

• CORPORATE GOVERNANCE •

The Malaysian Code on Corporate Governance (“the Code”) introduced in March 2000, was incorporated into the Listing Requirements of the Kuala Lumpur Stock Exchange in June 2001.

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 set out in Parts 1 and 2 of 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, four 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 Goh Tong	4
Tun Mohammed Hanif bin Omar	4
Tan Sri Lim Kok Thay	3
Mr Quah Chek Tin	4
Dato’ Paduka Nik Hashim bin Nik Yusoff	4
Tan Sri Mohd Amin bin Osman	4
Tan Sri (Dr.) Gunn Chit Tuan	4
Tan Sri Dr. Lin See Yan	4
Dr. R. Thillainathan (appointed on 15 January 2003)	-

(ii) Board Balance

The Board has nine members, six executive Directors and three non-executive Directors. All of the three 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 (Dr.) Gunn Chit Tuan 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.

A brief profile of each of the Directors is presented on pages 6 to 7 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.

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 Research Institute of Investment Analysis. The Directors are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

A meeting of the Nomination Committee was held during the financial year ended 31 December 2002.

(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.

Four meetings of the Remuneration Committee were held during the financial year ended 31 December 2002.

Details of the Directors' remuneration are set out in the Audited Financial Statements on page 52 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 the Kuala Lumpur Stock Exchange.

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 ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a website at www.genting.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 approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 76 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 provide 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 operations, 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 34 to the financial statements under "Significant Related Party Transactions and Balances" on pages 68 to 69 of this Annual Report.

• AUDIT COMMITTEE REPORT •

MEMBERSHIP

The present members of the Audit Committee ("Committee") comprise:

Tan Sri (Dr.) Gunn Chit Tuan	Chairman/Independent Non-Executive Director
Dato' Paduka Nik Hashim bin Nik Yusoff	Member/Independent Non-Executive Director
Tan Sri Lim Kok Thay	Member/Executive Director
Tan Sri Dr. Lin See Yan	Member/Independent Non-Executive Director
Mr Quah Chek Tin	Member/ Executive Director

The Committee was established on 26 July 1994 to serve as a Committee of the Board. The Terms of Reference of the Committee are set out below.

ATTENDANCE AT MEETINGS

During the year the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Tan Sri (Dr.) Gunn Chit Tuan	5
Dato' Paduka Nik Hashim bin Nik Yusoff	3
Tan Sri Lim Kok Thay	2
Tan Sri Dr. Lin See Yan	4
Mr Quah Chek Tin	5

SUMMARY OF ACTIVITIES

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 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 the Group;

- vii) reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and the Company for the financial years ended 31 December 2001 and 2002;
- 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 2001; and
- x) reviewed the reports submitted by the risk management taskforce.

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
 - (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.

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 Kuala Lumpur Stock Exchange's ("the Exchange") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

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 Director 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 •

INTRODUCTION

The Malaysian Code on Corporate Governance ("Code") requires companies listed on the Kuala Lumpur Stock Exchange ("KLSE") to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. As outlined under paragraph 15.27(b) of the KLSE Listing Requirements, the Board of Directors ("the Board") of listed companies is required to include a statement about the state of internal control. The Board's Statement on Internal Control has been prepared in accordance with the provisions mentioned in the Code.

THE BOARD'S RESPONSIBILITIES

In relation to internal control, the Board acknowledges their responsibility under the KLSE 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. Thus any system 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 to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of the Group's 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 FRAMEWORK

To facilitate the implementation of the risk management process, a Risk Management Taskforce ("Taskforce") was established for the Genting Group of companies ("the Group") and the Board has delegated the detailed review of the risk assessment process to this Taskforce. The members of the Taskforce are the Chief Operating Officer, the Chief Financial Officers/Heads of Finance ("CFOs") of the respective companies, the Head of Internal Audit, the Group Treasurer and the Group Risk Manager ("GRM").

The Taskforce meets on a regular basis to review the risk assessment documents of the Group and where necessary propose changes to the risk management and control procedures/policies. The review also covers the status of action plans or measures taken or to be taken to address any areas of concern identified during the risk assessment process. The Taskforce reports to the Audit Committee and on a quarterly basis prepares a summary of the risk assessments to report the Group's significant risks and the status of control measures implemented or to be implemented to deal with the risks. The report is reviewed by the Audit Committee before presenting to the Board. The Board on its part reviews and deliberates on the risks and control issues reported before approving the report.

The Control Self-Assessment ("CSA") is the approach endorsed by the Board for the purposes of implementing the risk management process for the Group. The CSA refers to a process whereby departments/business areas of the Group identify and evaluate controls within key functions/activities of their business processes.

The GRM in conjunction with the respective CFOs and the Business/Operation Heads facilitates the groupwide implementation of the CSA.

To assist the business/operating units in implementing the risk

management process in a systematic manner, workshops were conducted for the heads of departments and representatives of the business/operating units on the concepts of the CSA. The risks to the Group's strategic objectives are assessed at the holding company level.

The Business/Operations Head, the CFOs and the GRM review the risk assessment documents to ensure completeness before forwarding to the Taskforce for the latter's review.

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 matters raised by Management on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to various committees established by the Board and Management of the holding company and subsidiaries 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 documented in manuals which are reviewed and revised periodically to meet changing business, operational and statutory reporting needs.
- Performance and cash flow reports are provided to Management 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 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 Group. Nevertheless, measures have been or are being taken to address these weaknesses. As there is increasing dependence on technology for better control and efficiency, the Group is currently embarking on business continuity plans for its critical processes as part of its ongoing risk control measures.

The Board in issuing this statement has taken into consideration the state of internal control of its associated companies, Genting Sanyen Power Sdn Bhd and Serian Palm Oil Mill Sdn Bhd and the representation made by its associated company, Star Cruises Limited in respect of its state of internal control.

THE INTERNAL AUDIT FUNCTION

The Internal Audit Division ("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.

On a quarterly basis, Internal Audit submits audit reports and plan status 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.

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

The Directors of **GENTING 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 2002.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

The principal activities of the subsidiary companies include leisure and hospitality, gaming and entertainment businesses, plantations, property development and management, tours and travel related services, investments, manufacturing and trading in paper and paper related products and oil and gas exploration activities.

The principal activities of the associated companies include cruise and cruise related operations and the generation and supply of electric power.

Details of the principal activities of the subsidiary and associated companies are set out in Note 37 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

	Group RM Million	Company RM Million
Profit from ordinary activities before taxation	1,559.5	428.5
Taxation	(452.7)	(118.6)
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Profit from ordinary activities after taxation	1,106.8	309.9
Minority shareholders' interests	(345.4)	-
	<hr/>	<hr/>
Net profit for the financial year	<u>761.4</u>	<u>309.9</u>

DIVIDENDS

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

- (i) a final dividend of 12.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM63,390,505.86 in respect of the financial year ended 31 December 2001 was paid on 30 July 2002; and
- (ii) an interim dividend of 7.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM35,498,682.30 in respect of the financial year ended 31 December 2002 was paid on 31 October 2002.

The Directors recommend payment of a final dividend of 13.5 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 share capital of the Company as at the date of this report, the final dividend would amount to RM68,461,746.33.

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

There were no issue of shares or debentures during the financial year.

The following Option to take up unissued ordinary shares of the Company previously granted to executive employees of the Group under The Genting Employees' Share Option Scheme for Executives ("Previous ESOS") were outstanding as at 31 December 2002:

Option Expiry Date	Subscription Price Per Share	No. of Unissued Shares
15 December 2004	RM19.80	<u>679,000</u>

The shares under the aforesaid Option may be exercised in full or in respect of 1,000 shares or a multiple thereof on the payment of the requisite subscription price at any time before the Option expiry date. 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.

At an Extraordinary General Meeting ("EGM") of the Company held on 21 February 2002, the shareholders of the Company approved the Proposed New ESOS referred to as "The Executive Share Option Scheme For Eligible Executives of Genting Berhad and its subsidiaries" ("New ESOS").

At another EGM held on 25 June 2002, the draft Bye-Laws of the New ESOS was further amended such that the total number of new shares to be offered under the New ESOS Scheme shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the Scheme, by ordinary resolution increase the total number of new shares to be offered under the Scheme up to 5% of the issued and paid up share capital of the Company at the time of the offer.

The New ESOS became effective on 12 August 2002 for a duration of 10 years terminating on 11 August 2012 following the issuance of a letter by the advisor of the Company to the Securities Commission ("SC") stating inter-alia that all the SC's conditions have been complied with and that the Bye-Laws of the New ESOS do not contravene any of the provisions of the SC's guidelines on employees share option schemes.

The Option Holders of the Previous ESOS who participated in the New ESOS have relinquished their outstanding option under the Previous ESOS.

On 2 September 2002 and 29 November 2002, options were granted pursuant to the New ESOS in respect of 6,988,000 and 64,000 unissued ordinary shares of 50 sen each in the Company at an offer price of RM14.34 and RM13.08 per share respectively to a total of 229 executive employees including the following Executive Directors of the Group and those Management Employees of the Group who were granted options to subscribe for 100,000 ordinary shares and above as specified in the Scheme:

	Option Expiry Date 11 August 2012 (No. of unissued shares)
Executive Directors of the Group	
Tan Sri Lim Goh Tong	1,500,000
Tan Sri Lim Kok Thay	1,000,000
Tun Mohammed Hanif bin Omar	500,000
Mr Quah Chek Tin	500,000
Tan Sri Mohd Amin bin Osman	500,000
Dr. R. Thillainathan	250,000
	<u>4,250,000</u>
Management Employees of the Group	
Mr Tan Wooi Meng	250,000
Mr Tan Wah Joo, Justin	100,000
Encik Azmi bin Abdullah	100,000
Ms Chiew Sow Lin	100,000
Mr Ngai Tar Poy	100,000
Mr Jonathan Searcy	100,000
Mr Peter Brian Woodroof	100,000
	<u>5,100,000</u>

- (a) The expiry date of the Option on 11 August 2012 shall apply unless the Option has expired 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 Option 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 option 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 Option 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 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 year.

Under the New ESOS, 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, was outstanding as at 31 December 2002:

Option Number	Option Expiry date	Subscription Price Per Share RM	No. of Unissued Shares
1/2002	11 August 2012	14.34	6,988,000
2/2002	11 August 2012	13.08	64,000
			7,052,000

DIRECTORATE

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

Tan Sri Lim Goh Tong
 Tun Mohammed Hanif bin Omar
 Tan Sri Lim Kok Thay*
 Mr Quah Chek Tin
 Dato' Paduka Nik Hashim bin Nik Yusoff*
 Tan Sri Mohd Amin bin Osman
 Tan Sri (Dr.) Gunn Chit Tuan*
 Tan Sri Dr. Lin See Yan*
 Dr. R. Thillainathan (*Appointed on 15 January 2003*)

* 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, Resorts World Bhd, Asiatic Development Berhad and Genting International PLC, all of which are subsidiary companies of the Company as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	1.1.2002	Acquired/(Disposed)	31.12.2002
	(Number of ordinary shares of 50 sen each)		
Tan Sri Lim Goh Tong	6,681,000	-	6,681,000
Tun Mohammed Hanif bin Omar	200	-	200
Tan Sri Lim Kok Thay	2,636,000	897,800/(100,000)	3,433,800
Mr Quah Chek Tin	1,000	-	1,000
Tan Sri Mohd Amin bin Osman	8,000	-	8,000

Shareholdings in which the Director is deemed to have an interest	1.1.2002	Acquired/(Disposed)	31.12.2002
	(Number of ordinary shares of 50 sen each)		

Tan Sri Lim Kok Thay	11,523,996	-	11,523,996
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Share Options in the names of Directors	1.1.2002	Offered/(Relinquished)	31.12.2002
	(Number of unissued ordinary shares of 50 sen each)		

Tan Sri Lim Goh Tong	600,000	1,500,000/(600,000)	1,500,000
Tun Mohammed Hanif bin Omar	500,000	500,000/(500,000)	500,000
Tan Sri Lim Kok Thay	400,000	1,000,000/(400,000)	1,000,000
Tan Sri Mohd Amin bin Osman	400,000	500,000/(400,000)	500,000
Mr Quah Chek Tin	-	500,000	500,000

INTEREST IN RESORTS WORLD BHD

Shareholdings in the names of Directors	1.1.2002	Acquired/(Disposed)	31.12.2002
	(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
Mr Quah Chek Tin	1,000	-	1,000
Tan Sri Mohd Amin bin Osman	122,000	-	122,000

Share Options in the names of Directors	1.1.2002	Offered/(Relinquished)	31.12.2002
	(Number of unissued ordinary shares of 50 sen each)		

Tan Sri Lim Goh Tong	300,000	1,000,000/(300,000)	1,000,000
Tun Mohammed Hanif bin Omar	500,000	500,000/(500,000)	500,000
Tan Sri Lim Kok Thay	175,000	750,000/(175,000)	750,000

INTEREST IN ASIATIC DEVELOPMENT BERHAD

Shareholdings in the names of Directors	1.1.2002	Acquired/(Disposed)	31.12.2002
	(Number of ordinary shares of 50 sen each)		

Tan Sri Lim Goh Tong	437,500	-	437,500
Tan Sri Lim Kok Thay	144,000	-	144,000
Tan Sri Mohd Amin bin Osman	164,000	-	164,000

Share Option in the names of Directors	1.1.2002	Offered/(Exercised)	31.12.2002
	(Number of unissued ordinary shares of 50 sen each)		

Tan Sri Lim Goh Tong	-	577,000	577,000
Tan Sri Lim Kok Thay	-	577,000	577,000
Tan Sri Mohd Amin bin Osman	-	577,000	577,000

INTEREST IN GENTING INTERNATIONAL PLC

Shareholdings in the name of Director	1.1.2002	Acquired/(Disposed)	31.12.2002
	(Number of ordinary shares of US\$0.10 each)		
Tan Sri Lim Goh Tong	1,832,468	-	1,832,468

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 shown in the financial statements or the fixed salary of a full-time employee of the Company) 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 Goh Tong is a director and a substantial shareholder 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 wholly-owned subsidiary of Resorts World Bhd ("RWB"), which in turn is a 55.2% owned subsidiary of the 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 70% owned subsidiary of RWB.
- (ii) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has retained Asiatic Development Berhad, a 54.9% 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 PLC, a 62.2% owned subsidiary of the Company.
- (iv) Tan Sri Mohd Amin bin Osman has been retained as a consultant to provide management and ancillary services to the Company and retained by RWB to provide advisory services.
- (v) Oakwood Sdn Bhd, a wholly-owned subsidiary of the Company has previously extended a housing loan to Dr. R. Thillainathan to enable him to acquire a home.

Tun Mohammed Hanif bin Omar and Dato' Paduka Nik Hashim bin Nik Yusoff 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.

Dr. R. Thillainathan is due to retire at the forthcoming 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 Lim Goh Tong, Tan Sri Mohd Amin bin Osman and Tan Sri (Dr.) Gunn Chit Tuan 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 allowances for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance 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 in the Group and in 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 for those highlighted 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 36 to 75 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 2002 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 applicable approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

AUDITORS

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

On behalf of the Board,

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman

TAN SRI LIM KOK THAY
President and Chief Executive

Kuala Lumpur
3 March 2003