



## Financial Statement

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# Directors' Report

The Directors hereby submit their report together with the audited accounts of the Group and of the Company for the financial year ended 31 December 1999.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies of the Group are stated in Note 9 to the accounts whilst those of the associated companies are stated in Note 10 to the accounts. There has been no significant change in these principal activities during the financial year.

## CHANGE OF NAME

On 13 December 1999, the Company changed its name from Sungei Way Holdings Berhad to Sunway Holdings Incorporated Berhad.

## FINANCIAL RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	155,168	257,810

## DIVIDENDS

No dividends were paid or declared by the Company since 31 December 1998. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 1999.

## RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are as disclosed in Notes 4 and 23 to the accounts.

## EMPLOYEES' SHARE OPTION SCHEME

There were 2,328,579 ordinary shares of options outstanding and unexercised pursuant to the extended Executive Share Option Scheme of Sunway Holdings Incorporated Berhad (formerly known as Sungei Way Holdings Berhad), which were granted on 23 December 1994. These options however lapsed on 22 December 1999.

Subsequently, a new Employees' Share Option Scheme ("the ESOS") of Sunway Holdings Incorporated Berhad (formerly known as Sungei Way Holdings Berhad), options of 40,487,987 ordinary shares were granted on 23 December 1999. The main features of the ESOS are:

- (a) Eligible employees are those who have been in the service of the Group for at least one year (including any full time executive director of any company in the Group);
- (b) The ESOS shall continue to be in force for a period of five years from 23 December 1999;
- (c) The options can be exercised by notice in writing on any working day for the duration of the option period; and

### EMPLOYEES' SHARE OPTION SCHEME (cont'd)

- (d) The price at which the employees are entitled to take up shares under the ESOS is the average of the mean market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the respective dates of offer of the options.

As at 31 December 1999, there were options over 40,487,987 ordinary shares granted but not exercised pursuant to the Scheme.

### SHARE CAPITAL, TRANSFERABLE SUBSCRIPTION RIGHTS AND WARRANTS

#### Share capital

There was no change in the issued and paid-up share capital of the Company during the financial year.

#### Warrants

As at 31 December 1999, there were 42,457,137 warrants outstanding which entitle the holders to subscribe for 42,457,137 ordinary shares of RM1.00 each in the Company at a price of RM3.34 per share. The Company has obtained approval from the relevant authorities to extend the exercise period of the warrants from five years to ten years from the date of issue.

### DIRECTORS

The Directors who have held office during the year since the date of the last report are:

Tan Sri Dato' Seri (Dr) Cheah Fook Ling

Dato' Chew Chee Kin

Dato' Tan Kia Loke

Wong Chin Mun

Yau Kok Seng

Hamzah Bin Abdul Majid

(appointed on 6.10.1999)

Tan Sri Dato' Muhd. Yusuff bin Haji Muhd. Yunus

(resigned on 6.10.1999)

In accordance with the Company's Articles of Association, Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Hamzah Bin Abdul Majid retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to the Executive Directors of the Company pursuant to the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration and benefits-in-kind in Note 4 to the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except for any deemed benefits that may accrue to a Director by virtue of transactions between the Group and companies in which the Director has significant equity interests as disclosed in Note 32 to the accounts.

# Directors' Report

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in ordinary shares, share options and warrants in the Company were as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.1999/ date of appointment	Bought	Sold	As at 31.12.1999
<b>Direct interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	4,192,094	–	–	4,192,094
Dato' Chew Chee Kin	370,000	–	(250,000)	120,000
Hamzah Bin Abdul Majid	250,000	–	–	250,000
<b>Deemed interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	152,554,786	28,632,791	–	181,187,577
Hamzah Bin Abdul Majid	50,000	–	–	50,000

	Options over ordinary shares of RM1.00 each			
	As at 1.1.1999	Granted	Exercised/ Lapsed*	As at 31.12.1999
<b>Direct interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	621,300	500,000	(621,300)*	500,000
Dato' Tan Kia Loke	60,059	500,000	(60,059)*	500,000
Yau Kok Seng	–	500,000	–	500,000
Dato' Chew Chee Kin	–	500,000	–	500,000

	Warrants 1994/2004			
	As at 1.1.1999/ date of appointment	Bought	Exercised/ Sold	As at 31.12.1999
<b>Direct interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	314,274	–	–	314,274
Hamzah Bin Abdul Majid	4,000	–	(4,000)	–
<b>Deemed interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	25,074,782	1,182,000	–	26,256,782

By virtue of the Directors' interest in the Company as shown above, they are deemed to have interest in the shares of the subsidiary companies and associated companies to the extent their shares are held by the Company.



## DIRECTORS' INTERESTS (cont'd)

According to the register of Directors shareholdings, the interests of the Directors in office at the end of the financial year in the ordinary shares of Sunway Construction Berhad (formerly known as Sungei Way Construction Berhad), a subsidiary company of the Company listed on the Main Board of the Kuala Lumpur Stock Exchange, were as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.1999/ date of appointment	Bought	Sold	As at 31.12.1999
<b>Direct interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	10,000	–	–	10,000
Dato' Chew Chee Kin	10,000	–	–	10,000
Dato' Tan Kia Loke	10,000	–	–	10,000
Yau Kok Seng	10,000	–	–	10,000
Wong Chin Mun	10,000	–	–	10,000
Hamzah Bin Abdul Majid	55,000	–	–	55,000

	Number of ordinary shares of RM1.00 each			
	As at 1.1.1999	Bought	Sold	As at 31.12.1999
<b>Deemed interest</b>				
Tan Sri Dato' Seri (Dr) Cheah Fook Ling	112,045,000	922,000	–	112,967,000

None of the other Directors in office at the end of the financial year held any interest in shares and debentures of the Company or its related corporations during the financial year.

## STATUTORY INFORMATION ON THE ACCOUNTS

Before the profit and loss accounts and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been 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:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# Directors' Report

## STATUTORY INFORMATION ON THE ACCOUNTS (cont'd)

No contingent or other liability 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 when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

## OTHER STATUTORY INFORMATION

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts which would render any amount stated in the accounts misleading.

In the opinion of the Directors,

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for the transactions disclosed as significant events during the financial year in Note 31 to the accounts; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## AUDITORS

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

On behalf of the Board

**TAN SRI DATO' SERI (DR) CHEAH FOOK LING**  
CHAIRMAN

**DATO' CHEW CHEE KIN**  
PRESIDENT

Petaling Jaya  
26 April 2000



## Profit And Loss Accounts

For The Year Ended 31 December 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	3	<b>799,858</b>	761,472	<b>8,356</b>	20,490
OPERATING PROFIT/(LOSS)		<b>207,935</b>	(97,034)	<b>259,909</b>	(37,013)
SHARE OF (LOSSES) OF ASSOCIATED COMPANIES		<b>(52,467)</b>	(51,489)	-	-
PROFIT/(LOSS) BEFORE TAXATION	4	<b>155,468</b>	(148,523)	<b>259,909</b>	(37,013)
TAXATION	5	<b>3,310</b>	(6,731)	<b>(2,099)</b>	(1,766)
PROFIT/(LOSS) AFTER TAXATION		<b>158,778</b>	(155,254)	<b>257,810</b>	(38,779)
MINORITY INTERESTS		<b>(3,610)</b>	16,394	-	-
PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION AND MINORITY INTEREST	23	<b>155,168</b>	(138,860)	<b>257,810</b>	(38,779)
EARNINGS/(LOSSES) PER SHARE	6	<b>38.32 sen</b>	(34.30) sen	<b>63.68 sen</b>	(9.58) sen

The notes set out on pages 25 to 63 form an integral part of these accounts.

## Balance Sheets

As At 31 December 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	7	<b>272,908</b>	445,953	<b>1</b>	1
INVESTMENT PROPERTIES	8	<b>13,898</b>	13,898	–	–
SUBSIDIARY COMPANIES	9	–	–	<b>325,026</b>	313,831
ASSOCIATED COMPANIES	10	<b>187,474</b>	237,691	<b>181,006</b>	180,611
OTHER INVESTMENTS	11	<b>27,251</b>	28,655	<b>3,189</b>	2,486
DEFERRED EXPENDITURE	12	<b>12,263</b>	16,815	–	–
LONG TERM DEBTORS	13	<b>137,087</b>	203,669	–	–
OTHER INTANGIBLE ASSETS	14	–	9,270	–	–
<b>CURRENT ASSETS</b>					
Stocks and work-in-progress	15	<b>409,630</b>	473,580	–	–
Debtors	16	<b>520,588</b>	474,650	<b>593,283</b>	747,684
Short term investment	17	<b>87,157</b>	151,917	<b>75,696</b>	64,207
Cash and bank balances	18	<b>18,513</b>	39,668	<b>80</b>	227
		<b>1,035,888</b>	1,139,815	<b>669,059</b>	812,118
<b>CURRENT LIABILITIES</b>					
Creditors	19	<b>321,772</b>	324,787	<b>73,533</b>	131,345
4.5% Bank guaranteed redeemable unsecured loan stocks 1994/1999	20	–	70,000	–	70,000
Bank borrowings	21	<b>383,928</b>	517,395	<b>143,953</b>	164,200
Taxation		<b>4,551</b>	22,308	–	–
		<b>710,251</b>	934,490	<b>217,486</b>	365,545
<b>NET CURRENT ASSETS</b>		<b>325,637</b>	205,325	<b>451,573</b>	446,573
		<b>976,518</b>	1,161,276	<b>960,795</b>	943,502
<b>FINANCED BY:</b>					
SHARE CAPITAL	22	<b>404,880</b>	404,880	<b>404,880</b>	404,880
RESERVES	23	<b>83,919</b>	(70,969)	<b>278,979</b>	21,178
<b>SHAREHOLDERS' FUNDS</b>		<b>488,799</b>	333,911	<b>683,859</b>	426,058
MINORITY INTERESTS		<b>115,832</b>	184,574	–	–
1.25% EUROCONVERTIBLE BONDS	24	<b>276,936</b>	468,444	<b>276,936</b>	468,444
LONG TERM LIABILITIES	25	<b>75,977</b>	143,137	–	49,000
DEFERRED TAXATION	26	<b>18,974</b>	31,210	–	–
		<b>976,518</b>	1,161,276	<b>960,795</b>	943,502

The notes set out on pages 25 to 63 form an integral part of these accounts.

# Consolidated Cash Flow Statement

For The Year Ended 31 December 1999

	Note	1999 RM'000	1998 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation		155,468	(148,523)
Adjustments for:			
Intangible assets amortised	14	–	399
Deferred expenditure amortised	12	2,276	1,874
Depreciation of fixed assets	7	35,428	58,408
Loss/(gain) on disposal of fixed assets		167	(1,976)
Fixed assets written off		–	1,177
Share of losses of associated company		52,467	51,489
Interest income		(17,330)	(27,012)
Interest expense		43,143	88,832
Gain on disposal of other investments		(1,854)	(1,318)
(Gain)/loss on disposal of associate companies		(714)	9,449
Gain on disposal of a subsidiary company		(98,044)	–
Gain on redemption of Euroconvertible Bonds		(106,852)	–
Provision for diminution in investments		9	–
Accrual for premium on redemption of Euroconvertible Bonds	24	17,806	24,625
Unrealised foreign exchange losses		–	(9,900)
		<b>81,970</b>	<b>47,524</b>
Decrease in stocks		27,565	45,276
(Increase)/decrease in trade and other receivables		(82,094)	370,338
Increase/(decrease) in trade and other payables		(3,844)	(88,237)
Cash generated from operations		<b>23,597</b>	<b>374,901</b>
Interest paid		(30,914)	(68,141)
Taxation paid		(10,534)	(28,284)
Preliminary and pre-operating expenses	12	(35)	(4,431)
Interest received		12,272	24,050
Net cash generated from operating activities		<b>(5,614)</b>	<b>298,095</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of shares in subsidiary companies		354,477	–
Proceeds from disposal of shares in associated companies		1,508	6,148
Proceeds from disposal of investments		4,291	15,160
Proceeds from disposal of fixed assets		3,276	10,042
Purchase of fixed assets		(13,874)	(48,000)
Purchase of additional shares in subsidiary companies		(55,113)	(5,469)
Purchase of additional shares in associated companies		(396)	(19,647)
Purchase of investments		(1,122)	(29,255)
Purchase of investment properties		–	(5,808)
Purchase of short term investment		(41,789)	–
Interest received		2,421	947
Interest paid		(479)	–
Net cash utilised in investing activities		<b>253,200</b>	<b>(75,882)</b>

# Consolidated Cash Flow Statement

For The Year Ended 31 December 1999 (cont'd)

	Note	1999 RM'000	1998 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to minority shareholders		(86)	(2,935)
Proceeds from issue of shares to:			
– Minority shareholders of a subsidiary company		–	3,600
Term loans obtained		24,911	49,000
Lease and hire purchase obtained		–	7,420
Interest received		–	54
Interest paid		(1,347)	(5,497)
Repayment of term loans		(54,245)	(108,015)
Redemption of Loan Stocks		(70,000)	–
Redemption of Euroconvertible Bonds		(102,462)	–
Repayment of lease and hire purchase		(2,727)	(4,690)
Short term bank borrowings obtained		49,078	–
Repayment of short term bank borrowings		(216,953)	(76,240)
Net cash (utilised in)/generated from financing activities		<b>(373,831)</b>	<b>(137,303)</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<b>(126,245)</b>	<b>84,910</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<b>167,250</b>	<b>83,646</b>
EFFECT OF EXCHANGE RATE DIFFERENCES		<b>37</b>	<b>(1,306)</b>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		<b>41,042</b>	<b>167,250</b>
Cash and cash equivalents consist of:			
Deposits	17	<b>45,368</b>	151,917
Cash and bank balances		<b>18,513</b>	39,668
Bank overdrafts		<b>(22,839)</b>	(24,335)
		<b>41,042</b>	<b>167,250</b>

The notes set out on pages 25 to 63 form an integral part of these accounts.

## 1 BASIS OF ACCOUNTING

The accounts of the Company and of the Group are prepared under the historical cost convention in accordance with the applicable approved Accounting Standards in Malaysia, and comply with the Companies Act, 1965.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

The Group accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year. The results of the subsidiary companies acquired or disposed of are included in the consolidated profit and loss account from the effective date of acquisition or up to the date of disposal.

The difference between the consideration paid for the shares in the subsidiary companies and the fair value of the net separable assets acquired is treated as goodwill or reserve on consolidation as appropriate. In respect of acquisition during the year, reserve on consolidation is net off against goodwill arising on consolidation and net goodwill is written off immediately against the Group's reserves.

### (b) Foreign currencies

Foreign currency transactions are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into Ringgit Malaysia at rates ruling at that date or at contracted rates where applicable. Exchange gains and losses are dealt with through the profit and loss account.

The trading results of overseas subsidiary and associated companies are translated into Ringgit Malaysia at the average exchange rates for the financial year. Assets and liabilities of overseas subsidiary and associated companies are translated into Ringgit Malaysia at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation are taken to the reserves.

### (c) Income recognition

- (i) Interest on hire purchase and leasing contracts are recognised as income on the 'Rule of 78' basis.
- (ii) Profits on long term contracts and development projects are recognised on the percentage of completion method based on costs incurred basis and architect certification to end purchasers. All material estimated losses are provided for.
- (iii) Dividend income from other investments is recognised on the accruals basis.

### (d) Block discounting charges

Block discounting charges are dealt with through the profit and loss account on the 'Rule of 78' basis.

# Notes To The Accounts

31 December 1999 (cont'd)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) Fixed assets and depreciation

Fixed assets are stated at cost or at Directors' valuation. Cost of fixed assets includes interest incurred on borrowings related to the construction of the fixed assets until the assets are ready for their intended use.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised on a straight-line basis over the period of their respective leases which range from 12 to 99 years.

Other fixed assets are depreciated on a straight-line basis over their estimated useful lives. The principal annual depreciation rates used are as follows:

Buildings	2%
Motor vehicles	20%
Plant and machinery	10% to 20%
Furniture, fittings and office equipment	5% to 20%

### (f) Finance leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised as fixed assets and depreciated according to the basis set out in Note 2(e).

Outstanding obligations due under the finance lease and hire purchase agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses of the lease rentals and hire purchase instalments are dealt with through the profit and loss account over the periods of the respective agreements.

### (g) Investment properties

Leasehold investment properties which are stated at cost are amortised on a straight-line basis over the period of their respective leases except when the Directors are of the opinion that the non-amortisation of leases has no material effect on the accounts.

Freehold investment property is stated at cost and not amortised.

### (h) Investments

Investments in subsidiary and associated companies are stated at cost unless, in the opinion of the Directors there has been permanent diminution in value, in which case a provision or write down is made.

### (i) Associated companies

Associated companies are those in which the Group has a long-term interest of between 20% and 50% of the equity capital or in which it exercises significant influence over the financial and operating policies through board representation.

The Group's share of results and reserves of associated companies acquired are included in the consolidated accounts from the date of acquisition based on the latest audited or management accounts of the companies concerned.

Premium on acquisition of associated companies represents the excess of the purchase price over the fair value of the Group's share of the separable net assets of the associated companies at the date of acquisition.

### (j) Other investments

Other investments are held on a long-term basis and are stated at cost unless in the opinion of the Directors there has been a permanent decline in value in which case provision is made for the diminution in value.

# Notes To The Accounts

31 December 1999 (cont'd)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (k) Deferred expenditure

Deferred expenditure comprises preliminary and pre-operating expenses which are stated at cost and are amortised through the profit and loss account over a period not exceeding eight years commencing from the first full year of operations.

### (l) Other intangible assets

Other intangible assets represent the land use rights held by the subsidiary companies and are amortised over the period of the land use rights of 25 years.

### (m) Stocks, contract work-in-progress and development properties

Stocks are stated at the lower of cost and net realisable value. Cost includes, where relevant, appropriate proportions of overheads and is determined on the weighted average method except for properties for resale which are on a specific identification basis.

Contract work-in-progress includes costs and profits accrued to date and interest incurred on borrowings relating to the construction projects less progress billings and provision for all material estimated losses. The excess of costs and profits accrued to date over the sum of recognised losses and progress billings represents gross amount due from customers for contract work and is treated as current asset. The excess of the sum of recognised losses and progress billings over costs and profits accrued to date represents gross amount due to customers for contract work and is treated as current liability.

Property development expenditure is stated at cost plus profits accrued to date less progress billings and provision for all material estimated losses. Cost includes related development cost common to whole projects and direct building cost.

Interest incurred on borrowings relating to construction and development projects are included in construction and development costs until the completion of the construction and development projects.

The net realisable value of the unsold properties are based on directors' appraisal at open market value based on appropriate information and indices that are available.

### (n) Debtors

Known bad debts are written off and provisions are made for any material debts which are considered doubtful. Debtors are shown in the balance sheet net of provision for doubtful debts.

### (o) Cash and cash equivalents

Cash comprises cash in hand, bank balances and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (p) Euroconvertible Bonds

Redemption premium are provided over the period from the date of initial issue of the Eurobonds to the date of option to redeem for the redemption of Eurobonds not previously converted to shares by the bondholders.

### (q) Deferred taxation

Provision is made using the liability method for taxation deferred by timing differences, except where the tax effects of such timing differences are expected to be deferred indefinitely. Deferred tax assets are not recognised unless there is a reasonable expectation of their realisation.



# Notes To The Accounts

31 December 1999 (cont'd)

## 3 PRINCIPAL ACTIVITIES AND TURNOVER

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies of the Group are stated in Note 9 to the accounts whilst those of the associated companies are stated in Note 10 to the accounts. There has been no significant change in these principal activities during the financial year.

Turnover of the Group comprises the invoiced value of goods sold and services supplied, rental income, interest earned on hire purchase, leasing and money lending and certified progress billings on long term contracts, excluding intra-group transactions.

Turnover of the Company comprises management fees from subsidiary companies and dividend income from subsidiary and associated companies.

## 4 PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Profit/(loss) before taxation is arrived at:				
After charging:				
Auditors' remuneration	472	678	55	56
Depreciation of fixed assets	35,428	58,408	–	–
Directors' fees	51	106	15	60
Directors' emoluments	4,454	4,208	812	–
Interest expense				
– subsidiary companies	–	–	7,031	29,293
– bank loans	21,251	31,049	4,297	11,312
– bank overdrafts	2,741	4,684	–	–
– bankers' acceptances	1,243	3,328	–	–
– revolving credits	12,112	41,023	9,305	22,899
– hire purchase and finance leases	559	660	–	–
– 4.5% Bank Guaranteed Redeemable Unsecured Loan Stocks 1994/1999	1,575	3,150	1,575	3,150
– 1.25% Euroconvertible Bonds	3,603	4,888	3,603	4,888
– other borrowings	59	50	–	–
Block discounting charges	1,040	1,224	–	–
Rent of land and buildings				
– subsidiary company	–	–	29	102
– others	4,571	6,988	–	–
Hire of plant and machinery	556	223	–	–
Deferred expenditure amortised	2,276	1,874	–	–
Loss on disposal of fixed assets	545	277	–	–
Bad debts written off	377	16	–	–
Fixed assets written off	–	1,177	–	–

# Notes To The Accounts

31 December 1999 (cont'd)

## 4 PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Loss from disposal of shares in associate companies	-	9,449	-	884
Unrealised foreign exchange (gain)/ loss arising from translation of USD110 million Euroconvertible Bonds	-	(9,900)	-	(9,900)
Unrealised foreign exchange (gain)/loss arising from translation of other monetary items	3	1,770	3	1,770
Accrual for premium on redemption of USD110 million Euroconvertible Bonds	<b>17,806</b>	24,625	<b>17,806</b>	24,625
Provision for diminution in value of investment in an associated company	-	-	-	3,406
<hr/>				
And crediting:				
Interest earned on hire purchase, leasing and money lending	<b>8,745</b>	15,057	-	-
Interest income from				
- subsidiary companies	-	-	<b>24,491</b>	46,109
- others	<b>8,585</b>	11,955	<b>4,896</b>	3,472
Consultancy fee from a subsidiary company	-	-	<b>226</b>	395
Dividend income (gross) from				
- subsidiary companies	-	-	<b>8,141</b>	21,042
- associated companies	-	-	-	-
- other investments	<b>824</b>	1,570	-	-
Rental income from land and building	<b>12,591</b>	9,542	-	-
Net management fee received from/(paid to) subsidiary companies	-	-	<b>191</b>	235
Gain from disposal of subsidiary company	<b>98,044</b>	-	<b>192,414</b>	-
Gain from disposal of associated company	<b>714</b>	-	-	-
Gain from disposal of other investments	<b>1,854</b>	1,318	-	-
Gain on disposal of fixed assets	<b>378</b>	2,253	-	-
Gain on disposal of Euroconvertible Bonds	<b>106,852</b>	-	<b>106,852</b>	-

The cost of sales and services provided of the Group for financial year ended 31 December 1999 amounted to approximately RM628,131,000(1998: RM826,130,000).

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and Company was RM283,695 (1998 : RM355,715) and RM64,551 (1998: Nil) respectively.

# Notes To The Accounts

31 December 1999 (cont'd)

## 5 TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Taxation based on results for the financial year:				
<b>In Malaysia</b>				
Company and subsidiary companies:				
– current taxation	(626)	14,750	1,438	1,987
– deferred taxation	(1,888)	(4,129)	–	–
Associated companies:				
– current taxation	–	476	–	–
– deferred taxation	(2,687)	1	–	–
	<b>(5,201)</b>	11,098	<b>1,438</b>	1,987
<b>Outside Malaysia</b>				
Subsidiary companies:				
– current taxation	2,022	347	–	–
– deferred taxation	(347)	986	–	–
	<b>(3,526)</b>	12,431	<b>1,438</b>	1,987
Over/(under) provision in respect of prior financial years	216	(5,700)	661	(221)
	<b>(3,310)</b>	6,731	<b>2,099</b>	1,766

No provision has been made for Malaysia income tax in respect of business income earned by the Company for the financial year ended 31 December 1999 pursuant to Section 8 of Income Tax (Amendment) Act, 1999. The tax waived for the Group and Company amounted to approximately RM17,985,000 and RM2,009,000 respectively. Taxation charge for the Company arose due to dividend income from subsidiary companies.

Subject to agreement by the tax authorities, the estimated tax benefits of unutilised tax losses not accounted for in the accounts are as follows:

	Group	
	1999 RM'000	1998 RM'000
Tax losses	<b>51,027</b>	38,131

## 6 EARNINGS/(LOSSES) PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation and after minority interests of RM155,168,000 by the number of ordinary shares in issue during the financial year of 404,880,000. The basic earnings per share for the Company is calculated based on the profit after taxation of RM257,810,000 and number of ordinary shares of 404,880,000.

The basic losses per share for the Group and the Company for the previous financial year was calculated by dividing loss after taxation and after minority interest of RM138,860,000 and RM38,779,000 respectively by the weighted average number of ordinary shares of 404,880,000.

The fully diluted earnings per share for the Group and the Company are not presented as the assumed conversion from the exercise of the share options under the ESOS during the year would be antidilutive.

# Notes To The Accounts

31 December 1999 (cont'd)

## 7 FIXED ASSETS

Group	As at 1.1.1999 RM'000	Exchange rate adjustments RM'000	Additions RM'000	Disposals RM'000	Disposal of subsidiary RM'000	Transfers RM'000	As at 31.12.1999 RM'000
<b>Cost or valuation</b>							
<b>Purchased assets</b>							
Freehold land	17,747	–	3,876	–	(12,621)	17	9,019
Long term leasehold land	17,985	–	–	–	(1,585)	–	16,400
Short term leasehold land	24,993	(326)	–	–	(18,313)	–	6,354
Buildings	145,010	(3,034)	5,589	(157)	(12,281)	18,885	154,012
<b>Total land and buildings</b>	<b>205,735</b>	<b>(3,360)</b>	<b>9,465</b>	<b>(157)</b>	<b>(44,800)</b>	<b>18,902</b>	<b>185,785</b>
Plant and machinery	324,514	(1,630)	2,042	(2,397)	(205,259)	244	117,514
Motor vehicles	41,639	(862)	572	(2,450)	(7,137)	860	32,622
Furniture, fittings and office equipment	35,930	(284)	1,551	(316)	(5,120)	394	32,155
Quarry development expenditure	35	–	–	–	(18)	(17)	–
Capital work-in-progress	10,645	–	22	–	(598)	(7,522)	2,547
	<b>618,498</b>	<b>(6,136)</b>	<b>13,652</b>	<b>(5,320)</b>	<b>(262,932)</b>	<b>12,861</b>	<b>370,623</b>
<b>Assets acquired under finance lease and hire purchase agreements</b>							
Plant and machinery	23,482	–	–	(109)	(13,240)	(222)	9,911
Motor vehicles	10,979	–	222	(1,261)	(270)	(860)	8,810
Furniture, fittings and office equipment	472	–	–	–	–	(394)	78
	<b>34,933</b>	<b>–</b>	<b>222</b>	<b>(1,370)</b>	<b>(13,510)</b>	<b>(1,476)</b>	<b>18,799</b>
<b>Total</b>	<b>653,431</b>	<b>(6,136)</b>	<b>13,874</b>	<b>(6,690)</b>	<b>(276,442)</b>	<b>11,385</b>	<b>389,422</b>

## Notes To The Accounts

31 December 1999 (cont'd)

### 7 FIXED ASSETS (cont'd)

Group	As at 1.1.1999 RM'000	Exchange rate adjustments RM'000	Additions RM'000	Disposals RM'000	Disposal of subsidiary RM'000	Transfers RM'000	As at 31.12.1999 RM'000
<b>Accumulated depreciation</b>							
<b>Purchased assets</b>							
Freehold land	–	–	–	–	–	–	–
Long term leasehold land	461	–	187	–	(68)	–	580
Short term leasehold land	1,760	(17)	174	–	(1,398)	–	519
Buildings	15,192	(104)	4,242	(4)	(3,657)	–	15,669
<b>Total land and buildings</b>	<b>17,413</b>	<b>(121)</b>	<b>4,603</b>	<b>(4)</b>	<b>(5,123)</b>	<b>–</b>	<b>16,768</b>
Plant and machinery	133,831	(219)	17,496	(943)	(100,739)	185	49,611
Motor vehicles	20,468	(267)	5,888	(1,264)	(5,003)	650	20,472
Furniture, fittings and office equipment	17,971	(53)	3,601	(151)	(2,096)	321	19,593
Quarry development expenditure	2	–	–	(2)	–	–	–
Capital work-in-progress	–	–	–	–	–	–	–
	<b>189,685</b>	<b>(660)</b>	<b>31,588</b>	<b>(2,364)</b>	<b>(112,961)</b>	<b>1,156</b>	<b>106,444</b>
<b>Assets acquired under finance lease and hire purchase agreements</b>							
Plant and machinery	13,324	–	1,780	(45)	(9,324)	(185)	5,550
Motor vehicles	4,215	–	1,981	(838)	(200)	(650)	4,508
Furniture, fittings and office equipment	254	–	79	–	–	(321)	12
	<b>17,793</b>	<b>–</b>	<b>3,840</b>	<b>(883)</b>	<b>(9,524)</b>	<b>(1,156)</b>	<b>10,070</b>
<b>Total</b>	<b>207,478</b>	<b>(660)</b>	<b>35,428</b>	<b>(3,247)</b>	<b>(122,485)</b>	<b>–</b>	<b>116,514</b>

# Notes To The Accounts

31 December 1999 (cont'd)

## 7 FIXED ASSETS (cont'd)

Group	As at	Exchange	Additions	Disposals	Transfers	As at
	1.1.1998	rate				adjustments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost or valuation</b>						
<b>Purchased assets</b>						
Freehold land	17,141	–	1,044	(438)	–	17,747
Long term leasehold land	18,153	–	–	(168)	–	17,985
Short term leasehold land	25,895	(389)	–	(513)	–	24,993
Buildings	104,681	(239)	2,556	(517)	38,529	145,010
<b>Total land and buildings</b>	<b>165,870</b>	<b>(628)</b>	<b>3,600</b>	<b>(1,636)</b>	<b>38,529</b>	<b>205,735</b>
Plant and machinery	308,841	(964)	20,439	(9,342)	5,540	324,514
Motor vehicles	45,987	(665)	1,741	(5,478)	54	41,639
Furniture, fittings and office equipment	34,213	(126)	4,204	(2,381)	20	35,930
Quarry development expenditure	1,679	–	–	(1,644)	–	35
Capital work-in-progress	43,385	(4,409)	14,636	–	(42,967)	10,645
	<b>599,975</b>	<b>(6,792)</b>	<b>44,620</b>	<b>(20,481)</b>	<b>1,176</b>	<b>618,498</b>
<b>Assets acquired under finance lease and hire purchase agreements</b>						
Plant and machinery	23,698	(114)	2,531	(1,531)	(1,102)	23,482
Motor vehicles	10,299	(115)	849	–	(54)	10,979
Furniture, fittings and office equipment	2,648	(1)	–	(2,155)	(20)	472
	<b>36,645</b>	<b>(230)</b>	<b>3,380</b>	<b>(3,686)</b>	<b>(1,176)</b>	<b>34,933</b>
<b>Total</b>	<b>636,620</b>	<b>(7,022)</b>	<b>48,000</b>	<b>(24,167)</b>	<b>–</b>	<b>653,431</b>

## Notes To The Accounts

31 December 1999 (cont'd)

### 7 FIXED ASSETS (cont'd)

Group	As at 1.1.1998 RM'000	Exchange rate adjustments RM'000	Charge for the year RM'000	Released on disposals RM'000	Transfers RM'000	As at 31.12.1998 RM'000
<b>Accumulated depreciation</b>						
<b>Purchased assets</b>						
Freehold land	–	–	–	–	–	–
Long term leasehold land	32	–	199	–	230	461
Short term leasehold land	1,514	(10)	406	(150)	–	1,760
Buildings	10,467	(42)	4,910	(143)	–	15,192
<b>Total land and buildings</b>	<b>12,013</b>	<b>(52)</b>	<b>5,515</b>	<b>(293)</b>	<b>230</b>	<b>17,413</b>
Plant and machinery	106,002	(127)	34,234	(6,866)	588	133,831
Motor vehicles	16,028	(54)	7,148	(2,740)	86	20,468
Furniture, fittings and office equipment	15,325	(20)	4,164	(1,502)	4	17,971
Quarry development expenditure	780	–	2	(550)	(230)	2
Capital work-in-progress	–	–	–	–	–	–
	<b>150,148</b>	<b>(253)</b>	<b>51,063</b>	<b>(11,951)</b>	<b>678</b>	<b>189,685</b>
<b>Assets acquired under finance lease and hire purchase agreements</b>						
Plant and machinery	8,894	(10)	5,505	(477)	(588)	13,324
Motor vehicles	3,869	(19)	1,759	(1,308)	(86)	4,215
Furniture, fittings and office equipment	177	–	81	–	(4)	254
	<b>12,940</b>	<b>(29)</b>	<b>7,345</b>	<b>(1,785)</b>	<b>(678)</b>	<b>17,793</b>
<b>Total</b>	<b>163,088</b>	<b>(282)</b>	<b>58,408</b>	<b>(13,736)</b>	<b>–</b>	<b>207,478</b>

# Notes To The Accounts

31 December 1999 (cont'd)

## 7 FIXED ASSETS (cont'd)

	1999 RM'000	1998 RM'000
<b>Group</b>		
<b>Net book value</b>		
<b>Purchased assets</b>		
Freehold land	9,019	17,747
Long term leasehold land	15,820	17,524
Short term leasehold land	5,835	23,233
Buildings	138,343	129,818
Total land and buildings	169,017	188,322
Plant and machinery	67,903	190,683
Motor vehicles	12,150	21,171
Furniture, fittings and office equipment	12,562	17,959
Quarry development expenditure	-	33
Capital work-in-progress	2,547	10,645
	264,179	428,813
<b>Assets acquired under finance lease and hire purchase agreements</b>		
Plant and machinery	4,361	10,158
Motor vehicles	4,302	6,764
Furniture, fittings and office equipment	66	218
	272,908	445,953
	<b>Group</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
Land and buildings		
Analysis of cost and valuation:		
Cost	189,145	204,300
Valuation - 1983	-	363
- 1984	-	1,700
Exchange rate adjustments	(3,360)	(628)
	185,785	205,735

Certain short term leasehold land of the Group were revalued in 1983 and 1984 by the Directors based on independent professional valuations carried out on an existing use basis.

## Notes To The Accounts

31 December 1999 (cont'd)

### 7 FIXED ASSETS (cont'd)

Had the revalued short term leasehold land been carried at historical cost less depreciation, the carrying amount of the total short term leasehold land that would have been included in the accounts as at the end of the financial year are as follows:

	Group	
	1999 RM'000	1998 RM'000
Short term leasehold land	5,835	22,235

The said short term leasehold land of the Group have not been revalued since they were first revalued in 1983 and 1984. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards ('IAS') No 16 (Revised) – Property, Plant and Equipment as adopted in Malaysia, these assets are stated at their 1983 and 1984 valuations less depreciation.

The gross carrying amount of furniture, fittings and office equipment of the Company as at the end of the financial year are as follows:

	1999	1998
	RM'000	RM'000
Cost	3	3
Less: Accumulated depreciation	(2)	(2)
Net book value	1	1

### 8 INVESTMENT PROPERTIES

	Group	
	1999 RM'000	1998 RM'000
At cost:		
Long term leasehold land	3,245	3,245
Buildings	10,653	10,653
	13,898	13,898

Directors are of the view that the fair values of the properties held at the balance sheet date are not significantly different from carrying amount shown in the accounts.

# Notes To The Accounts

31 December 1999 (cont'd)

## 9 SUBSIDIARY COMPANIES

	Company	
	1999 RM'000	1998 RM'000
Unquoted shares:		
At cost	245,650	236,167
Quoted shares:		
At cost	79,376	77,664
	<b>325,026</b>	313,831
Market value of quoted shares	<b>225,934</b>	123,250

The Company has pledged 21,000,000 units of the quoted shares in a subsidiary company with a licensed bank as security for a term loan obtained.

Details of subsidiary companies are as follows:

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sunway Juarasama Sdn Bhd (111886-A)	Quarrying and premix manufacturing, construction of civil works	100	100
Sungei Way Ha Tay Construction and Building Materials Co. Ltd (formerly known as Sungei Way-Ha Tay Building Materials Company Ltd)*	Quarrying and manufacturing of ready-mixed concrete	86	70
Sunway Concrete Products (S) Pte Ltd (formerly known as Sun Mix Concrete (S) Pte Ltd)*	Ready-mix operation	100	100
Sunway Keramo Sdn Bhd (205881-A)	Production of vitrified clay pipes	60	60
Sunway Construction Berhad (formerly known as Sungei Way Construction Berhad) (27175-V)	Construction of building and civil works	62.76	62.25
Baramatics Sdn Bhd (484836-T)	Dormant	62.76	–
Classvest Realty Sdn Bhd (485145-T)	Dormant	62.76	–
Crosside Realty Sdn Bhd (485140-D)	Dormant	62.76	–
Sungei Way Builders Sdn Bhd (285205-T)	Construction of building and civil works	100	100

## Notes To The Accounts

31 December 1999 (cont'd)

### 9 SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sunway Construction (Southern) Sdn Bhd (formerly known as Sungei Way Construction (Southern) Sdn Bhd) (390417-A)	Construction of building and civil works	<b>62.76</b>	62.25
Sunway M&E Sdn Bhd (formerly known as Sungei Way M&E Sdn Bhd) (253771-P)	Contracting in mechanical and electrical works	<b>62.76</b>	62.25
Sunway Masalam Sdn Bhd (formerly known as Sungei Way Masalam Sdn Bhd) (130027K)	Property and housing development	<b>100</b>	70
Ikaz Engineering Sdn Bhd (215920-W)	Property and housing development	<b>94</b>	65.8
Sunway Property Sdn Bhd (236233-X)	Dormant	<b>82.5</b>	82.5
Sungei Way Marketing Sdn Bhd (110342-X)	Trading of construction related products	<b>100</b>	100
Sungei Way Marketing (S) Pte Ltd *	Import, export and wholesale of building materials, heavy equipment and industrial hardware	<b>100</b>	100
Sunway Marketing (East Malaysia) Sdn Bhd (formerly known as Sungei Way Marketing (East Malaysia) Sdn Bhd) (353248-U)	Trading of industrial products	<b>85</b>	85
Sunway Auto Mechanika Sdn Bhd (formerly known as Sungei Way Auto Mechanika Sdn Bhd) (350617-H)	Trading of industrial hardware	<b>85</b>	85
Sunway Architectural Products Sdn Bhd (formerly known as Sungei Way Architectural Products Sdn Bhd) (146551-W)	Trading of building materials	<b>85</b>	85
Sungei Way Leasing Sdn Bhd (35433-X)	Lease and hire purchase financing	<b>100</b>	100
Sunway Risk Management Sdn Bhd (formerly known as Sungei Way Risk Management Sdn Bhd) (130211-V)	General insurance underwriting and consultancy services	<b>100</b>	100
Sungei Way Management Sdn Bhd (50661-X)	Share registration and secretarial services	<b>100</b>	100

# Notes To The Accounts

31 December 1999 (cont'd)

## 9 SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sunway Land Sdn Bhd (formerly known as Sungei Way Land Sdn Bhd) (123532-K)	Investment holding	100	100
Coral-White Sdn Bhd (228583-T)	Property investment and investment holding	100	70
Sunway Holdings (Vietnam) Sdn Bhd (formerly known as Sungei Way Holdings (Vietnam) Sdn Bhd) (85174-D)	Investment holding	100	100
Amalan Insaf (M) Sdn Bhd (325217-T)	Investment holding	82.5	82.5
Menara Sunway Sdn Bhd (formerly known as Menara Sungei Way Sdn Bhd) (218317-K)	Management and renting of properties	51	51
Sungei Way Resources Sdn Bhd (120068-A)	Property investment	100	100
Fortuna Gembira Enterpris Sdn Bhd (16634-P)	Property investment and investment holding	100	100
Mujurmas Sdn Bhd (206849-D)	Property development	100	70
Hochimex Nominee Company Limited *	Property investment	100	100
Eaglefield Sdn Bhd (187153-V)	Dormant	100	70
Sunway Hotel Hanoi Joint-Venture Company*	Hotel operations	71	71
SWC Machinery Sdn Bhd (389253-P)	Renting of machinery and site equipment	62.76	62.25
Binajelata (M) Sdn Bhd (355335-X)	Management and renting of properties	62.76	62.25
SWL Factoring Sdn Bhd (80767-A)	Investment holding	100.0	99.9
Sunway Engineering Sdn Bhd (341887-W)	Mechanical and electrical engineering works	56.48	56
Sunspan Sdn Bhd (390366-D)	Pre fabricated construction	43.93	43.58
Muhibbah Permai Sdn Bhd (216988-V)	Property development	50.21	49.8

## Notes To The Accounts

31 December 1999 (cont'd)

### 9 SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Pembangunan Risjaya Sdn Bhd (258922-A)	Dormant	100	70
Sunway Orient Sdn Bhd (345649-U)	Dormant	60	60
Ubundi Ltd*	General trading	99	99
SWC Civil Sdn Bhd (389250-V)	Dormant	62.76	62.25
Sunway Construction (Northern) Sdn Bhd (formerly known as Sungei Way Construction (Northern) Sdn Bhd (390304-D)	Dormant	62.76	62.25
SWC Builders Sdn Bhd (390300-W)	Dormant	62.76	62.25
Identiti Jelata (M) Sdn Bhd (354314-T)	Management & renting of properties	62.76	62.25
SWL Nominees (Tempatan) Sdn Bhd (388808-U)	Nominee services	100	100
Myanmar Sungei Way Holdings Ltd*	Dormant	100	100
Sungei Way Ocean Joint Venture Ltd*	Quarrying	70	70
Sungei Way Nusantara Pte Ltd*	Dormant	65	65
Galaxy Avenue Sdn Bhd (434068-K)	Dormant	100	100
Reptolink Sdn Bhd (432747-P)	Investment holding	100	100
Eternal Elite Sdn Bhd (433853-H)	Property investment	100	100
Usaha Arahmanz Sdn Bhd (157051-K)	Dormant	100	70
Zafarra Corporation Sdn Bhd (76395-P)	Dormant	100	70
Sunway Industrial Products Sdn Bhd (formerly known as Sungei Way Industrial Products Sdn Bhd) (442583-M)	Dormant	100	100
Sunway Precast (S) Pte Ltd*	Dormant	100	100
Target Beam (M) Sdn Bhd (355669-H)	Management and renting of properties	62.76	62.25

# Notes To The Accounts

31 December 1999 (cont'd)

## 9 SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Reliance Outline (M) Sdn Bhd (366270-T)	Dormant	100	70
Shahawan (M) Sdn Bhd (454336-K)	Property investment	99.8	99.8
MSW Parking Sdn Bhd (318333-T)	Car park management	51	51
Realty Investments (HB) Inc.*	Investment holding	100	100
Hang Bai Office Complex JVC*	Property investment	74	74

\* Not audited by PricewaterhouseCoopers, Malaysia.

All the subsidiary companies are incorporated in Malaysia with the exception of the following:

Companies	Country of incorporation
Sunway Precast (S) Pte Ltd	Singapore
Sunway Concrete Products (S) Pte Ltd (formerly known as Sun Mix Concrete (S) Pte Ltd)	Singapore
Sungei Way Marketing (S) Pte Ltd	Singapore
Sungei Way Nusantara Pte Ltd	Singapore
Sungei Way Ha Tay Construction and Building Materials Co. Ltd. (formerly known as Sungei Way-Ha Tay Building Materials Company Ltd)	Vietnam
Sunway Hotel Hanoi Joint-Venture Company	Vietnam
Sungei Way Ocean Joint-Venture Ltd	Vietnam
Hang Bai Office Complex JVC	Vietnam
Ubundi Ltd	Hong Kong
Hochimex Nominee Company Limited	Hong Kong
Myanmar Sungei Way Holdings Ltd	Myanmar
Realty Investment (HB) Inc.	Panama

## Notes To The Accounts

31 December 1999 (cont'd)

### 10 ASSOCIATED COMPANIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Quoted in Malaysia:				
Shares at cost	333,364	333,364	141,151	141,151
Warrants	100,563	104,818	36,516	36,221
Transferable subscription rights	739	739	739	739
Share of post-acquisition profits	(66,242)	(16,909)	–	–
Share of non distributable reserves	6,571	6,571	–	–
Less: Provision for diminution	(191,027)	(194,424)	–	–
	<b>183,968</b>	234,159	<b>178,406</b>	178,111
Unquoted:				
Shares at cost	13,772	13,672	6,006	5,906
Share of post-acquisition losses	(10,266)	(10,140)	–	–
Less: Provision for diminution	–	–	(3,406)	(3,406)
	<b>3,506</b>	3,532	<b>2,600</b>	2,500
Total	<b>187,474</b>	237,691	<b>181,006</b>	180,611
Market value of quoted investments:				
– shares	145,529	135,487	92,332	101,189
– warrants	30,654	20,441	13,517	11,505
– transferable subscription rights	873	682	873	682
	<b>177,056</b>	156,610	<b>106,722</b>	113,376
			<b>Group</b>	
			1999 RM'000	1998 RM'000
Represented by:				
Group's share of net tangible assets			86,711	136,838
Group's share of intangible assets			1,008	50
Premium on acquisition			189,480	189,670
Less: Provision for diminution			(143,216)	(143,216)
			<b>133,983</b>	183,342
Quoted investments				
– warrants			100,563	104,818
– transferable subscription rights			739	739
Less: Provision for diminution			(47,811)	(51,208)
			<b>187,474</b>	237,691

The Company has pledged 94,599,997 units of the quoted shares in associated companies with a licensed bank as security for a term loan.

# Notes To The Accounts

31 December 1999 (cont'd)

## 10 ASSOCIATED COMPANIES (cont'd)

Details of associated companies are as follows:

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sunway Building Technology Berhad (290455-W)	Investment holding	50	50
Sun-Mix Concrete Sdn Bhd (72216-A)	Manufacturing of ready- mixed concrete	25	50
Sun-Block Sdn Bhd (77490-W)	Manufacturing of concrete blocks, pavers and precast micro piles	50	50
Sungei Way Group Transport Industries Sdn Bhd (131413-P)	Provision of transportation services	25	50
Sunway PMI-Pile Construction Sdn Bhd (154079-X)	Sale of precast concrete piles and undertaking of piling contracts	49.71	49.71
Sunway Machineries Services Sdn Bhd (288977-X)	Hire of heavy machinery	50	50
Sungei Way Marketing (Thailand) Ltd	Import, export and wholesale of building materials, heavy equipment and industrial hardware	47	47
Shah Alam Hotel Sdn Bhd (281158-U)	Hotelier	50	35
PT Sunway-Yasa PMI Pile	Design, manufacture, supply and installation of concrete based foundation and other concrete products	32.5	32.31
Sungei Way-Saigon-Pilecon Engineering Company	Constructing, maintaining, contracting, transportation, irrigation and construction projects	42.3	42.3
Sagatime Sdn Bhd (328743-A)	Rental of mixer trucks	25	50
Varich Industries Sdn Bhd (251877-T)	Dormant	50	35
Sunway Building Technology (Vietnam) Sdn Bhd (335077-P)	Dormant	45	45
Silk Concessionaire Holdings Sdn Bhd (405897-V)	Dormant	50	50
Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (371220-V)	Toll concessionaire company	50	50

## Notes To The Accounts

31 December 1999 (cont'd)

### 10 ASSOCIATED COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
City Leader Sdn Bhd (395751-M)	Inactive	50	50
Sunway Pipeplus Technology Sdn Bhd (411837-T)	Production of concrete pipes.	50	42.5
Sunway Slag Cement Sdn Bhd (431362-X)	Dormant	40	34
Sunway Geotechnic Sdn Bhd (429140-M)	Dormant	50	49.71
Sunway Form-Eze Sdn Bhd (427565-M)	Dormant	50	42.5
Sunway Top-Down Technology Sdn Bhd (416448-A)	Structural works and undertaking of piling contracts	50	42.5
Sunway Modular Construction Sdn Bhd (formerly known as Sunway Pipe Industries Sdn Bhd) (414012-T)	Dormant	50	42.5
Eternal Reserves Sdn Bhd (437774-T)	Investment holding	50	42.5
Sunway Pipe Pro Sdn Bhd (414014-W)	Dormant	50	42.5
Gopeng Berhad (109465-X)	Produce and process natural rubber and palm products on its plantations, construction and infrastructure work	19.58	19.58
Suntech Industries Sdn Bhd (451801-A)	Dormant	15	15
Sun-Block (Batang Kali) Sdn Bhd (456798-V)	Manufacturing and sales of eurotiles	50	42.5
Sunway Precast Industries Sdn Bhd (231775-X)	Dormant	50	50
Pioneer Sun-Mix Concrete Sdn Bhd (formerly known as Pioneer Quarry Services (M) Sdn Bhd) (327697-K)	Investment holding	25	–
Sunway Pioneer Quarry Sdn Bhd (337094-W)	Investment holding	50	–
Sungei Way Quarry Industries Sdn Bhd (13533-K)	Quarrying and asphalt manufacturing, construction of civil works	50	100

## Notes To The Accounts

31 December 1999 (cont'd)

### 10 ASSOCIATED COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sungei Way Quarry Industries (Rawang) Sdn Bhd (324842-M)	Quarrying and extraction processing and trading of granite and marble stones	50	90
Sungei Way Quarry Industries (Kuantan) Sdn Bhd (115211-D)	Quarrying and manufacturing of premix	50	100
Sungei Way Quarry Industries (Northern) Sdn Bhd (329659-U)	Quarrying, extracting, processing and trading of granite and marble stones	50	90
Sungei Way Equity Sdn Bhd (120069-P)	Property investment	50	100
Sofinaz Holdings Sdn Bhd (134921-K)	Property investment	50	100
Realistic Sensation Sdn Bhd (220523-U)	Property investment	35	70
SWQI Land Sdn Bhd (102215-V)	Investment holding	50	100
Sunway Asphalt Industries Sdn Bhd (141744-D)	Premix manufacturing	50	100
Splendid Era Sdn Bhd (282012-M)	Dormant	50	50
Sungei Way Premix Sdn Bhd (399377-M)	Sale of premix	50	100
Sungei Way Tippers Sdn Bhd (399663-U)	Transportation services	50	100
Sungei Way Bricks Sdn Bhd (400262-U)	Manufacturing of bricks	50	100
Sungei Way Quarry Industries (Perak) Sdn Bhd (399645-K)	Quarrying and asphalt manufacturing	50	100
Sunway Granite Industries Sdn Bhd (380547-V)	Quarrying and granite manufacturing	50	100
Sunway Juarasama (Segamat) Sdn Bhd (72277-D)	Quarrying and premix manufacturing	50	100
Gerak Harapan Sdn Bhd (204841-U)	Quarry owner	35	70
Rajang Perkasa Sdn Bhd (235522-W)	Quarry management	30	60
Sungei Way Setia Quarry Sdn Bhd (99037-K)	Quarrying and asphalt manufacturing	35	70

## Notes To The Accounts

31 December 1999 (cont'd)

### 10 ASSOCIATED COMPANIES (cont'd)

Name of company	Principal activities	Effective interest	
		1999 %	1998 %
Sunway Masai Granite Sdn Bhd (116046-K)	Quarrying and premix manufacturing	50	100
Concrete Materials Laboratory Sdn Bhd (275560-A)	Dormant	25	–
Pioneer Quarry (Lunchu) Sdn Bhd (226217-H)	Providing transportation services	25	–
Pioneer Quarry (Malaysia) Sdn Bhd (221716-X)	Providing transportation services	25	–
Pioneer Concrete (Malaysia) Sdn Bhd (221150-T)	Production and sale of premix concrete and concrete products	25	–
Pioneer Concrete-KTPC Sdn Bhd (383860-M)	Production and sale of premix concrete and concrete products	16.25	–
Pioneer Concrete-PBPM Sdn Bhd (279692-M)	Production and sale of premix concrete and concrete products	17.5	–
Pioneer-KTPC-PBPM Sdn Bhd (383860-M)	Production and sale of premix concrete and concrete products	16.88	–

All the associated companies are incorporated in Malaysia with the exception of the following:

Companies	Country of incorporation
PT Sunway Yasa PMI-Pile	Indonesia
Sungei Way Marketing (Thailand) Ltd	Thailand
Sungei Way-Saigon-Pilecon Engineering Company	Vietnam

On 17 September 1998, the Company entered into an agreement with Pioneer International Holdings Pty Limited (“Pioneer”) under which the Company’s quarry and asphalt businesses were transferred to a joint venture company in which the Company and Pioneer will each own 50%.

# Notes To The Accounts

31 December 1999 (cont'd)

## 10 ASSOCIATED COMPANIES (cont'd)

The Company has divested to the joint venture company its entire equity interest in:

- (i) Sungei Way Quarry Industries Sdn Bhd and its subsidiary companies comprising
  - Sungei Way Quarry Industries (Kuantan) Sdn Bhd
  - Sungei Way Quarry Industries (Northern) Sdn Bhd
  - Sungei Way Quarry Industries (Perak) Sdn Bhd
  - Sungei Way Quarry Industries (Rawang) Sdn Bhd
  - Sungei Way Bricks Sdn Bhd
  - Sungei Way Premix Sdn Bhd
  - Sungei Way Tippers Sdn Bhd
  - Realistic Sensation Sdn Bhd
  - SWQI Land Sdn Bhd and its subsidiary companies which are Gerak Harapan Sdn Bhd and Rajang Perkasa Sdn Bhd
- (ii) Sunway Masai Granite Sdn Bhd and its subsidiary companies comprising
  - Sunway Asphalt Industries Sdn Bhd
  - Sunway Granite Industries Sdn Bhd
  - Sunway Juarasama (Segamat) Sdn Bhd
- (iii) Sungei Way Setia Quarry Sdn Bhd
- (iv) Sungei Way Equity Sdn Bhd; and
- (v) Sofinaz Holdings Sdn Bhd

The Group's share of results and reserves of associated companies are equity accounted for in the consolidated accounts except for the quarrying and premix businesses of Sunway Pioneer Quarry Sdn Bhd ("SPQ") as above which are accounted for under the cost method. Although the Group holds a 50% equity interest in SPQ and jointly managed these businesses with the other investor, the Group's interest in SPQ and its entitlement to future dividends will only be realised on the exercise of an option on 31 March 2002 to maintain its 50% in SPQ. On the basis of fair presentation, the Group will not equity account for its 50% share in SPQ until and unless the option is exercised in 2002.

## 11 OTHER INVESTMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Quoted investment:				
Shares, at cost	22,059	24,303	–	–
Unquoted investment	5,192	4,352	3,189	2,486
	<b>27,251</b>	<b>28,655</b>	<b>3,189</b>	<b>2,486</b>
Market value of quoted investments:				
Shares	28,627	17,671	–	–

## Notes To The Accounts

31 December 1999 (cont'd)

### 12 DEFERRED EXPENDITURE

	Group	
	1999 RM'000	1998 RM'000
At beginning of the financial year	16,815	15,391
Disposal of subsidiary companies (Note 27)	(1,494)	–
Incurred during the financial year	35	4,431
Amortisation for the financial year	(2,276)	(1,874)
Exchange rate adjustment	(817)	(1,133)
At end of the financial year	<u>12,263</u>	<u>16,815</u>

### 13 LONG TERM DEBTORS

	Group	
	1999 RM'000	1998 RM'000
Trade debtors	129,368	189,811
Retention sums	7,719	13,858
Total	<u>137,087</u>	<u>203,669</u>

Long term debtors are in respect of trade debts due from Director related companies of which repayment of the debts are not due within the next 12 months.

### 14 OTHER INTANGIBLE ASSETS

	Group	
	1999 RM'000	1998 RM'000
At beginning of the financial year	9,270	9,669
Disposal of subsidiary companies (Note 27)	(9,270)	–
Amortisation for the financial year	–	(399)
At end of the financial year	<u>–</u>	<u>9,270</u>

# Notes To The Accounts

31 December 1999 (cont'd)

## 15 STOCKS AND WORK-IN-PROGRESS

	Group	
	1999 RM'000	1998 RM'000
Contract work-in-progress, at cost	2,675,013	2,297,935
Accrued profits	226,070	162,039
Total costs and accrued profits	<b>2,901,083</b>	2,459,974
Progress billings	<b>(2,818,234)</b>	(2,450,673)
	<b>82,849</b>	9,301
Amount due to customers (Note 19)	<b>3,970</b>	2,346
	<b>86,819</b>	11,647
Amount due from customers (Note 16)	<b>(86,819)</b>	(11,647)
	-	-
Development properties:		
Freehold land at cost	22,625	50,323
Leasehold land at cost	10,914	17,247
Development expenditure	434,068	527,012
Accrued profits	72,399	86,910
Total costs and accrued profits	<b>540,006</b>	681,492
Progress billings	<b>(304,571)</b>	(376,752)
Stocks-unsold properties	<b>135,886</b>	106,921
	<b>371,321</b>	411,661
Manufactured stocks	4,497	24,781
Trading stocks	28,148	33,536
Raw materials	1,102	3,447
Spare parts	1,239	4,184
Properties for resale	4,971	60
Less: Provision for slow-moving stocks	<b>(1,648)</b>	(4,089)
	<b>38,309</b>	61,919
Total	<b>409,630</b>	473,580

Properties for resale comprise properties acquired from debtors for the purpose of resale.

Included in development expenditure and contract work-in-progress are interests capitalised during the financial year amounting to RM28,808,000 (1998: 78,501,000) for the Group and the interest ranged from 5.6% to 9.5% (1998: 8.9% to 20.6%) per annum.

## Notes To The Accounts

31 December 1999 (cont'd)

### 16 DEBTORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Hire purchase and lease debtors:				
– principal and charges	38,010	74,747	–	–
– unearned interest and charges	(4,987)	(13,229)	–	–
– lease deposits and prepaid rentals	(13,761)	(12,848)	–	–
	19,262	48,670	–	–
Trade debtors	417,003	415,442	–	–
Retention sums	41,820	48,656	–	–
Trade debtors reclassified as				
long term debtors (Note 13)	(107,369)	(173,951)	–	–
Amount due from customers (Note 15)	86,819	11,647	–	–
Other debtors	43,982	93,775	4,443	5,304
Tax recoverable	4,549	4,953	4,106	3,925
Amounts due from:				
– subsidiary companies	–	–	608,425	738,455
– associated companies	105,267	117,259	169	–
Reclassified as long term debtors (Note 13)	(29,718)	(29,718)	–	–
	581,615	536,733	617,143	747,684
Provision for doubtful debts	(61,027)	(62,083)	(23,860)	–
	520,588	474,650	593,283	747,684

Included in the hire purchase and lease debtors are amounts totalling RM12,030,393 (1998: RM25,876,642) which are receivable after 12 months.

### 17 SHORT TERM INVESTMENT

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deposits with				
– licensed banks	34,928	131,642	33,907	63,507
– licensed financial institutions	10,020	7,948	–	–
– licensed finance companies	420	12,327	–	700
	45,368	151,917	33,907	64,207
Short term marketable securities	41,789	–	41,789	–
	87,157	151,917	75,696	64,207
Market value of marketable securities	53,187	–	53,187	–

## Notes To The Accounts

31 December 1999 (cont'd)

### 18 CASH AND BANK BALANCES

Included in cash and bank balances is an amount totalling RM8,082,025 (1998: RM7,296,431) held under the Housing Development Account.

### 19 CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Block discount creditors	13,961	9,580	–	–
Deferred block discount charges	(2,541)	(1,393)	–	–
	<b>11,420</b>	8,187	–	–
Trade creditors	199,661	225,352	–	–
Other creditors and accruals	74,809	78,064	29,205	3,671
Amount due to customers (Note 15)	3,970	2,346	–	–
Lease and hire purchase creditors due within 12 months (Note 25)	2,085	2,586	–	–
Advances from subsidiary companies	–	–	44,328	127,674
Amount due to associated companies	29,827	8,252	–	–
	<b>321,772</b>	324,787	<b>73,533</b>	131,345

Included in the block discount creditors are amounts totalling RM7,249,442 (1998: RM4,504,881) representing balances which are payable after 12 months.

Included in the trade and other creditors are amount due to companies connected to certain Directors totalling RM4,455,000 (1998: RM2,909,000).

The advances from subsidiary companies are unsecured and have no fixed repayment term. An interest rate of 8% (1998: 8%) per annum is charged on the outstanding balances.

### 20 4.5% BANK GUARANTEED REDEEMABLE UNSECURED LOAN STOCKS 1994/1999

	Group and Company	
	1999 RM'000	1998 RM'000
At beginning of the financial year	70,000	70,000
Amount paid during the financial year	(70,000)	–
Amounts repayable within 12 months disclosed as current liabilities	–	(70,000)
At end of the financial year	–	–

The 4.5% Bank Guaranteed Redeemable Unsecured Loan Stocks 1994/1999 ('BGRULS') of RM70,000,000 were constituted by a Trust Deed dated 23 June 1994 and were issued to a Primary Subscriber together with 21,174,562 detachable warrants ('warrants') which were offered for sale to shareholders on the basis of one warrant for every four existing ordinary shares held on 21 June 1994.

## Notes To The Accounts

31 December 1999 (cont'd)

### 20 4.5% BANK GUARANTEED REDEEMABLE UNSECURED LOAN STOCKS 1994/1999 (cont'd)

The BGRULS carry a coupon interest rate of 4.5% per annum payable annually in arrears to registered holders. Redemption of BGRULS may be made in the following manner:

- (a) Subject to the selling restrictions attached, the Company may purchase BGRULS at any time in the open market for cancellation.
- (b) Unless previously purchased, the BGRULS will be redeemed at their principal amount on the maturity date which is five years from the date of issue of the BGRULS together with interest accrued to the date of redemption.
- (c) The Company may on giving not less than thirty days prior notice to the registered holders of the BGRULS at anytime after 31 December 1994, redeem part or all of the outstanding BGRULS.

The BGRULS were fully redeemed during the financial year.

The warrants were constituted by a Deed Poll dated 21 June 1994. The warrants are transferable and are quoted on the Kuala Lumpur Stock Exchange. Each warrant entitles its registered holder, at anytime not exceeding five years from the date of its issue, to subscribe for one (1) new ordinary share of RM1.00 each in the Company at a subscription price of RM6.90 per share which is subject to adjustments under the terms set out in the Deed Poll.

As a result of the bonus and rights issue of ordinary shares undertaken by the Company during the previous financial year, the exercise price of the warrants was adjusted from RM6.90 per share to RM3.34 per share in accordance with the terms and conditions of the warrants.

During the financial year, the Company has obtained approval from the relevant authorities to extend the exercise period of the warrants to subscribe for ordinary shares in the Company from five years to ten years from the date of issue as disclosed in Note 31(c) to the accounts. Other terms and conditions of the warrants as set out in the Deed Poll dated 21 June 1994 remain unchanged.

There was no exercise by the registered holders of the warrants to subscribe for new ordinary shares in the Company during the financial year. As at 31 December 1999, there were 42,457,137 (1998: 42,457,137) warrants outstanding which entitle the holders to subscribe for 42,457,137 (1998: 42,457,137) ordinary shares of RM1.00 each in the Company at a price of RM3.34 (1998: RM3.34) per share.

## Notes To The Accounts

31 December 1999 (cont'd)

### 21 BANK BORROWINGS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Secured</b>				
Bank overdrafts	12,832	12,374	–	–
Term loans – repayments due within 12 months (Note 25)	64,633	21,848	49,000	–
Bankers' acceptances	1,769	–	–	–
Revolving credits	123,507	109,500	–	–
	<b>202,741</b>	<b>143,722</b>	<b>49,000</b>	<b>–</b>
<b>Unsecured</b>				
Bank overdrafts	10,007	11,961	2,453	–
Term loans – repayment due within 12 months (Note 25)	875	755	–	–
Bankers' acceptances	25,505	23,057	–	–
Revolving credits	144,800	337,900	92,500	164,200
	<b>181,187</b>	<b>373,673</b>	<b>94,953</b>	<b>164,200</b>
	<b>383,928</b>	<b>517,395</b>	<b>143,953</b>	<b>164,200</b>

Secured bank overdrafts and term loans of the Group are secured by fixed and floating charges over the assets and deposits of certain subsidiary companies. During the financial year, applicable interest rates for the borrowings ranged from 5% to 10.55% (1998: 8.35% to 22%) per annum.

### 22 SHARE CAPITAL

	Group and Company	
	1999 RM'000	1998 RM'000
Ordinary shares of RM1.00 each		
Authorised:		
At beginning and end of the financial year	1,000,000	1,000,000
Issued and fully paid:		
At beginning and end of the financial year	404,880	404,880

## Notes To The Accounts

31 December 1999 (cont'd)

### 23 RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Distributable:</b>				
(Accumulated losses)/retained profits	(141,228)	(296,161)	106,900	(150,910)
Foreign exchange translation on consolidation	(2,036)	(2,000)	–	–
<b>Non-distributable:</b>				
Share premium	171,950	171,959	171,950	171,959
Revaluation reserve	130	130	129	129
Capital reserve	55,103	55,103	–	–
	<b>83,919</b>	<b>(70,969)</b>	<b>278,979</b>	<b>21,178</b>

Movements in reserves are as follows:

#### (Accumulated losses)/retained profits:

At beginning of the financial year	(296,161)	(156,794)	(150,910)	(112,131)
Retained profit/(accumulated losses) for the financial year	155,168	(138,860)	257,810	(38,779)
Goodwill written off	(235)	(2,359)	–	–
Capital reserve on consolidation written off	–	1,852	–	–
At end of the financial year	<b>(141,228)</b>	<b>(296,161)</b>	<b>106,900</b>	<b>(150,910)</b>

#### Foreign exchange translation on consolidation:

At beginning of the financial year	(2,000)	5,665	–	–
Upon translation of opening reserves and results for financial year	(36)	(7,665)	–	–
At end of the financial year	<b>(2,036)</b>	<b>(2,000)</b>	<b>–</b>	<b>–</b>

# Notes To The Accounts

31 December 1999 (cont'd)

## 23 RESERVES (cont'd)

	Group	
	1999 RM'000	1998 RM'000
<b>Share premium:</b>		
At beginning of the financial year	171,959	171,959
Capitalised as bonus issue	-	-
Premium arising from		
– exercise of ESOS	-	-
– exercise of TSRs	-	-
– conversion of warrants	-	-
– rights issue	-	-
Share issue expenses	-	-
Recovery of registration of ESOS	(9)	-
At end of the financial year	<b>171,950</b>	<b>171,959</b>
<b>Capital reserve:</b>		
At beginning of the financial year	55,103	59,103
Other non distributable capital reserves	-	(4,000)
At end of the financial year	<b>55,103</b>	<b>55,103</b>

## 24 1.25% EUROCONVERTIBLE BONDS

	Group and Company	
	1999 RM'000	1998 RM'000
<b>Principal amount</b>		
At beginning of the financial year	418,000	427,900
Translation (gain)/loss arising during the financial year	-	(9,900)
Redemption on Eurobonds	(183,749)	-
At end of the financial year	<b>234,251</b>	<b>418,000</b>
Premium on redemption	42,685	50,444
At end of the financial year	<b>276,936</b>	<b>468,444</b>
<b>Premium on redemption</b>		
At beginning of the financial year	50,444	25,819
Provision for premium on redemption	17,806	24,625
Redemption of Eurobonds	(25,565)	-
At end of the financial year	<b>42,685</b>	<b>50,444</b>

## Notes To The Accounts

31 December 1999 (cont'd)

### 24 1.25% EUROCONVERTIBLE BONDS (cont'd)

On 11 December 1996, the Company issued USD 110 million 5-year Unsecured Euroconvertible Bonds ('Eurobonds') to offshore institutional buyers and on the same day, the Eurobonds were listed on the Luxembourg Stock Exchange.

The Eurobonds were constituted by a Trust Deed dated 11 December 1996 between the Company and the Trustee, to act for the benefit of the bondholders.

The Eurobonds bear interest of 1.25% per annum, payable annually in arrears on 11 December each year, commencing on 11 December 1997.

Redemption and purchase of the Eurobonds may be made in the following manner:

(i) Redemption at the option of the Company

The Eurobonds may be redeemed at the option of the Company at the principal amount in US Dollars together with accrued interest anytime on or after 11 December 1999 at the relevant Early Redemption Amount (as defined in the Offering Document) in US Dollars, if the closing price of the shares of the Company on the Kuala Lumpur Stock Exchange exceeds 135% of the applicable conversion price (as provided in the Offering Document) for 30 consecutive trading days;

Notwithstanding the above, the Company may redeem all or some only of the Eurobonds if at least 90 per cent in principal amount of the Eurobonds has already been converted, redeemed or purchased and cancelled.

(ii) Redemption for taxation reasons

At any time, the Company may redeem all of the Eurobonds in US Dollars at the relevant Early Redemption Amount together with accrued interest if the Company is obliged to pay additional amounts of principal, premium or interest as a result of any change in law or regulations of Malaysia.

(iii) Purchases

The Company or any of its subsidiary companies may at any time and from time to time purchase Eurobonds at any price in open market or otherwise.

(iv) Cancellation

All Eurobonds which are redeemed or converted or purchased by the Company or any of its subsidiary companies will forthwith be cancelled.

The Eurobonds may, at the option of the bondholders, be converted into fully paid ordinary shares of the Company at a conversion price of RM7.82 (initial conversion price is RM16.20) and with a fixed rate of exchange of RM2.524 = US\$1.00 on or after 11 March 1997 to 27 November 2001.

The Eurobonds unless previously purchased and cancelled, redeemed or converted, as provided above will be redeemed on 11 December 2001 at 130.17% of their principal amount in US Dollars.

The Eurobonds, though unsecured, are supported by a negative pledge on the assets of the Company in relation to the "Relevant Debt", as provided in the Offering Document.

During the financial year, Ubundi Ltd, a wholly owned subsidiary company which is incorporated in Hong Kong has purchased Eurobonds with a nominal value of USD48,355,000. The purchased Eurobonds were subsequently cancelled.

## Notes To The Accounts

31 December 1999 (cont'd)

### 25 LONG TERM LIABILITIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Secured</b>				
Term loans	133,675	154,877	49,000	49,000
Amounts repayable within 12 months disclosed as current liabilities (Note 21)	(64,633)	(21,848)	(49,000)	–
	<b>69,042</b>	133,029	–	49,000
<b>Unsecured</b>				
Term loans	3,741	4,559	–	–
Amounts repayable within 12 months disclosed as current liabilities (Note 21)	(875)	(755)	–	–
Finance lease and hire purchase obligations	4,069	6,304	–	–
	<b>75,977</b>	143,137	–	49,000

The secured term loans of the Group and the Company are secured by fixed and floating charges over the assets and deposits of certain subsidiary companies. During the financial year, applicable interest rates for the term loans ranged from 6.19% to 9.75% (1998: 6.63% to 14%) per annum. The term loans are repayable at monthly or quarterly intervals. The repayments can be analysed as follows:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Due within 1 year	65,508	22,603	49,000	–
Due between 1 to 2 years	18,837	70,178	–	49,000
Due between 2 to 5 years	39,519	45,756	–	–
Due after 5 years	13,552	20,899	–	–
	<b>137,416</b>	159,436	<b>49,000</b>	49,000

## Notes To The Accounts

31 December 1999 (cont'd)

### 25 LONG TERM LIABILITIES (cont'd)

	Group	
	1999	1998
	RM'000	RM'000
Finance lease and hire purchase obligations are repayable in the following periods:		
Due within 1 year	2,338	2,869
Due between 1 to 2 years	2,076	2,606
Due after 2 years	1,990	3,964
	<b>6,404</b>	9,439
Less: Finance charges	(250)	(549)
	<b>6,154</b>	8,890
Representing finance lease and hire purchase liabilities:		
Current (Note 19)	2,085	2,586
Long term	4,069	6,304
	<b>6,154</b>	8,890

### 26 DEFERRED TAXATION

The deferred taxation balance at the end of the financial year represents the tax effects of:

Excess of capital allowances over depreciation	9,042	20,413
Excess of lease rentals paid over depreciation	3,948	536
Other timing differences	5,984	10,261
	<b>18,974</b>	31,210

# Notes To The Accounts

31 December 1999 (cont'd)

## 27 SUMMARY OF THE EFFECTS OF DISPOSAL OF SUBSIDIARY COMPANIES

	Group	
	1999 RM'000	1998 RM'000
Net assets disposed		
Fixed assets	153,957	—
Other investment	78	—
Working capital	106,527	—
Cash and bank balances	5,523	—
Deferred expenditure	1,494	—
Other intangible assets	9,270	—
Minority interests	(14,893)	—
	<hr/>	
	261,956	—
Gain on disposal	98,044	—
	<hr/>	
Total consideration received from disposal	360,000	—
Less: Cash and bank balances of subsidiary companies disposed	(5,523)	—
	<hr/>	
Net cash inflow from disposal of subsidiary companies	354,477	—

## 28 CAPITAL COMMITMENTS

Capital expenditure not provided for in the accounts:

Amount authorised and contracted for	24,605	24,605
Amount authorised but not contracted for	2,237	2,581
	<hr/>	
	26,842	27,186

## Notes To The Accounts

31 December 1999 (cont'd)

### 29 SEGMENTAL ANALYSIS

	Turnover		Profit before tax		Total assets employed	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<i>Analysis by activity:</i>						
Construction	400,622	324,150	10,329	(30,521)	460,757	392,626
Property development, investment and management	140,854	133,785	9,019	(21,429)	547,334	577,955
Investment holding	13,019	26,136	181,334	(51,545)	166,164	234,588
Manufacturing	106,739	89,595	5,920	4,195	88,048	88,145
Trading	117,153	149,181	1,565	(7,443)	110,191	113,368
Quarry	39,315	263,304	(7,109)	6,754	40,717	336,733
Others	17,047	21,152	6,877	2,955	86,084	114,660
	<b>834,749</b>	1,007,303	<b>207,935</b>	(97,034)	<b>1,499,295</b>	1,858,075
Inter-segment revenue	(34,891)	(245,831)				
Group Turnover	<b>799,858</b>	761,472				
Associated companies			(52,467)	(51,489)	187,474	237,691
Group profit before taxation			<b>155,468</b>	(148,523)		
Group total assets employed					<b>1,686,769</b>	2,095,766
<i>Analysis by geographical location:</i>						
Malaysia	685,388	876,770	218,477	(83,466)	1,332,661	1,671,563
Singapore	132,934	116,756	5,097	3,675	73,587	76,822
Vietnam	13,662	11,030	(15,620)	(17,194)	91,692	107,885
Others	2,765	2,747	(19)	(49)	1,355	1,805
	<b>834,749</b>	1,007,303	<b>207,935</b>	(97,034)	<b>1,499,295</b>	1,858,075
Inter-segment revenue	(34,891)	(245,831)				
Group Turnover	<b>799,858</b>	761,472				
Associated companies			(52,467)	(51,489)	187,474	237,691
Group profit before taxation			<b>155,468</b>	(148,523)		
Group total assets employed					<b>1,686,769</b>	2,095,766

# Notes To The Accounts

31 December 1999 (cont'd)

## 29 SEGMENTAL ANALYSIS (cont'd)

The Group is organised into six main business segments:

- (a) Construction – Construction of civil and building works and contracting in mechanical and electrical works.
- (b) Property development, investment and management – Development of housing and commercial properties, investment in properties and management and renting of properties.
- (c) Investment holding – Holding of investment in the share of subsidiaries, associated companies and other investments.
- (d) Manufacturing – Manufacturing of vitrified clay pipes and concrete products.
- (e) Trading – Trading of construction and industrial products and building materials.
- (f) Quarry – Quarrying and asphalt production.

Other operations of the Group mainly comprise of lease and hire purchase financing, general insurance underwriting, consultancy services and hotel operator.

Inter-segment sales have been transacted at terms and prices negotiated between the companies in the relevant business segments.

## 30 CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Guarantees given to bankers for facilities granted to				
– subsidiary companies	629,673	901,575	591,845	846,010
– third parties	20,902	27,704	–	8,840
Trade and performance guarantees given to third parties in respect of contracts of subsidiary companies	115,413	104,014	115,413	102,514
	<b>765,988</b>	<b>1,033,293</b>	<b>707,258</b>	<b>957,364</b>

- (b) A subsidiary company has given undertakings to indemnify banks on the repayment of housing loans granted to house purchasers in respect of end financing facilities given by the banks to these purchasers. The Directors are of the opinion that no losses are expected to arise in respect of the above undertakings.
- (b) There is a claim against a subsidiary company for damages and specific performance in respect of an alleged breach/wrongful termination of a sale and purchase agreement. In the event the specific performance of the said agreement is granted by the Court, the subsidiary company will be liable to pay the sum of RM77,766,000 on the execution of the sale and purchase agreement or to pay general damages of a sum that the Court may order. The subsidiary company has not provided for the claim as the Directors are of the opinion that the claim will not succeed as one of the conditions precedent was not fulfilled prior to expiration of the said agreement.

# Notes To The Accounts

31 December 1999 (cont'd)

## 31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 17 September 1998, the Company entered into an agreement with Pioneer International Holdings Pty Limited (“Pioneer”) under which the Company’s quarry and asphalt businesses would be transferred to a joint venture company in which the Company and Pioneer will each own 50%.

During the financial year, the Company has divested to the joint venture company its entire equity interest in:

- (i) Sungei Way Quarry Industries Sdn Bhd and its subsidiary companies comprising
  - Sungei Way Quarry Industries (Kuantan) Sdn Bhd
  - Sungei Way Quarry Industries (Northern) Sdn Bhd
  - Sungei Way Quarry Industries (Perak) Sdn Bhd
  - Sungei Way Quarry Industries (Rawang) Sdn Bhd
  - Sungei Way Bricks Sdn Bhd
  - Sungei Way Premix Sdn Bhd
  - Sungei Way Tippers Sdn Bhd
  - Realistic Sensation Sdn Bhd
  - SWQI Land Sdn Bhd and its subsidiary companies which are Gerak Harapan Sdn Bhd and Rajang Perkasa Sdn Bhd
- (ii) Sunway Masai Granite Sdn Bhd and its subsidiary companies comprising
  - Sunway Asphalt Industries Sdn Bhd
  - Sunway Granite Industries Sdn Bhd
  - Sunway Juarasama (Segamat) Sdn Bhd
- (iii) Sungei Way Setia Quarry Sdn Bhd
- (iv) Sungei Way Equity Sdn Bhd; and
- (v) Sofinaz Holdings Sdn Bhd

The total consideration of the divestment of the above companies is RM360 million. The gain on divestment is approximately RM98.044 million.

- (b) During the financial year, Ubundi Ltd, a wholly owned subsidiary company which is incorporated in Hong Kong has purchased Eurobonds with a nominal value of USD48,355,000. The purchased Eurobonds are subsequently cancelled. The gain on the purchase of Eurobonds to the group is approximately RM106.852 million.
- (c) On 20 May 1999, the Company has extended the duration and exercise period of all warrants outstanding as at 5.00 p.m. on 29 June 1999 by five years and thereby extended the expiry date of the warrants from 29 June 1999 up to and including 29 June 2004. The approval for the extension has been obtained from the following:
- (i) the Securities Commission which was obtained on 18 January 1999;
  - (ii) the Kuala Lumpur Stock Exchange for the Further Supplement Deed Poll to be executed to formalise the Proposed Extension, which was obtained on 7 April 1999;
  - (iii) the shareholders of the Company which was obtained at the Extraordinary General Meeting convened on 20 May 1999; and
  - (iv) the warrant holders of the Company which was obtained at the Warrant Holders’ Meeting convened on 20 May 1999.

# Notes To The Accounts

31 December 1999 (cont'd)

## 32 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party disclosures of the Group and Company mentioned elsewhere in the accounts, set out below are transactions and balances with related parties. The related party transactions have been transacted under the terms agreed between the parties.

### Significant related party transactions

	Year ended 31.12.1999 RM'000	Year ended 31.12.1998 RM'000
Sales to:		
– Associated companies	22,421	61,617
– Companies connected to certain Directors	77,855	51,578
Purchases from:		
– Associated companies	23,756	17,598
– Companies connected to certain Directors	1,050	623
Rental income from associated company	412	104
Rental income from companies connected to certain Directors	521	211
Rental paid to a company in which a Director is a shareholder	522	272
Management and computer service fees paid to a company in which a Director is a shareholder	100	135
	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Significant related party balances</b>		
Due to:		
– Associated companies	28,647	8,252
– Companies connected to certain Directors	4,455	2,909
Due from:		
– Associated companies	105,267	117,259
– Companies connected to certain Directors	181,910	199,432

## Statement By Directors

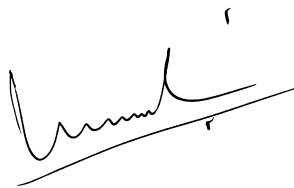
Pursuant To Section 169(15) OF The Companies Act, 1965

We, TAN SRI DATO' SERI (DR) CHEAH FOOK LING and DATO' CHEW CHEE KIN, two of the Directors of SUNWAY HOLDINGS INCORPORATED BERHAD (formerly known as Sungei Way Holdings Berhad), state that, in the opinion of the Directors, the accounts set out on pages 21 to 63 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 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia.

On behalf of the Board



**TAN SRI DATO' SERI (DR) CHEAH FOOK LING**  
**CHAIRMAN**



**DATO' CHEW CHEE KIN**  
**PRESIDENT**

Petaling Jaya  
26 April 2000

## Statutory Declaration

Pursuant To Section 169(16) OF The Companies Act, 1965

I, YAU KOK SENG, the Director primarily responsible for the financial management of SUNWAY HOLDINGS INCORPORATED BERHAD (formerly known as Sungei Way Holdings Berhad), do solemnly and sincerely declare that the accounts set out on pages 21 to 63 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**YAU KOK SENG**

Subscribed and solemnly declared by the abovenamed YAU KOK SENG at Kuala Lumpur in Malaysia on 26 April 2000, before me.



**MAISHARAH BINTI ABU HASAN**  
**COMMISSIONER FOR OATHS**

Kuala Lumpur  
26 April 2000



## Terms of Reference of Audit Committee

Formation	The Audit Committee was formed by the Board of Directors at its meeting on 7th March 1994
Composition	Members of the Committee shall be appointed by the Board from among its members and shall compose of not fewer than 3 members of whom a majority shall not be executive directors of the Company.
Quorum	The quorum for a meeting shall be two members.
Authority	The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee can obtain from all employees any information required and can seek outside legal or other professional assistance if it considers necessary.
Duties	<ol style="list-style-type: none"><li>1. To approve the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and Group.</li><li>2. To review and approve the annual Audit Plan on audit work and programme and Budget of the Internal Audit Department and ensure the department has adequate and competent resources and that the goals and objectives of the audit function are in tandem with corporate goals.</li><li>3. To review the scope, approach and results of internal audit procedures to ensure compliance with internal auditing standards, company policies, laws and other regulatory requirements.</li><li>4. To recommend to the Board, the nomination of External Auditors after evaluating their performance and to consider their audit fee and any questions of resignation or dismissal.</li><li>5. To review with the Internal and External Auditors the effectiveness of the financial reporting process and the internal control systems of the Group.</li><li>6. To review with Management and the External Auditors the audited balance sheets and profit and loss accounts of the Company and of the Group for purposes of approval before the financial statements are presented to the Board of Directors for adoption.</li><li>7. To review the follow-up actions by Management on the weaknesses of internal accounting procedures and controls as highlighted by the Internal and External Auditors.</li><li>8. To review any significant transactions which are not within the normal course of business and any related party transactions within the Company or the Group.</li><li>9. To review the sufficiency of and compliance with ethical guidelines and Group policies affecting corporate governance, financial quarterly reporting as well as corporate control and compliance with relevant laws and external regulations.</li><li>10. To review quarterly and final financial reports for announcements to the authorities, of the results of the Company and of the Group.</li></ol>

The above functions are in addition to such other functions as may be agreed to from time to time by the Audit Committee and the Board of Directors.