



*On behalf of the Board of Directors,
it is my pleasure to present to
you the Annual Report and
Audited Financial Statements of
Sunway Holdings Incorporated
Berhad for the financial year ended
31 December 2000.*

GROUP PERFORMANCE

The year 2000 has been another challenging year for Sunway Holdings Incorporated Berhad. However, the Group managed to report improved turnover of RM876.9 million for the period under review, an increase of 9.6% over the turnover of RM799.9 million recorded in the previous year.

Despite the improvement in turnover, the Group recorded a loss after tax and minority interest of RM3.9 million as compared to a profit after tax and minority interest of RM158.2 million in 1999. The previous year saw exceptional gains from the buy-back and cancellation of Eurobonds (RM106.9 million) and the divestment of its quarry and premix businesses (RM98.0 million). The loss in 2000 was mainly due to losses incurred in its building materials subsidiary, Sunway Building Technology Berhad ("Suntech") and the Group's operations in Vietnam.

In April 2001, the Company had terminated its call option on 50% equity interest in Sunway-Pioneer Quarry Sdn Bhd, the quarry and asphalt joint-venture company with Pioneer International Holdings Pty Ltd ("Pioneer") for a consideration of RM18 million. The proceeds were used to reduce the Group's outstanding debts.

OPERATIONS OVERVIEW

Construction/Building Materials

On 28 April 2000, the Group increased its equity stake in Suntech to 50.9% from 50.0% previously held, making the latter its subsidiary and consolidating the results of Suntech into the Group's as of that date.

In the year under review, the construction/building materials division contributed 66.4% to total Group turnover, making it the largest contributor. This was mainly due to the consolidation of turnover from Suntech effective from 28 April 2000.

During the year, its subsidiary, Sunway Construction Berhad secured projects worth approximately RM151.0 million. The current book orders worth RM1.3 billion are expected to contribute significantly to the Group's turnover in the next 2 years.

The Kajang Traffic Dispersal Ring Road ("SILK") project which was reinitiated in 1999 is also expected to contribute significantly to the Group's results for the next 3 years.



Property Development/Investment

During the year, the property development/investment division made a 15.7% contribution to the Group's total turnover, compared to 16.7% in the previous year.

Under its wholly-owned subsidiary, Sunwaymas Sdn Bhd (formerly known as Sunway Masalam Sdn Bhd), projects for residential units in Teluk Gedong and Rawang; and commercial units in Petaling Jaya were launched during the year. Sunwaymas Sdn Bhd recorded a total turnover of RM112.0 million for the year.



Associated Companies

In 2000, the Group's share of losses in associated companies amounted to RM15.9 million. The bulk of these losses arose from Pioneer Sun-Mix Concrete Sdn Bhd ("PSMC"), the 50:50 joint-venture company between Suntech and Pioneer in the ready-mixed concrete business.

E-Strategy and other Corporate Initiatives

The Group recognises the sweeping changes the Internet has brought in the way businesses are conducted. To keep ahead with the demands of the new K-economy, the Group will use IT as a strategic enabler to streamline its business processes thereby enhancing productivity and reducing costs.

In the coming year, the Group will continue to focus on core value creating businesses which enhance shareholders' value. The Group is also continuing with its restructuring efforts to improve its financial position with an aim to reduce overall gearing.

Economic Outlook

The Malaysian economy has rebounded strongly in 2000 with real Gross Domestic Product registering a growth of 8.5%. Due to an anticipated weaker U.S. economy, the economic growth rate for Malaysia may similarly weaken this year. In view of this, the Government has recently unveiled an economic plan, including a RM3 billion fiscal stimulus package, aimed at cushioning the Malaysian economy against a weakening U.S. economy and to ensure that its growth momentum is sustained.

With regards to the property market, the strong demand for affordable residential properties demonstrated during the crisis period is expected to continue to be sustained. We will continue to strive for excellence through differentiating ourselves from the competition through innovative marketing and delivery of quality products and services. We are confident, based on measures taken to improve operating efficiency by all principal operating subsidiaries, that we will be able to achieve improved performance in the coming year.

MALAYSIAN CODE ON CORPORATE GOVERNANCE AND THE KUALA LUMPUR STOCK EXCHANGE LISTING REQUIREMENTS

The Board of Directors will strive to adhere as closely as possible to the Malaysian Code on Corporate Governance (“Code”) in order to ensure the protection of shareholders’ interest and ultimately the enhancement of shareholders’ value. Necessary steps have been/will be taken to implement the Code’s best practices and to comply with the provisions in the new Kuala Lumpur Stock Exchange Listing Requirements pertaining to the Code.

APPRECIATION

My fellow Board members and I would like to take this opportunity to thank all our valued customers, shareholders, bankers, business associates and various Government authorities for their continued support and confidence with the Group.

Last but not least, the Board and I would like to extend our heartiest thanks to management and staff for their hard work, contribution and dedication to the Group.



Tan Sri Dato' Seri (Dr) Cheah Fook Ling
Chairman
2nd May 2001

