

Financial Statement

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Directors' Report

The Directors have pleasure in presenting their report together with the audited accounts of the Group and of the Company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of property development and investment, and investment holding.

The principal activities of the subsidiary and associated companies are:-

- (i) property development and investment;
- (ii) operation of hotels, theme park and related activities;
- (iii) rendering recreational club facilities;
- (iv) operation of travel, tour business and related activities; and
- (v) operation of a medical centre.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	21,203	119,375
Taxation	(1,063)	(46)
Profit after taxation	20,140	119,329
Minority interests	(8,783)	-
Profit for the year	11,357	119,329

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the accounts.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

SHARE CAPITAL

Subsequent to the end of the financial year, the authorised share capital of the Company of RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each was altered to comprise 800,000,000 ordinary shares of RM1.00 each and 200,000,000 preference shares of RM1.00 each. Following the alteration, the issued and paid-up share capital of the Company was increased from RM300,000,000 to RM448,199,000 by the issuance of the following shares:-

- (a) 40,000,000 new ordinary shares of RM1.00 each at RM1.80 per share for cash; and
- (b) 108,000,000 6.6% cumulative convertible preference shares of RM1.00 each at par per share for cash.

In addition, 199,000 new ordinary shares of RM1.00 each were issued to eligible employees of the Group under the Employees' Share Option Scheme at RM1.74 per share for cash.

Proceeds arising from the above issues were utilised to reduce the Group's borrowings and for additional working capital.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("Scheme") was approved by the shareholders at an Extraordinary General Meeting held on 10 December 1999.

The main features of the Scheme are:-

- (a) Eligible persons are employees of the Group (including full time Executive Directors) who have been confirmed in the employment of the Group of a continuous period of at least one year as at the offer date and falling within any categories of employees as set out in Clause 6 and who are eligible to participate in the Scheme pursuant to Clause 5 of the Bye-Laws. The selection for participation in the Scheme shall be at the absolute discretion of the Option Committee appointed by the Board of Directors.
- (b) The maximum number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (c) No option shall be granted for less than 1,000 ordinary shares or more than 500,000 ordinary shares to any individual eligible employee.
- (d) The option price shall be 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 offer date, or at par value of the shares of the Company, whichever is higher.
- (e) The Scheme shall be in force for a period of five years from the offer date, subject to any extension as may be approved by the relevant authorities.
- (f) The options granted may be exercised at any time within a period of five years from the offer date of the options granted based on seniority, performance and length of service and the offer shall be valid for acceptance by an employee for a period of thirty days before the expiry of the options.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:-

Tan Sri Dato' Seri Dr. Cheah Fook Ling

Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim

Dato' Razman Md Hashim Bin Che Din Md Hashim

Dato' Chew Chee Kin

Dato' Haji Othman Bin Mohd Taib

Ngian Siew Siong

Ngeow Voon Yean

Dr. Seek Ngee Huat

Low Siew Moi

(Appointed on 24.2.2000)

(Appointed as Director on 3.12.1999;
Ceased as Alternate Director to
Dato' Haji Harun bin Salim on
3.12.1999)

Richard Teo Cheng Hiang

(Alternate Director to Dr. Seek Ngee Huat)

Dato' Haji Harun bin Salim

Yau Kok Seng

(Appointed on 24.2.2000)

(Resigned on 3.12.1999)

(Resigned on 16.7.1999)

In accordance with Article 79 of the Company's Articles of Association, Tan Sri Dato' Seri Dr. Cheah Fook Ling and Dato' Chew Chee Kin retire by rotation from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 78(2) of the Company's Articles of Association, Low Siew Moi and Dr. Seek Ngee Huat retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Report (cont'd)

DIRECTORS' INTEREST IN SHARES

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company, as stated below:

	No. of Ordinary Shares of RMI each			At 31.12.99
	At 1.1.99	Bought	Sold	
Tan Sri Dato' Seri Dr. Cheah Fook Ling	*93,187,234 10,823,251	18,175,975 —	— —	111,363,209 10,823,251
Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim	10,000	—	—	10,000
Dato' Razman Md Hashim Bin Che Din Md Hashim	30,000	—	—	30,000
Dato' Chew Chee Kin	10,000	—	—	10,000
Dato' Haji Othman Bin Mohd Taib	1,529,921	—	—	1,529,921
Ngian Siew Siong	10,000	—	—	10,000

* Denotes deemed interest

By virtue of his interest in shares of the Company, Tan Sri Dato' Seri Dr. Cheah Fook Ling is also deemed to have an interest in the shares of all other subsidiary companies of the Company to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate .

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with a 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 Tan Sri Dato' Seri Dr. Cheah Fook Ling who may be deemed to derive a benefit by virtue of those transactions, products, parts and other properties or any interest in any properties; and/or for the provision of services including but not limited to management and consultancy services, and/or provision of construction contracts, leases and tenancy; and/or the provision of treasury functions, advances and conduct of normal trading and/or other businesses between the Company and its related corporations and corporations in which Tan Sri Dato' Seri Dr. Cheah Fook Ling is deemed to have an interest.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 32 to the accounts.

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the accounts of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances 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.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Group and of the Company which would render any amount stated in the accounts and consolidated accounts misleading.
- (e) As at the date of this report, there does not exist:
 - (i) 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 liabilities of any other person ; or
 - (ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent liability 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 will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,



**TAN SRI DATO' SERI
DR. CHEAH FOOK LING**
CHAIRMAN



NGIAN SIEW SIONG
EXECUTIVE DIRECTOR

Petaling Jaya, Selangor Darul Ehsan
10 April 2000

Statement By Directors

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT 1965

We, TAN SRI DATO' SERI DR. CHEAH FOOK LING and NGIAN SIEW SIONG, being two of the Directors of SUNWAY CITY BERHAD, do hereby state that in the opinion of the Directors, the accounts set out on pages 27 to 54 are drawn up in accordance with approved accounting standards so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of the business of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group for the year ended 31 December 1999.

On behalf of the Board,



**TAN SRI DATO' SERI
DR. CHEAH FOOK LING**
DIRECTOR



NGIAN SIEW SIONG
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan
10 April 2000

Statutory Declaration

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT 1965

I, NGIAN SIEW SIONG, being the Director primarily responsible for the financial management of SUNWAY CITY BERHAD, do solemnly and sincerely declare that the accounts set out on pages 27 to 54 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.

Subscribed and solemnly declared by the abovenamed NGIAN SIEW SIONG at Petaling Jaya in the State of Selangor Darul Ehsan on 10 April 2000.



NGIAN SIEW SIONG

Before me,



DAVID LINGAM A/L S. SOCKALINGAM
COMMISSIONER FOR OATHS
10 April 2000

Report Of The Auditors

TO THE MEMBERS

We have audited the accounts set out on pages 27 to 54. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) 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 then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the accounts and consolidated accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of subsidiary companies for which we have not acted as auditors as indicated in Note 33 to the accounts, being accounts which are included in the consolidated accounts.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the accounts of the subsidiary companies are not subject to any qualification and do not include any comment required to be made under Section 174(3) of the Companies Act 1965.

ERNST & YOUNG

AF: 0039

Public Accountants

SEE HUEY BENG

1495/3/01(J)

Partner

Kuala Lumpur, Malaysia

10 April 2000

Balance Sheets

AS AT 31 DECEMBER 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	2	1,002,507	968,181	52,677	2,649
INVESTMENT PROPERTIES	3	376,474	291,439	20,240	–
LAND HELD FOR DEVELOPMENT	4	306,020	312,657	–	–
SUBSIDIARY COMPANIES	5	–	–	630,905	465,491
ASSOCIATED COMPANIES	6	14,372	15,655	18,038	15,913
CURRENT ASSETS					
Properties under development	7	203,529	323,714	34,202	144,883
Stocks	8	12,338	9,760	1,591	1,819
Trade debtors	9	44,920	33,511	8,811	6,163
Other debtors, deposits and prepayments	10	18,967	48,711	9,036	31,832
Fixed deposits with licensed banks		4,965	–	–	–
Cash and bank balances	11	75,752	17,310	2,359	15
		360,471	433,006	55,999	184,712
CURRENT LIABILITIES					
Trade creditors		60,708	38,075	16,227	25,443
Other creditors		165,458	166,614	18,603	20,002
Bank borrowings	12	130,851	195,168	17,486	162,408
Hire purchase and lease creditors	13	1,241	1,299	1,109	1,017
Taxation		1,483	9,086	–	–
		359,741	410,242	53,425	208,870

The annexed notes form an integral part of the accounts.

Balance Sheets (cont'd)

AS AT 31 DECEMBER 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
NET CURRENT ASSETS/ (LIABILITIES)		730	22,764	2,574	(24,158)
DEFERRED EXPENDITURE	14	–	–	–	–
		1,700,103	1,610,696	724,434	459,895
FINANCED BY:					
SHARE CAPITAL	15	300,000	300,000	300,000	300,000
SHARE PREMIUM		78,216	78,216	78,216	78,216
RESERVES	16	41,916	29,495	153,166	33,837
SHAREHOLDERS' FUNDS		420,132	407,711	531,382	412,053
MINORITY INTERESTS	17	160,715	141,236	–	–
LONG TERM BANK BORROWINGS	18	784,788	684,955	182,200	21,800
LONG TERM LIABILITIES	19	224,535	279,935	5,130	19,406
ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARY COMPANIES	20	92,334	89,993	–	–
HIRE PURCHASE AND LEASE CREDITORS	13	14,378	3,645	2,506	3,420
DEFERRED TAXATION	21	3,221	3,221	3,216	3,216
		1,700,103	1,610,696	724,434	459,895

The annexed notes form an integral part of the accounts.

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	22	479,586	410,097	215,017	84,562
OPERATING PROFIT/(LOSS)		23,547	(90,881)	119,375	(42,983)
SHARE OF LOSS IN ASSOCIATED COMPANIES		(2,344)	(208)	–	–
PROFIT/(LOSS) BEFORE TAXATION	23	21,203	(91,089)	119,375	(42,983)
TAXATION	24	(1,063)	(10,112)	(46)	(7,554)
PROFIT/(LOSS) AFTER TAXATION		20,140	(101,201)	119,329	(50,537)
MINORITY INTERESTS		(8,783)	18,632	–	–
PROFIT/(LOSS) FOR THE YEAR		11,357	(82,569)	119,329	(50,537)
RETAINED PROFIT BROUGHT FORWARD		12,814	95,383	33,837	84,374
PROFIT AVAILABLE FOR APPROPRIATION		24,171	12,814	153,166	33,837
TRANSFER TO CAPITAL RESERVES ON REDEMPTION OF PREFERENCE SHARES IN SUBSIDIARY COMPANY		(6,233)	–	–	–
RETAINED PROFIT CARRIED FORWARD	16	17,938	12,814	153,166	33,837
EARNINGS/(LOSS) PER SHARE (SEN)	25	4	(28)		

The annexed notes form an integral part of the accounts.

Consolidated Cashflow Statement

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		465,429	438,051
Payments to suppliers and contractors		(135,431)	(166,602)
Payment of operating expenses		(137,216)	(190,248)
		<hr/>	
Cash generated from operations		192,782	81,201
Interest paid		(65,010)	(75,940)
Taxation paid		(8,666)	(6,374)
		<hr/>	
Net cash generated from/(used in) operating activities		119,106	(1,113)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		11,771	2,484
Proceeds from disposal of investment properties		616	-
Capital expenditure		(54,530)	(304,937)
Expenditure on land held for development		(7,487)	(1,360)
Acquisition of associated companies		-	(1,473)
Proceeds from disposal of subsidiary companies	26	1,706	201
Net change in associated company indebtedness		(1,061)	3,834
		<hr/>	
Net cash used in investing activities		(48,985)	(301,251)

The annexed notes form an integral part of the accounts.

Consolidated Cashflow Statement (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Net drawdown of term loans		2,311	600,956
Drawdown/(repayment) of other bank borrowings		36,598	(334,736)
Net change in advances from minority shareholders of subsidiary companies		4,602	(1,030)
Net change in long term creditors		(46,877)	7,106
Net change in advances from directors of subsidiary companies		89	(80)
Equity contribution by minority shareholders of subsidiary companies		1,758	-
Payments to hire purchase and lease creditors		(1,802)	(1,074)
		(3,321)	271,142
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		66,800	(31,222)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27	8,306	39,528
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	75,106	8,306

The annexed notes form an integral part of the accounts.

Notes To The Accounts

31 DECEMBER 1999

I. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts of the Group and of the Company are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiaries, using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' assets and liabilities are determined and these values are reflected in the consolidated accounts.

The difference between the consideration paid for shares in a subsidiary company and the fair value of attributable net assets acquired is reflected as goodwill or reserve on consolidation, as appropriate.

Goodwill on consolidation is amortised over a period of ten (10) years. However, the goodwill will be written down if the Directors are of the opinion that there is a permanent diminution in value.

(c) Associated Companies

Associated companies are companies in which the Group has a long term equity interest of between 20 and 50 percent and exercises significant influence through board representation.

The Group accounts for its share of post-acquisition results and reserves of associated companies based on the latest audited or management accounts of the companies concerned.

The Group's share of results and reserves of associated companies acquired or disposed of is included in the consolidated accounts from the date of acquisition and up to the date of disposal.

(d) Interest in Joint Venture

Interest in joint venture represents contractual agreements with third parties to undertake construction and development projects.

The Company's share of results of the joint venture is included in the accounts from the date of formation of the joint venture up to date of completion of the projects undertaken by the joint venture.

Details on the joint venture are set out in Note 34 to the accounts.

(e) Investments

Investments in subsidiary companies, associated companies and other long term investments are stated at cost. These investments are written down only when the Directors are of the opinion that there is a permanent diminution in value.

(f) Stocks

Trading stocks are stated at the lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined on the weighted average method.

Stocks of completed properties are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest costs incurred during the development period.

I. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**(g) Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation.

Freehold land and capital work-in-progress are not depreciated. Leasehold land and buildings are amortised evenly over the lease period of 99 years.

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

	%
Buildings	2
Renovations	10
Plant and machinery	5 – 20
Motor vehicles	10 – 20
Equipment, furniture and fittings	5 – 20

Additional depreciation is provided on assets which are impaired to reduce the asset value to their recoverable amounts.

Operating assets comprise linen, crockery, cutlery and utensils which are initially purchased to form the base stock required for the hotel and restaurant operations, are stated at cost and not depreciated. Subsequent purchases to maintain the level of the operations are dealt with through the profits and loss account.

(h) Hotel Properties

Hotel properties which comprise freehold and leasehold land and buildings are stated at cost.

No depreciation is provided on hotel properties as the Group will maintain the hotel properties in such condition that they are not impaired by the passage of time. Consequently, their residual values are anticipated to be equal or higher than their carrying values in the accounts. The maintenance expenditure incurred on hotel properties is dealt with in the profit and loss account.

(i) Investment Properties

Investment properties comprise long term leasehold land and buildings held for their investment potential and rental income. Investment properties are not depreciated. It is the policy of the Group to revalue its investment properties every five years or at such shorter period as may be considered to be appropriate based upon the advice of professional valuers and appraisers.

(j) Land Held for Development

Land held for development is stated at cost which includes land cost, incidental costs of acquisition, development expenditure and interest costs relating to the development. The Company does not intend to develop the land within the next 12 months.

(k) Development Properties

Development properties are stated at cost plus attributable profit, less progress billings. Cost includes land cost, development expenditure and interest costs relating to the development.

(l) Deferred Expenditure

Expenditure incurred prior to the date of commencement of operations are stated at cost and will be written off when the company to which it relates commences operation.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

I. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(m) Deferred Taxation

Deferred taxation is provided on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future.

Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

(n) Capitalisation of Interest Costs

Interest costs are capitalised as part of development costs during the period in which the construction of the properties is being planned and carried out.

(o) Revenue Recognition on Development Properties

Profit from sale of development properties is recognised on the percentage of completion method where outcome of the development projects can be reliably estimated. Any foreseeable loss on a development project is provided in full.

(p) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of each transaction or, where settlement had not taken place at 31 December, at rates of exchange ruling at that date or at contracted rates, as applicable. Exchange differences arising on long term inter-company advances that, in substance, form part of an enterprise's net investment in a foreign subsidiary are taken directly to exchange reserve. All other exchange differences arising are dealt with through the profit and loss account.

Assets, liabilities and trading results of foreign subsidiaries are translated to Ringgit Malaysia at the approximate rates of exchange ruling at the balance sheet date, except for share capital, reserves and goodwill in group companies which are included at historical rates. All exchange differences on translation are taken directly to an exchange reserve account.

(q) Cash and Cash Equivalents

Cash and cash equivalents represent cash and bank balances, fixed deposits and other short term highly liquid investments that are readily convertible into cash with insignificant risk of changes in value.

2. FIXED ASSETS**GROUP**

	Hotel properties RM'000	Land and buildings RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Operating assets RM'000	Capital work-in progress RM'000	Total	
									1999	1998
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST/VALUATION										
At beginning of year	313,702	121,673	2,500	341,387	6,500	162,364	16,126	114,898	1,079,150	1,061,390
Exchange adjustments	-	2,899	-	3,752	25	130	-	499	7,305	(11,671)
Reversal of revaluation surplus	-	-	-	-	-	-	-	-	-	(40,417)
Additions	1,680	2,747	26	1,793	162	25,876	227	60,535	93,046	79,517
Disposals/write-offs	(32)	(3,936)	(2,401)	(14,796)	(159)	(410)	(241)	(303)	(22,278)	(8,605)
Reclassifications	-	41,605	-	5,234	52	-	-	(46,891)	-	-
Transfer from/(to) investment properties	-	-	-	-	-	-	-	(2,281)	(2,281)	43
Transfer to land held for development	-	-	-	-	-	-	-	-	-	(1,107)
At end of year	315,350	164,988	125	337,370	6,580	187,960	16,112	126,457	1,154,942	1,079,150
ACCUMULATED DEPRECIATION										
At beginning of year	-	5,297	765	59,629	4,009	41,269	-	-	110,969	63,099
Exchange adjustments	-	89	-	667	21	129	-	-	906	(624)
Charge for the year	-	2,188	188	23,966	977	18,161	-	-	45,480	49,971
Disposals/write-offs	-	(26)	(869)	(3,371)	(68)	(343)	-	-	(4,677)	(1,477)
Reclassifications	-	(14)	-	(227)	(5)	3	-	-	(243)	-
At end of year	-	7,534	84	80,664	4,934	59,219	-	-	152,435	110,969
NET BOOK VALUE										
At 31 December 1999	315,350	157,454	41	256,706	1,646	128,741	16,112	126,457	1,002,507	-
At 31 December 1998	313,702	116,376	1,735	281,758	2,491	121,095	16,126	114,898	-	968,181

Notes To The Accounts (cont'd)

31 DECEMBER 1999

2. FIXED ASSETS (CONT'D)

COMPANY

COST

	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Capital work-in progress RM'000	Total 1999 RM'000	Total 1998 RM'000
At beginning of year	2,798	2,728	2,024	4,645	-	12,195	13,599
Additions	-	-	62	149	50,064	50,275	308
Disposals	-	-	(3)	(15)	-	(18)	(1,712)
At end of year	2,798	2,728	2,083	4,779	50,064	62,452	12,195

ACCUMULATED DEPRECIATION

At beginning of year	545	2,728	1,630	4,643	-	9,546	6,326
Charge for the year	51	-	185	9	-	245	4,196
Disposals	-	-	(1)	(15)	-	(16)	(976)
At end of year	596	2,728	1,814	4,637	-	9,775	9,546

NET BOOK VALUE

At 31 December 1999	2,202	-	269	142	50,064	52,677	-
At 31 December 1998	2,253	-	394	2	-	-	2,649

Notes To The Accounts (cont'd)

31 DECEMBER 1999

2. FIXED ASSETS (CONT'D)

Included in capital work-in-progress of the Group and of the Company is interest capitalised for the year amounting to RM5,781,359 (1998 : RM9,951,295) and RM2,629,992 (1998 : RM NIL) respectively.

Certain hotel properties and fixed assets have been pledged to financial institutions as security for term loans granted to the subsidiary companies.

Assets costing RM13,262,042 (1998 : RM1,631,395) and RM118,629 (1998 : RM199,963) of the Group and the Company respectively were acquired under hire purchase and lease arrangements.

3. INVESTMENT PROPERTIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At cost:-				
Long term leasehold land and buildings	376,406	290,592	20,240	—
Freehold land and buildings	—	847	—	—
Long term leasehold land	68	—	—	—
	376,474	291,439	20,240	—

The investment properties of the Group are pledged to banks as collateral for term loan and revolving credit facilities granted to the Company and certain subsidiary companies. The investment properties of the Company are pledged to banks as collateral for revolving credit facilities granted to the Company.

4. LAND HELD FOR DEVELOPMENT

	Group	
	1999 RM'000	1998 RM'000
At cost:-		
Freehold land	110,583	134,502
Long term leasehold land	135,757	126,051
Development expenditure	59,680	52,104
	306,020	312,657

Included in development expenditure is interest capitalised for the year amounting to RM4,299,337 (1998 : RM6,763,910).

A parcel of freehold land of a subsidiary company is pledged to a bank for a revolving credit facility granted to the Company.

Long term leasehold land of certain subsidiary companies are pledged to banks for revolving credit and term loan facilities granted to the Company and a subsidiary company respectively.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

5. SUBSIDIARY COMPANIES

	Company	
	1999 RM'000	1998 RM'000
Unquoted shares, at cost	218,199	223,122
Less : Provision for diminution in value	(7,140)	(7,140)
	211,059	215,982
Amounts owing by subsidiary companies	453,827	281,201
Amounts owing to subsidiary companies	(33,981)	(31,692)
	630,905	465,491

Amounts owing by subsidiary companies are stated net of provision for doubtful debts of RM49,190,000 (1998 : RM51,483,000).

The details of the subsidiary companies are set out in Note 33 to the accounts.

6. ASSOCIATED COMPANIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted shares, at cost	22,428	22,428	18,905	18,905
Share of post-acquisition reserves	424	2,768	–	–
	22,852	25,196	18,905	18,905
Less : Provision for diminution in value	–	–	(2,500)	(2,500)
	22,852	25,196	16,405	16,405
Elimination of unrealised profits on				
– Sale of land to associated company	(7,455)	(7,455)	–	–
– Services rendered by the Company	(1,640)	(1,640)	–	–
Amounts due from associated companies	741	46	1,633	–
Amounts due to associated companies	(126)	(492)	–	(492)
	14,372	15,655	18,038	15,913

The details of the associated companies are set out in Note 33 to the accounts.

The Group's interests in the associated companies are analysed as follows:-

	Group	
	1999 RM'000	1998 RM'000
Share of net tangible assets	22,852	25,196

Notes To The Accounts (cont'd)

31 DECEMBER 1999

7. PROPERTIES UNDER DEVELOPMENT

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At cost:				
Freehold land	79,231	63,174	-	-
Long term leasehold land	83,746	89,691	37	701
Development expenditure	325,889	433,873	94,599	239,128
	488,866	586,738	94,636	239,829
Attributable profits	90,042	84,999	16,555	37,862
	578,908	671,737	111,191	277,691
Progress billings	(375,379)	(348,023)	(76,989)	(132,808)
	203,529	323,714	34,202	144,883
Interest costs included in development expenditure for the year	-	2	-	2

Included in progress billings of the Group are retention sums amounting to RM9,852,000 (1998 : RM54,000). The outstanding amount is included in trade debtors as disclosed in Note 9 to the accounts.

8. STOCKS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Developed properties	3,414	2,898	1,568	1,799
Trading stocks	6,029	2,662	-	-
Food and beverages	1,521	1,875	-	-
Consumables	1,374	2,325	23	20
	12,338	9,760	1,591	1,819

9. TRADE DEBTORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Amounts receivable	56,419	44,493	11,300	10,119
Less : Provision for doubtful debts	(11,499)	(10,982)	(2,489)	(3,956)
	44,920	33,511	8,811	6,163

Notes To The Accounts (cont'd)

31 DECEMBER 1999

10. OTHER DEBTORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1997 RM'000
Amounts receivable	23,864	52,834	11,096	34,110
Less : Provision for doubtful debts	(4,897)	(4,123)	(2,060)	(2,278)
	18,967	48,711	9,036	31,832

11. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are balances amounting to RM64,460,272 (1998 : RM9,756,700) held under the Housing Development Account pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

12. BANK BORROWINGS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Bank overdrafts				
– secured	–	3,208	–	2,339
– unsecured	5,611	5,796	2,286	1,469
Revolving credit				
– secured	–	83,400	–	83,400
– unsecured	11,000	61,000	11,000	61,000
Trade bills – secured	34,162	14,564	–	–
Current portion of (Note 18)				
– term loans	75,878	13,000	–	–
– revolving credits	4,200	14,200	4,200	14,200
	130,851	195,168	17,486	162,408

The bank overdrafts, revolving credits and trade bills of the Group and the Company are secured by legal charges and lien holders' caveats on the land of the Company, mortgages on land and assets as well as fixed and floating charges on assets of certain subsidiary companies.

The bank overdrafts bear interest at rates ranging from 8.30% to 9.65% (1998 : 9.25% to 14.80%) per annum.

The revolving credit bears interest at rates ranging from 5.30% to 13.50% (1998 : 8.50% to 23.00%) per annum.

The trade bills bear interest at rates ranging from 4.81% to 5.78% (1998 : 4.89% to 5.71%) per annum.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

13. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Hire purchase and lease creditors	17,642	7,627	5,592	6,985
Interest-in-suspense	(2,023)	(2,683)	(1,977)	(2,548)
	15,619	4,944	3,615	4,437
Payable within 12 months	(1,241)	(1,299)	(1,109)	(1,017)
	14,378	3,645	2,506	3,420
Payable after 12 months				

Included in the amount owing to hire purchase and lease creditors is a lease arrangement for an air conditioning system from a related party amounting to approximately RM3,420,000 (1998 : RM5,000,000). The related party transaction is entered into at arms' length and at terms mutually agreed by both the parties.

14. DEFERRED EXPENDITURE

	Group	
	1999 RM'000	1998 RM'000
Preliminary expenses	13	439
Pre-operating expenses	3,112	6,970
	3,125	7,409
Less : Exchange fluctuations	-	(156)
	3,125	7,253
Less : Amounts written off	(3,125)	(7,253)
	-	-

Pre-operating expenses for the year include audit fee and depreciation charge of RM21,500 (1998 : RM20,800) and RM3,541 (1998 : RM43,038) respectively.

15. SHARE CAPITAL

	Group/Company	
	1999 RM'000	1998 RM'000
Authorised:		
Ordinary shares of RM1.00 each	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	300,000	300,000

Notes To The Accounts (cont'd)

31 DECEMBER 1999

16. RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable reserves:				
Capital reserves:				
At beginning of year	12,378	12,378	-	-
Transfer from revenue reserve on redemption of preference shares in subsidiary company	6,233	-	-	-
At end of year	18,611	12,378	-	-
Revaluation reserve				
At beginning of year	-	40,417	-	-
Reinstatement of hotel properties to cost (Note 2)	-	(40,417)	-	-
At end of year	-	-	-	-
Exchange reserve				
At beginning of year	4,303	8,319	-	-
Translation of foreign subsidiary companies' accounts	1,842	(6,941)	-	-
Arising from the disposal of subsidiary companies	(866)	-	-	-
Translation of long term advances to foreign subsidiary companies	88	2,925	-	-
At end of year	5,367	4,303	-	-
Non-distributable reserves	23,978	16,681	-	-
Distributable reserve :				
Revenue reserve				
Retained profit	17,938	12,814	153,166	33,837
TOTAL RESERVES	41,916	29,495	153,166	33,837

The capital reserve represents share premium arising from shares issued by a subsidiary company to minority shareholders and the creation of capital redemption reserve by a subsidiary company.

Based on estimated tax credits available and the prevailing tax rate applicable to dividends, the entire revenue reserve of the Company is available for distribution by way of dividends without the Company having to incur additional tax liability.

The ability of the Company to distribute its revenue reserve is however subject to restrictions contained in section 365 of the Companies Act 1965. In general (unless exempted from the section), a company is allowed to declare dividends (after making deductions for income tax, if any) for a financial year of an amount not exceeding the average dividends declared in respect of the two financial year immediately preceeding that financial year, whichever is the greater. Any after-tax profit not declared as dividends for any financial year commencing on or after 1 July 1997 may be accumulated and paid out as dividends in any subsequent financial year.

Although it was announced on 29 October 1999 in the 2000 Budget speech that the aforesaid restrictions be removed with immediate effect, the amendment to section 365 of the Companies Act 1965 has thus far not been gazetted.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

17. MINORITY INTERESTS

Included in minority interests is the 5% cumulative redeemable preference shares "A" issued to minority shareholders of a subsidiary company amounting to RM45,845,000. These shares confer on the holders the right to cumulative preferential dividends of 5% which rank in priority to ordinary dividends. These shares are redeemable at par and in cash after 15 May 1999, provided always that neither the whole nor part of these shares may be redeemed until and unless all 5% cumulative preferences shares "B" have been redeemed. The 5% cumulative redeemable preference shares "B" of RM1 each were redeemed at par during the year by the subsidiary company.

18. LONG TERM BANK BORROWINGS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Term loans				
– secured – Type 1	14,250	17,250	–	–
– Type 2	95,000	115,000	–	–
– Type 3	450,000	445,500	–	–
– Type 4	27,494	25,227	–	–
– Type 5	27,512	–	–	–
– unsecured – Type 6	37,133	46,980	–	–
– Type 7	27,077	26,198	–	–
Revolving credit (secured)	186,400	36,000	186,400	36,000
Less: Amounts repayable within 12 months (Note 12)				
– term loans	(75,878)	(13,000)	–	–
– revolving credit	(4,200)	(14,200)	(4,200)	(14,200)
Amounts repayable after 12 months	784,788	684,955	182,200	21,800

The term loans and revolving credits of the Group and the Company are secured by legal charges on land and hotel properties as well as fixed and floating charges on assets of certain subsidiary companies. The Type 1 secured term loan is repayable over 7 years commencing December 1996. The Type 2 secured term loan is repayable over 22 quarterly instalments commencing September 1999. The Type 3 secured term loan is repayable over 60 equal monthly instalments commencing June 2000. The Type 4 secured term loan is repayable over 28 equal quarterly instalments commencing January 2001. The Type 5 secured term loan is repayable over 96 instalments commencing April 2001.

The Type 6 unsecured term loan is repayable over 4 equal annual instalments commencing March 1999. The Type 7 unsecured term loan is repayable over 20 equal quarterly instalments commencing March 2001.

The above borrowings bear interest at rates ranging from 4.80% to 11.37% (1998 : 6.00% to 23.00%) per annum.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

19. LONG TERM LIABILITIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Amounts due to directors of subsidiary companies	1,862	1,773	-	-
Amounts payable to contractors	222,673	269,551	5,130	19,406
Long term creditors	-	8,611	-	-
	224,535	279,935	5,130	19,406

The amounts due to directors of subsidiary companies are unsecured, interest free and have no fixed term of repayment.

The amounts payable to contractors are included as long term liabilities as the contractors have agreed not to demand repayment within the next 12 months.

The amounts payable to contractors of approximately RM203,583,000 (1998 : RM254,125,000) are entered into with parties connected to certain directors of the Group and at terms mutually agreed between the parties.

20. ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARY COMPANIES (UNSECURED)

Advances of RM17,035,581 bear interest at a rate of 2% (1998 : RM37,583,178, at 2%) per annum and the remaining balance is interest free. These advances have no fixed term of repayment.

21. DEFERRED TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At beginning of year	3,221	3,691	3,216	3,216
Transfer to profit and loss account (Note 24)	-	(470)	-	-
At end of year	3,221	3,221	3,216	3,216

22. TURNOVER

Group

Turnover comprises a proportion of contracted sales revenue determined by reference to the percentage of completion of the development properties, rental income from letting of properties, revenue from medical centre and hotel operations, the invoiced value of services rendered and goods supplied.

Company

Turnover comprises a proportion of contracted sales revenue determined by reference to the percentage of completion of the development properties, rental income from letting of properties and gross dividend income from investments.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

23. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
This is arrived at after charging/(crediting) :-				
Directors' emoluments				
- Company				
- Fees	48	72	48	72
- Others	678	489	678	489
- Subsidiary company				
- Others	-	1,020	-	-
Auditors' remuneration				
- Current year	390	396	60	57
- Underprovision in prior year	14	17	-	-
Interest on				
- Bank overdrafts	541	669	242	321
- Revolving credits	14,056	38,592	14,056	38,592
- Long term loans	47,854	36,087	-	-
- Advances from subsidiary companies	-	-	1,345	1,365
- Others	2,400	592	711	470
Depreciation of fixed assets	45,480	49,928	245	4,196
Loss/(gain) on disposal of fixed assets	1,114	229	(6)	(276)
Write-off/amortisation of goodwill	-	1,911	-	-
Rent of				
- Land and buildings	1,584	1,380	462	712
- Equipment, plant and machinery	318	520	33	78
- Others	553	3,009	356	2,423
Management fee	697	1,144	235	182
Deferred expenditure written off	3,125	7,253	-	-
Development expenditure written off	798	960	-	-
Provision for write down in				
value of development properties	-	21,830	-	-
Staff retirement benefits	(11)	49	-	-
Fixed assets written off	390	190	-	63
Provision for bad and doubtful debts	963	5,451	548	148
Bad debts written off	2,335	562	231	-
Amounts due from subsidiary companies written off	-	-	-	935
Amounts due from associated companies written off	-	451	-	451
Provision for doubtful debts in respect of amounts due from subsidiary companies	-	-	773	51,483
Exchange loss	1,199	-	19	-
Provision for diminution in value of investments	-	-	-	9,640
<hr/>				
And after crediting:-				
Interest income				
- from subsidiary companies	-	-	15,796	27,915
- others	2,097	3,171	618	376
Rental income	54,673	58,188	15,220	16,101
Gross dividends from unquoted subsidiary and associated companies	-	-	8,769	23,926
Management fees	12	109	-	15
(Loss)/gain on sale of development properties	(2)	4	89,759	-
Gain on disposal of subsidiary companies	4,253	-	-	-
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Notes To The Accounts (cont'd)

31 DECEMBER 1999

24. TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian taxation based on results for the year :-				
Current				
- Group companies	-	7,998	-	5,523
- Associated companies	-	565	-	-
- Deferred taxation	-	(470)	-	-
	-	8,093	-	5,523
Under/(over) provision in prior years:				
- Group companies	1,063	2,019	46	2,031
	1,063	10,112	46	7,554

The Company is liable for tax on dividend income which is assessable to tax as a separate source of income. There is no tax charge for the current year as tax on income earned is waived in accordance with the Income Tax (Amendment) Act, 1999. The chargeable income on which the tax is waived shall be credited to a tax exempt income account from which tax exempt dividends can be declared, subject to agreement by the Inland Revenue Board.

The estimated unabsorbed tax losses and unutilised capital and investment tax allowances which have not been dealt with in the accounts are as follows:-

	Group	
	1999 RM'000	1998 RM'000
Tax losses	49,834	32,368
Capital allowances	219,674	186,417
Investment tax allowances	480,564	431,095
	750,072	649,880

25. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings/(loss) per share for the Group is based on profit/(loss) after taxation and minority interests of RM11,357,000 (1998 : (RM82,569,000)) on 300,000,000 (1998 : 300,000,000) ordinary shares in issue during the year.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

26. ANALYSIS OF DISPOSAL OF SUBSIDIARY COMPANIES

The fair values of assets and liabilities of subsidiary companies disposed are as follows:

	Group 1999 RM'000
Fixed assets	3,538
Property investment	847
Property development	4,872
Stocks	6
Other debtors	844
Cash	499
Other creditors and accruals	(338)
Long term creditors	(9,189)
Exchange reserve	(866)
Shareholders' advances	(2,261)
Net assets disposed	(2,048)
Gain on disposal of subsidiary companies	4,253
Less : Cash in subsidiary companies disposed	(499)
Cash flow on disposal, net of cash disposed	<u>1,706</u>

27. CASH AND CASH EQUIVALENTS

	Group	
	1999 RM'000	1998 RM'000
Cash and bank balances	75,752	17,310
Fixed deposits with licenced banks	4,965	-
Bank overdrafts	(5,611)	(9,004)
Cash and cash equivalents	<u>75,106</u>	<u>8,306</u>

28. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	Company	
	1999 RM'000	1998 RM'000
Interest receivable from subsidiary companies	15,796	27,915
Rent receivable from subsidiary companies	1,090	1,238
Property/project management fees receivable from subsidiary companies	9	15
Interest payable to subsidiary companies	1,345	1,365
Rent payable to associated company	462	625
Sale of development properties to subsidiary companies	<u>156,000</u>	-

Notes To The Accounts (cont'd)

31 DECEMBER 1999

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into transactions with certain companies in the Sunway Holdings Incorporated Berhad ("SHIB", formerly known as Sungei Way Holding Berhad) Group amounting to approximately RM77 million (1998 : RM66 million). These companies are deemed to be related to the Company by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's mutual interest in both SHIB and the Company. The related party transactions are principally in respect of:-

- (i) Piling, building and substructure works for property projects;
- (ii) Supply of engineering equipment, quarry, premix and related construction materials;
- (iii) Management services; and
- (iv) Insurance policies taken by certain subsidiary companies.

The above transactions were undertaken at mutually agreed terms between the companies in the normal course of business.

30. CONTINGENT LIABILITIES

	Company	
	1999 RM'000	1998 RM'000
Guarantees given to licensed financial institutions for banking facilities granted to subsidiary companies	669,705	638,276

31. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Capital expenditure				
- approved and contracted for	20,172	67,679	-	-
- approved but not contracted for				
- Year 2000 compliance costs	-	500	-	234
- Others	-	25,375	-	-
	20,172	93,554	-	234

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 18 February 2000, the Company obtained its shareholders' approval on the following:-

- (a) Restricted issue of 40 million new ordinary shares of RM1 each representing approximately 11.8% of the enlarged issued and paid-up share capital of the Company to Reco Loop Pte. Ltd. ("GIC-Loop") a company incorporated in Singapore, for a total cash consideration of RM72 million. The new ordinary shares shall rank pari passu in all respects with the existing shares of the Company.
- (b) Restricted issue of 108 million 6.6% cumulative convertible preference shares ("CCPS") of RM1 each in the Company to GIC-Loop for a total cash consideration of RM108 million. The CCPS are convertible into new ordinary shares of RM1.00 each in the Company three (3) years after the issue date at RM1.80 per share.
- (c) Acquisition of 4.5 million shares of RM1 each representing 45% of the total paid-up share capital of Sunway Pyramid Sdn. Bhd. from Kembangan Awal (M) Sdn. Bhd. for a cash consideration of RM4,500,000.
- (d) Disposal of two (2) parcels of land known as HS(D) 118334 PT30 & HS(D) 118345 PT41, Mukim Bandar Sunway, District of Petaling, Selangor to Sunway Pyramid Sdn. Bhd. for a cash consideration of RM1,270,000.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONT'D)

- (e) Subscription of 48 million new ordinary shares ("Shares") of RM1 each at a subscription price of RM1.00 per share, representing 48% of the enlarged issued and paid-up share capital in Sunway Pyramid Sdn. Bhd. and 48 million new redeemable preference shares ("RPS") of RM0.10 each at a subscription price of RM2.79 per RPS in Sunway Pyramid Sdn. Bhd. by Reco Pyramid Pte. Ltd., for a total cash consideration of RM182 million and the grant of a put option to Reco Pyramid Pte. Ltd. ("GIC-Pyramid"), a company incorporated in Singapore, for the 48 million Shares and 48 million RPS. The put option grants GIC-Pyramid the option to sell its Shares and RPS in Sunway Pyramid Sdn. Bhd. to the Company at the specified price after the fifth anniversary of the Shares and RPS being issued to them. The specified price shall be satisfied in cash which will provide a rate of return of 16% per annum over the holding period or the net book value per Share and RPS to be determined by the auditors of Sunway Pyramid Sdn. Bhd., whichever is higher. The put option has no expiry date.
- (f) Subscription of 42 million new ordinary shares of RM1 each representing 42% of the enlarged issued and paid-up share capital in Sunway Pyramid Sdn. Bhd. and 52 million new RPS of RM0.10 each in Sunway Pyramid Sdn. Bhd. by the Company by way of transfer of debts. Following the above subscription, the Company's equity interest has reduced from 55% to 52%.

The above events were completed on 3 March 2000.

33. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999 %	1998 %
(a) Subsidiaries of Sunway City Berhad				
Bintutara Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Sunway Kinrara Sdn. Bhd.	Malaysia	Property development	75	75
Sunway Hotel (Penang) Sdn. Bhd.	Malaysia	Hotel business	100	100
Syarikat Shoib Properties Sdn. Bhd.	Malaysia	Property development	100	100
Grandeal Trading Co. Sdn. Bhd.	Malaysia	Temporarily ceased trading	100	100
Sunway Lagoon Sdn. Bhd.	Malaysia	Theme park operator	51	51
Sunway City (Penang) Sdn. Bhd.	Malaysia	Property development and investment holding	75	75
Sunway Pyramid Sdn. Bhd.	Malaysia	Shopping mall operator	55	55
Sunway Resort Hotel Sdn. Bhd.	Malaysia	Hotel business	58	58
Sunway Lagoon Club Berhad	Malaysia	Rendering recreational club facilities	83	83
Sunway Travel Sdn. Bhd.	Malaysia	Travel and tour agent	87	87
Sunway City (Ipoh) Sdn. Bhd.	Malaysia	Property development and investment holding	65	65
Sunway Damansara Sdn. Bhd.	Malaysia	Property development and investment holding	60	60
# Allson International Holdings Limited	British Virgin Islands	Hotel management	70	70
Ekuiti Meranti (M) Sdn. Bhd.	Malaysia	Investment holding	70	70

Notes To The Accounts (cont'd)

31 DECEMBER 1999

33. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999 %	1998 %
(a) Subsidiaries of Sunway City Berhad (Cont'd)				
Pembinaan Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70
Konsep Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70
Lastone Investments Ltd.	British Virgin Islands	Investment holding	100	100
Sunway City (Cambodia) Sdn. Bhd.	Malaysia	Investment holding	76	76
Sunway Heights Sdn. Bhd. (Formerly known as Ultimate Delight Sdn. Bhd.)	Malaysia	Dormant	70	70
Sunway Tunas Sdn. Bhd.	Malaysia	Property Development	70	70
TAH Properties Sdn. Bhd.	Malaysia	Dormant	70	70
Sunway Medical Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Area Star Sdn. Bhd.	Malaysia	Dormant	100	100
Falcrest Sdn. Bhd.	Malaysia	Dormant	70	70
# Sunway City (S'pore) Pte. Ltd.	Singapore	Promotion and marketing services	100	100
Ace Engineering Services Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Resort Hotel Land Sdn. Bhd. (Formerly known as Firdaus Emas (M) Sdn. Bhd)	Malaysia	Dormant	100	—
Stellar Destiny Sdn. Bhd.	Malaysia	Dormant	100	—
Strategic Domain Sdn. Bhd.	Malaysia	Dormant	100	—
(b) Subsidiaries of Sunway City (Penang) Sdn. Bhd.				
Fame Parade Sdn. Bhd.	Malaysia	Dormant	100	100
Era Primision Sdn. Bhd.	Malaysia	Dormant	100	100
Commercial Parade Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Hotel (Seberang Jaya) Sdn. Bhd.	Malaysia	Hotel business	100	100
Lancar Gemilang Sdn. Bhd.	Malaysia	Dormant	100	100
Prime Delight Sdn. Bhd.	Malaysia	Dormant	100	100
Sejati Pesona Sdn. Bhd.	Malaysia	Dormant	100	100
Associated Circle Sdn. Bhd.	Malaysia	Dormant	100	100
Alliance Parade Sdn. Bhd.	Malaysia	Dormant	100	100

Notes To The Accounts (cont'd)

31 DECEMBER 1999

33. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999 %	1998 %
(c) Subsidiary of Sunway Travel Sdn. Bhd.				
# OSC First Holidays (Vietnam) Co. Ltd.	Socialist Republic of Vietnam	Travel and tour agent	54	54
(d) Subsidiaries of Allson International Holdings Limited				
# Allson International Hotels & Resorts (H.K.) Limited	Hong Kong	Hotel management	100	100
# Allson International Hotels & Resorts (B.V.I.) Limited	British Virgin Islands	Hotel management	100	100
# Allson International Management Limited	British Virgin Islands	Hotel management	100	100
(e) Subsidiary of Konsep Objektif (M) Sdn. Bhd.				
* Sunway Hotel Phnom Penh Ltd.	Cambodia	Hotel business	75	75
(f) Subsidiary of Pembinaan Objektif (M) Sdn. Bhd.				
# Sunway City Harare (Private) Ltd.	Zimbabwe	Property development	49	51
(g) Subsidiaries of Sunway Lagoon Sdn. Bhd.				
Sunway Arena Entertainment Sdn. Bhd.	Malaysia	Ceased operations	55	55
Eastern Glory Enterprises Ltd.	British Virgin Islands	Investment holding	60	60
Sunway Monorail Sdn. Bhd.	Malaysia	Dormant	100	100
Commercial Highlight Sdn. Bhd.	Malaysia	Ceased operations	55	55
Sun Event Management Sdn. Bhd. (Formerly known as Sungei Way Property Management Services Sdn. Bhd.)	Malaysia	Promotion and management of entertainment and related business	80	—
(h) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.				
Kinta Sunway Resort Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Realty (Penang) Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Lagoon Water Park Sdn. Bhd.	Malaysia	Dormant	100	100

Notes To The Accounts (cont'd)

31 DECEMBER 1999

33. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999 %	1998 %
(h) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd. (Cont'd)				
Lagoon Fantasy Sdn. Bhd.	Malaysia	Dormant	100	100
Semangat Kancil (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Ganda Antik Sdn. Bhd.	Malaysia	Dormant	100	100
Bandar Sunway (Melaka) Sdn. Bhd.	Malaysia	Dormant	100	100
Permata Aktiviti (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Lagoon Café Sdn. Bhd.	Malaysia	Dormant	100	100
Objektif Ekuiti (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Peluang Klasik (M) Sdn. Bhd.	Malaysia	Dormant	100	100
(i) Subsidiaries of Sunway Damansara Sdn. Bhd.				
Imbasan Intisari Sdn. Bhd.	Malaysia	Dormant	100	100
Tidal Elegance Sdn. Bhd.	Malaysia	Dormant	100	100
Park Symphony Sdn. Bhd.	Malaysia	Dormant	100	100
Pan Unicreation Sdn. Bhd.	Malaysia	Dormant	100	100
Winning Excellence Sdn. Bhd.	Malaysia	Dormant	100	100
Laudable Generations Sdn. Bhd.	Malaysia	Dormant	100	100
Contemporary Deal Sdn. Bhd.	Malaysia	Dormant	100	100
Contemporary Factor Sdn. Bhd.	Malaysia	Dormant	100	100
Petikan Tropika Sdn. Bhd.	Malaysia	Dormant	100	100
Cahaya Jejaka Sdn. Bhd..	Malaysia	Dormant	100	100
Seruan Istilah Sdn. Bhd.	Malaysia	Dormant	100	100
Sumber Dorongan Sdn. Bhd.	Malaysia	Dormant	100	100
Anggaran Salju Sdn. Bhd.	Malaysia	Dormant	100	100
Bisikan Seni Sdn. Bhd.	Malaysia	Dormant	100	100
Emerald Freight Sdn. Bhd.	Malaysia	Dormant	100	100
Peculiar Pearl Sdn. Bhd.	Malaysia	Dormant	–	100
(j) Subsidiary of Sunway Pyramid Sdn. Bhd.				
Capital Mix Sdn. Bhd.	Malaysia	Car park operator	100	100
(k) Subsidiary of Ekuiti Meranti (M) Sdn. Bhd.				
# Contactprops (38) Pty. Ltd.	South Africa	Farming	–	100

Notes To The Accounts (cont'd)

31 DECEMBER 1999

33. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999	1998
(l) Subsidiary of Sunway Medical Holdings Sdn. Bhd. Sunway Medical Centre Sdn. Bhd.	Malaysia	Operator of a medical centre	50.45	–
(m) Subsidiaries of Eastern Glory Enterprises Limited Estonia Enterprises Limited	British Virgin Islands	Investment holding	100	100
* Hartford Lane Pty. Limited	Australia	Trustee	100	100
(n) Subsidiaries of Estonia Enterprises Limited * International Theme Park Pty. Ltd.	Australia	Theme park operator	100	100
* Sunway Australia Unit Trust	Australia	Unit trust	100	100
(o) Subsidiary of International Theme Park Pty. Ltd. * Sydney Theme Park Pty. Ltd.	Australia	Theme park licence holder	100	100
(p) Subsidiary of Sunway City (Cambodia) Sdn. Bhd. Sunway City Cambodia Limited	Cambodia	Dormant	80	80
(q) Subsidiary of Lastone Investments Ltd. # SwanVest 6 Pty. Ltd.	South Africa	Dormant	–	100
# Subsidiary companies not audited by Ernst & Young				
* Subsidiary companies audited by another member firm of Ernst & Young International				
(r) Associated companies of Sunway City Berhad # Menara Sungei Way Sdn. Bhd.	Malaysia	Management and letting of property	49	49
Sistem Penyuraian Trafik Kotaraya Sdn. Bhd.	Malaysia	Dormant	50	50
Aktif-Sunway Sdn. Bhd.	Malaysia	Retailer	20	20
(s) Associated companies of Sunway Lagoon Sdn. Bhd. Sunway Sayang Restaurant Sdn. Bhd.	Malaysia	Dormant	50	50
Shochiku Sunway Lagoon Sdn. Bhd.	Malaysia	Ceased operations	50	50
# Pyramid Bowl Sdn. Bhd.	Malaysia	Bowling alley operator	40	40

Associated companies not audited by Ernst & Young.

Notes To The Accounts (cont'd)

31 DECEMBER 1999

34. INTEREST IN JOINT VENTURE

Details of the joint venture are as follows:-

Name of Joint Venture	Country of Incorporation	Principal Activities	Equity Interest Held	
			1999	1998
Sunway Credo Development Partnership	South Africa	Property development	–	60

During the year, the Company disposed of its interest in Sunway Credo Development Partnership.

The above joint venture is not audited by Ernst & Young.

35. SEGMENTAL REPORTING

BY INDUSTRY

	Turnover		Profit/(Loss) Before Taxation and Minority Interest		Net Assets Employed	
	1999	1998	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property development	213,998	146,642	56,729	(29,856)	136,530	178,047
Property investment	67,935	72,078	17,212	14,508	123,507	111,213
Leisure	113,877	118,278	(17,844)	(37,128)	77,384	94,657
Hospitality	82,974	73,099	(30,118)	(38,613)	51,332	23,794
Health care	802	–	(4,776)	–	31,379	–
	479,586	410,097	21,203	(91,089)	420,132	407,711

BY GEOGRAPHICAL LOCATION

	Turnover		Profit/(Loss) Before Taxation and Minority Interest		Net Assets Employed	
	1999	1998	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	393,628	325,705	37,512	(59,376)	380,499	454,528
Foreign	85,958	84,392	(16,309)	(31,713)	39,633	(46,817)
	479,586	410,097	21,203	(91,089)	420,132	407,711

36. COMPARATIVE FIGURES

Certain comparative figures of the Group and of the Company have been reclassified to conform with current year's presentation.