

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 Malaysian 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 requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia Securities Berhad.

The details of Directors’ attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Mohd Amin bin Osman	5 out of 5
Tan Sri Lim Kok Thay	5 out of 5
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	5 out of 5
Encik Mohd Din Jusoh	5 out of 5
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	5 out of 5
Mr Quah Chek Tin	5 out of 5
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	5 out of 5

(ii) Board Balance

The Board has seven members, comprising one executive Director and six non-executive Directors. Five of the six non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or are currently occupying senior

positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad as the senior independent non-executive Director to whom concerns may be conveyed. All the independent non-executive Directors participate in the Audit Committee. Three of the five independent non-executive Directors also participate in the Remuneration and Nomination Committees as members of these Committees.

A brief profile of each of the Directors is presented on pages 5 and 6 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 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.

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.

The Nomination Committee has reviewed the membership of the Board, the professional qualifications and experience of the Directors and was satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills is adequate.

The process of assessing the Directors is an on-going responsibility of the entire Board.

All the Directors have attended the Mandatory Accreditation Programme and are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

CORPORATE GOVERNANCE (CONT'D)



A. DIRECTORS (Cont'd)

(iv) Appointments to The Board (Cont'd)

The following are the courses and training programmes attended by the Directors in 2008:

COURSES	NAMES OF DIRECTORS							
	Tan Sri Mohd Amin bin Osman	Tan Sri Lim Kok Thay	Lt. Gen. (B) Dato' Hj Abdul Jamil bin Hj Ahmad	Encik Mohd Din Jusoh	Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	Mr Quah Chek Tin	Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	
Governance and Board Effectiveness by Malaysian Institute of Corporate Governance					•			
Prevention of Fraud, Anti Money Laundering and Board Effectiveness by KPMG								•
Board Remuneration on the Upswing - A foreseeable trend? by Dato' Johan Raslan			•		•			
World Congress on Information Technology - Genomics From Human Health to the Environment by Dr. J. Craig Venter	•	•	•	•	•	•		
G2E Asia 2008 - Successful Strategies in Partnering with Government - Integrated Resorts Driving Tourism and Growth		•						
Islam and The Future on Inter-Ethnic Relations in Malaysia by Dr. Chandra Muzaffar	•							
28th Management Conference (Plantation Division) Sustainability - The Way Forward	•		•	•	•	•	•	
- General Outlook on "Soft" Commodities and the Distortion of Funds on the Fundamentals of Supply and Demand by Anil Shamdasani - Importance of IT Security by David Rajoo - Latest Development on Tax Audits and Tax Investigations by SM Thanneermalai and Christopher Low	•							
The 2009 Budget by Deloitte KassimChan Tax Services Sdn Bhd			•	•	•			•
The Essentials of Upstream Oil and Gas - Delivering Commercial Insight to the Global Energy Industry by Wood Mackenzie	•	•					•	
Strategy Execution & Leadership in Today's Uncertain Times by Prof. Paul Tiffany							•	

(v) Re-election

The Articles of Association of the Company provides 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 once during the financial year.

Details of the Directors' remuneration are set out on pages 69 and 70 of the Audited Financial Statements in 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 website at www.asiatic.com.my 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 Malaysian Accounting Standards Board Approved Accounting Standards for Entities other than Private Entities 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 ended on that date.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 99 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 41 to the financial statements under "Significant Related Party Disclosures" on pages 94 and 95 of this Annual Report.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors.

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:

Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	Chairman/Independent Non-Executive Director
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Member/Independent Non-Executive Director
Encik Mohd Din Jusoh	Member/Independent Non-Executive Director
Mr Quah Chek Tin	Member/Independent Non-Executive Director
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	Member/Independent Non-Executive Director

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2008

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*
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	7 out of 7
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	7 out of 7
Encik Mohd Din Jusoh	7 out of 7
Mr Quah Chek Tin	7 out of 7
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	7 out of 7

* The total number of meetings is inclusive of the special meetings held between members of the Committee who are 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 2008

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 reports of the Company and 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;
- viii) considered the re-appointment 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 2007; and
- x) reviewed the reports submitted by the Risk and Business Continuity Management Committee of the Company.

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 it audits. 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.

During the financial year ended 31 December 2008, the Internal Audit Department carried out its duties covering operation audit, information system audit and compliance audit.

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

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, all of whom are non-executive directors with a majority of them being independent Directors; and at least one member of the audit committee:
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (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) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Chairman shall be an independent 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 Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

AUDIT COMMITTEE REPORT (CONT'D)



4. Functions

The functions of the Committee are to review:

- i) with the external auditors, their audit plan;
- ii) with the external auditors, their evaluation of the system of internal accounting controls;
- iii) with the external auditors, their audit report and management letter (if any);
- iv) the assistance given by the Company's officers to the external auditors;
- v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- vi) 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) 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) 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, suitability 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 twice a year, the Committee shall meet with the external auditors without the presence of any executive Director.
- vii) Whenever deemed necessary, meetings can be convened with the external auditors, internal auditors or both, excluding the attendance of other directors and employees.

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.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors.

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 the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") hereby acknowledges their responsibilities under the Bursa Securities Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage such 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 the risk management process is an ongoing process to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Asiatic Group of Companies' ("the 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 Group employs the Control Self-Assessment ("CSA") to formalise the risk management process. With the CSA, departments/business areas of the Group are required to identify and evaluate controls within key functions/activities of their business processes. The risks to the Group's strategic objectives are assessed at the Group level.

The Risk and Business Continuity Management Committee ("the RBCMC") comprises senior management of the Group and is chaired by the Chief Financial Officer. The RBCMC is tasked with the responsibility for formulating the risk management policy and the review of the system of internal control. The Heads of Divisions and Departments are required to issue a letter of assurance on a semi annual basis to confirm that the risk reports and risk profiles have been reviewed and action plans being implemented are monitored.

The RBCMC meets at least four (4) times a year to review the risk assessment documents of the Group and where applicable propose changes to the risk management and controls procedures/policies. The review also covers the status of action plans or measures taken or to be taken to address any weaknesses identified in the existing internal controls. The Executive Committee is presented on a quarterly basis with a report of the risk assessments on the Group's significant risks and the status of control measures being implemented or to be implemented to deal with the risks. Reports are then presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board.

THE INTERNAL CONTROL PROCESSES

The other key aspects of the internal control process are:

- The Board and the Audit Committee meet at least every quarter to discuss matters raised by Management and Internal Audit on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to relevant committees established by the Board 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 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 the Budget Committee and the Board.
- A half yearly review of the annual budget is undertaken to identify and where appropriate, to address significant variances from the said budget.

STATEMENT ON INTERNAL CONTROL (CONT'D)



THE INTERNAL CONTROL PROCESSES (Cont'd)

For the year under review, some weaknesses in internal controls were identified but were deemed not significant to be mentioned in this statement as none had materially impacted the business or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses. In addition the Group considers business continuity management as an integral part of the Group's risk management process. In this respect, the Group has commenced implementation of business continuity plans to minimise business disruptions either due to failure of critical IT systems and/or operational process.

The Group in issuing this statement has excluded its associates' state of internal controls as they are deemed to be insignificant to the Group.

THE INTERNAL AUDIT FUNCTION

The Internal Audit Department ("Internal Audit") is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified. Internal Audit functions independently of the activities audited.

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

This Statement on Internal Control is made in accordance with the resolution of the Board of Directors.

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 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. During the financial year, the Company also became involved in plantation activities with the acquisition of plantation assets from its subsidiary as part of the Group's rationalisation exercise.

The principal activities of the subsidiaries include plantation, property development and genomics research and development.

Details of the principal activities of the subsidiaries and associates are set out in Note 42 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, except as disclosed above.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation	482,886	461,839
Taxation	(105,659)	(16,345)
Profit for the financial year	<u>377,227</u>	<u>445,494</u>

DIVIDENDS

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

- (i) a special dividend of 6 sen less 26% tax per ordinary share of 50 sen each amounting to RM33,573,015 in respect of the financial year ended 31 December 2007 and was paid on 27 March 2008;
- (ii) a final dividend of 4.75 sen less 26% tax per ordinary share of 50 sen each amounting to RM26,583,413 in respect of the financial year ended 31 December 2007 and was paid on 15 July 2008; and

- (iii) an interim dividend of 5 sen less 26% tax per ordinary share of 50 sen each amounting to RM27,996,605 in respect of the financial year ended 31 December 2008 and was paid on 16 October 2008.

The Directors recommend payment of a final dividend of 5 sen less 25% tax per ordinary share of 50 sen each in respect of the financial year ended 31 December 2008 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 capital of the Company as at the date of this report, the final dividend would amount to RM28,382,550.

RESERVES AND PROVISIONS

There were no 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, the Company issued a total of 1,617,000 new ordinary shares of 50 sen each, particulars of which are set out below, by virtue of the exercise of options granted pursuant to The Asiatic Executive Share Option Scheme ("the Scheme") to take up unissued shares of the Company:

Price per Share (sen)	No. of Ordinary Shares
92	5,000
145	69,000
165	1,167,000
183	<u>376,000</u>
	<u>1,617,000</u>

All the abovementioned new ordinary shares rank pari passu with the then existing issued ordinary shares of the Company. These options were granted prior to the current financial year.

There were no issue of debentures during the financial year.

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 2008:

Option Number	Option Expiry Date	Subscription Price per Share (sen)	No. of Unissued Shares
1/2000	31 August 2010	92	2,000
2/2002	31 August 2010	145	148,000
3/2003	31 August 2010	165	609,000
4/2005	31 August 2010	183	<u>1,385,000</u>
			<u>2,144,000</u>

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS (Cont'd)

- (a) The expiry date of the Options on 31 August 2010 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 fourth year from the Date of Offer and the number of new Shares comprised in the Options which a Grantee can subscribe for from the fourth year onwards shall at all times be subject to the following maximum:

Number of new Shares comprised in the Options granted	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
Below 10,000	-	-	-	100%	-
10,000 and above	-	-	-	50% *	50%

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

- (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 three-year incubation period and the Options granted can only be exercised in the fourth 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 Mohd Amin bin Osman
 Tan Sri Lim Kok Thay *
 Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad *
 Encik Mohd Din Jusoh *
 Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah
 Mr Quah Chek Tin
 Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin *

* 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, a company which owns 54.73% equity interest in the Company as at 31 December 2008; Resorts World Bhd, a company which is 48.43% owned by Genting Berhad and Genting International P.L.C., a subsidiary of Genting Berhad, as set out below:

INTEREST IN THE COMPANY

Shareholdings in which the Directors have direct interests

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	865,000	124,000	989,000
Tan Sri Lim Kok Thay	369,000	-	369,000
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	-	10,000
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	-	20,000	20,000

Interest of spouse/child of a Director*

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	80,000	-	80,000

Share Option in the name of a Director

	1.1.2008	Offered/(Exercised) (Number of unissued ordinary shares of 50 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	124,000	(124,000)	-

INTEREST IN GENTING BERHAD

Shareholdings in which the Directors have direct interests

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 10 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	1,204,600	-	1,204,600
Tan Sri Lim Kok Thay	10,369,000	-	10,369,000
Mr Quah Chek Tin	5,000	-	5,000

Interest of spouse/child of Directors*

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 10 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	60,000	-	60,000
Mr Quah Chek Tin	630,000	-	630,000

Share Option in the names of Directors

	1.1.2008	Offered/(Exercised) (Number of unissued ordinary shares of 10 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	1,240,000	-	1,240,000
Tan Sri Lim Kok Thay	2,500,000	-	2,500,000
Mr Quah Chek Tin	1,240,000	-	1,240,000

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



INTEREST IN RESORTS WORLD BHD

Shareholdings in which the Directors have direct interests

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 10 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	540,000	-	540,000
Tan Sri Lim Kok Thay	1,660,000	-	1,660,000
Mr Quah Chek Tin	5,000	-	5,000

Interest of spouse/child of a Director*

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of 10 sen each)	31.12.2008
Tan Sri Mohd Amin bin Osman	180,000	-	180,000

Share Option in the name of a Director

	1.1.2008	Offered/(Exercised) (Number of unissued ordinary shares of 10 sen each)	31.12.2008
Tan Sri Lim Kok Thay	2,340,000	-	2,340,000

INTEREST IN GENTING INTERNATIONAL P.L.C. ("GIPLC")

Shareholdings in which the Directors have direct interests

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of US\$0.10 each)	31.12.2008
Tan Sri Mohd Amin bin Osman	-	196,000	196,000
Tan Sri Lim Kok Thay	32,000	166,000	198,000

Interest of spouse/child of a Director*

	1.1.2008	Acquired/(Disposed) (Number of ordinary shares of US\$0.10 each)	31.12.2008
Tan Sri Mohd Amin bin Osman	400	8,000	8,400

Share Option in the names of Directors

	1.1.2008	Offered/(Exercised) (Number of unissued ordinary shares of US\$0.10 each)	31.12.2008
Tan Sri Mohd Amin bin Osman	1,131,707	(142,000)	989,707
Tan Sri Lim Kok Thay	5,658,536	-	5,658,536
Mr Quah Chek Tin	1,697,560	-	1,697,560
Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	1,131,707	-	1,131,707

Performance Shares in the name of a Director

	Awarded on 15.9.2008	Vested/(Cancelled) (Number of unissued ordinary shares of US\$0.10 each)	31.12.2008
Tan Sri Lim Kok Thay	750,000#	-	750,000

Legend:

* Disclosure pursuant to Section 134 (12) (c) of the Companies Act, 1965 as amended by the Companies (Amendment) Act, 2007 which took effect on 15 August 2007.

Represents the right of the participant to receive ordinary shares at par value of US\$0.10 per share, upon the participant satisfying the criteria set out in the Performance Share Scheme of GIPLC and upon satisfying such conditions as may be imposed.

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 Resorts World Bhd, a company which is 48.43% owned by Genting Berhad ("GB"), to provide advisory services.
- (ii) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed Asiatic Plantations (WM) Sdn Bhd, a wholly-owned subsidiary of the Company, to provide plantation advisory services.
- (iii) 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. ("GIPLC"), a subsidiary of GB.
- (iv) A corporation which is owned by the family of Tan Sri Lim Kok Thay has been appointed by Resorts World at Sentosa Pte. Ltd, an indirect wholly-owned subsidiary of GIPLC, to provide professional design consultancy and master-planning services for the Resorts World at Sentosa integrated resort in Singapore.
- (v) Transactions made by the Company or its related corporations with certain corporations referred to in Note 41 in which the nature of relationships of Tan Sri Lim Kok Thay are disclosed therein.

Encik Mohd Din Jusoh and Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah 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 and Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad 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.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (CONT'D)



OTHER STATUTORY INFORMATION (Cont'd)

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.

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 45 to 98, 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 2008 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 Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 expressed their willingness to continue in office.

On behalf of the Board,

TAN SRI LIM KOK THAY
Chief Executive and Director

MOHD DIN JUSOH
Director

Kuala Lumpur
24 February 2009