

# directors' report and statement pursuant to section 169(15) of the Companies Act, 1965

The Directors of **ASIATIC DEVELOPMENT BERHAD** 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 2003.

## PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the Group include plantation and property development.

Details of the principal activities of the subsidiary and associated companies are set out in Note 33 to the financial statements.

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'000</b>	<b>Company RM'000</b>
Profit from ordinary activities before taxation	211,441	84,371
Taxation	(61,988)	(20,937)
Profit from ordinary activities after taxation	149,453	63,434
Minority interests	(14,203)	-
Net profit for the financial year	<u>135,250</u>	<u>63,434</u>

## DIVIDENDS

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

- (i) a final dividend of 2.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM13,344,030 in respect of the financial year ended 31 December 2002 was paid on 25 July 2003; and
- (ii) an interim dividend of 1.75 sen less 28% tax per ordinary share of 50 sen each amounting to RM9,340,821 in respect of the financial year ended 31 December 2003 was paid on 21 October 2003.

The Directors recommend payment of a final dividend of 2.75 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 by the Directors. Based on the issued and paid-up ordinary shares of the Company as at the date of this report, the final dividend would amount to RM14,692,036.

## 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 AND DEBENTURES

During the financial year, the Company issued a total of 389,000 new ordinary shares of 50 sen each fully paid for a cash consideration of 92 sen per share which new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company by virtue of the exercise of Option to take up unissued shares of the Company by the executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme ("the Scheme"). This Option was granted before the current financial year.

There were no issue of debentures during the financial year.

## SHARE OPTIONS PURSUANT TO THE ASIATIC EXECUTIVE SHARE OPTION SCHEME

The Asiatic Executive Share Option Scheme ("the Scheme") was approved by members of the Company at an Extraordinary General Meeting held on 28 June 2000.

During the financial year, Option was granted on 1 December 2003 pursuant to the Scheme in respect of 6,024,000 unissued ordinary shares of 50 sen each in the Company at an offer price of RM1.65 per share to 153 executive employees including the following Executive Directors and Executive Employees of the Group who were granted option to subscribe for 100,000 ordinary shares and above are as follows:

	<b>Option Expiry date 31/8/2010 No. of Unissued Shares</b>
<b>Executive Directors of the Group</b>	
Tan Sri Mohd Amin bin Osman	248,000
Dato' Baharuddin bin Musa	248,000
Tan Sri Lim Kok Thay	248,000
Tan Sri Lim Goh Tong *	248,000
	<u>992,000</u>
<b>Executive Employees of the Group</b>	
Mr Phang Kong Wong	174,000
Mr Yong Chee Kong	174,000
En Bahadur bin Abdullah	122,000
Ms Cheah Ching Mooi	122,000
Mr Khoo Lian Hong	208,000
Mr Robert Lee Poi Keong	122,000
En Abd Halim bin Abd Majid	208,000
En Clifford Che Keng Soon	142,000
Mr Ong Kian Hock	112,000
Mr Tan Cheng Huat	142,000
Mr Tan Huang Dak	142,000
Mr Tan Wee Kok	208,000
Mr Yee Keoh Seng	112,000
Ms Lei Yat Ying	100,000
	<u>3,080,000</u>

\* Retired on 31 December 2003

- (a) The aforesaid expiry date of the Option shall apply unless any such Option has ceased by reason of non-compliance by the grantee of the terms and conditions under which the Option was granted pursuant to the Scheme.
- (b) (i) The shares under the Option may be exercised in full or in respect of 1,000 shares or a multiple thereof in the fourth year from the Date of Offer until expiry of the Scheme on 31 August 2010 in the following manner:

Number of new Shares comprised in the Option granted	Percentage of new Shares comprised in the Option exercisable each year from the Date of Offer				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	-	-	-	100%	-
10,000 and above	-	-	-	50% *	50%

\* 50% or 10,000, whichever is the higher.

- (ii) The 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.

## SHARE OPTIONS PURSUANT TO THE ASIATIC EXECUTIVE SHARE OPTION SCHEME (Cont'd)

- (c) The persons to whom the Option has been issued have no right to participate by virtue of the Option in any share issue of any other company.
- (d) No shares were issued during the period to which the report relates by virtue of the exercise of Option to take up unissued shares of the Company granted during the financial year.

Under the Scheme, the following Options to take up unissued ordinary shares in the Company, which has been granted to executive employees of the Group as specified in the Scheme, were outstanding as at 31 December 2003:

Option Expiry date	Subscription Price per Share	No. of Unissued Shares
	RM	
31 August 2010	0.92	2,589,000
31 August 2010	1.45	7,896,000
31 August 2010	1.65	6,024,000
		16,509,000

## DIRECTORATE

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

Tan Sri Mohd Amin bin Osman  
 Dato' Baharuddin bin Musa \*  
 Tan Sri Lim Kok Thay  
 Tan Sri Lim Goh Tong (Retired on 31 December 2003)  
 Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad \*  
 Encik Mohd Din Jusoh \*  
 Dato' Siew Nim Chee \*  
 Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah  
 Mr Quah Chek Tin

\* 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 ultimate holding company; Resorts World Bhd, GB Credit & Leasing Sdn Bhd and Genting International PLC, all of which are related companies or corporation as set out below:

## INTEREST IN THE COMPANY

Shareholdings in the names of Directors	1.1.2003	Acquired/(Disposed)	31.12.2003
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	164,000	-	164,000
Dato' Baharuddin bin Musa	613,000	-	613,000
Tan Sri Lim Kok Thay	144,000	-	144,000
Tan Sri Lim Goh Tong *	437,500	(437,500)	-
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	140,000	(130,000)	10,000
Dato' Siew Nim Chee	10,000	-	10,000

<b>Share Options in the names of Directors</b>	<b>1.1.2003</b>	<b>Offered/(Exercised)</b>	<b>31.12.2003</b>
	<b>(Number of unissued ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	577,000	248,000	825,000
Dato' Baharuddin bin Musa	577,000	248,000	825,000
Tan Sri Lim Kok Thay	577,000	248,000	825,000
Tan Sri Lim Goh Tong *	577,000	248,000	825,000

#### **INTEREST IN GENTING BERHAD, THE ULTIMATE HOLDING COMPANY**

<b>Shareholdings in the names of Directors</b>	<b>1.1.2003</b>	<b>Acquired/(Disposed)</b>	<b>31.12.2003</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	8,000	-	8,000
Tan Sri Lim Kok Thay	3,433,800	-	3,433,800
Tan Sri Lim Goh Tong *	6,681,000	(6,681,000)	-
Mr Quah Chek Tin	1,000	-	1,000

<b>Shareholdings in which the Directors are deemed to have an interest</b>	<b>1.1.2003</b>	<b>Acquired/(Disposed)</b>	<b>31.12.2003</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Dato' Baharuddin bin Musa	3,000	-	3,000
Tan Sri Lim Kok Thay	11,523,996	-	11,523,996

<b>Share Option in the names of Directors</b>	<b>1.1.2003</b>	<b>Offered/(Exercised)</b>	<b>31.12.2003</b>
	<b>(Number of unissued ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	500,000	-	500,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000
Tan Sri Lim Goh Tong *	1,500,000	-	1,500,000
Mr Quah Chek Tin	500,000	-	500,000

#### **INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY**

<b>Shareholdings in the names of Directors</b>	<b>1.1.2003</b>	<b>Acquired/(Disposed)</b>	<b>31.12.2003</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	122,000	-	122,000
Tan Sri Lim Kok Thay	50,000	-	50,000
Mr Quah Chek Tin	1,000	-	1,000

<b>Share Option in the names of Directors</b>	<b>1.1.2003</b>	<b>Offered/(Exercised)</b>	<b>31.12.2003</b>
	<b>(Number of unissued ordinary shares of 50 sen each)</b>		
Tan Sri Lim Kok Thay	750,000	-	750,000
Tan Sri Lim Goh Tong *	1,000,000	-	1,000,000

#### **INTEREST IN GB CREDIT & LEASING SDN BHD, A RELATED COMPANY**

<b>Shareholdings in which the Director is deemed to have an interest</b>	<b>1.1.2003</b>	<b>Acquired/(Disposed)</b>	<b>31.12.2003</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Dato' Baharuddin bin Musa	220,000	-	220,000

#### **INTEREST IN GENTING INTERNATIONAL PLC, A RELATED CORPORATION**

<b>Shareholdings in the name of a Director</b>	<b>1.1.2003</b>	<b>Acquired/(Disposed)</b>	<b>31.12.2003</b>
	<b>(Number of ordinary shares of US\$0.10 each)</b>		
Tan Sri Lim Goh Tong *	1,832,468	(1,832,468)	-

\* Retired on 31 December 2003

Apart from the above disclosures:

- (a) the Directors of the Company do not have any other interests in shares in the Company and in shares in other related corporations of the Company either at the beginning or end of the financial year; and
- (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 or the fixed salary of a full-time employee of the Company and/or its related corporations shown in the respective financial statements of the Company and/or its 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) Tan Sri Mohd Amin bin Osman has been retained by Genting Berhad, the ultimate holding company, as a consultant to provide management and ancillary services until 30 April 2003.
- (ii) Tan Sri Mohd Amin bin Osman has been retained by Resorts World Bhd, a related company, to provide advisory services.
- (iii) Sing Mah Plantation Sdn Bhd ("SMP"), a wholly-owned subsidiary of the Company, has extended a housing loan to Dato' Baharuddin bin Musa to enable him to acquire a home.
- (iv) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed SMP to provide plantation advisory services.
- (v) A company in which a past Director of the Company, Tan Sri Lim Goh Tong (who retired on 31 December 2003) is a director and was a substantial shareholder until 5 September 2003 has rented:
  - (a) approximately 5.87 hectares of land in the Mukim of Batang Kali, District of Ulu Selangor, Selangor to Genting Utilities & Services Sdn Bhd, a related company; and
  - (b) a premise measuring approximately 5,191 sq. m. located at Gohtong Jaya, Bentung, Pahang to Genting Centre of Excellence Sdn Bhd, a related company.
- (vi) A wholly-owned subsidiary of a company in which Dato' Siew Nim Chee is a director and was a substantial shareholder until 30 June 2003 has supplied agrochemicals to the Company.
- (vii) A company in which Dato' Baharuddin bin Musa had deemed substantial financial interest until 27 June 2003, sold travel packages to the Company.
- (viii) 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 PLC, a related company.

Tan Sri Lim Kok Thay 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.

Tan Sri Mohd Amin bin Osman, Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad and Dato' Siew Nim Chee will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and 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 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 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 or 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.

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 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 other than as disclosed in Note 35 in the financial statements.

#### **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 33 to 71, 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 2003 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

#### **ULTIMATE HOLDING COMPANY**

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

#### **AUDITORS**

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

On behalf of the Board,

**DATO' BAHARUDDIN BIN MUSA**  
Joint Chief Executive and Director

**MOHD DIN JUSOH**  
Director

Kuala Lumpur  
26 February 2004