

# KrisAssets Holdings Berhad

(24123-H)



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KrisAssets Holdings Berhad

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-First Annual General Meeting of the Company will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 30 May 2006 at 5.00 p.m. for the transaction of the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2005 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:
  - (a) Tan Sri Dato' Dr. Lin See Yan **Resolution 2**
  - (b) Halim bin Haji Din **Resolution 3**
3. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as ordinary resolutions:

#### 4. Authority to Directors to issue shares

THAT, subject to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall commence immediately upon passing of this resolution and shall continue in force until the conclusion of the next Annual General Meeting of the Company. **Resolution 5**

#### 5. Proposed Renewal of Share Buy-Back Authority

THAT, subject to the Companies Act, 1965 ("Act"), the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Company be and is hereby authorised to purchase its ordinary shares of RM1.00 each ("Kris Shares") on the market of Bursa Securities at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the interest of the Company provided that:

- (a) the aggregate number of Kris Shares purchased does not exceed 10% of the issued and paid-up ordinary share capital of the Company at the time of purchase;
- (b) the amount allocated for the purchase of Kris Shares shall not exceed the retained profits and share premium account of the Company based on the audited financial statements for the year ended 31 December 2005; and
- (c) the Kris Shares purchased are proposed to be cancelled and/or retained as treasury shares which may be distributed as dividends, resold on Bursa Securities and/or cancelled.

## Notice of Annual General Meeting (cont'd)

AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the Proposed Renewal of Share Buy-Back Authority.

### Resolution 6

#### 6. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

THAT, approval be and is hereby given to the Company and its subsidiaries (the "Group") to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of related parties as stated in Section 2.2.2 of the Circular to Shareholders dated 28 April 2006, which are necessary for the Group's day-to-day operations subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and are not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval shall continue to be in force until:
  - (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by a resolution passed by shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the transactions contemplated and/or authorised by this resolution.

### Resolution 7

By Order of the Board  
Tina Chan  
Company Secretary  
MAICSA 7001659

Kuala Lumpur  
28 April 2006

# Notice of Annual General Meeting (cont'd)

## Notes:

### 1. Appointment of Proxy

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company at Penthouse, Menara IGB, No.1, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.

### 2. Re-election of Directors

Details of Directors who are standing for re-election are set out in the Profile of the Board of Directors.

### 3. Explanatory notes on Special Business:

#### **Resolution 5 – Authority to Directors to issue shares**

The proposed resolution, if passed, will renew the authorisation obtained at the last Annual General Meeting, pursuant to Section 132D of the Act for issuance and allotment of up to 10% of the issued and paid-up share capital of the Company for the time being for such purposes as the Directors of the Company consider in the interest of the Company, subject to compliance with the regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. The authorisation, unless in pursuance of offers, agreements or options granted by the Directors while the approval is in force, will expire at the conclusion of the next Annual General Meeting of the Company.

#### **Resolution 6 - Proposed Renewal of Share Buy-Back Authority**

The proposed resolution, if passed, will empower the Company to purchase Kris Shares of up to 10% of the issued and paid-up share capital of the Company by utilising funds allocated up to the latest audited retained profits and the share premium account of the Company. This authority, unless revoked or varied at general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

#### **Resolution 7 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature**

The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Securities.

Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Shareholders' Mandate is set out in the Statement/Circular to Shareholders of the Company dated 28 April 2006, which is despatched with the Company's Annual Report 2005.

# Statement accompanying Notice of AGM

## 1. Re-election of Directors

Directors who are standing for re-election at the Thirty-First Annual General Meeting of the Company:

Tan Sri Dato' Dr. Lin See Yan  
Halim bin Haji Din

Details of the Directors who are standing for re-election are set out in the Profile of the Board of Directors. Information relating to the Directors' interests in shares of the Company and its related corporation is presented in the Analysis of Shareholdings.

## 2. Board of Directors' Meetings

For the financial year ended 31 December 2005, a total of four (4) Board Meetings were held, details of which are set out in the Statement on Corporate Governance.

## 3. Thirty-First Annual General Meeting

Date : Tuesday, 30 May 2006

Time : 5.00 p.m.

Venue : Bintang Ballroom  
Level 5, Cititel Mid Valley  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

# Corporate Information

## BOARD OF DIRECTORS

### **Independent Non-Executive Chairman**

Tan Sri Dato' Dr. Lin See Yan

### **Group Managing Director**

Robert Tan Chung Meng

### **Independent Non-Executive Directors**

Halim bin Haji Din

Le Ching Tai @ Lee Chen Chong

### **Non-Independent Non-Executive Directors**

Tan Lei Cheng

Tan Boon Lee

Daniel Yong Chen-I

Elizabeth Tan Hui Ning, *alternate to Group Managing Director*

## COMPANY SECRETARY

Tina Chan Lai Yin

## REGISTERED OFFICE

Penthouse, Menara IGB

No. 1, The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone: 03-22898989

Facsimile: 03-22898802

## SHARE REGISTRAR

IGB Corporation Berhad

[Share Registration Department]

23<sup>rd</sup> Floor, Menara IGB

No. 1, The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone: 03-22898989

Facsimile: 03-22898983

## AUDITORS

PricewaterhouseCoopers

11<sup>th</sup> Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

Telephone: 03-26931077

Facsimile: 03-26930997

## PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd

HSBC Bank Malaysia Berhad

## BOARD COMMITTEES

### **Audit Committee**

#### **Chairman**

Halim bin Haji Din

#### **Members**

Tan Sri Dato' Dr. Lin See Yan

Le Ching Tai @ Lee Chen Chong

Robert Tan Chung Meng

### **Nomination Committee**

#### **Chairman**

Tan Sri Dato' Dr. Lin See Yan

#### **Members**

Halim bin Haji Din

Le Ching Tai @ Lee Chen Chong

Tan Boon Lee

### **Remuneration Committee**

#### **Chairman**

Tan Sri Dato' Dr. Lin See Yan

#### **Members**

Halim bin Haji Din

Le Ching Tai @ Lee Chen Chong

Robert Tan Chung Meng

Tan Lei Cheng

Tan Boon Lee

Daniel Yong Chen-I

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Listed on Main Board on 19 February 1997

Stock Code: 6653

# Profile of the Board of Directors

## **Tan Sri Dato' Dr Lin See Yan** **Independent Non-Executive Chairman**

Malaysian, aged 67, was appointed Independent Non-Executive Chairman of Kris on 30 September 2004. Tan Sri Dato' Dr. Lin is also Chairman of the Remuneration and Nomination Committees, and a member of the Audit Committee.

Dr. Lin is an independent strategic and financial consultant. Prior to 1998, he was Chairman/President and CEO of Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (the Central Bank), having been a central banker for 34 years. Dr. Lin continues to serve the public interest, including Member, National Economic Action Council ("NEAC") Working Group; Pro-Chancellor, Universiti Sains Malaysia; Trustee, Malaysia University for Science & Technology; Board Director, Monash University (Sunway Campus) Malaysia; and Governor, Asian Institute of Management, Manila as well as Member, Asian Financial Regulatory Shadow Committee. In addition, Dr. Lin sits on the Boards of several public listed companies, including Ancom Berhad, F&N Holdings Berhad, Genting Berhad, JobStreet Cororation Berhad, Resorts World Berhad and Wah Seong Corporation Berhad and a number of private business enterprises in Malaysia, Singapore and Indonesia engaged in petroleum related products, housing & property development, software, and private equity. Dr. Lin is Chairman Emeritus, Harvard Graduate School Alumni Association Council at Harvard University in Cambridge (USA) as well as Regional Director for Asia, Harvard Alumni Association at Harvard University in addition to being Member, Visiting Committee on Asian Studies at the University and President, Harvard Club of Malaysia. He is also Professor of Economics (Adjunct), Universiti Utara Malaysia. In addition, he is a Trustee of: Tun Ismail Ali Foundation (PNB); Harvard Club of Malaysia Foundation; Malaysian Economic Association Foundation; and MAKNA (National Cancer Council).

Professionally qualified in the United Kingdom as a chartered statistician, Dr. Lin is also banker, economist and venture entrepreneur. He received 3 post-graduate degrees from Harvard University (including a Ph.D. in Economics) where he was a Mason Fellow and Ford Scholar, and where he continues to maintain close links; and was founding Deputy President of the Association of Harvard University Alumni Clubs of Asia ("AHUACA"). He is an Eisenhower Fellow and Fellow of the following professional organisations: IMF Institute (Washington D.C.); Royal Statistical Society (London); Malaysian Institute

of Bankers; Malaysian Insurance Institute; Malaysian Institute of Management; and Malaysian Economic Association. He is also Distinguished Fellow, Institute of Strategic and International Studies.

Dr. Lin does not have any family relationship with other Directors and/or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

## **Robert Tan Chung Meng** **Group Managing Director**

Malaysian, aged 54, joined the Board of Kris on 23 August 2004 and appointed the Group Managing Director of the Company on 1 October 2004. Mr. Tan is also a member of the Audit and Remuneration Committees.

He has vast experience in the property and hotel industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for one year. He has also developed a housing project in Central London before returning to Malaysia. He has been involved in various development projects carried out by IGB Corporation Berhad and Tan & Tan Developments Berhad, in particular the Mid Valley Project.

He is also presently the Chairman of Wah Seong Corporation Berhad and the Managing Director of IGB Corporation Berhad.

He is a Major Shareholder of Kris. He is the father of Elizabeth Tan Hui Ning, a cousin of Tan Lei Cheng and Tan Boon Lee, and an uncle to Daniel Yong Chen-I, all of whom are Directors of Kris. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

## **Halim Bin Haji Din** **Independent Non-Executive Director**

Malaysian, aged 60, was appointed to the Board of Kris on 30 September 2004. Encik Halim is also the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

He is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms. He accumulated 18 years of experience working in the Oil and Gas Industry (Caltex)

## Profile of the Board of Directors (cont'd)

before engaging in the consulting business. He was the Managing Partner of the Consulting Division of Ernst & Young Malaysia. He later became the Vice President of Cap Gemini Ernst & Young Consulting when Cap Gemini of France merged with Ernst & Young Consulting. In 2003 he with two partners took over the consulting business of Cap Gemini Ernst & Young Malaysia and rebranded it as Innovation Associates where he is currently the Managing Director.

He also sits on the Boards of Wah Seong Corporation Berhad, MMC Corporation Berhad, Boustead Properties Berhad and Takaful Ikhlas Sdn Bhd.

He does not have any family relationship with other Directors and/or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

### **Le Ching Tai @ Lee Chen Chong** **Independent Non-Executive Director**

Malaysian, aged 65, was appointed as a Director of Kris on 21 August 1997 and also served as the Chairman of the Audit and Risk Management Committee until his resignation on 30 September 2004. However, he remains as a member of the Audit, and also serves as a member of the Nomination and Remuneration Committees.

He is a fellow of the Chartered Institute of Bankers (FCIB) London and spent a total of 34 years in commercial and international banking both in local as well as banks overseas. From 1972 to 1984, he was the Chief Executive Officer of an overseas bank in the City of London. In 1985 he returned to Malaysia and joined a Malaysia-French joint venture bank in Kuala Lumpur as an Executive Director and was subsequently elevated to the post of the Managing Director until he relinquished the post end of 1993. The next four years he spent his time overseas as CEO/Director of international banks in Czech Republic, Hungary and Malta. He had been associated with the Multi-Purpose Group of companies since 1989 and retired as an Executive Director of the Group end of year 2000. He also holds directorship in Ipmuda Berhad since 19 December 2001 and is currently its Executive Director. He also sits on the Board of other private limited companies.

He does not have any family relationship with other Directors and/or Major Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

### **Tan Boon Lee** **Non-Independent Non-Executive Director**

Malaysian, aged 42, was appointed to the Board of Kris on 30 September 2004. Mr. Tan is also a member of the Nomination and Remuneration Committees.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 18 years of experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was the President of Malaysian Association of Hotel Owners ("MAHO") from 2002 to 2004.

He also sits on the Boards of IGB Corporation Berhad, Goldis Berhad and Macro Kiosk Berhad.

He is a son of Dato' Tan Chin Nam, who is a Major Shareholders of Kris. He is a brother of Tan Lei Cheng, a cousin of Robert Tan Chung Meng and an uncle to Daniel Yong Chen-I and Elizabeth Tan Hui Ning, all of whom are Major Shareholders and/or Directors of Kris. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

### **Tan Lei Cheng** **Non-Independent Non-Executive Director**

Malaysian, aged 49, was appointed to the Board of Kris on 30 September 2004. Ms Tan is also a member of the Remuneration Committee.

She holds a Bachelor of Commerce from the University of Melbourne, Australia and a Bachelor of Law from King's College, London (LLB Hons.). She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983.

## Profile of the Board of Directors (cont'd)

She has 24 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB Corporation Berhad, Tan & Tan Developments Berhad and Goldis Berhad. She is presently the Executive Chairman and Chief Executive Officer of Goldis Berhad. She also sits on the Boards of IGB Corporation Berhad and Macro Kiosk Berhad. She is a member of Young Presidents' Organisation, Malaysia Chapter ("YPO"). YPO is a premier international network of young business leaders that is dedicated to the continuing education of its members. Ms. Tan is also a Board member of the Kuala Lumpur Business Club.

She is a daughter of Dato' Tan Chin Nam, who is a Major Shareholder of Kris. She is a sister of Tan Boon Lee, a cousin of Robert Tan Chung Meng and an aunt to Daniel Yong Chen-I and Elizabeth Tan Hui Ning, all of whom are Major Shareholders and/or Directors of Kris. She has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

**Daniel Yong Chen-I**  
***Non-Independent Non-Executive Director***

Malaysian, aged 34, was appointed to the Board of Kris on 30 September 2004. He is also a member of the Remuneration Committee.

He is a law graduate from the University of Bristol. He joined Mid Valley City Sdn Bhd ("MVC") in 1999 as a member of the pre-opening retail development team and has been responsible for the management of the Mid Valley Megamall since 2002. He is presently the Executive Director of MVC. His prior work experience includes the development of bespoke systems with BYG Systems Ltd. in England and Operational Management with Wah Seong Engineering Sdn Bhd, the Toshiba Elevator and Escalator distributors and manufacturers in Malaysia.

He is a son of Pauline Tan Suat Ming, who is a Major Shareholder of Kris. He is a nephew of Robert Tan Chung Meng, Tan Lei Cheng and Tan Boon Lee, and a cousin of Elizabeth Tan Hui Ning, all of whom are Major Shareholders and/or Directors of Kris. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

**Elizabeth Tan Hui Ning**  
***Alternate Director to Group Managing Director***

Malaysian, aged 23, was appointed the alternate Director to the Group Managing Director on 1 October 2004.

She graduated with First Class Honours from Cardiff University, Wales, United Kingdom with a degree in Business Administration (BSc) in June 2004. She is presently attached to the Retail Division of Mid Valley City Sdn Bhd, and is also involved in the corporate affairs of IGB Corporation Berhad.

She is a daughter of Robert Tan Chung Meng, who is the Group Managing Director and a Major Shareholder of Kris. She is a niece of Tan Lei Cheng and Tan Boon Lee, and a cousin of Daniel Yong Chen-I, all of whom are Major Shareholders and/or Directors of Kris. She has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

# Letter to Shareholders



TAN SRI DATO' DR LIN SEE YAN



ROBERT TAN CHUNG MENG

*Dear Shareholders,*

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2005.

The Company's principal wholly-owned subsidiary, Mid Valley City Sdn Bhd ("MVC") is the owner and operator of Mid Valley Megamall ("Megamall"), one of Klang Valley's leading shopping destinations. The financial results of the Group encompass revenue from MVC for the Megamall operation. Group revenue for the financial year ended 31 December 2005 was approximately RM173 million with consolidated pre-tax profit at approximately RM79 million. A total of 13% tax exempt dividends was paid to shareholders during 2005.

## CORPORATE DEVELOPMENTS

The Company officially changed its name to KrisAssets Holdings Berhad on 2 June 2005.

On 6 December 2005, the Company entered into a subscription agreement with United Overseas Bank (Malaysia) Bhd (being the primary bonds subscriber) and Hwang-DBS Securities Berhad (being the primary warrants subscriber) for RM200,000,000 (nominal value) in 7-year bank guaranteed bonds ("BG Bonds") together with detachable provisional rights of allotment to 110,134,166 5-year warrants ("Warrants") on a "bought-deal" basis.

In spite of the rising interest rates from end November 2005 onwards, the Company completed the issuance of the BG Bonds at the coupon rate of 3.4% per annum on 23 December 2005. The proceeds from the Bonds were utilised to redeem 2 million of the outstanding 2.93 million redeemable preference shares issued by the Company which carry a dividend rate of 5% per annum.

The Warrants will be offered to shareholders on a renounceable basis of one (1) Warrant for every three (3) shares held at an offer price of 6 sen per Warrant.

A revaluation exercise on the Megamall was completed in March 2006 in line with the Group's accounting policy to carry its investment properties at fair value. The market value accorded to the Megamall by a firm of independent professional valuers was RM1.68 billion, an increase of RM200 million from the previous valuation of RM1.48 billion.

We are also pleased to report that the suspension of trading in the Company's shares was lifted by Bursa Malaysia Securities Berhad on 10 April 2006.

## MID VALLEY MEGAMALL – Year under Review and Outlook

The Megamall completed its sixth year of operation in November 2005. For the Megamall, 2005 was a benchmark year with key performance indicators showing positive growth.

## Letter to Shareholders (cont'd)

For the financial year ended 31 December 2005, revenue was approximately RM171 million, a 7% increase from the previous year's revenue of RM160 million. Pre-tax profit was approximately RM92 million, a 33% increase from the previous year's pre-tax profit of RM69 million.

Occupancy at the Megamall continued to hold above 99% with over 200 tenancy renewals and new tenancies in 2005. Upgrading of the tenant mix and merchandise has resulted in the opening of many exciting new stores. In addition, many of the existing tenants have also upgraded their stores and the rising quality of their merchandise reflected the upmarket local and international brands at Megamall. We believe this combination will improve the quality of shopping experience at the Megamall.

Visitation to the Megamall also increased, with approximately 28 million visitors in 2005. This success was attributed in part to the increased efficiency of the Megamall car park system, as well as the continued success of the Mid Valley KTM Komuter Station and the additional car park bays introduced in the course of the year. The Mid Valley KTM Komuter Station proved to be a key component in providing easy access for the customers to the Megamall. In 2005, the station recorded 2.13 million passengers, making it the second highest station ridership on the KTM Komuter network. Other contributing factors include the opening of the 4-Star Boulevard Hotel at Mid Valley City which together with the existing Cititel Hotel provide a wider range of hospitality services at the door step of the Megamall.

In addition to the upgrades in infrastructure surrounding the Megamall, the program of improvements to the ambience and environment at the Megamall continues to ensure that high standards are maintained to make any visit to the Megamall an enjoyable experience.

Promotional campaigns at the Megamall continue to remain a central feature culminating in 2005 with a magnificent Mall-wide White Christmas celebration. The International Council of Shopping Centers (ICSC) recognized the Megamall with a MAXI Merit Award 2005 for its creative marketing and promotion programs. The Megamall is the first mall in Malaysia to be recognized for the Award. The Megamall also received the Gold Award for the Shopping Complex of the Year category at the Retail World Excellence Awards 2006/2007.

For 2006, we remain optimistic on the continuing vibrancy of the domestic market, the primary driving force for the Megamall. There is also potential for growth in the tourist market with the implementation of aggressive targeted campaigns by Tourism Malaysia. In the short term, the completion of the Northpoint office and serviced apartment project and the Centrepoint offices at Mid Valley City in the near future will undoubtedly increase the immediate catchment of the Megamall. The improvements in traffic infrastructure of these projects and of The Gardens will greatly enhance accessibility to the Megamall.

### ACKNOWLEDGEMENT & APPRECIATION

On behalf of the Board, we would like to express our appreciation to the regulatory authorities for their continued support, cooperation and assistance. To our shareholders, business partners, tenants, customers and financiers, we thank you for your continued support and confidence.

We also record our appreciation to the management and staff for their hard work and commitment in ensuring that Mid Valley Megamall remains the shopping destination for all Malaysians and visitors alike.

#### **TAN SRI DATO' DR LIN SEE YAN**

*Independent Non-Executive Chairman*

#### **ROBERT TAN CHUNG MENG**

*Group Managing Director*

25 April 2006