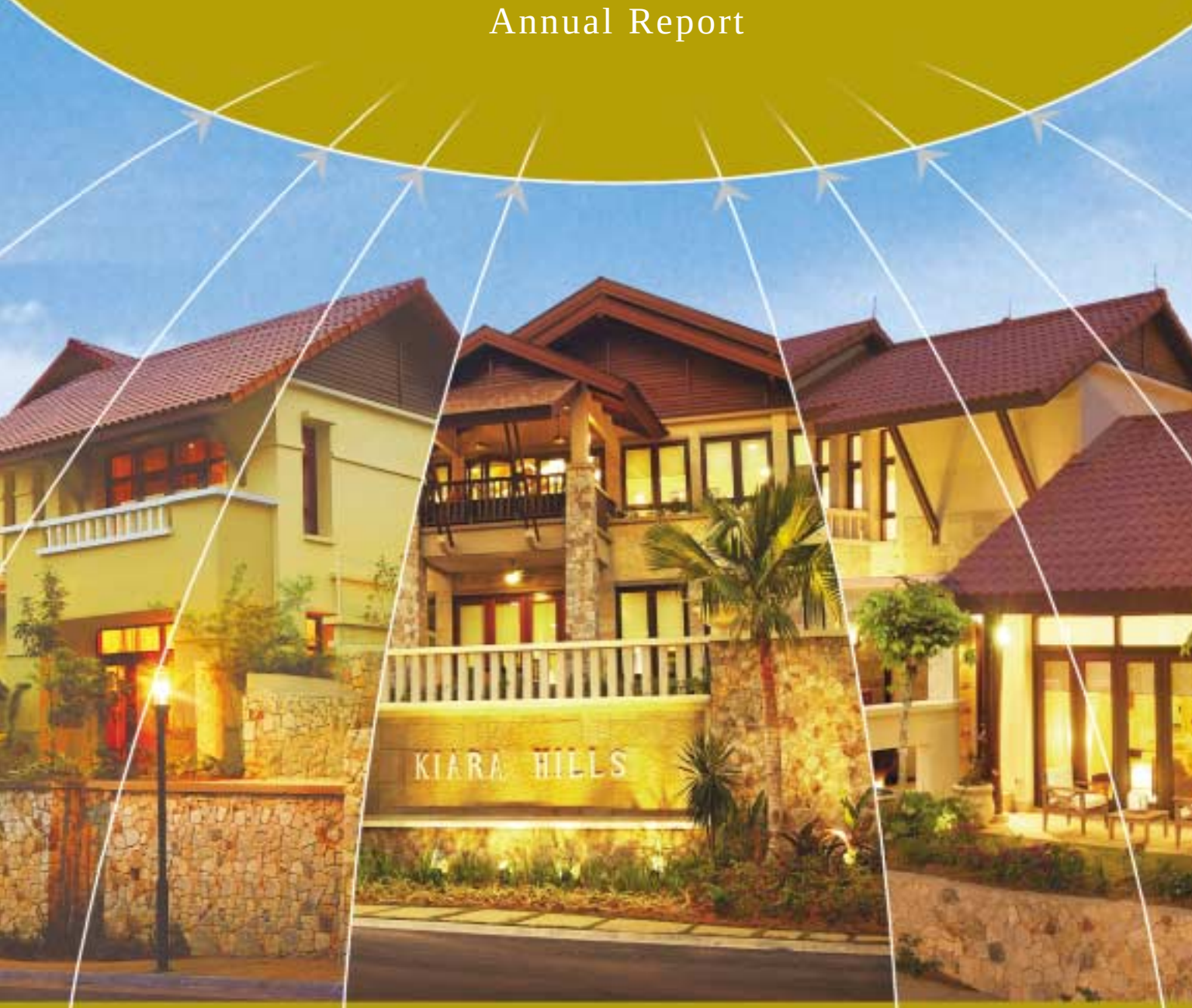
# Laporan Tahunan
# 2004
# Annual Report




*The Sunway Brand, Hallmarks of a Premier Property Developer*

SUNCITY

**SUNWAY CITY BERHAD**

( Co. No. 87564 - X )

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***Cover Rationale***

*The Sunway Brand encompassed within a golden sphere, signify distinctive designs and quality finishes in prime locations are the hallmarks of Sunway City Berhad, Malaysia's premier property developer. Awarded Superbrands status for its timely delivery, innovation and consistent quality, Sunway City Berhad is indeed a trusted name that endeavours lifestyle in the property industry amongst the discerning Malaysian home buyers.*

# CORPORATE VISION

A premier property company focusing on quality real estate development and investing in properties with attractive yields that augment its township development to generate excellent returns that maximise shareholders' value.

Sunway City Berhad Group of Companies shall achieve the vision through the realisation of the following goals:

- Exceeding customers' needs with superior and innovative products and services.
- Building and developing a culture and environment that promote excellence and dedication in its stakeholders.
- Utilising technology to enhance the Group's competitive advantage in the marketplace.

# CORPORATE DIRECTORY

*of Main Operating Companies*

## PROPERTY DEVELOPMENT

**SUNWAY CITY BERHAD**
**SUNWAY DAMANSARA SDN BHD**
**SUNWAY D'MONT KIARA SDN BHD**
**SUNWAY RAHMAN PUTRA SDN BHD**
**SUNWAY MONTEREZ SDN BHD**
**SUNWAY KINRARA SDN BHD**
**PENA ENTERPRISE SDN BHD**
**SUNWAY TOWNHOUSE SDN BHD**
**SYARIKAT SHOIB PROPERTIES SDN BHD**
**SUNWAY SPK HOMES SDN BHD**
**SUNWAY SOUTH QUAY SDN BHD**
**(Formerly known as Renown Oasis Sdn Bhd)**
**CASA MUJUR SDN BHD**

LEVEL 1-3, MENARA SUNWAY
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5639-8888
FAX : (03) 5639-9992

**SUNWAY TUNAS SDN BHD**
**SUNWAY BUKIT GAMBIER SDN BHD**
**SUNWAY CITY (PENANG) SDN BHD**
**SUNWAY GRAND SDN BHD**
**(Formerly known as Grandeal Trading Co. Sdn Bhd)**
**ESTEEM CREST SDN BHD**

NO. 1, PERSIARAN MAHSURI 1/3
SUNWAY TUNAS, 11900 BAYAN LEPAS
PENANG
TEL : (04) 643-9898
FAX : (04) 644-1313

**SUNWAY CITY (IPOH) SDN BHD**

NO. 2A, PERSIARAN SCI 2/1, SUNWAY CITY IPOH
31150 IPOH, PERAK
TEL : (05) 548-6668
FAX : (05) 548-6868

**SUNWAY SEMENYIH SDN BHD**

NO. 103, JALAN 1/3
BANDAR TECHNOLOGY KAJANG
43500 SEMENYIH, SELANGOR
TEL : (03) 8723-3131
FAX : (03) 8723-3030

**SUNWAY CANA CITY DEVELOPMENT LTD.**

NO. 23, CEOZ - 25 EOZ
KRAMUON SAR STREET (114)
S/K PHSAR THMEI 1
KHAN DAUN PENH, PHNOM PENH
CAMBODIA
TEL : 00-855-23-221-259
FAX : 00-855-23-221-258

## PROPERTY INVESTMENT

**SUNWAY PYRAMID SDN BHD**

LL1.10, SUNWAY PYRAMID SHOPPING MALL
NO. 3, JALAN PJS 11/15, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 7492-6668
FAX : (03) 7492-6333

**PELUANG KLASIK (M) SDN BHD**

NO. 2A, PERSIARAN SCI 2/1, SUNWAY CITY IPOH
31150 IPOH, PERAK
TEL : (05) 548-6668
FAX : (05) 548-6868

## PROPERTY MANAGEMENT

**STELLAR DESTINY SDN BHD**
**MENARA SUNWAY SDN BHD**

LEVEL 1-3, MENARA SUNWAY
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5639-8888
FAX : (03) 5639-9992

## LEISURE

**SUNWAY LAGOON SDN BHD**

3, JALAN PJS 11/11, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5635-8000
FAX : (03) 5635-5050

**SUNWAY INTERNATIONAL VACATION CLUB BERHAD (Formerly known as Sunway Vacation Resorts Berhad)**

LOBBY LEVEL, MENARA SUNWAY
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5639-9993
FAX : (03) 5637-2373

# CORPORATE DIRECTORY

*of Main Operating Companies (Cont'd)*

**SUNWAY TRAVEL SDN BHD**
@ LINK SUNWAY LAGOON RESORT HOTEL

PERSIARAN LAGOON, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5632-5622
FAX : (03) 5632-4784

**SUNWAY LAGOON WATER PARK SDN BHD**

NO. 2A, PERSIARAN SCI 2/1
SUNWAY CITY IPOH
31150 IPOH, PERAK
TEL : (05) 548-6668
FAX : (05) 548-6868

**SUNWAY LAGOON CLUB BERHAD**

3, JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5636-1188
FAX : (03) 5636-4889

**PYRAMID BOWL SDN BHD**

LOT F2.22, SUNWAY PYRAMID SHOPPING MALL
NO. 3, JALAN PJS 11/15, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 7492-6307/8/9
FAX : (03) 7492-6310

## HOSPITALITY

**SUNWAY RESORT HOTEL SDN BHD**

PERSIARAN LAGOON, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 7492-8000
FAX : (03) 7492-8001

**SUNWAY HOTEL (PENANG) SDN BHD**

33, NEWLANE, GEORGETOWN
10400 PENANG
TEL : (04) 229-9988
FAX : (04) 228-8899

**SUNWAY HOTEL (SEBERANG JAYA) SDN BHD**

NO. 11, LEBUH TENGGIRI DUA
PUSAT BANDAR BANDAR SEBERANG JAYA
SEBERANG JAYA, 13700 PRAI
TEL : (04) 370-7788
FAX : (04) 370-0555

**SUNWAY HOTEL PHNOM PENH, LTD.**

1, STREET 92
SANGKAT WAT PHNOM
P.O. BOX 633
PHNOM PENH 12202
KINGDOM OF CAMBODIA
TEL : 00-855-23-430333
FAX : 00-855-23-430339

**ALLSON INTERNATIONAL HOLDINGS LIMITED**
**ALLSON HOTELS & RESORTS MANAGEMENT SDN BHD**
**ALLSON INTERNATIONAL HOTELS & RESORTS (B.V.I.) LIMITED**
**ALLSON INTERNATIONAL MANAGEMENT LIMITED**

LEVEL 15, SUNWAY LAGOON RESORT HOTEL
PERSIARAN LAGOON, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 7492-5222
FAX : (03) 7492-0636

## HEALTHCARE

**SUNWAY MEDICAL CENTRE BERHAD**

NO. 5, JALAN LAGOON SELATAN
BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 7491-9191
FAX : (03) 7491-8181

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Executive Chairman,**
**Non-Independent Executive Director**
Tan Sri Dato' Seri (Dr) Cheah Fook Ling

**Deputy Executive Chairman,**
**Non-Independent Executive Director**
Datuk Razman M Hashim

**Senior Managing Director,**
**Non-Independent Executive Director**
Dato' Wong Choon Kee

**Managing Directors,**
**Non-Independent Executive Directors**
Ngian Siew Siong - Property Development
Ngeow Voon Yean - Property Investment

**Chief Financial Officer,**
**Non-Independent Executive Director**
Wang Yeong Khang *(Alternate Director to Dato' Wong Choon Kee)*

**Non-Independent Non-Executive Directors**
Low Siew Moi (f)
Lim Swe Guan

**Senior Independent Non-Executive Director**
Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim

**Independent Non-Executive Directors**
Teo Tong How
Tan Siak Tee

## AUDIT COMMITTEE

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim *(Chairman)*
Teo Tong How
Tan Siak Tee
Ngian Siew Siong

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Tan Sri Dato' Seri (Dr) Cheah Fook Ling *(Chairman)*
Datuk Razman M Hashim
Dato' Wong Choon Kee

## EXECUTIVE COMMITTEE OF THE BOARD

Dato' Wong Choon Kee *(Chairman)*
Yau Kok Seng
Ngian Siew Siong
Ngeow Voon Yean
Ong Pang Yen
Lim Swe Guan
Wang Yeong Khang *(Alternate to Yau Kok Seng)*

## NOMINATION COMMITTEE

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim *(Chairman)*
Teo Tong How
Tan Siak Tee

## REMUNERATION COMMITTEE

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim *(Chairman)*
Teo Tong How
Tan Sri Dato' Seri (Dr) Cheah Fook Ling

## GROUP RISK MANAGEMENT COMMITTEE

Dato' Wong Choon Kee *(Chairman)*
Ngian Siew Siong
Ngeow Voon Yean
Yuen Kam Wah
Lee Weng Keng
Wang Yeong Khang

## COMPANY SECRETARIES

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng (MIA 5601)
Tan Kim Aun (MAICSA 7002988)
Lee Suan Choo (MAICSA 7017562)

# CORPORATE INFORMATION *(Cont'd)*

**REGISTERED OFFICE**

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No: (03) 5639-8889
Fax No: (03) 5639-9507

**SHARE REGISTRAR**

Sunway Management Sdn Bhd (50661-X)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No: (03) 5639-8889
Fax No: (03) 5639-9507

**AUDITORS**

Ernst & Young
Chartered Accountants

**SOLICITORS**

David Lingam & Co.
Helen & Co.
Wang Kuo Shing & Co.

**PRINCIPAL BANKERS**

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
Alliance Bank Berhad
United Overseas Bank (Malaysia) Berhad

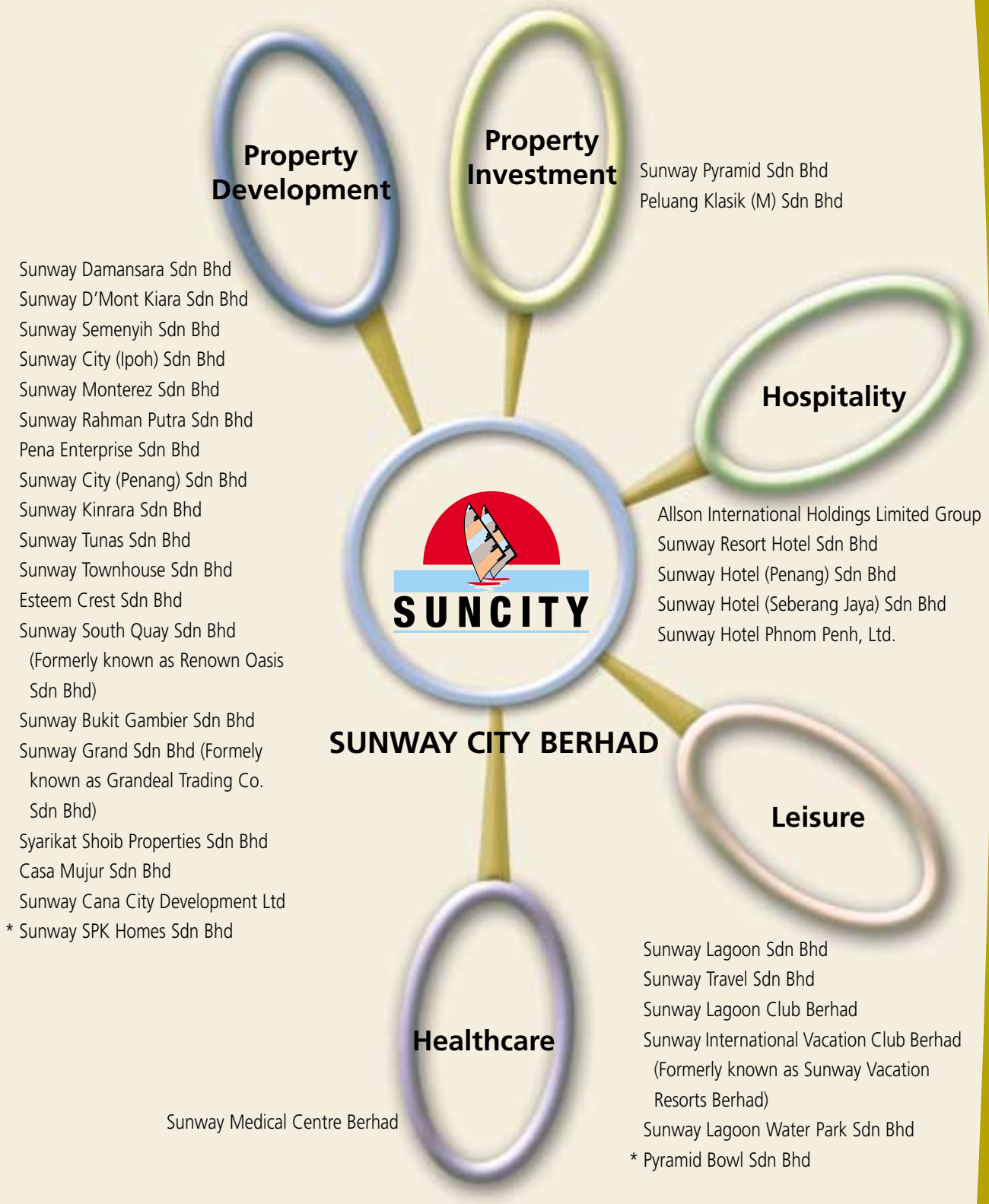
**STOCK EXCHANGE LISTING**

Main Board of Bursa Malaysia Securities Berhad

**WEBSITE ADDRESS**

www.sunway.com.my/suncity

# CORPORATE STRUCTURE
# OF MAIN OPERATING COMPANIES




**Property Development**

Sunway Damansara Sdn Bhd
Sunway D'Mont Kiara Sdn Bhd
Sunway Semenyih Sdn Bhd
Sunway City (Ipoh) Sdn Bhd
Sunway Monterez Sdn Bhd
Sunway Rahman Putra Sdn Bhd
Pena Enterprise Sdn Bhd
Sunway City (Penang) Sdn Bhd
Sunway Kinrara Sdn Bhd
Sunway Tunas Sdn Bhd
Sunway Townhouse Sdn Bhd
Esteem Crest Sdn Bhd
Sunway South Quay Sdn Bhd (Formerly known as Renown Oasis Sdn Bhd)
Sunway Bukit Gambier Sdn Bhd
Sunway Grand Sdn Bhd (Formely known as Grandeal Trading Co. Sdn Bhd)
Syarikat Shoib Properties Sdn Bhd
Casa Mujur Sdn Bhd
Sunway Cana City Development Ltd
* Sunway SPK Homes Sdn Bhd

**Property Investment**

Sunway Pyramid Sdn Bhd
Peluang Klasik (M) Sdn Bhd

**Hospitality**

Allson International Holdings Limited Group
Sunway Resort Hotel Sdn Bhd
Sunway Hotel (Penang) Sdn Bhd
Sunway Hotel (Seberang Jaya) Sdn Bhd
Sunway Hotel Phnom Penh, Ltd.

**Leisure**

Sunway Lagoon Sdn Bhd
Sunway Travel Sdn Bhd
Sunway Lagoon Club Berhad
Sunway International Vacation Club Berhad (Formerly known as Sunway Vacation Resorts Berhad)
Sunway Lagoon Water Park Sdn Bhd
* Pyramid Bowl Sdn Bhd

**Healthcare**

Sunway Medical Centre Berhad

Note: Exclude dormant & non-operating companies
* Associate Company

# PROFILE OF DIRECTORS

**Tan Sri Dato' Seri (Dr) Cheah Fook Ling**
*Executive Chairman, Non-Independent Executive Director*

Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Malaysian, aged 60, is the Founder of the Sunway Group and Chairman of Sunway City Berhad ("SunCity"), Sunway Holdings Incorporated Berhad and Sunway Infrastructure Berhad which are a conglomerate of companies that are listed individually on the Main Board of Bursa Malaysia Securities Berhad.

A Certified Public Accountant by profession, he was appointed a Board member of the Financial Reporting Foundation by the Minister of Finance in July 1997. He sits on the Board of The National Kidney Foundation and the Board of Trustees of the Malaysian Liver Foundation. In 1995, he was appointed a member of the Malaysian Business Council and in 1996, he was honored with the Chairmanship of Malaysian Industry-Government Group for High Technology (MIGHT) for Construction and Housing. He was appointed an EXCO member to the Malaysian Tourism Action Council by the Minister of Tourism Malaysia. In recognition of his outstanding contribution to education, the Minister of Education appointed him to the Higher Education Council in 1998. He was also conferred Honorary Doctorates by 8 leading universities worldwide and was voted the Property Man of the Year (Malaysia) 1993 as well as the CEO of the Year (Malaysia) 1996.

He was appointed to the Board of SunCity on 1 July 1992 and also serves as Chairman of the Employees' Share Option Scheme Committee and a Member of the Remuneration Committee.

His current directorships in other public companies include Federation of Public Listed Companies Berhad, Sunway Holdings Incorporated Berhad and Sunway Infrastructure Berhad.

He attended all of the 6 Board Meetings held in the financial year.

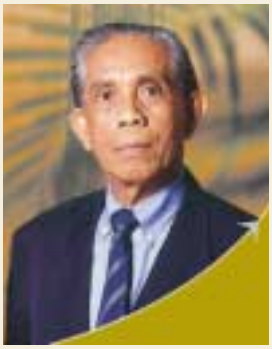
**Datuk Razman M Hashim**
*Deputy Executive Chairman, Non-Independent Executive Director*

Datuk Razman M Hashim, Malaysian, aged 66, is a member of the Australian Institute of Bankers. He has more than 34 years of experience in the banking industry. He joined Standard Chartered Bank Malaysia Berhad in 1964 and served in various capacities including secondments to the Bank's branches in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as Executive Director/Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad.

He was appointed to the Board of SunCity on 28 March 1996 and also serves as a Member of the Employees' Share Option Scheme Committee.

His current directorships in other public companies include Ranhill Berhad, Multi-Purpose Holdings Berhad, Sunway Infrastructure Berhad, Affin Bank Berhad and OYL Industries Berhad.

He attended all of the 6 Board Meetings held in the financial year.



**Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim**
*Senior Independent Non-Executive Director*

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim, Malaysian, aged 69, is a Civil Engineer by profession. He graduated from Brighton Technical College, United Kingdom with a Diploma in Civil Engineering in 1959 and a Master in Management from Asian Institute of Management, Manila in 1976. He is a Professional Engineer registered with the Board of Engineers, Malaysia since 1974; Fellow of the Institution of Engineers, Malaysia since 1979; Chartered Engineer registered with the Engineering Council, United Kingdom since 1989; Fellow of the Institution of Civil Engineers, United Kingdom since 1989; Fellow of the Institution of Highways and Transportation, United Kingdom since 1990 and Member of the Association of Consulting Engineers, Malaysia since 1990. He is also a member of the Malaysian Institute of Management since 1975.

He started his career as a Civil Engineer with the Public Works Department, Malaysia in 1959 and after holding various posts at District, State and Branch levels, he was appointed as Director-General of Public Works, Malaysia in 1985. He retired from the Government in 1990.

He was appointed to the Board of SunCity on 1 November 1990 and also serves as Chairman of the Audit, Nomination and Remuneration Committees.

His current directorships in other public companies include Gamuda Berhad, SHL Consolidated Berhad, Sapura Technology Berhad (formerly known as Sapura Telecommunications Berhad), Hume Industries (M) Berhad, APP Industries Berhad and Phillip Mutual Berhad.

He attended all of the 6 Board Meetings held in the financial year.

**Dato' Wong Choon Kee**
*Senior Managing Director, Non-Independent Executive Director*

Dato' Wong Choon Kee, Malaysian, aged 59, is a fellow member of the Royal Institution of Chartered Surveyors, United Kingdom as well as a member of the Institution of Surveyors, Malaysia and the Board of Valuers and Estate Agents, Malaysia. He has 31 years' experience in Property Development and Project Management, both in Malaysia and overseas.

He is the founder Director of C.H. Williams, Talhar & Wong, a firm of Chartered Valuation Surveyors, Project Managers, Estate Agents and Property Managers, Malaysia.

Prior to joining SunCity, he was with Genting Berhad and Star Cruises PLC, in the capacity of Executive Vice President, with responsibilities in Hotel Operations and Corporate Affairs respectively, and added duties in Real Estate Development and Management.

He was the President and Chief Executive Officer of Abbey Woods Developments Ltd, a public company, whose core business is Property Development and Hospitality, listed on the Toronto Stock Exchange, Canada.

He was appointed to the Board of SunCity as Managing Director on 15 April 2000 and was subsequently promoted to Senior Managing Director on 26 August 2004. He also serves as Chairman of the Executive Committee of the Board and Group Risk Management Committee as well as a Member of the Employees' Share Option Scheme Committee. He has no directorships in other public companies.

He attended all of the 6 Board Meetings held in the financial year.

# PROFILE OF DIRECTORS *(Cont'd)*

**Ngian Siew Siong**
*Managing Director - Property Development,*
*Non-Independent Executive Director*

Ngian Siew Siong, Malaysian, aged 53, attained a Bachelor of Science Degree (Honours) in Civil Engineering from University of Leeds, United Kingdom in 1976. He has 24 years' experience in the property development industry.

He was the Regional Operations Manager of MBf Holdings Bhd before joining SunCity. He joined SunCity in 1985 as Project Manager and held various senior posts before being promoted to Executive Director in January 1996. He was subsequently promoted to Deputy Managing Director and Managing Director - Property Development on 1 October 2001 and 26 August 2004 respectively. He is currently the head of the property development division of the Group.

He was appointed to the Board of SunCity on 29 December 1994 and also serves as a Member of the Audit Committee, Executive Committee of the Board and Group Risk Management Committee. He has no directorships in other public companies.

He attended 5 out of the 6 Board Meetings held in the financial year.

**Ngeow Voon Yean**
*Managing Director - Property Investment,*
*Non-Independent Executive Director*

Ngeow Voon Yean, Malaysian, aged 52, holds a Bachelor of Commerce Degree majoring in Business Studies and Economics from University of Auckland, New Zealand. He is a council member of the Malaysian Association of Hotel Owners (MAHO), a member of the International Council of Shopping Centers (ICSC) and a member of the ICSC Asia Pacific Advisory Committee.

With 24 years of working experience in property development and investment and management industry, he was the founder President of Shopping and Highrise Buildings Association in both Malaysia and Singapore. He has wide experience in the development and management of mixed-use developments. He began his career with Landmarks Holdings Bhd, the developer owner of Sungei Wang Plaza, Regent Hotel and Metroplex Holdings, the developer of The Mall. He then moved to Singapore to join Marina Centre Holdings Pte Ltd, the developer and manager of Marina square, a mixed-use waterfront development in Singapore. He later joined Suntec City Development Pte Ltd as the General Manager-Business Development/Retail, the developer and owner of Singapore's largest private mixed-use development comprising convention, exhibition, shopping and office.

He was appointed to the Board of SunCity on 21 April 1997 and also serves as a Member of the Executive Committee of the Board and Group Risk Management Committee. He has no directorships in other public companies.

He attended all of the 6 Board Meetings held in the financial year.

**Lim Swe Guan**
*Non-Independent Non-Executive Director*

Lim Swe Guan, Singaporean, aged 51, holds a Bachelor of Science (Estate Management) Second Class Honours Degree from University of Singapore. He also has a Master of Business Administration from Darden School of Business, University of Virginia, United States of America.

He is the Executive Vice President of GIC Real Estate Pte Ltd, the real estate investment arm of the Government of Singapore Investment Corporation Pte Ltd. He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research. Among his achievements were the gold medals won from Singapore Institute of Valuers and Singapore Institute of Surveyors. He was a Director of Jones Lang Wootton Australia from 1989 to 1995. He was a Portfolio Manager, Property Division in Suncorp Investment Management before he joined GIC Real Estate Pte Ltd in 1997.

He was appointed to the Board of SunCity on 6 March 2002 and also serves as a Member of the Executive Committee of the Board. He has no directorships in other public companies.

He attended all of the 6 Board Meetings held in the financial year.

**Low Siew Moi**
*Non-Independent Non-Executive Director*

Low Siew Moi, Malaysian, aged 55, is an accountant by profession. She holds a Bachelor of Economics (Accounting) and a Diploma in Accountancy (Post Graduate) from University of Malaya. She is a member of the Malaysian Institute of Accountants.

She has more than 31 years of experience in areas of accounting, finance and administration. She started her working career with Perbadanan Kemajuan Negeri Selangor (PKNS) in 1973 and she had since held various managerial positions. In 1990, she was seconded to work with the private sector, IGB and IJM Group for 4 years. She is currently the Deputy General Manager (Corporate Affairs) of PKNS.

She was appointed to the Board of SunCity on 3 December 1999. Her current directorships in other public companies include PKNS Infra Berhad and Worldwide Holdings Berhad.

She attended 5 out of the 6 Board Meetings held in the financial year.

**Teo Tong How**
*Independent Non-Executive Director*

Teo Tong How, Singaporean, aged 62, holds a Bachelor of Architecture (Honours) Degree from University of Melbourne, Australia.

He is a member of SIA, RIBA, FRAIA and APAM (Architectural Bodies), Associate Member of SIP and APA (Planning Bodies) and a Registered Property Manager of International Real Estate Institute. Presently he is the Chairman of Tong Eng Brothers Group of Companies and the Chairman and Managing Director of Hong How Group of Companies. He is also a Director in Courts (Singapore) Limited, Popular Holdings Limited and Riyan Pte Ltd (a subsidiary of Pacific Century Regional Developments Ltd), all public listed companies in Singapore.

He was appointed to the Board of SunCity on 18 April 2001 and also serves as a Member of the Audit, Nomination and Remuneration Committees. He has no directorships in other public companies in Malaysia.

He attended 5 out of the 6 Board Meetings held in the financial year.

# PROFILE OF DIRECTORS *(Cont'd)*

**Tan Siak Tee**
*Independent Non-Executive Director*

Tan Siak Tee, Malaysian, aged 64, holds a Bachelor of Commerce Degree from University of New South Wales, Australia. He is an Associate of the Institute of Chartered Accountants, Australia, an Associate of the Institute of Chartered Secretaries & Administrators and a Member of the Malaysian Institute of Certified Public Accountants.

He started his career as an Auditor in Coopers & Lybrand, Sydney and later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Ltd in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operations in 1975. He was a Director and Chief Executive Officer in United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysia operations was incorporated in Malaysia in 1994. He was a Director and Adviser in Asia Commercial Finance Berhad from 1997 to 1999. In April 2000, he joined Bank of China (Malaysia) Berhad as an Independent Non-Executive Director.

He was appointed to the Board of SunCity on 26 November 2001 and also serves as a Member of the Audit and Nomination Committees.

His current directorships in other public companies include Bank of China (Malaysia) Berhad and Amsteel Corporation Berhad.

He attended all of the 6 Board Meetings held in the financial year.

**Wang Yeong Khang**
*(Alternate Director to Dato' Wong Choon Kee)*
*Chief Financial Officer, Non-Independent Executive Director*

Wang Yeong Khang, Malaysian, aged 48, is a Chartered Accountant with the Malaysian Institute of Accountants and is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and Chartered Institute of Management Accountants, United Kingdom. He has more than 23 years of financial management experience in a variety of industries, including auditing, leasing, construction and property.

He was appointed as Alternate Director to Dato' Wong Choon Kee on 26 August 2004 and also serves as a Member of the Group Risk Management Committee and Executive Committee of the Board (as Alternate to Yau Kok Seng). He has no directorships in other public companies.

He attended 1 Board Meeting held in the financial year since his appointment.

***Notes:***

1. ***Family Relationship with Director and/or Major Shareholder***
   *None of the Directors has any family relationship with any director and/or major shareholder of SunCity.*

2. ***Conflict of Interest***
   *(a) Tan Sri Dato' Seri (Dr) Cheah Fook Ling is a Director and Major Shareholder of Sunway Holdings Incorporated Berhad. He has deemed interest in Sunwaymas Sdn Bhd and its subsidiary companies via Sunway Holdings Incorporated Berhad, whose principal activity is similar to SunCity Group namely property development.*

   *(b) Low Siew Moi is a Director of Worldwide Holdings Berhad whose principal activity is similar to SunCity Group namely property development and investment.*

   *Save as disclosed, none of the other Directors has any conflict of interest with SunCity Group.*

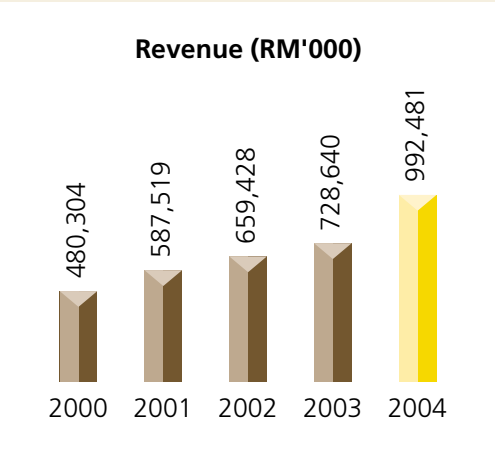
3. ***Conviction for Offences***
   *None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.*

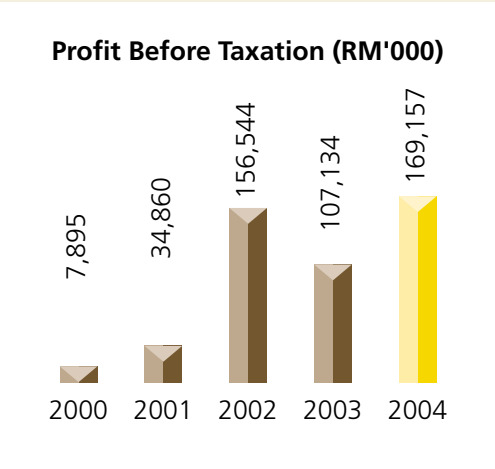
4. ***Attendance of Board Meetings***
   *The attendance of the Directors at Board of Directors' Meetings is disclosed in the Corporate Governance Statement.*

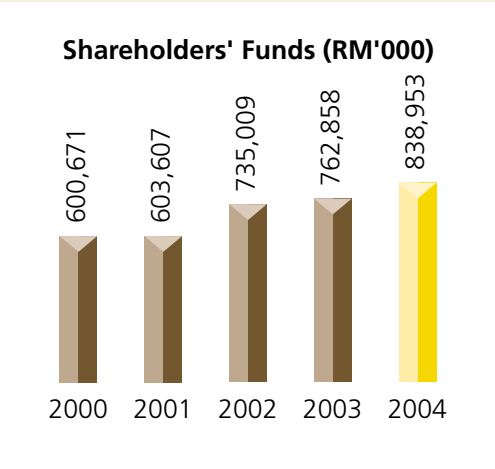
# FIVE-YEAR GROUP FINANCIAL SUMMARY

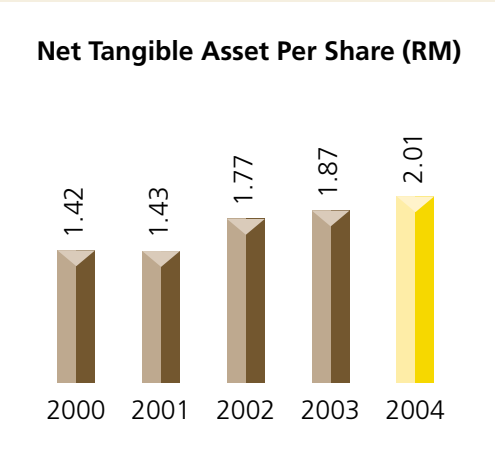
| | 2004 | 2003 | 2002 (Restated) | 2001 (Restated) | 2000 (Restated) |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | **992,481** | 728,640 | 659,428 | 587,519 | 480,304 |
| **PROFIT BEFORE TAXATION** | **169,157** | 107,134 | 156,544 | 34,860 | 7,895 |
| TAXATION | **42,638** | 35,440 | 27,244 | 22,392 | 23,468 |
| PROFIT/(LOSS) AFTER TAXATION | **126,519** | 71,694 | 129,300 | 12,468 | (15,573) |
| MINORITY INTERESTS | **(59,613)** | (46,214) | (10,860) | (6,186) | 15,293 |
| PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS | **66,906** | 25,480 | 118,440 | 6,282 | (280) |
| FIXED ASSETS | **473,386** | 484,187 | 398,580 | 932,703 | 967,039 |
| INVESTMENT PROPERTIES | **320,159** | 318,584 | 309,517 | 374,528 | 369,340 |
| LAND HELD FOR PROPERTY DEVELOPMENT | **358,690** | 345,812 | 354,410 | 364,525 | 313,232 |
| INVESTMENTS IN ASSOCIATED COMPANIES | **12,502** | 1,597 | 35,460 | 11,779 | 11,594 |
| INVESTMENT IN JOINTLY CONTROLLED ENTITY | **13,540** | 10,836 | – | – | – |
| OTHER NON-CURRENT INVESTMENTS | **466,203** | 466,203 | 392,840 | – | – |
| CURRENT ASSETS | **1,064,123** | 650,490 | 556,774 | 438,478 | 406,437 |
| GOODWILL AND DEFERRED TAX ASSETS | **26,033** | 19,875 | 36,263 | 12,429 | 9,646 |
| **TOTAL ASSETS** | **2,734,636** | 2,297,584 | 2,083,844 | 2,134,442 | 2,077,288 |
| CURRENT LIABILITIES | **707,958** | 499,887 | 420,290 | 437,431 | 368,818 |
| LONG TERM LIABILITIES | **853,892** | 745,449 | 675,332 | 751,251 | 761,234 |
| **TOTAL LIABILITIES** | **1,561,850** | 1,245,336 | 1,095,622 | 1,188,682 | 1,130,052 |
| **TOTAL NET ASSETS** | **1,172,786** | 1,052,248 | 988,222 | 945,760 | 947,236 |
| MINORITY INTERESTS | **333,833** | 289,390 | 253,213 | 342,153 | 346,565 |
| **SHAREHOLDERS' FUNDS** | **838,953** | 762,858 | 735,009 | 603,607 | 600,671 |
| EARNINGS/(LOSS) PER SHARE (RM) (NET) | **0.16** | 0.06 | 0.33 | (0.01) | (0.02) |
| NET TANGIBLE ASSETS PER SHARE (RM) | **2.01** | 1.87 | 1.77 | 1.43 | 1.42 |
| GROSS DIVIDEND PER SHARE (%) | **5.00** | 1.00 | 1.50 | – | – |

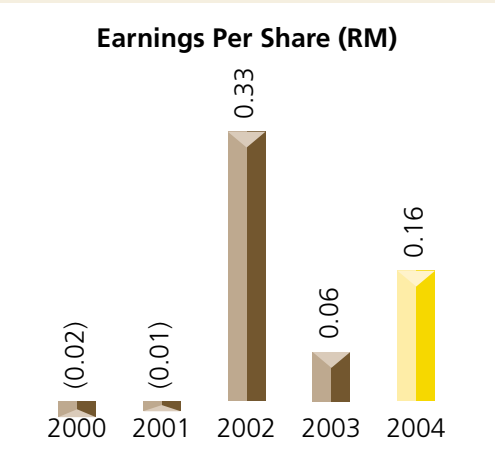
# FINANCIAL HIGHLIGHTS

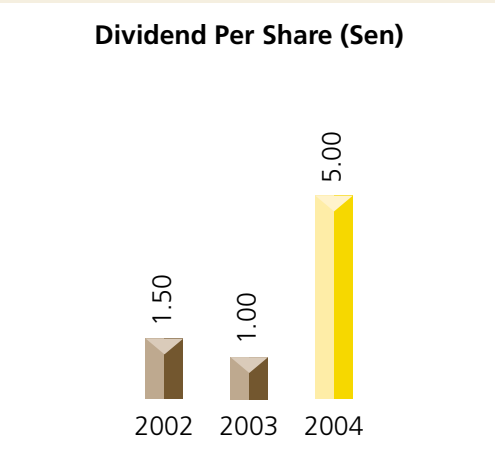


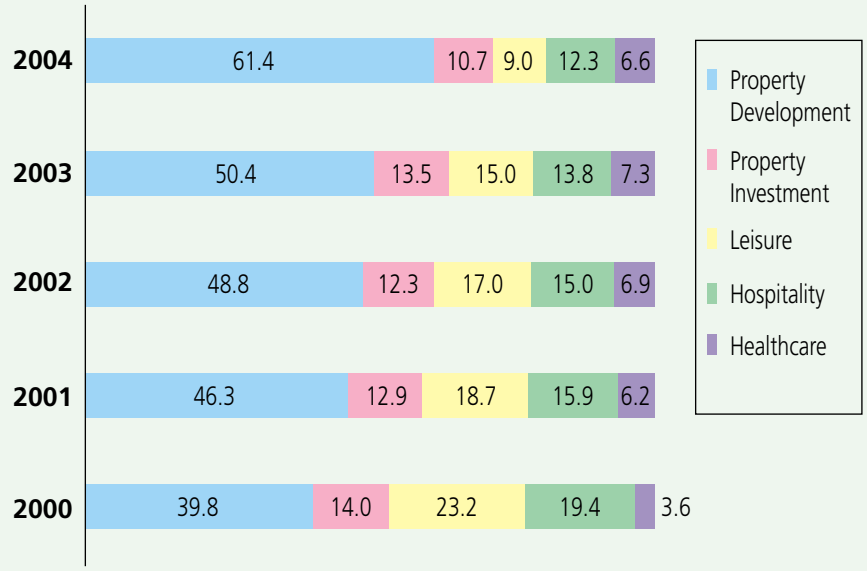



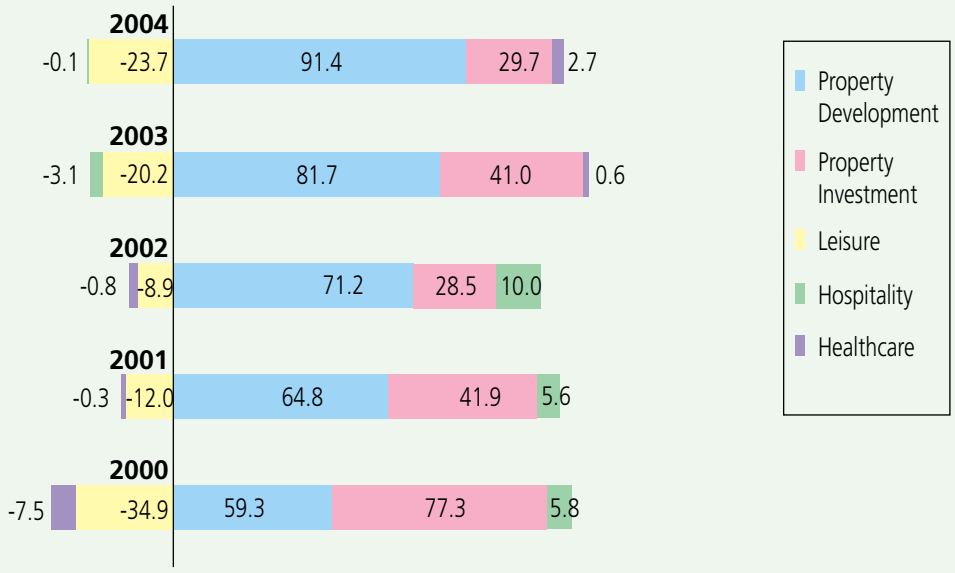



**Revenue By Segment (%)**




**Profit From Operations By Segment (%)**



# 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, lebihan 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 arahtuju masa hadapan Kumpulan. Asas perniagaan yang kukuh dan lembaran imbangan 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*

# CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

The Board is committed to implementing the Malaysian Code on Corporate Governance ("the Code") wherever applicable in the best interest of the shareholders of the Company.

## A. DIRECTORS

### THE BOARD AND ITS RESPONSIBILITIES

The Board leads and controls the Group. It regularly meets to perform its main functions, amongst others, as follows:-

- Setting the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Group Risk Management Committee, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and development.
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

### BOARD COMPOSITION

The Board currently consists of ten (10) members, three (3) or one-third (1/3) are Independent Non-Executive Directors. The composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, architecture, civil engineering, real estate development and property management. This combination of different professions and skills working together enables the Board to effectively lead and control the Company. The Board composition also fairly reflects the investment in the Company by shareholders other than the significant shareholder.

There is clear segregation of responsibilities between the Executive Chairman and the Senior Managing Director to ensure a balance of power and authority. The Senior Managing Director and the Managing Directors are subject to the control of the Board of Directors. They are responsible for the day-to-day management of the business in accordance with the objectives and strategies established by the Board.

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim is the Senior Independent Non-Executive Director, to whom concerns relating to the affairs of the Group may be conveyed.

A brief profile of each Director is presented on pages 8 to 12 of the Annual Report.

**MEETINGS AND SUPPLY OF INFORMATION**

Unless there are urgent matters, the Board normally meets quarterly to review financial, operational and business performances. Notices and agenda of meetings duly endorsed by the Executive Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Directors to study and evaluate the matters to be discussed.

The board papers provided include inter alia, financial results, business plan and budget, progress report on the Company's developments, minutes of meetings of Board Committees and other operational and financial issues for the Board's information and/or approval.

All Directors are entitled to information pertaining the Company. In addition, all Directors have direct access to the advice and services of the joint Company Secretaries. They are also permitted to seek independent advice whenever deemed necessary, at the Company's expense.

There is a formal procedure approved by the Board for all Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice, when necessary, at the Company's expense.

The Board met six (6) times for the financial year ended 31 December 2004 and the attendance of the respective Directors is as follows:-

| Name of Directors | Total No. of Meetings Attended | Percentage of Attendance (%) |
|---|---|---|
| Tan Sri Dato' Seri (Dr) Cheah Fook Ling *(Executive Chairman)* | 6/6 | 100 |
| Datuk Razman M Hashim *(Deputy Executive Chairman)* | 6/6 | 100 |
| Dato' Wong Choon Kee | 6/6 | 100 |
| Ngian Siew Siong | 5/6 | 83 |
| Ngeow Voon Yean | 6/6 | 100 |
| Low Siew Moi | 5/6 | 83 |
| Lim Swe Guan | 6/6 | 100 |
| Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim | 6/6 | 100 |
| Teo Tong How | 5/6 | 83 |
| Tan Siak Tee | 6/6 | 100 |
| Wang Yeong Khang *(Alternate Director to Dato' Wong Choon Kee) - Appointed on 26 August 2004* | 1/1* | 100 |

** Reflects the number of Board Meetings attended during the time he held office.*

**DIRECTORS' TRAINING**

All the Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). During the year under review, the Directors had also attended various continuing education programmes and seminars organised by the relevant regulatory authorities and professional bodies in order to equip themselves to effectively discharge their duties as Directors.

All Directors were constantly updated by the Company Secretary on changes to the relevant guidelines on the statutory and regulatory requirements.

**RETIREMENT BY ROTATION AND RE-ELECTION**

The Company's Articles of Association provides that one-third (1/3) of the Board are subject to retirement by rotation at each Annual General Meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.

To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of each Director standing for re-election are disclosed in the Statement Accompanying the Notice of the Annual General Meeting.

**BOARD COMMITTEES**

The Board has set up the following Committees and will periodically review their terms of reference and operating procedures. The Committees are required to report to the Board on all their deliberations and recommendations and such reports are incorporated in the minutes of the Board Meetings.

**1. Executive Committee of the Board ("EXCO")**

The EXCO comprises six (6) members headed by the Senior Managing Director and its primary role is to assist the Board in overseeing the financial and business affairs of the Group. The terms of reference of the EXCO are set out on pages 32 to 34 of the Annual Report.

During the year under review, the EXCO met four (4) times. All deliberations and recommendations of the EXCO were reported to the Board for approval.

**2. Audit Committee**

The Audit Committee is set up to play an active role in assisting the Board in discharging its governance responsibilities. The composition of the Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 43 to 48 of the Annual Report.

**3. Employees' Share Option Scheme ("ESOS") Committee**

The ESOS Committee comprising Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Datuk Razman M Hashim and Dato' Wong Choon Kee, is responsible for implementing, allocating and administering the ESOS in accordance with such powers and duties conferred upon it under the Bye-laws of the ESOS. The terms of reference of the ESOS Committee are set out on pages 35 and 36 of the Annual Report.

**4. Nomination Committee**

The Nomination Committee comprises three (3) wholly Independent Non-Executive Directors. The Chairman of this Committee is Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim. The other members of the Committee are Teo Tong How and Tan Siak Tee.

The Nomination Committee is responsible for identifying and making recommendations for any appointments and re-election of Board members. The Committee also assesses the effectiveness of the Board as a whole as well as the performance of each Director. The terms of reference of the Nomination Committee are set out on pages 37 and 38 of the Annual Report.

During the year under review, two (2) meetings were held to consider and recommend to the Board, the appointment of Wang Yeong Khang as Alternate Director to Dato' Wong Choon Kee, as well as to discuss the evaluation of the Board's effectiveness.

### 5. Remuneration Committee

The Remuneration Committee comprises mainly Non-Executive Directors namely Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim as Chairman, Teo Tong How and Tan Sri Dato' Seri (Dr) Cheah Fook Ling.

The Remuneration Committee recommends to the Board the remuneration for Directors and the renewal of the terms of Employment Contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully. The terms of reference of the Remuneration Committee are set out on pages 39 and 40 of the Annual Report.

The Remuneration Committee will meet as and when required. For the year under review, two (2) meetings were held to consider the promotion for the Managing Director and Deputy Managing Directors, to evaluate the performance of the Executive Directors and to determine their annual increments and bonuses, as well as to consider the renewal of Employment Contracts for the Deputy Executive Chairman and Senior Managing Director. The Executive Director of Human Resources attended the said meetings on the invitation of the Committee.

### 6. Group Risk Management Committee

The Group Risk Management Committee comprises Dato' Wong Choon Kee as Chairman, Ngian Siew Siong, Ngeow Voon Yean, Yuen Kam Wah, Lee Weng Keng and Wang Yeong Khang.

The Group Risk Management Committee is tasked with the responsibility to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organisation as well as identification and management of strategic business risks of the Group. The terms of reference of the Group Risk Management Committee are set out on pages 41 and 42 of the Annual Report.

During the year under review, two (2) meetings were held for the following purposes:-

(a) to review the enterprise risk profile and divisional risk scorecard for effectiveness of risk management;
(b) to review the status of implementation of action plans to manage the identified risks;
(c) to discuss the key changes in the business environment and key risk management issues/strategic business risks; and
(d) to consider the proposed fraud response plan.

The Group Risk Management Committee reports directly to the Board on a quarterly basis on its deliberations and recommendations.

## B. DIRECTORS' REMUNERATION

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities.

The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders.

The breakdown of the Directors' remuneration during the financial year is as follows:-

| | Executive Directors RM | Non-Executive Directors RM | Total RM |
|---|---|---|---|
| Fees | – | 102,000.00 | 102,000.00 |
| Other Emoluments | – | 32,500.00 | 32,500.00 |
| Salaries and other Remuneration | 3,006,267.94 | – | 3,006,267.94 |
| Bonus | 1,203,500.00 | – | 1,203,500.00 |
| Benefits-in-kind | 171,419.28 | – | 171,419.28 |
| Total: | 4,381,187.22 | 134,500.00 | 4,515,687.22 |

The number of Directors whose remuneration falls under the following bands:-

| Range of Remuneration | Executive Directors | Non-Executive Directors | Total |
|---|---|---|---|
| Below RM50,000 | – | 5 | 5 |
| RM250,001 to RM300,000 | 1 | – | 1 |
| RM550,001 to RM600,000 | 1 | – | 1 |
| RM600,001 to RM650,000 | 1 | – | 1 |
| RM650,001 to RM700,000 | 1 | – | 1 |
| RM2,150,001 to RM2,200,000 | 1 | – | 1 |
| Total: | 5 | 5 | 10 |

The movement of Directors' options over ordinary shares during the financial year ended 31 December 2004 is set out on page 56 of the Annual Report.

## C. SHAREHOLDERS

### DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations program, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

In addition to published Annual Report and Quarterly Reports announced to Bursa Securities, the Group has established a website at *http://www.sunway.com.my/suncity* from which investors and shareholders can access for information.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

### ANNUAL GENERAL MEETING

The annual general meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

## D. ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

In presenting the annual financial statements, annual report and quarterly announcement of results to shareholders, the Board aims to provide a balanced and understandable assessment of the Group's financial position, performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### INTERNAL CONTROL

The Statement on Internal Control set out on pages 49 and 50 of the Annual Report provides an overview of the state of internal controls within the Group.

### RELATIONSHIP WITH THE AUDITORS

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with its Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 43 to 48 of the Annual Report.

## E. DIRECTORS' RESPONSIBILITY STATEMENT ON ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act, 1965 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

## F. COMPLIANCE WITH THE CODE

The Group has complied substantially with the principles and best practices outlined in the Code.

# TERMS OF REFERENCE OF EXECUTIVE COMMITTEE OF THE BOARD

The management of the Company shall be carried out by the Board through an Executive Committee ("EXCO") whose members (who need not be Directors) shall be appointed by and under the control of the Board. The EXCO shall be responsible for overseeing any and all affairs of the Company's business.

1. The EXCO shall consist of five (5) members, with one (1) member designated by the Government of Singapore Investment Corporation Pte Ltd ("Subscriber").

2. The EXCO will establish a regular meeting schedule and will use its best efforts to meet at least once every quarter. All members of the EXCO shall use their best efforts to attend every meeting in person.

3. Each member of the EXCO will be provided with a regular report pertaining to the status of financial and business affairs of the Company and its subsidiaries. The regular report on the Company as well as each of the Company's subsidiaries shall be in a format accepted by the EXCO, and shall be provided at least on a monthly basis. The report shall capture all material or substantial transactions which took place within the quarterly period (or other prescribed period as the EXCO shall request) and shall be received by the EXCO within thirty (30) days from the end of such period. The financial statements shall be given to the EXCO within seven (7) days after the financial statements have been submitted to Bursa Malaysia Securities Berhad. The EXCO may also, at any time, request for a report on any transaction and the Company shall provide such a report within a reasonable period after such request.

4. Any member of the EXCO may at any time call a meeting of the EXCO by giving at least seven (7) days prior written notice or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose; and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

5. A quorum shall exist when a majority of the members of the EXCO are present in person or represented by proxy, provided that the Subscriber shall be present in person or represented by proxy at that meeting. Where quorum is not satisfied, the meeting shall be adjourned to a later date ("adjourned meeting"). Notice of the adjourned meeting shall be given to all members in writing at least two (2) working days before the date of the adjourned meeting. Should a quorum not be satisfied at the adjourned meeting, any member attending may declare a "deadlock" which shall be dealt with under Clause 9 below. In the event where the Subscriber fails to attend in person or by proxy at the first meeting of the EXCO or at the adjourned meeting thereof, the Subscriber's right to be considered in determining the quorum for the said EXCO meeting shall be forfeited and the said meeting shall proceed without the Subscriber.

6. All decisions and/or actions by the EXCO shall require a simple majority vote of all members who attended and voted at the meeting, but must include the Subscriber in the said majority, unless the Subscriber abstains from voting. Where (i) a simple majority as provided herein is not achieved, (ii) the Subscriber voted against the majority, or (iii) the member's votes are evenly divided, any member present at the meeting may declare a "deadlock", which shall be dealt with under Clause 9 below.

7. The EXCO will cause minutes of all meetings to be prepared, circulated and signed by all members of the EXCO within ten (10) days of the date of the meeting.

8. A resolution in writing signed by all the members of the EXCO shall be as valid and effective as a resolution passed at a meeting of the EXCO duly convened and held. Any such resolution in writing may consist of several documents in like form each signed by one or more of the members. The expressions 'in writing' and 'signed' include approval by telefax or telex by any such members, which approval shall be confirmed in writing by such member thereafter. The duly signed resolution shall be placed in the minute book of the EXCO.

9. In the event of a deadlock among the members of the EXCO, any member may refer the matter in question to the Board for decision.

10. Any of the following matters shall require the approval of the EXCO in accordance with Clause 6 above:-

(a) Entry into any joint venture, partnership or profit sharing agreement by the Company.

(b) The approval of the annual operating and capital budget ("Annual Budget") or the Business Plan for the Company and its related corporations as defined in the Companies Act, 1965 [hereinafter referred to as "Group Company/Group Companies"] for each financial year of the Group Company (including any amendments, modifications, addendum or additions thereto).

(c) Acquisition and/or disposal of, or investment in any undertaking, asset or share by a Group Company, accepting any form of additional liability and/or entering into any contract other than in the ordinary course of business, except as contemplated herein.

(d) Entering into any contract (or series of contracts), or any amendment to an existing contract involving payments by or to the Company or any shareholder over the life of the contract or amendment in excess of RM1,000,000 (or its equivalent in another currency), except as provided in the Annual Budget or Business Plan of the Company.

(e) Increasing or reducing the authorised or issued share capital of a Group Company (other than permitted in an Annual Budget approved in accordance with paragraph (b) above) or the issue or grant of any option over the unissued share capital of a Group Company or the issue of any new class of shares in the capital of a Group Company.

(f) The creation of any mortgage, charge or other encumbrance over each Group Company's property or assets.

(g) The exercise of each Group Company's powers to provide guarantees or indemnities.

(h) In respect of each Group Company, the acquisition or disposal, or the agreement to acquire or dispose of any interest in any land or real property wheresoever situated and of whatsoever description, or the acquisition, incorporation or establishment of any corporation having an interest in land or real property by a Group Company other than in the ordinary course of business.

(i) Any amalgamation or reconstruction of a Group Company, or any merger of a Group Company with any corporation, firm or other body.

(j) The dissolution, liquidation or winding-up of a Group Company.

(k) The declaration or payment of any dividends or other distribution of profits of each Group Company (whether in cash or specie).

(l) The adoption of, or any significant change in the accounting policies of each Group Company, other than as required by law or accounting policies generally accepted in the jurisdiction applicable to such Group Company from time to time.

(m) Granting any rights by the Company to subscribe for or to convert shares, debentures or other securities into share capital, ranking in priority to or pari passu with the Preference Shares as regards participation in assets of the Company or being capable of being redeemed while any of the Preference Shares are in issue or the variation of the rights of any class of shares other than the issue and allotment of any such shares for the purpose of applying the proceeds thereof in or towards converting the Preference Shares in accordance with the Share Subscription Agreement dated 13 October 1999 between the Company and Reco Loop Pte Ltd.

(n) Issuing any Ordinary Shares by the Company or granting any rights by the Company to subscribe for or to convert shares, debentures or other securities into Ordinary Shares.

# TERMS OF REFERENCE OF EXECUTIVE COMMITTEE OF THE BOARD *(Cont'd)*

(o) Repaying all or any part of the capital paid-up on any share in the capital of the Company (other than a payment in the course of a winding-up of the Company) including the share premium account and the capital redemption reserve of the Company.

(p) Reducing all or any part of the share capital of the Company or any uncalled liability in respect thereof or any share premium account or capital redemption reserve of the Company if the reduction involves either the diminution of liability in respect of unpaid share capital or the repayment to any member of any paid-up share capital.

(q) Adding to, deleting, varying or amending its Memorandum and Articles of Association in any manner which would be inconsistent with the rights of the holders of the Preference Shares.

(r) Modifying, varying or abrogating the rights attached to the Preference Shares and/or Ordinary Shares.

(s) Creating, incurring, assuming or suffering to exist any indebtedness due or owing or to be owing to the shareholders or subsidiaries of the Company.

(t) Making or permitting (whether by inaction or otherwise) any of its subsidiaries to make any new investments, or acquiring or permitting (whether by inaction or otherwise) any of its subsidiaries to acquire any asset in one transaction or a series of transactions for an aggregate amount exceeding RM5,000,000 in any year.

(u) Issuing or providing or permitting (whether by inaction or otherwise) any of its subsidiaries to issue or provide any form of guarantee, indemnity or other financial or non-financial support which may result in the Company or any of its subsidiaries incurring any liability in connection with any loans, credit facilities or any other financing required by any associate or subsidiary of the Company.

(v) Conveying, selling, leasing, transferring or otherwise disposing or permitting (whether by inaction or otherwise) any of its subsidiaries to convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its or their business or assets whether now owned or hereafter acquired for any aggregate amount exceeding RM1,000,000 in any year except for the sale of assets by its wholly-owned subsidiaries at arm's length on commercial terms in the ordinary course of business where the proceeds of sale are to be paid by that subsidiary to the Company whether by way of dividend or a long-term loan or loans to be extended by that subsidiary to the Company in terms that all interest, principal and all other payments are to be subordinated in priority of payment to the conversion of all the Preference Shares.

(w) Releasing, surrendering, reducing, waiving, amending or varying or permitting (whether by inaction or otherwise) any of its subsidiaries to release, surrender, reduce, waive, amend or vary any amount of indebtedness other than such indebtedness not exceeding RM500,000 in any one year subject to an aggregate overall limit not exceeding RM1,000,000 at any time owed to it or them by any person or the terms upon which the same is outstanding and in particular, agreeing to or permitting (whether by inaction or otherwise) any of its subsidiaries to agree to the capitalisation of any such indebtedness, whether by conversion or exchange of the same or any part thereof into or for share capital in the company which owes the same or otherwise.

(x) Changing or threatening to change or permitting (whether by inaction or otherwise) any of its subsidiaries to change or threaten to change the nature or scope of its or their business operations which it or its subsidiaries conduct as at the Issue Date or permit (whether by inaction or otherwise) any of its subsidiaries to suspend or threaten to suspend a substantial part of the business operations which it or its subsidiaries conduct directly or indirectly as at the Issue Date.

11. The rights of the Subscriber shall be automatically extinguished at any time when the Subscriber's aggregate shareholding (including Preference Shares) is reduced to the extent that it is less than ten percent (10%) of the then issued and paid-up share capital in the Company (including the Preference Shares as if such Preference Shares have been converted to Ordinary Shares in accordance with the Share Subscription Agreement and/or the Articles of Association).

# TERMS OF REFERENCE OF EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

## 1. MEMBERSHIP

(a) The Committee shall be appointed by the Board from among their number and shall be composed of not fewer than three (3) in number.

(b) The members of the Committee shall elect a Chairman from among their number.

(c) In the event of any vacancy in the Committee resulting in the number of members being reduced to below four (4), the Board shall, within three (3) months fill the vacancy.

(d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.

## 2. FUNCTIONS

Pursuant to Bye-Law 21, the Committee shall administer the Employees' Share Option Scheme ("Scheme") in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the Board including the powers:-

(a) Subject to the provisions of the Scheme, to construe and interpret the Scheme and option(s) granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The Committee in the exercise of this power may correct any defect, supply any omission or reconcile any inconsistency in the Scheme or in any agreement providing for an option(s) in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.

(b) To determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

## 3. POWERS AND AUTHORITY

3.1 Pursuant to Bye-Law 4.1, the Committee has the discretion to offer such number of options to eligible employees in accordance with the Scheme after taking into consideration the contribution, performance, number of years of service and the potential worth of the employees to the continued success of the Group.

3.2 Pursuant to Bye-Law 8.6, the Committee shall have the right at its discretion by notice in writing to that effect:-

(a) to suspend the right of any Option Holder who is found to have contravened the written policies and guidelines of the Group and/or the terms and conditions of the Option Holder's employment (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his option(s). In addition to this right of suspension, the Committee may impose such terms and conditions as the Committee shall deem appropriate in its discretion, on the right of exercise of his option(s) having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Option Holder, the option(s) shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Option Holder; OR

(b) to suspend the right of any Option Holder who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Option Holder) to exercise his option(s) pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Committee may impose such terms and conditions as the Committee shall deem appropriate in its discretion, on the right of exercise of his option(s) having regard to the nature of the charges made or brought against such Option Holder, PROVIDED ALWAYS that:-

(i) in the event such Option Holder is found not guilty of the charges which gave rise to such disciplinary proceedings, the Committee shall reinstate the right of such Option Holder to exercise his option(s); or

(ii) in the event such Option Holder is found guilty resulting in the dismissal or termination of service of such Option Holder, the option(s) shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Option Holder; or

(iii) in the event such Option Holder is found guilty but not dismissed or termination of service is recommended, the Committee shall have the right to determine at its discretion whether or not the Option Holder may continue to exercise his option(s) and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

3.3 Bye-Law 20.1 stipulates that the Committee may at any time and from time to time recommend to the Board, any additions or amendments to and/or deletions of the Bye-Laws as it shall in its absolute discretion think fit and the Board shall have the power by resolution to add to, amend and/or delete all or any of the Bye-Laws upon such recommendation, or such part thereof as they may deem fit, subject to the approval of all relevant authorities and all applicable laws, regulations, directives and guidelines (if required) PROVIDED THAT no such amendment and/or modification shall be made which would either:-

(a) prejudice the rights then accrued to any Option Holder who has accepted an option without his prior consent; or

(b) without the prior approval of the shareholders of the Company in general meeting alter the Bye-Laws to the advantage of any Option Holder or group of Option Holders or all Option Holders.

3.4 Such other authorities as governed by the Bye-Laws and/or are conferred upon the Committee by the Board from time to time.

## 4. MEETINGS

(a) Meetings of the Committee may be called at any time by the Committee Chairman.

(b) The quorum for the meeting shall be two (2) members.

(c) Where necessary and appropriate, any decision of the Committee can be made by a majority of the members via a Circular Resolution.

## 5. REPORTING

The Chairman of the Committee shall report the proceedings of each Committee Meeting to the Board.

## 6. SECRETARY

The Secretary to the Committee shall be the Company Secretary.

# TERMS OF REFERENCE OF NOMINATION COMMITTEE

## 1. MEMBERSHIP

(a) The Nomination Committee shall be appointed by the Board from among their number and shall comprise not fewer than three (3) in number.

(b) The majority of the members of the Committee shall be independent non-executive Directors.

(c) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.

(d) In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

## 2. AUTHORITY

(a) The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing existing Directors on an on-going basis.

(b) The ultimate decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of such a Committee.

## 3. FUNCTIONS

(a) To determine the core competencies and skills required of board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.

(b) To review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least one-third (1/3) of the Board is independent.

(c) To recommend to the Board on the appropriate number of Directors to comprise the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.

(d) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.

(e) To consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.

(f) To recommend to the Board, Directors to fill the seats on Board Committees.

(g) To undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this in the Annual Report.

(h) To assist the Board to implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contributions and performance of Directors and Board of Committee members.

(i) To introduce such regulations or guidelines, procedures to function effectively and fulfill the Committee's objective.

# TERMS OF REFERENCE OF NOMINATION COMMITTEE *(Cont'd)*

**4. MEETINGS**

(a) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Nomination Committee Chairman's discretion.

(b) The quorum for the meeting shall be two (2) members.

**5. REPORTING**

The Chairman of the Committee shall report on each meeting to the Board.

**6. SECRETARY**

The Secretary to the Committee shall be the Company Secretary.

# TERMS OF REFERENCE OF REMUNERATION COMMITTEE

## 1. OBJECTIVES

The Remuneration Committee shall:

(a) Ensure that the Company's Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain Directors to run the Company successfully.

(b) Demonstrate to all stakeholders in the business that the remuneration of the Executive Directors of the Company is set by a Committee of board members who have no personal interest in the outcome of their decisions and who will give due regard to the interests of the stakeholders and to the financial and commercial health of the Company.

## 2. MEMBERSHIP

(a) The Committee shall be appointed by the Board from among their number and shall be composed of not fewer than three (3) in number.

(b) The majority of the members comprising the Committee shall be:

(i) Non-Executive Directors of the Company; or
(ii) any person not having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Remuneration Committee.

(c) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.

(d) In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board shall, within three (3) months fill the vacancy.

## 3. FUNCTIONS

(a) To recommend to the Board the remuneration of the Executive Chairman, Chief Executive Officer and Executive Directors.

(b) Assume responsibility for all elements of Executive Directors' remuneration eg:

(i) Basic salary
(ii) Profit sharing schemes (if any)
(iii) Share Options
(iv) Any other benefits
(v) Compensation for early termination

(c) Ensure that a fair differential between the remuneration of Board members and other levels of management is maintained.

(d) Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance.

(e) Obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Directors and those paid to Executive Directors of other companies of a similar size in a comparable industry sector.

# TERMS OF REFERENCE OF REMUNERATION COMMITTEE *(Cont'd)*

(f) To ensure that the base salary element is competitive but fair.

(g) To advise on and monitor, a suitable performance related formula ie. whether the formula is based on individual performance, company profit performance, earnings per share, etc.

(h) To provide an objective and independent assessment of the benefits granted to Executive Directors.

(i) To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.

(j) To furnish a report to the Board of any findings of the Committee.

**4. MEETINGS**

(a) The Committee shall meet at least once per year. However, additional meetings may be called at any time at the Remuneration Committee Chairman's discretion.

(b) The quorum of each meeting shall be two (2) members.

**5. SECRETARY**

The Secretary to the Committee shall be the Company Secretary or Senior General Manager of Human Resource.

# TERMS OF REFERENCE OF GROUP RISK MANAGEMENT COMMITTEE

## 1. MEMBERSHIP

(a) The Group Risk Management Committee ("GRMC") shall be appointed by the Board and shall comprise not fewer than five (5) in number.

(b) The members of the GRMC shall elect a Chairman from among their number.

(c) In the event of any vacancy in the GRMC resulting in the number of members being reduced to below five (5), the Board shall, within three (3) months fill the vacancy.

(d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the GRMC.

## 2. ROLES AND FUNCTIONS

The GRMC has the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organization as well as identification and management of strategic business risks of the Group. Its primary roles include the following:-

(a) To champion and promote the Enterprise Risk Management (ie. risk awareness and training) and to ensure that the risk management process and culture are embedded throughout the Group.

(b) To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.

(c) To provide routine quarterly reporting and update the Board on key risk management issues as well as ad-hoc reporting and evaluation on investment proposals.

(d) To work with the Group Financial Controller and Group Internal Audit Department in the preparation of the Statement on Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Audit Committee and Board.

The GRMC delegates to the Enterprise Risk Review Committee ("ERRC") and Divisional Risk Management Committee ("DRMC") the responsibility for identification and management of operational risks, software management, training and ensuring effective implementation and maintenance of Risk Management Policy and that all personnel adhere to its mandate.

The ERRC will assist the GRMC by assuming direct responsibility for the routine risk management activities within the organization. The DRMC will be responsible for divisional risk management including reviewing and updating risk profiles and ensuring implementation of action plans.

The DRMC provides updates on key divisional risk management issues to the ERRC and GRMC by providing quarterly reporting and risk management software reports.

### 2.1 Routine Roles and Responsibilities

(a) Provide quarterly reporting and update on operations of the Enterprise Risk Management framework to the Board.

(b) Review Enterprise Risk Profile for effectiveness of management of risks.

(c) Evaluate any new risks identified by the DRMC or ERRC.

# TERMS OF REFERENCE OF GROUP RISK MANAGEMENT COMMITTEE *(Cont'd)*

(d) Follow-up on management action plans reported by the DRMC with the assistance of the ERRC.

(e) Responsible for ensuring that strategic business risks are considered at the enterprise level.

**2.2 Ad-Hoc Roles and Responsibilities**

(a) Propose to the Board, the monetary threshold and nature of proposed investments that require the GRMC's evaluation and endorsement before submission to the Board.

(b) Review investment proposals prepared by project sponsor which meet the requisite threshold.

(c) Review and feedback on evaluation of investment proposals to the Board for final decision.

## 3. MEETINGS

(a) The GRMC shall meet at least quarterly in a year. However, additional meetings may be called at any time at the GRMC Chairman's discretion.

(b) The quorum for the meeting shall be three (3) members.

## 4. REPORTING

The Chairman of the GRMC shall report the proceedings of each Committee Meeting to the Board.

## 5. SECRETARY

The Secretary to the GRMC shall be the Group Financial Controller / Chief Financial Officer.

# AUDIT COMMITTEE REPORT

## FORMATION

The Audit Committee was formed by the Board of Directors at its meeting on 29 March 1996.

The objective of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Company and its subsidiaries ("the Group").

## COMPOSITION

The members of the Audit Committee during the financial year were:-

1. Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim - Chairman
   *(Senior Independent Non-Executive Director)*

2. Teo Tong How
   *(Independent Non-Executive Director)*

3. Tan Siak Tee
   *(Independent Non-Executive Director)*

4. Ngian Siew Siong
   *(Managing Director - Property Development, Non-Independent Executive Director)*

## MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year. The attendance of the Committee members was as follows:-

| Name of Committee Member | Number of Meetings Attended |
|---|---|
| Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim | 5/5 |
| Teo Tong How | 4/5 |
| Tan Siak Tee | 5/5 |
| Ngian Siew Siong | 4/5 |

The Company Secretaries, the Internal Auditors, the Senior Managing Director and the Chief Financial Officer were present at all meetings. At three (3) of the meetings, the External Auditors were present.

## TERMS OF REFERENCE

### 1. Membership

1.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.

1.2 The majority of the members including the Chairman of the Committee shall be Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1.3 The Committee shall include at least one (1) person:-

(a) who is a member of the Malaysian Institute of Accountants; or

(b) who must have at least three (3) years' working experience and:-

(i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(ii) is a member of one (1) of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) who must have at least three (3) years' post qualification experience in accounting or finance and:-

(i) has a degree/masters/doctorate in accounting or finance; or

(ii) is a member of one (1) of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or

(d) who must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

1.4 No Alternate Director shall be appointed as a member of the Committee.

1.5 The members of the Committee shall elect a Chairman from amongst their number.

1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members.

1.7 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board no less than once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

**2. Meetings**

2.1 The quorum for a Committee Meeting shall be at least two (2) members, the majority present must be Independent Directors.

2.2 The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.

2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.

2.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

2.5 The non-member Directors and employees of the Company and of the Group shall normally attend the meetings to assist in its deliberations and resolutions of matters raised. However, at least once a year, the Committee shall meet with the External Auditors without the presence of the executive members of the Committee.

2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.

2.7 The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

2.8 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

2.9 In addition to the availability of detailed minutes of the Committee Meetings to all Board members, the Committee at each Board Meeting, will report a summary of significant matters and resolutions.

**3. Rights And Authority**

The Committee is authorised to:-

3.1 Investigate any matter within its terms of reference.

3.2 Have adequate resources required to perform its duties.

3.3 Have full and unrestricted access to information, records and documents relevant to its activities.

3.4 Have direct communication channels with the External and Internal Auditors.

3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

**4. Functions and Duties**

4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.

4.2 To review the following and report to the Board:-

(a) With the External Auditors:-

(i) the audit plan and audit report and the extent of assistance rendered by employees of the Auditee;

(ii) their evaluation of the system of internal controls;

(iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors;

(iv) the management letter and management's response; and

(v) issues and reservations arising from audits.

(b) With the Internal Audit Department:-

(i) the adequacy and relevance of the scope, functions and resources of Internal Audit and the necessary authority to carry out its work;

(ii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;

(iii) the extent of cooperation and assistance rendered by employees of Auditee; and

(iv) the appraisal of the performance of the internal audit including that of the senior staff and any matter concerning their appointment and termination.

(c) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:-

(i) changes and implementation of major accounting policies and practices;

(ii) significant and unusual issues;

(iii) going concern assumption; and

(iv) compliance with accounting standards, regulatory and other legal requirements.

(d) The major findings of investigations and management response.

(e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

4.3 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to Bursa Securities.

4.4 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-

(a) the composition of the Committee including the name, designation and directorship of the members;

(b) the terms of reference of the Committee;

(c) the number of meetings held and details of attendance of each member;

(d) a summary of the activities of the Committee in the discharge of its functions and duties; and

(e) a summary of the activities of the internal audit function.

4.5 To review the following for publication in the Company's Annual Report:-

(a) the disclosure statement of the Board on:-

(i) the Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and

(ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.

(b) the statement on the Board's responsibility for the preparation of the annual audited financial statements.

(c) the disclosure statement on the state of the internal controls system of the Company and of the Group.

(d) the statement by the Audit Committee on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the Bylaws of the Company's Employees' Share Option Scheme, at the end of each financial year.

(e) other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of the Listing Requirements of Bursa Securities.

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

**5. Internal Audit Department**

5.1 The Head of the Internal Audit Department shall have unrestricted access to the Committee Members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the internal audit function.

5.2 In respect of routine administrative matters, the Head of Internal Audit Department shall report to the Group Executive Chairman or his designate.

**ACTIVITIES OF THE COMMITTEE FOR YEAR 2004**

The summary of the activities of the Committee in the discharge of its duties and responsibilities included the following:-

(a) Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit processes with the Internal Audit Department.

(b) Reviewed the audit activities carried out by the Internal Audit Department and the audit reports to ensure corrective actions were taken in addressing the risk issues reported.

(c) Reviewed with the assistance of the Internal Audit Department and management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

(d) Reviewed with the Internal Audit Department, the Internal Audit Strategic Plan which encompassed its vision, mission, strategies and action plan towards building a robust and focused internal audit team.

(e) Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.

(f) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the External Auditors without the presence of management staff and the executive member of the Committee.

(g) Reviewed the financial statements, the audit report, issues and reservations arising from statutory audit with the External Auditors.

(h) Reviewed and discussed the Management Accounts with management.

(i) Reviewed the quarterly results and year end financial statements with management for recommendation to the Board of Directors for approval and release to Bursa Securities.

(j) Reviewed all related party transactions entered into by the Company and the Group at the Committee's quarterly meetings to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

(k) Reviewed and approved the Circular to Shareholders and the statement by the Audit Committee in respect of the proposed Shareholders' Mandate for Recurrent Related Party Transactions.

(l) Reviewed any conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(m) Discussed the implications of any latest changes and pronouncements on the Company and the Group, which were issued by the accountancy, statutory and regulatory bodies.

(n) Reported to the Board on significant issues and concerns discussed during the Committee's meetings together with applicable recommendations. Minutes of meetings were tabled, discussed and noted by all Board members.

(o) Reviewed and approved the Audit Committee Report and the statement by the Audit Committee on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the Bye-Laws of the Company's Employees' Share Option Scheme for inclusion in the Company's 2003 Annual Report.

(p) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance and the state on internal controls as well as the Directors' Responsibility Statement on the annual audited financial statements for inclusion in the Company's 2003 Annual Report.

**INTERNAL AUDIT ACTIVITIES REPORT FOR YEAR 2004**

The summary of the activities of the Internal Audit Department was as follows:-

(a) Prepared the annual audit plan for the approval of the Audit Committee.

(b) Regularly performed risk based audits on strategic business units of the Company and of the Group, which covered reviews of the internal control system, accounting and management information system and risk management.

(c) Issued audit reports to the Committee and management identifying weaknesses and issues as well as highlighting recommendations for improvements.

(d) Acted on suggestions made by the Committee and/or senior management on concerns over operations or controls.

(e) Followed up on management corrective actions on audit issues raised by the External Auditors.

(f) Reported to the Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.

(g) Reviewed on the appropriateness of the disclosure statements in regard to compliance with the Malaysian Code on Corporate Governance and the state on internal controls as well as the Audit Committee Report.

(h) Attended Committee's meetings to table and discuss the audit reports and followed up on matters raised.

# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and Group assets. Set out below is the Board of Directors ("the Board") of Sunway City Berhad's ("the Group") Statement on Internal Control as a Group, made in compliance with Paragraph 15.27 of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

## THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, that the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

## THE GROUP'S SYSTEM OF INTERNAL CONTROL

### Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Executive Committee, Board Committees and management represent the main platform by which the Group's performance and conduct is monitored. The daily running of the business is entrusted to the Senior Managing Director ("SMD"), Managing Directors ("MDs") and their respective management teams. Under the purview of the Executive Chairman, SMD and MDs, the heads of the respective operating subsidiaries and departments of the Group are empowered with the responsibility of managing their respective operations.

The SMD and MDs actively communicate the Board's expectations to management at management meetings as well as through attendance at various project meetings/ owners meetings. At these meetings, operational and financial risks are discussed and dealt with.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Board Committees and management reporting mechanisms. Through these mechanisms the Board is informed of major control issues pertaining to internal controls, regulatory compliance and risk taking.

### Enterprise Risk Management Framework

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

The Enterprise Risk Management Framework is set out on pages 51 and 52 of the Annual Report.

**Key Elements of the Group's System of Internal Control**

The current system of internal control in the Group has within it, the following key elements:

- Clear Group vision, mission, corporate philosophy and strategic direction, which are communicated to employees at all levels.
- An effective Board which retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.
- Board approved annual budgets and management plans prepared by each subsidiary company during the Business Plan exercise to consider the relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.
- Relevant Board Committees with formal terms of references clearly outlining their functions and duties delegated by the Board.
- Comprehensive policies and procedures manuals that provide guidelines on, and authority limits over various operating, financial, human resources and, health and safety matters.
- The use of the intranet as an effective means of communication and knowledge sharing.
- Regular divisional management meetings involving the review of the Group's operations, financial performance, human resources matters and business plan.
- Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.
- A systematic performance appraisal system.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.
- Continuous quality improvement initiatives such as ISO 9001:2000 certification.
- An internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee ("AC") [see also Assurance Mechanisms below].

**Assurance Mechanisms**

The AC is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. In carrying out its responsibilities, the AC relies significantly on the support of the Group Internal Audit Division ("GIAD") which carries out internal audits on various operating units within the Group based on a risk-based audit plan approved annually by the AC. Based on these audits, the GIAD provides the AC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the AC also reviews and deliberates on any matters relating to internal control highlighted by the external auditors in the course of their statutory audit of the financial statements of the Group.

Additionally, as part of the requirements of the ISO 9001:2000 certification accredited to the Group's property development activities, Sunway Resort Hotel Sdn Bhd and Sunway Medical Centre Berhad, scheduled audits are conducted internally as well as by auditors of the relevant certification bodies. Results of the audits are reported to management.

The AC Report is set out on pages 43 to 48 of the Annual Report.

## THE BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

## THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the Group's internal control system and risk management practices are able to meet the Group's objective to ensure good corporate governance. There is no material control failure or weakness that would have material adverse effect on the results of the Group for the year under review.

# ENTERPRISE RISK MANAGEMENT FRAMEWORK

## ENTERPRISE RISK MANAGEMENT

With Sunway City Berhad ("SunCity") emphasising on growing its business segments to achieve greater heights, enterprise risk management is utilised to identify all potential risks that needs to be addressed, to ensure that SunCity will be able to achieve its goal of continuous business growth.

SunCity embarked on risk management initiatives in December 2002, in line with the increasing focus of shareholders on Corporate Governance. In November 2003, the Board adopted the risk management oversight structure and risk management policy.

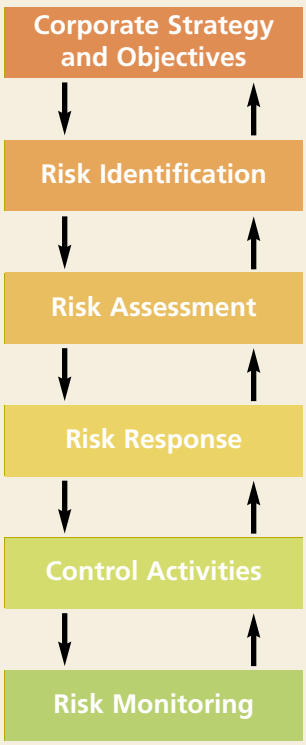
SunCity has an integrated enterprise risk management structure that enables identification, evaluation, monitoring and managing of all key risks pertaining to the business and its environment. SunCity strives to maximise every opportunity, and thus seeks to minimise all potential risks through proactive management.

## RISK MANAGEMENT PROCESS

It is the Board's view that SunCity's objectives, its internal organisation and the environment in which it operates continuously evolve; and as a result, the risks that it faces also change. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks to which SunCity is exposed.

To ensure effective risk management within SunCity, the following risk management framework has been identified and implemented throughout SunCity. It is acknowledged that risks are very closely integrated with opportunities and returns, and thus has to be managed to ensure that SunCity is able to achieve its corporate strategy and objectives.

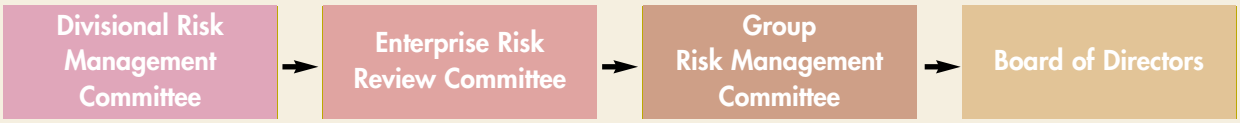
Below is a chart that depicts the basics of the Enterprise Risk Management Framework for SunCity.



# ENTERPRISE RISK MANAGEMENT FRAMEWORK *(Cont'd)*

## RISK MANAGEMENT STRUCTURE

Strategic and effective management of risks is performed through a centralised reporting and managing structure that has been put into place. Four (4) major levels have been identified to promote accountability and responsibility of managing risks within SunCity.




### (a) Divisional Risk Management Committee ("DRMC")

Divisional risk management is performed by the DRMC that works towards effective identification and mitigation of the day-to-day risks at the operational level. The management works closely with all operational staff and ensures that risk management techniques are applied and practised in all facets of the management and operations within the division. The DRMC is also responsible to highlight all foreseeable risks that could hinder the division from achieving its strategic objectives.

Risk reporting and management at the divisional level is integrated with the monthly management meetings of respective subsidiaries to ensure effective management.

### (b) Enterprise Risk Review Committee ("ERRC")

The ERRC consists of representatives from the DRMC, and also include the head of Group Internal Audit Division as the independent observer. The ERRC meets quarterly, where representatives from the respective divisions have the overall responsibility to report key risks to the attention of the ERRC.

In addition, the ERRC is responsible to deliberate on risks presented by different DRMC members and to contribute towards identifying new risks that are yet to be brought to the attention of ERRC by the respective division. Pertinent risk issues, with proposed resolutions are then identified and escalated to the Group Risk Management Committee.

### (c) Group Risk Management Committee ("GRMC")

The key responsibilities of the GRMC are to provide routine quarterly reporting and update the Board on key risk management issues as well as ad-hoc reporting and evaluation on investment proposals. The GRMC is also responsible to champion and promote the Enterprise Risk Management and to ensure that the risk management process and culture are embedded throughout SunCity.

### (d) Board of Directors

The Board of Directors serves as an oversight to the risk management process of the entire Group. Roles of the Board include identifying principal risks of SunCity and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the GRMC, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by SunCity.

# FINANCIAL STATEMENTS


| | |
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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are:

(i) property development and investment;
(ii) operation of hotels, theme parks and related activities;
(iii) rendering recreational club facilities;
(iv) operation of travel, tour business and related activities;
(v) operation of a medical centre;
(vi) management and letting of property; and
(vii) time sharing services.

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

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit after taxation | 126,519 | 21,277 |
| Minority interests | (59,613) | – |
| Net profit for the year | 66,906 | 21,277 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results 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 other than as disclosed in Note 36 to the financial statements.

## DIVIDENDS

The amount of dividend paid by the Company since 31 December 2003 was as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 31 December 2003 as reported in the directors' report of that year: | |
| Final dividend of 1.0% less 28% taxation, on 408,916,000 ordinary shares, declared on 29 June 2004 and paid on 28 July 2004 | 2,944 |

On 24 February 2005, the Company declared an interim dividend in respect of the financial year ended 31 December 2004, of 3.5% less 28% taxation on ordinary shares in issue on 31 March 2005 being the date of entitlement and payable on 28 April 2005.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004, of 1.5% less 28% taxation on ordinary shares in issue on the date of entitlement, will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the interim dividend and proposed final dividend in respect of the financial year ended 31 December 2004. The interim dividend and proposed final dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 31 December 2005.

## 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
Datuk Razman M Hashim
Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim
Dato' Wong Choon Kee
Ngian Siew Siong
Ngeow Voon Yean
Low Siew Moi
Teo Tong How
Tan Siak Tee
Lim Swe Guan
Wang Yeong Khang (appointed on 26 August 2004)
(alternate to Dato' Wong Choon Kee)

In accordance with Article 78 of the Company's Articles of Association, Datuk Razman M Hashim, Ngian Siew Siong and Tan Siak Tee retire by rotation from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## 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 the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements 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 any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for Tan Sri Dato' Seri (Dr.) Cheah Fook Ling and Datuk Razman M Hashim 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 and construction contracts respectively between the Company and its related corporations and corporations in which Tan Sri Dato' Seri (Dr.) Cheah Fook Ling and Datuk Razman M Hashim are deemed to have an interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

| | Number of Ordinary Shares of RM1 Each | | | |
|---|---|---|---|---|
| | 1.1.2004/ date of appointment | Acquired | Sold | 31.12.2004 |
| Tan Sri Dato' Seri (Dr.) Cheah Fook Ling | * 160,003,017 | 7,802,900 | – | 167,805,917 |
| | 10,823,251 | 300,000 | – | 11,123,251 |
| Datuk Razman M Hashim | 30,000 | – | – | 30,000 |
| Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim | 10,000 | – | – | 10,000 |
| Dato' Wong Choon Kee | 31,000 | – | – | 31,000 |
| Ngian Siew Siong | 10,000 | 50,000 | – | 60,000 |
| Wang Yeong Khang | 2,000 | – | – | 2,000 |

* Denotes deemed interest

| | Number of Options over Ordinary Shares of RM1 Each | | | |
|---|---|---|---|---|
| | 1.1.2004/ date of appointment | Granted | Exercised | 31.12.2004 |
| Tan Sri Dato' Seri (Dr.) Cheah Fook Ling | – | 1,000,000 | – | 1,000,000 |
| Datuk Razman M Hashim | 700,000 | – | – | 700,000 |
| Dato' Wong Choon Kee | 700,000 | – | – | 700,000 |
| Ngian Siew Siong | 700,000 | – | (50,000) | 650,000 |
| Ngeow Voon Yean | 700,000 | – | – | 700,000 |
| Wang Yeong Khang | 600,000 | – | – | 600,000 |

The options over ordinary shares are pursuant to the Sunway City Berhad Employees' Share Option Scheme 2003/2013.

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

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM400,252,000 to RM410,526,500 by way of the issuance of 9,984,500 and 290,000 new ordinary shares of RM1 each issued to eligible employees of the Group under the Employees' Share Option Scheme at the exercise prices of RM1 and RM1.15 per share respectively for cash.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## EMPLOYEES' SHARE OPTION SCHEME

The Sunway City Berhad Employees' Share Option Scheme ("the Scheme") was implemented on 22 September 2003 and is governed by the by-laws approved by the shareholders on 26 August 2003. The Scheme is for eligible employees (including Executive Directors) of the Company and its subsidiaries.

The main features of the Scheme are:

(a) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) at the time of the offer of options under the Scheme;

(b) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;

(c) The price payable upon exercise of an option granted under the Scheme will be based on the five-day weighted average market price of the Company's shares at the time the offer is granted with a discount of not more than 10% if deemed appropriate or the par value of the Company's shares, whichever is higher;

(d) The duration of the Scheme is ten (10) years from the date of its commencement;

(e) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined 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 from the date of offer; and

(f) The options granted may be exercised in the following manner:

| Number of Options Granted | Maximum Percentage of Total Options Exercisable | | |
|---|---|---|---|
| | Year 1 | Year 2 | Year 3 |
| Below 20,000 | 100% | – | – |
| 20,000 and above | 40%* | 30% | 30%# |

* 40% or 20,000 options, whichever is higher
\# 30% or the remaining number of options unexercised

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided that no options shall be exercised beyond the date of expiry of the Scheme.

The movement in the options to take up unissued new ordinary shares of RM1 each during the financial year was as follows:

| | **Number of Ordinary Shares under Option** |
|---|---|
| At 1 January 2004 | 27,718,000 |
| Movement during the financial year: | |
| - granted | 1,720,000 |
| - forfeited | (3,289,000) |
| - exercised | (10,274,500) |
| At 31 December 2004 | 15,874,500 |

At the end of the financial year, the unissued shares under option were as follows:

| | Number of Ordinary Shares of RM1 Each | Option Price RM |
|---|---|---|
| First offer | 14,444,500 | 1.00 |
| Second offer | 1,420,000 | 1.15 |
| Third offer | 10,000 | 1.86 |
| | 15,874,500 | |

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the options held by the Executive Directors and the list of option holders and their holdings except for those holders (excluding Executive Directors) who have options of 500,000 ordinary shares and above, which are as follows:

| | Number of Options over Ordinary Shares of RM1 Each | | | |
|---|---|---|---|---|
| | 1.1.2004 | Granted | Exercised | 31.12.2004 |
| Yuen Kam Wah | 750,000 | – | – | 750,000 |
| Ong Ghee Bin | 500,000 | – | – | 500,000 |
| Ho Hon Sang | 500,000 | – | – | 500,000 |

**OTHER STATUTORY INFORMATION**

(a) Before the balance sheets and income statements 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 amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements 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 would 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements 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 of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations 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.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 47 to the financial statements.

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors.

**Tan Sri Dato' Seri (Dr.) Cheah Fook Ling**

**Ngian Siew Siong**

Petaling Jaya, Selangor Darul Ehsan

19 April 2005

# 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 accompanying financial statements set out on pages 62 to 138 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

**Tan Sri Dato' Seri (Dr.) Cheah Fook Ling** **Ngian Siew Siong**

Petaling Jaya, Selangor Darul Ehsan
19 April 2005

# STATUTORY DECLARATION

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

I, Wang Yeong Khang, being the officer primarily responsible for the financial management of Sunway City Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 138 are in my opinion 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 Wang Yeong Khang
at Petaling Jaya in the State of Selangor
Darul Ehsan on 19 April 2005

**Wang Yeong Khang**

Before me,

**DAVID LINGAM A/L S. SOCKALINGAM**
Commissioner for Oaths

# REPORT OF THE AUDITORS

## TO THE MEMBERS OF SUNWAY CITY BERHAD

*(Incorporated in Malaysia)*

We have audited the accompanying financial statements set out on pages 62 to 138. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 46 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**Ernst & Young**
AF: 0039
Chartered Accountants

**Yap Seng Chong**
No. 2190/12/05(J)
Partner

Kuala Lumpur, Malaysia

19 April 2005

# BALANCE SHEETS

*AS AT 31 DECEMBER 2004*

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 4 | **473,386** | 484,187 | **15,996** | 25,753 |
| Investment properties | 5 | **320,159** | 318,584 | **20,240** | 20,240 |
| Land held for property development | 6 | **358,690** | 345,812 | **4,505** | 4,581 |
| Investments in subsidiaries | 7 | **–** | – | **369,445** | 363,948 |
| Amounts due from subsidiaries | 8 | **–** | – | **867,763** | 861,936 |
| Investments in associates | 9 | **12,502** | 1,597 | **11,172** | – |
| Investment in jointly controlled entity | 10 | **13,540** | 10,836 | **13,456** | 10,872 |
| Other non-current investments | 11 | **466,203** | 466,203 | **–** | – |
| Goodwill on consolidation | 12 | **13,710** | 15,042 | **–** | – |
| Deferred tax assets | 31 | **12,323** | 4,833 | **–** | – |
| | | **1,670,513** | 1,647,094 | **1,302,577** | 1,287,330 |
| **CURRENT ASSETS** | | | | | |
| Property development costs | 13 | **465,042** | 322,086 | **47,313** | 36,452 |
| Inventories | 14 | **45,129** | 29,393 | **3,174** | 3,282 |
| Trade receivables | 15 | **122,372** | 106,867 | **7,022** | 8,513 |
| Other receivables | 16 | **41,405** | 48,445 | **16,882** | 5,959 |
| Amounts due from associates | 17 | **4** | 87 | **–** | – |
| Tax recoverable | | **3,596** | 3,411 | **419** | 608 |
| Deposits with licensed financial institutions | | **56,745** | 11,904 | **3,000** | – |
| Cash and bank balances | 18 | **329,830** | 128,297 | **38,109** | 23,615 |
| | | **1,064,123** | 650,490 | **115,919** | 78,429 |
| **CURRENT LIABILITIES** | | | | | |
| Trade payables | 19 | **182,327** | 126,985 | **21,945** | 17,841 |
| Other payables | 20 | **459,301** | 303,074 | **62,150** | 63,041 |
| Borrowings | 21 | **54,127** | 57,093 | **–** | 21,857 |
| Hire purchase and finance lease payables | 22 | **3,603** | 5,141 | **128** | 23 |
| Tax payable | | **8,600** | 7,594 | **–** | 1,931 |
| | | **707,958** | 499,887 | **84,223** | 104,693 |
| **NET CURRENT ASSETS/ (LIABILITIES)** | | **356,165** | 150,603 | **31,696** | (26,264) |
| | | **2,026,678** | 1,797,697 | **1,334,273** | 1,261,066 |

# BALANCE SHEETS

*AS AT 31 DECEMBER 2004 (Cont'd)*

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| **FINANCED BY:** | | | | | |
| Share capital | 23 | **410,527** | 400,252 | **410,527** | 400,252 |
| Share premium | 24 | **158,406** | 158,363 | **158,406** | 158,363 |
| Reserves | 25 | **270,020** | 204,243 | **226,410** | 208,077 |
| Shareholders' equity | | **838,953** | 762,858 | **795,343** | 766,692 |
| Minority interests | 26 | **333,833** | 289,390 | **–** | – |
| Long term borrowings | 27 | **631,760** | 460,502 | **382,115** | 359,670 |
| Long term liabilities | 28 | **146,166** | 218,647 | **–** | – |
| Advances by minority shareholders of subsidiaries | 29 | **65,945** | 62,554 | **–** | – |
| Amounts due to subsidiaries | 30 | **–** | – | **156,342** | 134,704 |
| Hire purchase and finance lease payables | 22 | **5,533** | 3,712 | **473** | – |
| Deferred tax liabilities | 31 | **4,488** | 34 | **–** | – |
| | | **2,026,678** | 1,797,697 | **1,334,273** | 1,261,066 |

The accompanying notes form an integral part of the financial statements.

# INCOME STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2004*

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| Revenue | 32 | **992,481** | 728,640 | **141,288** | 96,239 |
| Cost of sales | 33 | **(508,216)** | (352,119) | **(81,811)** | (60,067) |
| Gross profit | | **484,265** | 376,521 | **59,477** | 36,172 |
| Other operating income | | **26,956** | 24,528 | **30,948** | 29,638 |
| Distribution costs | | **(39,174)** | (20,938) | **(716)** | (888) |
| Administration expenses | | **(105,260)** | (87,199) | **(8,537)** | (9,902) |
| Other operating expenses | | **(197,272)** | (191,780) | **(20,272)** | (13,689) |
| Profit from operations | 34 | **169,515** | 101,132 | **60,900** | 41,331 |
| Finance costs | 35 | **(47,696)** | (37,055) | **(30,555)** | (25,984) |
| Share of results of associates | 9 | **(267)** | (321) | **–** | – |
| Share of results of jointly controlled entity | 10 | **120** | (36) | **–** | – |
| Results arising from other investing activities | 36 | **47,485** | 43,414 | **(3,493)** | (2,499) |
| Profit before taxation | | **169,157** | 107,134 | **26,852** | 12,848 |
| Taxation | 37 | **(42,638)** | (35,440) | **(5,575)** | (3,964) |
| Profit after taxation | | **126,519** | 71,694 | **21,277** | 8,884 |
| Minority interests | | **(59,613)** | (46,214) | **–** | – |
| Net profit for the year | | **66,906** | 25,480 | **21,277** | 8,884 |
| Earnings per share (sen): | | | | | |
| Basic | 38(a) | **16.47** | 6.25 | | |
| Diluted | 38(b) | **15.85** | 5.83 | | |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2004*

**GROUP**

| | Note | Non-distributable Share Capital RM'000 | Non-distributable Share Premium RM'000 | Non-distributable Capital Reserve RM'000 | Non-distributable Exchange Reserve RM'000 | Distributable Retained Profits RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **At 1 January 2003 (as previously stated)** | | 448,199 | 110,363 | 20,428 | 8,182 | 131,892 | 719,064 |
| Prior year adjustment | 39 | – | – | – | – | 15,945 | 15,945 |
| **At 1 January 2003 (restated)** | | 448,199 | 110,363 | 20,428 | 8,182 | 147,837 | 735,009 |
| Currency translation differences | | – | – | – | 7,673 | – | 7,673 |
| Transfer to/(from) reserves | | – | – | 1,166 | – | (1,166) | – |
| Net gains not recognised in the income statement | | – | – | 1,166 | 7,673 | (1,166) | 7,673 |
| Issuance of ordinary share capital | | 53 | – | – | – | – | 53 |
| Conversion of preference share capital to ordinary share capital | | (48,000) | 48,000 | – | – | – | – |
| Net profit for the year | | – | – | – | – | 25,480 | 25,480 |
| Dividends | 40 | – | – | – | – | (5,357) | (5,357) |
| **At 31 December 2003** | | 400,252 | 158,363 | 21,594 | 15,855 | 166,794 | 762,858 |
| **At 1 January 2004** | | 400,252 | 158,363 | 21,594 | 15,855 | 166,794 | 762,858 |
| Currency translation differences | | – | – | – | 1,815 | – | 1,815 |
| Transfer to/(from) reserves | | – | – | 1,172 | – | (1,172) | – |
| Net gains not recognised in the income statement | | – | – | 1,172 | 1,815 | (1,172) | 1,815 |
| Issuance of ordinary share capital | | 10,275 | 43 | – | – | – | 10,318 |
| Net profit for the year | | – | – | – | – | 66,906 | 66,906 |
| Dividend | 40 | – | – | – | – | (2,944) | (2,944) |
| **At 31 December 2004** | | 410,527 | 158,406 | 22,766 | 17,670 | 229,584 | 838,953 |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2004 (Cont'd)*

**COMPANY**

| | Note | Share Capital RM'000 | Share Premium RM'000 | Distributable Retained Profit RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **At 1 January 2003** | | 448,199 | 110,363 | 204,550 | 763,112 |
| Issue of ordinary share capital | | 53 | – | – | 53 |
| Conversion of preference share capital to ordinary share capital | | (48,000) | 48,000 | – | – |
| Net profit for the year | | – | – | 8,884 | 8,884 |
| Dividends | 40 | – | – | (5,357) | (5,357) |
| **At 31 December 2003** | | 400,252 | 158,363 | 208,077 | 766,692 |
| Issue of ordinary share capital | | 10,275 | 43 | – | 10,318 |
| Net profit for the year | | – | – | 21,277 | 21,277 |
| Dividend | 40 | – | – | (2,944) | (2,944) |
| **At 31 December 2004** | | 410,527 | 158,406 | 226,410 | 795,343 |

The accompanying notes form an integral part of the financial statements.

# CASH FLOW STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2004*

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Receipts from customers | | **974,800** | 684,970 | **106,872** | 78,005 |
| Payment to suppliers and contractors | | **(502,851)** | (341,584) | **(40,769)** | (14,942) |
| Payment of operating expenses | | **(302,222)** | (293,724) | **(73,046)** | (73,459) |
| Interest received | | | | | |
| - subsidiaries | | **–** | – | **26,320** | 24,964 |
| - others | | **5,883** | 5,226 | **928** | 959 |
| Dividends received from subsidiaries | | **–** | – | **1,231** | 9,438 |
| Cash generated from operations | | **175,610** | 54,888 | **21,536** | 24,965 |
| Taxes refunded | | **1,102** | – | **1,102** | – |
| Taxes paid | | **(45,955)** | (25,405) | **(93)** | (561) |
| Net cash generated from operating activities | | **130,757** | 29,483 | **22,545** | 24,404 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Proceeds from disposal of property, plant and equipment | | **147,880** | 540 | **31** | 343 |
| Proceeds from disposal of an associate | | **–** | 2 | **–** | 2 |
| Deposits paid on acquisition of land | | **(17,400)** | (13,325) | **(12,000)** | – |
| Acquisition of property, plant and equipment | (a) | **(102,921)** | (58,037) | **(388)** | (644) |
| Addition in investment properties | | **(604)** | (112) | **–** | – |
| Acquisition of remaining interest in an associate, thereby making it a subsidiary | (b) | **–** | (18,127) | **–** | (20,000) |
| Acquisition of additional interest in a subsidiary | | **–** | – | **(500)** | – |
| Acquisition of additional interest in joint venture entity | | **(2,584)** | – | **(2,584)** | – |
| Investments in subsidiaries | | **–** | – | **(1,002)** | (250) |
| Investment in an associate | | **(11,172)** | – | **(11,172)** | – |
| Investment in joint venture entity | | **–** | (10,872) | **–** | (10,872) |
| Advances/repayment from subsidiaries | | **–** | – | **109,373** | 81,374 |
| Advances/repayment to subsidiaries | | **–** | – | **(67,759)** | (92,207) |
| Advances to associates | | **(18)** | (189) | **–** | – |
| Net cash generated from/(used in) investing activities | | **13,181** | (100,120) | **13,999** | (42,254) |

# CASH FLOW STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2004 (Cont'd)*

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Drawdown of term loans | | **214,483** | 69,180 | **–** | – |
| Repayment of term loans | | **(56,748)** | (46,837) | **(21,857)** | (27,743) |
| Repayment of revolving credits | | **(3,400)** | (37,500) | **(3,400)** | (37,500) |
| Issuance of commercial papers and medium term notes | | **25,000** | 140,121 | **25,000** | 140,121 |
| (Repayment)/drawdown of trade bills | | **(7,153)** | 479 | **–** | – |
| Repayment of hire purchase and lease financing | | **(6,212)** | (5,227) | **(65)** | (990) |
| Interest paid | | **(35,075)** | (27,459) | **(26,102)** | (23,124) |
| Repayment to minority shareholders of subsidiaries | | **(9)** | (583) | **–** | – |
| Repayment to long term creditors | | **–** | (34,706) | **–** | (13,999) |
| Redemption of preference shares held by minority shareholders of a subsidiary | | **(32,620)** | (32,452) | **–** | – |
| Proceeds received from minority shareholders arising from call in respect of partly paid ordinary shares of a subsidiary | | **1,550** | 2,856 | **–** | – |
| Issuance of shares under the Employees' Share Option Scheme | | **10,318** | 53 | **10,318** | 53 |
| Dividends paid on | | | | | |
| – preference shares | | **–** | (3,564) | **–** | (3,564) |
| – ordinary shares | | **(2,944)** | (4,322) | **(2,944)** | (4,322) |
| Net cash generated from/(used in) financing activities | | **107,190** | 20,039 | **(19,050)** | 28,932 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **251,128** | (50,598) | **17,494** | 11,082 |
| **EFFECTS OF EXCHANGE RATE CHANGES** | | **(19)** | 3,802 | **–** | – |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **133,295** | 180,091 | **23,615** | 12,533 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | (c) | **384,404** | 133,295 | **41,109** | 23,615 |

(a) Additions of property, plant and equipment during the year were acquired by way of:

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2004 RM'000** | 2003 RM'000 | **2004 RM'000** | 2003 RM'000 |
| Cash | | **102,921** | 58,037 | **388** | 644 |
| Hire purchase and finance lease arrangements | | **6,495** | 2,355 | **643** | 108 |
| Deferred payment | | **25,796** | – | **–** | – |
| | | **135,212** | 60,392 | **1,031** | 752 |

(b) The effects of the acquisition of remaining equity interest in an associate, Menara Sunway Sdn. Bhd. and its subsidiary, MSW Parking Sdn. Bhd. (collectively "MSSB Group") in the previous financial year, thereby making them subsidiaries are as follows:

| | **RM'000** |
|---|---|
| Net assets acquired: | |
| Property, plant and equipment | 1,292 |
| Other non-current investments | 73,363 |
| Inventories | 25 |
| Trade receivables | 2,924 |
| Other receivables | 10,198 |
| Cash and bank balances | 1,873 |
| Trade payables | (396) |
| Other payables | (20,209) |
| Hire purchase and finance lease payables | (97) |
| Deferred tax liabilities | (204) |
| Fair value of total net assets | 68,769 |
| Less: Share of net assets previously equity accounted for | (33,599) |
| Fair value of net assets acquired | 35,170 |
| Less: Reserve on consolidation | (7,331) |
| Total consideration | 27,839 |
| Satisfied by: | |
| Cash | 20,000 |
| Deferred payment | 7,839 |
| | 27,839 |
| Net cash outflow arising from acquisition: | |
| Cash consideration | 20,000 |
| Cash and cash equivalents acquired | (1,873) |
| | 18,127 |

# CASH FLOW STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2004 (Cont'd)*

(c) Cash and cash equivalents comprise the following balance sheet amounts:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | 2003 RM'000 | **2004 RM'000** | 2003 RM'000 |
| Deposits with licensed financial institutions | **56,745** | 11,904 | **3,000** | – |
| Cash and bank balances | **329,830** | 128,297 | **38,109** | 23,615 |
| Bank overdrafts | **(2,171)** | (6,906) | **–** | – |
| | **384,404** | 133,295 | **41,109** | 23,615 |

The accompanying notes form an integral part of the financial statements.

## 1. CORPORATE INFORMATION

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

The principal activities of the subsidiaries are:

(i) property development and investment;
(ii) operation of hotels, theme parks and related activities;
(iii) rendering recreational club facilities;
(iv) operation of travel, tour business and related activities;
(v) operation of a medical centre;
(vi) management and letting of property; and
(vii) time sharing services.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 3, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 3,303 (2003: 3,222) and 192 (2003: 172) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2005.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the valuation of certain assets as indicated in Note 3(i) and Note 14 to the financial statements. The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2004, the Group and the Company adopted MASB 32 Property Development Activities for the first time.

The adoption of MASB 32 has not given rise to any adjustments to the opening balances of retained profit of the prior and current year. Comparatives, however, have been restated, as disclosed in Note 50 to conform to changes in presentation required by MASB 32 that have been applied retrospectively.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at the fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra–group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

#### (ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profit or accumulated loss and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of Consolidation (Cont'd)

#### (iii) Jointly Controlled Entities

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated income statement. The Group's interest in jointly controlled entities is carried in the consolidated balance sheet at cost plus the Group's share of post–acquisition retained profit or accumulated loss and other reserves.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

### (b) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates and jointly controlled entities is included within the respective carrying amounts of these investments.

Goodwill is amortised on a straight-line basis over its estimated useful life of twenty (20) years.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

### (c) Investments in Subsidiaries, Associates and Jointly Controlled Entities

Investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Hotel Properties

Hotel properties, comprising hotel building and integral plant and machinery, are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r). It is the Group's practice to maintain these properties at a high standard and condition such that the residual values are at least equal to book values and consequently, depreciation would be insignificant. Accordingly, no depreciation is provided on hotel properties with unexpired lease tenure of 50 years or more. The related maintenance expenditure is dealt with in the income statement.

Upon the disposal of an item of hotel properties, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 66 years to 99 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

### (f) Investment Properties

Investment properties consist of investments in land and buildings that are not substantially occupied for use by, or in the operations of, the Group and are held for their investment potential and rental income.

Investment properties are treated as long term investments and are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Land Held for Property Development

Land held for property development consists of land where no development activites have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

### (h) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within payables.

### (i) Inventories

Property stocks are stated at 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.

Trading inventories, food and beverages and consumables are stated at 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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (k) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

#### (i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(e).

#### (ii) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight–line basis over the term of the relevant lease.

### (l) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (n) Employee Benefits

#### (i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

#### (iii) Equity Compensation Benefits

The Sunway City Berhad Employees' Share Option Scheme allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of Properties under Development and Property Stocks

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 3(h).

Revenue from sale of property stocks is recognised when significant risks and rewards have been passed to the purchasers.

#### (ii) Rental Income

Rental income including those from investment properties, is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

#### (iii) Investment Income

Dividend income is recognised when the right to receive payment is established.

Interest income from short term deposits and advances is recognised on the accrual basis, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

Interest income on other non-current investments is recognised on receipt basis due to the uncertainty of the amount that may be recovered.

#### (iv) Sale of Goods, Services and Rights of Enjoyment

Revenue from sale of goods is recognised based on invoiced value of goods sold and revenue from sale of services is recognised net of service taxes and discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

#### (v) Club Subscription Fees

Club subscription fees are recognised on the accrual basis.

### (p) Foreign Currencies

#### (i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non–monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non–monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Foreign Currencies (Cont'd)

#### (ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year–end exchange rates with respect to the assets and liabilities, and at a rate that approximates the actual rate at the transaction dates with respect to the income statement. All resulting translation differences are recognised in equity.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

| | 2004 RM | 2003 RM |
|---|---|---|
| United States Dollar | **3.825** | 3.825 |
| Australian Dollar | **3.005** | 2.861 |
| Hong Kong Dollar | **0.490** | 0.490 |
| Singapore Dollar | **2.326** | 2.234 |

### (q) Preliminary and Pre-Operating Expenses

Preliminary and pre–operating expenses are recognised in the income statement in the year in which they are incurred.

### (r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

### (s) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Financial Instruments (Cont'd)

#### (i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

#### (ii) Trade Receivables

Trade receivables are recognised and carried at original invoiced amount less an allowance for any irrecoverable amount. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

#### (iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iv) Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment, investment properties, land held for property development and properties under development are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. For borrowings made specifically for the purpose of acquiring or construction of such assets, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

Commercial papers and medium term notes are stated at cost adjusted for amortisation of discount or coupon to maturity date. Amortisation of discount or coupon is recognised as interest expense in the income statement.

#### (v) Equity Instruments

Ordinary shares are classified as equity instruments. Dividends on equity instruments are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Preference shares are classified as equity instruments if the shares are non-redeemable and dividends are at the option of the issuer. Preference shares are classified as liability if the shares are redeemable on a specific date or at the option of the shareholders. The corresponding dividends on those shares are recognised as interest expense in the income statement.

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

| | Hotel Properties RM'000 | Freehold Land and Buildings RM'000 | Long Term Leasehold Land and Buildings RM'000 | Renovations RM'000 | Plant and Machinery RM'000 | Motor Vehicles RM'000 | Equipment, Furniture and Fittings RM'000 | Capital Work-in Progress RM'000 | Total 2004 RM'000 | Total 2003 RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **NET BOOK VALUE** | | | | | | | | | | |
| At 1 January | 28,002 | 5,267 | 153,949 | 603 | 171,475 | 1,267 | 35,670 | 87,954 | **484,187** | 399,820 |
| Exchange adjustments | – | 133 | 1,120 | – | 1,321 | 2 | – | 3 | **2,579** | 25,966 |
| Additions | 127 | – | 14,208 | 288 | 1,846 | 1,698 | 20,818 | 96,227 | **135,212** | 60,392 |
| Disposals/write-offs | – | (5,400) | (38,355) | – | (50,518) | (29) | (115) | – | **(94,417)** | (837) |
| (Provision for)/write-back of impairment losses | – | (1,736) | (2,500) | – | (7,500) | – | – | – | **(11,736)** | 38,495 |
| Depreciation charge for the year | – | (43) | (7,507) | (99) | (17,796) | (826) | (15,168) | – | **(41,439)** | (31,288) |
| Acquisition of remaining equity interest in an associate, making it a subsidiary | – | – | – | – | – | – | – | – | **–** | 1,292 |
| Reclassifications/ adjustments/ transfers | 84,054 | 6,983 | 22,022 | – | 16,957 | 84 | 31,636 | (162,736) | **(1,000)** | (9,653) |
| At 31 December | 112,183 | 5,204 | 142,937 | 792 | 115,785 | 2,196 | 72,841 | 21,448 | **473,386** | 484,187 |
| **At 31 December 2004** | | | | | | | | | | |
| Cost | 112,183 | 6,983 | 175,782 | 1,185 | 218,699 | 8,248 | 160,392 | 21,448 | **704,920** | – |
| Accumulated impairment losses | – | (1,736) | (15,926) | – | (28,771) | – | – | – | **(46,433)** | – |
| Accumulated depreciation | – | (43) | (16,919) | (393) | (74,143) | (6,052) | (87,551) | – | **(185,101)** | – |
| Net book value | 112,183 | 5,204 | 142,937 | 792 | 115,785 | 2,196 | 72,841 | 21,448 | **473,386** | – |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### GROUP (Cont'd)

| | Hotel Properties RM'000 | Freehold Land and Buildings RM'000 | Long Term Leasehold Land and Buildings RM'000 | Renovations RM'000 | Plant and Machinery RM'000 | Motor Vehicles RM'000 | Equipment, Furniture and Fittings RM'000 | Capital Work-in Progress RM'000 | Total 2004 RM'000 | Total 2003 RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 December 2003** | | | | | | | | | | |
| Cost | 28,002 | 5,267 | 186,458 | 897 | 297,970 | 6,825 | 108,571 | 87,954 | – | 721,944 |
| Accumulated impairment losses | – | – | (13,426) | – | (21,271) | – | – | – | – | (34,697) |
| Accumulated depreciation | – | – | (19,083) | (294) | (105,224) | (5,558) | (72,901) | – | – | (203,060) |
| Net book value | 28,002 | 5,267 | 153,949 | 603 | 171,475 | 1,267 | 35,670 | 87,954 | – | 484,187 |
| **At 1 January 2003** | | | | | | | | | | |
| Cost | 28,078 | 3,963 | 175,395 | 465 | 264,389 | 7,054 | 95,399 | 54,929 | – | 629,672 |
| Accumulated impairment losses | – | – | (27,591) | – | (45,601) | – | – | – | – | (73,192) |
| Accumulated depreciation | – | – | (14,611) | (210) | (77,924) | (5,359) | (58,556) | – | – | (156,660) |
| Net book value | 28,078 | 3,963 | 133,193 | 255 | 140,864 | 1,695 | 36,843 | 54,929 | – | 399,820 |
| **Depreciation charge for 2003** | – | – | 3,239 | 84 | 15,611 | 613 | 11,741 | – | – | 31,288 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### COMPANY

| | Long Term Leasehold Land and Buildings RM'000 | Plant and Machinery RM'000 | Motor Vehicles RM'000 | Equipment, Furniture and Fittings RM'000 | Total 2004 RM'000 | Total 2003 RM'000 |
|---|---|---|---|---|---|---|
| **NET BOOK VALUE** | | | | | | |
| At 1 January | 1,996 | 21,877 | 308 | 1,572 | **25,753** | 28,298 |
| Additions | – | 35 | 673 | 323 | **1,031** | 752 |
| Disposals/write-offs | – | – | (13) | (6) | **(19)** | (201) |
| Impairment losses | – | (7,500) | – | – | **(7,500)** | – |
| Depreciation charge for the year | (55) | (2,513) | (210) | (491) | **(3,269)** | (3,096) |
| At 31 December | 1,941 | 11,899 | 758 | 1,398 | **15,996** | 25,753 |
| **At 31 December 2004** | | | | | | |
| Cost | 2,799 | 52,366 | 2,753 | 5,288 | **63,206** | – |
| Accumulated impairment losses | – | (25,307) | – | – | **(25,307)** | – |
| Accumulated depreciation | (858) | (15,160) | (1,995) | (3,890) | **(21,903)** | – |
| Net book value | 1,941 | 11,899 | 758 | 1,398 | **15,996** | – |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### COMPANY (Cont'd)

| | Long Term Leasehold Land and Buildings RM'000 | Plant and Machinery RM'000 | Motor Vehicles RM'000 | Equipment, Furniture and Fittings RM'000 | Total 2004 RM'000 | Total 2003 RM'000 |
|---|---|---|---|---|---|---|
| **At 31 December 2003** | | | | | | |
| Cost | 2,799 | 52,331 | 2,143 | 5,064 | – | 62,337 |
| Accumulated impairment losses | – | (17,807) | – | – | – | (17,807) |
| Accumulated depreciation | (803) | (12,647) | (1,835) | (3,492) | – | (18,777) |
| Net book value | 1,996 | 21,877 | 308 | 1,572 | – | 25,753 |
| **At 1 January 2003** | | | | | | |
| Cost | 2,799 | 52,357 | 2,620 | 7,018 | – | 64,794 |
| Accumulated impairment losses | – | (17,807) | – | – | – | (17,807) |
| Accumulated depreciation | (748) | (10,550) | (2,073) | (5,318) | – | (18,689) |
| Net book value | 2,051 | 24,000 | 547 | 1,700 | – | 28,298 |
| **Depreciation charge for 2003** | 55 | 2,437 | 169 | 435 | – | 3,096 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Interest expense capitalised during the financial year under capital work-in-progress of the Group amounted to RM Nil (2003: RM2,851,000).

The net book values of property, plant and equipment of the Group pledged to financial institutions for borrowings granted to the Group are as follows:

| | Group | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Hotel properties | **84,181** | – |
| Freehold land | **–** | 5,267 |
| Long term leasehold land and buildings | **93,868** | 93,154 |
| Plant and machinery | **3,834** | 52,421 |
| Motor vehicles | **181** | 242 |
| Equipment, furniture and fittings | **11,441** | 12,612 |
| Capital work-in-progress | **–** | 63,462 |
| | **193,505** | 227,158 |

Net book values of property, plant and equipment of the Group and of the Company held under hire purchase and finance lease arrangements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Motor vehicles | **1,491** | 481 | **670** | 96 |
| Equipment, furniture and fittings | **7,591** | 8,254 | **–** | 12 |
| | **9,082** | 8,735 | **670** | 108 |

## 5. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Long term leasehold land and buildings at cost | **320,159** | 318,584 | **20,240** | 20,240 |

The directors are of the view that the fair values of the properties held at the balance sheet date are not significantly different from the carrying amounts shown in the financial statements.

Investment properties of the Group and of the Company of RM14,960,000 (2003: RM14,960,000) are pledged to financial institutions for revolving credit facilities granted to the Company.

## 6. LAND HELD FOR PROPERTY DEVELOPMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Cost** | | | | |
| At 1 January: | | | | |
| Freehold land | **136,805** | 125,296 | – | – |
| Long term leasehold land | **132,259** | 147,654 | **2,671** | 2,671 |
| Development costs | **80,637** | 81,379 | **1,910** | 1,910 |
| | **349,701** | 354,329 | **4,581** | 4,581 |
| Exchange difference: | | | | |
| Freehold land | **541** | 2,659 | **–** | – |
| Additions: | | | | |
| Freehold land | **61,923** | 7,569 | **–** | – |
| Long term leasehold land | **373** | 2,489 | **–** | – |
| Development costs | **30,799** | 1,948 | **–** | – |
| | **93,095** | 12,006 | **–** | – |
| Compulsory acquisition by the government: | | | | |
| Long term leasehold land | **(315)** | – | **–** | – |
| Write-off: | | | | |
| Long term leasehold land | **(44)** | – | **(44)** | – |
| Development costs | **(32)** | – | **(32)** | – |
| | **(76)** | – | **(76)** | – |
| Transfer to property development costs (Note 13) | **(80,367)** | (19,293) | **–** | – |
| At 31 December | **362,579** | 349,701 | **4,505** | 4,581 |

## 6. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | 2003 RM'000 | **2004 RM'000** | 2003 RM'000 |
| **Accumulated impairment losses** | | | | |
| Freehold land: | | | | |
| At 1 January | **(3,889)** | (1,159) | **–** | – |
| Impairment losses for the year | **–** | (2,730) | **–** | – |
| At 31 December | **(3,889)** | (3,889) | **–** | – |
| **Carrying amount at 31 December** | **358,690** | 345,812 | **4,505** | 4,581 |

Interest expense capitalised during the financial year under development costs of the Group amounted to RM1,653,244 (2003: RM Nil).

Freehold land and related development costs of certain subsidiaries costing RM17,247,000 are pledged to financial intitutions for revolving credit and loan facilities granted to the Company and a subsidiary respectively.

In the previous financial year, freehold land and related development costs of certain subsidiaries costing RM24,471,000 were pledged to financial institutions for revolving credit and trade bill facilities granted to the Company and a subsidiary respectively. The trade bills have been fully repaid in the current financial year.

Long term leasehold land and related development costs of certain subsidiaries costing RM83,409,000 (2003: RM81,712,000) are pledged to financial institutions for revolving credit facilities granted to the Company.

## 7. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2004 RM'000** | 2003 RM'000 |
| Unquoted shares at cost | **372,805** | 371,303 |
| Less: Accumulated impairment losses | **(3,360)** | (7,355) |
| | **369,445** | 363,948 |

Details of the subsidiaries are as disclosed in Note 46 to the financial statements.

The acquisitions of Renown Oasis Sdn. Bhd. and Frontier Acres Sdn. Bhd., and the incorporation of Sunway Galaxy Management Sdn. Bhd. (formerly known as Bright Galaxy Sdn. Bhd.) and Sunway International Vacation Club Berhad (formerly known as Sunway Vacation Resorts Berhad) during the financial year do not have any material effect on the financial results and financial position of the Group.

## 7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

In the previous financial year, the Company acquired the remaining equity interest which it did not own previously in MSSB Group, thereby making them subsidiaries of the Company. The effects of the acquisition on the financial results and financial position of the Group for the year then ended and as at 31 December 2003 respectively are summarised as follows:

| | RM'000 |
|---|---|
| Revenue | 5,764 |
| Operating costs | (5,332) |
| Net profit for the year | 432 |
| Net assets | 69,202 |
| Reserve on consolidation | (7,331) |

## 8. AMOUNTS DUE FROM SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Interest bearing amounts | **733,509** | 754,412 |
| Non interest bearing amounts | **183,065** | 155,964 |
| | **916,574** | 910,376 |
| Less: Provision for doubtful debts | **(48,811)** | (48,440) |
| | **867,763** | 861,936 |

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. The interest bearing amounts bear interest at rates ranging from 1.00% to 7.00% (2003: 3.46% to 7.40%) per annum.

## 9. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Unquoted shares at cost | **16,954** | 5,782 | **13,172** | 2,000 |
| Share of post–acquisition reserves | **(4,452)** | (3,760) | **–** | – |
| | **12,502** | 2,022 | **13,172** | 2,000 |
| Less: Accumulated impairment losses | **–** | (425) | **(2,000)** | (2,000) |
| | **12,502** | 1,597 | **11,172** | – |
| Represented by: | | | | |
| Share of net assets | **12,502** | 1,597 | | |

Details of the associates are set out in Note 46 to the financial statements.

## 10. INVESTMENT IN JOINTLY CONTROLLED ENTITY

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| Unquoted shares at cost | | **13,456** | 10,000 | **13,456** | 10,000 |
| Share of post-acquisition reserve | | **84** | (36) | **–** | – |
| | (a) | **13,540** | 9,964 | **13,456** | 10,000 |
| Share application monies | (b) | **–** | 872 | **–** | 872 |
| | | **13,540** | 10,836 | **13,456** | 10,872 |

Details of the jointly controlled entity are as follows:

| Name of Company | Country of Incorporation | Principal Activity | Equity Interest Held 2004 % | Equity Interest Held 2003 % |
|---|---|---|---|---|
| Sunway SPK Homes Sdn. Bhd. | Malaysia | Property development | 50 | 50 |

(a) The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity is as follows:

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| Current assets | **32,964** | 17,427 |
| Non–current assets | **842** | 9,482 |
| Current liabilities | **(17,088)** | (16,510) |
| Non–current liabilities | **(3,178)** | (435) |
| Net assets | **13,540** | 9,964 |
| Income | **9,061** | – |
| Expenses | **(8,941)** | (36) |

Included in the Group's investment in jointly controlled entity is further investment of RM3,456,000 (2003: RM Nil) in the form of cumulative redeemable preference shares in the said entity, of which corresponding investment from the other joint venturer is not required, as specified in the Joint Venture Agreement between both parties. The said shares carry no voting rights.

(b) In the previous financial year, share application monies were paid to the jointly controlled entity for the subscription of cumulative redeemable preference shares in the said entity. The shares have been alloted in the current financial year.

## 11. OTHER NON–CURRENT INVESTMENTS

Other non–current investments represent investment in Subordinated Class D Notes ("SCDN") issued by ABS Real Estate Berhad ("AREB"), stated at cost. The principal activities of AREB are those of implementation of securitisation transactions which involve the acquisition of properties and investments, the letting out of properties and the issuance of notes to investors.

On 30 October 2002, the Group completed an asset-backed securitisation exercise ("ABS exercise") involving the disposal of six (6) properties including the plant and equipment together with its lease rights, and redeemable preference shares ("properties and shares") to AREB, a special purpose vehicle, (collectively "asset–backed securitisation").

Pursuant to the ABS exercise, AREB has also issued Senior Class A, B, C1 and C2 Notes ("Senior Notes") to investors in the domestic debt capital markets to finance the cash settlement of the abovementioned acquisitions. The Senior Notes will be subject to redemption in part semi-annually, of which the amount will vary, and the balance not redeemed may be redeemed by AREB at its nominal value six (6) years ("legal maturity") from the date of issue of 30 October 2002 together with interest accrued or at the end of year five (5) ("early redemption") due to exercise of purchase options by the Company or entity nominated by the Company.

The SCDN's coupon rate of 20% is due semi-annually and the SCDN together with accrued interest of 20% can only be redeemed after all outstanding principal and interests due to the holders of the Senior Class A, B, C1 and C2 Notes issued by AREB have been fully repaid. In view of the uncertainty of the amount of interest that may be recovered, the interest income on the SCDN shall be recognised in the financial statements upon receipt. The SCDN shall be held solely by the Group or its respective nominees and may only be traded or transferred once within the Group or to Sunway Holdings Incorporated Berhad Group ("Suninc Group"). The relationship with Suninc Group is as disclosed in Note 42 to the financial statements.

Subsequent to the disposals, the Company entered into six (6) operating lease agreements with AREB whereby AREB has granted leases to the Company in respect of properties disposed by the Group for a period of up to thirty-five (35) years, save for certain plant and equipment which will be leased for ten (10) years. Under the terms of each of the operating lease agreements, the Company has unilateral option to purchase or may nominate another person to purchase these leased properties for a price to be determined by an independent firm of professional valuers at the time of the exercise of the purchase options and the outstanding preference shares at the end of year five (5). If the Company does not exercise the purchase options granted within the option period, AREB may exercise its right to dispose of its interests in the properties and shares in the open market.

Concurrent with the execution of the operating lease agreements, the Company has entered into six (6) sub-lease agreements with its subsidiaries for a term equal to the term of the operating lease agreements less one (1) day. Rent payments received by the Company in respect of the subleases will be paid into the Sublease Collections Account, a specified account opened by the Company, established for the purpose of receiving these payments. The Sublease Collections Account, as disclosed in Note 18 to the financial statements, on which a charge has been created in favour of the Trustee, will be operated solely by the Trustee, Mayban Trustees Berhad.

The commitments arising from the redeemable preference shares and operating leases and sub–leases are disclosed in Notes 28 and 44 to the financial statements.

## 12. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | **2004 RM'000** | **2003 RM'000** |
| **Goodwill** | | |
| At 1 January and 31 December | **26,695** | 26,695 |
| Less: Accumulated amortisation | **(5,268)** | (3,936) |
| | **21,427** | 22,759 |
| **Negative goodwill** | | |
| At 1 January | **(7,717)** | (386) |
| Arising from acquisition of remaining equity interest in an associate, making it a subsidiary | **–** | (7,331) |
| At 31 December | **(7,717)** | (7,717) |
| **Total** | **13,710** | 15,042 |

## 13. PROPERTY DEVELOPMENT COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| **Cost** | | | | |
| At 1 January: | | | | |
| Freehold land | **164,267** | 171,118 | **–** | – |
| Long term leasehold land | **120,849** | 104,665 | **1,345** | 1,333 |
| Development costs | **928,578** | 695,094 | **138,581** | 121,438 |
| | **1,213,694** | 970,877 | **139,926** | 122,771 |
| Compulsory acquisition by the government: | | | | |
| Freehold land | **–** | (5,647) | **–** | – |
| Long term leasehold land | **–** | (916) | **–** | – |
| Development costs | **–** | (3,710) | **–** | – |
| | **–** | (10,273) | **–** | – |

## 13. PROPERTY DEVELOPMENT COSTS (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| **Cost (Cont'd)** | | | | |
| Costs incurred during the year: | | | | |
| Freehold land | **61** | 76 | **–** | – |
| Long term leasehold land | **28,276** | 511 | **–** | 12 |
| Development costs | **450,322** | 313,059 | **45,764** | 17,654 |
| | **478,659** | 313,646 | **45,764** | 17,666 |
| Costs written off during the year: | | | | |
| Development costs | **–** | (511) | **–** | (511) |
| Costs recognised in income statement: | | | | |
| At 1 January | **(859,948)** | (675,769) | **(103,474)** | (90,107) |
| Recognised during the year (Note 33) | **(390,997)** | (252,322) | **(33,684)** | (13,367) |
| Eliminated due to completion of project | **350,518** | 68,143 | **48,908** | – |
| At 31 December | **(900,427)** | (859,948) | **(88,250)** | (103,474) |
| Transfers: | | | | |
| From land held for property development | **80,367** | 19,293 | **–** | – |
| To inventories | **(25,073)** | (11,195) | **(1,219)** | – |
| | **55,294** | 8,098 | **(1,219)** | – |
| Costs eliminated during the year due to completion of project | **(350,518)** | (68,143) | **(48,908)** | – |
| At 31 December | **496,702** | 353,746 | **47,313** | 36,452 |
| **Accumulated impairment losses** | | | | |
| At 1 January and 31 December: | | | | |
| Long term leasehold land | **(1,592)** | (1,592) | **–** | – |
| Development costs | **(30,068)** | (30,068) | **–** | – |
| | **(31,660)** | (31,660) | **–** | – |
| **Carrying amount at 31 December** | **465,042** | 322,086 | **47,313** | 36,452 |

Interest expense capitalised during the financial year under development costs of the Group amounted to RM1,927,377 (2003: RM450,000).

Freehold land of certain subsidiaries costing RM141,507,000 are pledged to financial institutions for loan facilities granted to these subsidiaries.

## 13. PROPERTY DEVELOPMENT COSTS (CONT'D)

In the previous financial year, freehold land of certain subsidiaries costing RM75,238,000 were pledged to financial institutions for loan facilities granted to the Company and a subsidiary. These loan facilities were fully repaid during the current financial year.

Long term leasehold land of the Group and of the Company costing RM55,457,000 (2003: RM28,212,000) and RM4,758,000 (2003: RM4,758,000) respectively are pledged to financial institutions for revolving credit and loan facilities granted to the Company and a subsidiary respectively.

## 14. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| **Cost** | | | | |
| Properties held for sale | **38,225** | 20,763 | **3,174** | 3,282 |
| Trading inventories | **2,816** | 5,989 | **–** | – |
| Food and beverages | **1,129** | 1,080 | **–** | – |
| Consumables | **559** | 326 | **–** | – |
| | **42,729** | 28,158 | **3,174** | 3,282 |
| **Net realisable value** | | | | |
| Properties held for sale | **1,196** | – | **–** | – |
| Consumables | **1,204** | 1,235 | **–** | – |
| | **2,400** | 1,235 | **–** | – |
| | **45,129** | 29,393 | **3,174** | 3,282 |

## 15. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Trade receivables | **129,691** | 113,609 | **9,440** | 11,414 |
| Less: Provision for doubtful debts | **(7,319)** | (6,742) | **(2,418)** | (2,901) |
| | **122,372** | 106,867 | **7,022** | 8,513 |

## 15. TRADE RECEIVABLES (CONT'D)

Included in trade receivables are the following amounts due from related parties:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sunway Holdings Incorporated Berhad Group ("Suninc Group") | **2,951** | 3,494 | **897** | 1,559 |
| Sungei Way Enterprise (1988) Sdn. Bhd. ("SWESB") | **447** | 253 | **442** | 239 |
| Sunway College Sdn. Bhd. Group ("SCSB Group") | **281** | 422 | **16** | – |
| Dekon Sdn. Bhd. Group ("DSB Group") | **7** | 18 | **–** | – |
| PRK Builders Sdn. Bhd. ("PRK") | **197** | 56 | **95** | – |

The amounts due from related parties are unsecured and interest free. In the previous financial year, RM2,902,000 and RM338,000 due from Suninc Group to the Group and the Company respectively bore interest at 5% per annum. The relationship with the related parties is as disclosed in Note 42 to the financial statements.

The Group and the Company's normal trade credit term ranges from 14 to 30 days. Other credit terms are assessed and approved on a case–by–case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 16. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Deposits | **23,048** | 19,378 | **13,414** | 1,399 |
| Prepayments | **4,396** | 3,207 | **158** | 146 |
| Sundry receivables | **20,802** | 32,635 | **7,880** | 8,918 |
| | **48,246** | 55,220 | **21,452** | 10,463 |
| Less: Provision for doubtful debts | **(6,841)** | (6,775) | **(4,570)** | (4,504) |
| | **41,405** | 48,445 | **16,882** | 5,959 |

Included in other receivables are the following amounts due from related parties:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sunway Holdings Incorporated Berhad Group ("Suninc Group") | **127** | 3,055 | **125** | 2,684 |
| PRK Builders Sdn. Bhd. ("PRK") | **–** | 473 | **–** | 473 |

## 16. OTHER RECEIVABLES ( CONT'D)

The amounts due from related parties are unsecured, interest free and have no fixed terms of repayment. In the previous financial year, RM523,000 and RM158,000 due from Suninc Group to the Group and the Company respectively bore interest at 5% per annum. The relationship with the above related parties is as disclosed in Note 42 to the financial statements.

Deposits of the Group and of the Company include deposits paid amounting to RM17,400,000 (2003: RM13,324,655) and RM12,000,000 (2003: RM Nil) respectively for the acquisition of land by certain subsidiaries and the Company respectively.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 17. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates of the Group are unsecured, interest free, have no fixed terms of repayment and are stated net of provision for doubtful debts of RM1,963,000 (2003: RM1,862,000).

## 18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are amounts of RM123,799,000 (2003: RM78,323,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances of the Group and the Company is an amount of RM8,266,000 (2003: RM8,266,000) held in a Sublease Collections Account, on which a charge has been created in favour of the Trustee, pursuant to the asset–backed securitisation exercise as disclosed in Note 11 to the financial statements.

## 19. TRADE PAYABLES

Included in trade payables are the following amounts due to related parties:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sunway Holdings Incorporated Berhad Group ("Suninc Group") | **27,398** | 31,637 | **7,679** | 3,048 |
| Perbadanan Kemajuan Negeri Selangor Group ("PKNS Group") | **584** | 533 | **–** | – |
| Dekon Sdn. Bhd. Group ("DSB Group") | **29,245** | 18,480 | **3,512** | 2,182 |
| PRK Builders Sdn. Bhd. ("PRK") | **4,640** | 6,682 | **9** | 968 |

The amounts due to related parties are unsecured and interest free except for RM11,878,000 (2003: RM4,530,000) and RM6,212,000 (2003: RM813,000) due to Suninc Group by the Group and the Company respectively which bear interest at rates ranging from 7% to 8% (2003: 7% to 8%) per annum.

The relationship with the above related parties is as disclosed in Note 42 to the financial statements.

The normal trade credit terms granted to the Group and the Company range from 15 to 90 days and 30 days respectively.

## 20. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sundry payables | **119,840** | 109,413 | **25,086** | 23,268 |
| Amounts due to contractors and consultants | **141,258** | 96,886 | **28,997** | 35,340 |
| Redeemable preference shares issued by a subsidiary (Note 28) | **32,789** | 32,620 | **–** | – |
| Accruals | **61,894** | 28,460 | **5,207** | 2,760 |
| Refundable deposits | **13,144** | 11,351 | **1,359** | 1,260 |
| Progress billings in respect of property development costs | **90,376** | 24,344 | **1,501** | 413 |
| | **459,301** | 303,074 | **62,150** | 63,041 |

Included in sundry payables and amounts due to contractors and consultants are the following amounts due to related parties:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sunway Holdings Incorporated Berhad Group ("Suninc Group") | **129,798** | 91,746 | **20,657** | 34,980 |
| Dekon Sdn. Bhd. Group ("DSB Group") | **3,450** | 1,166 | **–** | 45 |
| PRK Builders Sdn. Bhd. ("PRK") | **2,638** | 1,801 | **–** | – |

The amounts due to contractors and consultants are unsecured and interest free except for RM117,980,000 (2003: RM81,168,000) and RM13,422,000 (2003: RM20,178,000) due to Suninc Group by the Group and the Company respectively which bear interest at 7% to 8% (2003: 4% to 8%) per annum.

Included in the amounts due to Suninc Group are:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Balance consideration for the acquisition of remaining equity interest in MSSB Group ("balance consideration") | **7,235** | 7,839 | **7,235** | 7,839 |
| Dividend in respect of previous financial years payable by MSSB Group ("dividend payable") | **–** | 11,667 | **–** | – |

The balance consideration is unsecured and bears interest at 3% (2003: 3%) per annum whereas the dividend payable was unsecured and interest free.

The relationship with the above related parties is as disclosed in Note 42 to the financial statements.

## 21. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Bank overdrafts | | | | |
| – secured | **1,543** | 4,867 | **–** | – |
| – unsecured | **628** | 2,039 | **–** | – |
| | **2,171** | 6,906 | **–** | – |
| Trade bills – secured | **–** | 7,153 | **–** | – |
| Current portion of term loans (Note 27) | | | | |
| – secured | **47,896** | 34,412 | **–** | 21,857 |
| – unsecured | **4,060** | 8,622 | **–** | – |
| | **51,956** | 43,034 | **–** | 21,857 |
| | **54,127** | 57,093 | **–** | 21,857 |

The bank overdrafts bear interest at rates ranging from 1.25% to 8.50% (2003: 1.00% to 8.40%) per annum.

The trade bills which had been fully repaid during the current financial year, bore interest at 6.42% (2003: 4.33% to 4.92%) per annum.

Details of the assets on which the secured bank borrowings are secured are as disclosed in Note 27 to the financial statements.

## 22. HIRE PURCHASE AND FINANCE LEASE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| **Minimum lease payments:** | | | | |
| Not later than 1 year | **4,779** | 5,804 | **162** | 32 |
| Later than 1 year and not later than 2 years | **2,888** | 2,469 | **167** | – |
| Later than 2 years and not later than 5 years | **2,957** | 1,599 | **359** | – |
| Later than 5 years | **10** | 33 | **–** | – |
| | **10,634** | 9,905 | **688** | 32 |
| Less: Future finance charges | **(1,498)** | (1,052) | **(87)** | (9) |
| Present value of finance lease liabilities | **9,136** | 8,853 | **601** | 23 |

## 22. HIRE PURCHASE AND FINANCE LEASE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Present value of finance lease liabilities:** | | | | |
| Not later than 1 year | **3,603** | 5,141 | **128** | 23 |
| Later than 1 year and not later than 2 years | **2,773** | 2,216 | **142** | – |
| Later than 2 years and not later than 5 years | **2,751** | 1,465 | **331** | – |
| Later than 5 years | **9** | 31 | **–** | – |
| | **9,136** | 8,853 | **601** | 23 |
| **Analysed as:** | | | | |
| Due within 12 months | **3,603** | 5,141 | **128** | 23 |
| Due after 12 months | **5,533** | 3,712 | **473** | – |
| | **9,136** | 8,853 | **601** | 23 |

RM9,148,000 (2003: RM9,079,000) of the gross amounts of the hire purchase and finance lease payables of the Group are due to a subsidiary of Suninc, Sunway Credit & Leasing Sdn. Bhd. The relationship with the related party is as disclosed in Note 42 to the financial statements.

The hire purchase and lease liabilities bear interest at rates ranging from 3.25% to 8.41% (2003: 3.50% to 11.50%) per annum.

## 23. SHARE CAPITAL

| | Group/Company Number of Shares of RM1 Each | | Group/Company Amount | |
|---|---|---|---|---|
| | 2004 '000 | 2003 '000 | 2004 RM'000 | 2003 RM'000 |
| **Authorised** | | | | |
| Ordinary shares of RM1 each | **800,000** | 800,000 | **800,000** | 800,000 |
| 6.6% Cumulative Convertible Preference Shares ("CCPS") of RM1 each | **200,000** | 200,000 | **200,000** | 200,000 |
| | **1,000,000** | 1,000,000 | **1,000,000** | 1,000,000 |

## 23. SHARE CAPITAL (CONT'D)

| | Group/Company Number of Shares of RM1 Each | | Group/Company Amount | |
|---|---|---|---|---|
| | 2004 '000 | 2003 '000 | 2004 RM'000 | 2003 RM'000 |
| **Issued and fully paid** | | | | |
| Ordinary shares of RM1 each | | | | |
| At 1 January | **400,252** | 340,199 | **400,252** | 340,199 |
| Issued under the Employees' Share Option Scheme | **10,275** | 53 | **10,275** | 53 |
| Conversion of preference share capital | **–** | 60,000 | **–** | 60,000 |
| At 31 December | **410,527** | 400,252 | **410,527** | 400,252 |
| 6.6% CCPS of RM1 each | | | | |
| At 1 January | **–** | 108,000 | **–** | 108,000 |
| Conversion to ordinary share capital | **–** | (108,000) | **–** | (108,000) |
| At 31 December | **–** | – | **–** | – |
| Total share capital | **410,527** | 400,252 | **410,527** | 400,252 |

During the financial year, the Company increased its issued and paid–up share capital from RM400,252,000 to RM410,526,500 by way of the issuance of 9,984,500 and 290,000 new ordinary shares of RM1 each issued to eligible employees of the Group under the Employees' Share Option Scheme at the exercise prices of RM1 and RM1.15 per share respectively for cash. The share premium arising amounting to RM43,500 has been credited to the share premium account as disclosed in Note 24 to the financial statements.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## 24. SHARE PREMIUM

| | Group/Company | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| At 1 January | **158,363** | 110,363 |
| Arising from issuance of new ordinary shares on (Note 23): | | |
| – conversion of 108,000,000 6.6% CCPS | **–** | 48,000 |
| – issuance of 290,000 new ordinary shares under the Employees' Share Option Scheme | **43** | – |
| At 31 December | **158,406** | 158,363 |

## 25. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Non distributable reserves: | | | | |
| Capital reserve | **22,766** | 21,594 | **–** | – |
| Exchange reserve | **17,670** | 15,855 | **–** | – |
| Total non–distributable reserves | **40,436** | 37,449 | **–** | – |
| Distributable reserve: | | | | |
| Retained profit | **229,584** | 166,794 | **226,410** | 208,077 |
| Total reserves | **270,020** | 204,243 | **226,410** | 208,077 |

Capital reserve represents share premium arising from shares issued by a subsidiary to its minority shareholders and the creation of capital redemption reserve arising from redemption of redeemable preference shares in certain subsidiaries.

At 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM131,231,000 (2003: RM131,231,000), subject to the agreement of the Inland Revenue Board.

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profit as at 31 December 2004.

## 26. MINORITY INTERESTS

Included in minority interests are the following preference shares issued to minority shareholders of certain subsidiaries:

(a) 5% cumulative redeemable preference shares "A" issued to minority shareholders of Sunway Damansara Sdn. Bhd. amounting to RM45,845,000 (2003: RM45,845,000). These shares confer on its holders cumulative preferential dividends of 5% per annum which rank in priority to ordinary dividends. These shares are redeemable at par and in cash at any time after 16 May 1999.

(b) 5% cumulative redeemable convertible preference shares issued to minority shareholders of Sunway Tunas Sdn. Bhd. amounting to RM15,000,000 (2003: RM15,000,000). These shares confer on its holders cumulative preferential dividends of 5% per annum which rank in priority to ordinary dividends. These shares are redeemable at par and in cash or convertible into ordinary shares on the basis of one convertible preference share of RM1 each for one ordinary share of RM1 each at any time after 16 May 1999.

(c) 5% non-cumulative redeemable preference shares issued to minority shareholders of Sunway Lagoon Sdn. Bhd. amounting to RM588,000 (2003: RM588,000). These shares confer on its holders fixed non–cumulative preferential dividends of 5% per annum which rank in priority to ordinary dividends. These shares are redeemable at a premium of RM0.99 per share at any time.

## 27. LONG TERM BORROWINGS

| | Note | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|---|
| Revolving credits - secured | (a) | **133,000** | 136,400 | **133,000** | 136,400 |
| Commercial papers - unsecured | (b) | **–** | 69,447 | **–** | 69,447 |
| Medium term notes - unsecured | (b) | **249,115** | 153,823 | **249,115** | 153,823 |
| Term loans – secured | | | | | |
| - Type 1 | | **–** | 21,857 | **–** | 21,857 |
| - Type 2 | | **2,998** | 4,731 | **–** | – |
| - Type 3 | | **29,660** | 33,583 | **–** | – |
| - Type 4 | | **–** | 6,079 | **–** | – |
| - Type 5 | | **60,000** | 60,000 | **–** | – |
| - Type 6 | | **26,557** | – | **–** | – |
| - Type 7 | | **35,000** | – | **–** | – |
| - Type 8 | | **16,000** | – | **–** | – |
| - Type 9 | | **17,541** | – | **–** | – |
| - Type 10 | | **38,000** | – | **–** | – |
| - Type 11 | | **13,303** | – | **–** | – |
| - Type 12 | | **49,000** | – | **–** | – |
| Term loans – unsecured | | | | | |
| - Type 13 | | **12,542** | 15,602 | **–** | – |
| - Type 14 | | **1,000** | 2,014 | **–** | – |
| Total term loans | (c) | **301,601** | 143,866 | **–** | 21,857 |
| Total borrowings | | **683,716** | 503,536 | **382,115** | 381,527 |
| Less: Amounts repayable within 1 year - term loans (Note 21) | | **(51,956)** | (43,034) | **–** | (21,857) |
| Amounts repayable after 1 year | | **631,760** | 460,502 | **382,115** | 359,670 |

(a) The revolving credits bear interest at rates ranging from 4.60% to 8.00% (2003: 4.60% to 8.00%) per annum. Secured revolving credits which are due to be repaid within the next twelve (12) months but are rolled over subsequent to the financial year end are treated as long term borrowings.

(b) The unsecured commercial papers ("CPs") bore interest at rates ranging from 4.75% to 5.75% (2003: 4.25% to 4.75%) per annum and were fully converted to unsecured medium term notes ("MTNs") during the current financial year.

The unsecured MTNs bear interest at rates ranging from 6.30% to 7.30% (2003: 6.30% to 6.60%) per annum and have maturity periods ranging from one (1) to two (2) years. The Company intends to roll over the MTNs over its remaining availability period of five (5) years. Accordingly, the MTNs are classified as long term borrowings.

## 27. LONG TERM BORROWINGS (CONT'D)

(b) The tenure of the CP/MTN Programme (collectively, the "Notes") is for a period of seven (7) years from the date of the first issuance of the Notes on 10 December 2002. The Company may issue CPs with tenors of one (1), two (2), three (3), six (6), nine (9) months or such other period not exceeding three hundred and sixty five (365) days and MTNs with tenors of between twelve (12) months and seventy two (72) months provided that such Notes shall not mature beyond the tenure of the Notes Programme. The Notes may be issued at par or at a discount to or premium over par. In the case where MTNs are issued on an interest–bearing basis, such MTNs will have attached to them the Coupons. The Coupons are payable monthly, quarterly, semi–annually or annually in arrears. The Coupons may (but need not) be detached and traded independently of the MTNs.

The Notes and the Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Company. The Notes will rank at least equally and rateably in all respects to all other unsecured and unsubordinated obligations of the Company except liabilities which are preferred by mandatory provisions of law.

The Notes have been fully issued during the current financial year for working capital purposes.

Details of the outstanding CPs and MTNs are as follows:

| | Group/Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| CPs – unsecured: | | |
| Par value issued | **–** | 70,000 |
| Less: Discount on issuance, net of amortisation | **–** | (553) |
| | **–** | 69,447 |
| MTNs – unsecured: | | |
| Par value issued | **250,000** | 155,000 |
| Less: Coupon on issuance, net of amortisation | **(885)** | (1,177) |
| | **249,115** | 153,823 |

(c) The maturity of the term loans are as follows :

| | Group | | Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Not later than 1 year | **51,956** | 43,034 | **–** | 21,857 |
| Later than 1 year and not later than 2 years | **121,238** | 14,554 | **–** | – |
| Later than 2 years and not later than 5 years | **92,276** | 77,997 | **–** | – |
| Later than 5 years | **36,131** | 8,281 | **–** | – |
| | **301,601** | 143,866 | **–** | 21,857 |

## 27. LONG TERM BORROWINGS (CONT'D)

(c) Details of the terms of repayment and effective interest rates of the term loans are as follows:

| Loan | Name of Companies | Effective Interest Rate | Repayment Terms | Commencement of Repayment |
|---|---|---|---|---|
| Type 1 | Sunway City Berhad | 6.81% | –* | – |
| Type 2 | Sunway City (Ipoh) Sdn. Bhd. | 7.75% | 3 years – by way of redemption | February 2003 |
| Type 3 | Sunway Medical Centre Berhad | 8.40% | 8 years | January 2002 |
| Type 4 | Sunway Semenyih Sdn. Bhd. | 7.65% | –* | – |
| Type 5 | Sunway Resort Hotel Sdn. Bhd. | 6.50% | Bullet repayment | June 2006 |
| Type 6 | Sunway Resort Hotel Sdn. Bhd. | 7.50% | 3 years – by way of redemption | April 2004 |
| Type 7 | Sunway Resort Hotel Sdn. Bhd. | 3.75% | 7 years | July 2007 |
| Type 8 | Syarikat Shoib Properties Sdn. Bhd. | 7.65% | 2 years – by way of redemption | June 2004 |
| Type 9 | Sunway Lagoon Water Park Sdn. Bhd. | 3.75% | 10 years | April 2007 |
| Type 10 | Sunway D'Mont Kiara Sdn. Bhd. | 7.50% | 2 years – by way of redemption | June 2004 |
| Type 11 | Sunway Rahman Putra Sdn. Bhd. | 7.50% | 42 months – by way of redemption | July 2004 |
| Type 12 | Sunway Bukit Gambier Sdn. Bhd. | 7.25% | 45 months – by way of redemption | March 2004 |
| Type 13 | Sunway Hotel Phnom Penh Ltd. | 2.52% – 2.92% | 9 years | March 2001 |
| Type 14 | Sunway Medical Centre Berhad | 8.00% | 2 years | December 2003 |

* Term loans were fully repaid during the current financial year

The secured borrowings of the Group and of the Company are secured by legal charges on land as well as fixed and floating charges on assets of the Group and of the Company amounting to RM506,085,000 (2003: RM451,751,000) and RM19,718,000 (2003: RM19,718,000) respectively as disclosed in Notes 4, 5, 6 and 13 to the financial statements.

The unsecured term loan of Sunway Medical Centre Berhad is obtained from a subsidiary of Suninc, Sunway Credit & Leasing Sdn. Bhd. The relationship with the related party is as disclosed in Note 42 to the financial statements.

## 28. LONG TERM LIABILITIES

| | Group | |
|---|---|---|
| | **2004 RM'000** | **2003 RM'000** |
| Redeemable preference shares issued by a subsidiary: | | |
| At 31 December | **162,586** | 195,206 |
| Redeemable within 1 year (Note 20) | **(32,789)** | (32,620) |
| Redeemable after 1 year | **129,797** | 162,586 |
| Amounts due to contractors and consultants | **–** | 40,000 |
| Refundable deposits | **16,369** | 16,061 |
| | **146,166** | 218,647 |

Redeemable preference shares issued by a subsidiary, Sunway Pyramid Sdn. Bhd., comprise 20% Cumulative Redeemable Preference Shares ("CRPS") of RM0.10 each issued to its minority shareholder and ABS Real Estate Berhad in connection with the asset-backed securitisation exercise as disclosed in Note 11 to the financial statements. The CRPS are to be mandatorily redeemed semi-annually at RM2.79 per share over a period of seven (7) years commencing April 2003 and bear an effective interest rate of 0.72% (2003: 0.72%) per annum. The redemption schedule of the CRPS is as follows:

| | Group | |
|---|---|---|
| | **2004 RM'000** | **2003 RM'000** |
| Not later than 1 year | **32,789** | 32,620 |
| Later than 1 year and not later than 2 years | **32,957** | 32,789 |
| Later than 2 years and not later than 5 years | **96,840** | 99,386 |
| Later than 5 years | **–** | 30,411 |
| | **162,586** | 195,206 |

Amounts due to contractors and consultants represent amounts due to member companies of Suninc Group. The relationship with Suninc Group is as disclosed in Note 42 to the financial statements. The balances in the previous financial year were unsecured and bore interest at 7% to 8% per annum. In the previous financial year, such amounts were included as long term liabilities as the contractors and consultants had agreed not to demand repayment within the next twelve (12) months. In the current financial year, the Group intends to repay such amounts within the next twelve (12) months and accordingly, the amounts are included as current liabilities as disclosed in Note 20 to the financial statements.

The refundable deposits are in respect of deposits received by subsidiaries for tenancy contracts for a tenure of two (2) to three (3) years.

## 29. ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARIES

The advances by minority shareholders of subsidiaries are unsecured, interest free and have no fixed terms of repayment.

These advances are stated net of the minority shareholders' share of losses and exchange reserve in a subsidiary of RM39,589,000 (2003: RM39,871,000).

## 30. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and bear interest at rates ranging from 3.50% to 6.50% (2003: 3.70% to 6.50%) per annum except for RM42,774,000 (2003: RM56,967,000) which is interest free.

## 31. DEFERRED TAX

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| At 1 January | **(4,799)** | (12,344) | **–** | – |
| Recognised in income statement (Note 37) | **(3,036)** | 7,341 | **–** | – |
| Acquisition of remaining equity interest in an associate, making it a subsidiary | **–** | 204 | **–** | – |
| At 31 December | **(7,835)** | (4,799) | **–** | – |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | **(12,323)** | (4,833) | **–** | – |
| Deferred tax liabilities | **4,488** | 34 | **–** | – |
| | **(7,835)** | (4,799) | **–** | – |

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**Deferred Tax Liabilities of the Group:**

| | Property, Plant and Equipment | |
|---|---|---|
| | **2004 RM'000** | **2003 RM'000** |
| At 1 January | **23,580** | 21,760 |
| Recognised in income statement | **14,989** | 1,616 |
| Acquisition of remaining equity interest in an associate, making it a subsidiary | **–** | 204 |
| At 31 December | **38,569** | 23,580 |

## 31. DEFERRED TAX (CONT'D)

**Deferred Tax Assets of the Group:**

| | At 1 January 2003 RM'000 | Recognised in income statement RM'000 | At 1 January 2004 RM'000 | Recognised in income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|---|---|
| Progress billings | (2,110) | (546) | (2,656) | (3,600) | (6,256) |
| Provisions for liabilities | (134) | 23 | (111) | 67 | (44) |
| Tax losses, unabsorbed capital allowances and unused investment tax allowances | (31,747) | 6,260 | (25,487) | (13,202) | (38,689) |
| Unrealised profit | (113) | – | (113) | 113 | – |
| Accumulated impairment losses | – | – | – | (486) | (486) |
| Inventories | – | – | – | (451) | (451) |
| Others | – | (12) | (12) | (466) | (478) |
| | (34,104) | 5,725 | (28,379) | (18,025) | (46,404) |

**Deferred Tax Liabilities of the Company:**

| | Property, Plant and Equipment | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| At 1 January | **6,580** | 4,156 |
| Recognised in income statement | **(2,597)** | 2,424 |
| At 31 December | **3,983** | 6,580 |

**Deferred Tax Assets of the Company:**

| | At 1 January 2003 RM'000 | Recognised in income statement RM'000 | At 1 January 2004 RM'000 | Recognised in income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|---|---|
| Unabsorbed capital allowances | (4,156) | (2,424) | (6,580) | 2,771 | (3,809) |
| Others | – | – | – | (174) | (174) |
| | (4,156) | (2,424) | (6,580) | 2,597 | (3,983) |

## 31. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Unused tax losses | **103,847** | 141,203 | **–** | – |
| Unabsorbed capital allowances | **160,728** | 147,414 | **29,711** | 20,933 |
| Unused investment tax allowances | **376,108** | 376,108 | **–** | – |
| Other deductible temporary differences | **5,339** | 5,714 | **–** | – |
| | **646,022** | 670,439 | **29,711** | 20,933 |

The unused tax losses, unabsorbed capital allowances and unused investment tax allowances are available indefinitely for offset against future taxable profits of the subsidiaries and the Company in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries in the Group and they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

## 32. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Sale of properties under development | **597,856** | 363,965 | **48,845** | 21,676 |
| Sale of property stocks | **8,260** | 276 | **1,901** | – |
| Rental income | **105,263** | 97,588 | **54,808** | 53,870 |
| Sale of goods and services | **275,135** | 262,772 | **–** | – |
| Subscription fees and others | **5,967** | 4,039 | **4** | 42 |
| Gross dividends from subsidiaries | **–** | – | **35,730** | 20,651 |
| | **992,481** | 728,640 | **141,288** | 96,239 |

## 33. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Property development costs (Note 13) | **390,997** | 252,322 | **33,684** | 13,367 |
| Cost of property stocks sold | | | | |
| - current year | **5,933** | 276 | **1,327** | – |
| - (over)/under recognition of costs in prior year | **(1,129)** | 3,699 | **–** | (100) |
| Cost of services rendered | **4,762** | 2,733 | **–** | – |
| Cost of theme park operations | **9,789** | 11,927 | **–** | – |
| Cost of hotel operations | **53,954** | 42,662 | **–** | – |
| Cost of healthcare operations | **23,805** | 20,738 | **–** | – |
| Cost of travel and tour business operations | **18,494** | 17,762 | **–** | – |
| Operating lease rentals | **–** | – | **46,800** | 46,800 |
| Write down in value of property stocks | **1,611** | – | **–** | – |
| | **508,216** | 352,119 | **81,811** | 60,067 |

## 34. PROFIT FROM OPERATIONS

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Profit from operations is arrived at after charging/(crediting): | | | | |
| Auditors' remuneration - audit | | | | |
| - current year | **674** | 507 | **93** | 89 |
| - under provision in prior year | **60** | 15 | **4** | 11 |
| Auditors' remuneration - non-audit | **9** | 6 | **–** | – |
| Amortisation/write-off of goodwill | **1,332** | 1,541 | **–** | – |
| Bad debts written off | **393** | 1,750 | **142** | 10 |
| Depreciation of property, plant and equipment | **41,439** | 31,288 | **3,269** | 3,096 |
| Development costs written off | | | | |
| - land held for property development | **76** | – | **76** | – |
| - properties under development | **–** | 511 | **–** | 511 |
| Directors' emoluments payable to | | | | |
| - executive directors of the Company | **4,210** | 3,477 | **4,210** | 3,477 |
| - non–executive directors of the Company | **33** | 27 | **33** | 27 |
| Directors' fees payable to non–executive directors of the Company | **102** | 72 | **102** | 72 |
| Impairment loss on land held for property development | **–** | 2,730 | **–** | – |
| Inventories written off | **5,223** | 22 | **–** | – |
| Investment properties written off | **–** | 222 | **–** | – |
| Liquidated damages payable | **1,467** | 468 | **–** | – |
| Operating lease rentals | **46,800** | 46,800 | **46,800** | 46,800 |

## 34. PROFIT FROM OPERATIONS (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Profit from operations is arrived at after charging/(crediting) (Cont'd): | | | | |
| Provision for doubtful debts | | | | |
| - due from subsidiary companies | **–** | – | **375** | 260 |
| - due from associated companies | **101** | 89 | **–** | – |
| - others | **2,000** | 846 | **301** | 311 |
| Provision for slow moving inventories | **6** | 96 | **–** | – |
| Rental of: | | | | |
| - land and buildings | **2,136** | 2,255 | **972** | 1,112 |
| - equipment, plant and machinery | **483** | 576 | **221** | 249 |
| - others | **32** | 24 | **–** | – |
| Interest income | | | | |
| - from subsidiaries | **–** | – | **(26,320)** | (24,964) |
| - others | **(5,883)** | (5,226) | **(928)** | (959) |
| Liquidated damages receivable | **(1,531)** | (3,184) | **–** | (2,252) |
| Provision for doubtful debts no longer required | | | | |
| - due from subsidiary companies | **–** | – | **(4)** | – |
| - others | **(152)** | (2,517) | **–** | (296) |
| Rental income | | | | |
| - equipment | **(4,379)** | (3,033) | **–** | – |
| - others | **(4,352)** | (4,321) | **–** | – |
| Realised exchange gain | **(68)** | (80) | **–** | – |
| Staff costs: | | | | |
| Wages and salaries | **84,122** | 82,725 | **8,267** | 7,381 |
| Pension costs | | | | |
| - defined contribution plan | **9,735** | 9,177 | **1,329** | 1,071 |
| Other staff related expenses | **35,149** | 28,322 | **5,413** | 2,936 |
| | **129,006** | 120,224 | **15,009** | 11,388 |

The estimated monetary value of benefits-in-kind received by executive directors of the Company is RM171,000 (2003: RM140,000).

## 35. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Dividend on redeemable preference shares issued by a subsidiary | **930** | 996 | **–** | – |
| Interest expense: | | | | |
| - hire purchase and finance lease arrangements | **731** | 1,147 | **16** | 42 |
| - inter-company balances | **–** | – | **4,490** | 2,649 |
| - related party balances | **9,694** | 7,673 | **2,588** | 2,860 |
| - bank overdrafts | **66** | 263 | **5** | 57 |
| - revolving credits | **6,484** | 7,095 | **6,484** | 7,059 |
| - commercial papers and medium term notes | **16,708** | 10,583 | **16,708** | 10,583 |
| - term loans | **13,083** | 9,298 | **264** | 2,734 |
| | **47,696** | 37,055 | **30,555** | 25,984 |

## 36. RESULTS ARISING FROM OTHER INVESTING ACTIVITIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Loss on disposal of an associate | **–** | (2,426) | **–** | (2,426) |
| Gain/(loss) on disposal of property, plant and equipment | | | | |
| - current year | **53,572** | (291) | **18** | 142 |
| - under recognition in prior year | **4,057** | – | **–** | – |
| Property, plant and equipment written off | **(109)** | (6) | **(6)** | – |
| Impairment losses on | | | | |
| - property, plant and equipment | **(11,736)** | – | **(7,500)** | – |
| - investment in a subsidiary | **–** | – | **–** | (215) |
| Write-back of impairment losses on | | | | |
| - property, plant and equipment | **–** | 38,495 | **–** | – |
| - investment in a subsidiary | **–** | – | **3,995** | – |
| Gain on compulsory acquisition of land by the government | **1,701** | 7,642 | **–** | – |
| | **47,485** | 43,414 | **(3,493)** | (2,499) |

## 37. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2004 RM'000** | **2003 RM'000** | **2004 RM'000** | **2003 RM'000** |
| Malaysian income tax | | | | |
| - current | **45,402** | 28,863 | **7,648** | 3,514 |
| - (over)/under provided in prior years | **(2,478)** | (766) | **(2,073)** | 450 |
| | **42,924** | 28,097 | **5,575** | 3,964 |
| Foreign tax | | | | |
| - current | **2,750** | – | **–** | – |
| | **45,674** | 28,097 | **5,575** | 3,964 |
| Real property gains tax | | | | |
| - under provided in prior years | **–** | 2 | **–** | – |
| Deferred tax (Note 31): | | | | |
| - relating to origination and reversal of temporary differences | **(1,444)** | 7,518 | **–** | – |
| - over provided in prior years | **(1,592)** | (177) | **–** | – |
| | **(3,036)** | 7,341 | **–** | – |
| | **42,638** | 35,440 | **5,575** | 3,964 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year except for the tax incentive of 8% (2003: 8%) exempted for the first RM500,000 (2003: RM100,000) taxable profit each granted to certain subsidiaries by the Inland Revenue Board. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 37. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **Group** | | |
| Profit before taxation | **169,157** | 107,134 |
| Taxation at Malaysian statutory tax rate of 28% (2003: 28%) | **47,364** | 29,998 |
| Effect of income subject to tax rate of 20% (2003: 20%) | **(361)** | (72) |
| Effect of different tax rates in other countries | **410** | 115 |
| Effect of income subject to real property gains tax | **(476)** | – |
| Effect of income not subject to tax | **(1,600)** | (11,174) |
| Effect of expenses not deductible for tax purposes | **9,748** | 11,356 |
| Effect of utilisation of capital allowances claimed on non-depreciable investment properties | **(1,287)** | (1,539) |
| Effect of utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences | **(15,697)** | (2,214) |
| Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences | **13,451** | 9,911 |
| Deferred tax assets recognised on previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences | **(4,844)** | – |
| Over provision of income tax in prior years | **(2,478)** | (766) |
| Under provision of real property gains tax in prior years | **–** | 2 |
| Over provision of deferred tax in prior years | **(1,592)** | (177) |
| Tax expense for the year | **42,638** | 35,440 |
| **Company** | | |
| Profit before taxation | **26,852** | 12,848 |
| Taxation at Malaysian statutory tax rate of 28% (2003: 28%) | **7,519** | 3,598 |
| Effect of income not subject to tax | **(2,799)** | (1,680) |
| Effect of expenses not deductible for tax purposes | **470** | 945 |
| Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances | **2,458** | 651 |
| (Over)/under provision of income tax in prior years | **(2,073)** | 450 |
| Tax expense for the year | **5,575** | 3,964 |

## 37. TAXATION (CONT'D)

Tax savings during the financial year arising from:

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| Utilisation of current year tax losses | **83** | – |
| Utilisation of previously unrecognised tax losses | **3,012** | 435 |

## 38. EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share for the Group is based on net profit for the year of RM66,906,000 (2003: RM25,480,000) less preference shares dividend of RM Nil (2003: RM1,035,000) and the weighted average number of ordinary shares in issue as at 31 December 2004 of RM406,324,000 (2003: RM391,327,000).

(b) Diluted

The calculation of the diluted earnings per share for the Group is based on net profit for the year of RM66,906,000 (2003: RM25,480,000) less preference shares dividend of RM Nil (2003: RM1,035,000), divided by the number of ordinary shares that would have been in issue calculated as follows:

| | 2004 '000 | 2003 '000 |
|---|---|---|
| Weighted average number of ordinary shares in issue | **406,324** | 391,327 |
| Adjustment for assumed conversion of share options under the Employees' Share Option Scheme | **15,875** | 27,718 |
| Adjusted weighted average number of ordinary shares that would have been in issue | **422,199** | 419,045 |

## 39. PRIOR YEAR ADJUSTMENT

In financial year ended 31 December 2002, on adoption of MASB 25 - Income Taxes, the financial statements of the previous financial year had been restated to provide for deferred tax liabilities at balance sheet date on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Although the Group has certain tax incentives which could be used to set–off against taxable profit, deferred tax assets that might arise from such tax incentives were not recognised in arriving at the deferred tax position of the Group.

## 39. PRIOR YEAR ADJUSTMENT (CONT'D)

In financial year ended 31 December 2003, a prior year adjustment ("PYA") was effected to take into account the above deferred tax assets. Details of the effect of the PYA to the Group are as follows:

| | Group | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Effect on retained profit: | | |
| At 1 January, as previously stated | **166,794** | 131,892 |
| Effect of PYA | **–** | 15,945 |
| At 1 January, as restated | **166,794** | 147,837 |
| Effect on net profit for the year: | | |
| Net profit for the year, as previously stated | **66,906** | 29,505 |
| Effect of PYA | **–** | (4,025) |
| Net profit for the year, as restated | **66,906** | 25,480 |

The reduction in net profit for the previous financial year was due to the reversal of deductible temporary differences that gave rise to the deferred tax assets recognised arising from the PYA.

## 40. DIVIDENDS

| | Group/Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| 6.6% less 28% taxation on CCPS, paid in February 2003 | **–** | 1,188 |
| Interim dividend of 1.5% less 28% taxation on ordinary shares (1.08 sen net per share) in respect of financial year ended 31 December 2002, paid in April 2003 | **–** | 4,322 |
| Final dividend of 1.0% less 28% taxation on ordinary shares (0.72 sen net per share) in respect of financial year ended 31 December 2003, paid in July 2004 | **2,944** | – |
| | **2,944** | 5,510 |
| 6.6% less 28% taxation on CCPS – over provision in prior year | **–** | (153) |
| | **2,944** | 5,357 |

## 41. SIGNIFICANT INTER–COMPANY TRANSACTIONS

| | Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Interest receivable from subsidiaries | **(26,320)** | (24,964) |
| Rent receivable from subsidiaries | **(47,965)** | (48,050) |
| Accounting services fees payable to a subsidiary | **368** | 363 |
| Interest payable to subsidiaries | **4,490** | 2,649 |
| Rent payable to a subsidiary | **675** | 495 |

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, the Group transacted with certain related parties. The transactions are principally payable to/(receivable from) the related parties in respect of:

| | | Group | |
|---|---|---|---|
| **Name of Companies** | **Nature of Transactions** | **2004** | **2003** |
| | | **RM'000** | **RM'000** |
| (a) Sunway Holdings Incorporated Berhad Group ("Suninc Group") | Construction costs | **107,921** | 102,977 |
| | Interest expense | **9,547** | 9,546 |
| | Management fees | **580** | 492 |
| | Insurance premium | **3,483** | 3,660 |
| | Lease rental | **5,374** | 1,315 |
| | Rental of premises | **26** | 690 |
| | Purchase of building materials | **1,498** | 2,580 |
| | Rental income | **(5,382)** | (2,891) |
| | Hotel and related services | **(862)** | (1,434) |
| | Recreational services | **(124)** | (78) |
| | Ticketing and tour sales | **(688)** | (529) |
| | Medical services | **(757)** | (713) |
| | Property management services | **(56)** | – |
| | Accounting and related services | **–** | (21) |
| (b) Buildtrend B.S.G. (M) Sdn. Bhd. Group ("Buildtrend Group") | Purchase of building materials | **–** | 772 |
| | Medical services | **–** | (4) |
| (c) Koperasi Tunas Muda Sungai Ara Berhad Group ("KTM Group") | Construction costs | **1,204** | 3,276 |
| (d) Sunway Technology Sdn. Bhd. Group ("STSB Group") | Information systems products and consultancy fees | **302** | 1,468 |
| | Hotel and related services | **(3)** | (6) |
| | Ticketing and tour sales | **(37)** | (46) |
| | Medical services | **(30)** | (40) |
| | Rental income | **(335)** | (163) |
| | Recreational services | **–** | (1) |
| (e) Perbadanan Kemajuan Negeri Selangor Group ("PKNS Group") | Purchase of building materials | **17,179** | 8,726 |
| | Land and land related services | **10,629** | 16,513 |
| | Medical services | **–** | (1) |

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

| Name of Companies | Nature of Transactions | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|---|
| (f) Sungei Way Enterprise (1988) Sdn. Bhd. ("SWESB") | Purchase of building materials | **13** | – |
| | Hiring of machinery | **–** | 3 |
| | Rental income | **(55)** | (224) |
| | Ticketing and tour sales | **–** | (29) |
| | Medical services | **–** | (37) |
| | Recreational services | **–** | (1) |
| (g) Adasia (M) Sdn. Bhd. ("Adasia") | Advertising fees | **2,194** | 2,591 |
| | Medical services | **(5)** | (6) |
| | Rental income | **(4)** | (1) |
| (h) CCM Chemicals Sdn. Bhd. ("CCM") | Purchase of chemicals and related products | **332** | 270 |
| (i) Sunway College Sdn. Bhd. Group ("SCSB Group") | Conference and seminar | **11** | 1 |
| | Rental income | **(10,260)** | (10,328) |
| | Recreational services | **(17)** | (16) |
| | Hotel and related services | **(66)** | (205) |
| | Ticketing and tour sales | **(212)** | (651) |
| | Medical services | **(230)** | (302) |
| (j) Asian Strategy & Leadership Incorporated Sdn. Bhd. ("ASLI") | Conference and seminar | **17** | 1 |
| | Ticketing and tour sales | **(35)** | (57) |
| | Medical services | **(21)** | (9) |
| | Recreational services | **(1)** | (1) |
| | Rental income | **(1)** | (1) |
| (k) Sunway Hydraulic Industries Sdn. Bhd. ("SHISB") | Ticketing and tour sales | **(10)** | (2) |
| | Medical services | **(2)** | (5) |
| | Rental income | **(2)** | – |
| | Hotel and related services | **–** | (1) |
| (l) Dekon Sdn. Bhd. Group ("DSB Group") | Construction costs | **128,503** | 63,867 |
| | Landscaping services | **1,738** | 1,118 |
| | Ticketing and tour sales | **(5)** | (2) |
| | Medical services | **(8)** | (16) |
| | Recreational services | **(2)** | (1) |
| | Rental income | **(54)** | (29) |
| | Hotel and related services | **–** | (2) |
| (m) Akitek Akiprima Sdn. Bhd. ("AASB") | Architectural consultancy | **1,211** | 798 |
| (n) PRK Builders Sdn. Bhd. ("PRK") | Construction cost | **12,454** | 47,686 |
| | Hotel and related services | **–** | (5) |
| | Medical services | **–** | (33) |
| | Rental income | **–** | (337) |
| | Ticketing and tour sales | **–** | (38) |
| (o) Jef–San Enterprise Sdn. Bhd. ("Jef–San") | Rental of properties | **198** | 264 |
| | Ticketing and tour sales | **(2)** | (1) |
| | Medical services | **(16)** | – |

**42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

The above parties are deemed related to the Group as follows:

(a) Suninc Group is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's common directorship and interests in Suninc Group and the Company.

(b) Buildtrend Group is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's deemed interest in Buildtrend Group and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling also has deemed interest in Buildtrend Group.

(c) KTM Group is deemed related to the Group by virtue of its substantial shareholding in Sunway Tunas Sdn. Bhd., a 70% owned subsidiary of the Company and interest in the Company.

(d) STSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's deemed interest in STSB Group and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih, being the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively also have deemed interests in STSB Group.

(e) PKNS Group is deemed related to the Group by virtue of its substantial shareholdings in the Company and Sunway Damansara Sdn. Bhd., a 60% owned subsidiary of the Company.

(f) SWESB is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's deemed interest in SWESB and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih, being the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively also have deemed interests in SWESB.

(g) Adasia is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's deemed interest in Adasia and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih, being the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively also have deemed interests in Adasia. Sarena Cheah Yean Tih is a director of Adasia.

(h) CCM is deemed related to the Group by virtue of Dato' Lim Say Chong's and Oh Kim Sun's deemed interests in CCM and direct interests in Sunway Lagoon Sdn. Bhd., a 51% owned subsidiary of the Company.

(i) SCSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's and Datuk Razman M Hashim's common directorships and deemed interests in SCSB Group via Sunway College Trust and interests in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih, being the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively are directors and they have deemed interests in SCSB Group.

(j) ASLI is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's direct and deemed interests in ASLI as well as interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling is a director and she has deemed interest in ASLI.

(k) SHISB is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's deemed interest in SHISB and interest in the Company as well as Datuk Razman M Hashim's common directorship and interests in SHISB and the Company. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling also has deemed interest in SHISB.

(l) DSB Group is deemed related to the Group by virtue of Datuk Razman M Hashim's deemed interest in DSB Group and interest in the Company.

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(m) AASB is deemed related to the Group by virtue of Cheah Teik Jin's directorship and substantial shareholding in AASB. Cheah Teik Jin is the brother of Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng who is the spouse of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling.

(n) PRK is deemed related to the Group by virtue of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng's deemed interests in PRK via Sungei Way Corporation Sdn. Bhd. where they have more than 15% shareholdings, and Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's interest in the Company. Sarena Cheah Yean Tih is a director and she has deemed interest in PRK. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively.

(o) Jef–San is deemed related to the Group by virtue of Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng's and Sarena Cheah Yean Tih's directorships in Jef-San. Tan Sri Dato' Seri (Dr.) Cheah Fook Ling and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng are substantial shareholders of Jef–San. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are the spouse and child of Tan Sri Dato' Seri (Dr.) Cheah Fook Ling respectively.

These transactions were undertaken at mutually agreed terms between the companies in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 43. CAPITAL COMMITMENTS

| | Group | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Capital expenditure | | |
| – contracted but not provided for | **55,781** | 124,209 |
| – approved but not contracted for | **389,905** | – |
| | **445,686** | 124,209 |

## 44. LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

| | Group/Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Less than 1 year | **46,800** | 46,800 |
| Between 1 and 5 years | **93,599** | 140,399 |
| | **140,399** | 187,199 |

## 44. LEASE COMMITMENTS (CONT'D)

The lease arrangements were entered into in connection with the asset-backed securitisation exercise as disclosed in Note 11 to the financial statements.

The leased properties have been subleased by the Company to certain subsidiaries. One of the subsidiaries in turn subleased the leased property to Sunway College Sdn. Bhd. Group, a related party. The relationship with the related party is as disclosed in Note 42 to the financial statements. Sublease income of the Group and of the Company of RM10,260,000 and RM46,800,000 respectively is expected to be received during the next financial year.

## 45. CONTINGENT LIABILITIES AND CONTINGENT ASSET

(a) Contingent Liabilities

| | Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Guarantees given to licensed financial institutions for banking facilities granted to subsidiaries | **257,176** | 71,443 |

All the above contingent liabilities are unsecured.

(b) Contingent Assets (Group and Company)

The Company has entered into a settlement agreement with a third party for the settlement of long–outstanding balances arising from a joint venture operation undertaken with the said party. The joint venture operation was terminated in a prior year.

The settlement agreement has been completed in 2005, giving rise to gain on settlement of RM4,907,000.

## 46. SUBSIDIARIES AND ASSOCIATES

Details of the subsidiaries and associates are as follows:

| | **Name of Companies** | **Country of Incorporation** | **Principal Activities** | **Equity Interest Held 2004 %** | **2003 %** |
|---|---|---|---|---|---|
| **(a)** | **Subsidiaries of Sunway City Berhad** | | | | |
| | Bintutara Sdn. Bhd. | Malaysia | Property development and investment holding | **100** | 100 |
| | Sunway Kinrara Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| | Sunway Hotel (Penang) Sdn. Bhd. | Malaysia | Hotel business | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(a)** | **Subsidiaries of Sunway City Berhad (Cont'd)** | | | | |
| | Sunway City (Penang) Sdn. Bhd. | Malaysia | Property development and investment holding | **75** | 75 |
| | Konsep Objektif (M) Sdn. Bhd. | Malaysia | Investment holding | **70** | 70 |
| | Sunway Pyramid Sdn. Bhd. | Malaysia | Shopping mall operator | **52** | 52 |
| | Syarikat Shoib Properties Sdn. Bhd. | Malaysia | Property development and investment holding | **100** | 100 |
| | Sunway Lagoon Sdn. Bhd. | Malaysia | Theme park operator | **51** | 51 |
| | Sunway Resort Hotel Sdn. Bhd. | Malaysia | Hotel business and property development | **100** | 100 |
| | Sunway Lagoon Club Berhad | Malaysia | Recreational club facilities | **83.6** | 83.6 |
| | Sunway Travel Sdn. Bhd. | Malaysia | Travel and tour agent | **87** | 87 |
| | Allson International Holdings Limited | British Virgin Islands | Hotel management | **100** | 100 |
| | Emerald Tycoon Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 |
| | Ekuiti Meranti (M) Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 |
| | Sunway Monorail Sdn. Bhd. | Malaysia | Monorail operator | **100** | 100 |
| | Sunway Grand Sdn. Bhd. (formerly known as Grandeal Trading Co. Sdn. Bhd.) | Malaysia | Property development | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(a)** | **Subsidiaries of Sunway City Berhad (Cont'd)** | | | | |
| | Pembinaan Objektif (M) Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 |
| | Sunway Medical Holdings Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 |
| | Suncity SSC Sdn. Bhd. | Malaysia | Provision of shared services | **100** | 100 |
| | Sunway City (Cambodia) Sdn. Bhd. | Malaysia | Investment holding | **76** | 76 |
| | 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 |
| | Sunway Semenyih Sdn. Bhd. | Malaysia | Property development | **70** | 70 |
| | Sunway Tunas Sdn. Bhd. | Malaysia | Property development | **70** | 70 |
| | TAH Properties Sdn. Bhd. | Malaysia | Dormant | **70** | 70 |
| | 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 |
| | Sunway Resort Hotel Land Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Stellar Destiny Sdn. Bhd. | Malaysia | Management and letting of property | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(a)** | **Subsidiaries of Sunway City Berhad (Cont'd)** | | | | |
| | Sunway Facility Management Sdn. Bhd. (formerly known as Sunway Facilities Management Sdn. Bhd.) | Malaysia | Building facilities management | **100** | 100 |
| | SLR Facility Management Sdn. Bhd. (formerly known as SLR Facilities Management Sdn. Bhd.) | Malaysia | Building facilities management | **100** | 100 |
| | Casa Mujur Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| | Sunway Bukit Gambier Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| | Menara Sunway Sdn. Bhd. | Malaysia | Management and letting of property | **100** | 100 |
| | Esteem Crest Sdn. Bhd. | Malaysia | Property development | **100** | – |
| | Sunway International Vacation Club Berhad (formerly known as Sunway Vacation Resorts Berhad) | Malaysia | Time sharing services | **100** | – |
| | Lambang Mujur 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 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(b)** | **Subsidiaries of Sunway City (Penang) Sdn. Bhd. (Cont'd)** | | | | |
| | Associated Circle Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Alliance Parade Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| **(c)** | **Subsidiary of Konsep Objektif (M) Sdn. Bhd.** | | | | |
| | # Sunway Hotel Phnom Penh Ltd. | Cambodia | Hotel business | **75** | 75 |
| **(d)** | **Subsidiary of Sunway Pyramid Sdn. Bhd.** | | | | |
| | Sunway Parking Management Sdn. Bhd. | Malaysia | Car park operator | **100** | 100 |
| **(e)** | **Subsidiary of Syarikat Shoib Properties Sdn. Bhd.** | | | | |
| | Pena Enterprise Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| **(f)** | **Subsidiaries of Sunway Lagoon Sdn. Bhd.** | | | | |
| | Sunway Arena Entertainment Sdn. Bhd. | Malaysia | Dormant | **55** | 55 |
| | Eastern Glory Enterprises Limited | British Virgin Islands | Investment holding | **60** | 60 |
| | Commercial Highlight Sdn. Bhd. | Malaysia | Dormant | **55** | 55 |
| | Sunway Townhouse Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| | Digital Splendour Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Esteem Crest Sdn. Bhd. | Malaysia | Dormant | **–** | 100 |
| | Lambang Mujur Sdn. Bhd. | Malaysia | Dormant | **–** | 100 |
| | Lavender Acres Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(f)** | **Subsidiaries of Sunway Lagoon Sdn. Bhd. (Cont'd)** | | | | |
| | Lestari Ganda Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Logic Square Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Perpetual Summer Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Platinum Success Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Splendid Crest Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Zenith Gateway Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| | Renown Oasis Sdn. Bhd. | Malaysia | Property development | **100** | – |
| | Frontier Acres Sdn. Bhd. | Malaysia | Investment holding | **100** | – |
| **(g)** | **Subsidiaries of Allson International Holdings Limited** | | | | |
| | * Allson International Hotels & Resorts (H.K.) Limited | Hong Kong | Dormant | **99.9** | 99.9 |
| | 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 |
| | Allson Hotels & Resorts Management Sdn. Bhd. | Malaysia | Hotel management | **100** | 100 |
| **(h)** | **Subsidiaries of Emerald Tycoon Sdn. Bhd.** | | | | |
| | Sunway Rahman Putra Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| | Sunway D'Mont Kiara Sdn. Bhd. | Malaysia | Property development | **70** | 70 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(i)** | **Subsidiaries of Sunway Medical Holdings Sdn. Bhd.** | | | | |
| | Sunway Medical Centre Berhad | Malaysia | Operator of a medical centre | **60.8** | 60.8 |
| | Sunway Gamma Knife Centre (Malaysia) Sdn. Bhd. | Malaysia | Dormant | **100** | 100 |
| **(j)** | **Subsidiary of Sunway City (Cambodia) Sdn. Bhd.** | | | | |
| | Sunway City Cambodia Limited | Cambodia | Dormant | **80** | 80 |
| **(k)** | **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 | Theme park operator | **100** | 100 |
| | 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 | Property investment | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(l)** | **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 |
| | Sunway Monterez Sdn. Bhd. | Malaysia | Property development | **100** | 100 |
| **(m)** | **Subsidiary of Menara Sunway Sdn. Bhd.** | | | | |
| | MSW Parking Sdn. Bhd. | Malaysia | Car park management | **100** | 100 |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | Equity Interest Held 2003 % |
|---|---|---|---|---|---|
| **(n)** | **Subsidiary of SLR Facility Management Sdn. Bhd. (formerly known as SLR Facilities Management Sdn. Bhd.)** | | | | |
| | Sunway Galaxy Management Services Sdn. Bhd. (formerly known as Bright Galaxy Sdn. Bhd.) | Malaysia | Dormant | **52** | – |
| **(o)** | **Subsidiaries of Eastern Glory Enterprises Limited** | | | | |
| | Estonia Enterprises Limited | British Virgin Islands | Investment holding | **100** | 100 |
| | * Hartford Lane Pty. Limited | Australia | Trustee | **100** | 100 |
| **(p)** | **Subsidiaries of Estonia Enterprises Limited** | | | | |
| | * International Theme Park Pty. Ltd. | Australia | Dormant | **100** | 100 |
| | * Sunway Australia Unit Trust | Australia | Unit trust | **100** | 100 |
| **(q)** | **Subsidiary of International Theme Park Pty. Ltd.** | | | | |
| | * Sydney Theme Park Pty. Ltd. | Australia | Theme park licence holder | **100** | 100 |
| **(r)** | **Associates of Sunway City Berhad** | | | | |
| | Aktif–Sunway Sdn. Bhd. | Malaysia | Retailer | **20** | 20 |
| | Sunway Cana City Development Ltd. | Cambodia | Property development | **49** | – |

## 46. SUBSIDIARIES AND ASSOCIATES (CONT'D)

| | Name of Companies | Country of Incorporation | Principal Activities | Equity Interest Held 2004 % | 2003 % |
|---|---|---|---|---|---|
| **(s)** | **Associates of Sunway Lagoon Sdn. Bhd.** | | | | |
| | Sunway Sayang Restaurant Sdn. Bhd. | Malaysia | Dormant | **50** | 50 |
| | Shochiku Sunway Lagoon Sdn. Bhd. | Malaysia | Dormant | **50** | 50 |
| | # Pyramid Bowl Sdn. Bhd. | Malaysia | Bowling alley operator | **40** | 40 |
| **(t)** | **Associate of Sunway Travel Sdn. Bhd.** | | | | |
| | # OSC First Holidays Co. Ltd | Socialist Republic of Vietnam | Tour and tour agent | **20** | 20 |
| **(u)** | **Associate of Sunway Damansara Sdn. Bhd.** | | | | |
| | Sunway D'Mont Kiara Sdn. Bhd. | Malaysia | Property development | **30** | 30 |

\# Audited by firms of auditors other than Ernst & Young

* Audited by another member firm of Ernst & Young Global

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### (a) Completed Event

**Closure of Wonderland Sydney Theme Park, Australia and Disposal of Its Property**

On 16 February 2004, the Company announced that International Theme Park Pty. Ltd. ("ITP"), a company incorporated in Australia and the operator of Wonderland Sydney in Australia would close its theme park operation by middle of 2004 as part of the Group's overall rationalization exercise to exit from non-performing business units.

ITP is a wholly-owned subsidiary of Estonia Enterprises Ltd. ("Estonia") which in turn is a wholly-owned subsidiary of Eastern Glory Enterprises Ltd. ("Eastern Glory"). Eastern Glory is a 60% owned subsidiary of Sunway Lagoon Sdn. Bhd. which in turn is a 51% owned subsidiary of the Company. Both Eastern Glory and Estonia are companies incorporated in the British Virgin Islands.

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

### (a) Completed Event (Cont'd)

**Closure of Wonderland Sydney Theme Park, Australia and Disposal of Its Property (Cont'd)**

Hartford Lane Pty. Ltd. ("Hartford"), a company incorporated in Australia, had on 12 February 2004 entered into a Put and Call Option Deed (which was governed by the laws of New South Wales, Australia) with Paclib Industrial No. 5 Pty. Limited ("PIPL"), a company incorporated in Australia, to dispose the property known as Wonderland Sydney, Wallgrove Road, Eastern Creek, New South Wales ("the Property") to PIPL for a total consideration of AUD52.5 million, excluding Goods and Services Tax ("the disposal").

Hartford is a wholly-owned subsidiary of Eastern Glory, and being the Trustee of Sunway Australia Unit Trust ("SAUT"), is the registered owner of the Property. All the ordinary shares issued by SAUT are held by Estonia.

The Property consisted of a piece of land measuring 58.87 hectares (Lot 11, Plan 1025320) and buildings, structures and theme park rides thereon.

In consideration of a Call Option fee of AUD1 and the payment of the security amount of AUD10 million ("Security Amount"), Hartford had granted PIPL or its nominee a Call Option to purchase the Property on the terms to be set out in the contract for the sale of the Property ("Contract of Sale"). The Call Option period commenced three (3) months from the date of the Option Deed and ended on 9 December 2004.

In consideration of the payment of a Put Option fee of AUD1, PIPL had also granted Hartford a Put Option to require PIPL to purchase the Property on the terms to be set out in the Contract of Sale. The Put Option period commenced on 10 December 2004 and ended on 23 December 2004.

ITP closed its theme park operation in April 2004.

On 1 December 2004, PIPL's nominee, Swing High Investments Pty. Ltd. ("Swing High Investments") had exercised the Call Option and entered into a Contract of Sale with Hartford for the purchase of the Property.

The Contract of Sale had been completed on 22 December 2004 upon payment of the balance consideration of AUD42.5 million by Swing High Investments. The disposal had resulted in a gain of AUD18.2 million, net of costs incidental to the disposal.

### (b) Event Pending Completion

**Proposed Investment of 48% Equity Interest in Sunway Resort Hotel Sdn. Bhd. by Reco Resort Hotel Private Limited or Its Nominee**

On 25 November 2004, the Company had entered into a Subscription Agreement ("Subscription Agreement") with Reco Resort Hotel Private Limited ("Reco") and Sunway Resort Hotel Sdn. Bhd. ("SRH") in relation to an internal restructuring of SRH, to be undertaken via a proposed investment of 48% equity interest in SRH by Reco ("Proposed Investment").

On 21 February 2005, the Company had entered into a Novation Agreement with Reco, SRH and Reco Resort Hotel (M) Sdn. Bhd. ("Reco–M") whereby Reco–M shall assume all rights, benefits, liabilities, duties and obligations of Reco under the Subscription Agreement and Reco–M shall be substituted in place of Reco.

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

### (b) Event Pending Completion (Cont'd)

**Proposed Investment of 48% Equity Interest in Sunway Resort Hotel Sdn. Bhd. by Reco Resort Hotel Private Limited or Its Nominee (Cont'd)**

SRH is a company incorporated in Malaysia and is a wholly–owned subsidiary of the Company. Reco, a company incorporated in the Republic of Singapore, is a wholly–owned subsidiary of Recosia Pte. Ltd. ("Recosia"), which in turn is wholly–owned by Government of Singapore Investment Corporation (Realty) Pte. Ltd. ("GIC Realty"). Reco–M is a wholly–owned subsidiary of Reco.

The Proposed Investment involves the investment of 48% equity interest in SRH by Reco–M for a total consideration of RM170.139 million, to be satisfied by cash via the following (collectively "the Proposals"):

(i) proposed subscription of 9.6 million new ordinary shares of RM1 each in SRH at an issue price of RM1 per share, for a total cash consideration of RM9.6 million;

(ii) proposed subscription of 56.644 million new redeemable convertible preference shares ("RPS") of RM0.01 each in SRH at an issue price and premium of RM1 and RM0.99 per share respectively, for a total cash consideration of RM56.644 million; and

(iii) proposed shareholder's loan of RM103.895 million to SRH.

The new ordinary shares and RPS shall rank pari passu with the existing shares in issue.

The Company, on the other hand, undertakes such that, inter alia, upon completion of the abovementioned internal restructuring:

(i) the Company shall subscribe for 400,000 new ordinary shares of RM1 each in SRH at an issue price of RM1 per share and 61.365 million new RPS of RM0.01 each in SRH at a premium to be determined via capitalisation of the amount owing by SRH to the Company;

(ii) the amount owing by SRH to Sunway Construction Sdn. Bhd., a member company of Suninc Group, save for the construction cost of 280 resort suite units constructed and owned by SRH ("Resort Suites"), shall be assumed by the Company;

(iii) an amount of RM132.553 million comprising RM112.553 million being 52% of total shareholders' loan and RM20 million representing future profit arising from sale of Resorts Suites, shall be set aside to remain owing to the Company; and

(iv) the Company shall also make advances to SRH for the purpose of working capital in respect of the Resort Suites.

Upon completion of the Proposals, the Company and Reco-M shall hold 52% and 48% of the enlarged issued and paid-up share capital of SRH respectively, while the total shareholders' loan will be extended in the proportion of 52:48 between the Company and Reco-M to SRH.

The proposals were approved by the shareholders of the Company on 19 April 2005.

## 48. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest–bearing debt as the Group had no substantial long term interest-bearing assets as at 31 December 2004 except for the Other Non-Current Investments which bear interest at a fixed rate. The investments in other financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits and in current accounts. The deposits with licensed financial institutions as at 31 December 2004, which comprise deposits at call, bear interest at 2.71% to 3.30% (2003: 2.71% to 3.50%) per annum.

The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against interest rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes to the financial statements.

The carrying amounts of financial instruments as at 31 December exposed to interest rate risks are analysed as follows:

**At 31 December 2004:**

| | Total RM'000 | Within 1 year RM'000 | 1 – 5 years RM'000 | More than 5 years RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Financial Assets** | | | | |
| Other non–current investments | 466,203 | – | 466,203 | – |
| Deposits with licensed financial institutions | 56,745 | 56,745 | – | – |
| **Financial Liabilities** | | | | |
| Trade payables | 11,878 | 11,878 | – | – |
| Sundry payables | 7,235 | 7,235 | – | – |
| Amounts due to contractors and consultants | 117,980 | 117,980 | – | – |
| Bank overdrafts | 2,171 | 2,171 | – | – |
| Revolving credits | 133,000 | – | – | 133,000 |
| Medium term notes | 249,115 | – | 249,115 | – |
| Term loans | 301,601 | 51,956 | 213,514 | 36,131 |

## 48. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Interest Rate Risk (Cont'd)

**At 31 December 2004 (Cont'd):**

| | Total RM'000 | Within 1 year RM'000 | 1 – 5 years RM'000 | More than 5 years RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Financial Assets** | | | | |
| Amounts due from subsidiaries | 733,509 | – | 733,509 | – |
| Deposits with licensed financial institutions | 3,000 | 3,000 | – | – |
| **Financial Liabilities** | | | | |
| Trade payables | 6,212 | 6,212 | – | – |
| Sundry payables | 7,235 | 7,235 | – | – |
| Amounts due to contractors and consultants | 13,422 | 13,422 | – | – |
| Revolving credits | 133,000 | – | – | 133,000 |
| Medium term notes | 249,115 | – | 249,115 | – |
| Amounts due to subsidiaries | 42,774 | – | 42,774 | – |

**At 31 December 2003:**

| | | | | |
|---|---|---|---|---|
| **Group** | | | | |
| **Financial Assets** | | | | |
| Other non–current investments | 466,203 | – | 466,203 | – |
| Trade receivables | 2,902 | 2,902 | – | – |
| Other receivables | 523 | 523 | – | – |
| Deposits with licensed financial institutions | 11,904 | 11,904 | – | – |
| **Financial Liabilities** | | | | |
| Trade payables | 4,530 | 4,530 | – | – |
| Sundry payable | 7,839 | 7,839 | – | – |
| Amounts due to contractors and consultants | 121,168 | 81,168 | 40,000 | – |
| Bank overdrafts | 6,906 | 6,906 | – | – |
| Trade bills | 7,153 | 7,153 | – | – |
| Revolving credits | 136,400 | – | – | 136,400 |
| Commercial papers | 69,447 | – | – | 69,447 |
| Medium term notes | 153,823 | – | – | 153,823 |
| Term loans | 143,866 | 43,034 | 92,551 | 8,281 |

## 48. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Interest Rate Risk (Cont'd)

**At 31 December 2003 (Cont'd):**

| | Total RM'000 | Within 1 year RM'000 | 1 – 5 years RM'000 | More than 5 years RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Financial Assets** | | | | |
| Amounts due from subsidiaries | 754,412 | 754,412 | – | – |
| Trade receivables | 338 | 338 | – | – |
| Other receivables | 158 | 158 | – | – |
| **Financial Liabilities** | | | | |
| Trade payables | 813 | 813 | – | – |
| Sundry payables | 7,839 | 7,839 | – | – |
| Amounts due to contractors and consultants | 20,178 | 20,178 | – | – |
| Revolving credits | 136,400 | – | – | 136,400 |
| Commercial papers | 69,447 | – | – | 69,447 |
| Medium term notes | 153,823 | – | – | 153,823 |
| Term loans | 21,857 | 21,857 | – | – |
| Amounts due to subsidiaries | 56,967 | 56,967 | – | – |

### (c) Foreign Exchange Risk

The Group is not exposed to significant foreign exchange risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign exchange risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily United States Dollar, Australian Dollar, Hong Kong Dollar and Singapore Dollar.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

### (d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

## 48. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

### (f) Fair Values

The aggregate fair values of certain financial assets and financial liabilities carried on the balance sheet of the Group are as follows:

| | Group | | | |
|---|---|---|---|---|
| | Carrying Amount | | Fair Value | |
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Financial Assets** | | | | |
| Other Non-Current Investments - Subordinated Class D Notes | **466,203** | 466,203 | **466,203** | 466,203 |
| **Financial Liabilities** | | | | |
| Refundable deposits - long term portion | **16,369** | 16,061 | **14,255** | 10,553 |

The fair value of the Subordinated Class D Notes has been determined by the fair value of the assets held by ABS Real Estate Berhad less the principal amount of the Senior Notes in connection with the ABS exercise as disclosed in Note 11 to the financial statements.

The fair value of refundable deposits is estimated using discounted cash flow analysis based on current incremental lending rates offered to the Group.

The carrying value of the borrowings of the Group and of the Company, all of which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The carrying value of the CPs and MTNs of the Group and of the Company which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the CPs and MTNs will be repriced immediately upon maturity and their interest rates approximate those financial instruments of similar risk profile.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, tax recoverable, tax payable and other short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

## 48. FINANCIAL INSTRUMENTS (CONT'D)

### (f) Fair Values (Cont'd)

It is not practical to determine the fair values of:

(i) amounts due from/to subsidiaries, associates and jointly controlled entity, advances by minority shareholders and amounts due to contractors and consultants due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(ii) preference shares issued by a subsidiary because of a lack of available market information in respect of similar financing arrangement and the inability to estimate fair value without incurring excessive costs.

The fair values of all other financial assets and liabilities of the Group and the Company as at 31 December are not materially different from their carrying values.

## 49. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (a) Business Segments

The Group is organised on a worldwide basis into five major business segments:

(i) Property development - development of residential and commercial properties;

(ii) Property investment - management and operation of shopping mall and letting of property;

(iii) Leisure - operation of theme parks, rendering recreational club facilities, travel agent and time sharing services;

(iv) Hospitality - management and operations of hotels; and

(v) Healthcare - management and operation of a medical centre.

The directors are of the opinion that all inter–segment transactions were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 49. SEGMENT INFORMATION (Cont'd)

### (a) Business Segment (Cont'd)

| | Property Development | | Property Investment | | Leisure | | Hospitality | | Healthcare | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **REVENUE AND EXPENSES** | | | | | | | | | | | | | | |
| **Revenue** | | | | | | | | | | | | | | |
| External sales | **609,112** | 367,060 | **106,364** | 98,256 | **88,897** | 109,799 | **122,692** | 100,362 | **65,416** | 53,163 | **–** | – | **992,481** | 728,640 |
| Inter-segment sales | **1,702** | 1,247 | **49,578** | 43,634 | **–** | 626 | **1,902** | 2,303 | **42** | – | **(53,224)** | (47,810) | **–** | – |
| Total revenue | **610,814** | 368,307 | **155,942** | 141,890 | **88,897** | 110,425 | **124,594** | 102,665 | **65,458** | 53,163 | **(53,224)** | (47,810) | **992,481** | 728,640 |
| **Results** | | | | | | | | | | | | | | |
| Operating segment results | **159,012** | 84,075 | **53,044** | 43,599 | **(40,365)** | (20,059) | **(220)** | (3,124) | **4,809** | 608 | **(5,239)** | (2,708) | **171,041** | 102,391 |
| Unallocated corporate expenses | | | | | | | | | | | | | **(1,526)** | (1,259) |
| Finance costs | | | | | | | | | | | | | **(47,696)** | (37,055) |
| Share of results of associates | **–** | – | **–** | (374) | **(267)** | 53 | **–** | – | **–** | – | **–** | – | **(267)** | (321) |
| Share of results of jointly controlled entity | **120** | (36) | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **120** | (36) |
| Results arising from other investing activities | **1,696** | 5,397 | **(7,489)** | (2) | **49,221** | 37,972 | **4,057** | – | **–** | 47 | **–** | – | **47,485** | 43,414 |
| Profit before taxation | | | | | | | | | | | | | **169,157** | 107,134 |
| Taxation | | | | | | | | | | | | | **(42,638)** | (35,440) |
| Profit after taxation | | | | | | | | | | | | | **126,519** | 71,694 |
| Minority interests | | | | | | | | | | | | | **(59,613)** | (46,214) |
| Net profit for the year | | | | | | | | | | | | | **66,906** | 25,480 |

## 49. SEGMENT INFORMATION (Cont'd)

### (a) Business Segment (Cont'd)

| | Property Development | | Property Investment | | Leisure | | Hospitality | | Healthcare | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **ASSETS AND LIABILITIES** | | | | | | | | | | | | | | |
| Segment assets | **1,241,997** | 904,376 | **707,093** | 703,451 | **360,618** | 281,588 | **464,886** | 448,283 | **78,480** | 77,787 | **(160,950)** | (138,578) | **2,692,124** | 2,276,907 |
| Investments in associates | **11,172** | – | **–** | – | **1,330** | 1,597 | **–** | – | **–** | – | **–** | – | **12,502** | 1,597 |
| Investment in jointly controlled entity | **13,540** | 10,836 | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **13,540** | 10,836 |
| Unallocated corporate assets | | | | | | | | | | | | | **16,470** | 8,244 |
| Consolidated total assets | | | | | | | | | | | | | **2,734,636** | 2,297,584 |
| Segment liabilities | **614,712** | 491,087 | **108,227** | 101,405 | **199,384** | 163,410 | **452,710** | 452,556 | **51,758** | 43,778 | **(920,014)** | (924,435) | **506,777** | 327,801 |
| Unallocated corporate liabilities | | | | | | | | | | | | | **1,055,073** | 917,535 |
| Consolidated total liabilities | | | | | | | | | | | | | **1,561,850** | 1,245,336 |
| **OTHER INFORMATION** | | | | | | | | | | | | | | |
| Capital expenditure | **7,067** | 6,936 | **18,957** | 14,242 | **44,504** | 2,914 | **60,872** | 31,237 | **4,416** | 5,175 | | | **135,816** | 60,504 |
| Amortisation/write off of goodwill | **2** | – | **456** | 456 | **–** | – | **750** | 961 | **124** | 124 | | | **1,332** | 1,541 |
| Depreciation | **586** | 528 | **12,347** | 11,518 | **15,698** | 9,498 | **4,686** | 1,838 | **8,122** | 7,906 | | | **41,439** | 31,288 |
| Impairment losses | **–** | – | **7,500** | – | **4,236** | – | **–** | – | **–** | – | | | **11,736** | – |
| Write–back of impairment losses | **–** | – | **–** | – | **–** | (38,495) | **–** | – | **–** | – | | | **–** | (38,495) |
| Non-cash expenses other than depreciation, amortisation and impairment losses | **727** | 2,758 | **(75)** | 1,072 | **6,210** | 178 | **188** | 356 | **705** | (608) | | | **7,755** | 3,756 |

## 49. SEGMENT INFORMATION (CONTD.)

### (b) Geographical Segments

Revenue is attributed to geographic areas based on the location of the assets producing the revenue.

| | Malaysia | | Asia (excluding Malaysia) | | Australia | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Total revenue from external customers | **950,761** | 650,865 | **11,323** | 11,721 | **30,397** | 66,054 | **992,481** | 728,640 |
| Operating segment results | **205,396** | 110,376 | **243** | 881 | **(34,598)** | (8,866) | **171,041** | 102,391 |
| Segment assets | **2,497,592** | 2,108,829 | **41,886** | 41,647 | **152,646** | 126,431 | **2,692,124** | 2,276,907 |
| Capital expenditure | **135,636** | 59,148 | **180** | 142 | **–** | 1,214 | **135,816** | 60,504 |

## 50. COMPARATIVES

During the financial year, the Group and the Company adopted MASB 32 Property Development Activities for the first time. The adoption of MASB 32 did not give rise to any adjustments to the opening balances of retained profit of the prior and current year.

Comparative amounts, however, have been restated as follows:

| | Previously Stated RM'000 | Adjustments RM'000 | Restated RM'000 |
|---|---|---|---|
| **At 31 December 2003:** | | | |
| **Group** | | | |
| Land held for property development | 338,639 | 7,173 | 345,812 |
| Property development costs | 309,399 | 12,687 | 322,086 |
| Trade payables | (131,469) | 4,484 | (126,985) |
| Progress billings, included in other payables | – | (24,344) | (24,344) |
| **Company** | | | |
| Property development costs | 36,039 | 413 | 36,452 |
| Progress billings, included in other payables | – | (413) | (413) |
| **At 1 January 2003:** | | | |
| **Group** | | | |
| Property, plant and equipment | 398,580 | 1,240 | 399,820 |
| Land held for property development - cost | 355,569 | (1,240) | 354,329 |

# LIST OF PROPERTIES

*As At 31 December 2004*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Age of building (years) | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|---|
| **Investment Properties** | | | | | | | |
| PT 26, HS (D) 118330<br>PT 1487, HS (D) 118320<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 4.075/43,917 | Sunway City | Sunway Lagoon Club | 11 | Leasehold expiring 01.04.2097 | 9,432 | 1986/1993 |
| PT 25, HS (D) 118329<br>PN 9493 Lot 37<br>PT 15753, HS (D) 98453<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 59.893/728,326 | Sunway City | Sunway Lagoon Theme Park Amphitheatre, Wavepool & Elephant Walk | 12 | Leasehold expiring 01.04.2097 & 19.06.2094 | 38,415 | 1986/1992 |
| PT 1706, HS (D) 118324<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 0.499/21,482 | Sunway City | Food Court Phase (10) | 10 | Leasehold expiring 01.04.2097 | 1,621 | 1986/1994 |
| PT 1406, HS (D) 118322<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 0.370/6,143 | Sunway City | Food Court Phase (6A) | 12 | Leasehold expiring 01.04.2097 | 607 | 1986/1992 |
| PT 892, HS (M) 7031<br>Bandar Sunway<br>MK Damansara<br>Selangor Darul Ehsan<br>PN 8622-23, Lot 49359-60<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 4.33/221,000 | Sunway City | Apartments Phase (8C) | 9 | Leasehold expiring 11.04.2093 & 01.12.2097 | 12,732 | 1986/1995 |
| PT 161, HS (D) 182798<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 13.22/2,500,000 | Sunway Pyramid | Sunway Pyramid Shopping Mall Cum Car Park | 7 | Leasehold expiring 21.02.2102 | 389,583 | 1986/1997 |
| PT 37, HS (D) 118341<br>PT 1489, HS (D) 118318<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 4.496/235,925 | Sunway Medical Centre | Sunway Medical Centre | 5.5 | Leasehold expiring 01.04.2097 | 48,149 | 1986/1999 |
| PT 162, HS (D) 182799<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 1.898/549,928 | Sunway Resort Hotel | Sunway Pyramid Hotel | 0.5 | Leasehold expiring 21.02.2102 | 96,420 | 2003/2004 |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Age of building (years) | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|---|
| **Investment Properties (Cont'd)** | | | | | | | |
| PT 146130, HS (D) 72911<br>Jalan Tambun<br>MK Ulu Kinta<br>Daerah Kinta<br>Perak Daruk Ridzuan | 39.82 | Sunway Lagoon Water Park | Water Theme Park | 1 | Leasehold expiring 27.10.2097 | 38,790 | 1994/2004 |
| PT 1906 HS(D) 118327<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 2.98/129,809 | Sunway City | Condominium D Block B&C (136 units) | 1 | Leasehold expiring 01.01.2097 | 40,953 | 1986/2004 |
| PT 3 HS (D) 114889<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 44,867 | Sunway Townhouse | 2-Storey Townhouse (20 units) | 1 | Leasehold expiring 14.11.2096 | 2,340 | 2001/2004 |
| **Properties Under Development & Land Held For Development** | | | | | | | |
| Lot 5497-5499,<br>HS (D) 1816-1818<br>Daerah Seberang Perai Tengah<br>Pulau Pinang | 7.999 | Sunway City Penang | Sunway Carnival Shopping Mall under construction | – | Leasehold expiring 21.10.2092 | 18,949 | 1992/– |
| PT 33491-33494,<br>HS (D) 103054-103057<br>MK Sungei Buloh<br>Daerah Petaling<br>Selangor Darul Ehsan | 109.79 | Sunway Damansara | Mixed development under construction | – | Leasehold expiring 13.05.2095 | 145,008 | 1995/– |
| PT 155845, HS (D) 72921<br>PT 144881-897,<br>HS (D) 72888-72908<br>PT 146129, HS (D) 72910<br>PT 146131-139,<br>HS (D) 72912-72921<br>Jalan Tambun, MK Ulu Kinta<br>Daerah Kinta, Perak Darul Ridzuan | 1,165.83 | Sunway City Ipoh | Mixed development under construction | – | Leasehold expiring 27.10.2097 | 50,746 | 1994/– |
| PT 24509, HS (D) 80095<br>MK Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan | 2.7 | Sunway Kinrara | Mixed development under construction | – | Leasehold expiring 13.10.2092 | 4,692 | 1991/– |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|
| **Properties Under Development & Land Held For Development (Cont'd)** | | | | | | |
| PTD No. 8110, HS (D) 10756<br>Mukim Bukit Raja<br>Daerah Petaling<br>Selangor Darul Ehsan | 68.87 | Sunway Monterez | Mixed development under construction | Leasehold expiring 13.12.2091 | 30,543 | 2001/– |
| Lot 1131, 1132 & 1391<br>MK 9 Daerah Barat Daya<br>Pulau Pinang | 1.94 | Sunway Tunas | Lowcost Flat under construction | Leasehold expiring 10.08.2073 | 901 | 2000/– |
| Lot 390, 391, 793 & 799<br>Mukim 12, Daerah Barat Daya<br>Pulau Pinang | 5.65 | Sunway Tunas | Residential development under construction | Freehold | 2,870 | 2001/– |
| PT 4023, HS (D) 28648<br>PT 4025-26, HS (D) 28650-51<br>PT 4028, HS (D) 28653<br>PT 1696-97, HS (D) 39673-74<br>PT 14527, HS (D) 67894<br>MK Semenyih<br>Daerah Ulu Langat<br>Selangor Darul Ehsan | 571.21 | Sunway Semenyih | Mixed development under construction | Freehold | 143,144 | 1996/– |
| Lot 238, HS (D) 3477<br>Lot 896 Geran No. 17426<br>MK Semenyih<br>Daerah Ulu Langat<br>Selangor Darul Ehsan | 10.771 | Sunway Semenyih | Mixed development under construction | Freehold | 4,818 | 2000/– |
| Pajakan Negeri No.<br>11397 Lot 6, 11398 Lot 7<br>11399 Lot 8, 11400 Lot 9<br>11401 Lot 10, 11402 Lot 12<br>11403 Lot 16<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Daruk Ehsan | 96.07 | Renown Oasis | Vacant | Leasehold expiring 14.11.2096 | 264,333 | 2004/– |
| Lot 5781-84, HS (D) 5589-92<br>Lot 5493, HS (D) 1814<br>Lot 5647, HS (D) 1823<br>Lot 5646, HS (D) 1822<br>Lot 5648, HS (D) 1824<br>Seberang Perai Tengah, Prai | 13.15 | Sunway City Penang | Vacant | Leasehold expiring 21.10.2092 | 19,558 | 1992/– |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|
| **Properties Under Development & Land Held For Development (Cont'd)** | | | | | | |
| PN 9497 Lot 41<br>PN 9501 Lot 51172<br>PT 1408, HS (D) 118321<br>PT 638 HS (D) 174431<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 12.94 | Sunway City | Vacant | Leasehold expiring 01.04.2097 | 798 | 1986/– |
| PN 9495 Lot 32<br>PN 9500 Lot 51175<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 3.77 | Sunway City | Sunway Pyramid Mall 2 (under construction) | Leasehold expiring 01.04.2097 | 42 | 1986/– |
| PT 6595 HS (D) 103603<br>PT 6594 HS (D) 103602<br>Mukim of Kuala Lumpur | 18.79 | Sunway D'Mont Kiara | Residential development under construction | Freehold | 76,511 | 2001/– |
| PT 33388-33427<br>Mukim District of<br>Kuala Lumpur | 5.92 | Sunway Rahman Putra | Residential development under construction | Freehold | 23,627 | 2001/– |
| PT 1490, HS (D) 115836<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 1.537 | Sunway City | Vacant | Leasehold expiring 28.12.2096 | 533 | 1986/– |
| Lot 4066, 4069<br>MK Kampung Buaia<br>Daerah Kuala Kangsar<br>Perak Darul Ridzuan | 1,010.661 | TAH Properties | Vacant | Freehold | 6,359 | 1994/– |
| PT 12515-24<br>HS (D) 013845 S -54 S<br>Daerah Kinta<br>Bandar Ipoh, Perak Darul Ridzuan | 0.430 | Area Star | Vacant | Freehold | 1,300 | 1996/– |
| PT 5013, HS (D) 118683<br>Mukim Petaling<br>Selangor Darul Ehsan | 1.777 | Syarikat Shoib Properties | Vacant | Leasehold expiring 25.05.2097 | 52 | 1998/– |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Age of building (years) | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|---|
| **Properties Under Development & Land Held For Development (Cont'd)** | | | | | | | |
| PT 9315, HS (D) 56708<br>MK Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan | 37.561 | Sunway City | Industrial Unit and Batching Plant | 15 | Leasehold expiring 19.04.2086 | 3,828 | 1986/1989 |
| PT 14438 HS (M) 5491<br>Mukim Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan | 1.315 | Sunway Pyramid | Vacant | – | Leasehold expiring 14.03.2090 | 12,160 | 2001/– |
| PT 17232, HS (D) 101378<br>PT 17233, HS (D) 101379<br>Geran 27657, Lot 48593<br>Geran 27658, Lot 48594<br>Mukim of Batu<br>District of Kuala Lumpur<br>State of Wilayah Persekutuan | 54.764 | Sunway SPK Homes | Mixed development under construction (Parcel A) | – | Freehold | 55,688 | 2003/– |
| PT 146128, HS (D) 72909<br>Jalan Tambun<br>MK Ulu Kinta<br>Daerah Kinta<br>Perak Daruk Ridzuan | 7.8 | Peluang Klasik | Hypermarket (under construction) | – | Leasehold expiring 27.10.2097 | 5,308 | 1994/– |
| Lot 1668 Geran 51217<br>Lot 2043 Geran 47796<br>Mukim Cheras<br>Selangor Daruk Ehsan | 13.471 | Syarikat Shoib Properties | Residential development under construction | – | Freehold | 29,515 | 2003/– |
| No GM 442, Lot 1289<br>No Geran 3889, Lot 1799<br>No GM 1989, Lot 6633<br>No GM 2046, Lot 6634<br>Mukim 13, Tempat Sungai Dua<br>Daerah Timur Laut, Penang | 23.511 | Sunway Bukit Gambier | Vacant | – | Freehold | 68,851 | 2004/– |
| PT 15752, HS (D) 11199 &<br>PT 15753, HS (D) 11200<br>District of Ulu Langat<br>Mukim of Ampang<br>Selangor Darul Ehsan | 2.22 | Pena Enterprise | Commercial development under construction | – | Leasehold expiring 20.10.2084 | 2,018 | 2001/– |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Age of building (years) | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|---|
| **Properties Under Development & Land Held For Development (Cont'd)** | | | | | | | |
| GM No. 554, Lot 366<br>GM No. 558, Lot 375<br>GM No. 1076, Lot 613<br>GM No. 488, Lot 764<br>Mukim 12<br>Dearah Barat Daya, Penang<br><br>GM No. 813, Lot 371<br>Lot No. 371, Mukim 12<br>Tempat Batu Maung<br>Dearah Barat Daya, Penang | 8.49 | Sunway Grand | Vacant | – | Freehold | 8,234 | 2004/– |
| **Completed Properties For Sale** | | | | | | | |
| PN 8618, Lot 38<br>PN 8621, Lot 44456<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 5.134/14,587 | Sunway City | Condominium Phase E (5 units) | 6 | Leasehold expiring 01.04.2097 | 2,289 | 1986/1998 |
| PT 17230, HS (M) 9296<br>PT 1384, HS (M) 8437<br>MK Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan | 0.09/3,516 | Sunway City | Residential (2 units) | 11 - 15 | Leasehold expiring 11.03.2095 & 30.10.2093 | 221 | 1986/1989-1993 |
| PN 8617, Lot 38159<br>PN 8619, Lot 44<br>MK Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan | 6.783/4,999 | Sunway City | Palmville Condominium (3 units) | 9 | Leasehold expiring 01.04.2097 | 664 | 1986/1995 |
| Pajakan Negeri 6890<br>Lot 93 Sek 20<br>Bandar Petaling Jaya<br>Selangor Darul Ehsan | 6.316/2,592 | Bintutara | Flatted Industrial Factory (1 unit) | 9 | Leasehold expiring 24.10.2067 | 261 | 1985/1995 |
| PT 155 845 HS (D) 72921<br>PT 144881-897,<br>HS (D) 72892-72908<br>PT 146129 HS (D) 72910 | 1.293/45,871 | Sunway City Ipoh | Commercial & Industrial (18 units) | 5 | Leasehold expiring 27.10.2097 | 4,583 | 1994/2000 |
| PT 146131-139<br>HS (D) 72912-72920<br>Jalan Tambun<br>MK Ulu Kinta<br>Daerah Kinta, Perak Darul Ridzuan | | | 2-Storey Link House Garden Villa Ph1 & 4 (2 units) | 1 | Leasehold expiring 27.10.2097 | 494 | 1994/2004 |
| PT 1468 HS (D) 145633<br>MK Sungei Buloh<br>Daerah Petaling<br>Selangor Darul Ehsan | 10,519 | Sunway Damansara | Cita Damansara Condominium (9 units) | 1 | Leasehold expiring 13.05.2095 | 2,203 | 1995/2004 |

# LIST OF PROPERTIES

*As At 31 December 2004 (Cont'd)*

| Location Address | Land Area (acre)/built up area (sq.ft.) | Owned by | Existing use | Age of building (years) | Tenure | Net Book Value RM'000 | Year of Acquisition of Land/Building |
|---|---|---|---|---|---|---|---|
| **Completed Properties For Sale (Cont'd)** | | | | | | | |
| PT 3 HS (D) 114889<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 1,310 | Sunway Townhouse | Residential 2-Storey Link House (5 units) | 1 | Leasehold expiring 14.11.2096 | 1,114 | 2001/2004 |
| PT 162, HS (D) 182799<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 1.898 | Sunway Resort Hotel | Resort Suites (112 units) | 0.1 | Leasehold expiring 21.02.2102 | 23,856 | 2003/2004 |
| PT 5645, HS (D) 1821<br>Daerah Seberang Perai Tengah, Pulau Pinang | 44,580 | Sunway City Penang | Business Park (51 units) | 5 | Leasehold expiring 21.10.2092 | 7,545 | 1992/2000 |
| PT 428, HS (D) 146653<br>Mukim Pekan Puchong Jaya<br>Daerah Petaling<br>Selangor | 9,128 | Sunway Kinrara | Low Cost Flat (14 units) | 2 | Leasehold expiring 12.09.2100 | 476 | 1991/2003 |
| PT 34 HS (D) 118338<br>PT 1906 HS (D) 118327<br>Bandar Sunway<br>Daerah Petaling<br>Selangor Darul Ehsan | 8,747 | Sunway City | Condominium D Block A (2 units) | 4 | Leasehold expiring 01.01.2097 | 2,112 | 1986/2001 |
| PT 32737 HS (D) 135828<br>MK Sungei Buloh<br>Daerah Petaling<br>Selangor Daruk Ehsan | 6,878 | Sunway City | 2-Storey Link Bungalow (1 unit) | 3 | Leasehold expiring 31.01.2099 | 1,410 | –/2002 |
| Part of PT 4029 HS (D) 28634<br>MK Semenyih<br>Daerah Ulu Langat<br>Selangor Darul Ehsan | 3,348 | Sunway Semenyih | 2-Storey Link House (1 unit) | 2 | Freehold | 198 | 2000/2003 |
| **Overseas Properties** | | | | | | | |
| 92nd Street and 51st Street<br>Phnom Penh, Cambodia | 0.989/125,313 | Sunway Hotel Phnom Penh | Sunway Hotel Phnom Penh | 6 | Leasehold expiring 28.04.2066 | 32,617 | 1996/1996 |
| Lot 11 & 12, in<br>Deposited Plan<br>1025320 at Wallgrove<br>Local Government<br>Area of Blacktown<br>Parish of Melville<br>County of Cumberland<br>Sydney, Australia | 296.5 | Sunway Australia Unit Trust | Vacant | – | Freehold | 11,291 | 1997/- |

# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:-

## 1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2004.

## 2. SHARE BUY-BACK

The Company does not have a scheme to buy-back its own shares.

## 3. OPTIONS OVER ORDINARY SHARES, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The details on the exercise of options over ordinary shares during the financial year ended 31 December 2004 pursuant to the Company's Employees' Share Option Scheme are disclosed on page 57 of the Annual Report. The Company did not issue any warrants or convertible securities.

## 4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2004.

## 5. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2004.

## 6. NON-AUDIT FEES

The non-audit fees paid to the external auditors for the financial year ended 31 December 2004 amounted to RM9,000.

## 7. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2004 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

## 8. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 December 2004.

## 9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies involving directors' and major shareholders' interests during the financial year ended 31 December 2004.

## 10. REVALUATION POLICY ON LANDED PROPERTIES

The Company has not adopted a policy of regular revaluation of its landed properties.

## 11. STATEMENT BY AUDIT COMMITTEE IN RELATION TO THE ALLOCATION OF OPTIONS OVER ORDINARY SHARES PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

In accordance with Bye-Law 4.6 of the ESOS Bye-Laws, the Company had appointed a firm of chartered accountants, Messrs Ernst & Young to verify the allocation of options over ordinary shares to the Group's eligible employees in compliance with the criteria set out in the ESOS Bye-Laws, as part of the Company's annual audit.

With the assistance of Messrs Ernst & Young's audit verification, the Audit Committee is satisfied that the allocation of options over ordinary shares pursuant to the Company's ESOS during the financial year ended 31 December 2004, has complied with the criteria set out in the ESOS Bye-Laws.

# RECURRENT RELATED PARTY TRANSACTIONS

The details of the Recurrent Related Party Transactions of revenue or trading nature of Sunway City Berhad ("SunCity") Group conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2004 are as follows:-

| | Classes of Related Parties | Nature of transactions<br>Products/ Services | Purchases RM'000 | Sales RM'000 |
|---|---|---|---|---|
| (a) | Sunway Holdings Incorporated Berhad ("SunInc") Group | - Procurement of building materials. | 1,498 | – |
| | | - Procurement of construction and related services.* | 107,921 | – |
| | | - Share registration, secretarial and management services. | 580 | – |
| | | - Insurance and related services. | 3,483 | – |
| | | - Rental of office space/premises and properties.(1) | – | 5,382 |
| | | - Rendering of recreational facilities. | – | 124 |
| | | - Provision of hotel and related services. | | 862 |
| | | - Provision of ticketing and tour related services. | – | 688 |
| | | - Provision of medical services. | – | 757 |
| | | - Provision of project management services. | – | 56 |
| (b) | Sunway Infrastructure Berhad ("SunInfra") Group | - Rendering of recreational facilities. | – | 1 |
| | | - Provision of hotel and related services. | – | 49 |
| | | - Provision of ticketing and tour related services. | – | 22 |
| | | - Provision of medical services. | – | 5 |
| (c) | SunCity's subsidiaries | | | |
| | • Sunway Damansara Sdn Bhd | - Provision of hotel and related services. | – | 6 |
| | | - Provision of ticketing and tour related services. | – | 5 |
| | | - Provision of medical services. | – | 24 |
| | | - Rental of office space/premises.(2) | – | 552 |
| | | - Provision of IT & financial related services and other related services. | – | 96 |
| | • Sunway Monterez Sdn Bhd | - Provision of hotel and related services. | – | 2 |
| | | - Provision of medical services. | – | 3 |
| | | - Provision of IT network, internet, lotus notes and related services. | – | 3 |
| | | - Provision of IT & financial related services and other related services. | – | 25 |
| | • Sunway D'Mont Kiara Sdn Bhd | - Provision of hotel and related services. | – | 3 |
| | | - Provision of ticketing and tour related services. | – | 7 |
| | | - Provision of medical services. | – | 2 |
| | | - Provision of IT network, internet, lotus notes and related services. | – | 3 |
| | | - Provision of IT & financial related services and other related services. | – | 25 |
| | • Sunway Pyramid Sdn Bhd and its wholly-owned subsidiary, Sunway Parking Management Sdn Bhd | - Rendering of recreational facilities. | – | 31 |
| | | - Provision of hotel and related services. | – | 143 |
| | | - Provision of ticketing and tour related services. | – | 59 |
| | | - Provision of medical services. | – | 122 |
| | | - Rental of premises/properties.(3) | – | 1,900 |
| | | - Provision of IT network, internet, lotus notes and related services. | – | 29 |
| | | - Provision of IT & financial related services and other related services. | – | 234 |

| | Classes of Related Parties | Nature of transactions<br>Products/ Services | Purchases RM'000 | Sales RM'000 |
|---|---|---|---|---|
| (d) | Buildtrend B.S.G. (M) Sdn Bhd Group | - Procurement of interior decorations and related services. | 1,623 | – |
| (e) | Sungei Way Enterprise (1988) Sdn Bhd | - Procurement of building materials. | 13 | – |
| | | - Rental of premises/properties.(4) | – | 55 |
| (f) | Sunway Hydraulic Industries Sdn Bhd | - Provision of ticketing and tour related services. | – | 10 |
| | | - Provision of medical services. | – | 2 |
| | | - Rental of space/premises.(5) | – | 2 |
| (g) | Jef-San Enterprise Sdn Bhd | - Rental of premises.(6) | 198 | – |
| | | - Provision of ticketing and tour related services. | – | 2 |
| | | - Provision of medical services. | – | 16 |
| (h) | Perbadanan Kemajuan Negeri Selangor Group | - Procurement of land and land related services. | 10,629 | – |
| | | - Procurement of building materials. | 17,179 | – |
| (i) | Koperasi Tunas Muda Sungai Ara Berhad Group | - Procurement of construction and related services.* | 1,204 | – |
| (j) | Adasia (M) Sdn Bhd | - Procurement of advertising and related services. | 2,194 | – |
| | | - Provision of medical services. | – | 5 |
| (k) | CCM Chemicals Sdn Bhd | - Purchase of chemicals and related products. | 332 | – |
| (l) | Asian Strategy & Leadership Incorporated Sdn Bhd | - Participation in seminars, events and conferences. | 17 | – |
| | | - Rendering of recreational facilities. | – | 1 |
| | | - Provision of ticketing and tour related services. | – | 35 |
| | | - Provision of medical services. | – | 21 |
| | | - Rental of space/premises.(7) | – | 1 |
| (m) | Sunway Technology Sdn Bhd Group | - Purchase of IT hardware, software, business solutions and related products; procurement of IT consultancy and related services. | 302 | – |
| | | - Provision of hotel and related services. | – | 3 |
| | | - Provision of ticketing and tour related services. | – | 37 |
| | | - Provision of medical services. | – | 30 |
| | | - Rental of office space/premises.(8) | – | 335 |
| (n) | Sunway College Sdn Bhd Group | - Participation in seminars, events and conferences. | 11 | – |
| | | - Rendering of recreational facilities. | – | 17 |
| | | - Provision of hotel and related services. | – | 66 |
| | | - Provision of ticketing and tour related services. | – | 212 |
| | | - Provision of medical services. | – | 230 |
| | | - Rental of premises/properties.(9) | – | 10,260 |

# RECURRENT RELATED PARTY TRANSACTIONS *(Cont'd)*

| | Classes of Related Parties | Nature of transactions<br>Products/ Services | Purchases RM'000 | Sales RM'000 |
|---|---|---|---|---|
| (o) | Akitek Akiprima Sdn Bhd | - Procurement of architectural related services. | 1,211 | – |
| (p) | Dekon Sdn Bhd Group | - Procurement of construction and related services*. | 128,503 | – |
| | | - Procurement of landscaping services, nursery plants and related products. | 1,738 | |
| | | - Rendering of recreational facilities. | – | 2 |
| | | - Provision of ticketing and tour related services. | – | 5 |
| | | - Provision of medical services. | – | 8 |
| | | - Rental of office space/premises.(10) | – | 54 |
| (q) | PRK Builders Sdn Bhd | - Procurement of construction and related services.* | 12,454 | – |

*Notes:*

* *Include inter alia, main building works, piling works, substructure works, infra works, earth works, expenditure of prime cost sum ie. specialist sub-contractor works and supply contracts.*

*The addresses of the office space, premises and properties are as follows:-*

(1) *Menara Annex and Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor; Jalan PJS 7/16, Bandar Sunway, 46150 Petaling Jaya, Selangor and Jalan PJS 11/26, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(2) *Level 3, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(3) *No. 3, Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(4) *Jalan PJS 7/16, Bandar Sunway, 46150 Petaling Jaya, Selangor and Jalan PJS 11/26, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(5) *Basement Level, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(6) *No. 36, Lorong Bukit Pantai 8, Pantai Hill, 59100 Kuala Lumpur.*

(7) *Basement Level, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(8) *Menara Annex and Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(9) *No. 5, Jalan Kolej, Bandar Sunway, 46150 Petaling Jaya, Selangor and Jalan PJS 7/16, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

(10) *Basement Level & Level 1, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor.*

| Provision of Financial Assistance | Classes of Related Parties | RM'000 |
|---|---|---|
| Provision of guarantee, indemnity or such other collateral to or in favour of another person which is necessary in order to procure a contract or secure work from the other person to commence and/or complete a contract or work for the SunCity Group. | SunCity's subsidiaries | |
| | - Sunway D'Mont Kiara Sdn Bhd | 40,994 |
| | - Sunway Pyramid Sdn Bhd | 5,050 |

**Relationship of Related Parties with SunCity Group**

**(a) SunInc Group**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling is a Director and Major Shareholder of SunCity Group and SunInc Group. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, the spouse of Tan Sri Dato' Seri (Dr) Cheah Fook Ling, who is a Director of Sunway Lagoon Club Berhad (a 84% owned subsidiary of SunCity) and a shareholder of SunCity, is also a Director of Sunway Management Sdn Bhd (a wholly-owned subsidiary of SunInc) and a shareholder of SunInc. Sarena Cheah Yean Tih, the child of Tan Sri Dato' Seri (Dr) Cheah Fook Ling is a Director of Sunway Lagoon Club Berhad as well as a shareholder of SunCity and SunInc. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri (Dr) Cheah Fook Ling is an Alternate Director of Sunway Lagoon Club Berhad and a shareholder of SunInc.

**(b) SunInfra Group**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling is a Director of SunCity Group and SunInfra Group. He has direct and deemed interests in SunCity and SunInfra via corporations where he has more than 15% shareholding. Datuk Razman M Hashim is a Director of SunCity Group and SunInfra Group as well as a shareholder of SunCity and SunInfra. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are Directors of Sunway Lagoon Club Berhad and they are shareholders of SunCity.

**(c) Sunway Damansara Sdn Bhd, Sunway Monterez Sdn Bhd and Sunway D'Mont Kiara Sdn Bhd**

Perbadanan Kemajuan Negeri Selangor, a Major Shareholder of SunCity is also a Major Shareholder with 40% interest each in Sunway Damansara Sdn Bhd and Sunway Monterez Sdn Bhd as well as 30% deemed interest in Sunway D'Mont Kiara Sdn Bhd by virtue of Section 6A of the Companies Act, 1965. SunCity has 60% interest each in Sunway Damansara Sdn Bhd and Sunway Monterez Sdn Bhd as well as 70% deemed interest in Sunway D'Mont Kiara Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

**(d) Sunway Pyramid Sdn Bhd and Sunway Parking Management Sdn Bhd**

Government of Singapore Investment Corporation Pte Ltd which is a Major Shareholder of SunCity, is also a Major Shareholder of Sunway Pyramid Sdn Bhd, a 52% owned subsidiary of SunCity. Government of Singapore Investment Corporation Pte Ltd has 48% deemed interests in Sunway Pyramid Sdn Bhd and Sunway Parking Management Sdn Bhd (a wholly-owned subsidiary of Sunway Pyramid Sdn Bhd) by virtue of Section 6A of the Companies Act, 1965.

**(e) Buildtrend B.S.G. (M) Sdn Bhd Group**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling who is a Director and Major Shareholder of SunCity Group, has deemed interest in Buildtrend B.S.G. (M) Sdn Bhd via corporations where he has more than 15% shareholding. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng has deemed interest in Buildtrend B.S.G. (M) Sdn Bhd by virtue of her spouse's deemed interest in Buildtrend B.S.G. (M) Sdn Bhd.

**(f) Sungei Way Enterprise (1988) Sdn Bhd**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling who is a Director and Major Shareholder of SunCity Group, has deemed interest in Sungei Way Enterprise (1988) Sdn Bhd via corporations where he has more than 15% shareholding. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng has deemed interest in Sungei Way Enterprise (1988) Sdn Bhd by virtue of her deemed interest as well as her spouse's deemed interest in Sungei Way Enterprise (1988) Sdn Bhd. Sarena Cheah Yean Tih has deemed interest in Sungei Way Enterprise (1988) Sdn Bhd by virtue of her deemed interest as well as her parents' deemed interests in Sungei Way Enterprise (1988) Sdn Bhd.

**(g) Sunway Hydraulic Industries Sdn Bhd**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling who is a Director and Major Shareholder of SunCity Group, has deemed interest in Sunway Hydraulic Industries Sdn Bhd via a corporation where he has more than 15% shareholding. Datuk Razman M Hashim who is a Director and shareholder of SunCity, is also a Director and Major Shareholder of Sunway Hydraulic Industries Sdn Bhd. Sarena Cheah Yean Tih has deemed interest in Sunway Hydraulic Industries Sdn Bhd by virtue of her deemed interest as well as her parent's deemed interest in Sunway Hydraulic Industries Sdn Bhd.

**(h) Jef-San Enterprise Sdn Bhd**

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are Directors of Jef-San Enterprise Sdn Bhd. Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng are Major Shareholders of Jef-San Enterprise Sdn Bhd.

**(i) Perbadanan Kemajuan Negeri Selangor Group**

Perbadanan Kemajuan Negeri Selangor is a Major Shareholder of SunCity and Sunway Damansara Sdn Bhd, a 60% owned subsidiary of SunCity. Low Siew Moi is a nominee Director who represents Perbadanan Kemajuan Negeri Selangor's interest in SunCity.

**(j) Koperasi Tunas Muda Sungai Ara Berhad Group**

Koperasi Tunas Muda Sungai Ara Berhad is a shareholder of SunCity and a Major Shareholder with 30% interest in Sunway Tunas Sdn Bhd, a 70% owned subsidiary of SunCity.

**(k) Adasia (M) Sdn Bhd**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling who is a Director and Major Shareholder of SunCity Group, has deemed interest in Adasia (M) Sdn Bhd via corporations where he has more than 15% shareholding. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng has deemed interest in Adasia (M) Sdn Bhd by virtue of her deemed interest as well as her spouse's deemed interest in Adasia (M) Sdn Bhd. Sarena Cheah Yean Tih is a Director and she has deemed interest in Adasia (M) Sdn Bhd by virtue of her deemed interest as well as her parents' deemed interests in Adasia (M) Sdn Bhd.

**(l) CCM Chemicals Sdn Bhd**

Oh Kim Sun is a Director of CCM Chemicals Sdn Bhd. Dato' Lim Say Chong and Oh Kim Sun are Major Shareholders of Lanjut Setia Sdn Bhd, which has 10% direct interest in CCM Chemicals Sdn Bhd. They also have 19% and 26% direct interests respectively in Sunway Lagoon Sdn Bhd, a 51% owned subsidiary of SunCity.

**(m) Asian Strategy & Leadership Incorporated Sdn Bhd**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling is a Director and Major Shareholder of SunCity Group and Asian Strategy & Leadership Incorporated Sdn Bhd. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is a Director and she has deemed interest in Asian Strategy & Leadership Incorporated Sdn Bhd by virtue of her deemed interest as well as her spouse's direct and deemed interests in Asian Strategy & Leadership Incorporated Sdn Bhd.

**(n) Sunway Technology Sdn Bhd Group**

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are Directors of Sunway Technology Sdn Bhd Group. Tan Sri Dato' Seri (Dr) Cheah Fook Ling who is a Director and Major Shareholder of SunCity Group, has deemed interest in Sunway Technology Sdn Bhd via corporations where he has more than 15% shareholding. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng has deemed interest in Sunway Technology Sdn Bhd by virtue of her deemed interest as well as her spouse's deemed interest in Sunway Technology Sdn Bhd. Sarena Cheah Yean Tih has deemed interest in Sunway Technology Sdn Bhd by virtue of her deemed interest as well as her parents' deemed interests in Sunway Technology Sdn Bhd.

**(o) Sunway College Sdn Bhd Group**

Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Datuk Razman M Hashim are Directors of SunCity Group and Sunway College Sdn Bhd Group. Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Datuk Razman M Hashim have deemed interests in Sunway College Sdn Bhd via Sunway College Trust. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is a Director of Sunway College Sdn Bhd Group and she has deemed interest in Sunway College Sdn Bhd by virtue of her spouse's deemed interest in Sunway College Sdn Bhd. Sarena Cheah Yean Tih is a Director of Sunway College Sdn Bhd Group and she has deemed interest in Sunway College Sdn Bhd by virtue of her parent's deemed interest in Sunway College Sdn Bhd.

**(p) Akitek Akiprima Sdn Bhd**

Cheah Teik Jin, the brother of Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is a Director and Major Shareholder of Akitek Akiprima Sdn Bhd.

**(q) Dekon Sdn Bhd Group**

Datuk Razman M Hashim who is a Director and shareholder of SunCity, has deemed interest in Dekon Sdn Bhd via a corporation where he has more than 15% shareholding.

**(r) PRK Builders Sdn Bhd**

Sungei Way Corporation Sdn Bhd is a Major Shareholder of PRK Builders Sdn Bhd. Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng have deemed interests in Sungei Way Corporation Sdn Bhd via corporations where they have more than 15% shareholdings. Sarena Cheah Yean Tih is a Director of PRK Builders Sdn Bhd and she has deemed interest in Sungei Way Corporation Sdn Bhd by virtue of her deemed interest as well as her parents' deemed interests in Sungei Way Corporation Sdn Bhd.

# DIRECTORS' INTERESTS IN SHARES AND OPTIONS OVER ORDINARY SHARES OF THE COMPANY AND ITS SUBSIDIARY COMPANIES

*As At 25 April 2005*

| | Ordinary Shares of RM1.00 each | |
|---|---|---|
| | No. | % |
| **Direct Interest** | | |
| Tan Sri Dato' Seri (Dr) Cheah Fook Ling | 11,403,251 | 2.77 |
| Datuk Razman M Hashim | 30,000 | 0.01 |
| Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim | 10,000 | # |
| Dato' Wong Choon Kee | 31,000 | 0.01 |
| Ngian Siew Siong | 60,000 | 0.01 |
| Wang Yeong Khang *(Alternate Director to Dato' Wong Choon Kee)* | 2,000 | # |
| **Deemed Interest** | | |
| Tan Sri Dato' Seri (Dr) Cheah Fook Ling * | 167,525,917 | 40.69 |

| | Options over Ordinary Shares of RM1.00 each |
|---|---|
| | No. |
| **Direct Interest** | |
| Tan Sri Dato' Seri (Dr) Cheah Fook Ling | 1,000,000 |
| Datuk Razman M Hashim | 700,000 |
| Dato' Wong Choon Kee | 700,000 |
| Ngian Siew Siong | 650,000 |
| Ngeow Voon Yean | 700,000 |
| Wang Yeong Khang *(Alternate Director to Dato' Wong Choon Kee)* | 600,000 |

By virtue of Tan Sri Dato' Seri (Dr) Cheah Fook Ling's substantial interest in the shares of Sunway City Berhad ("SunCity"), he is also deemed to have a substantial interest in shares of the subsidiary companies of SunCity to the extent SunCity has an interest.

*Notes:*

\# *Negligible*

* *Deemed interest through Active Equity Sdn Bhd, Active Builder Sdn Bhd, Jef-San Enterprise Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and child*

# ANALYSIS OF SHAREHOLDINGS

*As At 25 April 2005*

| | | |
|---|---|---|
| Authorised Share Capital | - | RM1,000,000,000 comprising 800,000,000 Ordinary Shares of RM1.00 each and 200,000,000 Cumulative Convertible Preference Shares of RM1.00 each |
| Issued and Paid-up Share Capital | - | RM411,703,500 comprising 411,703,500 Ordinary Shares of RM1.00 each |
| Class of Shares | - | Ordinary Shares of RM1.00 each |
| Voting Rights | - | One vote per share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholdings |
|---|---|---|---|---|
| Less than 100 | 73 | 0.87 | 575 | 0.00 |
| 100 – 1,000 | 4,404 | 52.76 | 4,355,381 | 1.06 |
| 1,001 – 10,000 | 3,438 | 41.18 | 12,574,111 | 3.05 |
| 10,001 – 100,000 | 353 | 4.23 | 9,613,000 | 2.33 |
| 100,001 – 20,585,174 (less than 5% of issued shares) | 76 | 0.91 | 177,423,790 | 43.10 |
| 20,585,175 (5%) and above | 4 | 0.05 | 207,736,643 | 50.46 |
| | 8,348 | 100.00 | 411,703,500 | 100.00 |

## THIRTY LARGEST SHAREHOLDERS AS PER REGISTER OF DEPOSITORS

| | Name of Shareholders | Name of Beneficial Owners | No. of Shares | % |
|---|---|---|---|---|
| 1 | Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd | Government of Singapore | 100,000,000 | 24.30 |
| 2 | Sungei Way Corporation Sdn Bhd | - | 46,628,101 | 11.33 |
| 3 | Mayban Nominees (Tempatan) Sdn Bhd | Sungei Way Corporation Sdn Bhd | 38,063,542 | 9.25 |
| 4 | Perbadanan Kemajuan Negeri Selangor | - | 23,045,000 | 5.60 |
| 5 | Jef-San Enterprise Sdn Bhd | - | 15,801,045 | 3.84 |
| 6 | Koperasi Tunas Muda Sungai Ara Berhad | - | 15,217,391 | 3.70 |
| 7 | Sungei Jaya Sdn Bhd | - | 12,628,165 | 3.07 |
| 8 | HSBC Nominees (Tempatan) Sdn Bhd | Tan Sri Dato' Seri (Dr) Cheah Fook Ling | 10,813,251 | 2.63 |
| 9 | Mayban Nominees (Tempatan) Sdn Bhd | Sharikat Lombong Anika Serbaguna Sdn Bhd | 10,393,474 | 2.53 |
| 10 | Active Equity Sdn Bhd | - | 9,276,552 | 2.25 |
| 11 | PAB Nominees (Tempatan) Sdn Bhd | Sungei Way Corporation Sdn Bhd | 9,000,000 | 2.19 |
| 12 | Sungei Menderang Sdn Bhd | - | 7,958,490 | 1.93 |
| 13 | Progressive Traders Sdn Bhd | - | 7,958,490 | 1.93 |
| 14 | Mayban Nominees (Tempatan) Sdn Bhd | Wistaria Holdings Sdn Bhd | 7,400,000 | 1.80 |
| 15 | Swastaria Holdings Sdn Bhd | - | 7,160,000 | 1.74 |
| 16 | Active Builder Sdn Bhd | - | 6,523,930 | 1.59 |
| 17 | Oriental Dragon Enterprises Inc. | - | 5,219,400 | 1.27 |
| 18 | Timah Sini-Sana Sdn Bhd | - | 5,213,409 | 1.27 |

# ANALYSIS OF SHAREHOLDINGS

*As At 25 April 2005 (Cont'd)*

**THIRTY LARGEST SHAREHOLDERS AS PER REGISTER OF DEPOSITORS** (Cont'd)

| | Name of Shareholders | Name of Beneficial Owners | No. of Shares | % |
|---|---|---|---|---|
| 19 | Employees Provident Fund Board | - | 4,918,900 | 1.20 |
| 20 | HSBC Nominees (Tempatan) Sdn Bhd | Sungei Way Corporation Sdn Bhd | 4,000,000 | 0.97 |
| 21 | Timah Dunia Dredging Sdn Bhd | - | 2,133,553 | 0.52 |
| 22 | Citicorp Nominees (Asing) Sdn Bhd | CBNY for DFA Emerging Markets Fund | 2,051,700 | 0.50 |
| 23 | HSBC Nominees (Asing) Sdn Bhd | JPMLU for Morgan Stanley Dean Witter Sicav Asian Real Estate Fund | 1,879,000 | 0.46 |
| 24 | Yeoh Kean Hua | - | 1,775,000 | 0.43 |
| 25 | Universal Trustee (Malaysia) Berhad | SBB Emerging Companies Growth Fund | 1,732,600 | 0.42 |
| 26 | HSBC Nominees (Tempatan) Sdn Bhd | HSBC (M) Trustee Berhad for OSK-UOB Growth and Income Focus Trust | 1,570,000 | 0.38 |
| 27 | Cartaban Nominees (Asing) Sdn Bhd | State Street Australia Fund Q3VD for Fullerton (Private) Limited | 1,476,000 | 0.36 |
| 28 | Citicorp Nominees (Asing) Sdn Bhd | Citibank Singapore Global Window for Savers Malaysia Fund | 1,417,000 | 0.34 |
| 29 | HSBC Nominees (Asing) Sdn Bhd | UBS AG Zurich for SBC Lux Equity Portfolio Malaysia Fund | 1,317,900 | 0.32 |
| 30 | Mayban Nominees (Tempatan) Sdn Bhd | Mayban Trustees Berhad for Public Industry Fund | 1,200,000 | 0.29 |

**SUBSTANTIAL SHAREHOLDERS**

| | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | Tan Sri Dato' Seri (Dr) Cheah Fook Ling | | |
| | - Direct interest | 11,403,251 | 2.77 |
| | - Deemed interest #a | 167,525,917 | 40.69 |
| 2 | Sungei Way Corporation Sdn Bhd | | |
| | - Direct interest | 98,619,095 | 23.95 |
| | - Deemed interest #b | 5,213,409 | 1.27 |
| 3 | Government of Singapore Investment Corporation Pte Ltd for Government of Singapore | 100,000,000 | 24.29 |
| 4 | Perbadanan Kemajuan Negeri Selangor | 25,471,000 | 6.19 |
| 5 | Timah Dunia Dredging Sdn Bhd | | |
| | - Direct interest | 2,133,553 | 0.52 |
| | - Deemed interest #c | 103,832,504 | 25.22 |
| 6 | Active Equity Sdn Bhd | | |
| | - Direct interest | 9,276,552 | 2.25 |
| | - Deemed interest #d | 134,511,202 | 32.67 |

*Notes:*

*#a Deemed interest through Active Equity Sdn Bhd, Active Builder Sdn Bhd, Jef-San Enterprise Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and child*

*#b Deemed interest through Timah Sini-Sana Sdn Bhd*

*#c Deemed interest through Sungei Way Corporation Sdn Bhd and Timah Sini-Sana Sdn Bhd*

*#d Deemed interest through Sungei Jaya Sdn Bhd, Sungei Menderang Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Progressive Traders Sdn Bhd, Sungei Way Corporation Sdn Bhd and Timah Sini-Sana Sdn Bhd*

# NOTICE OF 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of SUNWAY CITY BERHAD (87564-X) will be held at Grand Bahamas, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 3.30 p.m. for the following purposes:-

**AS ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2004 together with the Directors' and Auditors' Reports thereon. (Resolution 1)

2. To declare a final dividend of 1.5% per share less 28% income tax for the financial year ended 31 December 2004 as recommended by the Directors. (Resolution 2)

3. To approve the following increase in Directors' fees and to approve the payment of Directors' fees totalling RM102,000 for the financial year ended 31 December 2004:-

   (a) from RM24,000 to RM30,000 per annum for Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim, the Senior Independent Non-Executive Director; and

   (b) from RM12,000 to RM18,000 per annum for the other Non-Executive Directors namely Low Siew Moi, Teo Tong How, Lim Swe Guan and Tan Siak Tee. (Resolution 3)

4. To re-elect the following Directors:-

   4.1 Datuk Razman M Hashim retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Resolution 4)

   4.2 Ngian Siew Siong retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Resolution 5)

   4.3 Tan Siak Tee retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Resolution 6)

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION:**
   **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   "THAT subject always to the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to allot and issue not more than 10% of the issued share capital of the Company at any time upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company. (Resolution 8)

7. **ORDINARY RESOLUTION:**
**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 3 June 2005 which are of a revenue or trading nature and in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 9)

8. **ORDINARY RESOLUTION:**
**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the interest of the Government of Singapore Investment Corporation Pte Ltd Group**

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions from time to time with the Government of Singapore Investment Corporation Pte Ltd Group, which are necessary for day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 3 June 2005 which are of a revenue or trading nature and in the ordinary course of business and are on terms not more favourable to the Government of Singapore Investment Corporation Pte Ltd Group than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 10)

9. **ORDINARY RESOLUTION:**
**Proposed Authority for the Purchase of Own Shares by the Company**

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

(a) the aggregate number of ordinary shares of RM1.00 each in the Company ("SunCity Shares") which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point of time, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements of Bursa Securities;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCity Shares shall not exceed the Company's audited retained profits and share premium account at any point of time;

(c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first; and

(d) upon completion of the purchase(s) of the SunCity Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCity Shares so purchased or to retain the SunCity Shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the SunCity Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCity Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." (Resolution 11)

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 22nd Annual General Meeting to be held on 28 June 2005, a final dividend of 1.5% per share less 28% income tax for the financial year ended 31 December 2004 will be paid on 28 July 2005 to Depositors whose names appear in the Record of Depositors on 30 June 2005.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Securities transferred into the Depositor's securities account before 4.00 p.m. on 30 June 2005 in respect of transfers;

(b) Securities deposited into the Depositor's securities account before 12.30 p.m. on 28 June 2005 in respect of securities exempted from mandatory deposit; and

(c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**PUAN SRI DATIN SERI (DR) SUSAN CHEAH SEOK CHENG (MIA 5601)**
**TAN KIM AUN (MAICSA 7002988)**
**LEE SUAN CHOO (MAICSA 7017562)**
Company Secretaries

Petaling Jaya
3 June 2005

Notes:

1. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**EXPLANATORY NOTES ON SPECIAL BUSINESS:**

1. **Resolution 8 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

2. **Resolutions 9 and 10 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed Ordinary Resolutions 9 and 10, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations pursuant to Paragraph 10.09(1) of the Listing Requirements of Bursa Malaysia Securities Berhad. The details of the proposal are set out in the Circular to Shareholders dated 3 June 2005.

3. **Resolution 11 - Proposed Authority for the Purchase of Own Shares by the Company**

   The details on the proposed authority for the purchase of own shares by the Company are set out in the Circular to Shareholders dated 3 June 2005.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

(a) Datuk Razman M Hashim
(b) Ngian Siew Siong
(c) Tan Siak Tee

The details of the above Directors who are standing for re-election are set out on pages 8 to 12 of this Annual Report. Their shareholdings in the Company are set out on page 154 of this Annual Report.

## 2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Six (6) Board Meetings were held during the financial year ended 31 December 2004. The details of attendance of the Directors are set out on page 27 of this Annual Report.

## 3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

| Date | Time | Place |
|---|---|---|
| Tuesday, 28 June 2005 | 3.30 p.m. | Grand Bahamas, Level 12<br>Sunway Lagoon Resort Hotel<br>Persiaran Lagoon<br>Bandar Sunway<br>46150 Petaling Jaya<br>Selangor Darul Ehsan |

# FORM OF PROXY

22nd Annual General Meeting

**SUNWAY CITY BERHAD** (87564-X)
(Incorporated in Malaysia)
Registered Office:
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: 03-5639 8889/5639 8848
Fax: 03-5639 9507

*I/We _____ *NRIC No./Passport No./Company No. _____

*(Please use Block Letters)*

of _____

being (a) member(s) of SUNWAY CITY BERHAD and entitled to vote hereby appoint _____

*NRIC No./Passport No. _____ of _____

_____ or failing *him/her,

the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 22nd Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 3.30 p.m. and at any adjournment thereof.

Dated this _____ day of _____ 2005

Signature(s) _____

COMMON SEAL

| **Number of share(s) held** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|

** Delete as appropriate.*

Please indicate with an **X** in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

| | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2004 together with the Directors' and Auditors' Reports thereon | | |
| 2. | To declare a final dividend of 1.5% per share | | |
| 3. | To approve the increase in Directors' fees and the payment thereof | | |
| | To re-elect the following Directors:- | | |
| 4. | Datuk Razman M Hashim | | |
| 5. | Ngian Siew Siong | | |
| 6. | Tan Siak Tee | | |
| 7. | To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration | | |
| 8. | To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 | | |
| 9. | To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | | |
| 10. | To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the interest of the Government of Singapore Investment Corporation Pte Ltd Group | | |
| 11. | To authorise the purchase of own shares by the Company | | |

*NOTES:*

1. *A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.*
3. *If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

PLEASE FOLD HERE

STAMP

THE COMPANY SECRETARY
SUNWAY CITY BERHAD (87564-X)
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY, 46150 PETALING JAYA
SELANGOR DARUL EHSAN, MALAYSIA

TEL : 03-5639 8889 / 5639 8848
FAX : 03-5639 9507

PLEASE FOLD HERE