

# Corporate Governance

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the best practices as set out in the Malaysia Code on Corporate Governance ("the Code").

## A. DIRECTORS

### (i) The Board

The Board has overall responsibility for the proper conduct of the Company's business. The Board meets on a quarterly basis and additionally as required. The Board has a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

Formal Board Committees established by the Board in accordance with the Code namely, the Audit Committee, Nomination Committee and Remuneration Committee assist the Board in the discharge of its duties.

During the year under review, five meetings of the Board were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Lim Kok Thay	4
Tun Mohammed Hanif bin Omar	5
Tan Sri Alwi Jantan	5
Mr Quah Chek Tin	5
Mr Justin Tan Wah Joo (Resigned on 1 January 2006)	3
Dato' Siew Nim Chee (Retired on 28 June 2005)	3
Tan Sri Wan Sidek bin Hj Wan Abdul Rahman	5
Tan Sri Dr. Lin See Yan	5
Tan Sri Clifford Francis Herbert	5
General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin (Appointed on 4 August 2005)	2

### (ii) Board Balance

During the financial year, the Board had nine members, four executive Directors and five non-executive Directors. Following the retirement of Dato' Siew Nim Chee on 28 June 2005, General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin was appointed as a Director of the Company on 4 August 2005. Four of the five non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Tan Sri Wan Sidek bin Hj Wan Abdul Rahman as the senior independent non-executive Director to whom concerns may be conveyed. The independent non-executive Directors also participate in the Audit, Remuneration and Nomination Committees as members of these Committees.

The Board is mindful of the dual roles of Chairman and Chief Executive held by Tan Sri Lim Kok Thay but

is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide the assurance that there is sufficient check and balance. Also, the dual roles has to a certain extent been balanced by the presence of Tun Mohammed Hanif bin Omar as Deputy Chairman.

A brief profile of each of the Directors is presented on pages 10 to 11 of this Annual Report.

### (iii) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

As a Group practice, any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Company and also the advice and services of the Group Company Secretary.

### (iv) Appointments to the Board

The Nomination Committee comprising entirely of independent non-executive Directors is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

The Nomination Committee met once during the financial year.

On appointment, Directors are provided with information about the Group and are encouraged to visit the sites of the Group's operating units and meet with key senior executives.

All the Directors have attended the Mandatory Accreditation Programme conducted by the then Research Institute of Investment Analysts Malaysia. Directors are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

The following are courses and training programmes held in 2005 (not including those attended by Directors to fulfil the Continuing Education Programmes requirements):

- An Insight to Business Continuity and Crisis Management
- Fraud Risk Management
- Tax Seminar – The 2006 Budget
- Securing Electronic Payment via IT Governance
- Managerial Accountability, Corporate Governance and Media, Enhancing Shareholder Value, New FIC Guidelines and their Impact, Corporate Legal Update, Bursa Malaysia Listing Update, Updates on the Companies Act Securities Law and Recent Legislation on Securities Industry Act and Anti Money Laundering Act
- Making Corporate Boards More Effective
- Preparing for the Challenges Ahead: The Role of Nomination and Compensation Committees
- Are You Ready for Convergence?
- Finance for Non-Finance Company Directors and Senior Management
- Delivering Unique Customer Experience for Competitive Advantage

## Corporate Governance (cont'd)

### v) Re-election

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### B. DIRECTORS' REMUNERATION

The Remuneration Committee comprising three independent non-executive Directors and one executive Director is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration. The Board as a whole determines the level of fees of non-executive Directors and executive Directors. Directors' fees are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages.

The Remuneration Committee met twice during the financial year.

Details of the Directors' remuneration are set out in the Audited Financial Statements on pages 69 to 70 of this Annual Report. In the interest of security, additional information have not been provided other than the details stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

### C. SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company's Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and to ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a corporate website at [www.resortsworld.com](http://www.resortsworld.com) which provides information relating to annual reports, press releases, quarterly results, announcements and corporate developments.

The Group also participates in investor forums held locally and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

### D. ACCOUNTABILITY AND AUDIT

#### (i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review

of operations in the annual report are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the MASB approved accounting standards in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 92 of this Annual Report.

#### (ii) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

#### (iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's financial statements, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. All Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

### E. OTHER INFORMATION

#### Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 36 to the financial statements under "Significant Related Party Disclosure" on pages 87 to 89 of this Annual Report.

# Audit Committee Report

## AUDIT COMMITTEE

The Audit Committee ("Committee") was established on 26 July 1994 to serve as a Committee of the Board.

## MEMBERSHIP

The present members of the Committee comprise:

Tan Sri Clifford Francis Herbert	Chairman/Independent Non-Executive Director
Tan Sri Wan Sidek bin Hj Wan Abdul Rahman	Member/Independent Non-Executive Director
Tan Sri Dr. Lin See Yan*	Member/Independent Non-Executive Director
Tan Sri Lim Kok Thay	Member/Executive Director
Mr Quah Chek Tin#	Member/Executive Director

\* Appointed on 1 July 2005

# Appointed on 26 January 2006

## ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2005

The Committee held a total of \*seven (7) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Dato' Siew Nim Chee ^	*5
Tan Sri Clifford Francis Herbert	*7
Tan Sri Wan Sidek bin Hj Wan Abdul Rahman	*6
Tan Sri Dr. Lin See Yan ^^	2
Tan Sri Lim Kok Thay	3
Mr Justin Tan Wah Joo #	4

^ Retired on 28 June 2005

^^ Appointed on 1 July 2005

# Resigned on 1 January 2006

\* The total number of meetings is inclusive of the special meeting held between members of the Committee who are independent non-executive Directors of the Company and representatives of the external auditors, PricewaterhouseCoopers without the presence of any Executive Director.

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2005

The Committee carried out its duties in accordance with its Terms of Reference.

The main activities carried out by the Committee were as follows:

- i) considered and approved the internal audit plan for the Company and the Group and authorised resources to address risk areas that have been identified;
- ii) reviewed the internal audit reports for the Company and the Group;
- iii) reviewed the external audit plan for the Company and the Group with the external auditors;

- iv) reviewed the external audit reports for the Company and the Group with the external auditors;
- v) reviewed the quarterly and annual reports of the Company and of the Group, focusing particularly on:
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant and unusual events; and
  - (c) compliance with accounting standards and other legal requirements;
- vi) reviewed related party transactions of the Company and of the Group;
- vii) reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year ended 31 December 2005;
- viii) considered the reappointment of the external auditors for recommendation to the shareholders for their approval;
- ix) reviewed the Financial Statements of the Group and of the Company for the financial year ended 31 December 2004; and
- x) reviewed the reports submitted by the Risk and Business Continuity Management Committee of the Company.
- xi) reviewed allocations of options during the year under The Executive Share Option Scheme for Eligible Executives of Resorts World Bhd and its subsidiaries ("Scheme") to ensure that they were in compliance with the allocation criteria determined by the Remuneration, Compensation and Benefits Committee and in accordance with the By-Laws of the Scheme.

## INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced internal audit department to assist the Board in maintaining a sound system of internal control. The internal audit department reports to the Committee and is independent of the activities they audit. The primary role of the department is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has sound systems of internal control and that established policies and procedures are adhered to and continue to be effective and satisfactory.

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

## TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

### 1. Composition

- (i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, a majority of whom are independent non-executive Directors; and at least one member of the audit committee:
  - (a) must be a member of the Malaysian Institute of Accountants; or

# Audit Committee Report (cont'd)

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia")

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

## 2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

## 3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia.

## 4. Functions

The functions of the Committee are as follows:

- i) review with the external auditors, their audit plan;
- ii) review with the external auditors, their evaluation of the system of internal accounting controls;

iii) review with the external auditors, their audit report;

iv) review the assistance given by the Company's officers to the external auditors;

v) review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant and unusual events; and
- (c) compliance with accounting standards and other legal requirements;

viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation and dismissal.

## 5. Meetings

i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

ii) In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.

iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

iv) The head of finance and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested, if required.

v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or Shareholders of the Company.

vi) At least once a year, the Committee shall meet with the external auditors without the presence of any executive Director.

## 6. Secretary and Minutes

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

# Statement on Internal Control

## The Board's Responsibilities

In relation to internal control, pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors ("the Board") acknowledges their responsibilities under the Bursa Malaysia Listing Requirements to:-

- Identify principal risks and ensure implementation of appropriate control measures to manage the risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of the RWB Group of companies' ("the RWB Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment.

## The Risk Management Process

The RWB Group has implemented the Control Self-Assessment ("CSA") to formalise the risk management process. With the CSA, departments/business areas of the RWB Group are required to identify and evaluate controls within key functions/activities of their business processes.

The implementation of the risk management process for the RWB Group is the responsibility of the Executive Committee comprising the Executive Directors, the Business/Operations Heads of RWB Group's operating units with oversight and assistance provided by relevant senior management staff of the holding company, Genting Berhad. The Risk and Business Continuity Management Committee ("RBCMC"), chaired by the head of finance ("SVP Finance"), further oversees the effectiveness of the risk management program.

The key aspects of the risk management process are:-

- Business/Operations Heads are required to update their risk profiles on a half-yearly basis and in this regard issue a Letter of Assurance at the end of each second half-yearly review to confirm that they have reviewed the risk profiles, risk reports and related business processes and are also monitoring the implementation of action plans.
- Reviews of the risk profiles, the control procedures and status of the action plans are carried out on a regular basis by the Group Risk Manager of the holding company and the Business/ Operations Heads.
- Management of the respective companies is provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- On a quarterly basis, a risk report detailing significant risk issues and control measures implemented or to be implemented to deal with the risks will be reviewed by the RBCMC prior to being tabled to the RWB Group Executive Committee.

- On a quarterly basis, a risk management report summarising the significant risks and/or the status of action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement/approval by the Board.

## The Internal Control Processes

The other key aspects of the internal control process are:-

- The Board and the Audit Committee meet every quarter to discuss on business and operational matters raised by Management, including potential risks and control issues.
- The Board has delegated their responsibilities to various committees established by the Board and management of the RWB Group ("Management") to implement and monitor the Board's policies on controls.
- Delegation of authority including authorisation limits at various levels of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
- Internal procedures and policies are clearly documented in manuals and reviewed and revised periodically to meet changing business, operational and statutory reporting needs.
- Performance and cash flow reports are provided to Management and the Group Executive Committee to review and monitor the financial performance and cash flow position.
- Business/operating units present their annual budget which includes the financial and operating targets, capital expenditure proposals and performance indicators for approval by Group Executive Committee and the Board.
- A half yearly review of the annual budget is undertaken by Management to identify and where appropriate, to address significant variances from the budget.

Some weaknesses in internal control were identified for the year under review but these are not deemed significant and hence have not been included in this statement, as these weaknesses have not materially impacted the business or operations of the RWB Group.

Business continuity management is regarded to be an integral part of RWB Group's risk management process. In this regard, the RWB Group has commenced implementation of business continuity plans to minimise business disruptions in the event of potential failure in critical IT systems and operational processes. The documentation of the business continuity plan for RWB Group's core business operations has been completed.

The Board in issuing this statement has taken into consideration the representation made by its associated company, Star Cruises Limited in respect of its state of internal control.

## The Internal Audit Function

The Group Internal Audit Division ("Group Internal Audit") of the holding company is responsible for undertaking regular and systematic review of the internal controls to provide the RWB Audit Committee and the Board with sufficient assurance that the systems of internal controls are effective in addressing the risks identified.

On a quarterly basis, Group Internal Audit submits internal audit reports and plan status for review and approval by the RWB Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by Management.

# Directors' Report and Statement pursuant to Section 169(15) of the Companies Act, 1965

The Directors of **RESORTS WORLD BHD** have pleasure in submitting their report together with their statement pursuant to Section 169(15) of the Companies Act, 1965 therein and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

## PRINCIPAL ACTIVITIES

The Company is involved in a tourist resort business at Genting Highlands and its activities cover leisure and hospitality services, which comprise amusement, gaming, hotel and entertainment.

The principal activities of the subsidiaries include property development and management, leisure and hospitality services, investments, time share ownership scheme, tours and travel related services.

The principal activities of the associate include cruise and cruise related operations.

Details of the principal activities of the subsidiaries and associate are set out in Notes 37 and 18 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

## FINANCIAL RESULTS

	<b>Group RM Million</b>	<b>Company RM Million</b>
Profit from ordinary activities before taxation	1,305.8	1,097.2
Taxation	(337.6)	(326.1)
	<hr/>	<hr/>
Profit from ordinary activities after taxation	968.2	771.1
Minority shareholders' interests	0.4	-
	<hr/>	<hr/>
Net profit for the financial year	<u>968.6</u>	<u>771.1</u>

## DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

- (i) a final dividend of 11.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM86,474,150 in respect of the financial year ended 31 December 2004 was paid on 25 July 2005; and
- (ii) an interim dividend of 10.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM78,612,930 in respect of the financial year ended 31 December 2005 was paid on 25 October 2005.

The Directors recommend payment of a final dividend of 14.0 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors. Based on the issued and paid-up capital of the Company as at the date of this report, the final dividend would amount to RM110,097,120.

## RESERVES AND PROVISIONS

There were no other material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS

During the financial year, 26,000 ordinary shares of 50 sen each fully-paid at the subscription price of RM10.32 per share and 10,000 ordinary shares of 50 sen each fully-paid at the subscription price of RM8.50 were issued by virtue of the exercise of options to take up unissued ordinary shares of the Company by executive employees pursuant to The Executive Share Option Scheme for Eligible Executives of Resorts World Bhd and its subsidiaries ("Scheme"), all of which ordinary shares rank pari passu with the then existing shares of the Company. These options were granted prior to the current financial year.

There were no issue of debentures during the financial year.

During the financial year, Options were granted on 19 July 2005 and 14 December 2005 pursuant to the Scheme in respect of 50,000 unissued ordinary shares of 50 sen each and 132,000 unissued ordinary shares of 50 sen each in the Company at an offer price of RM9.92 per share and RM10.67 per share respectively to a total of 25 executive employees including the following Management Employee of the Group who was granted option to subscribe for 50,000 ordinary shares as specified in the Scheme:

	<b>Option Expiry Date 11 August 2012 No. of Unissued Shares</b>
<b>Management Employee of the Group</b>	
Mr Teoh Kak Siew	50,000

Under the Scheme, the following Options to take up unissued ordinary shares in the Company, which have been granted to executive employees of the Group as specified in the Scheme, were outstanding as at 31 December 2005:

<b>Option Number</b>	<b>Option Expiry Date</b>	<b>Subscription Price Per Share RM</b>	<b>No. of Unissued Shares</b>
1/2002	11 August 2012	10.32	13,246,000
2/2002	11 August 2012	8.50	206,000
3/2004	11 August 2012	9.49	1,494,000
4/2005	11 August 2012	9.92	50,000
			14,996,000

Option granted on 14 December 2005 pursuant to the Scheme in respect of 132,000 unissued ordinary shares of 50 sen each in the Company at an offer price of RM10.67 per share was still pending acceptance from the respective Executive Employees of the Company as at 31 December 2005. As at the date of this report, option in respect of 123,000 unissued ordinary shares of 50 sen each in the Company at an offer price of RM10.67 per share have been accepted.

The Scheme became effective on 12 August 2002 for a duration of 10 years terminating on 11 August 2012.

- (a) The expiry date of the Options on 11 August 2012 shall apply unless the Options have ceased by reason of non compliance by the grantee with the terms and conditions under which the Options were granted pursuant to the Scheme.
- (b) (i) The Options granted can only be exercised by the Grantee in the third year from the Date of Offer and the number of new Shares comprised in the Options which a Grantee can subscribe for from the third year onwards shall at all times be subject to the following maximum:

**Percentage of new Shares comprised in the Options exercisable each year from the Date of Offer**

Year 1	Year 2	Year 3	Year 4	Year 5
-	-	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares
Year 6	Year 7	Year 8	Year 9	Year 10
12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% or balance of all options allotted

- (ii) Any new Shares comprised in an Option which is exercisable in a particular year but has not been exercised in that year, can be exercised in subsequent years within the Option Period, subject to the Scheme remaining in force.
- (iii) In the event that an Eligible Executive becomes a Grantee after the first year of the Scheme, the Grantee shall always observe the two-year incubation period and the Options granted can only be exercised in the third year from the Date of Offer subject to the maximum percentage of new Shares comprised in the Options exercisable as stipulated above.
- (c) The persons to whom the Options have been issued have no right to participate by virtue of the Options in any share issue of any other company.

**DIRECTORATE**

The Directors who served since the date of the last report are:

Tan Sri Lim Kok Thay\*  
 Tun Mohammed Hanif bin Omar  
 Tan Sri Alwi Jantan  
 Mr Quah Chek Tin  
 Tan Sri Wan Sidek bin Hj Wan Abdul Rahman\*  
 Tan Sri Dr. Lin See Yan\*  
 Tan Sri Clifford Francis Herbert\*  
 General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin (appointed on 4 August 2005)  
 Dato' Siew Nim Chee (retired on 28 June 2005)  
 Mr Justin Tan Wah Joo (resigned on 1 January 2006)

\* Also members of the Remuneration Committee

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company; Genting Berhad, the holding company; Asiatic Development Berhad, a related company; Genting Centre of Excellence Sdn Bhd, a wholly-owned subsidiary of the Company; and Genting International P.L.C., a related corporation as set out below:

**INTEREST IN THE COMPANY**

Shareholdings in the names of Directors	1.1.2005	Acquired/(Disposed)	31.12.2005
	(Number of ordinary shares of 50 sen each)		
Tan Sri Lim Kok Thay	50,000	-	50,000
Tun Mohammed Hanif bin Omar	1,000	-	1,000
Tan Sri Alwi Jantan	5,000	(5,000)	-
Mr Quah Chek Tin	1,000	-	1,000
Share Option in the names of Directors	1.1.2005	Offered/(Exercised)	31.12.2005
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Lim Kok Thay	750,000	-	750,000
Tun Mohammed Hanif bin Omar	500,000	-	500,000
Tan Sri Alwi Jantan	500,000	-	500,000
Mr Justin Tan Wah Joo	500,000	-	500,000



- (b) neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors and the provision for Directors' retirement gratuities shown in the financial statements or the fixed salary of a full time employee of the Company and/or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions:

- (i) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed Asiatic Plantations (WM) Sdn Bhd, a related company to provide plantation advisory services.
- (ii) A corporation in which Tan Sri Lim Kok Thay and his spouse are directors and which is wholly-owned indirectly by them has rented its property to Genting International P.L.C., a related corporation.
- (iii) Gentinggi Sdn Bhd, a wholly-owned subsidiary of the Company has extended an interest-free housing loan to Mr Justin Tan Wah Joo to enable him to acquire a home. Mr Justin Tan Wah Joo resigned as a Director of the Company on 1 January 2006.
- (iv) Palomino Limited, a related corporation has extended an interest-free loan to Mr Justin Tan Wah Joo. The loan was settled on 21 September 2005. Mr Justin Tan Wah Joo resigned as a Director of the Company on 1 January 2006.
- (v) Resorts World Limited, an indirect wholly-owned subsidiary of the Company, has extended an interest free loan to Tan Sri Alwi Jantan. This loan was repaid on 28 December 2005.

Tun Mohammed Hanif bin Omar and Mr Quah Chek Tin are due to retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Article 99 of the Articles of Association of the Company and they, being eligible, have offered themselves for re-election.

General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin is due to retire at the forthcoming Annual General Meeting ("AGM") in accordance with Article 104 of the Articles of Association of the Company and he, being eligible, has offered himself for re-election.

Tan Sri Alwi Jantan and Tan Sri Wan Sidek bin Hj Wan Abdul Rahman will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and that separate resolutions will be proposed for their re-appointment as Directors at the AGM under the provision of Section 129(6) of the said Act to hold office until the next AGM of the Company.

#### **OTHER STATUTORY INFORMATION**

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records, were written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due, except as disclosed in Note 34 to the financial statements.

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for those disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### **STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

In the opinion of the Directors, the financial statements set out on pages 50 to 91 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

#### **HOLDING COMPANY**

The Company's immediate and ultimate holding company is Genting Berhad, a company incorporated in Malaysia.

#### **AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board,

**TAN SRI LIM KOK THAY**  
Chairman, President & Chief Executive

**TAN SRI ALWI JANTAN**  
Executive Director

Kuala Lumpur  
22 February 2006