

corporate information

BOARD OF DIRECTORS

CHAIRMAN

Tan Sri Dato' Low Yow Chuan
PSM, DJI (Sel), SMS

MANAGING DIRECTOR

Dato' Jeffrey Ng Tiong Lip
DSPN
CA, MACPA, RA(M), B.Econs(Monash)

DIRECTORS

Tan Sri Datuk Seri Chong Hon Nyan
PSM, DGSM, JMN, KMN, AMN
RCD(S'pore), MA(Cantab)

Dato' Hanafiah Bin Hussain
AMN, SDK, DSDK
BA(Com), FCA

Dato' Lee Kim Sai @ Lee Hoo
DSSA,PPN

Low Gee Tat @ Gene Low
B.Soc, Sci.(Hons), UK
(Law & Politics)

Low Gee Teong
MA Econs. & Mgmt. Sc., UK

AUDIT COMMITTEE

Tan Sri Datuk Seri Chong Hon Nyan
(Chairman & Independent Non-Executive Director)

Dato' Hanafiah Bin Hussain
(Independent Non-Executive Director)

Dato' Lee Kim Sai @ Lee Hoo
(Independent Non-Executive Director)

Dato' Jeffrey Ng Tiong Lip

COMPANY SECRETARIES

Oh Leen May
ACIS, FCCA, RA(M)
(MAICSA NO. 0731489)

Chan Kam Lye
ACIS
(MAICSA NO. 7009907)

REGISTERED OFFICE

2nd Floor
Marina Terrace Sports Complex
Jalan Low Yat
11100 Batu Ferringhi, Penang
Tel : 04-899 1213, 899 1123
Fax: 04-8905260

REGISTRAR

Bena Sakti Sdn. Bhd.
5th Floor
City Square Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-2162 4702
Fax :03-2162 1494

PRINCIPAL BANKERS

Malayan Banking Berhad
Oriental Bank Berhad

AUDITORS

Horwath Mok & Poon
Level 16, Tower C
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange
Main Board



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chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Asia Pacific Land Berhad for the financial year ended 31 December 1999.



CHAIRMAN
Tan Sri Dato' Low Yow Chuan

RESULTS

The year under review continued to be a challenging one for the Group. Group turnover rose to a new platform of RM285.0 million from RM63.3 million in the previous period. This was mainly due to increased turnover from the Property Development Division and the opening of our fourth hotel, the Rushcutters Harbourside Sydney, during the year.

Group operating profit before interest on borrowings, depreciation and amortisation rose substantially to RM26.4 million as against RM5.0 million in the previous period. Group profit after tax was RM0.3 million, a turnaround compared to a net loss of RM16.4 million in the previous period.

REVIEW OF PERFORMANCE

The Property Development Division reported a sharp rise in turnover for the year due to the Bandar Tasik Puteri "Urban Regional Centre" development in Mukim of Rawang which registered its first full year of progress billings and sales derived from the Marina One apartments project in Sydney. Bandar Tasik Puteri achieved strong sales as market demand was good for affordable housing with unit prices below RM150,000. However, the margin recorded was thin due to high initial infrastructure costs. Nevertheless, this Division is now the lead profit contributor to the Group.

The Retail and Commercial Property Division suffered declining revenue and profits as rental and occupancy rates fell. This was due to the disruption caused by public roadwork activities in the vicinity of the properties as well as weakened demand for retail and office space as a result of the spill-over effects of the economic crisis and excess new supply of space in the Klang Valley. The Division, however, remained profitable.

The Hotel Division expanded with the opening in April 1999 of a new 4½-star boutique hotel in Australia, the Rushcutters Harbourside Sydney, which contributed to the increase in the Division's turnover. The hotel however, registered a loss in its first year of operations as it was still in its gestation period.

In Malaysia, the hotel industry continued to operate under difficult business conditions. Although our hotels managed to reduce their operational losses by implementing stringent cost control measures, they still incurred losses. In particular, the Crown Princess Kuala Lumpur was adversely affected by public roadwork activities in its vicinity that had been ongoing for more than three years.

Overall, the Group registered a marginal net profit as profits from the Property Development Division and the Retail and Commercial Property Division was eroded by losses from the Hotel Division.

FINANCIAL MANAGEMENT

Due to the economic crisis, the homes at Bandar Tasik Puteri were re-packaged to cater to the demand for houses with unit prices below RM150,000 resulting in a delay of the development programme. The delay, coupled with lower contribution from the Retail and Commercial Property Division and continuing losses incurred by the Hotel Division, has affected the cash flow of the Group. The repayment schedule of certain loans was accordingly extended to meet the cash flow requirements of the Group.

At year-end date, Group borrowings stood at RM593 million and gearing ratio was at a manageable level of 0.6:1.

CORPORATE DEVELOPMENT

During the year, the Group completed the acquisition of the 59th to 61st floors of the Empire Tower building together with the rooftop helipad, and a piece of land adjacent to Empire Tower at Jalan Aman, Kuala Lumpur. The total purchase consideration of RM38.9 million was satisfied by way of an exchange of land at Bandar Tasik Puteri valued at RM34.5 million and the balance of RM4.4 million in cash.

Several proposals that were earlier announced have not been completed. The proposed joint-venture apartment project at Jalan Ipoh, Kuala Lumpur and the proposed acquisition of a piece of land in Setapak, Kuala Lumpur were deferred pending improvement in market conditions. The proposed joint-venture cement manufacturing project was also deferred in view of the current market situation.

The Company will seek a renewal of its Share Buy-Back Proposal at the forthcoming Annual General Meeting. To-date, the Company has not exercised any share buy-back pending an appropriate time to do so.

CORPORATE DIRECTION

The Group's focus is now on the Property Development Division which generates attractive returns. Hence, the Group plans to expand this Division which in the long term is expected to build shareholder value for investors in the Company.

Whilst investment properties did not yield a strong return during the past few years due to the market conditions then, nevertheless, they had provided a strong asset base and steady income to support the growth of the other Divisions. The Group will strive to improve the business of its hotels and investment properties to regain its previous levels of performance.

DIVIDEND

The Directors do not propose any dividend in respect of this financial year in view of the marginal profit achieved.



This is also in exercise of prudence as priority is given to the channelling of resources to finance operational requirements in order to sustain business growth.

CORPORATE GOVERNANCE

The Group places due emphasis on the practice of good corporate governance. In line with the call to achieve the highest levels of disclosure and transparency to the public and investors, policies are constantly reviewed for implementation to enhance continued good corporate governance.

AUDIT COMMITTEE

The Audit Committee was established in 1994. During the year, the Audit Committee reviewed with the external auditors the scope of their audit, the results of their examinations, their evaluation of the system of internal accounting controls of the Group and the auditors' reports thereon. The Committee also reviewed the scope and results of internal audit procedures, related party transactions, announcements of results and financial statements of the Group and made recommendations to the Board, where appropriate.

HUMAN RESOURCE

The Group continues to invest in training and development programmes, particularly in areas of computer applications, retail customer services, hospitality operations and food and beverage management. The Group has also started to promote the practice of multi-functional skills amongst staff. Staff are given opportunities for career advancement within the organisation and incentive schemes are in place to motivate staff towards improving work quality and productivity whilst achieving the Company's goals and staff's own personal goals.

The Group recognises occupational safety and health as important issues and strives to ensure a pleasant and safe working environment, with practices consistent with the provisions of the Occupational Safety and Health Act, 1994.

The Employees' Share Option Scheme (ESOS) 1995/2000 expired in April 2000. During the tenure of the scheme, options for 15,447,000 shares were granted, of which a total of 516,000 shares were issued upon exercise of the options. The Board will consider proposing a new scheme in the future as an incentive for employees in recognition of their contribution to the progress of the Group.



- First Phase of the Value Corridor at Bandar Tasik Puteri - Courtyard Homes nearing completion
- Official opening of Bandar Tasik Puteri graced by YAB Dato' Seri (Dr.) Haji Abu Hassan Bin Haji Omar, Menteri Besar Selangor and directors, Dato' Lee Kim Sai, Dato' Jeffrey Ng and Mr Low Gee Teong on 7 June 1999
- Puteri Homes - "Acacia", one of the nine exclusive designer's bungalow at Phase 1B, Bandar Tasik Puteri

COMMUNITY SERVICES

The Group continues to support various charitable organisations through welfare and community activities. Visits and contributions to welfare homes, blood donation campaigns and environmental preservation activities such as regular beach clean-up exercises, amongst others, were organised during the year.

PROSPECTS

The current economic and stock market recovery are expected to re-create wealth and increase spending power, setting the right climate for overall business growth.

The Property Development Division, with its Bandar Tasik Puteri "Urban Regional Centre" development, is expected to continue to achieve strong sales and be a major profit contributor to the Group.



The Retail and Commercial Property Division is expected to remain profitable due to its prime location and unique integrated hotel-retail-office concept despite the oversupply of retail and office space in the market.

The Hotel Division anticipates an improvement in its operational profits before interest. This is in view of the improving business confidence as well as the Government's aggressive promotional activities and support efforts in increasing both domestic and inbound tourism and consumer spending.

Overall, the Board expects the Group results to improve for the year 2000.

DIRECTORATE

Mr. Low Kim Seng retired as a director of the Company at the last Annual General Meeting. On behalf of the Board, I would like to express our heartfelt thanks and sincere appreciation for his dedicated services rendered during his term of office for the last 8 years.

We would also like to take this opportunity to express our condolences to the family of the late Tan Sri Dato' Nasruddin Bin Mohamed who passed away peacefully on 13 August 1999 and record our appreciation for his past services to the Company.

We welcome Dato' Lee Kim Sai to the Board as an independent non-executive director. I am confident that Dato' Lee, with his wealth of experience, will contribute to the progress of the Group.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank the management and staff for their efforts and dedication in taking the Group through this challenging year.

The Board wishes to express its sincere appreciation to our shareholders, customers, suppliers, bankers and various governmental authorities for their support throughout the year and look forward to their continuing support for the years ahead.

Tan Sri Dato' Low Yow Chuan
Chairman
5 May 2000