

REPORT OF THE DIRECTORS

The Directors present their report on the activities and financial statements of the Group and of the Company for the financial year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards and the provisions of the Isle of Man Companies Act 2006.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of an investment holding company.

The principal activities of the Company's subsidiaries during the financial year include the development and operation of integrated resorts, operation of casinos, investments, provision of information technology application related services and provision of marketing support services to leisure and hospitality related businesses and investments.

SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

On 26 January 2010, the Company was registered as a foreign company in Singapore under Section 371(1) of the Companies Act, Cap. 50.

On 26 March 2010, the Company increased its investments in Genting Alderney Limited ("**GAL**"), a wholly-owned subsidiary of the Company, from GBP3,000,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 2,000,000 Redeemable Preference Shares of GBP1/- each to GBP3,500,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 2,500,000 Redeemable Preference Shares of GBP1/- each by way of the subscription of 500,000 Redeemable Preference Shares at GBP1/- each for a cash consideration of GBP500,000/-.

On 19 April 2010, the Company increased its investments in Genting International Sdn Bhd ("**GISB**"), a wholly-owned subsidiary of the Company, from RM2/- comprising 2 ordinary shares of RM1/- each to RM250,000/- comprising 250,000 ordinary shares of RM1/- each by way of the subscription of 249,998 ordinary shares at RM1/- each for a cash consideration of RM249,998/-.

On 31 May 2010, the Company increased its investments in Genting International Enterprises (Singapore) Pte Ltd ("**GIES**"), then a wholly-owned subsidiary of the Company, from S\$51,660,001/- comprising 20,985,001 ordinary shares of S\$1/- each and 30,675 Convertible Non-Cumulative Redeemable Preference Shares of S\$1,000/- each to S\$146,660,001/- comprising 20,985,001 ordinary shares of S\$1/- each and 125,675 Convertible Non-Cumulative Redeemable Preference Shares of S\$1,000/- each by way of the subscription of 95,000 Convertible Non-Cumulative Redeemable Preference Shares at S\$1,000/- each for a cash consideration of S\$95,000,000/-.

On 25 June 2010, the Company increased its investments in Nedby Limited ("**Nedby**"), then a wholly-owned subsidiary of the Company, from GBP259,418,547/- comprising 30,000,002 ordinary shares of GBP1/- each and 26,676,575 ordinary shares of GBP8.60 each to GBP623,439,899/- comprising 394,021,354 ordinary shares of GBP1/- each and 26,676,575 ordinary shares of GBP8.60 each by way of the subscription of 364,021,352 ordinary shares at GBP1/- each for a cash consideration of GBP364,021,352/-.

On 25 June 2010, the Company increased its investments in Palomino World Limited ("**PWL**"), then a wholly-owned subsidiary of the Company, from USD2/- comprising 2 ordinary shares of USD1/- each to USD416,571/- comprising 416,571 ordinary shares of USD1/- each by way of the subscription of 416,569 ordinary shares at USD1/- each for a cash consideration of USD416,569/-.

On 25 June 2010, PWL increased its investment in its wholly-owned subsidiary, Palomino World (UK) Limited ("**PWUK**"), from GBP1/- comprising 1 ordinary share of GBP1/- to GBP266,239/- comprising 266,239 ordinary shares of GBP1/- each by way of the subscription of 266,238 ordinary shares at GBP1/- each for a cash consideration of GBP266,238/-.

On 25 June 2010, the Company increased its investments in Palomino Star Limited ("**PSL**"), then a wholly-owned subsidiary of the Company, from USD100/- comprising 100 ordinary shares of USD1/- each to USD23,427,094/- comprising 23,427,094 ordinary shares of USD1/- each by way of the subscription of 23,426,994 ordinary shares at USD1/- each for a cash consideration of USD23,426,994/-.

REPORT OF THE DIRECTORS (cont'd)

SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)

On 25 June 2010, PSL increased its investment in its wholly-owned subsidiary, Genting International (UK) Limited (“**GIUK**”), from GBP10,500,001/- comprising 1 ordinary share of GBP1/- and 10,500 Convertible Redeemable Preference Shares of GBP1,000/- each to GBP15,766,617/- comprising 5,266,617 ordinary shares of GBP1/- each and 10,500 Convertible Redeemable Preference Shares of GBP1,000/- each by way of the subscription of 5,266,616 ordinary shares at GBP1/- each for a cash consideration of GBP5,266,616/-.

On 28 June 2010, the Company increased its investments in GISB, from RM250,000/- comprising 250,000 ordinary shares of RM1/- each to RM500,000/- comprising 500,000 ordinary shares of RM1/- each by way of the subscription of 250,000 ordinary shares at RM1/- each for a cash consideration of RM250,000/-.

On 28 June 2010, the Company decreased its investments in GIES, from S\$146,660,001/- comprising 20,985,001 ordinary shares of S\$1/- each and 125,675 Convertible Non-Cumulative Redeemable Preference Shares of S\$1,000/- each to S\$126,860,001/- comprising 20,985,001 ordinary shares of S\$1/- each and 105,875 Convertible Non-Cumulative Redeemable Preference Shares of S\$1,000/- each as a result of the redemption of 19,800 Convertible Non-Cumulative Redeemable Preference Shares at S\$1,000/- each for S\$19,800,000/-.

On 17 August 2010, the Company further increased its investments in GAL, from GBP3,500,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 2,500,000 Redeemable Preference Shares of GBP1/- each to GBP4,000,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 3,000,000 Redeemable Preference Shares of GBP1/- each by way of the subscription of 500,000 Redeemable Preference Shares at GBP1/- each for a cash consideration of GBP500,000/-.

On 17 September 2010, the Company acquired Genting Singapore Aviation (“**GSA**”) as its wholly-owned subsidiary. GSA is a company incorporated in Cayman Islands with an issued/paid-up capital of US\$1/-.

On 15 October 2010, the Company completed the divestment of the United Kingdom casino operations, consisting of the entire issued share capital of each of (i) GIES, (ii) Nedby, (iii) PSL, and (iv) PWL, to Genting Worldwide (UK) Limited, an indirect wholly-owned subsidiary of Genting Malaysia Berhad (“**GENM**”).

On 2 November 2010, the Company incorporated Resorts World Properties Pte. Ltd. (“**RWP**”) as its wholly-owned subsidiary. RWP is a company incorporated in Singapore with an issued and paid-up capital of S\$1/-.

On 23 November 2010, the Company through its wholly-owned subsidiary, Genting International Management Limited (“**GIML**”), acquired a 20% equity interest in Resorts World Inc. Pte. Ltd. (“**RWI**”) as its associated company, for S\$750,000/- . RWI is a company incorporated in Singapore with an issued and paid-up capital of S\$3,750,000/-.

On 26 November 2010, RWI incorporated RW Services Pte. Ltd. (“**RW Services**”) as its wholly-owned subsidiary. RW Services is a company incorporated in Singapore with an issued and paid-up capital of S\$1/-.

On 30 November 2010, RW Services incorporated RW Services Inc. (“**RW Services Inc.**”) as its wholly-owned subsidiary. RW Services is a company incorporated in the United States of America with an issued and paid-up capital of 1,000 shares of common stock of US\$0.01 each.

On 2 December 2010, the Company acquired Genting Singapore Aviation II (“**GSA II**”) as its wholly-owned subsidiary. GSA II is a company incorporated in Cayman Islands with an issued/paid-up capital of US\$1/-.

On 23 December 2010, the Company further increased its investments in GAL, from GBP4,000,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 3,000,000 Redeemable Preference Shares of GBP1/- each to GBP4,500,000/- comprising 1,000,000 ordinary shares of GBP1/- each and 3,500,000 Redeemable Preference Shares of GBP1/- each by way of the subscription of 500,000 Redeemable Preference Shares of GBP1/- each for a cash consideration of GBP500,000/-.

REPORT OF THE DIRECTORS (cont'd)

FINANCIAL RESULTS

	Group 2010 S\$'000
Continuing operations	
Revenue	2,753,341
Cost of sales	(1,374,330)
Gross profit	<hr/> 1,379,011
Other operating income	6,640
Fair value gain on derivative financial instruments	25,448
Fair value loss on financial assets at fair value through profit or loss	(719)
Loss on discontinuance of cash flow hedge accounting	(61,571)
Selling and distribution expenses	(55,622)
Administrative expenses	(191,089)
Other operating expenses	(35,518)
Operating profit	<hr/> 1,066,580
Finance costs	(207,913)
Share of results of jointly controlled entities and associate	(332)
Profit from ordinary activities before taxation	<hr/> 858,335
Taxation	(201,131)
Net profit from continuing operations	<hr/> 657,204
Discontinued operations	
Net loss from discontinued operations	(619,445)
Profit for the financial year	<hr/> 37,759
Profit attributable to:	
- equity holders of the Company	37,757
- non-controlling interests	2
	<hr/> 37,759

CAPITAL STRUCTURE

Changes in share capital

The Company's issued and paid-up share capital increased by 490,564,588 new ordinary shares, of which 469,157,838 new ordinary shares were issued pursuant to the conversion of S\$445.7 million convertible bonds from the Second Convertible Bonds (defined hereafter), 13,569,000 new ordinary shares were issued pursuant to the exercise of 13,569,000 option shares during the year ended 31 December 2010 and 7,837,750 new ordinary shares were issued pursuant to the release of 7,837,750 performance shares during the year ended 31 December 2010.

Convertible Bonds

S\$450.0 million Convertible Bonds due 2012 ("Second Convertible Bonds"):

The Company had on 26 April 2007 issued the Second Convertible Bonds, which were initially convertible into approximately 363,401,437 fully paid-up new ordinary shares of the Company at a conversion price of S\$1.2383 per share. The Second Convertible Bonds were convertible from 22 May 2007 to 16 April 2012. The new ordinary shares, upon issue, ranked pari passu with the existing ordinary shares of the Company. The Second Convertible Bonds were listed and quoted on the Singapore Exchange Securities Trading Limited with effect from 27 April 2007.

REPORT OF THE DIRECTORS (cont'd)

CAPITAL STRUCTURE (cont'd)

S\$450.0 million Convertible Bonds due 2012 (“Second Convertible Bonds”) (cont'd):

As a result of a Rights Issue in 2007, adjustments have been made to the conversion price of the Second Convertible Bonds based on the formulae provided in the offering circular of the Second Convertible Bonds dated 25 April 2007. The adjusted conversion price with effect from 17 September 2007 was S\$1.08 per share. The adjustment to the conversion price of the Second Convertible Bonds also resulted in an adjustment to the number of ordinary shares that may be issued pursuant to the conversion of the remaining S\$450.0 million convertible bonds from 363,401,437 new ordinary shares to 416,666,666 new ordinary shares.

With effect from 26 April 2009, in accordance with the terms and conditions of the Second Convertible Bonds, the conversion price was again adjusted from S\$1.08 per share to S\$0.99 per share, as the arithmetic average of the closing price of shares for 20 consecutive trading days immediately prior to 45 days before 26 April 2009 was less than the existing conversion price. The adjustment to the conversion price of the Second Convertible Bonds also resulted in an adjustment to the number of ordinary shares that may be issued pursuant to the conversion of the outstanding bonds from 416,666,666 new ordinary shares to 454,545,454 new ordinary shares.

Following the 2009 Rights Issue and pursuant to the formulae provided in the terms and conditions of the Second Convertible Bonds, the conversion price for the Second Convertible Bonds was once again adjusted from S\$0.99 per share to S\$0.95 per share with effect from 20 October 2009.

On 25 January 2010, the Company issued a mandatory conversion notice to the holders of the Second Convertible Bonds for the mandatory conversion of the outstanding bonds into fully paid-up ordinary shares of the Company at the conversion price of S\$0.95 per share in accordance with the terms and conditions of the Bonds. As at 8 February 2010, the Company received conversion notices from bondholders for all of the outstanding Second Convertible Bonds except for a sum of S\$2.7 million in aggregate principal amount of the bond outstanding.

Accordingly, the Company mandatorily converted the outstanding S\$2.7 million Bonds into ordinary shares of the Company (the “New Shares”) at the conversion price of S\$0.95, in accordance with the terms and conditions of the Bonds. The New Shares have been sold and the proceeds after expenses were returned to the relevant bondholders.

As at 31 December 2010, all of the Second Convertible Bonds have been converted into 473,671,394 new ordinary shares in the Company.

Performance Share Scheme (“PSS”)

The Company recognises the fact that the services of the Group’s employees and directors are important to the on-going development, growth and success of the Group and it has, therefore, introduced the PSS which will give the Company more flexibility in relation to the Group’s remuneration package for its employees and allow the Group to better manage its fixed overheads. Group executives and executive and non-executive directors are eligible to participate in the PSS. The awards represent the right of a participant to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the PSS and upon satisfying such conditions as may be imposed. The number of shares to be granted to a participant shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his/her capacity, scope of responsibility, skill and vulnerability to leaving the employment of the Group. The total number of shares which may be issued and/or issuable pursuant to awards granted under the PSS on any date shall not exceed 208,853,893 shares and when added to the number of shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed 5% of the total number of shares of the Company from time to time. The PSS shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years, commencing from adoption date, provided always that the PSS may continue beyond the stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The PSS was approved by the Company’s shareholders at the Extraordinary General Meeting held on 8 August 2007. Total number of shares awarded under the PSS as at 31 December 2010 was 36,151,000. 7,837,750 PSS shares have been vested on 12 April 2010 and 1,760,500 shares were lapsed due to resignations. The total number of outstanding PSS shares as at 31 December 2010 was 26,552,750.

REPORT OF THE DIRECTORS (cont'd)

CAPITAL STRUCTURE (cont'd)

Performance Share Scheme (“PSS”) (cont'd)

The PSS is administered by the Remuneration Committee comprising Mr. Tjong Yik Min (Chairman of the Committee), Mr. Lim Kok Hoong and Tan Sri Lim Kok Thay.

Details of the PSS are set out in Note 25 to the financial statements.

Share Option Scheme

On 8 September 2005, the Board of Directors, pursuant to their powers under the then existing Articles of Association of the Company and Isle of Man law, adopted an Employee Share Option Scheme (“Scheme”). The Scheme comprises Options issued to selected executive employees and certain directors of the Company, its subsidiaries, the ultimate holding company of the Company and its subsidiaries. Following the change of name of the Company from Genting International Public Limited Company to Genting Singapore PLC with effect from 27 April 2009, the Scheme was renamed as The Genting Singapore PLC Employee Share Option Scheme. The Scheme is administered by the Remuneration Committee comprising Mr. Tjong Yik Min (Chairman of the Committee), Mr. Lim Kok Hoong and Tan Sri Lim Kok Thay.

Details of the Scheme are set out in Note 25 to the financial statements.

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.

DIVIDENDS

No dividends were paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2010.

DIRECTORS

The following persons have served on the Board as Directors of the Company since the beginning of the financial year and to date:

Tan Sri Lim Kok Thay
Mr. Tan Hee Teck (Appointed as Director/President and Chief Operating Officer with effect from 19 February 2010)
Mr. Lim Kok Hoong
Mr. Tjong Yik Min
Mr. Koh Seow Chuan

** Mr. Justin Tan Wah Joo retired as Managing Director of the Company and Mr. Ong Moh Pheng ceased to be his Alternate Director with effect from 19 February 2010.*

Mr. Lim Kok Hoong and Mr. Koh Seow Chuan retire by rotation under Article 16.4 of the Company’s Articles of Association, and they being eligible, have offered themselves for re-election.

INDEPENDENT AUDITOR

Messrs PricewaterhouseCoopers LLP, Singapore have offered themselves for re-appointment as auditor of the Company.

On behalf of the Board,

TAN SRI LIM KOK THAY
Executive Chairman

22 February 2011