

CHAIRMAN'S STATEMENT



OPERATING BACKGROUND

The Malaysian economy continued to grow steadily, posting a Gross Domestic Product ("GDP") growth exceeding 7% in 2004, an increase over the 5.2% achieved in 2003. The country's economic fundamentals remained strong as reflected by healthy foreign reserve, continued trade surpluses, high domestic liquidity and low interest rates supported by the Government's fiscal consolidation and accommodative monetary policies. Total consumption expenditure rose as robust private consumption underpinned by buoyant consumer sentiment cushioned the decline in public spending growth.

FINANCIAL PERFORMANCE

The Group achieved record results in 2004, with a turnover of RM992.5 million. It posted pre-tax profits of RM169.2 million, an increase of 58% over the pre-tax profits of RM107.1 million in 2003, contributed by a one-time gain of RM53.6 million from the sale of its theme park property in Australia. Net profit after minority interests was higher at RM66.9 million, representing a 162% increase over the RM25.5 million achieved in the previous year. Basic earnings per share rose sharply to 16.5 sen compared to 6.2 sen in 2003.

PROPERTY DEVELOPMENT

The core business of the Group made a quantum leap in 2004 when the property sales exceeded RM1 billion for the first time ever with property launches of RM1.3 billion. Earnings from property development doubled that of 2003, contributing RM159 million (93%) of the operating segment results of the Group.

The exceptional performance reflected the successful execution of the Group's multi-location development strategy at prime sites in the Klang Valley, Ipoh and Penang. Of special significance are the new property launches at Kiara Hills, a top-of-the-market residential development and Sunway SPK Damansara, a trend-setting development in the property hotspot of Klang Valley, both of which achieved high take up rates despite their premium pricing.

LATAR BELAKANG OPERASI

Ekonomi Malaysia telah kekal mengalami pertumbuhan menyakinkan, dengan pertumbuhan KDNK melebihi 7% pada 2004, meningkat 5.2% berbanding 2003. Asas-asas ekonomi negara telah kekal teguh seperti digambarkan oleh kedudukan simpanan wang asing yang selesa, lebih dagangan yang berterusan, kecairan domestik yang tinggi serta kadar faedah yang rendah, disokong oleh pengukuhan fiskal dan polisi-polisi kewangan yang membantu daripada pihak Kerajaan. Jumlah perbelanjaan pengguna telah meningkat sambil penggunaan persendirian yang bergerak cergas akibat sentimen pengguna yang meningkat, berupaya melegakan penyusutan pertumbuhan di sektor perbelanjaan awam.

PRESTASI KEWANGAN

Kumpulan telah mencapai keputusan-keputusan 2004 yang memecahkan rekod, dengan perolehan berjumlah RM 992.5 juta. Kumpulan mencatatkan keuntungan sebelum cukai sebanyak RM 169.2 juta, meningkat 58% berbanding keuntungan sebelum cukai RM 107.1 juta pada 2003, disumbang oleh keuntungan RM 53.6 juta hasil daripada jualan hartanah taman tema di Australia. Keuntungan bersih selepas kepentingan minoriti telah mengalami peningkatan kepada RM 66.9 juta, iaitu meningkat 162% berbanding pencapaian RM 25.5 juta pada tahun sebelumnya. Pendapatan asas sesaham meningkat tinggi kepada 16.5 sen berbanding 6.2 sen pada 2003.

PEMBANGUNAN HARTANAH

Perniagaan utama Kumpulan telah mempamerkan prestasi cemerlang yang mendadak pada 2004 apabila jualan hartanah dicatat melebihi RM 1 bilion buat kali pertamanya berikutan pelancaran-pelancaran hartanah bernilai RM 1.3 bilion. Pendapatan daripada pembangunan hartanah telah meningkat dua kali ganda berbanding 2003, dengan sumbangan RM 159 juta (93%) kepada keputusan segmen operasi bagi Kumpulan.

Prestasi luarbiasa ini menggambarkan kejayaan dalam melaksanakan strategi pembangunan pelbagai lokasi di tapak-tapak bertaraf utama di Lembah Kelang, Ipoh dan Pulau Pinang. Antara yang teristimewa adalah pelancaran hartanah baru di Kiara Hills, suatu pembangunan hartanah kediaman mewah dan Sunway SPK Damansara, suatu pembangunan konsep terkini di lokasi hartanah yang diminati di Lembah Kelang. Kedua-dua projek pembangunan ini telah menerima sambutan baik dengan rekod pembelian yang tinggi di sebalik harga jualan premium.

Sebagai sebahagian daripada strategi jangka panjang Kumpulan untuk merebut peluang-peluang pembangunan hartanah serantau, suatu pembangunan seluas 26.5 ekar dalam bentuk pembangunan hartanah banglo dalam persekitaran berpagar dan berkawal telah dilancarkan pada Disember 2004 di Phnom Penh, Kampuchea menerusi suatu usahasama dengan pemaju tempatan yang telah terasas.

Selaras dengan tumpuan Kumpulan untuk menjalankan aktiviti pembangunan di lokasi-lokasi utama dan terpilih, ianya telah berjaya menambah pengumpulan simpanan tanah berjumlah 45.5 ekar pada tahun berkenaan



Dato' Wong Choon Kee, receiving the Superbrands award from Mr Peter Jeffery, Group Managing Director of Superbrands. The company was selected by a stringent consumer market research survey, and have passed a qualitative selection process by the Superbrands Council. The award is testimony to the strong consumer acceptance and preference of the Sunway brand in property development.

PROPERTY DEVELOPMENT



As part of the long-term strategy of the Group to exploit property development opportunities regionally, a 26.5 acres gated and secured bungalow development was launched in December 2004 in Phnom Penh, Cambodia in joint venture with an established local developer.

In line with the Group's focus on development in prime and established localities, during the year it acquired 45.5 acres of lands with potential gross development value of RM358 million to replenish its landbank which stood at RM8.2 billion in gross development value over 2,319 acres at the year end. This will provide the impetus for the Group's continued targeted property launches of more than RM1 billion annually. With RM860 million of unbilled sales on hand, the property development division is expected to achieve higher turnover and earnings in 2005.



Kiara Hills - Sunway City Berhad's signature project in Mont Kiara, Kuala Lumpur, offering 88 exclusive detached lifestyle homes and 33 Courtyard Villas. It has appealed to the discerning and affluent elite.



Sunway Bukit Gambier – A 23-acre development in a prime, upmarket location in Penang Island scheduled to be launched in mid 2005.

dengan nilai pembangunan berjumlah RM 358 juta. Ini memberi tambahan kepada simpanan tanah sedia adanya yang kini membawa nilai pembangunan kasar berjumlah RM 8.2 bilion dalam keluasan melebihi 2,319 ekar seperti pada akhir tahun yang berkenaan. Perkara ini menjadi asas kepada sasaran pelancaran hartanah oleh Kumpulan sehingga melebihi RM 1 bilion setahun. Dengan rekod jualan yang belum dilengkapkan berjumlah RM 860 juta, bahagian Pembangunan Hartanah dijangka akan mencapai perolehan dan pendapatan yang lebih tinggi pada 2005.



Sunway Cheras, the first Sunway project in well established Cheras offers distinctively designed homes with quality finishes.



Completed 2-storey terrace houses in Sunway Kayangan, Shah Alam have recently been handed over to purchasers with C.F.



Sunway SPK Damansara in Kuala Lumpur, a joint-venture between Sunway City Berhad and Syarikat Permodalan Kebangsaan Berhad (SPKB) have received overwhelming demand for its premium priced 2 and 2 1/2- storey link homes - proof of purchasers' preference for the Sunway brand in property development.



Sunway City Berhad at the MAPEX exhibition in Kuala Lumpur. Visitors including VVIPs were impressed with the quality, layout and the locations of the properties offered.

PROPERTY DEVELOPMENT



Sunway City Ipoh – Ipoh's first integrated 1,300-acre resort township, 10 minutes from Ipoh city. Set against a backdrop of scenic limestone hills, the Country Bungalows, Lake-side Villas and Garden Villas have been well received by home purchasers.



Sunway South Quay – 160 acres of prime residential and commercial land adjacent to Sunway Lagoon Resort. Served by 4 major highways, it is easily accessible from all parts of Kuala Lumpur and the surrounding areas. Sunway South Quay will comprise luxury villas, condominiums, apartments, commercial and retail development, overlooking a 28-acre lake. The development, to be launched in the last quarter of 2005 is destined to be the new Mont Kiara, offering lifestyle homes to the discerning.

PROPERTY INVESTMENT

PELABURAN HARTANAH

Kumpulan telah terus menikmati pulangan pendapatan yang menggalakkan daripada hartanah-hartanah pelaburannya. Pusat Membeli Belah Sunway Pyramid telah mencatatkan keuntungan sebelum cukai berjumlah RM 47 juta, menjadikannya sebagai salah satu pusat membeli-belah yang memberikan pulangan tertinggi di negara ini. Pencapaian ini terhasil daripada perancangan penggunaan ruang yang berterusan, penambahbaikan jenis khidmat dagangan serta pengurusan cemerlang yang seterusnya menyumbang kepada peningkatan bilangan pengunjung di destinasi membeli-belah ini.

Penambahan ruang di pusat membeli-belah ini iaitu sehingga 700,000 kaki persegi lagi ruang baru untuk disewakan sedang berlangsung dengan bermulanya kerja-kerja pembinaan utama. Ianya dijangka siap untuk pembukaan pada pertengahan 2007 dan akan menyediakan satu lagi saluran pertumbuhan pendapatan yang kekal kepada Kumpulan sambil mengukuhkan kedudukannya sebagai salah satu pusat membeli-belah utama di Lembah Kelang.

RIADAH

Taman Tema Sunway Lagoon telah terus menjadi tumpuan para pengunjung, samada pengunjung tempatan mahupun luar negara, sambil membawa mereka ke persekitaran Sunway Lagoon Resort di mana terletaknya aset-aset utama Kumpulan. Taman Tema berkenaan telah mencatatkan bilangan pengunjung yang lebih tinggi serta peningkatan prestasi.

Pada Oktober 2004, Kumpulan telah membuka taman tema "Lost World of Tambun" di Ipoh, iaitu suatu versi lebih kecil bagi Taman Tema Sunway Lagoon yang telah terbukti kejayaannya. Bilangan pengunjung pada peringkat permulaan ini adalah amat menggalakkan dan ianya telah mula menjana lebih tenaga penggerak kepada perbandaran Sunway City Ipoh yang sedang dibangunkan oleh Kumpulan.

Berikutan suatu keputusan strategik, "Wonderland Sydney Theme Park" di Australia telah dihentikan operasinya pada April 2004 dan telah seterusnya dijual pada nilai jualan AUD 52.5 juta. Pulangan jualan telah diterima sepenuhnya pada Disember 2004. Penutupan itu dijangka akan memberikan kesan positif terhadap pendapatan Kumpulan dari 2005 dan seterusnya.



The RM60 million "Lost World of Tambun" in Sunway City Ipoh was opened to the public in October 2004. In addition to the many rides and attractions for the whole family, it offers the unique one-of-its kind hot springs pool and the Tiger Valley.



The new and trendy Pyramid Tower offers 549 hotel rooms and 280 serviced apartments, giving a total of 1,300 rooms within Sunway Lagoon Resort.

PROPERTY INVESTMENT

PROPERTY INVESTMENT

The Group continued to enjoy steady earnings from its investment properties. Sunway Pyramid Shopping Mall recorded a pre-tax profit of RM47 million, making it one of the highest yielding mall in the country. This was achieved through continuous space planning, improving trade mix and excellent centre management which contributed to higher visitor volume to this shopping destination.

The expansion of the Mall by another 700,000 sq ft in net lettable area is currently in progress with the commencement of main building works. Its expected completion for opening in mid 2007 will provide the Group another avenue of steady earnings growth as it strengthens its position as one of the premier malls in the Klang Valley.

LEISURE

The Sunway Lagoon Theme Park continued to be a focal point drawing visitors, both local and foreign, to the Sunway Lagoon Resort where the Group's principal assets are located. The theme park recorded higher visitorships as well as improvement in its results.

In October 2004, the Group opened the "Lost World of Tambun" water park in Ipoh, a smaller version of the successful Sunway Lagoon Theme Park. Initial visitorships have been very encouraging, providing vibrancy to the Sunway City Ipoh township that is being developed by the Group.

Following a strategic decision, the loss-making Wonderland Sydney Theme Park in Australia was closed in April 2004 and the property was disposed for AUD52.5 million, the proceeds of which were fully received in December 2004. The closure will have a positive impact in the Group's earnings from 2005 onwards.

HOSPITALITY

With the general improvement in the country's tourism industry and MICE market, the Group's 4 hotels benefited to record better performance. The Group's flagship hotel, Sunway Lagoon Resort Hotel, posted a higher 79% occupancy for the year as well as increase in food and beverage earnings, to remain as one of the top hotels in the country.

To cater for the strong demand for quality accommodation in Sunway Lagoon Resort Hotel, a new 4-star 549 room Pyramid Tower Hotel was opened in September 2004. Apart from providing a higher room inventory to cater to tourists and the MICE market, the hotel would optimise the usage of the world class facilities currently available in the resort.



Artist impression of the new Sunway Pyramid Shopping Mall annex, scheduled for completion in mid 2007, offering 700,000 square feet of net retail space, which when completed will make Sunway Pyramid one of the largest Shopping Mall in Kuala Lumpur with a total of 1.6 million square feet of net lettable space.

PROPERTY INVESTMENT



The Villas, an exclusive 17 units tropical chalet development adjoining Sunway Lagoon Resort Hotel offers discerning hotel guests first class personal service and luxury accommodation.

HOSPITALITI

Dengan peningkatan umum industri pelancongan negara serta pasaran MICE, keempat-empat hotel milik Kumpulan telah menerima faedah dengan catatan prestasi yang lebih baik. Hotel mercutanda Kumpulan, iaitu Hotel Sunway Lagoon Resort, telah mencatatkan kadar penginapan lebih tinggi iaitu 79% untuk tahun berkenaan disamping peningkatan bahagian jualan makanan dan minuman, untuk kekal sebagai salah satu hotel utama di dalam Negara.

Untuk menampung permintaan tinggi terhadap penginapan berkualiti di Sunway Lagoon Resort, sebuah hotel baru 4-bintang dengan 549 bilik, iaitu Hotel Pyramid Tower telah dibuka pada September 2004. Selain daripada menyediakan bilangan bilik-bilik penginapan untuk menampung keperluan para pelancong dan pasaran MICE, hotel berkenaan akan turut menyediakan peluang optima kepada mereka untuk menggunakan kemudahan-kemudahan bertaraf dunia yang kini tersedia di persekitaran kawasan peranginan ini.

PENJAGAAN KESIHATAN

Pusat Perubatan Sunway, setelah berada di dalam tahun keempat operasinya, buat kali pertamanya telah berjaya mencapai keuntungan bersih pada jumlah RM 1.8 juta. Ini disebabkan terutama sekali dengan meningkatnya penerimaan yang seterusnya mengiktiraf hospital ini sebagai salah satu hospital utama di Lembah Kelang dengan jurusan komprehensif dari segi rawatan perubatan pakar serta kelengkapan dan kemudahan serba moden yang disediakan. Dalam tahun yang berkenaan, hospital ini telah berjaya menjalankan 6 pembedahan pemindahan koklear untuk kali pertamanya. Ianya juga telah menerima akreditasi dari pihak Malaysian Society Quality Healthcare, suatu pengiktirafan ke atas perkhidmatan penjagaan kesihatan berkualiti tinggi yang disediakan.



Sunway Lagoon Resort judged the world's best leisure project by FIABCI recently won the Creativity & Innovation Award from the Malaysian Design Council. The resort is home to the impressive Sunway Pyramid Shopping Mall, the popular Sunway Lagoon Theme Park, 5-star Sunway Lagoon Resort Hotel, modern Pyramid Tower, Sunway Medical Centre, Sunway University College and Monash University Malaysia campus.



Sunway Medical Centre, a private hospital located in Bandar Sunway offers specialised health and tertiary care services

HEALTHCARE

Sunway Medical Centre had in its 4th year of operations successfully achieved a maiden RM1.8 million net profit. This was attributable to its increasing recognition as one of the premier hospital in the Klang Valley with a comprehensive range of specialist medical treatment equipped with modern facilities and equipment. During the year, the hospital undertook 6 cochlear implants for the first time. It was also granted the Malaysian Society Quality Healthcare accreditation, a testimony of the high quality healthcare services being provided.

Patient volume has been growing steadily with the increase in clinics as well as specialist doctors. The hospital will be increasing its current bed capacity of 175 beds by another 28 beds upon the opening of a new ward in the 2nd half of 2005. This will expand its earning capacity and profitability further.

FUTURE OUTLOOK

The Malaysian economy growth is expected to remain strong to achieve a GDP growth of 5% in 2005. Interest rates are expected to remain stable with the economy flushed with high levels of liquidity. Inflationary pressures are expected to build up moderately in an environment of high oil prices. The growth momentum will come mainly from domestic demand from higher consumption and investment, supported by continued accommodative monetary policies.

In line with the forecast economic growth, the Group expects further growth in earnings from all of its business segments, driven by its core property development business. 2005 will see the launching of the Group's prime South Quay development in award winning Bandar Sunway township. This RM3.6 billion development will be a key property earnings engine in the next few years, supplementing the numerous property development projects currently in progress.

The completion in April 2005 of the RM170 million investment by the GIC Real Estate Pte Ltd in Sunway Resort Hotel Sdn Bhd will not only see a fresh injection of funds into the Group for further degearing but will turnaround the performance of the Group's hospitality business substantially. This investment underscores the confidence and commitment of the Group's strategic institutional partner since 2000 in its businesses and management.

Plans are in progress to set up a Real Estate Investment Trust (REIT) to monetise some of the Group's high yielding investment properties as well as unlocking significant value from these assets. The proceeds will be substantially channelled to the high returns property development business of the Group to further enhance its earnings growth.

All these augurs well for the future direction of the Group. The resultant strong business platform and balance sheet will provide the Group with long-term sustainable growth in earnings as well as better positioned it for expansion opportunities in the years ahead.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation and gratitude to the management and staff of the Group for their dedication, commitment and loyalty; and to our valued customers, business associates, bankers, government authorities and shareholders for their continued support and confidence in the Group.

Tan Sri Dato' Seri (Dr) Cheah Fook Ling
Executive Chairman

17 May 2005

Bilangan pesakit telah meningkat dengan berkesan berikutan peningkatan bilangan doktor di klinik serta bilangan doktor pakar. Hospital berkenaan akan turut meningkatkan kapasiti bilangan katilnya daripada 175 katil sekarang dengan penambahan 28 katil baru apabila sebuah wad baru dibuka pada setengah tahun kedua 2005. Perkara ini dijangka akan membolehkan kapasiti pendapatan dan keuntungannya berkembang lebih pesat.

TINJAUAN MASA HADAPAN

Pertumbuhan ekonomi Malaysia dijangka akan kekal teguh yang seterusnya akan memberi pertumbuhan KDNK sebanyak 5% pada 2005. Kadar faedah dijangka akan kekal stabil berikutan jangkaan keadaan ekonomi dengan tahap kecairan yang tinggi. Tekanan inflasi dijangka akan bertambah secara sederhana di dalam persekitaran harga minyak yang tinggi. Momentum pertumbuhan dijangka akan disumbang terutamanya daripada permintaan domestik berikutan kadar penggunaan dan pelaburan yang lebih tinggi dan disokong oleh polisi-polisi kewangan yang bersifat membantu.

Selaras dengan unjuran pertumbuhan ekonomi tersebut, Kumpulan menjangkakan akan berlangsung lanjutan pertumbuhan pendapatan dalam kesemua segmen perniagaannya, dipacu oleh perniagaan terasnya iaitu di dalam aktiviti pembangunan hartanah. Tahun 2005 akan menyaksikan pelancaran pembangunan South Quay sebagai suatu sektor pembangunan utama di dalam perbandaran Bandar Sunway yang telah menerima pelbagai anugerah sebelum ini. Projek pembangunan bernilai RM 3.6 bilion ini akan menjadi penjana utama pendapatan sektor hartanah untuk beberapa tahun akan datang, dan akan disokong oleh pelbagai projek pembangunan hartanah lain seperti yang sedang berlangsung.

Pelaburan bernilai RM170 juta yang dilengkapkan pada April 2005 oleh GIC Real Estate Pte Ltd di Sunway Resort Hotel Sdn Bhd akan bukan hanya menyaksikan suntikan dana baru ke dalam Kumpulan untuk mengurangkan tanggungan hutang bahkan juga akan menyaksikan pertumbuhan prestasi yang lebih besar bagi perniagaan sektor hospitaliti Kumpulan.

Pelaburan ini turut melambangkan keyakinan dan komitmen rakan niaga strategik Kumpulan sejak 2000 di dalam perniagaan dan pengurusan yang dilaksanakan.

Rancangan sedang berlangsung untuk menubuhkan suatu tabung amanah pelaburan hartanah atau "Real Estate Investment Trust" (REIT) untuk mengekalkan keupayaan sumbangan kewangan beberapa hartanah pelaburan Kumpulan yang membawa pulangan tinggi serta untuk membebaskan nilai-nilai kewangan hartanah-hartanah tersebut. Hasil pulangan akan disalurkan kembali kepada perniagaan bahagian Pembangunan Hartanah Kumpulan yang menguntungkan untuk seterusnya meningkatkan lagi pertumbuhan pendapatannya.

Kesemua ini berkembang seiring dengan arahnya masa hadapan Kumpulan. Asas perniagaan yang kukuh dan lembaran imbalan yang terhasil akan menyediakan pertumbuhan pendapatan yang berterusan untuk suatu jangkamasa panjang disamping menyediakan kedudukan yang lebih baik bagi merebut peluang-peluang untuk terus berkembang pada masa hadapan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan dan ucapan terima kasih saya kepada pihak pengurusan dan kakitangan Kumpulan di atas sikap dedikasi, komitmen dan kesetiaan mereka dan kepada para pelanggan, rakan-rakan perniagaan, bank-bank, pihak-pihak berkuasa kerajaan serta para pemegang saham yang kami hargai di atas sokongan dan keyakinan berpanjangan mereka kepada Kumpulan.



Tan Sri Dato' Seri (Dr) Cheah Fook Ling
Pengerusi Eksekutif

17 Mei 2005