

The directors hereby submit their report together with the audited accounts of the Company and of the Group for the financial year ended 30 June, 2000.

Principal Activities

The principal activities of the Company are that of an investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 30 to the accounts.

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

Results

	Group RM'000	Company RM'000
Loss before taxation	(114,947)	(6,061)
Taxation	(14,860)	(155)
Loss after taxation	(129,807)	(6,216)
Minority interests	(3,497)	–
Loss attributable to shareholders	(133,304)	(6,216)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 18 to the accounts.

Bad and Doubtful Debts

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that 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.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount provided for as doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent.

Current Assets

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.

Contingent and Other Liabilities

At the date of this report, there does not exist:

- a) any charge on the assets which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability which has arisen since the end of the financial year.

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, in the opinion of directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations when they fall due.

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Company or of the Group which would render any amount stated in the accounts misleading.

Items of an Unusual Nature

Except as disclosed in Notes 24 and 32 to the accounts :

- i) The results of the operations of the Company and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.
- ii) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

Significant Events

During the year,

- a) the Company and its subsidiaries namely Faber Hotels Holdings Sdn. Bhd. and Subang Jaya Hotel Development Sdn. Bhd. ('Scheme Companies'), obtained approvals from all relevant parties for the implementation of the composite scheme of arrangement, inter-alia, involving:
 - i) the issue of up to RM1,565,042,702 nominal value of 5-year Zero Coupon Redeemable Convertible Secured Bonds ('RCSB') to repay the debts outstanding to the secured financial institution creditors of the Company and the proposed issue of up to RM233,748,634 nominal value of 5-year Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ('ICULS') to repay the debts outstanding to the unsecured financial institution creditors of the Company of up to RM53,039,049 and the unsecured creditors of the Scheme Companies of RM180,709,585;
 - ii) reduction of the existing issued and paid-up share capital of the Company by the cancellation of 50 sen from every ordinary share of RM1.00 each and the consolidation of 2 ordinary shares of 50 sen each into 1 ordinary share of RM1.00 each; and
 - iii) the listing of and the quotation for the ICULS and the new ordinary shares of RM1.00 each in the Company arising from the conversion of RCSB and the ICULS on the Kuala Lumpur Stock Exchange.

The composite scheme is pending completion.

- b) a subsidiary, Inter Heritage (M) Sdn. Bhd. ('Inter Heritage') formulated a debt restructuring scheme under the purview of the Corporate Debt Restructuring Committee involving the issue of RM252,784,000 nominal value of 5-year Non-Convertible Redeemable Secured Bonds with Zero Coupon rate for the first two years and followed by 2%, 3% and 3.5% per annum in the next three years to provide a yield to maturity of 12% per annum, to repay the secured debts outstanding to the financial institution creditors. Subsequent to year end, the scheme has been approved and implemented.

Directors

The directors who served since the date of the last report are:

Dato' Abdullah Mohd Yusof
Haji Bidari Tan Sri Datuk Mohamed
Tan Sri Halim Saad
Dato' Ikmal Hijaz bin Hashim
Dato' Syed Abdul Bari Shahabudin
Dato' Haji Moehamad Izat bin Achmad Habechi Emir
Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff
Christopher Lawrence Bachran (appointed on 12 May, 2000)
Senator Haji Hamzah bin Mohd Zain (resigned on 1 December, 1999)
Khor Sinn Yeek (resigned on 8 March, 2000)

In accordance with the Company's Articles of Association, Dato' Haji Moehamad Izat bin Achmad Habechi Emir and Dato' Syed Abdul Bari Shahabudin retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Benefits

Other than the deemed benefits, if any, arising from transactions disclosed in this report and in Notes 10, 15, 16 and 22 to the accounts:

- i) during and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate; and
- ii) since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Interests

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in shares of the Company or its related corporations other than as follows:

	Number of Ordinary Shares of RM0.50 each			
	1 July 1999	Bought	Sold	30 June 2000
Renong Berhad				
Tan Sri Halim Saad				
Direct	77,470,694	3,246,037	–	80,716,731
Indirect	291,295,620	–	–	291,295,620

	Number of Ordinary Shares of RM1.00 each			
	1 July 1999	Bought	Sold	30 June 2000
The Company				
Tan Sri Halim Saad				
Indirect	194,484,537	–	–	194,484,537
Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff				
Direct	3,000	–	–	3,000

By virtue of his interest in the shares of Renong Berhad, Tan Sri Halim Saad is also deemed to have interest in the shares of all the subsidiaries of Renong Berhad to the extent that Renong Berhad has an interest.

Number of Employees and Registered Office

The average number of employees in the Group and the Company during the year was 2,922 and 23 respectively. The registered office of the Company is located at 20th Floor, Menara 2 Faber Towers, Jalan Desa Bahagia, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur.

Ultimate Holding Company

The ultimate holding company is Renong Berhad, a public listed company incorporated in Malaysia.

Audit Committee

The members of the Audit Committee are:

Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff (Chairman/Independent non-executive director)

Dato' Syed Abdul Bari Shahabudin (Member/Independent non-executive director)

Dato' Haji Moehamad Izat bin Achmad Habechi Emir (Member/Independent non-executive director)

Dato' Ikmal Hijaz bin Hashim (Member/Non-executive director)

The functions of the Audit Committee are, inter alia, to review accounting policies, internal controls and accounts of the Company and where necessary, to make the recommendation to the Board of Directors.

In performing its functions, the Audit Committee reviewed the overall scope of external audit and met with the Company's auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Company. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors.

The Audit Committee reviewed the accounts of the Company and the consolidated accounts of the Group as well as the auditors' report thereon and recommended to the Board of Directors the re-appointment of Hanafiah Raslan & Mohamad under the name of Arthur Andersen & Co. as statutory auditors.

Auditors

Hanafiah Raslan & Mohamad retire and have indicated their willingness to accept re-appointment under the name of Arthur Andersen & Co.

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



Dato' Abdullah Mohd Yusof



Christopher Lawrence Bachran

Kuala Lumpur
19 October 2000

We, *Dato' Abdullah Mohd Yusof* and *Christopher Lawrence Bachran*, being two of the directors of FABER GROUP BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Company and of the Group as at 30 June, 2000 and the statements of changes in equity, income and cash flow statements of the Company and of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 30 June, 2000 and of the results and cash flows of the Company and of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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



Dato' Abdullah Mohd Yusof



Christopher Lawrence Bachran

Kuala Lumpur
19 October 2000

I, *Christopher Lawrence Bachran*, the director primarily responsible for the financial management of FABER GROUP BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Company and of the Group as at 30 June, 2000 and the statements of changes in equity, income and cash flow statements of the Company and of the Group for the year then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **Christopher Lawrence Bachran**)
at Kuala Lumpur in Wilayah Persekutuan)
on 19 October 2000)



Christopher Lawrence Bachran

Before me:



Commissioner for Oaths

To the Shareholders of Faber Group Berhad

We have audited the accounts of FABER GROUP BERHAD ('the Company') and the consolidated accounts of FABER GROUP BERHAD AND ITS SUBSIDIARIES ('the Group') as at 30 June, 2000. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion,

- a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 June, 2000 and of the results and cash flows of the Company and of the Group for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and 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 accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 30 to the accounts, being accounts that have been included in the consolidated accounts.

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

The audit reports on the accounts of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.



Hanafiah Raslan & Mohamad

No. AF 0002

Public Accountants

19 October 2000



George Koshy

No. 1846/7/01 (J)

Partner of the Firm

	Note	2000 RM'000	1999 RM'000
Assets Employed			
Fixed Assets	3	1,555,397	1,583,628
Interest in an Associated Company	5	25,030	18,125
Investments	6	11,885	11,405
Intangible Assets	7	23,650	25,266
		1,615,962	1,638,424
Current Assets			
Cash and Bank Balances	8	44,089	32,494
Short Term Deposits	9	62,044	48,825
Debtors	10	130,438	102,306
Stocks	11	106,758	106,996
Development Properties	12	77,920	71,848
		421,249	362,469
Current Liabilities			
Bank Overdrafts	13	40,865	40,916
Term Loans	14	978,463	978,580
Creditors	15	701,628	544,363
Taxation		61,562	52,051
Due to Holding Company	16	23,899	25,760
		1,806,417	1,641,670
Net Current Liabilities		(1,385,168)	(1,279,201)
		230,794	359,223
Financed By:			
Share Capital	17	324,033	324,033
Reserves	18	35,724	33,406
Accumulated Losses		(217,840)	(84,536)
Shareholders' Funds		141,917	272,903
Minority Shareholders' Interests	19	73,092	68,905
Long Term Liabilities	20	15,785	17,415
		230,794	359,223

The accompanying notes are an integral part of this balance sheet.

	Share capital RM'000	Reserves RM'000	Accumulated losses RM'000	Total RM'000
At 1 July, 1998				
As previously reported	324,033	39,848	76,847	440,728
Prior year adjustment (Note 24)	–	–	(3,208)	(3,208)
As restated	324,033	39,848	73,639	437,520
Loss after Taxation	–	–	(158,175)	(158,175)
Currency translation differences	–	(6,442)	–	(6,442)
At 30 June, 1999	324,033	33,406	(84,536)	272,903
At 1 July, 1999				
As previously reported	324,033	33,406	(78,980)	278,459
Prior year adjustment (Note 24)	–	–	(5,556)	(5,556)
As restated	324,033	33,406	(84,536)	272,903
Loss after Taxation	–	–	(133,304)	(133,304)
Currency translation differences	–	2,318	–	2,318
At 30 June, 2000	324,033	35,724	(217,840)	141,917

The accompanying notes are an integral part of this statement.

Consolidated Income Statement

For the year ended 30 June 2000

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	Note	2000 RM'000	1999 RM'000
Revenue	21	469,758	438,886
Cost of sales	21	(274,679)	(239,855)
Gross profit		195,079	199,031
Other operating income		22,564	35,258
Marketing expense		(12,117)	(10,728)
Administrative expenses		(30,953)	(37,236)
Other operating expenses		(181,960)	(179,818)
(Loss)/profit from operations	22	(7,387)	6,507
Finance cost		(114,072)	(128,422)
Share of profits of an associated company		6,512	1,992
Loss before taxation		(114,947)	(119,923)
Taxation	23	(14,860)	(34,251)
Loss after taxation but before minority interests		(129,807)	(154,174)
Minority interests	19	(3,497)	(4,001)
Loss after taxation		(133,304)	(158,175)
Basic loss per share (sen)	25	41.1	48.8

The accompanying notes are an integral part of this statement.

	2000 RM'000	1999 RM'000
Cash Flow from Operating Activities		
Loss before Taxation	(114,947)	(119,923)
Adjustments for:		
Depreciation	31,832	34,868
Fixed assets written off	1,937	191
Loss on disposal of fixed assets	21	7,803
Share of profit retained in associated company	(7,952)	(1,992)
Amortisation of intangible assets	1,308	1,983
Provision for retirement benefits	78	736
Write back of diminution in value of investments	(480)	(2,748)
Provision for doubtful debts	431	248
Advances written off	–	509
Bad debts written off	184	153
Development expenditure written off	319	–
Interest income	(2,266)	(3,947)
Dividend income	(9)	(9)
Interest expenses	114,072	128,422
Gain on disposal of subsidiaries	(203)	(1,417)
Unrealised foreign exchange gain	(128)	(311)
Net cash flow generated from operations before working capital changes	24,197	44,566
(Increase) / decrease in debtors	(29,257)	11,184
(Increase) / decrease in development properties	(6,391)	8,428
Increase / (decrease) in creditors	51,522	(24,743)
Decrease in stocks	238	1,116
(Decrease) / increase in due to holding company	(1,861)	1,813
Taxation paid	(5,700)	(3,991)
Retirement benefits paid	(36)	(85)
Decrease in intangible assets	308	689
Interest paid	(3,649)	(46,873)
Exchange fluctuation reserve	2,318	6,173
Net cash flow generated from /(used in) operating activities	31,689	(1,723)

	2000 RM'000	1999 RM'000
Cash Flow from Investing Activities		
Interest received	2,266	3,947
Dividend received	9	9
Net liabilities of subsidiaries disposed*	324	2,462
Proceeds from sale of fixed assets	4,343	13,181
Placements of deposit with licensed financial institutions	(13,219)	(21,079)
Proceeds from sale of quoted investments	–	106
Purchase of fixed assets	(12,068)	(9,800)
Net cash flow used in investing activities	(18,345)	(11,174)
Cash Flow from Financing Activities		
Drawdown of term loans	–	32,917
Repayment of term loans	(117)	–
Repayment of leasing obligations	(1,460)	(404)
Net cash flow (used in) / generated from financing activities	(1,577)	32,513
Cash and Cash Equivalents		
Net increase	11,767	19,616
Cash from subsidiaries disposed	(121)	(1,045)
At the beginning of year	(8,422)	(26,993)
At the end of year	3,224	(8,422)
Cash and Cash Equivalents Comprise:		
Cash and bank balances	44,089	32,494
Bank overdrafts	(40,865)	(40,916)
	3,224	(8,422)
* Summary of effects of disposal of subsidiaries:		
Net liabilities of subsidiaries disposed	(324)	(2,462)
Cash and bank balances	121	1,045
Profit on disposal of subsidiaries	203	1,417
Proceeds from disposal of investment in subsidiaries	*** –	** –
** Cash proceeds are RM2		
*** Cash proceeds are RM1		

The accompanying notes are an integral part of this statement.

	Note	2000 RM'000	1999 RM'000
Assets Employed			
Fixed Assets	3	19,390	21,096
Interest in Subsidiaries	4	1,312,009	1,107,925
Investments	6	283	283
Intangible Assets	7	101	235
		1,331,783	1,129,539
Current Assets			
Cash and Bank Balances	8	241	146
Short Term Deposits	9	8,913	11,952
Debtors	10	5,904	2,434
		15,058	14,532
Current Liabilities			
Bank Overdrafts	13	40,000	40,000
Term Loans	14	760,463	760,463
Creditors	15	339,368	130,125
Taxation		29,754	29,931
Due to Holding Company	16	23,899	23,915
		1,193,484	984,434
Net Current Liabilities		(1,178,426)	(969,902)
		153,357	159,637
Financed By:			
Share Capital	17	324,033	324,033
Accumulated losses		(170,708)	(164,492)
Shareholders' Funds		153,325	159,541
Long Term Liabilities	20	32	96
		153,357	159,637

The accompanying notes are an integral part of this balance sheet.

Statement of Changes in Equity

For the year ended 30 June 2000

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 1 July, 1998	324,033	12,644	336,677
Loss after taxation	–	(177,136)	(177,136)
At 30 June, 1999	324,033	(164,492)	159,541
Loss after taxation	–	(6,216)	(6,216)
At 30 June, 2000	324,033	(170,708)	153,325

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Income Statement

For the year ended 30 June 2000

	Note	2000 RM'000	1999 RM'000
Revenue	21	93,017	87,302
Other operating income		401	1,327
Administrative and general expense		(2,176)	(6,802)
Other operating expenses		(6,612)	(145,678)
Profit / (loss) from operations	22	84,630	(63,851)
Finance cost		(90,691)	(84,374)
Loss before taxation		(6,061)	(148,225)
Taxation	23	(155)	(28,911)
Loss after taxation		(6,216)	(177,136)

The accompanying notes are an integral part of this statement.

	2000 RM'000	1999 RM'000
Cash Flow from Operating Activities		
Loss before taxation	(6,061)	(148,225)
Adjustments for :		
Depreciation	305	325
Fixed assets written off	1,388	–
Profit on disposal of fixed assets	(6)	(49)
Amortisation of intangible assets	134	151
Provision for doubtful debts	2,384	142,535
Advances written off	–	509
Bad debts written off	1,065	–
Interest income	(90,631)	(85,142)
Interest expenses	90,691	84,374
Net cash flow used in operations before working capital changes	(731)	(5,522)
(Increase) / decrease in debtors	(3,470)	6,958
Increase in creditors	118,801	38,147
Increase in intercompany balances	(116,918)	(120,800)
Taxation (paid) / refund	(332)	95
Interest paid	(249)	(19,298)
Net cash flow used in operating activities	(2,899)	(100,420)
Cash Flow from Investing Activities		
Proceeds from sale of fixed assets	29	68
Withdrawal / (placements) of deposit with licensed financial institutions	3,039	(11,952)
Purchase of fixed assets	(10)	(39)
Net cash flow generated from / (used in) investing activities	3,058	(11,923)
Cash Flow from Financing Activities		
Drawdown of term loans	–	112,202
Repayment of leasing obligations	(64)	(99)
Net cash flow (used in) / generated from financing activities	(64)	112,103
Cash and Cash Equivalents		
Net increase / (decrease)	95	(240)
At the beginning of year	(39,854)	(39,614)
At the end of the year	(39,759)	(39,854)
Cash and Cash Equivalents Comprise:		
Cash and bank balances	241	146
Bank overdrafts	(40,000)	(40,000)
	(39,759)	(39,854)

The accompanying notes are an integral part of this statement.

1. Principal Activities

The principal activities of the Company are that of an investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 30.

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

2. Significant Accounting Policies

a. Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets and comply with applicable approved accounting standards in Malaysia.

b. Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries as listed in Note 30 for the year ended 30 June, 2000 except for the following:

Company	Reason for Exclusion
Sate Yaki Sdn. Bhd.	In liquidation
Merlino Enterprise Sdn. Bhd.	In liquidation
Merlin Hotels (Australia) Pty. Ltd.	In liquidation
Semangat Holdings Sdn. Bhd.	In liquidation
Shaybon Sdn. Bhd.	In liquidation
Merlin Inn (Melaka) Sdn. Bhd.	In liquidation
Merlin Inn Muar Sdn. Bhd.	In liquidation
Merlin Travel and Tours Sdn. Bhd.	In liquidation
FM Management Services Sdn. Bhd.	In liquidation
Bernam Valley Sdn. Bhd.	In liquidation
Merlin Highway Inn Sdn. Bhd.	In liquidation
Faber Development Sdn. Bhd.	In liquidation
Merlin Interhotel Reservations System Pte. Ltd.	In liquidation
Merlin Management Corporation Pte. Ltd.	In liquidation
Faber Corporation Bhd.	In dissolution
Merlin Inn Penang Sdn. Bhd.	In dissolution
Faber Flows Sdn. Bhd.	In dissolution
Mados-Faber Sdn. Bhd.	In dissolution
Hikmat Sekata Sdn. Bhd.	In dissolution

Inter-company transactions are eliminated on consolidation.

c. Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

Investment in associated companies includes a company other than subsidiaries in which the Group has a long term equity interest of between 20% to 50%. Investment in associated companies is stated at cost less provision for any permanent diminution in value or at cost plus adjustments to reflect changes in the Group's share of net assets of the associated companies.

The details of the Group's associated companies are shown in Note 31.

Investments in quoted shares are stated at the lower of cost and market value on an aggregate basis and other unquoted shares are stated at cost less provision for any permanent diminution in value.

d. Income Recognition

Income from development projects is recognised on a percentage of completion method where the outcome of the projects can be determined to a reasonable degree of certainty. Projects whose outcomes cannot be determined to a reasonable degree of certainty are accounted for under the completed project method. Any estimated losses on these projects are recognised in advance of completion to the extent determinable.

e. Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation.

i. Hotel Properties

Hotel properties comprise freehold and leasehold land and the hotel building thereon. It is the Group's practice to maintain all its hotel properties in a high standard and condition in order to maintain their image and market share. Because of this, the hotel properties maintain residual values at least equal to their respective book values such that depreciation would be insignificant. Accordingly, no depreciation is provided on freehold hotel properties or those properties with unexpired lease periods of 50 years or more.

The related maintenance expenditure is dealt with in the income statement. In order to establish whether hotel properties have maintained residual values at least equal to their respective book values, all hotel properties are appraised by independent professional valuers at least once in every three years on the existing use basis. Revaluation surpluses, if considered by the directors to be permanent in nature, are incorporated in the accounts through the Asset Revaluation Reserve after approval has been obtained from the relevant authorities. Any reductions in the value of hotel properties below their original costs is charged against operating profit in the income statement. The last valuation done was in August 2000 which gave rise to a value above the carrying value of hotel properties in the accounts.

ii. Investment Properties

Investment properties are held for investment potential and rental. The related maintenance expenditure is dealt with in the income statement. In order to establish whether the properties have maintained residual values at least equal to their respective book values, the properties are appraised by independent professional valuers at least once in every three years on the existing use basis. Revaluation surpluses if considered by the directors to be permanent in nature, are incorporated in the accounts through the Asset Revaluation Reserve after approval has been obtained from the relevant authorities. Any reduction in the values of the properties below their original costs are taken to the income statement and treated as normal revenue items. No depreciation is provided on investment properties. The last valuation done was in August 2000 which gave rise to a value above the carrying value of investment properties in the accounts.

iii. Other Fixed Assets

Crockery, glassware, cutlery and linen are capitalised at the minimum level requirements for normal operations. Subsequent additions and replacements are written off in the year in which they are acquired.

Depreciation was not provided for crockery, glassware, cutlery and linen in the previous year as it was treated as base stock. During the year, the directors have adopted a policy to depreciate these assets over their estimated useful lives, to comply with Malaysian Accounting Standards Board No. 15. The effect of this change has resulted in the increase in depreciation charge for the current year by RM2,348,000 and accumulated depreciation in respect of prior years by RM5,556,000.

On other assets, depreciation is computed principally on a straight-line method based on their estimated useful lives of the related assets. The annual rates of depreciation are as follows:

Short term leasehold land	50 years
Buildings	2% – 10 %
Plant and equipment	5% – 20%
Computer equipment	6.7% – 20%
Motor vehicles	20%
Furniture and fittings	10% – 20%
Crockery, glassware, cutlery and linen	10%

f. Intangible Assets

i. Renong Scholarship

This is in respect of contribution to Renong Group Scholarship Trust Fund for the provision of Scholarships to deserving Malaysian Students to advance their education at local/overseas universities. This expenditure is amortised over a period of 10 years based on weightings, unless the directors consider that a continuing benefit will not accrue.

ii. Pre-branding Expenses

Pre-branding expenses represent direct cost incurred in connection with the Sheraton branding of the hotel. This will be written off upon completion of the branding.

iii. Preliminary and Pre-operating Expenses

Preliminary and pre-operating expenses will be written off upon commencement of operations.

iv. Pre-commencement Expenses

Pre-commencement expenses relating to the privatisation of hospital support services are amortised in equal annual instalments over the concession period of fifteen years.

g. Stocks

i. Property held for Resale

The above comprise stock of properties completed and held for resale. This is stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes costs of land, construction and appropriate development overheads.

ii. Food, Beverage, Consumables and Stores

The above are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

h. Lease Assets

The cost of assets acquired under finance lease agreements are capitalised. The depreciation policy on these assets is similar to that of the Group's other fixed assets as set out in (e) above. Outstanding obligations due under the lease agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses of the lease rentals are charged to the income statement over the period of the respective agreements.

i. Hire Purchase

Fixed assets acquired under hire purchase agreements are capitalised in the accounts and are depreciated in accordance with the policy set out in (e) above. The corresponding outstanding obligations due under the hire purchase agreements after deducting finance expenses are included as liabilities in the accounts. Finance expenses are charged to the income statement over the period of the respective agreements.

j. Foreign Currency Conversion

Foreign currency transactions during the year are converted into Ringgit Malaysia at the rate of exchange ruling at the transaction dates. Assets and liabilities in foreign currency at the balance sheet date are translated into Ringgit Malaysia at the rate of exchange ruling at that date. Gains and losses arising from the conversion of foreign currency amounts are taken to the income statement and treated as normal revenue items other than intercompany loans which are taken to exchange fluctuation reserve.

The accounts of foreign subsidiaries have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. On consolidation, exchange differences arising on translation are taken to exchange fluctuation reserve.

k. Provision for Retirement Benefits

The Group operates a defined benefit scheme. Provision has been made in the accounts for eligible union staff who have completed the minimum qualifying period of fifteen years of continuous service.

The current and prior service cost is charged to the income statement systematically over the expected remaining working lives of the employees covered by the retirement benefit plan.

l. Development Properties and Expenditure

- i. Development properties and expenditure are stated at cost plus profit attributable to development less foreseeable losses. Cost comprises land and building costs and related development expenditure common to the whole project. In cases where progress billings, received and receivable exceed contract costs plus attributable profits less foreseeable losses, the excess amount is shown separately as overclaims.
- ii. Direct cost incurred on proposals and procurement for major projects are capitalised as development expenditure until it is established that no benefit will accrue from such proposals and procurement in which case, such costs will be charged to the income statement. Amount capitalised on successful awards are transferred to the work-in-progress account.

m. Deferred Taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in bank net of outstanding bank overdrafts.

3. Fixed Assets

Group	Total RM'000	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Plant, equipment, furniture, fittings and motor vehicles RM'000	Crockery, glassware, cutlery and linen RM'000	Capital work-in- progress RM'000
Cost / Valuation						
At 1 July 1999	1,689,676	657,364	345,046	289,458	24,034	373,774
Additions	12,068	903	137	9,200	11	1,817
Disposals	(4,633)	(3,763)	–	(317)	(6)	(547)
Write off/down	(6,288)	(1,388)	–	(4,757)	(143)	–
Arising from disposal of subsidiaries	(8,145)	–	–	(8,145)	–	–
At 30 June 2000	1,682,678	653,116	345,183	285,439	23,896	375,044
At cost	1,546,862	536,165	326,753	285,004	23,896	375,044
At valuation						
1983	70,510	51,645	18,430	435	–	–
1984	22,473	22,473	–	–	–	–
1986	2,083	2,083	–	–	–	–
1990	40,750	40,750	–	–	–	–
	1,682,678	653,116	345,183	285,439	23,896	375,044
Accumulated Depreciation						
At 1 July, 1999						
- As previously reported	100,492	150	12,849	87,493	–	–
- Prior year adjustment (Note 24)	5,556	–	–	–	5,556	–
As restated	106,048	150	12,849	87,493	5,556	–
Charge	31,832	101	4,048	25,335	2,348	–
Disposals	(269)	–	–	(269)	–	–
Write off	(4,351)	–	–	(4,351)	–	–
Arising from disposal of subsidiaries	(5,979)	–	–	(5,979)	–	–
At 30 June 2000	127,281	251	16,897	102,229	7,904	–
Net Book Value						
At 30 June 2000	1,555,397	652,865	328,286	183,210	15,992	375,044
At 30 June 1999	1,583,628	657,214	332,197	201,965	18,478	373,774
Depreciation						
Year ended 30 June 1999	34,890	79	4,307	28,156	2,348	–

Company	Total RM'000	Freehold land RM'000	Leasehold land RM'000	Plant, equipment, furniture, fittings and motor vehicles RM'000
Cost				
At 1 July 1999	23,579	18,838	1,278	3,463
Additions	10	–	–	10
Disposals	(91)	–	–	(91)
Write off	(1,388)	(1,388)	–	–
At 30 June 2000	22,110	17,450	1,278	3,382
Accumulated Depreciation				
At 1 July 1999	2,483	–	–	2,483
Depreciation	305	–	–	305
Disposals	(68)	–	–	(68)
At 30 June 2000	2,720	–	–	2,720
Net Book Value				
At 30 June 2000	19,390	17,450	1,278	662
At 30 June 1999	21,096	18,838	1,278	980
Depreciation				
Year ended 30 June 1999	325	–	–	325

The Group's freehold land and buildings comprise :

	Cost RM'000	Valuation RM'000	Total RM'000
Freehold land	16,063	40,750	56,813
Freehold buildings	3,677	–	3,677
Investment properties	994	21,106	22,100
Hotel properties	515,431	55,095	570,526
	536,165	116,951	653,116

The Group's leasehold land and buildings comprise:

	Cost RM'000	Valuation RM'000	Total RM'000
Long term lease			
Hotel properties	216,253	5,795	222,048
Others	1,278	–	1,278
	217,531	5,795	223,326
Short term lease			
Hotel properties	109,222	12,635	121,857
	326,753	18,430	345,183

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the accounts of the Group are as follows:

	2000 RM'000	1999 RM'000
Freehold land and buildings	102,793	103,078
Leasehold land and buildings	3,462	3,567

Assets held under leasing and hire purchase agreements at net book value are as follows:

Motor vehicles	Group RM'000	Company RM'000
2000	732	97
1999	4,240	171

Certain fixed assets of the Group and the Company have been pledged to banks for loan and overdraft facilities extended to the Group and the Company.

Fixed assets of the Group and of the Company amounting to RM7,911,000 (1999 : RM6,767,000) and RM1,623,000 (1999 : RM1,022,000) respectively have been fully depreciated and are still in use.

4. Interest in Subsidiaries

	Company	
	2000	1999
	RM'000	RM'000
Investment in subsidiaries, at cost	261,588	282,390
Provision for diminution in value	(14,488)	(35,290)
	247,100	247,100
Amount due from subsidiaries	1,525,159	1,321,435
Provision for doubtful debts	(286,233)	(286,126)
	1,238,926	1,035,309
Amount due to subsidiaries	(174,017)	(174,484)
	1,312,009	1,107,925

The movement in provision for doubtful debts is as follows:

	2000	1999
	RM'000	RM'000
At the beginning of year	286,126	144,517
Transfer from income statement	2,384	142,535
Doubtful debts written off	(2,277)	(926)
At the end of year	286,233	286,126

The investment in subsidiaries have been pledged as security for banking facilities granted to the Company.

The amounts are unsecured and are not repayable within the next twelve months. Included in the amount due from subsidiaries is RM581,169,000 (1999 : RM581,169,000) which bears interests ranging from 13.31% to 13.63% (1999: 9.3% to 16.5%) per annum.

Included in amount due to subsidiaries is an amount of RM11,291,000 in prior years which bore interest ranging from 4.0% to 15.9% per annum.

5. Interest In An Associated Company

	Group	
	2000	1999
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	10,000	10,000
Group's share of post acquisition retained profits	15,030	8,125
	25,030	18,125

The Group accounts include the Group's share of the profit of MISC Haulage Services Sdn. Bhd. which is based on the management accounts as at 30 June, 2000. The shares in the said company have been pledged as security for loans granted to the associated company.

6. Investments

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost				
Unquoted shares, in Malaysia	16,226	16,226	783	783
Quoted shares, in Malaysia	875	875	–	–
Total	17,101	17,101	783	783
Provision for diminution in value of unquoted shares	(4,805)	(5,285)	(500)	(500)
quoted shares	(411)	(411)	–	–
	11,885	11,405	283	283
Market value of quoted shares	453	464	–	–

7. Intangible Assets

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Renong Scholarship	2,826	3,702	1,193	1,193
Less: Amortisation	(2,573)	(2,827)	(1,092)	(958)
	253	875	101	235
At cost				
Preliminary expenses	26	51	–	–
Pre-operating expenses	12,807	14,145	–	–
Pre-commencement expenses	12,135	12,400	–	–
	24,968	26,596	–	–
Less: Amounts written off	(3,330)	(3,964)	–	–
	21,638	22,632	–	–
Pre-branding expenses	1,759	1,759	–	–
	23,650	25,266	101	235

Included in the pre-operating expenses and pre-branding expenses of the Group in the previous year was depreciation of RM22,000.

8. Cash and Bank Balances

Included in the cash and bank balances of the Group is RM6,593,000 (1999 : RM24,605,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

9. Short Term Deposits

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fixed deposits with licensed				
commercial banks	56,899	22,874	8,098	11,002
discount houses	3,330	16,401	–	–
other licensed corporation	1,815	9,550	815	950
	62,044	48,825	8,913	11,952

Deposits of the Group amounting to RM15,044,000 (1999 : RM25,365,000) have been pledged for banking facilities granted.

Included in the short term deposits of the Group is RM18,589,000 (1999 : RM7,164,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

Deposits of the Company amounting to RM2,562,000 (1999 : RM2,544,000) are placed in a sinking fund account in favour of licensed financial institutions for banking facilities obtained.

10. Debtors

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Trade debtors	101,483	76,228	—	—
Provision for doubtful debts	(1,808)	(1,965)	—	—
	99,675	74,263	—	—
Other debtors	26,220	24,033	5,904	2,434
Amount rechargeable to a company in which a director and the holding company have interests	4,820	4,591	—	—
Provision for doubtful debts	(277)	(581)	—	—
	30,763	28,043	5,904	2,434
	130,438	102,306	5,904	2,434

The movement in provision for doubtful debts is as follows:

	Group	
	2000	1999
	RM'000	RM'000
At the beginning of year	2,546	3,990
Transfer from income statement		
Provision for doubtful debts	431	248
Bad debts recovered	(322)	(274)
Arising from subsidiaries deconsolidated	(8)	(1,418)
Doubtful debts written off	(562)	—
	2,085	2,546

11. Stocks

	Group	
	2000 RM'000	1999 RM'000
Properties held for resale	105,493	105,787
Food and beverage	969	948
Consumables	296	261
	106,758	106,996

Properties held for resale amounting to RM105,000,000 (1999 : RM105,000,000) have been charged as securities for banking facilities granted to the Group. In August 2000, the property was revalued by a firm of professional valuers using the open market value basis. The revalued amount which was RM131,000,000 has not been incorporated in the accounts.

12. Development Properties

	Group	
	2000 RM'000	1999 RM'000
Properties in the course of development:		
Freehold land at cost less amounts written off	14,147	14,147
Leasehold land at cost less amounts written off	11,977	11,977
Development expenditure	151,262	92,022
Proportion of estimated profit/(loss) accrued on uncompleted units	3,173	(4,667)
	180,559	113,479
Progress payments received and receivable	(121,771)	(60,810)
	58,788	52,669
Undeveloped properties:		
Freehold land, at cost	2,783	2,783
Leasehold land, at cost	957	957
Development expenditure	15,392	15,439
	19,132	19,179
Total	77,920	71,848

Certain freehold/leasehold development and undeveloped properties of the Group have been charged to financial institutions as securities for loan and banking facilities granted to the Company.

13. Bank Overdrafts (Secured)

The bank overdrafts are secured by way of fixed charges over certain landed properties of the Group. The interest rates applicable vary between 7.8% to 10.8% (1999 : 8.75% to 14.8%) per annum. Included is RM40,000,000 to be settled by the issuance of Redeemable Convertible Secured Bonds as elaborated in Note 32(a)(i),

14. Term Loans

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured	935,843	935,960	717,843	717,843
Unsecured	42,620	42,620	42,620	42,620
	978,463	978,580	760,463	760,463

The term loans are secured by way of fixed and floating charges over all the assets of the Company and certain subsidiaries. The term loans have been utilised by certain subsidiaries and the interest rates applicable varying between 9.3% to 12.4% (1999 : 7.25% to 21.2%) per annum have been recharged to the relevant subsidiaries.

As elaborated in Note 32(a)(i) and (b), RM760,463,000 will be settled by the issuance of Redeemable Convertible Secured Bonds and Irredeemable Convertible Unsecured Loan Stocks and RM218,000,000 will be settled by the issuance of Non-Convertible Redeemable Secured Bonds respectively.

15. Creditors

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade creditors	85,424	57,589	–	–
Other creditors	100,350	91,339	8,819	10,443
Amount payable to hotel creditors for construction of hotels	253,272	243,564	155,798	35,373
Accrued interest payable	211,205	100,782	174,751	84,309
Due to a corporate shareholder of a subsidiary	51,377	51,089	–	–
	616,204	486,774	339,368	130,125
Total	701,628	544,363	339,368	130,125

Included in trade creditors is an amount of RM54,718,000 (1999 : RM37,146,000) due to a company in which a director and the holding company have interests.

The amount due to a corporate shareholder is unsecured, interest free and has no fixed term of repayment.

As elaborated in Note 32(a)(i) and (b), an amount of RM332,155,000 will be settled by the issuance of Redeemable Convertible Secured Bonds and Irredeemable Convertible Unsecured Loan Stocks, and RM34,784,000 will be settled by the issuance of Non-Convertible Redeemable Secured Bonds.

16. Due to Holding Company

The amount is unsecured and is interest free except for an amount in the previous year of RM20,000,000 which bore interest at 12% per annum.

As elaborated in Note 32(a)(i), the amount will be settled by the issuance of Irredeemable Convertible Unsecured Loan Stocks.

17. Share Capital

	Group and Company	
	2000	1999
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	3,000,000	3,000,000
Issued and fully paid-up	324,033	324,033

18. Reserves

	Group	
	2000	1999
	RM'000	RM'000
Non-distributable:		
Revaluation reserve	5,447	5,447
Exchange fluctuation reserve		
At the beginning of year	27,959	34,401
Arising from translation of foreign subsidiaries	(3,093)	8,320
Arising from translation of fixed assets	–	(12,615)
Arising from translation of foreign intercompany loans	5,411	(2,147)
At the end of year	30,277	27,959
Total	35,724	33,406

19. Minority Shareholders' Interests

	Group	
	2000	1999
	RM'000	RM'000
At the beginning of year	68,905	65,540
Disposal of subsidiaries	(30)	(636)
Transfer from income statement	3,497	4,001
Cancellation of prior year dividends of a subsidiary	720	–
At the end of year	73,092	68,905

20. Long Term Liabilities

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
a. Leasing and hire purchase obligations	223	3,700	84	169
Portion of leasing and hire purchase obligations payable within twelve months included in other creditors	(191)	(2,347)	(52)	(73)
Amount repayable after 1 up to 2 years	32	1,353	32	96
b. Deferred taxation				
At the beginning of year	15,381	11,627	–	–
Reversal arising from disposal of subsidiaries	–	(30)	–	–
Transfer (to) / from income statement (Note 23)	(351)	3,784	–	–
At the end of year	15,030	15,381	–	–
Deferred taxation is in respect of the timing differences between depreciation and corresponding capital allowances	53,679	41,675	–	–
c. Retirement benefits				
At the beginning of year	681	30	–	–
Amount provided	78	736	–	–
Amount paid	(36)	(85)	–	–
At the end of year	723	681	–	–
Total long term liabilities	15,785	17,415	32	96

21. Revenue and Cost of Sales

Revenue for the Group represents room sales, property rentals, food and beverage sales and proportion of sales value from development properties sold, gross dividends from quoted investments, profit on sales of investments and invoiced value of services rendered. The cost of sales incurred in relation to the Group's revenue represents the cost of goods and services rendered, production and development cost, labour cost and related overheads.

Revenue for the Company comprises operating revenue from subsidiaries namely management fee charges, interest receivable and dividend receivable.

22. (Loss)/Profit from Operations

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit from operations has been arrived at after charging:				
Staff costs	47,246	43,459	1,672	2,205
Audit fee	237	249	28	20
Provision for doubtful debts	431	248	–	–
Provision for amount due from subsidiaries	–	–	2,384	142,535
Advances written off	–	509	–	509
Bad debts written off	184	153	1,065	–
Provision for retirement benefits	78	736	–	–
Development expenditure written off	319	–	–	–
Directors' fees	132	132	132	132
Directors' salaries and other benefits*	421	269	421	269
Fixed assets written off	1,937	191	1,388	–
Rent of land and buildings				
third parties	593	593	–	–
subsidiaries	–	–	197	289
Loss on disposal of fixed assets	21	7,803	–	–
Hire of equipment	186	121	–	–
Depreciation	31,832	32,520	305	325
Amortisation of intangible assets	1,308	1,983	134	151
Hire purchase interest	20	159	20	19
Management fees to:				
hotel operator	3,940	2,455	–	–
a company in which the holding company has interest	360	123	73	123
Project management fee paid to a company in which the holding company has interest	2,298	1,895	–	–
Contracted cost paid and payable to a company in which a director and the holding company have interests	184,691	182,709	–	–
And crediting:				
Gain on disposal of subsidiaries	203	1,417	–	–
Write back of provision for diminution in value	480	2,748	–	–
Profit on disposal of fixed assets	–	–	6	49
Bad debts recovered	322	274	–	–
Gross dividends from quoted shares in Malaysia	9	9	–	–
Interest receivable				
subsidiaries	–	–	90,608	84,986
others	2,266	3,947	23	156
Property rental income				
subsidiaries	–	–	199	199
third parties	10,628	10,975	96	112
Management fees from subsidiaries	–	–	2,409	2,316
Gain on foreign exchange	128	311	–	296

* The estimated monetary value of other benefits of the Company not included in the above received by the directors is RM21,000 (1999 : RM21,000).

23. Taxation

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Malaysian				
current year	12,658	234	—	—
underprovision in prior years	1,506	29,887	155	28,911
Deferred taxation (Note 20)	(351)	3,784	—	—
	13,813	33,905	155	28,911
Share of taxation of associated company	1,047	346	—	—
	14,860	34,251	155	28,911

The disproportionate taxation charge for the Group is principally due to the absence of Group relief for losses suffered by certain subsidiaries.

There is no tax charge for the year as the Company is in a tax loss position. The Company has unabsorbed tax losses carried forward of approximately RM2,589,000 (1999 : RM1,244,000), which can be used to offset against future taxable profits subject to agreement with the tax authority.

As at 30 June, 2000, the Company has a potential deferred tax benefit of approximately RM725,000 (1999 : RM348,000), arising principally from tax losses carried forward and unutilised capital allowances, the effects of which are not included in the accounts as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

An additional assessment has been raised on the Company by the Inland Revenue Board ('IRB') for additional tax liabilities for years of assessment 1980 to 1992. An appeal has been forwarded to the IRB in respect of the additional tax liabilities. Due to the uncertainty of the appeal, these amounts have been provided for in the accounts in the previous year.

24. Prior Year Adjustment

The prior year adjustment represents the effect of the change in accounting policy for fixed assets as disclosed in Note 2(e)(iii).

The prior year adjustment affecting the years ended 30 June is as follows:

	RM'000
1999	2,348
1998 and before	3,208
	5,556

25. Loss Per Share

The basic loss per share has been calculated based on the consolidated loss after taxation and minority interests of RM133,304,000 (1999 : RM158,175,000) and based on the number of ordinary shares in issue during the year of 324,033,325 (1999 : 324,033,325).

26. Capital Commitments

	Group	
	2000	1999
	RM'000	RM'000
Approved and contracted for	81,846	32,473
Approved but not contracted for	57,000	57,000
	138,846	89,473

27. Contingent Liabilities (Unsecured)

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
a. Guarantees issued to financial institutions	–	–	3,244	4,592
b. Litigations (Unsecured)				
Claim for alleged wrongful termination of sale and purchase agreement	26,179	26,179	–	–
Claim for non-payment of professional fees	–	6,033	–	–
Claim for alleged wrongful termination of employment contract	4,305	4,324	4,305	4,324
Claim for alleged late delivery or late issue of certificate of fitness	520	607	–	–
Claim for alleged non-payment of debts	3,972	2,908	–	447
	34,976	40,051	4,305	4,771

c. In addition to the above, the Group has contingent liabilities for the following:

- i) On 2 December, 1999, Medlux Overseas (Guernsey) Limited ("MOG"), a minority shareholder of Faber Medi-Serve Sdn Bhd ("FMS"), filed a petition pursuant to Section 181 of the Companies Act, 1965 and obtained an injunction to prevent the payment and distribution of dividends by FMS to all its shareholders. The petition contains numerous grievances and allegations raised by MOG, including inter-alia, the justification and validity of management fees of RM1,169,994 and interest on advances of RM2,024,373 charged by the Company to FMS. Subsequently, the Company and a subsidiary, Faber Healthcare Management Sdn Bhd have filed an application to set aside the injunction and affidavits in opposition to MOG's injunction application. Arising from a Consent Order entered into on 17 December, 1999, MOG has allowed payment of dividends to Class A shareholders and partial payment to the sole Class B shareholder. The application to set aside the injunction has been fixed for 14 November, 2000 but no date was fixed for the hearing of the petition.
- ii) A third party has made a legal claim against Faber Union Sdn Bhd, a subsidiary, for alleged breach of contract for unspecified damages in relation to the construction of 1,064 units 4-block low cost apartments together with car parks on part of the land known as Lot PT 1700 Taman Desa, Kuala Lumpur. The subsidiary has counter-claimed for RM2,190,386 for wrongful termination of the contract.

The directors have sought legal advice and based on the legal advice, the directors are of the opinion that no loss will arise from the claims.

28. Significant Related Party Transactions

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Management fees paid to a company in which the holding company has interest	360	123	73	123
Project management fee paid to a company in which the holding company has interest	2,298	1,895	—	—
Contracted cost paid and payable to a company in which a director and the holding company have interests	184,691	182,709	—	—
Interest income from subsidiaries	—	—	90,608	84,986
Property rental income from subsidiaries	—	—	199	199
Management fees from subsidiaries	—	—	2,409	2,316

The directors are of the opinion that the above transactions have been entered into the normal course of business and have been established under terms that are no less favourable than those arranged with third parties.

29. Segment Reporting

By Divisions	Revenue RM'000	Cost of Sales RM'000	Profit / (loss)	Total Assets RM'000
			before Taxation RM'000	
2000				
Properties	83,611	N/A	11,393	289,697
Hotels	115,120	54,765	(137,388)	1,472,051
Transport	24,240	N/A	6,899	26,227
Healthcare	269,768	219,914	17,667	204,525
Others	9	N/A	(13,518)	44,711
	492,748	274,679	(114,947)	2,037,211
Group's share of associated company turnover	(22,990)	—	—	—
	469,758	274,679	(114,947)	2,037,211
1999				
Properties	65,333	N/A	13,175	275,942
Hotels	94,084	32,834	(155,145)	1,479,312
Transport	35,105	1,619	(159)	23,620
Healthcare	265,210	205,402	32,771	165,047
Others	9	N/A	(10,565)	56,944
	459,741	239,855	(119,923)	2,000,865
Group's share of associated company turnover	(20,855)	—	—	—
	438,886	239,855	(119,923)	2,000,865

Segment reporting is not disclosed by geographical regions due to the insignificant amounts involved.

30. Subsidiary Companies

Details of the subsidiaries are as follows:

	Issued and paid-up share capital RM	Percentage of shareholding 2000 and 1999 %	Nature of Business
Incorporated in Malaysia			
Merlion Credit Corporation Bhd (14534-x)	6,000,000	100	Dormant
Semangat Holdings Sdn Bhd (74910-M)	1,000,000	100	In liquidation
TC Parking Sdn Bhd (43231-U)	20,002	100	Investment holding
Faber Corporation Bhd (193021-D)	2	100	In dissolution
Shaybon Sdn Bhd (214582-P)	5,000,000	100	In liquidation
Faber Healthcare Management Sdn Bhd (365178-M)	2	100	Investment holding
Faber Medi-Serve Sdn Bhd (109818-H)	43,170,010	57	Hospital support services
Merlin Inn (Melaka) Sdn Bhd (109825-K)	2	100	In liquidation
Merlin Inn Muar Sdn Bhd (108663-D)	2	100	In liquidation
Merlin Inn Penang Sdn Bhd (49309-P)	2	100	In dissolution
Merlin Travel & Tours Sdn Bhd (34627-V)	50,000	100	In liquidation
Merlino Enterprises Sdn Bhd (63707-V)	450,000	100	In liquidation
Sate Yaki Sdn Bhd (72963-M)	5,000,000	60	In liquidation
Faber Flows Sdn Bhd (107921-A)	100,000	70	In dissolution
FM Management Services Sdn Bhd (113888-K)	2	100	In liquidation
Mados-Faber Sdn Bhd (317690-U)	2	100	In dissolution
Hikmat Sekata Sdn Bhd (321891-P)	2	100	In dissolution
Renown Alliance Sdn Bhd (325061-K)	2	100	Investment holding
Faber Hotels Holdings Sdn Bhd (107611-V)	95,279,551	100	Investment holding
Hotel Merlin Cameron Highlands Bhd (3535-W)	4,500,000	100	Hotel proprietor
Hotel Merlin Kuantan Sdn Bhd (3449-T)	3,333,330	100	Hotel proprietor
Merlin Inn Johor Bahru Sdn Bhd (16960-M)	10,000,000	100	Hotel proprietor
Faber Labuan Sdn Bhd (109827-V)	2	100	Investment holding
Malaysian Bagus Travel and Tours Sdn Bhd (103775-H)	1,000,000	100	Dormant
Merlin Labuan Sdn Bhd (109695-U)	2	100	Hotel proprietor
Merlin Tower Hotel Sdn Bhd (57490-A)	8,000,003	100	Dormant
Mersing Merlin Inn Sdn Bhd (18861-W)	1,000,000	100	Ceased operations
Bernam Valley Sdn Bhd (81251 K)	100,000	100	In liquidation
Subang Jaya Hotel Development Sdn Bhd (44190-A)	36,311,609	100	Hotel proprietor
Fraser's Hill Merlin Hotel Sdn Bhd (24126-W)	2,000,000	51	Ceased operations
Faber Kompleks Sdn Bhd (12314-T)	15,000,000	100	Hotel proprietor

	Issued and paid-up share capital RM	Percentage of shareholding 2000 and 1999 %	Nature of Business
Incorporated in Malaysia			
Merlin Management Corporation Sdn Bhd (27817-X)	100,000	100	Hotel management services
Langkawi Island Resort Sdn Bhd (61904-X)	34,479,864	100	Hotel proprietor
Inter Heritage (M) Sdn Bhd (186852-H)	40,365,745	51	Hotel development and hotel management services
Merlin Highway Inns Sdn Bhd (333748-P)	2	100	In liquidation
Faber Development Holdings Sdn Bhd (107612-D)	28,260,006	100	Investment holding
Faber Heights Management Sdn Bhd (109824-W)	2	100	Property management
Country View Development Sdn Bhd (66457-K)	1,200,000	100	Property development and management
Faber Centre Sdn Bhd (13832-P)	3,000,000	100	Property management
Faber Grandview Development (Sabah) Sdn Bhd (51081-T)	4,500,000	100	Property development
Faber Union Sdn Bhd (10501-T)	50,000,000	100	Property development and management
Faber Development Sdn Bhd (56857-P)	16,000,000	100	In liquidation
FM Property Management Sdn Bhd (107920-D)	50,000	100	Property management
Mont Hill Sdn Bhd (245934-T)	2	100	Dormant
Mutiara Unik (M) Sdn Bhd (216202-D)	2	100	Dormant
Jiwa Unik Sdn Bhd (249878-A)	100,000	51	Dormant
Faber Plaza Sdn Bhd (271751-D)	20,586,002	100	Property management
Rimbunan Melati Sdn Bhd (304034-U)	272,222	55	Property development
Faber Haulage Sdn Bhd (108662-V)	610,002	100	Investment holding
Firstgain Holdings Sdn Bhd (191099-K)	1,000,000	100	Ceased operations
Syfix Sdn Bhd (191384-P)	1,000,000	100	Haulage and transportation
Hasil Lintang Sdn Bhd (191100-H)	50,000	100	Ceased operations

	Issued and paid-up share capital RM	Percentage of shareholding 2000 and 1999 %	Nature of Business	Country of incorporation
Incorporated outside Malaysia				
Merlin Interhotel Reservations System Pte Ltd (00271/1978)*	S \$40,000	100	In liquidation	Singapore
Merlin Hotels (Australia) Pty Ltd (S796318)+	A \$33,600,002	100	In liquidation	Australia
Merlin Management Corporation Pte Ltd (02160/198/1E)*	S \$700,002	100	In liquidation	Singapore
Belaire Investments (Proprietary) Ltd (94/05691/07)+	Rand100	100	Ceased operations	South Africa
Vimas Joint Venture Company Limited (SCCI No. 578/GP)*	US \$30,000,000	70	Hotel proprietor	Vietnam

+ Subsidiary companies not audited by Hanafiah Raslan & Mohamad.

* Subsidiary companies audited by a firm affiliated to Hanafiah Raslan & Mohamad.

On 27 March, 2000, the Group through its wholly owned subsidiary, Faber Haulage Sdn Bhd entered into a Conditional Sale and Purchase Agreement to dispose of its entire 100% equity interest comprising 1,000,000 ordinary shares at RM1.00 each in Syfix Sdn Bhd for a cash consideration of RM1.00. The transaction is pending completion.

Emphasis of matter has also been highlighted in the Auditors' Report of Vimas Joint Venture Company Limited as the appropriateness of the going concern assumption in the preparation of the accounts is dependent on the continuing financial support from the Company.

31. Associated Companies

	Percentage of shareholding 2000 1999 % %		Nature of Business	Country of incorporation
MISC Haulage Services Sdn Bhd (112038-H)+	25	25	Haulage and transportation	Malaysia
Merlin Inn (Kedah) Sdn Bhd (57284-T)+	30	30	In liquidation	Malaysia

+ Associated companies not audited by Hanafiah Raslan & Mohamad.

32. Significant Events

During the year,

- a. the Company and its subsidiaries namely Faber Hotels Holdings Sdn Bhd and Subang Jaya Hotel Development Sdn Bhd ('Scheme Companies'), obtained approvals from all relevant parties for the implementation of the composite scheme of arrangement, inter-alia, involving:
 - i. the issue of up to RM1,565,042,702 nominal value of 5-year Zero Coupon Redeemable Convertible Secured Bonds ('RCSB') to repay the debts outstanding to the secured financial institution creditors of the Company and the proposed issue of up to RM233,748,634 nominal value of 5-year Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ('ICULS') to repay the debts outstanding to the unsecured financial institution creditors of the Company of up to RM53,039,049 and the unsecured creditors of the Scheme Companies of RM180,709,585;
 - ii. reduction of the existing issued and paid-up share capital of the Company by the cancellation of 50 sen from every ordinary share of RM1.00 each and the consolidation of 2 ordinary shares of 50 sen each into 1 ordinary share of RM1.00 each; and
 - iii. the listing of and the quotation for the ICULS and the new ordinary shares of RM1.00 each in the Company arising from the conversion of RCSB and the ICULS on the Kuala Lumpur Stock Exchange.

The composite scheme is pending completion.

- b. a subsidiary, Inter Heritage (M) Sdn Bhd ('Inter Heritage') formulated a debt restructuring scheme under the purview of the Corporate Debt Restructuring Committee involving the issue of RM252,784,000 nominal value of 5-year Non-Convertible Redeemable Secured Bonds with Zero Coupon rate for the first two years and followed by 2%, 3% and 3.5% per annum in the next three years to provide a yield to maturity of 12% per annum, to repay the secured debts outstanding to the financial institution creditors. Subsequent to year end, the scheme has been approved and implemented.

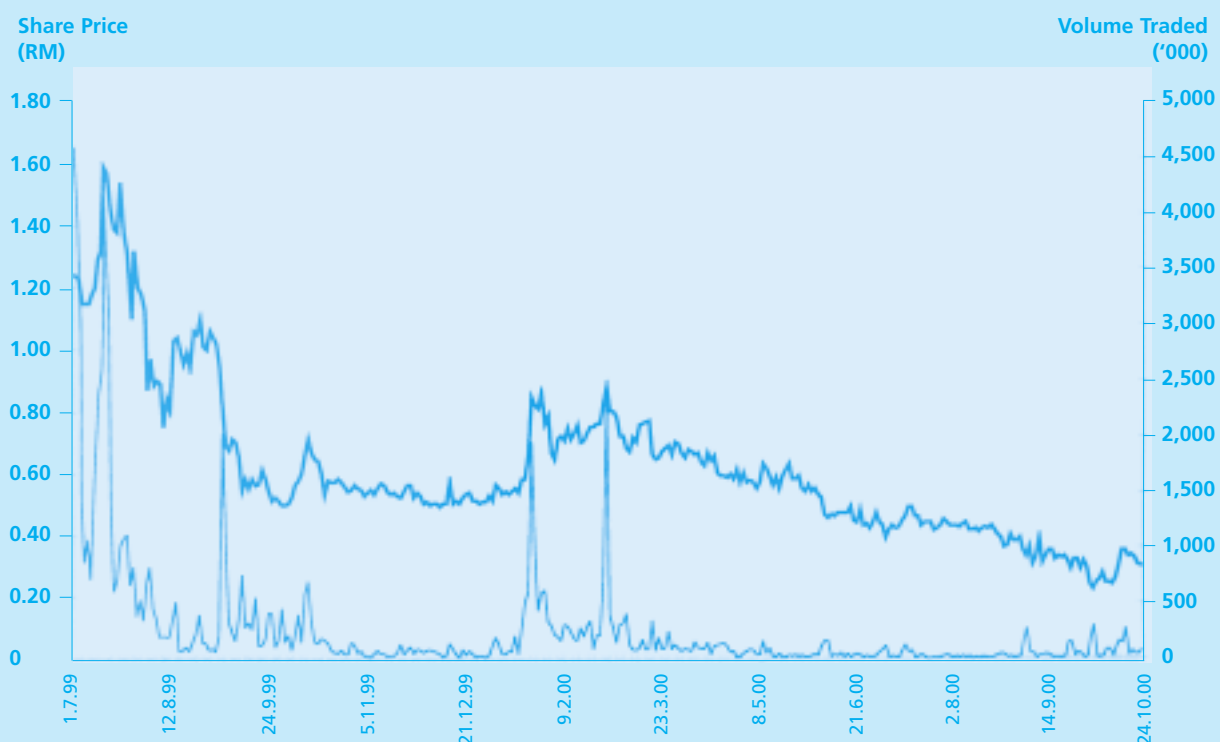
33. Holding and Ultimate Holding Company

The holding and ultimate holding company is Renong Berhad, a company incorporated in Malaysia.

34. Currency

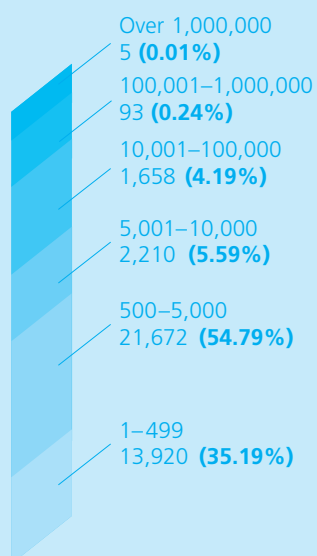
All amounts are stated in Ringgit Malaysia.

Share Prices And Volume Traded from 1 July 1999 to 24 October 2000

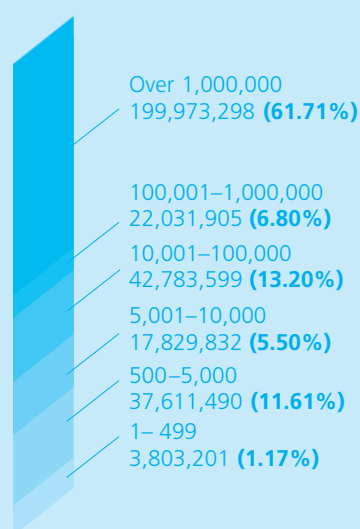


Year	1996	1997	1998	1999	2000
Highest	RM4.28	RM3.30	RM1.22	RM1.66	RM0.88
Lowest	RM1.92	RM1.48	RM0.15	RM0.32	RM0.29

No. of Holders



No. of Shares



Analysis of Shareholders as per Register of Members and Record of Depositors as at 16 October 2000

Authorised Share Capital	: RM3,000,000,000.00
Issued and fully paid	: RM324,033,325.00
Class of shares	: Ordinary shares of RM1.00 each
No. of shareholders	: 39,558
Voting Rights	: 1 vote per ordinary share

Size of Holdings	No. of Holders	Percentage	No. of Shares	Percentage
1 - 499	13,920	35.19	3,803,201	1.17
500 - 5,000	21,672	54.79	37,611,490	11.61
5,001 - 10,000	2,210	5.59	17,829,832	5.50
10,001 - 100,000	1,658	4.19	42,783,599	13.20
100,001 - 1,000,000	93	0.24	22,031,905	6.80
over 1,000,000	5	0.01	199,973,298	61.71
Total	39,558	100.00	324,033,325	100.00

Size of Holdings	No. of Holders		Percentage		No. of Shares		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 499	11,386	2,534	28.78	6.41	3,063,292	739,909	0.95	0.23
500 - 5,000	15,091	6,581	38.15	16.64	24,616,623	12,994,867	7.60	4.01
5,001 - 10,000	1,155	1,055	2.92	2.67	9,183,554	8,646,278	2.83	2.67
10,001 - 100,000	759	899	1.92	2.27	19,106,753	23,676,846	5.90	7.31
100,001 - 1,000,000	33	60	0.08	0.15	8,213,249	13,818,656	2.53	4.26
over 1,000,000	2	3	0.01	0.01	195,596,898	4,376,400	60.36	1.35
Total	28,426	11,132	71.86	28.14	259,780,369	64,252,956	80.17	19.83

Category of Shareholders as per Register of Members and Record of Depositors as at 16 October 2000

Size of Holdings	No. of Holders		Percentage		No. of Shares		Percentage	
	Malaysian	Foreign	Malaysia	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual	25,028	766	63.27	1.94	46,746,818	6,465,428	14.43	2.00
Body Corporate								
Banks/Finance Companies	73	1	0.18	*	1,104,450	1,762	0.34	*
Investment Trusts/ Foundations/Charities	3	—	0.01	—	11,200	—	*	—
Industrial and Commercial Companies	279	34	0.71	0.09	197,043,688	1,138,381	60.81	0.35
Government Agencies/ Institutions	4	—	0.01	—	1,186,561	—	0.37	—
Nominees	3,039	10,331	7.68	26.12	13,687,652	56,647,385	4.22	17.48
Others	—	—	—	—	—	—	—	—
Total	28,426	11,132	71.86	28.14	259,780,369	64,252,956	80.17	19.83

Note: * Insignificant

Breakdown on Category of Shareholders as per Register of Members and Record of Depositors as at 16 October 2000

Held by Malaysians

	No. of Shareholders	Percentage	No. of Shares	Percentage
Corporate Body - Nominee Company				
Bumiputra Nominee Companies	1,397	3.53	5,566,913	1.72
Non-Bumiputra Nominee Companies	1,642	4.15	8,120,739	2.51
Subtotal	3,039	7.68	13,687,652	4.23
Corporate Body - Company				
Bumiputra Companies	132	0.33	196,434,861	60.62
Non-Bumiputra Companies	223	0.56	1,724,477	0.53
Subtotal	355	0.89	198,159,338	61.15
Corporate Body - Government Body				
Government Agencies	4	0.01	1,186,561	0.37
Subtotal	4	0.01	1,186,561	0.37
Individuals				
Bumiputra	2,187	5.53	3,302,005	1.02
Chinese	21,609	54.63	41,335,930	12.76
Indian	1,054	2.66	1,812,406	0.56
Others	178	0.45	296,477	0.09
Subtotal	25,028	63.27	46,746,818	14.43
Trustee				
Trustee	—	—	—	—
Subtotal	—	—	—	—
Malaysian Total	28,426	71.85	259,780,369	80.18

Breakdown on Category of Shareholders as per Register of Members and Record of Depositors as at 16 October 2000 (Contd.)

Held by Foreigners

	No. of Shareholders	Percentage	No. of Shares	Percentage
Australia - Individuals	5	0.01	28,550	0.01
Austria - Individuals	1	*	400	*
Bangladesh - Individuals	1	*	10,000	*
Brunei - Individuals	2	0.01	19,000	0.01
Myanmar - Individuals	1	*	1,000	*
Canada - Individuals	1	*	1,000	*
Switzerland - Individuals	3	0.01	28,400	0.01
China - Individuals	7	0.02	43,400	0.01
Denmark - Individuals	1	*	10,000	*
Germany - Individuals	1	*	3,000	*
France - Individuals	1	*	400	*
United Kingdom - Individuals	8	0.02	62,650	0.02
Hong Kong				
- Corporate Body - Companies	3	0.01	22,000	0.01
- Individuals	1	*	2,200	*
Indonesia - Individuals	5	0.01	114,220	0.04
India - Individuals	6	0.02	5,000	*
Japan - Individuals	2	0.01	3,400	*
New Zealand - Individuals	1	*	3,000	*
Pakistan - Individuals	1	*	400	*
Philippines - Individuals	1	*	1,600	*
Permanent Resident of Malaysia - Individuals	63	0.16	130,354	0.04
Saudi Arabia - Individuals	1	*	10,000	*
Singapore				
- Corporate Body - Nominee Company	1	*	33	*
- Corporate Body - Companies	28	0.07	1,016,345	0.31
- Individuals	628	1.59	5,831,421	1.80
Stateless - Individuals	2	0.01	11,000	*
Thailand - Individuals	3	0.01	3,400	*
Taiwan - Individuals	11	0.03	77,400	0.02
United States of America - Individuals	8	0.02	63,033	0.02
Virgin Islands				
- Corporate Body - Companies	1	*	62,000	0.02
- Individuals	1	*	1,200	*
Others Countries				
- Corporate Body - Nominee Company	10,330	26.11	56,647,352	17.48
- Corporate Body - Companies	3	0.01	39,798	0.01
Foreigner Total	11,132	28.13	64,252,956	19.81
Grand Total	39,558	100.00	324,033,325	100.00

Note: * Insignificant

20 Largest Shareholders as per the Register of Members and Record of Depositors as at 16 October 2000

No. Shareholders	No. of Shares	Percentage
1. Universal Trustee (Malaysia) Sdn Bhd Cantuman Bahagia Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	194,484,537 <u>2,700</u> 194,487,237	60.02
2. HDM Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	11,409,090	3.52
3. Mayban Securities Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	5,780,513	1.78
4. Thong and Kay Hian Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	4,397,293	1.36
5. UOBM Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	4,284,127	1.32
6. Cartaban Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	3,913,422	1.21
7. Straits Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	3,506,258	1.08
8. OSK Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	2,738,673	0.85
9. RHB Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	2,256,100	0.70
10. Ke-Zan Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	2,063,136	0.64
11. Eng Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	2,023,540	0.62
12. PJB-UOB Nominees (Asig) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,956,837	0.60
13. Citicorp Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,845,983	0.57
14. Kenanga Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,720,408	0.53
15. Tan Ju Hong	1,578,200	0.49
16. Mayban Securities Nominees (Tempatan) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,420,850	0.44
17. TCL Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,354,067	0.42
18. HLG Nominee (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,339,053	0.41
19. F.I.T. Nominees (Asing) Sdn Bhd Various denominations held for various beneficial owners each of which is less than 2%	1,212,454	0.37
Total	250,399,602	77.27

Substantial Shareholders as per the Register of Substantial Shareholders as at 16 October 2000

Name of Substantial Shareholders	No. of Shares which Substantial Shareholders have Direct Interest	No. of Shares which Substantial Shareholders are deemed to have an Interest	%
Cantuman Bahagia Sdn Bhd	194,484,537 *1	—	60.02
Fleet Group Sdn Bhd	—	194,484,537 *2	60.02
Renong Berhad	—	194,484,537 *3	60.02
United Engineers (Malaysia) Bhd	—	194,484,537 *4	60.02
Time Engineering Berhad	—	194,484,537 *5	60.02
Ikral Capital Sdn Bhd	—	194,484,537 *6	60.02
Y Bhg Tan Sri Halim Saad	—	194,484,537 *7	60.02
Universal Trustee (Malaysia) Berhad *			
Cantuman Bahagia Sdn Bhd	—	194,484,537	60.02
HDM Nominees (Asing) Sdn Bhd *			
Various denominations held for various beneficial owners each of which is less than 2%	—	11,409,090	3.52

Note

- *1 The shares are held through a nominee company.
- *2 By virtue of its substantial shareholding in Cantuman Bahagia Sdn Bhd.
- *3 By virtue of its substantial shareholding in Fleet Group Sdn Bhd.
- *4 By virtue of its substantial shareholding in Renong Berhad.
- *5 By virtue of its substantial shareholding in Renong Berhad.
- *6 By virtue of its substantial shareholding in Renong Berhad.
- *7 By virtue of his substantial shareholding, direct and indirect in Renong Berhad.
- * Bare Trustee.

Location	Description Of Properties	Tenure (Expiry Date)	Approx Age (Years)	Approx Land Area	Gross Built-Up Area (Square Feet)	Net Book Value As At 30.6.2000 (RM'000)
Faber Group Berhad						
Jalan P. Ramlee Kuala Lumpur	Vacant land currently used as car park	Freehold	–	0.77 acres	–	12,000
PT 25538, Sungai Petani Kedah	Vacant land	Freehold	–	3.74 acres	–	5,451
Lot 65, Kamunting Perak Darul Ehsan	Incinerator plant	Leasehold (Title not issued yet)	–	5.78 acres	17,007	1,278
Hotels Division						
Subang Jaya Hotel Development Sdn Bhd Jalan SS12/1 Subang Jaya Selangor	Re-development of a 504-room hotel known as Sheraton Subang Hotel & Towers	Freehold	20	405,108 square feet	468,000	279,336
Merlin Inn Johor Bahru Sdn Bhd Jalan Bukit Meldrum Johor Bahru Johor	An 8-storey 75-room hotel known as Merlin Inn Johor Bahru (South Wing)	Freehold	18	18,889 square feet	60,400	18,806
	A 6-storey 50-room hotel known as Merlin Inn Johor Bahru (North Wing)	Freehold	14	26,703 square feet	43,830	9,567
Mersing Merlin Inn Sdn Bhd Jalan Endau Mersing, Johor	A 31-room hotel known as Merlin Inn Resort Mersing	Freehold	21	123,057 square feet	22,544	2,306
	Vacant land for development	Freehold	–	317,552 square feet	–	291

Location	Description Of Properties	Tenure (Expiry Date)	Approx Age (Years)	Approx Land Area	Gross Built-Up Area (Square Feet)	Net Book Value As At 30.6.2000 (RM'000)
Hotels Division						
Hotel Merlin Kuantan Sdn Bhd Teluk Cempedak Kuantan Pahang	Proposed redevelopment to construct a 268-room hotel known as Sheraton Kuantan	Leasehold 75 years (18.2.2039)	28	913,453 square feet	–	115,789
Hotel Merlin Cameron Highlands Bhd Tanah Rata Cameron Highlands Pahang	A 66-room hotel known as Merlin Inn Resort Cameron Highlands	Leasehold 99 years (19.11.2035)	38	474,804 square feet	64,067	17,642
Faber Kompleks Sdn Bhd Jalan Larut Penang	A 279-room hotel known as Sheraton Penang	Freehold	15	39,365 square feet	350,000	97,287
Langkawi Island Resort Sdn Bhd Pulau Langkawi Kedah	A 207-room known as Sheraton Perdana Resort Langkawi	Leasehold 60 years (6.1.2032)	29	4,333,567 square feet	239,000	117,372
Merlin Labuan Sdn Bhd Jalan Merdeka Labuan	A 183-room hotel known as Sheraton Labuan Hotel	Leasehold 99 years (31.12.2090)	9	65,340 square feet	236,000	79,479
Inter-Heritage (M) Sdn Bhd Jalan Sultan Ismail Kuala Lumpur	A 398-room hotel known as Sheraton Imperial Hotel	Freehold	5	84,893 square feet	957,184	322,553
Vimas Joint Venture Co Ltd K5 Nghi Tam Village Hanoi, Vietnam	A proposed construction of a 299-room hotel known as Sheraton Hanoi Hotel & Towers	Leasehold 30 years (5.4.2023)	6	214,751 square feet	–	293,422

Location	Description Of Properties	Tenure (Expiry Date)	Approx Age (Years)	Approx Land Area	Gross Built-Up Area (Square Feet)	Net Book Value As At 30.6.2000 (RM'000)
Property Division						
Faber Union Sdn Bhd						
Lot 51566 Taman Desa Kuala Lumpur	3-storey office and Shopping podium and 20-storey office tower blocks known as Faber Towers	Freehold	10	2.63 acres	868,518	105,122
Lot 35283 Taman Desa Kuala Lumpur	Vacant land for development of condominiums	Freehold	–	5.91 acres	–	6,478
Lot 35284 Taman Desa Kuala Lumpur	Vacant land for development of condominiums	Freehold	–	1.25 acres	–	1,171
Overseas Union Garden Off Jalan Klang Lama Kuala Lumpur	Vacant land for development	Freehold	–	1.32 acres	–	1,804
Minden Heights Penang	Vacant land for development of 28 bungalow units	Freehold	–	6.23 acres	–	2,933
Taman Sri Desa Ipoh, Perak	Vacant land for mixed development	Leasehold 99 years (13.9.2090)	–	14.23 acres	–	5,053
PT 4343 Desa Business Park Taman Desa Kuala Lumpur	One vacant lot for commercial use	Freehold	–	0.34 acres	–	2,735
Faber Centre Sdn Bhd						
Taman Desa Kuala Lumpur	One lot of commercial space	Freehold	14	0.48 acres	0.48 acres	3,629

Location	Description Of Properties	Tenure (Expiry Date)	Approx Age (Years)	Approx Land Area	Gross Built-Up Area (Square Feet)	Net Book Value As At 30.6.2000 (RM'000)
Property Division						
Country View Development Sdn Bhd						
CL 015027237 Kota Kinabalu Sabah	Vacant land for development of condominiums known as Lucky Heights	Leasehold 999 years (2.12.2920)	–	4.78 acres	–	2,207
CL 015395196 Kota Kinabalu Sabah	Vacant land for development of condominiums known as Lucky Heights	Leasehold 999 years (20.8.2925)	–	5.44 acres	–	
Faber Grandview Development (Sabah) Sdn Bhd						
Taman Grandview Off Mile 1.5 Jalan Utara Sandakan Sabah	Vacant land for development of terrace houses, semi-detached houses and flats (Phases 2 & 3)	Leasehold 999 years (4.9.2881)	–	11.6 acres	–	4,825
Faber Plaza Sdn Bhd						
Penang Plaza Jalan Burmah Penang	A shopping complex consisting of a 3-storey podium block and a 6-storey tower block of office space known as Penang Plaza	Freehold	16	2.06 acres	134,798	22,100

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the Company will be held at Nusantara Ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 13 December 2000 at 3.00 pm for the purpose of transacting the following businesses:

Agenda

As Ordinary Business

- | | |
|---|------------------------------|
| 1. To receive and adopt the Audited Accounts of the Company for the year ended 30 June 2000 together with the Directors' and Auditors' reports therein. | Ordinary Resolution 1 |
| 2. To approve the remuneration of Directors for the year ended 30 June 2000. | Ordinary Resolution 2 |
| 3. To re-elect the following Directors retiring in accordance with Article 65 of the Company's Articles of Association and being eligible, they offer themselves for re-election: | |
| (i) Dato' Haji Moehamad Izat Bin Achmad Habechi Emir | Ordinary Resolution 3 |
| (ii) Dato' Syed Abdul Bari Shahabudin | Ordinary Resolution 4 |
| 4. To consider and, if thought fit, pass the following ordinary resolution: | |
| "That Messrs Arthur Andersen & Co be and are hereby appointed Auditors of Faber Group Berhad in place of the retiring Auditors, Messrs Hanafiah Raslan & Mohamad to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors." | Ordinary Resolution 5 |
| Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A", has been received by the Company for the nomination of Messrs Arthur Andersen & Co, who have given their consent to act, for appointment as Auditors. | |

As Special Business

To consider and, if thought fit, to pass the following resolution:

- | | |
|---|------------------------------|
| 5. To empower the Directors, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company. | Ordinary Resolution 6 |
|---|------------------------------|

6. To transact any other business for which due Notice shall have been given.

By Order Of The Board

Gwee Ooi Teng
(MAICSA 0794701)
Company Secretary

Kuala Lumpur
17 November 2000

Note 1

Any member of the Company entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

An instrument appointing a proxy, in case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Note 2

Resolution pursuant to Section 132D of the Companies Act, 1965.

The proposed Resolution 6, if passed, would enable the Directors to issue up to a maximum of 10% of the issued and paid up share capital of the Company as at the date of this Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next annual general meeting.

UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

Company No: 17540 D

No.1, Jalan Ampang, (3rd Floor), 50450 Kuala Lumpur.

Tel: 03-2308050, 2309470, 2023432 & 2041699

Fax: 03-2018715 & 2023194

Annexure A to the Notice of Annual General Meeting

Date: 27 October 2000

Our Ref:

Your Ref:

The Board of Directors

Faber Group Berhad

20th Floor, Menara 2, Faber Towers

Jalan Desa Bahagia

Taman Desa, Off Jalan Klang Lama

58100 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, Universal Trustee (Malaysia) Berhad, being a registered shareholder of Faber Group Berhad, hereby give notice of our intention to nominate Messrs Arthur Andersen & Co, Public Accountants, of Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur for appointment as Auditors of Faber Group Berhad, to replace the retiring Auditors, Messrs Hanafiah Raslan & Mohamad, and to propose the following as an ordinary resolution to be tabled at the forthcoming annual general meeting of Faber Group Berhad.

"That Messrs Arthur Andersen & Co be and are hereby appointed Auditors of Faber Group Berhad in place of the retiring Auditors, Messrs Hanafiah Raslan & Mohamad to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors."

Yours faithfully,

For Universal Trustee (Malaysia) Berhad

Liew Kok Wah

General Manager



Faber Group Berhad
Company No. 5067-M

No. of Shares held

I/We (full name in block letters) _____

of (address) _____

being a member/members of Faber Group Berhad hereby appoint (full name) _____

of (address) _____

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Seventh (37th) Annual General Meeting of the Company to be held at Nusantara ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur, on Wednesday, 13 December 2000 at 3.00 pm and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTION	For	Against
Ordinary Resolution 1 Adoption of Accounts & Reports		
Ordinary Resolution 2 Approval of Remuneration of Directors		
Ordinary Resolution 3 Re-election of Director		
Ordinary Resolution 4 Re-election of Director		
Ordinary Resolution 5 Appointment of Auditors		
Ordinary Resolution 6 Authority to the Directors under Section 132D of the Companies Act 1965 to allot and issue shares in the Company		

Please indicate with "x" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2000

Signature/Common Seal of Shareholder(s)

Note 1

Any member of the Company entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

An instrument appointing a proxy, in case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Proxy Form

Stamp

The Company Secretary
Faber Group Berhad
20th Floor Menara 2, Faber Towers
Jalan Desa Bahagia
Taman Desa, Off Jalan Klang Lama
58100 Kuala Lumpur