further options may be granted thereunder while the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme.

The Company has accounted for NCLH as a jointly controlled entity up to the Initial Public Offering in January 2013 and then as an associate thereafter. Results of NCLH has been accounted for using equity method of accounting, therefore staff costs of NCLH has been recognized and reflected as part of the share of results of jointly controlled entity/associate in the consolidated financial statements of the Company, but has not been consolidated as staff cost of the Group, i.e., the staff cost shown in the consolidated financial statements of the Company does not include those related to NCLH. Thus remuneration of employees (including employee salaries and other employee related benefits but excluding directors' remuneration) for the Remaining Group for the year ended 31 December 2012 is US\$113.8 million, the same as what has been disclosed in the annual report of the Company for the year ended 31 December 2012.

For the year ended 31 December 2012, there was no significant change in the remuneration policies, bonus, share options scheme and training schemes for the Remaining Group.

Charges on group assets

As at 31 December 2012, the outstanding borrowings of the Remaining Group were secured by legal charges including fixed and floating charges over assets with a carrying amount of approximately US\$0.7 billion.

Future plans for material investments or capital assets

The Remaining Group continues to shape the future of cruise holiday in Asia by upgrading its fleet, expanding choice and developing both its product ranges and services. With the new onboard shopping offerings, the Remaining Group continues to build successful businesses that bring unrivalled experience and value to customers. After spending US\$56.7 million in drydock and refurbishment, SuperStar Gemini will be homeported in Shanghai from April to October 2014 and offer idyllic sailings to popular destinations in North Asia after a series of successful inaugural sailings in Singapore, Penang and Sanya. The return of SuperStar Libra to Penang after a month-long drydock and refurbishment, will be offering two special cruises to Yangon through a wide range of shore excursion selections in May and August 2014. The transformation of SuperStar Gemini and SuperStar Libra along with other vessels will enable the Remaining Group to deliver an all-inclusive cruise experience, offering a variety of entertainment and recreational choices to our customers.

Gearing ratio

The gearing ratio of the Remaining Group as at 31 December 2012 was 0.17 times. The gearing ratio is defined as net debt divided by total equity. Net debt of approximately US\$391.7 million is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. The total equity of the Remaining Group is approximately US\$2,372.1 million.

Exposure to fluctuations in exchange rates and related hedges

The Remaining Group adopts a prudent treasury policy with all financing and treasury activities managed and controlled at its corporate head office. The Remaining Group manages its exposure primarily through fuel swap agreements. It is also the Remaining Group's policy that hedging will not be performed in excess of actual requirement. The Remaining Group also applies a fuel surcharge to mitigate the fluctuation in fuel prices.

The Remaining Group is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of the Remaining Group's foreign currency denominated forecasted transactions. The Remaining Group's principal net foreign currency exposure mainly relates to Singapore dollar, Renminbi, Malaysian Ringgit and Hong Kong dollar. To manage this exposure, the Remaining Group takes advantage of any natural offset of the Remaining Group's foreign currency revenues and expenses.

Contingent liabilities

As at 31 December 2012, the Remaining Group did not have any material contingent liabilities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (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 pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, or in accordance with information received by the Company, were as follows:

2.1 Interests in the issued 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 issued Shares (Notes)						
Tan Sri Lim Kok Thay	368,643,353	36,298,108 (1)	2,034,082,196 (2)	5,456,942,124 (3) and (4)	6,408,512,493 (5)		79.74
Mr. Lim Keong Hui (6)	—	—	—	5,456,942,124 (3) and (4)	5,456,942,124		67.90
Mr. Justin Tan Wah Joo	968,697 (7)	968,697 (7)	—	—	968,697 (5)		0.01

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 Investments Ltd. (“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 2,034,082,196 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; (ii) the same block of 546,628,908 Shares directly held by Joondalup Limited in which Tan Sri Lim Kok Thay held 100% of its issued share capital; and (iii) the same block of 1,431,059,180 Shares directly held by Resorts World Limited (“RWL”) and the same block of 20,096,000 Shares directly held by Genting Overseas Holdings Limited (“GOHL”) by virtue of his interests in a chain of corporations holding RWL and GOHL (details of the percentage interests in such corporations were set out in the section headed “Interests of Substantial Shareholders” below)).
- (3) Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts (trustees of which are Parkview Management Sdn Bhd and First Names Trust Company (Isle of Man) Limited respectively) and Mr. Lim Keong Hui also as a beneficiary of these two discretionary trusts, had a deemed interest in the same block of 5,456,942,124 Shares.
- (4) Out of the same block of 4,005,786,944 Shares held directly by Golden Hope Limited as trustee of Golden Hope Unit Trust, 1,100,000,000 Shares are pledged Shares.
- (5) There was no duplication in arriving at the total interest.
- (6) Mr. Lim Keong Hui is a son of Tan Sri Lim Kok Thay.
- (7) These shares were jointly held by Mr. Justin Tan Wah Joo and his wife.
- (8) All the above interests represented long positions in the Shares and excluded those in the underlying Shares held through share options, convertible bonds or other equity derivatives, if any. Interests of the Director, Tan Sri Lim Kok Thay, set out in this subsection 2.1 need to be aggregated with his interests in the underlying Shares held through share options, convertible bonds or other equity derivatives of the Company set out in subsection 2.2 below in order to give the total interests of the Director 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 held through share options, convertible bonds or other equity derivatives

Share options were granted to a Director under the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002) (the “Post-listing Employee Share Option Scheme”).

As at the Latest Practicable Date, the Director had personal interests in the following underlying shares held through share options granted under the Post-listing Employee Share Option Scheme:

<u>Name of Director</u>	<u>Number of underlying Shares</u>	<u>Percentage of issued Shares</u>	<u>Capacity in which such interests were held</u>
Tan Sri Lim Kok Thay	7,000,000	0.087	Beneficial owner

- (4) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 250,000 ordinary shares of Starlet.
- (5) SC Alliance had two classes of issued shares, namely the common shares and the series A preferred shares. All the issued common shares in SC Alliance were held by Starlet.
- (6) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 2,000 common shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.
- (7) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 2,000 common shares of SC Alliance directly held by Starlet in which IRMS had a 50% interest.
- (8) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 2,000 common shares of SC Alliance.
- (9) SCHKMS was owned as to (i) 60% by SC Alliance; and (ii) 40% by Starlet.
- (10) As the spouse of Puan Sri Wong Hon Yee, Tan Sri Lim Kok Thay had a family interest in 5,000 ordinary shares of SCHKMS directly and indirectly held by Starlet in which IRMS had a 50% interest, IRMS was in turn owned as to 20% by Puan Sri Wong Hon Yee.
- (11) Tan Sri Lim Kok Thay was deemed to have a corporate interest in 5,000 ordinary shares of SCHKMS comprising (i) 3,000 ordinary shares directly held by SC Alliance; and (ii) 2,000 ordinary shares directly held by Starlet.
- (12) As founder and a beneficiary of a discretionary trust, Tan Sri Lim Kok Thay had a deemed interest in 5,000 ordinary shares of SCHKMS.
- (13) Travellers had two classes of issued shares, namely the common shares and the preferred B shares. Following initial listing of the common shares of Travellers on the Main Board of The Philippine Stock Exchange, Inc. on 5 November 2013 and the exercise of the over-allotment option by the stabilizing agent on 4 December 2013 to purchase 23,645,600 common shares, the Company's effective interest in the common shares of Travellers has been diluted from 50% to 44.93%. The Company's effective interest in the preferred B shares of Travellers remains unchanged at 50% following the listing.
- (14) As a beneficiary of a discretionary trust, Mr. Lim Keong Hui had a deemed interest in 9,203,350,000 common shares of Travellers.
- (15) There was no duplication in arriving at the total interest.
- (16) These interests represented long positions in the shares of the relevant associated corporations of the Company.
- (17) Tan Sri Lim Kok Thay held qualifying shares in certain associated corporations of the Company on trust for a subsidiary of the Company.

2.4 Share Options

Details of the Company's Post-listing Employee Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2014. The Post-listing Employee Share Option Scheme has expired on 29 November 2010 whereupon no further options can be granted under the scheme but the outstanding options remain exercisable subject to the terms and conditions of the respective grants and the provisions of the scheme. Details of the outstanding share options granted to the Director of the Company and the employees of the Group under the Post-listing Employee Share Option Scheme as at the Latest Practicable Date were as follows:

Post-listing Employee Share Option Scheme

	<u>Date granted</u>	<u>Exercise price per Share</u>	<u>Exercisable period</u>	<u>Number of share options outstanding at the Latest Practicable Date</u>
Director				
Tan Sri Lim Kok Thay	27/05/2008	HK\$1.7800	28/05/2009 — 27/05/2018	7,000,000
				<u>7,000,000</u>
All other employees	27/05/2008	HK\$1.7800	28/05/2009 — 27/05/2018	2,525,000
	16/11/2010	HK\$3.7800	16/11/2011 — 15/11/2020	10,550,000
				<u>13,075,000</u>
Grand Total				<u>20,075,000</u>

The share options under the Post-listing Employee Share Option Scheme granted on (i) 27 May 2008 vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the five years from 2009 to 2013; and (ii) 16 November 2010 vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the five years from 2011 to 2015. All the 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.

Save as disclosed above and in the section headed "Interests of Substantial Shareholders" below, as at the Latest Practicable Date, none of the Directors or the Chief Executive 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 (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or in accordance with information received by the Company.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors or the Chief Executive of the Company were aware or could ascertain after reasonable enquiry, the following persons, not being a Director or the 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 issued Shares

Name of Shareholder <i>(Notes)</i>	Nature of interests/capacity in which such interests were held					Total	Percentage of issued Shares
	Beneficial owner	Interests of spouse	Interests of controlled corporation	Trustee	Beneficiary of trust		
	Number of issued Shares <i>(Notes)</i>						
Parkview Management Sdn Bhd (as trustee of a discretionary trust) <i>(1)</i>	—	—	1,451,155,180 <i>(11)</i>	1,451,155,180 <i>(13)</i>	—	1,451,155,180 <i>(21)</i>	18.06
Kien Huat International Limited <i>(2)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Kien Huat Realty Sdn. Berhad <i>(3)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Genting Berhad <i>(4)</i>	—	—	1,451,155,180 <i>(11)</i>	—	—	1,451,155,180	18.06
Genting Malaysia Berhad <i>(5)</i>	—	—	1,431,059,180 <i>(12)</i>	—	—	1,431,059,180	17.81
Sierra Springs Sdn Bhd <i>(6)</i>	—	—	1,431,059,180 <i>(12)</i>	—	—	1,431,059,180	17.81
Resorts World Limited <i>(6)</i>	1,431,059,180	—	—	—	—	1,431,059,180	17.81
First Names Trust Company (Isle of Man) Limited (as trustee of a discretionary trust) <i>(7)</i>	—	—	4,005,786,944 <i>(14)</i>	4,005,786,944 <i>(15)</i>	4,005,786,944 <i>(17)</i>	4,005,786,944 <i>(21)</i>	49.84
Cove Investments Limited <i>(8)</i>	—	—	—	—	4,005,786,944 <i>(18)</i>	4,005,786,944	49.84
Golden Hope Limited (as trustee of Golden Hope Unit Trust) <i>(9)</i>	—	—	—	4,005,786,944 <i>(16) and (20)</i>	—	4,005,786,944	49.84
Joondalup Limited <i>(10)</i>	546,628,908	—	—	—	—	546,628,908	6.80
Puan Sri Wong Hon Yee	—	6,408,512,493 <i>(19(a))</i>	36,298,108 <i>(19(b))</i>	—	—	6,408,512,493 <i>(21)</i>	79.74

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 were Tan Sri Lim Kok Thay (“Tan Sri KT Lim”), Mr. Lim Keong Hui and certain other members of Tan Sri KT Lim’s family. Tan Sri KT Lim controlled an aggregate of 33.33% of the equity interest in Parkview directly and indirectly. Tan Sri KT Lim is the father of Mr. Lim Keong Hui.
- (2) Kien Huat International Limited (“KHI”) was a private company, the voting shares of which were wholly-owned by Parkview as trustee of the Discretionary Trust 1.
- (3) Kien Huat Realty Sdn. Berhad (“KHR”) was a private company, the voting shares of which were wholly-owned by KHI.
- (4) Genting Berhad (“GENT”) was a company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) of which KHR controlled 39.75% of its equity interest carrying voting power.
- (5) Genting Malaysia Berhad (“GENM”) was a company listed on the Main Market of Bursa Malaysia of which GENT controlled 49.30% of its equity interest.
- (6) Resorts World Limited (“RWL”) was a subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) and both of them were wholly-owned subsidiaries of GENM.
- (7) First Names Trust Company (Isle of Man) Limited (“First Names”) was the trustee of a discretionary trust (the “Discretionary Trust 2”), the beneficiaries of which were Tan Sri KT Lim, Mr. Lim Keong Hui and certain other members of Tan Sri KT Lim’s family. First Names as trustee of the Discretionary Trust 2 held 99.99% of the units in Golden Hope Unit Trust (“GHUT”), a private unit trust directly and 0.01% of the units in GHUT indirectly through Cove (as defined below).
- (8) Cove Investments Limited (“Cove”) was wholly-owned by First Names as trustee of the Discretionary Trust 2.
- (9) Golden Hope Limited (“Golden Hope”) was the trustee of GHUT.
- (10) Joondalup Limited was wholly-owned by Tan Sri KT Lim.
- (11) Each of Parkview as trustee of the Discretionary Trust 1, KHI, KHR and GENT had a corporate interest in 1,451,155,180 Shares (comprising the same block of 1,431,059,180 Shares held directly by RWL and the same block of 20,096,000 Shares held directly by Genting Overseas Holdings Limited (“GOHL”), a wholly-owned subsidiary of GENT).
- (12) Each of GENM and Sierra Springs had a corporate interest in the same block of 1,431,059,180 Shares held directly by RWL.
- (13) The interest in 1,451,155,180 Shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 1,431,059,180 Shares held directly by RWL and the same block of 20,096,000 Shares held directly by GOHL.
- (14) First Names as trustee of the Discretionary Trust 2 had a corporate interest in the same block of 4,005,786,944 Shares held directly by Golden Hope as trustee of GHUT.

- (15) First Names in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 4,005,786,944 Shares held directly by Golden Hope as trustee of GHUT.
- (16) The interest in 4,005,786,944 Shares was held directly by Golden Hope in its capacity as trustee of GHUT.
- (17) First Names as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 4,005,786,944 Shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (18) Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 4,005,786,944 Shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
- (19) (a) Puan Sri Wong Hon Yee (“Puan Sri Wong”) as the spouse of Tan Sri KT Lim, had a family interest in the same block of 6,408,512,493 Shares in which Tan Sri KT Lim had a deemed interest. These interests did not include the deemed interests of Puan Sri Wong in the underlying Shares of the Company through share options held personally by Tan Sri KT Lim and need to be aggregated with such interests set out in subsection 3.2 below to give the total interests of Puan Sri Wong pursuant to the SFO.
- (b) Puan Sri Wong also had a corporate interest in 36,298,108 Shares held directly by Goldsfine by holding 50% of its equity interest.
- (20) Out of the same block of 4,005,786,944 Shares held directly by Golden Hope as trustee of GHUT, 1,100,000,000 Shares are pledged Shares.
- (21) There was no duplication in arriving at the total interest.
- (22) All the above interests represented long positions in the Shares and excluded those in the underlying Shares held through share options, convertible bonds or other equity derivatives, if any.

3.2 Interests in the underlying Shares held through share options, convertible bonds or other equity derivatives

Name of shareholder	Number of underlying Shares	Percentage of issued Shares	Nature of interests
Puan Sri Wong Hon Yee	7,000,000 <i>(Note)</i>	0.087	Interests of spouse

Note: As at the Latest Practicable Date, Puan Sri Wong as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 7,000,000 underlying Shares by virtue of the share options granted to Tan Sri KT Lim under the Post-listing Employee Share Option Scheme. These interests represented 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

<u>Name of subsidiary</u>	<u>Name of Shareholder</u>	<u>Number of shares held</u>	<u>Holding percentage</u>
Macau Land Investment Corporation	World Arena Corporation	15 ordinary shares	15%
	Silverland Concept Corporation	10 ordinary shares	10%
GAM International Limited*	Admares Holding GmbH	1,000 ordinary shares	25%

* The Group has entered into a share sale and purchase agreement with Admares Holding GmbH, pursuant to which the Group has agreed to transfer 75% of the shareholding interest in GAM International Limited to Admares Holding GmbH. Upon completion, which has not taken place as of the Latest Practicable Date, Admares Holding GmbH will own 100% of shareholding interest in GAM International Limited.

Save as disclosed in this circular and so far as the Directors or the Chief Executive of the Company were aware, as at the Latest Practicable Date, there were no other persons 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.

Save as disclosed below, as at the Latest Practicable Date, no other Directors are directors or employees of substantial shareholders listed in the section headed “Interests of Substantial Shareholders” above:

<u>Name of Director</u>	<u>Title</u>	<u>Company</u>
Tan Sri Lim Kok Thay	Chairman and Chief Executive	Genting Berhad
	Chairman and Chief Executive	Genting Malaysia Berhad
	Director	Parkview Management Sdn Bhd
	Director	Kien Huat International Limited
	Director	Kien Huat Realty Sdn. Berhad
	Director	Sierra Springs Sdn Bhd
	Director	Resorts World Limited
	Director	Cove Investments Limited
	Director	Golden Hope Limited
	Director	Joondalup Limited
Mr. Lim Keong Hui	Non-Independent Executive	Genting Berhad
	Director, Executive Director — Chairman’s Office and Chief Information Officer	
	Non-Independent Executive Director and Chief Information Officer	Genting Malaysia Berhad
	Director	Kien Huat International Limited
	Director	Kien Huat Realty Sdn. Berhad

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into any 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. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

- (1) On 20 December 2013, Star Cruises (HK) Limited ("SCHK", an indirect wholly-owned subsidiary of the Company) as tenant entered into a tenancy agreement with Rich Hope Limited ("Rich Hope", a company in which Tan Sri Lim Kok Thay and his wife each has an attributable interest as to 50%) as landlord for renewal of the lease of an apartment in Hong Kong for a term of two years commencing on 1 January 2014 and ending on 31 December 2015. The amount charged by Rich Hope to SCHK in respect of the rental amounted to US\$232,000 and US\$233,000 during the years ended 31 December 2013 and 31 December 2014 respectively.
- (2) On 12 November 2012, Star Cruises (Australia) Pty Ltd (an indirect wholly-owned subsidiary of the Company) as tenant entered into the tenancy agreement with Ambadell Pty Limited ("Ambadell", a company ultimately wholly-owned by Golden Hope Limited as trustee of the Golden Hope Unit Trust) as landlord for renewal of the lease of an office area in Australia for a term of three years commencing on 1 September 2012 and ending on 31 August 2015. The amount charged by Ambadell to the Group in respect of the rental amounted to US\$58,000 and US\$57,000 during the years ended 31 December 2013 and 31 December 2014 respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any members of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion which is contained in this circular.

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers:

- (a) did not have any shareholding, direct or indirect, in any member of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2014, being the date up to which the latest published audited financial statements of the Group were made; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and reference to its name in the form and context in which they are included.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (1) A lock-up agreement dated 7 August 2013 between Star NCLC, UBS Securities LLC (“UBS Securities”) and Barclays Capital Inc. (“Barclays”) under which Star NCLC had undertaken, subject to certain exceptions, not to, without the prior written consents of UBS Securities and Barclays, sell, offer or contract or agree to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of or agree to dispose of directly or indirectly or file a registration statement with the U.S. Securities and Exchange Commission in respect of any ordinary shares of NCLH for a period of 60 days after 8 August 2013.
- (2) An underwriting agreement dated 8 August 2013 between (i) Star NCLC and the other Selling Shareholders (as defined in the underwriting agreement) and (ii) UBS Securities and Barclays under which Star NCLC agreed to sell to UBS Securities and Barclays on behalf of other underwriters a total of 11,500,000 NCLH Shares (including an option to purchase up to an additional 1,500,000 NCLH Shares) at the offer price of US\$29.75 per NCLH Share with an underwriting discount and commission of 3.25%.
- (3) A shipbuilding contract dated 7 October 2013 between Meyer Werft GMBH as builder, Chinese Dream Limited (an indirect wholly-owned subsidiary of the Company) as buyer and the Company (as guarantor for the obligations of the buyer thereunder) in relation to the construction and delivery of a passenger cruise vessel at a contract price of €707.2 million.

- (4) Lock-up undertakings dated 5 November 2013 between CIMB Securities (Singapore) Pte. Ltd. (“CIMB”), Maybank Kim Eng Securities Pte. Ltd. (“Maybank”), Merrill Lynch (Singapore) Pte. Ltd. (“ML”), Religare Capital Markets (Singapore) Pte. Limited (“Religare”) and UBS AG, Hong Kong Branch (“UBS”), on behalf of the underwriters in the initial public offering of the common shares of Travellers (the “Travellers IPO”), and, respectively, Asian Travellers, Ltd., Premium Travellers Ltd., and Star Cruises Philippines Holdings B.V. (each a wholly-owned subsidiary of the Company) (the “GHK Entities”) pursuant to which the GHK Entities severally agreed that, for a period of 180 days after 5 November 2013, without the prior written consent of CIMB, Maybank, ML, Religare and UBS, the GHK Entities and any person acting on their behalf will not: (a) sell, offer or contract or agree to sell, mortgage, charge, pledge, hypothecate, grant any option to purchase, or otherwise transfer or dispose, or contract or agree to transfer or dispose, any common shares or other securities of Travellers; (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any common shares of Travellers held by the GHK Entities; (c) enter into any transaction with the same economic benefit as any transaction specified in (a) or (b) above; or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above.
- (5) A lock-up agreement dated 2 December 2013 between Star NCLC, UBS Securities and Barclays under which Star NCLC had undertaken, subject to certain exceptions, not to, without the prior written consents of UBS Securities and Barclays, sell, offer or contract or agree to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of or agree to dispose of directly or indirectly or file a registration statement with the U.S. Securities and Exchange Commission in respect of any ordinary shares of NCLH for a period of 60 days after 3 December 2013.
- (6) An underwriting agreement dated 3 December 2013 between (i) Star NCLC and the other Selling Shareholders (as defined in the underwriting agreement) and (ii) UBS Securities and Barclays under which Star NCLC agreed to sell to UBS Securities and Barclays on behalf of other underwriters a total of 12,650,000 NCLH Shares (including an option to purchase up to an additional 1,650,000 NCLH Shares) at the offer price of US\$33.25 per NCLH Share with an underwriting discount and commission of 3.25%.
- (7) A shipbuilding contract dated 10 February 2014 between Chinese Percept Limited (an indirect wholly-owned subsidiary of the Company) as buyer, the Company (as guarantor for the obligations of the buyer thereunder) and Meyer Werft GMBH as builder in relation to the construction and delivery of a passenger cruise vessel at a contract price of €697.2 million.
- (8) A lock-up agreement dated 4 March 2014 between Star NCLC and Citigroup Global Markets Inc. (“Citigroup”) under which Star NCLC had undertaken, subject to certain exceptions, not to, without the prior written consents of Citigroup, sell, offer or contract or agree to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of or agree to dispose of directly or indirectly or file a registration statement with the U.S. Securities and Exchange Commission in respect of any ordinary shares of NCLH for a period of 60 days after 4 March 2014.

- (9) An underwriting agreement dated 4 March 2014 between (i) Star NCLC and the other Selling Shareholders (as defined in the underwriting agreement) and (ii) Citigroup under which Star NCLC agreed to sell to Citigroup a total of 7,500,000 NCLH Shares at the offer price of US\$32.97 per NCLH Share.
- (10) A subscription and loan agreement dated 18 November 2014 between Pearl Concept Enterprises Limited (“Pearl Concept”), an indirect wholly-owned subsidiary of the Company, Landing International Development Limited and Magical Gains Holdings Limited (“Magical Gains”) whereby Pearl Concept agreed to subscribe for 100 new ordinary shares (representing 50% of the enlarged issued share capital after completion of the subscription) in Magical Gains and to make available a loan to Magical Gains, for a combined aggregate amount of KRW130,000,000,000 (equivalent to approximately HK\$917.4 million when the agreement was executed).
- (11) A purchase agreement dated 3 March 2015 between NYK Group Americas Inc. (“NYK”), Crystal Cruises, Inc. (“Crystal Cruises”), Crystal Acquisition Company Limited (“Crystal Acquisition”, an indirect wholly-owned subsidiary of the Company) and the Company whereby Crystal Acquisition agreed to acquire the entire interest in Crystal Cruises at the consideration of US\$550,000,000 (subject to adjustment).
- (12) A lock-up agreement dated 5 March 2015 between Star NCLC and UBS Securities under which Star NCLC had undertaken, subject to certain exceptions, not to, without the prior written consents of UBS Securities, sell, offer or contract or agree to sell, pledge, hypothecate, grant any option to purchase or otherwise dispose of or agree to dispose of directly or indirectly or file a registration statement with the U.S. Securities and Exchange Commission in respect of any ordinary shares of NCLH for a period of 45 days after 5 March 2015.
- (13) An underwriting agreement dated 5 March 2015 between (i) NCLH and the other Selling Shareholder (as defined in the underwriting agreement) and (ii) UBS Securities under which Star NCLC agreed to sell to UBS Securities a total of 6,250,000 NCLH Shares at the offer price of US\$50.76 per NCLH Share.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, there is no litigation or claim of material importance pending or threatened against any member of the Group.

9. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Tan Sri Lim Kok Thay, the Chairman and Chief Executive Officer of the Company, is the Chairman and Chief Executive, a shareholder and a warrant holder of Genting Berhad (“GENT”) as well as the Chairman and Chief Executive and a shareholder of Genting Malaysia Berhad (“GENM”). GENT and GENM are substantial shareholders of the Company and both are listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Executive Chairman, a shareholder, a share option holder and a holder of the rights to participate in the performance shares of Genting Singapore PLC (“GENS”), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

Mr. Lim Keong Hui, the Executive Director — Chairman’s Office and Chief Information Officer of the Company, is also a Non-Independent Executive Director, the Executive Director — Chairman’s Office and Chief Information Officer of GENT, and a Non-Independent Executive Director and Chief Information Officer of GENM.

GENM is involved in a tourist resort business at Resorts World Genting and its principal activities cover leisure and hospitality services, which comprise gaming, hotel, entertainment and amusement. The principal activities of GENM’s subsidiaries include operation of casinos, property development and management, leisure and hospitality services, investments, timeshare ownership scheme, tours and travel related services, provision of sales and marketing services and information technology related services. GENS group’s principal activities include the development and operation of integrated resorts, operation of casinos, provision of sales and marketing support services to leisure and hospitality related businesses and investments. As at the Latest Practicable Date, GENT held approximately 49.30% and 52.60% equity interests in GENM and GENS respectively.

The Group is principally engaged in the business of cruise and cruise-related operations and leisure, entertainment and hospitality activities.

Tan Sri Lim Kok Thay and Mr. Lim Keong Hui are 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 GENT, GENM and GENS. 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.

10. MISCELLANEOUS

- (a) The Company 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. The assistant secretary is Appleby Services (Bermuda) Ltd.
- (b) The registered office of the Company is situated at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (c) 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.

- (d) The Bermuda principal registrar of the Company is MUFG Fund Services (Bermuda) Limited located at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (e) The Hong Kong branch registrar of the Company is Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the corporate headquarters and principal place of business in Hong Kong of the Company up to and including the date of the SGM:

- (a) the Memorandum of Continuance and Bye-laws of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2012, 31 December 2013 and 31 December 2014;
- (c) the material contracts referred to in paragraph 7 of this appendix;
- (d) the report from PricewaterhouseCoopers on the unaudited pro-forma financial information of the Remaining Group, the text of which is set out in Appendix II;
- (e) the letter of consent from PricewaterhouseCoopers referred to in paragraph 6 of this appendix; and
- (f) this circular.

NOTICE OF SPECIAL GENERAL MEETING



GENTING HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of Genting Hong Kong Limited (the “**Company**”) will be held at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 2 June 2015 at 4:00 p.m. (Hong Kong time) for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:—

ORDINARY RESOLUTION

“**THAT:**

- (a) the disposal (the “**Future Disposal**”) by the Company and/or its subsidiaries (the “**Group**”) of up to 50,569,334 shares or such number of remaining NCLH Shares (as defined below) then held by Star NCLC (as defined below) as shall represent the difference between the maximum of 50,569,334 NCLH Shares and the number of remaining NCLH Shares actually sold by Star NCLC during the period from the date of this notice up to the date of the SGM (“**Approved Sale Shares**”) in the share capital of Norwegian Cruise Line Holdings Ltd. (“**NCLH**”), a company incorporated under the laws of Bermuda having its shares listed on the NASDAQ Global Select Market under the symbol “NCLH” during the period of 12 months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) (the “**Mandate Period**”) on the following conditions:
- (i) apart from disposal in the open market at market price on the NASDAQ Global Select Market, the Company may also dispose of the Approved Sale Shares during the Mandate Period through secondary public offering(s) by entering into underwriting agreement(s) with reputable investment banks as underwriters. The terms and conditions of such secondary public offering(s) will be negotiated on an arms’ length basis;
- (ii) (1) the selling price per Approved Sale Share that is to be sold through secondary public offering(s) shall represent no more than 20% discount to the average closing price of the shares of NCLH (the “**NCLH Shares**”) as quoted on the NASDAQ Global Select Market in the five (5) trading days immediately prior to the date of the relevant underwriting agreement; and
- (2) whether the disposal is made in the open market or through secondary public offering(s), the minimum selling price per remaining NCLH Share shall not be less than US\$19.00, be and is hereby approved.

NOTICE OF SPECIAL GENERAL MEETING

- (b) if and when there shall be any alteration to the nominal value of the NCLH Shares as a result of consolidation, subdivision or reclassification, or an issue of NCLH Shares to Star NCLC Holdings Ltd. (“**Star NCLC**”), a wholly-owned subsidiary of the Company, by way of capitalization of profits or reserves or by way of a scrip dividend during the Mandate Period (“**Capital Changes**”) of NCLH, the number of Approved Sale Shares shall be adjusted accordingly and the minimum selling price per Approved Sale Share shall be adjusted by multiplying US\$19.00 by the total number of NCLH Shares in issue immediately before the Capital Changes and divided by the total number of NCLH Shares in issue immediately thereafter. If and when there shall be an issue of NCLH Shares to Star NCLC by way of a rights issue during the Mandate Period, the number of Approved Sale Shares shall be adjusted to include such new NCLH Shares issued.
- (c) the directors of the Company (the “**Directors**”) be and are hereby authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Future Disposal from time to time during the Mandate Period, including but not limited to the number of batches of disposals, the number of Approved Sale Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether through secondary public offering(s) or sales in the open market), the target purchasers, and the selling price (subject to the parameters set out above) and to do all such acts and things, including but not limited to execution of all documents which the Directors deem necessary, appropriate or desirable to implement and give full effect to the Future Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal Mandate (as defined in the circular to shareholders dated 5 May 2015).”

By Order of the Board
Louisa Tam Suet Lin
Company Secretary

Hong Kong, 5 May 2015

Notes:

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

NOTICE OF SPECIAL GENERAL MEETING

5. If no name is inserted in the space for the name of your proxy on the form of proxy, the chairman of this meeting will act as your proxy.

6. The form of proxy, together with any power of attorney or other authority under which the form of proxy is signed or a notarially certified copy of that power or authority, shall be deposited at the Corporate Headquarters of the Company at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong, or the office of the Company's transfer agent in Singapore, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, or at Genting Hong Kong Limited, c/o Genting Management & Consultancy Services Sdn Bhd, 24th Floor Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting and any adjournment thereof and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at this meeting (or any adjourned meeting thereof) should they so wish.



GENTING HONG KONG

Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

Form of Proxy

I/We _____
being a shareholder/shareholders of Genting Hong Kong Limited (the “Company”) hereby appoint *the CHAIRMAN OF THE MEETING or _____
as my/our proxy to attend and vote for me/us on my/our behalf at the Special General Meeting of the Company (the “Meeting”) to be held at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 2 June 2015 at 4:00 p.m. (Hong Kong time) and at any adjournment thereof and to vote as indicated below. (* Delete if inapplicable)

Dated: _____ Signed: _____

Full Name(s) _____
IN BLOCK CAPITAL _____
Address _____

Number of shares held _____

ORDINARY RESOLUTION	Proxy	
	For	Against
To grant a disposal mandate to the directors of the Company for the disposal of the shares in Norwegian Cruise Line Holdings Ltd. (Note 8)		

Please indicate with an “X” in the appropriate box provided above how you wish your vote to be cast on the resolution specified in the notice of the Meeting.

NOTES:

- A shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- Please insert the number of shares of US\$0.10 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
- If any proxy other than the Chairman of the Meeting is preferred, please strike out the words “the CHAIRMAN OF THE MEETING or” and insert the name and address of the proxy desired in the space provided. Any alteration made to this form of proxy must be initialed by the person who signs it. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
- The form of proxy, together with any power of attorney or other authority under which the form of proxy is signed or a notarially certified copy of that power or authority, shall be deposited at the Corporate Headquarters of the Company at Suite 1501, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong, or the office of the Company’s transfer agent in Singapore, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, or at Genting Hong Kong Limited, c/o Genting Management & Consultancy Services Sdn Bhd, 24th Floor Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting and any adjournment thereof and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude shareholders from attending and voting in person at the Meeting (or any adjourned meeting thereof) should they so wish.
- The full text of the resolution appears in the notice of the Meeting.