

# ANNUAL REPORT '99



IGB Corporation Berhad



# CONTENTS

OF ANNUAL REPORT '99



Notice of Annual General Meeting	2-3
Corporate Information	4
Audit Committee	5
Chairman's Statement	6-7
Review of Operations	8-12
Group Financial Highlights	13
Shareholdings Structure	14-15
Reports and Accounts	18-51
List of Properties Held	52-53
Form of Proxy	55-56

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-sixth Annual General Meeting of IGB Corporation Berhad will be held at Function Rooms 5 and 6, Ground Floor, Renaissance Kuala Lumpur Hotel, corner of Jalan Sultan Ismail and Jalan Ampang, 50450 Kuala Lumpur on Monday, 29 May 2000 at 12.15 p.m. for the transaction of the following businesses:

1. To receive the audited accounts for the year ended 31 December 1999 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To declare a first and final tax exempt dividend of 2% for the year ended 31 December 1999. Resolution 2
3. To approve the payment of Directors' fees for the year ended 31 December 1999. Resolution 3
4. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:
  - (a) Ybhg Dato' Khalid Ahmad Bin Sulaiman Resolution 4
  - (b) Encik Ibrahim Bin Awang Resolution 5
5. To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

'THAT Ybhg Dato' Tan Chin Nam, who is over the age of seventy years and retires in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting.'

Resolution 6
6. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 7
7. As SPECIAL BUSINESS, to consider and if thought fit, to pass the following resolution:

**Ordinary Resolution**  
**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**  
'THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital for the time being of the Company, and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.'

Resolution 8
8. To transact any other business of which due notice shall have been given.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 29 May 2000, a first and final tax exempt dividend of 2% for the year ended 31 December 1999 will be paid on 30 June 2000 to depositors registered in the Record of Depositors at the close of business on 12 June 2000.

A depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 12 June 2000 in respect of ordinary transfers;
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

**Tina Chan Lai Yin**

**Mary Wong**

*Secretaries*

Kuala Lumpur

28 April 2000

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorised officer or attorney. The Form of Proxy must be deposited at the Registered Office of the Company at Penthouse Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
2. Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of Ordinary Resolution 8 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Ybhg Dato' Tan Chin Nam**

*Chairman*

**Tan Boon Seng**

*Joint Managing Director*

**Robert Tan Chung Meng**

*Joint Managing Director*

**Tan Boon Gark**

*Deputy Managing Director*

**Lai Meng**

*Executive Director*

**Ybhg Tan Sri Abu Talib Bin Othman**

**Ybhg Dato' Khalid Ahmad Bin Sulaiman**

**Abdul Samad Bin Haji Alias**

**Chong Kim Weng**

**Mihir Kumar Sen s/o Subodh Chandra Sen**

**Ibrahim Bin Awang**

**Lim Cheng Ean**

*Alternate to Ibrahim bin Awang*

**Chua Seng Yong**

*Alternate to Robert Tan Chung Meng*

### COMPANY SECRETARIES

**Tina Chan Lai Yin**

**Mary Wong**

### REGISTERED OFFICE

Penthouse Menara IGB

No. 1 The Boulevard

Mid Valley City

Lingkar Syed Putra

59200 Kuala Lumpur

Tel : 289 8989

Fax : 289 8899

### REGISTRAR

IGB Corporation Berhad

[Share Registration Department]

23rd Floor Menara IGB

No. 1 The Boulevard

Mid Valley City

Lingkar Syed Putra

59200 Kuala Lumpur

Tel : 289 8989

Fax : 289 8803

### AUDITORS

PricewaterhouseCoopers

11th Floor Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

Citibank Berhad

Malayan Banking Berhad

RHB Sakura Merchant Bankers Berhad

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange

Main Board

## | AUDIT COMMITTEE

### MEMBERS

**Encik Abdul Samad bin Haji Alias**

*[Chairman]*

*Independent Non-Executive Director*

**Mr Chong Kim Weng**

*Independent Non-Executive Director*

**Encik Ibrahim bin Awang**

*Independent Non-Executive Director*

**Mr Tan Boon Gark**

*Deputy Managing Director*

**Mr Lai Meng**

*Executive Director*

### COMPOSITION

The Committee shall be appointed by the Board from among their number and shall be composed of not less than three members, the majority of which must be Non-Executive Directors.

The Chairman of the Committee shall be appointed by the members of the Committee.

If a member of the Committee resigns or ceases to be a member which results in the number of members being reduced to below three, the Board of Directors shall within three months of the event appoint such number of new members as may be required to make up the minimum number.

### AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is also authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### DUTIES

The duties of the Committee shall be to:

1. Discuss with auditors before the annual audit commences, the nature and scope of the audit.
2. Review the interim and annual financial statements before submission to the Board for approval.
3. Discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss.
4. Review with auditors their evaluation of the system of internal accounting controls.
5. Review the internal audit programme, consider the major findings of internal audit investigations and management's response.
6. Review any significant related party transactions that may arise and to ensure they are negotiated on a fair and reasonable basis.
7. Recommend the appointment of auditors, audit fee and any questions of resignation or dismissal.
8. Other functions as may be agreed by the Committee and the Board of Directors.

## CHAIRMAN'S STATEMENT

The Malaysian economy performed better than expected in 1999, with Gross Domestic Product growth of 5.3% (Source: Budget 2000). The remarkable turnaround in the country's recovery was attributable to the strong leadership of the Malaysian Government in restoring stability and injecting the much needed confidence to the business and economic environment. This in turn has helped the Group to improve its profitability for the financial year under review.

On behalf of the Board of IGB Corporation Berhad, it is my pleasure to present the Annual Report and Audited Accounts of the Group for the financial year ended 31 December 1999.

### RESULTS

Against the backdrop of a favourable economic climate, and with the general improvement in the market environment, I am delighted to report that the Group registered a significant increase in pretax profit of almost 100%, to reach RM32.31 million, while Group turnover improved to RM521.2 million, up 13%. Correspondingly, the Group's basic earnings per share rose to 5.5 sen from 1.2 sen recorded in the previous year. However, our net tangible asset backing per ordinary share has dropped from RM2.28 to RM2.06 after adjusting for the increase in the paid up share capital arising from the recent Rights Issue.

The vastly improved results of the Group was attributed to the outstanding performance of the property division in particular, the exclusive residential development in Damansara Endah and Desa Damansara Phase 4. The improved performance of the Group's investments also contributed positively to the Group's results. In addition, prudent management of our cash flow and expenditure helped strengthened our bottomline.

### SHARE CAPITAL

The capital raising exercise of the Company involving a Rights Issue of shares with detachable Warrants was successfully completed in December 1999. A total of 118,558,714 ordinary shares of RM0.50 each were issued pursuant to the Rights Issue. The proceeds from the Rights Issue amounting to RM124.49 million were utilised for approved purpose for repayment of bank borrowings taken to redeem the 3% Redeemable Guaranteed Loan Stock 1993/1998, for working capital and Rights Issue expenses.

The total issued and paid up share capital of the Company was RM296,396,786 as at 31 December 1999 and was increased to RM296,814,286 as at 28 April 2000 pursuant to the exercise of 835,000 shares under the Employees Share Option Scheme by eligible employees.

### DIVIDENDS

The Board is pleased to recommend for the shareholders' approval the payment of a first and final tax exempt dividend of 2% for the financial year ended 31 December 1999 (1998: 2% subject to tax of 28%).

### FUTURE PROSPECTS

With the Malaysian economy expected to grow a further 5.8% for Year 2000 (Source: Budget 2000) and the Government's relentless effort to stimulate the property market, to support the tourism industry and to invest in infrastructure, the outlook is certainly optimistic for the Group as we can expect continuing growth of our core activities in property development, construction, hotel and retail.

However, with the improved economic activity, competition is expected to intensify. In order to stay competitive, it is imperative for the Group to be vigilant to be able to recognise opportunities for growth and to be innovative in turning these opportunities to the Group's advantage.

For the current financial year, the Group will continue to remain focused on its core businesses, a strategy that has given us, and continue to give us, the competitive edge. The strategy of the Group is to source profit contributions from the property, construction, hotel and retail segments to provide the Group with a wider and more balanced earnings base.

The Group's property development activities which are concentrated in the high end residential units, hotel, office and retail, will still face difficulties and remain soft due to the gross over supply in these property sectors. However, we are confident that with our focused marketing strategies, superior project location, emphasis on quality finishing, and strong customer base, the Group would see improved profits for the current financial year.

Two projects are expected to be launched during the year. One of the projects is an exclusive condominium project in the prime area of Damansara Heights catering to the high end market. The other project involves a prestigious development in joint venture with The Straits Trading Company Limited and Wearnes Brothers Properties (Private) Limited in the exclusive enclave of Federal Hills. Since both developments are located in the most desirable residential district, the market response should be favourable.

The newly acquired Menara IGB, a 17 storey intelligent office tower, located above the podium of the Mid Valley Megamall, where the IGB Group's headquarters is located, will also provide the Group with a ready source of rental income. As for our retail operation, the Mid Valley Megamall, the one-stop themed mammoth shopping centre which opened for business on 23 November 1999 currently enjoys occupancy rate of approximately 90%. We believe that with its premium location, and superior tenant mix, the Megamall will contribute positively to the future profitability of the Group. The Group is also planning to commence development of the apartments at Mid Valley to complement the Mid Valley development and to provide a ready market for the Megamall's retail outlets.

The Group's construction sector is also expected to perform better by tapping the vast business potential both within and outside Malaysia. For our hotels and resort division, we will continue to ensure that our properties generate positive cash flow from their operations, while at the same time, maintaining our competitive edge in terms of productivity, efficiency, occupancy and room rates.

In line with the continuing growth in the Malaysian economy, and with the above strategies in place, and barring any unforeseen developments, the Group is expected to record better performance and growth in the 2000 financial year.

#### ACKNOWLEDGEMENT AND APPRECIATION

It is indeed my pleasure to express, on behalf of my colleagues on the Board, our sincere appreciation to the management and staff of the Group for their dedication and commitment. In particular, I would like to especially record our gratitude to the management and staff team of the Mid Valley project, led by Mr Robert Tan for their tremendous effort in carrying out their tasks superbly and completing the job in good time. To the shareholders, business associates and bankers, we convey our sincere thanks for your continued support and confidence in the Group.

**Dato' Tan Chin Nam**

*Chairman*

28 April 2000



## REVIEW OF OPERATIONS

The year under review had been most satisfying for the Group. Our performance reached a higher level than that of the previous year on the back of a progressively improving economy, and a gradual recovering property market.

1999 marks a new epoch in the history of the Group, with the opening of the Mid Valley Megamall for business in November 1999, a project that the Group had painstakingly worked on since the late 1980s. It is heartening to report that the Mid Valley Megamall has been tremendously successful in attracting new tenants and shoppers, and this is a highly commendable achievement and reflects the success of our Megamall. We are confident that our Megamall with its best possible product and tenancy mix will sustain its attractiveness to the public and thus secure the Group with a steady source of recurring rental income.

Faced with yet another challenging year ahead, we remain positive on the potential growth of the Group. With the Malaysian economy expected to post further positive growth for year 2000, the outlook is certainly optimistic for the activities of which the Group is involved in.

It is therefore our pleasure to report to you on the activities and operations of the Group for the year ended 31 December 1999.

### PROPERTY DEVELOPMENT

#### **Mid Valley**

During the year, the Company mobilised all available resources to ensure the speedy and successful completion of Phase 1 of its major development project - the RM1.3 billion Mid Valley City. Every effort was made to fulfil the critical target dates for completion, handover and operations of the various components of the project.

Phase 1 consists of the Mid Valley Megamall, a 4.5 million sq. ft. retail center, which is the largest built in the country to date, 30 units of 11-storey Signature Offices, a 17-storey Office Tower and a 4 star 629-room Business Class Hotel, together with a network of new roads and ancillary facilities for the project.

The Mid Valley Megamall which has approximately 1.7 million sq. ft. of lettable space over 5 trading levels, with 3 major anchors, Carrefour, Jaya Jusco and Metrojaya, 35 junior and mini anchors, over 400 specialty stores, a 400,000 sq. ft. indoor Entertainment Centre with 18 Cineplexes, a Bowling Alley, Fitness Club and a host of other themed outlets, plus an extensive 400 meters long Pedestrian Boulevard. All these features make the Mid Valley Megamall the dominant shopping centre of Kuala Lumpur and the Klang Valley. Phase 1 of the development will also have 7,600 car parking bays in basement and lateral garages.

The Megamall was successfully completed and opened for business to the public on 23 November 1999 with some 60% of the tenants operating from the Lower Ground to Second Floor, whilst others were continuing with fit-out works. To date, approximately 90% of the Megamall at the Lower Ground to the Second Floor has been tenanted. The Megamall is expected to be fully completed and operational for all remaining space and tenants, including its third major anchor, Metrojaya between April and August 2000.

The Megamall has been very well received by the tenants, shoppers and visitors as a result of an effective creation of a critical mass offering huge merchandise mix spearheaded by strong anchor tenants, and an ambience of entertainment which extends to both interactive and non interactive leisure pursuits. It has also received extensive media coverage since its opening. Despite the Megamall's modern traffic dispersal system, the overwhelming response has impacted on the Megamall's traffic and car parking provisions. These issues are being progressively resolved by management.

Amidst the proliferation of retail shopping centres, megamalls and the like, we are confident of the drawing power of our distinctive integrated Megamall to hold its own as one of the market leaders in the Malaysian retail industry.

The construction of the other component elements of Phase 1, including the 17-storey Office Tower, 30 Signature Offices, the 4 star Business Class Hotel and the Boulevard are progressing well.

All of the above buildings/works are expected to be completed and handed over to the respective tenants and/or be operational by June 2000. Two blocks of the Signature Offices (15 units) would be progressively handed over between June to December 2000. The Office Tower, Hotel and approximately 20 units of the Signature Offices have been sold as of to date.

As the economy and the office market continue to improve, management is reasonably confident of marketing the remaining stock of office space currently available.

The Company expects to launch 450 apartments in Parcel 4 of the Mid Valley City development project to complement the overall development which will provide a ready market for the Megamall's retail outlets. Management expects to receive the formal approval from the authorities soon, after which an official public launch would be undertaken. In the meantime, the Company has opened a register of interested and potential buyers for the said units. The apartments are expected to be completed within 30 months of commencement of building works.

The Mid Valley City development project in the longer term, is expected to contribute significantly to the Group's profits and asset values.

### **Damansara Endah**

Improving economic sentiments, the availability of end financing at attractive rates, and most importantly, the prime location, have resulted in sales of the remaining 28 units of the completed semi-detached houses in Damansara Endah. The Company's ability to successfully sell its stock, without any price reduction, sent a strong positive signal to our purchasers that their investment values were preserved.

### **Desa Damansara Phase 4**

As mentioned in the previous Review, the 36 bungalow plots in Damansara Heights, better known as 'Desa Damansara Phase 4', which were snapped up by buyers within a month from the sale launched has augmented the profit growth for 1999. Most of the purchasers had taken up the vacant possession of their land in the third quarter of Year 1999, and a number of individually designed bungalows are currently being build on the property.

### **Desa Damansara Phase 2 Condominium**

Encouraged by the overwhelming response of Desa Damansara Phase 4 and with the improving economic conditions, the Company is looking into launching in the second quarter of 2000, 'Desa Damansara Phase 2', a condominium project in Damansara Heights, to be undertaken by our wholly owned subsidiary, Innovation and Concept Development Company Sdn Bhd. This proposed development which comprises two twelve storey blocks housing 132 units of condominium with amenities of club house with gymnasium, swimming and wading pool, squash and tennis courts, games room, function room, covered car parks plus round the clock security, will harmonise with the already successful Desa Damansara Phase 1 condominium.

Judging from the sustained enthusiasm of our developments in the prestigious and prime residential area of Damansara Heights, we are confident that this development will also be met with equal enthusiasm from the public, and will make a considerable contribution to our profits in the coming years.

Construction works for this exclusive residential development have commenced in the first quarter of Year 2000.

### **Kundang Industrial Park**

On the northern outskirts of Kuala Lumpur, the 996 acres industrial estate in Rawang, which is being developed by Kundang Properties Sdn Bhd, an associate company in which the Group has a 50% interest, the earthwork for various parcels of the 450 acres industrial land development, which form part of Stage 1, has been completed. The 190 acres submitted earlier for conversion from industrial development into residential development received final approval during the year. Riding on the high demand wave for affordable homes and the various incentives given by the Government as well as local financiers for development and purchasing of affordable residential properties, the Group will soon be offering for sale units of low medium to medium cost residential. These residential units will be opened for sale in the third quarter of 2000, and are expected to contribute positively to the Group's profits in the coming year. The remaining 260 acres will be developed into industrial lots as originally planned.

The conversion for the remaining 546 acres into residential and mixed development in Stage 2 is still pending approval from the relevant authorities.

### **Federal Hills**

Looking at the current favourable economic climate, and the more positive outlook in the property market, we are hopeful of recommencing our prestigious development in joint venture with The Straits Trading Company Limited and Wearnes Brothers Properties (Private) Limited, on an 18-acres piece of land in the exclusive enclave in Federal Hills. The property intended for development into residential townhouses, bungalow lots, luxurious condominium and semi-detached houses will be constructed in phases. Construction is set to commence before the end of 2000.

### **Menara IGB**

Our quest to continue building up the Group's asset base, as well as the essential need of the Group to own a permanent structure to house all operations under one roof, resulted in the acquisition of Menara IGB, now the corporate head quarters of the IGB Group. Standing impressively above the podium of the Mid Valley Megamall, the office building has been designed to accommodate the state-of-the-art information technology, and offers tenants the convenience of work and leisure under the same roof.

The Group occupy only part of the office tower. The remaining portion will be leased to interested parties. There are already enquiries from tenants to take up leases on the office floor.

Notwithstanding, the better economic conditions, Menara IGB is not expected to be fully let in the near term in view of the prevailing excess build up in office space as well as weak demand for commercial office space.

### **HOTELS**

#### **Renaissance Kuala Lumpur Hotel**

In 1999, the performance of Renaissance Kuala Lumpur Hotel and New World Renaissance Kuala Lumpur Hotel were affected by intense competition with the opening of several new hotels and service apartments, such as Mandarin Oriental Kuala Lumpur and The Ascott Kuala Lumpur Service Apartments. This affected the corporate sector and long stays guest programme offered by both Renaissance Kuala Lumpur Hotel and New World Renaissance Kuala Lumpur Hotel. Nevertheless, both hotels achieved market penetration level of 100.7% within their competitive set.

Although there was a dip in average room rate at -14.6%, the average dip citywide within the competitive set was at -15.8%. As such, both hotels generally fared better than the rest.

As of November 1999, both Renaissance Kuala Lumpur Hotel and New World Renaissance Kuala Lumpur Hotel have merged to become 921-room, called Renaissance Wing and New World Wing of one 5-star deluxe property, named the RENAISSANCE KUALA LUMPUR HOTEL, under one roof. This move took effect with the official acknowledgement from the Ministry of Arts, Culture & Tourism on both hotels being awarded 5-star rating. The award is only given to hotels with high standards not only in physical amenities but also in service and presentation. Although there is a dilution in average room rate due to the merger with a higher room rate at the Renaissance Wing compared to the New World Wing, there are other forthcoming advantages as the New World Wing can now be marketed as 5-star with a higher average room rate.

In the Year 2000, the performance of the Group's hotels are anticipated to only show marginal improvement in view of the prevailing rooms oversupply situation that will continue to keep rates under pressure. To stay ahead of competition as well as to strengthen both hotels' corporate client base, the management has embarked upon an aggressive worldwide marketing plan which is synonymous with the Marriott Rewards Programme, and implemented a much higher level of marketing activities and trade promotions to achieve better occupancy rates and revenue in the coming year.

#### **Pan Pacific Resort Pangkor**

The Group's beach resort, Pan Pacific Resort Pangkor, registered a higher room occupancy of 62% as the attractive vacation packages designed to draw visitors proved to be successful and gained wider recognition in the market. The food and beverage outlets and banquet facilities at this resort also showed significant revenue growth over 1998 due to the increased number of hotel guests.

To further enhance Pan Pacific Resort Pangkor as a premier resort, continued efforts will be made on product enhancement to the already wide array of recreational facilities at the resort to draw visitors, local or otherwise.

### **St Giles Hotels**

The Group's 685 room 3-star St Giles Hotel in Bedford Avenue, London achieved a slightly lower occupancy rate of 76% but at a higher room rate of £61 as it increases its market share of the corporate sector.

The 310 room 3-star St Giles Hotel in Heathrow which commenced operations in May 1999 achieved a poor occupancy rate of 30% with an average room rate of £51 due to the uncertainties arising from the proposed disposal of the hotel since its commencement of business.

Although St Giles Hotel in London is expected to achieve a similar trading performance for the financial year 2000, the higher borrowing cost is expected to erode the return to the shareholders.

In the financial year 2000, St Giles Hotel Heathrow is expected to outperform its previous trading figures as a result of aggressive marketing efforts which has been undertaken since the end of 1999.

### **MiCasa Yangon**

The 136 rooms MiCasa Service Apartments in Yangon, Myanmar, owned by the Group's 30% associated company, recorded disappointing results. MiCasa Yangon suffered weak demand due to the continuing poor market conditions. The situation was worsened by intense price war competitions from hotels vying for the declining tourist arrivals, which inevitably had shifted the pressure to the service apartments industry.

This year is the first full year of operation for MiCasa Yangon since its opening in December 1998. The average occupancy rate for its first year was low, at 41.3%. Average room rate was USD34.

The MiCasa Yangon is still not expected to show a profit in the second year. With the Myanmar Ministry of Hotels and Tourism's recent move to aggressively promote destination Myanmar, business at MiCasa Yangon should pick up.

### **New World Saigon**

The performance of the New World Saigon in Ho Chi Minh City, Vietnam continued to be adversely affected by the low investment growth, and the glut of hotel rooms. Despite unfavourable market conditions affecting our sales volume and profit margin, during the year under review, we still managed to widen our customer base in Vietnam. Occupancy rate was 47.8% compared to 43.7% in 1998 whilst average room rate dropped to USD52.9 compared to USD76 in 1998. Over the long term and with prudent and professional management, we trust that this hotel will contribute positively to the Group's performance.

## **CONSTRUCTION**

IJM Corporation Berhad (IJM), our 20.55% investment in the construction industry, recorded a strong growth, and contributed positively to the Group during the year. IJM achieved a record pretax profit of RM139.43 million (1998:RM70.74 million) on the back of a turnover of RM1,209.97 million (1998:RM1,148.52 million), representing a significant improvement of 97% over the pretax profit of 1998.

The impact of the tax-waiver year in Malaysia and tax holidays for IJM's overseas investments in infrastructure projects further enhance the growth in the post-tax profit after minority interest to RM117.68 million (1998:RM39.13 million) and basic earnings per share to 34.2 sen (1998: 11.4 sen)

The record performance of IJM was substantially due to a vastly improved Malaysian economy. All divisions, with the exception of plantations, turned in better results. The year also saw significant contributions from IJM's associated companies in China and Argentina.

In 1999, IJM completed an impressive variety of projects, while all of its current projects are making good progress. IJM has also managed to secure new contracts amounting to RM614.64 million in the period under review. The value of construction contract in hand attributable to the IJM Group amounted to RM1,647.52 million, out of which RM843.31 million remained to be executed.

Notable projects completed during the year are the Mid Valley Megamall, Rantau Panjang Low Cost Housing, Riana Green Phase 2, Putrajaya Health Clinic, all in Malaysia, and the Binh An Water Treatment plant in Vietnam.

With the prospects of higher economic growth rate in 2000, and with the continued strong growth in the country's construction sector, coupled with the expected better performance from IJM's overseas operations, IJM is confident of good performance in 2000.

## INVESTMENT HOLDING

Ipoh Limited, a 25.8% associate, listed on the Australia Stock Exchange, recorded another year of excellent performance. The operating profit after tax improved by 24.2% to AUD21.4 million, mainly as a result of the continuously strong rentals growth from its quality investment property portfolio, and also from its development activities.

Ipoh Limited's flagship shopping centre, the Queen Victoria Building (QVB), Sydney, recorded in excess of 30 million visitations in 1999 providing the basis for excellent trading conditions for retailers within the centre. Gross rental income for the QVB increased by 5.5% to AUD37.6 million

In May 1999, Ipoh Limited acquired the heritage listed Strand Arcade in Sydney for a total cost of AUD70 million. The 7½ months of trading provided a positive contribution after funding to the year's results. To attract better retail formats with a unique appeal and also to provide a meaningful increases in income for the Strand, a more competitive tenancy mix is being established to offer a unique shopping experience through the addition of further specialty shops.

Galleries Victoria, a 15,000 square metre shopping centre, currently being developed on the corner of George, Park and Pitt Streets in Sydney, opposite the QVB, anticipates opening in August 2000, in time for the Sydney 2000 Olympic Games. The leasing programme is currently in full swing with many exciting retail names being attracted to the centre. Tenancy arrangements, ranging from final stages of negotiation to signed leases, already exceeds 60% of the net lettable area, and the lease arrangements for the remaining space will be completed by Year 2000.

The Old Bank Arcade and Chambers, a heritage shopping centre redevelopment in Wellington, New Zealand was completed during the year. The commercial portion of the centre is 100% leased and the retail portion is over 50% leased with plans in place to lease the remaining space during 2000.

Since the upgrade of the Leigh Street development in Adelaide, three of the ten heritage buildings have been restored and substantially leased. The feasibilities of the redevelopment and uses of the remaining buildings are currently being undertaken.

A 25/75 joint venture with the Government of Singapore Investment Corporation to develop a retail podium in China has been approved by the joint venture partners in December 1999.

Other properties including 143 York Street, Hotel Ibis, Civic Pub, 382 Pitt Street, Manning Building and the 50% owned Capitol Theatre, all in Sydney, performed satisfactorily and to expectation during 1999.

With the benefit of strategically located retail property investments, the Board of Ipoh Limited expects its financial performance for financial year 2000 to be better than the year under review.

## OTHERS

Wilson Parking Sdn Bhd, the Group's 25% investments in management of car park, continues to contribute good and steady return to the Group, although the contribution was not substantial.

**Tan Boon Seng**

**Robert Tan Chung Meng**

*Joint Managing Directors*

28 April 2000

## | 5 YEARS GROUP FINANCIAL HIGHLIGHTS

		1995	1996	1997	1998	1999
TURNOVER:						
IGB Corporation Berhad and subsidiaries	RM '000	57,571	191,932	112,432	77,217	<b>131,068</b>
Share of turnover of associated companies	RM '000	536,304	641,463	535,457	384,413	<b>390,132</b>
TOTAL	RM '000	593,875	833,395	647,889	461,630	<b>521,200</b>
PROFIT BEFORE TAXATION	RM '000	83,869	155,658	124,383	16,510	<b>32,309</b>
EARNINGS FOR THE YEAR	RM '000	62,071	124,807	99,965	5,890	<b>25,919</b>
EXTRAORDINARY ITEMS	RM '000	24,512	6,347	-	-	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	RM '000	86,583	131,154	99,965	5,890	<b>25,919</b>
ISSUED SHARE CAPITAL (RM0.50)	RM '000	235,532	236,532	237,116	237,117	<b>296,397</b>
SHAREHOLDERS' FUNDS	RM '000	822,998	975,634	1,082,010	1,079,434	<b>1,223,353</b>
TOTAL ASSETS	RM '000	1,171,756	1,317,149	1,731,435	1,965,540	<b>2,244,467</b>
EARNINGS PER SHARE *	sen	13.3	26.4	21.1	1.2	<b>5.5</b>
NET TANGIBLE ASSET PER SHARE	RM	1.7	2.1	2.3	2.3	<b>2.1</b>
GROSS DIVIDENDS PER SHARE	sen	5.0	5.0	5.0	1.0	<b>1.0</b>
DIVIDEND RATE	%	10.0	10.0	10.0	2.0	<b>2.0</b>

\* Based on weighted average number of shares in issue during the year

## SHAREHOLDINGS STRUCTURE

as at 31 March 2000

### SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Share Capital	:	RM296,814,286
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	One vote per ordinary share

### ANALYSIS BY SIZE OF SHAREHOLDING

Range of shareholdings	No. of shareholders	%	No. of shares	%
1 - 499	4,644	22.66	57,188	0.01
500 - 5,000	12,648	61.73	28,375,973	4.78
5,001 - 10,000	1,780	8.69	14,139,006	2.38
10,001 - 100,000	1,282	6.26	30,994,175	5.22
100,001 - 1,000,000	94	0.46	30,819,201	5.19
Above 1,000,000	42	0.20	489,243,029	82.42
Total	20,490	100.00	593,628,572	100.00

### TWENTY LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd -Skim Amanah Saham Bumiputera	81,000,000	13.64
2.	RHB Capital Nominees (Tempatan) Sdn Bhd	70,986,294	11.96
3.	The Central Depository (Pte) Limited	66,014,021	11.12
4.	Citicorp Nominees (Tempatan) Sdn Bhd	52,283,250	8.81
5.	IJM Corporation Berhad	24,735,000	4.17
6.	Tan & Tan Developments Berhad	24,443,991	4.12
7.	Employees Provident Fund Board	20,016,750	3.37
8.	Multistock Sdn Bhd	18,000,000	3.03
9.	Insas Plaza Sdn Bhd	15,134,500	2.55
10.	Permodalan Nasional Berhad	14,353,999	2.42
11.	Malaysia Nominees (Tempatan) Sdn Bhd	11,927,000	2.01
12.	M & A Investments Pte Ltd	10,000,000	1.68
13.	BBMB Securities Nominees (Asing) Sdn Bhd	7,920,750	1.33
14.	M & A Nominee (Asing) Sdn Bhd	7,032,250	1.18
15.	M & A Investments International Limited	7,000,000	1.18
16.	Dawnfield Pte Ltd	6,500,000	1.09
17.	Cartaban Nominees (Asing) Sdn Bdn	6,357,095	1.07
18.	SPI Pte Ltd	4,441,250	0.75
19.	Hwang-DBS Custodian Nominees (Asing) Sdn Bhd	4,204,177	0.71
20.	Tan Chin Nam Sdn Bhd	4,007,250	0.68

## SUBSTANTIAL SHAREHOLDERS

	Name of shareholders	Number of shares held	
		Direct	Indirect
1.	Tan & Tan Developments Berhad	146,867,702	18,000,000
2.	Multistock Sdn Bhd	18,000,000	-
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd -Skim Amanah Saham Bumiputera	81,000,000	-
4.	Permodalan Nasional Berhad	14,353,999	-
5.	Yayasan Pelaburan Bumiputra	-	14,353,999
6.	IJM Corporation Berhad	24,735,000	2,108,750
7.	Insas Berhad	-	44,378,000
8.	Montego Assets Limited	29,243,500	-
9.	Insas Plaza Sdn Bhd	15,134,500	-
10.	Dato' Tan Chin Nam	2,463,750	205,408,771
11.	Robert Tan Chung Meng	186,000	204,056,771
12.	Pauline Tan Suat Ming	78,125	177,204,369
13.	Employees Provident Fund Board	20,908,000	-
14.	Great Eastern Life Assurance (M) Berhad	11,883,000	-
15.	Overseas Chinese Banking Corporation Limited	-	11,883,000
16.	Great Eastern Holdings Limited	-	11,883,000
17.	Great Eastern Life Assurance Co Limited	-	11,883,000
18.	GEL Capital (Malaysia) Berhad	-	11,883,000





# C O N T E N T S

## OF REPORTS AND ACCOUNTS

31 December 1999



Directors' Report	18-23
Profit and loss accounts	24
Balance sheets	25
Consolidated cash flow statement	26
Notes to the accounts	27-46
Subsidiary companies	47-48
Associated companies	49
Statement by Directors	50
Statutory Declaration	50
Report of the auditors to the members	51

## DIRECTORS' REPORT

for the year ended 31 December 1999

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

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the subsidiary and associated companies are set out on pages 47 to 49. There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	Group RM '000	Company RM '000
Profit after taxation	20,857	15,226
Minority shareholders' interests	5,062	-
Profit attributable to shareholders of the Company	25,919	15,226
Unappropriated profit brought forward	583,936	401,630
Profit available for appropriation	609,855	416,856
Dividends	(5,928)	(5,928)
Unappropriated profit carried forward	603,927	410,928

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

### DIVIDENDS

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	RM '000
(a) In respect of the financial year ended 31 December 1998 as proposed in the Directors' report for that year, a first and final dividend of 2% less tax at 28% paid on 27 August 1999	3,414
(b) In respect of the financial year ended 31 December 1999, a proposed first and final dividend of 2% (tax exempt)	5,928

### MOVEMENTS ON RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the accounts.

## SHARE CAPITAL

During the financial year, the Company's authorised share capital was increased from RM500 million to RM1,000 million by way of creation of 1,000 million new ordinary shares of RM0.50 each.

During the financial year, the Company's issued and fully paid-up share capital was increased from RM237,117,305 to RM296,396,786 by way of:

- (i) an issue of 250 new ordinary shares of RM0.50 each for cash on the exercise of Transferable Subscription Rights as disclosed in note 9 to the accounts at an exercise price of RM1.70 each; and
- (ii) a Rights Issue of 118,558,714 new ordinary shares of RM0.50 each with 118,558,714 Warrants attached at an issue price of RM1.05 for each new ordinary share with one warrant attached for cash as disclosed in note 9 to the accounts. The proceeds from the Rights Issue were utilised for approved purpose for the repayment of bank borrowings taken to redeem the 3% Redeemable Guaranteed Loan Stock 1993/1998, for working capital and Rights Issue expenses.

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

## EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The ESOS, which expired on 4 November 1997, had been extended for a period of five years. The main features of the ESOS are as follows:

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (b) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (c) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares; and
- (d) The option price at which the employees are offered to take up shares under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, or the value of the shares of the Company of RM0.50 whichever is higher.

During the financial year, additional options to subscribe for 5,528,000 ordinary shares of RM0.50 each at exercise price of RM1.23 per share have been granted on 28 October 1999.

As at 31 December 1999, options granted to subscribe for ordinary shares of RM0.50 each which have yet to be exercised are as follows:

Exercise price	No. of shares to be subscribed
RM1.23	5,528,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	476,000
RM2.56	48,000
	<hr/>
	6,279,000
	<hr/>

## DIRECTORS

The Directors in office since the date of the last report are:

Dato' Tan Chin Nam

Tan Boon Seng

Robert Tan Chung Meng

Tan Boon Gark

Lai Meng

Tan Sri Abu Talib Bin Othman

Dato' Khalid Ahmad Bin Sulaiman

Abdul Samad Bin Haji Alias

Chong Kim Weng

Mihir Kumar Sen s/o Subodh Chandra Sen

Ibrahim Bin Awang

Lim Cheng Ean (alternate to Ibrahim Bin Awang)

Chua Seng Yong (alternate to Robert Tan Chung Meng) (appointed on 30.11.1999)

In accordance with Article 85 of the Company's Articles of Association, Dato' Khalid Ahmad Bin Sulaiman and Ibrahim Bin Awang retire by rotation and, being eligible, offer themselves for re-election.

Dato' Tan Chin Nam, who has attained the age of 74 years, retires in accordance with Section 129(2) of the Companies Act, 1965 and offers himself for re-appointment in accordance with Section 129(6) of the said Act to hold office until the conclusion of the next Annual General Meeting of the Company.

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests in the shares, warrants, Transferable Subscription Rights ("TSRs") and share options of the Company during the financial year of those Directors holding office at the end of the financial year are as follows:

In the Company	Number of Ordinary Shares of RM0.50 each			
	1 January	Addition	Disposal	31 December
Dato' Tan Chin Nam				
<i>Direct</i>	1,181,000	1,282,750	-	<b>2,463,750</b>
<i>Indirect</i>	151,733,248	53,675,523	-	<b>205,408,771</b>
Tan Boon Seng				
<i>Direct</i>	7,500	1,875	-	<b>9,375</b>
Robert Tan Chung Meng				
<i>Direct</i>	30,000	156,000	-	<b>186,000</b>
<i>Indirect</i>	151,292,248	52,764,523	-	<b>204,056,771</b>
Tan Boon Gark				
<i>Direct</i>	219,000	50,000	50,000	<b>219,000</b>
Dato' Khalid Ahmad Bin Sulaiman				
<i>Indirect</i>	125,250	-	-	<b>125,250</b>
Mihir Kumar Sen s/o Subodh Chandra Sen				
<i>Indirect</i>	200,000	50,000	-	<b>250,000</b>
Chua Seng Yong				
<i>Direct</i>	-	55,000	-	<b>55,000</b>

## DIRECTORS' INTERESTS (CONTINUED)

### In the Company

	Number of Warrants			
	1 January	Addition	Disposal/ Exercised	31December
Dato' Tan Chin Nam				
<i>Direct</i>	-	1,282,750	-	<b>1,282,750</b>
<i>Indirect</i>	-	53,675,523	-	<b>53,675,523</b>
Tan Boon Seng				
<i>Direct</i>	-	1,875	-	<b>1,875</b>
Robert Tan Chung Meng				
<i>Direct</i>	-	156,000	-	<b>156,000</b>
<i>Indirect</i>	-	52,764,523	-	<b>52,764,523</b>
Tan Boon Gark				
<i>Direct</i>	-	50,000	-	<b>50,000</b>
Mihir Kumar Sen s/o Subodh Chandra Sen				
<i>Indirect</i>	-	50,000	-	<b>50,000</b>
Chua Seng Yong				
<i>Direct</i>	-	55,000	-	<b>55,000</b>

### In the Company

	Number of Transferable Subscription Rights ("TSRs")			
	1 January	Addition	Disposal/ Exercised	31December
Dato' Tan Chin Nam				
<i>Direct</i>	274,500	9,736	137,250	<b>146,986</b>
<i>Indirect</i>	35,218,790	1,243,342	17,692,396	<b>18,769,736</b>
Tan Boon Seng				
<i>Direct</i>	35,000	-	34,197	<b>803</b>
Robert Tan Chung Meng				
<i>Direct</i>	10,000	354	5,000	<b>5,354</b>
<i>Indirect</i>	34,799,790	1,228,479	17,482,896	<b>18,545,373</b>
Mihir Kumar Sen s/o Subodh Chandra Sen				
<i>Indirect</i>	100,000	-	46,453	<b>53,547</b>

### In the Company

	Number of options (esos) over Ordinary Shares of RM0.50 each			
	1 January	Granted	Exercised	31December
Robert Tan Chung Meng	500,000	-	-	<b>500,000</b>
Lai Meng	70,000	-	-	<b>70,000</b>

By virtue of their interests in the shares in the Company, Dato' Tan Chin Nam, Mr Tan Boon Seng and Mr Robert Tan Chung Meng are also deemed to have interests in the shares in all other subsidiary companies of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interests in shares, warrants, TSRs and share options of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFIT

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees and other emoluments paid as shown in note 4 to the accounts) by reason of a contract made by the Company or by 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.

Except as disclosed above, neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

Before the accounts of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off or provided for bad and doubtful debts of the Group and of the Company inadequate to any material extent or the values attributed to current assets of the Group and of the Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or other event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.

No contingent or other liability of any company in the Group 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 the Directors, will or may affect the ability of the Company and its subsidiary companies to meet their obligations when they fall due.

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

## Y2K STATEMENT

The Company and its subsidiary companies have not encountered any Y2K disruptions-related issue since the crossing over to the year 2000. The Company and its subsidiary companies will continue to monitor the year 2000 issue.

## AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board of Directors

**Tan Boon Seng**

*Joint Managing Director*

**Abdul Samad Bin Haji Alias**

*Director*

Kuala Lumpur

12 April 2000



## PROFIT AND LOSS ACCOUNTS

for the year ended 31 December 1999

		Group		Company	
	Note	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Turnover	3	<b>131,068</b>	77,217	<b>68,613</b>	47,413
Cost of sales		<b>(80,816)</b>	(33,572)	<b>(34,519)</b>	(13,512)
Gross profit		<b>50,252</b>	43,645	<b>34,094</b>	33,901
Other operating income		<b>36,292</b>	20,261	<b>15,093</b>	21,434
Administration expenses		<b>(9,529)</b>	(8,653)	<b>(1,605)</b>	(1,059)
Other operating expenses		<b>(24,309)</b>	(20,638)	<b>(6,412)</b>	(3,237)
Profit from operations		<b>52,706</b>	34,615	<b>41,170</b>	51,039
Finance costs		<b>(56,650)</b>	(39,610)	<b>(25,997)</b>	(9,213)
Operating profit/(loss)					
before exceptional items	4	<b>(3,944)</b>	(4,995)	<b>15,173</b>	41,826
Exceptional items	5	-	13,431	-	31,648
Operating profit/(loss) after exceptional items		<b>(3,944)</b>	8,436	<b>15,173</b>	73,474
Share of results of associates		<b>36,254</b>	8,074	-	-
Profit before tax		<b>32,310</b>	16,510	<b>15,173</b>	73,474
Taxation	6	<b>(11,453)</b>	(12,568)	<b>53</b>	(5,800)
Profit after tax		<b>20,857</b>	3,942	<b>15,226</b>	67,674
Minority interests		<b>5,062</b>	1,948	-	-
Net profit for the period		<b>25,919</b>	5,890	<b>15,226</b>	67,674
Unappropriated profit brought forward		<b>583,936</b>	581,460	<b>401,630</b>	337,370
Profit available for appropriation		<b>609,855</b>	587,350	<b>416,856</b>	405,044
Dividends	7	<b>(5,928)</b>	(3,414)	<b>(5,928)</b>	(3,414)
Unappropriated profit carried forward		<b>603,927</b>	583,936	<b>410,928</b>	401,630
Basic earnings per share (sen)	8	<b>5.46</b>	1.24		
Dividend per share (sen)		<b>1.00</b>	1.00		

The above profit and loss accounts are to be read in conjunction with the notes to the accounts on pages 27-49.  
Auditors' report – Page 51.

## BALANCE SHEETS

as at 31 December 1999

		Group		Company	
	Note	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>Share capital</b>	9	<b>296,397</b>	237,117	<b>296,397</b>	237,117
<b>Share premium account</b>	11	<b>251,736</b>	187,509	<b>251,736</b>	187,509
<b>Reserves</b>	12	<b>675,220</b>	654,808	<b>447,426</b>	438,128
<b>Total capital and reserves</b>		<b>1,223,353</b>	1,079,434	<b>995,559</b>	862,754
<b>Minority interests</b>		<b>20,838</b>	25,860	-	-
<b>Deferred and long term liabilities</b>					
Term loans	13	<b>244,186</b>	145,501	<b>244,186</b>	145,491
Murabahah Underwritten					
Notes and Syndicated Fixed Rate Loan	14	<b>366,500</b>	315,000	-	-
Deferred taxation	15	<b>2,361</b>	3,160	<b>2,300</b>	3,125
		<b>1,857,238</b>	1,568,955	<b>1,242,045</b>	1,011,370
Represented by:					
<b>Fixed assets</b>	16	<b>750,891</b>	540,247	<b>2,238</b>	2,736
<b>Hotel properties</b>	17	<b>62,199</b>	62,199	-	-
<b>Subsidiary companies</b>	18	-	-	<b>292,439</b>	292,377
<b>Associated companies</b>	19	<b>593,237</b>	580,298	<b>296,638</b>	296,638
<b>Investments</b>	20	<b>108,755</b>	36,101	<b>2,900</b>	2,900
<b>Deferred expenditure</b>	21	<b>261</b>	252	-	-
<b>Current assets</b>	22	<b>729,124</b>	761,014	<b>1,079,856</b>	854,463
Less:					
<b>Current liabilities</b>	23	<b>(387,229)</b>	(411,156)	<b>(432,026)</b>	(437,744)
Net current assets		<b>341,895</b>	349,858	<b>647,830</b>	416,719
		<b>1,857,238</b>	1,568,955	<b>1,242,045</b>	1,011,370

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 27-49.  
Auditors' report – Page 51.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

	Group	
	1999	1998
Note	RM '000	RM '000
<b>Cash flows from/(used in) operating activities</b>		
Receipts from customers	<b>182,682</b>	140,408
Payments to contractors, suppliers and employees	<b>(109,292)</b>	(52,392)
<b>Cash flows from operations</b>	<b>73,390</b>	88,016
Interest paid	<b>(50,951)</b>	(45,660)
Income taxes paid	<b>(8,280)</b>	(515)
<b>Net cash generated from operating activities</b>	<b>14,159</b>	41,841
<b>Cash flows from/(used in) investing activities</b>		
Proceeds from sale of		
shares in an associated company	-	38,040
Proceeds from sale of investments	<b>336</b>	18,806
Interest received	<b>13,577</b>	29,993
Purchase of investments	-	(33,911)
Purchase of fixed assets and hotel properties	<b>(212,270)</b>	(202,674)
Proceeds from sale of fixed assets	<b>427</b>	291
Investments in associated companies	<b>(1,254)</b>	(8,514)
Proceeds from redemption of		
preference shares from an associated company	-	6,300
Dividends received from		
associated companies	<b>13,407</b>	14,609
Dividends received from investments	<b>928</b>	1,639
Payment to minority Interests	-	(38,777)
Advances to associated companies	<b>(5,327)</b>	(76,601)
<b>Net cash used in investing activities</b>	<b>(190,176)</b>	(250,799)
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from shares issued by the Company	<b>123,507</b>	5
Proceeds from shares issued to minority interests	<b>40</b>	-
Redemption of Redeemable Guaranteed Loan Stocks	-	(230,904)
Repayment of term loans	<b>(115,110)</b>	-
Dividends paid	<b>(3,414)</b>	(8,536)
Receipt of bank borrowings	<b>211,200</b>	440,427
<b>Net cash generated from financing activities</b>	<b>216,223</b>	200,992
Foreign currencies exchange difference on opening balance	<b>9</b>	-
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>	<b>40,215</b>	(7,966)
Cash and cash equivalents		
at beginning of financial year	<b>127,457</b>	135,423
<b>Cash and cash equivalents at end of financial year</b>	<b>167,672</b>	127,457

The above consolidated cash flow statement are to be read in conjunction with the notes to the accounts on pages 27-49.

Auditors' report – Page 51.

## NOTES TO THE ACCOUNTS

for the year ended 31 December 1999

### 1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

### 2. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous year.

#### (a) Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets, hotel properties and certain investments in associated companies.

#### (b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the Company and its subsidiary companies made up to the end of the financial year. The results of the subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of their disposal. Inter-company transactions are eliminated on consolidation and consolidated accounts reflect external transactions only.

#### (c) Goodwill on consolidation

Goodwill or capital reserve arising on consolidation represents the excess or deficit of purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition. Goodwill or capital reserve arising on consolidation is written off against reserves.

#### (d) Subsidiary companies

Investments in subsidiary companies are stated at cost. A provision is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

#### (e) Associated companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 to 50 percent is held and where the Group exercises significant influence through management participation.

Investments in associated companies are stated at cost or valuation. A provision is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

The Group's share of profit less losses of associated companies is included in the consolidated profit and loss accounts and the Group's share of post-acquisition retained profits and reserves are added to the cost or valuation of investments in the consolidated balance sheet. These amounts are taken from the latest audited accounts of associated companies with the same financial year end as the Company and where the financial year ends are not coterminous, the amounts are taken from the management accounts made up to the financial year end of the Group.

#### (f) Investments

Investments in quoted and unquoted shares held as long term investments are stated at cost. A provision is made when the Directors are of the opinion that there is a permanent diminution in value of the investments.

Short term investments in quoted shares are stated at the lower of cost and market value on the aggregate basis.

#### (g) Fixed assets

Freehold land is stated at cost or valuation. All other fixed assets are stated at cost less accumulated depreciation. The valuations are performed by independent professional valuers. Freehold land of the Group have not been revalued since the last revaluation in 1996. The Directors applied the transitional provisions of International Accounting Standards ("IAS") No.16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation. Accordingly, these assets have been stated at their last revalued amount.

Financing costs on specific identifiable borrowings used to finance the acquisition of fixed assets are capitalised and carried forward as part of fixed assets. Capitalisation of borrowing costs cease when assets are ready for their intended use.

## (h) Depreciation

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised on a straight line basis over the period of the lease of 99 years. However, no amortisation is provided for as the Directors are of the opinion that the non-amortisation of the long term lease has no material effect on the accounts.

Depreciation on other fixed assets is calculated to write-off their cost on a straight line basis over their estimated useful lives of the assets concerned. The annual rates are:

	%
Buildings	2
Plant and machinery	5 - 25
Motor vehicles	20
Office furniture, fittings and equipment	5 – 33 1/3

Included in the office furniture, fittings and equipment are the initial cost of operating assets of a subsidiary company engaged in the hotel business such as furnishing, linen, crockery and cutlery that has been capitalised. Subsequent acquisitions to replace these operating assets are written off in the year in which they are acquired.

## (i) Hotel properties

Hotel properties are stated at Directors' valuation based on independent valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the Group's policy to appraise the hotel properties once in every five years by independent professional valuers based on their open market values with additional valuations in the intervening years where market conditions indicate that the carrying values on the revalued assets are materially different from the market values. Any surplus or deficit arising therefrom will be dealt with in the Revaluation Surplus Account. A deficit, on individual hotel basis, is set off against the Revaluation Surplus Account only to the extent of a surplus credited from the previous revaluation of the hotel properties and the excess of the deficit is charged to the profit and loss account.

No depreciation is provided as it is the Group's practice to maintain these properties in such condition that the residual value is so high that depreciation would be insignificant. The related maintenance expenditure is dealt with in the profit and loss account.

## (j) Revenue recognition

- (i) Income from property development is recognised on the percentage of completion method based on units sold and where the outcome of the development projects can be reliably estimated. Anticipated losses are provided for in full.
- (ii) Income from construction contracts (including joint venture projects) is recognised on the percentage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are provided for in full.
- (iii) Dividend income from other investments is taken up as income when the shareholders' right to receive payment is established.
- (iv) Management fees, project management fees and rental income are recognised on an accrual basis.
- (v) Interest income is recognised on an accrual basis unless collectibility is in doubt, in which case the recognition of such income is suspended.

## (k) Development properties and expenditure

Development properties and expenditure are stated at cost and consist of freehold and leasehold land, development expenditure plus attributable profit less progress billings and provision for foreseeable losses.

The related development costs common to the whole project comprise finance charges on borrowings directly related to the financing of development and direct costs of construction. Cost charged to the profit and loss account are in respect of properties sold and comprise proportionate land and development costs.

Development properties are classified as current assets when significant development work have been undertaken and are expected to be completed within the normal operating cycle.

**(l) Stocks**

All stocks are valued at the lower of cost and net realisable value.

Costs of unsold properties comprise proportionate cost of land and development expenditure.

Costs of hotel operating supplies are determined on a first-in, first-out basis. Provision is made for all deteriorated, damaged, obsolete or slow-moving stocks.

**(m) Debtors**

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection.

**(n) Currency translations**

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling on that date. Exchange differences are reflected in the profit and loss account.

Profit and loss account items of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and balance sheets are translated at exchange rates ruling on the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign subsidiary companies and associated companies are taken to Exchange Fluctuation Reserve in shareholders' interest. On disposal of the foreign entity, such translation differences are recognised in the profit and loss account as part of the gain or loss on disposal.

**(o) Deferred taxation**

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised in the accounts unless there is a reasonable expectation of realisation in the foreseeable future.

**(p) Deferred expenditure**

Deferred expenditure comprises preliminary and pre-operating expenses which are written off upon commencement of operations.

**(q) Cash and cash equivalents**

Cash consists of cash on hand and balances with licensed financial institutions. Cash equivalents are short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of short term borrowings which are repayable on demand.

### 3. PRINCIPAL ACTIVITIES AND TURNOVER

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the subsidiary and associated companies are set out on pages 47 to 49.

Turnover net of discounts and allowances comprises the following:

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Investment income	<b>1,017</b>	1,639	<b>11,876</b>	18,908
Sale of development properties billed to stages of completion	<b>108,815</b>	52,977	<b>53,466</b>	22,832
Sale of services	<b>15,919</b>	15,584	-	-
Rental of properties	<b>5,317</b>	7,017	<b>3,271</b>	5,673
Group's turnover	<b>131,068</b>	77,217	<b>68,613</b>	47,413
Group's share of turnover of associated companies	<b>390,132</b>	384,413		
	<b>521,200</b>	461,630		

### 4. OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>Operating profit/(loss) before exceptional items is stated after charging:</b>				
Directors' remuneration:				
Fee	<b>70</b>	60	<b>70</b>	60
Other emoluments				
Directors of the Company	<b>1,288</b>	1,234	<b>1,108</b>	1,043
Other Directors	<b>524</b>	509	-	-
Fees paid to a professional firm in which a Director is a member	-	328	-	-
Depreciation of fixed assets	<b>1,251</b>	1,306	<b>536</b>	573
Office rent	<b>320</b>	325	<b>310</b>	248
Auditors' remuneration	<b>195</b>	187	<b>64</b>	60
Interest expense:				
Loan stocks	-	6,547	-	6,547
Bank borrowings	<b>50,951</b>	39,113	<b>21,877</b>	5,195
Provision for diminution in value of Investments	<b>6,626</b>	11,064	-	-
Provision for doubtful debts	<b>4,004</b>	1,667	<b>3,477</b>	663
Bad debt written off	<b>142</b>	-	-	-
Loss on disposal of investments	-	2,845	-	-
Amortisation of deferred expenditure	<b>103</b>	-	-	-

#### 4. OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS (CONTINUED)

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
<b>and crediting:</b>				
Dividends received (gross) from:				
Subsidiary companies:				
Unquoted in Malaysia	-	-	-	77
Associated companies:				
Quoted in Malaysia	-	-	<b>1,234</b>	2,410
Quoted outside Malaysia	-	-	<b>9,726</b>	12,239
Unquoted	-	-	<b>840</b>	2,800
Quoted investments:				
In Malaysia	<b>317</b>	929	<b>76</b>	382
Outside Malaysia	<b>700</b>	710	-	-
Interest income from:				
Subsidiary companies	-	-	-	89
Associated companies	<b>5,674</b>	7,487	<b>5,674</b>	7,487
Loan stocks	<b>4,424</b>	4,315	<b>4,424</b>	4,315
Fixed deposits and others	<b>3,479</b>	18,191	<b>1,468</b>	7,468
Profit on disposal of quoted investments	-	200	-	200
Profit on disposal of fixed assets	<b>52</b>	106	<b>29</b>	38
Rental income	<b>1,915</b>	271	-	-
Provision for diminution in value of quoted investment written back	<b>13,130</b>	-	-	-
Profit on disposal of an unquoted investment	<b>36</b>	-	-	-
Bad debts recovered	<b>94</b>	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

#### 5. EXCEPTIONAL ITEMS (NIL TAX EFFECTS)

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
Profit on disposal of shares in an associated company	-	28,510	-	31,648
Provision for diminution in value of long-term investments	-	(15,079)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	13,431	-	31,648
	<hr/>	<hr/>	<hr/>	<hr/>



## 6. TAXATION

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>Taxation based on profit for the year</b>				
Malaysian income tax	<b>157</b>	(4,039)	<b>(602)</b>	(5,800)
Transfer from deferred taxation	<b>799</b>	38	<b>825</b>	-
	<b>956</b>	(4,001)	<b>223</b>	(5,800)
Underprovision of taxation in respect of prior years	<b>(1,406)</b>	(358)	<b>(170)</b>	-
	<b>(450)</b>	(4,359)	<b>53</b>	(5,800)
Taxation on share of profits of associated companies	<b>(11,003)</b>	(8,209)	-	-
	<b>(11,453)</b>	(12,568)	<b>53</b>	(5,800)

No provision has been made for Malaysian income tax in respect of all income (except for dividend income) earned by the Group and the Company for the financial year ended 31 December 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999.

Accordingly, the taxation of the Company for the current year is mainly in respect of tax on dividend income. The taxation charge for the Group for the current year is mainly in respect of tax on dividend income and chargeable income of certain associated companies.

## 7. DIVIDENDS

	Group and Company	
	1999 RM '000	1998 RM '000
Proposed first and final dividend of 2% tax exempt (1998: first and final dividend of 2% less tax at 28%)	<b>5,928</b>	3,414
	<b>5,928</b>	3,414

## 8. EARNINGS PER SHARE

### Basic

The basic earnings per share has been calculated based on the Group earnings for the financial year of RM25,919,000 (1998 : RM5,890,000) and the weighted average number of ordinary shares in issue during the financial year of 474,884,000 (1998 : 474,235,000).

### Fully diluted

The assumed conversion of all the options, Transferable Subscription Rights (TSRs) and warrants during the year on the assumption that the proceeds will be applied to reduce interest-bearing borrowings of the Group would be antidilutive; accordingly, the basic and fully diluted earnings per share are the same.

## 9. SHARE CAPITAL

	Group and Company	
	1999	1998
	RM '000	RM '000
Ordinary shares of RM0.50 each		
<b>Authorised</b>		
At 1 January	<b>500,000</b>	500,000
Created during the year	<b>500,000</b>	-
At 31 December	<b>1,000,000</b>	500,000
<b>Issued and fully paid</b>		
At 1 January	<b>237,117</b>	237,116
Transferable Subscription Rights exercised	- *	1
Rights Issue	<b>59,280</b>	-
At 31 December	<b>296,397</b>	237,117
* RM125		

On 30 December 1999, there was a Rights Issue of 118,558,714 new ordinary shares of RM0.50 each with 118,558,714 warrants attached at an issue price of RM1.05 for each new ordinary share with one warrant attached on the basis of one new ordinary share with one warrant attached for every four existing ordinary shares held.

Each Warrant carries the right to subscribe for one new ordinary share at the Exercise Price of RM1.50 for a period of five years from the date of issue of the Warrant. As at 31 December 1999, the number of Warrants which has yet to be exercised is 118,558,714 (1998 : Nil).

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

The shareholders and TSRs holders have respectively, at an Extraordinary General Meeting and TSRs Holders Meeting held on 11 February 1999, approved the extension of the subscription period of one (1) out of every two (2) TSR 1993/1998 outstanding on 11 December 1998 which amounted to 115,348,544 TSRs by three (3) years to 11 December 2001.

Each TSR entitles its registered holder at any time before the maturity date, to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the adjusted subscription price of RM1.59 per share payable in cash.

As at 31 December 1999, the number of Transferable Subscription Rights (TSRs) which has yet to be exercised is 123,527,657 (1998 : 230,697,088).

## 10.EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The details of options granted under the ESOS to subscribe for shares which were outstanding at 31 December 1999 are as follows:

Option Price	Number of ordinary shares of RM0.50 each
RM1.23	5,528,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	476,000
RM2.56	48,000
	<hr/> 6,279,000 <hr/>

The ESOS shall continue to be in force until 4 November 2002.

## 11.SHARE PREMIUM ACCOUNT

	Group and Company 1999 RM '000	1998 RM '000
At 1 January	<b>187,509</b>	187,505
Rights Issue	<b>65,207</b>	-
Transferable Subscription Rights exercised	- *	4
Rights Issue expenses	<b>(980)</b>	-
At 31 December	<b>251,736</b>	187,509
* RM300		

The share premium reserve is not distributable as cash dividends.

## 12. RESERVES

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>Non-distributable</b>				
At 1 January	<b>63,632</b>	68,689	<b>29,258</b>	29,258
Exchange fluctuation reserves	<b>421</b>	80	-	-
Deficit on revaluation of properties	-	(594)	-	-
Goodwill-adjustment on changes in Group structure	-	(4,543)	-	-
At 31 December	<b>64,053</b>	63,632	<b>29,258</b>	29,258
<b>Distributable</b>				
Profit on sale of investments	<b>7,240</b>	7,240	<b>7,240</b>	7,240
Unappropriated profit	<b>603,927</b>	583,936	<b>410,928</b>	401,630
	<b>675,220</b>	654,808	<b>447,426</b>	438,128

The non-distributable reserves comprise:

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Exchange fluctuation reserves	<b>17,533</b>	17,112	-	-
Surplus on revaluation of properties	<b>39,108</b>	39,108	-	-
Surplus on revaluation of investment in an associated company	<b>29,258</b>	29,258	<b>29,258</b>	29,258
Capitalisation of revenue reserves in an associated company	<b>686</b>	686	-	-
	<b>86,585</b>	86,164	<b>29,258</b>	29,258
Goodwill arising on consolidation	<b>(22,532)</b>	(22,532)	-	-
	<b>64,053</b>	63,632	<b>29,258</b>	29,258

The non-distributable reserves are not distributable as cash dividends.

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM57,600,000 (1998 : RM57,600,000) out of its distributable reserves of RM418,168,000 (1998: RM408,870,000) as at 31 December 1999 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 1999 amounting to RM72,943,000 (1998: RM46,500,000) available for distribution as tax exempt dividends to shareholders.

Pursuant to subsection 365(1A) of the Companies Act, 1965, the declaration of dividends for a financial year out of the Company's retained profits are restricted in aggregate up to an amount not exceeding the after-tax profit of that financial year, or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater.

### 13. TERM LOANS

		Group		Company	
	Note	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Secured		<b>296,869</b>	260,611	<b>271,869</b>	260,491
Unsecured		<b>17,332</b>	-	<b>17,332</b>	-
Total repayable		<b>314,201</b>	260,611	<b>289,201</b>	260,491
Repayments within 12 months (included in current liabilities)	30	<b>(70,015)</b>	(115,110)	<b>(45,015)</b>	(115,000)
Repayments after 12 months (included in deferred and long term liabilities)		<b>244,186</b>	145,501	<b>244,186</b>	145,491
Repayments due in:					
1999		-	115,110	-	115,000
2000		<b>70,015</b>	30,010	<b>45,015</b>	30,000
2001		<b>50,014</b>	115,491	<b>50,014</b>	115,491
2002 and later		<b>194,172</b>	-	<b>194,172</b>	-
		<b>314,201</b>	260,611	<b>289,201</b>	260,491

All the term loans are obtained from various financial institutions at annual rates of interest that ranged from 1.5% to 2.0% (1998 : 0.6% to 2.0%) per annum above the base lending rates or the prevailing inter-bank offered rates of these banks.

The term loans of RM296,869,000 (1998: RM260,611,000) and RM271,869,000 (1998: RM260,491,000) obtained by the Group and the Company respectively are secured by way of deposits of quoted shares with market value of not less than the facility amount and fixed and collateral registered charges over certain lands and buildings, hotel properties and development properties of the Group as disclosed in notes 19,20,16,17 and 24 respectively to the accounts.

### 14. MURABAHAH UNDERWRITTEN NOTES AND SYNDICATED FIXED RATE LOAN

A subsidiary company has been granted loan facilities by financial institutions for purpose of financing the construction of Phase I of Mid Valley up to a maximum of RM450 million comprising two (2) programmes, namely:

- Murabahah Underwritten Notes Issuance Facility (MUNIF) up to a maximum of RM250 million under the Islamic financing contract of Al-Murabahah; and
- Syndicated Fixed Rate Loan (SFRL) of RM200 million.

#### 14. MURABAHAH UNDERWRITTEN NOTES AND SYNDICATED FIXED RATE LOAN (CONTINUED)

The MUNIF and SFRL are secured by way of the following:

- (a) First legal mortgage on the subsidiary company's land together with the properties developed under Phase I of Mid Valley;
- (b) Corporate guarantee from the Company and subordination of all shareholders' loan;
- (c) Debenture over the assets of the subsidiary company; and
- (d) Legal assignments of:
  - (i) all sales and purchase and tenancy agreements, the contractors' performance bonds and insurance contracts;
  - (ii) Mid Valley project account; and
  - (iii) the subsidiary company's rights on building contracts, design and drawings of Mid Valley.

As at 31 December 1999, the total amount being issued/drawdown of RM366.5 million for purpose of financing the construction of Phase I of Mid Valley comprises:

- (a) RM166.5 million from MUNIF which is for a maturity period of up to six (6) months and which can be rolled-over for the availability period of five (5) years commencing 15 September 1997. It is the intention of the Group to roll-over this facility for the next twelve (12) months.
- (b) RM200 million from SFRL which will be repayable by ten (10) half-yearly instalments of RM20 million each, commencing at the end of the seventh year from the first drawdown on 16 March 1998. This SFRL carries an interest rate of 9.50% per annum.

#### 15. DEFERRED TAXATION

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
At 1 January	<b>3,160</b>	3,198	<b>3,125</b>	3,125
Transfer to profit and loss account	<b>(799)</b>	(38)	<b>(825)</b>	-
At 31 December	<b>2,361</b>	3,160	<b>2,300</b>	3,125

Deferred taxation has been provided for all timing differences, except that unabsorbed tax losses and unutilised capital allowances of certain subsidiary companies amounting to approximately RM115,971,000 and RM10,183,609 (1998 : RM62,867,000 and RM8,685,000) respectively are not taken into account in arriving at the provision for deferred taxation of the Group. These unabsorbed tax losses and unutilised capital allowances are subject to agreement by the Inland Revenue Board.

## 16.FIXED ASSETS

38

The Group	Freehold land	Leasehold land	other Lands	Buildings	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
1999	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January									
<b>At Cost</b>	<b>2,008</b>	<b>1,558</b>	-	<b>6,436</b>	<b>6,431</b>	<b>3,375</b>	<b>7,401</b>	<b>501,885</b>	<b>529,094</b>
<b>At Valuation</b>	<b>26,999</b>	-	-	-	-	-	-	-	<b>26,999</b>
Additions	-	-	-	-	-	<b>536</b>	<b>1,858</b>	<b>209,876</b>	<b>212,270</b>
Disposals	-	-	-	-	-	<b>(405)</b>	<b>(224)</b>	-	<b>(629)</b>
Reclassification	-	-	<b>37,725</b>	<b>601,668</b>	-	-	-	<b>(639,393)</b>	-
At 31 December	<b>29,007</b>	<b>1,558</b>	<b>37,725</b>	<b>608,104</b>	<b>6,431</b>	<b>3,506</b>	<b>9,035</b>	<b>72,368</b>	<b>767,734</b>
<b>Accumulated Depreciation</b>									
At 1 January	-	-	-	<b>1,899</b>	<b>6,431</b>	<b>1,861</b>	<b>5,655</b>	-	<b>15,846</b>
Charge for the year	-	-	-	<b>138</b>	-	<b>618</b>	<b>495</b>	-	<b>1,251</b>
Disposals	-	-	-	-	-	<b>(89)</b>	<b>(165)</b>	-	<b>(254)</b>
At 31 December	-	-	-	<b>2,037</b>	<b>6,431</b>	<b>2,390</b>	<b>5,985</b>	-	<b>16,843</b>
<b>Net Book Value</b>									
At 31 December 1999									
At Valuation	<b>26,999</b>	-	-	-	-	-	-	-	<b>26,999</b>
At Cost	<b>2,008</b>	<b>1,558</b>	<b>37,725</b>	<b>606,067</b>	-	<b>1,116</b>	<b>3,050</b>	<b>72,368</b>	<b>723,892</b>
	<b>29,007</b>	<b>1,558</b>	<b>37,725</b>	<b>606,607</b>	-	<b>1,116</b>	<b>3,050</b>	<b>72,368</b>	<b>750,891</b>
1998									
At 1 January									
At Cost	2,008	1,558	-	6,436	6,431	3,925	7,360	299,836	327,554
At Valuation	26,999	-	-	-	-	-	-	-	26,999
Additions	-	-	-	-	-	4	147	202,049	202,200
Disposals/Write off	-	-	-	-	-	(554)	(106)	-	(660)
At 31 December	29,007	1,558	-	6,436	6,431	3,375	7,401	501,885	556,093
Accumulated Depreciation									
At 1 January	-	-	-	1,760	6,428	1,607	5,213	-	15,008
Charge for the year	-	-	-	139	3	655	509	-	1,306
Disposals/Write off	-	-	-	-	-	(401)	(67)	-	(468)
At 31 December	-	-	-	1,899	6,431	1,861	5,655	-	15,846
Net Book Value									
At 31 December 1998									
At Valuation	26,999	-	-	-	-	-	-	-	26,999
At Cost	2,008	1,558	-	4,537	-	1,514	1,746	501,885	513,248
	29,007	1,558	-	4,537	-	1,514	1,746	501,885	540,247

## 16. FIXED ASSETS (CONTINUED)

### The Company

	Buildings RM '000	Plant and Machinery RM '000	Motor vehicles RM '000	Office furniture, and fittings equipment RM '000	Total RM '000
<b>1999</b>					
<b>At Cost</b>					
At 1 January	1,359	5,251	1,724	1,640	9,974
Additions	-	-	245	14	259
Disposals	-	-	(245)	-	(245)
At 31 December	1,359	5,251	1,724	1,654	9,988
<b>Accumulated Depreciation</b>					
At 1 January	160	5,251	909	918	7,238
Charge for the year	27	-	363	146	536
Disposals	-	-	(24)	-	(24)
At 31 December	187	5,251	1,248	1,064	7,750
<b>Net Book Value At 31 December 1999</b>	<b>1,172</b>	<b>-</b>	<b>476</b>	<b>590</b>	<b>2,238</b>
<b>1998</b>					
<b>At Cost</b>					
At 1 January	1,359	5,251	2,093	1,644	10,347
Additions	-	-	-	19	19
Disposals	-	-	(369)	(23)	(392)
At 31 December	1,359	5,251	1,724	1,640	9,974
<b>Accumulated Depreciation</b>					
At 1 January	133	5,247	757	772	6,909
Charge for the year	27	4	287	155	573
Disposals	-	-	(135)	(9)	(244)
At 31 December	160	5,251	909	918	7,238
<b>Net Book Value At 31 December 1998</b>	<b>1,199</b>	<b>-</b>	<b>815</b>	<b>722</b>	<b>2,736</b>

### Valuation

The freehold land of a subsidiary company stated at valuation were revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers based on a fair market value basis. The revaluation surplus of RM25,587,000, which is not distributable by way of cash dividends, has been included in capital reserves of the Group.

The tax effect in connection with the surplus arising on the revaluation of the freehold land is not provided for as there is no foreseeable intention to dispose of the freehold land.

The net book value of freehold land of the Group that would have been included in the accounts had this not been revalued and carried at cost less depreciation is as follows:

	1999 RM '000	1998 RM '000
Freehold land	<b>3,419</b>	3,419

Other lands have not been classified according to their tenure pending finalisation with the relevant authorities. Land and buildings at cost of RM729,323,000 (1998: RM524,800,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14 to the accounts.



## 17. HOTEL PROPERTIES

The hotel properties of the Group stated at valuation were revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The revaluation surplus of RM11,776,000 which is not distributable by way of cash dividend, has been included in capital reserves of the Group.

The tax effect in connection with the surplus arising on the revaluation of the hotel properties is not provided for as there is no foreseeable intention to dispose of these properties.

The hotel properties stated at valuation of RM62,199,000 (1998: RM62,199,000) have been charged as security for certain term loan facilities as disclosed in note 13 to accounts.

## 18. SUBSIDIARY COMPANIES

	Company	
	1999	1998
	RM '000	RM '000
Unquoted shares, at cost	<b>293,964</b>	293,902
Provision for diminution in value	<b>(1,525)</b>	(1,525)
	<b>292,439</b>	292,377

Details of subsidiary companies are set out on pages 47 and 48.

## 19. ASSOCIATED COMPANIES

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
<b>Quoted, at cost</b>				
Shares				
In Malaysia	<b>220,616</b>	220,616	<b>66,531</b>	66,531
Outside Malaysia	<b>21,027</b>	21,027	<b>21,027</b>	21,027
Loan stocks				
Outside Malaysia	<b>26,139</b>	26,139	<b>26,139</b>	26,139
<b>Unquoted shares</b>				
<b>At cost</b>				
In Malaysia	<b>142,444</b>	141,190	<b>132,941</b>	132,941
Outside Malaysia	<b>46,167</b>	46,167	-	-
<b>At valuation</b>				
In Malaysia	<b>50,000</b>	50,000	<b>50,000</b>	50,000
	<b>506,393</b>	505,139	<b>296,638</b>	296,638
Group's share of post acquisition reserves and retained profits less losses	<b>143,328</b>	131,643	-	-
	<b>649,721</b>	636,782	<b>296,638</b>	296,638
Provision for diminution in value	<b>(56,484)</b>	(56,484)	-	-
	<b>593,237</b>	580,298	<b>296,638</b>	296,638

## 19. ASSOCIATED COMPANIES (CONTINUED)

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>The Group's investments in associated companies are represented by</b>				
<b>Group's share of net assets</b>	<b>593,237</b>	580,298	-	-
<b>Market value of quoted investments:</b>				
Shares				
In Malaysia	<b>276,590</b>	225,151	<b>86,811</b>	75,554
Outside Malaysia	<b>126,470</b>	115,779	<b>126,470</b>	115,779
Loan stocks				
Outside Malaysia	<b>44,083</b>	44,290	<b>44,083</b>	44,290

Investments in associated companies of the Group at cost of RM267,782,000 (1998: RM267,782,000) and of the Company at cost of RM113,697,000 (1998: RM113,697,000) have been charged as security for certain term loan facilities as disclosed in note 13 to the accounts.

The Group's investment in an associated company was revalued by the Directors on the basis of its underlying net assets value.

Details of associated companies are set out on page 49.

## 20. INVESTMENTS

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
<b>At cost</b>				
<b>Quoted shares</b>				
In Malaysia	<b>65,880</b>	-	-	-
Outside Malaysia	<b>36,239</b>	-	-	-
<b>Unquoted shares</b>				
In Malaysia	<b>6,151</b>	6,451	<b>2,900</b>	2,900
Outside Malaysia	<b>47,029</b>	46,424	-	-
	<b>155,299</b>	52,875	<b>2,900</b>	2,900
Provision for diminution in value	<b>(46,544)</b>	(16,774)	-	-
	<b>108,755</b>	36,101	<b>2,900</b>	2,900
<b>Market value of quoted investments</b>				
In Malaysia	<b>40,367</b>	-	-	-
Outside Malaysia	<b>39,448</b>	-	-	-
	<b>79,815</b>	-	-	-

Investments in quoted shares of the Group at cost of RM102,119,000 was transferred from short term investment during the year as disclosed in note 28 to the accounts. The transfer was made as these investments will be held for long term investment purposes.

These quoted investments have been charged as security for certain term loan facilities as disclosed in note 13 to the accounts.

## 21.DEFERRED EXPENDITURE

	Group	
	1999 RM '000	1998 RM '000
Preliminary expenses	<b>15</b>	12
Pre-operating expenses	<b>349</b>	240
	<b>364</b>	252
Amortisation	<b>(103)</b>	-
	<b>261</b>	252

Included under pre-operating expenses are auditors' remuneration of RM3,200 (1998 : RM5,200).

## 22.CURRENT ASSETS

		Group		Company	
	Note	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Development properties and expenditure	24	<b>267,522</b>	214,718	<b>38,086</b>	66,732
Stocks	25	<b>41,563</b>	39,533	<b>40,817</b>	37,637
Amount owing by subsidiary companies	26	-	-	<b>653,023</b>	533,910
Amount owing by associated companies	27	<b>140,152</b>	135,953	<b>111,669</b>	110,316
Provision for doubtful debts		<b>(3,477)</b>	-	<b>(3,477)</b>	-
		<b>136,675</b>	135,953	<b>108,192</b>	110,316
Quoted investments	28	<b>16,819</b>	82,843	<b>13,565</b>	13,565
Trade debtors		<b>24,828</b>	130,045	<b>6,834</b>	2,607
Provision for doubtful debts		<b>(3,057)</b>	(3,017)	<b>(914)</b>	(914)
		<b>21,771</b>	127,028	<b>5,920</b>	1,693
Other debtors, deposits and prepayments		<b>73,701</b>	34,984	<b>62,814</b>	24,221
Provision for doubtful debts		<b>(2,001)</b>	(1,514)	<b>(1,514)</b>	(1,514)
		<b>71,700</b>	33,470	<b>61,300</b>	22,707
Deposits with licensed banks		<b>157,460</b>	114,788	<b>152,100</b>	59,173
Cash and bank balances	29	<b>15,614</b>	12,681	<b>6,853</b>	8,730
		<b>729,124</b>	761,014	<b>1,079,856</b>	854,463

## 23.CURRENT LIABILITIES

		Group		Company	
	Note	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Trade creditors		<b>131,985</b>	52,430	<b>10</b>	3,336
Other creditors and accruals		<b>133,617</b>	182,750	<b>84,840</b>	34,142
Amount owing to subsidiary companies	26	-	-	<b>260,925</b>	261,879
Amount owing to associated companies	27	<b>13,444</b>	14,571	<b>13,444</b>	14,570
Bank borrowings	30	<b>91,417</b>	140,122	<b>66,417</b>	115,012
Taxation		<b>10,838</b>	17,869	<b>462</b>	5,391
Proposed dividends		<b>5,928</b>	3,414	<b>5,928</b>	3,414
		<b>387,229</b>	411,156	<b>432,026</b>	437,744

## 24.DEVELOPMENT PROPERTIES AND EXPENDITURE

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Land and development expenditure, at cost	<b>327,987</b>	411,604	<b>38,086</b>	82,460
Attributable profit less foreseeable losses	<b>34,788</b>	44,535	-	10,961
	<b>362,775</b>	456,139	<b>38,086</b>	93,421
Progress payments received and receivable	<b>(95,253)</b>	(241,421)	-	(26,689)
	<b>267,522</b>	214,718	<b>38,086</b>	66,732

Land and development expenditure of the Group and of the Company at cost of RM273,762,000 (1998: RM304,031,000) and RM19,625,000 (1998: RM19,625,000) respectively have been charged as security for certain term loan facilities as disclosed in notes 13 and 14 to the accounts.

## 25.STOCKS

	Group		Company	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Stock of unsold properties	<b>40,817</b>	38,681	<b>40,817</b>	37,637
Hotel operating supplies	<b>746</b>	852	-	-
	<b>41,563</b>	39,533	<b>40,817</b>	37,637

## 26.AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

Amount owing by/to subsidiary companies represents advances and are unsecured, have no fixed terms of repayment and interest free (1998: nominal interest rates on amount owing by subsidiary companies) except for an amount owing by a subsidiary company of RM289,597,452 (1998: RM153,623,944) which carries interest at a rate of 10% (1998: 10%) per annum.

## 27.AMOUNT OWING BY/TO ASSOCIATED COMPANIES

Amount owing by/to associated companies represents advances and are unsecured, have no fixed terms of repayment and interest free except for an amount owing by an associated company of RM108,131,751 (1998: RM106,697,879) which carries interest at rates that ranged from 3.95% to 6.90% (1998: 6.96% to 16.80%).

## 28. QUOTED INVESTMENTS

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
<b>At cost</b>				
Quoted in Malaysia:				
Shares	<b>9,783</b>	75,663	<b>6,529</b>	6,529
Warrants	<b>7,036</b>	7,036	<b>7,036</b>	7,036
Shares quoted outside Malaysia	-	36,239	-	-
	<b>16,819</b>	118,938	<b>13,565</b>	13,565
Provision for diminution in value	-	(36,095)	-	-
	<b>16,819</b>	82,843	<b>13,565</b>	13,565
<b>Market value of quoted investments</b>				
Quoted in Malaysia:				
Shares	<b>10,432</b>	46,087	<b>10,432</b>	10,765
Warrants	<b>8,053</b>	5,316	<b>8,053</b>	5,316
Shares quoted outside Malaysia	-	28,155	-	-

Investment in quoted shares of the Group at cost of RM102,119,000 was transferred to long term investments during the year as disclosed in note 20 to the accounts. The transfer was made as these investments will be held for long term investment purposes.

## 29. CASH AND BANK BALANCES

Included in the above is cash at bank amounting to RM26,315 (1998 : RM3,629,199) which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the Company's property development projects.

## 30. BANK BORROWINGS

		Group		Company	
	Note	1999	1998	1999	1998
		RM '000	RM '000	RM '000	RM '000
<b>Unsecured</b>					
Current portion of term loans	13	<b>4,952</b>	110	<b>4,952</b>	-
Short term loans		<b>16,000</b>	-	<b>16,000</b>	-
Bank overdrafts		<b>5,402</b>	12	<b>5,402</b>	12
<b>Secured</b>					
Current portion of term loans	13	<b>65,063</b>	115,000	<b>40,063</b>	115,000
Short term loans		-	25,000	-	-
		<b>91,417</b>	140,122	<b>66,417</b>	115,012

The interest rates charged on the bank overdrafts and short term loans of the Group and the Company for the financial year ranged from 0.5% to 2.0% (1998 : 0.6% to 2.0%) per annum above the base lending rates or the prevailing inter-bank offered rates of these banks.

### 31.CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprised the following balance sheet amounts:

	Group	
	1999 RM '000	1998 RM '000
Deposits with licensed banks	<b>157,460</b>	114,788
Cash and bank balances	<b>15,614</b>	12,681
Bank overdrafts	<b>(5,402)</b>	(12)
	<b>167,672</b>	127,457

### 32.SEGMENT REPORTING - GROUP

#### Analysis by activity

	Turnover RM '000	Profit Before Taxation RM '000	Total Assets Employed RM '000
<b>1999</b>			
Property development	<b>146,053</b>	<b>(6,672)</b>	<b>1,339,605</b>
Construction	<b>248,648</b>	<b>28,148</b>	<b>238,123</b>
Investment holding	<b>29,372</b>	<b>19,177</b>	<b>316,218</b>
Hotel and others	<b>97,127</b>	<b>(8,343)</b>	<b>350,521</b>
	<b>521,200</b>	<b>32,310</b>	<b>2,244,467</b>
<b>1998</b>			
Property development	89,380	45,068	1,260,694
Construction	234,050	11,183	191,069
Investment holding	33,035	(24,271)	224,879
Hotel and others	105,165	(15,470)	288,899
	461,630	16,510	1,965,541

#### Analysis by geographical location

	Turnover RM '000	Profit Before Taxation RM '000	Total Assets Employed RM '000
<b>1999</b>			
Malaysia	<b>447,550</b>	<b>24,312</b>	<b>2,069,713</b>
Asia Pacific	<b>41,549</b>	<b>1,848</b>	<b>125,026</b>
Others	<b>32,101</b>	<b>6,149</b>	<b>49,728</b>
	<b>521,200</b>	<b>32,310</b>	<b>2,244,467</b>
<b>1998</b>			
Malaysia	380,124	12,723	1,789,872
Asia Pacific	44,909	(2,423)	132,640
Others	36,597	6,210	43,029
	461,630	16,510	1,965,541

### 33. CAPITAL COMMITMENT

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
Authorised capital expenditure not provided for in the accounts:				
-contracted	<b>26,728</b>	183,148	-	-

### 34. CONTINGENT LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM '000	RM '000	RM '000	RM '000
Secured guarantees of bank facilities granted to:				
Subsidiary companies	-	-	<b>121,798</b>	159,355
Associated companies	<b>1,300</b>	1,300	<b>1,300</b>	1,300
	<b>1,300</b>	1,300	<b>123,098</b>	160,655

No losses are expected to arise in respect of the above.

### 35. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Group and its related parties are as follows:

- In 1997, a subsidiary company entered into a joint venture turnkey contract at an original total contract sum of RM968 million which was subsequently revised to RM782 million, to design and construct Phase I of Mid Valley. The joint venture is between a wholly owned subsidiary company, IT&T Engineering & Construction Sdn Bhd and an associated company, IJM Corporation Berhad. During the financial year, progress billings paid and payable in respect of this contract amounted to RM245,777,000 (1998: RM233,427,000); and
- Progress billings paid and payable to a subsidiary company of IJM Corporation Berhad amounted to RM13,086,000 (1998: RM30,397,000).

Other significant transactions between the Group and its associated companies, other than those disclosed in note 4 to the accounts, are as follows:

	Group	
	1999	1998
	RM '000	RM '000
Management fee income	<b>348</b>	348

The pricing of the above transactions were based on terms negotiated between the parties concerned.

Balances with related parties at the financial year end are disclosed in notes 22 and 23 to the accounts.

## | SUBSIDIARY COMPANIES

Name of Company	Principal Activities	Place of Incorporation	Group Interest (%) <u>1999</u>	1998
Bagan Ajam Estate Sendirian Berhad	Property Development	Malaysia	<b>100.0</b>	100.0
Cititel Hotel Management Sdn Bhd	Hotel Management Services	Malaysia	<b>60.0</b>	60.0
Corpool Holdings Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Permata Dunia Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Dian Rezki Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Elitebind Holdings Sdn Bhd	Property Holding	Malaysia	<b>100.0</b>	100.0
+ Grapevine Investments Pte Ltd	Investment Holding	Singapore	<b>100.0</b>	100.0
Hai Aun Co Sendirian Berhad	Property Development	Malaysia	<b>100.0</b>	100.0
ICDC Holdings Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Express Management Consultants Sdn Bhd	Management Services	Malaysia	<b>100.0</b>	100.0
ICDC Management Sdn Bhd	Management Services	Malaysia	<b>100.0</b>	100.0
ICDC Properties Sdn Bhd	Dormant	Malaysia	<b>100.0</b>	100.0
Innovation & Concept Development Co Sdn Bhd	Property Development & Management	Malaysia	<b>100.0</b>	100.0
Pasirindu Sdn Bhd	Dormant	Malaysia	<b>100.0</b>	100.0
IEH Corporation Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	-
IGB Industries Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
IGB Project Management Services Services Sdn Bhd	Project Management Services	Malaysia	<b>100.0</b>	100.0
Kemas Muhibbah Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Intercontinental Aviation Services Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Ipoh Garden Shopping Complex Sdn Bhd	Property Holding	Malaysia	<b>100.0</b>	100.0
IT&T Engineering & Construction Sdn Bhd	Construction	Malaysia	<b>100.0</b>	100.0
IGB Properties Sdn Bhd	Property Investment	Malaysia	<b>100.0</b>	-



Name of Company	Principal Activities	Place of Incorporation	Group Interest (%) 1999	1998
K Parking Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Kilat Security Sdn Bhd	Dormant	Malaysia	<b>100.0</b>	100.0
+ Lingame Company Limited	Management Services	Hong Kong	<b>100.0</b>	100.0
* Auspicious Prospects Ltd	Investment Holding	Liberia	<b>100.0</b>	100.0
+ Bellegrove Pte Ltd	Investment Holding	Singapore	<b>100.0</b>	100.0
Lucravest Holdings Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Mid Valley City Sdn Bhd	Property Development	Malaysia	<b>90.3</b>	90.3
MVC Centre Management Services Sdn Bhd	Property Management Services	Malaysia	<b>90.3</b>	90.3
Mid Valley Food Management Sdn Bhd	Dormant	Malaysia	<b>100.0</b>	100.0
Murni Properties Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Pacific Land Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
* Beswell Limited	Investment Holding	Hong Kong	<b>100.0</b>	100.0
Pangkor Island Resort Sdn Bhd	Hotelier	Malaysia	<b>100.0</b>	100.0
PIR Management Services Sdn Bhd	Management & Maintenance Services	Malaysia	<b>100.0</b>	100.0
Pebbles Enterprise Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Pekeliling Land Sdn Bhd	Property Holding	Malaysia	<b>100.0</b>	100.0
Pekeliling Property Sdn Bhd	Property Management & Services	Malaysia	<b>100.0</b>	100.0
Penang Garden Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Plaza Permata Management Services Sdn Bhd	Property Management Services	Malaysia	<b>100.0</b>	100.0
Prima Condominium Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Primanah Property Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Riraian Enterprise Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Tanah Alam Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Tanah Permata Sdn Bhd	Dormant	Malaysia	<b>100.0</b>	100.0

## ASSOCIATED COMPANIES

	Name of Company	Principal Activities	Place of Incorporation	Group Interest (%)	
				1999	1998
	Bistari Corporation Sdn Bhd	Property Development	Malaysia	<b>50.0</b>	50.0
*	Crystal Centre Properties (International) Ltd	Investment Holding	Hong Kong	<b>45.0</b>	45.0
	Earning Edge Sdn Bhd	Investment Holding	Malaysia	<b>30.0</b>	30.0
	Grapevine Investments Limited (Hong Kong)	Investment Holding	Hong Kong	<b>50.0</b>	-
	Great Union Properties Sdn Bhd	Hotelier	Malaysia	<b>50.0</b>	50.0
	IJM Corporation Berhad	Investment Holding & Construction	Malaysia	<b>20.7</b>	20.7
+	Ipoh Limited	Property Holding	Australia	<b>25.8</b>	25.8
*	Istaron Limited	Investment Holding	Hong Kong	<b>50.0</b>	50.0
	Johan Kekal Sdn Bhd	Property Development	Malaysia	<b>50.0</b>	50.0
	Kundang Properties Sdn Bhd	Property Development	Malaysia	<b>50.0</b>	50.0
	Macroland Holdings Sdn Bhd	Property Development	Malaysia	<b>30.0</b>	30.0
*	Micasa Hotel Limited	Hotelier	Myanmar	<b>30.0</b>	30.0
*	Negara Properties (M) Bhd	Property Development	Malaysia	<b>24.6</b>	24.6
*	New Commercial Investments Limited	Investment Holding	British Virgin Islands	<b>35.0</b>	35.0
	Ravencroft Investments Incorporated	Investment Holding	British Virgin Islands	<b>35.0</b>	35.0
*	Saigon Inn Hotel Co	Hotelier	Vietnam	<b>33.8</b>	33.8
*	St Giles Hotel Ltd	Hotelier	U.K.	<b>35.0</b>	35.0
	Sukatan Garisan Sdn Bhd	Property Holding	Malaysia	<b>50.0</b>	50.0
*	Weian Investments Pte Ltd	Property Development & Trading	Singapore	<b>49.0</b>	49.0
	Wilson Parking Sdn Bhd	Management of Car Parks	Malaysia	<b>24.5</b>	24.5
+	Companies audited by member firms of PricewaterhouseCoopers International				
*	Companies not audited by PricewaterhouseCoopers				

## STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Boon Seng and Abdul Samad Bin Haji Alias, being two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the accounts set out on pages 24 to 49 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of their results and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia.

Signed at Kuala Lumpur on 12 day of April 2000.

On behalf of the Board of Directors

**Tan Boon Seng**

*Joint Managing Director*

**Abdul Samad Bin Haji Alias**

*Director*

## STATUTORY DECLARATION

I, Lai Meng, being the Director primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accounts set out on pages 24 to 49 are correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

**Lai Meng**

Subscribed and declared at Kuala Lumpur on 12 day of April 2000.

Before me:

**Kok Yoon Wah**

*Commissioner for Oaths*

# REPORT OF THE AUDITORS TO THE MEMBERS OF IGB CORPORATION BERHAD for the year ended 31 December 1999

We have audited the accounts set out on pages 24 to 49. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved auditing standards 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 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 Group and of the Company as at 31 December 1999 and of their results and the cash flows of the Group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated on pages 47 and 48 to the accounts. We have considered the accounts of these subsidiary companies and the auditors' reports thereon.

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

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

## **PricewaterhouseCoopers**

[AF: 1146]

Public Accountants

## **Shirley Goh**

[1778/8/00 (J)]

Partner

Kuala Lumpur

12 April 2000

# LIST OF PROPERTIES HELD BY IGB CORPORATION BERHAD AND ITS SUBSIDIARIES

as at 31 December 1999

Location	Description	Area	Tenure	Net book value as at 31.12.99 (RM '000)	Approximate age of building
PN 1765 Lot 123 Sec 44 Kuala Lumpur	Land for future development	4,049sm	Leasehold expiring 26.3.2074	18,461	-
CT 10823 Lot 15 Sec 88A Kuala Lumpur	Land for future development	20,446 sf	Freehold	3,817	-
CT 10824 Lot 16 Sec 88A Kuala Lumpur	Land for future development	20,364 sf	Freehold	2,573	-
Unit No. 1, 19 & 20 Damansara Endah Kuala Lumpur	3 units of semi-detached bungalows at "Damansara Endah"	15,198 sf	Freehold	3,407	1 yr
No.6 Jalan Kampar 50400 Kuala Lumpur	25-storey office building known as "IGB Plaza"	214,000 sf	Freehold	37,576	16 yrs
Lot Nos. 13041, 13042, 14905, 14999, 15545, 21932, 41490, 41491, 33567, 30323, 30324, 30325 & 30218 All in Mukim Hulu Kinta, Perak	Land for future development	60.83 acres	Freehold	5,295	-
Lot No. 44747 Mukim Hulu Kinta, Perak	Land for future development	140.3 acres	Leasehold expiring 29.7 2061	7,940	-
Lot 45845 Kuala Lumpur	Land for future development	3.5 acres	Freehold	7,550	-
CT 16118 Lot No. 40 Sec 88A Kuala Lumpur	Land for future development	16,150 sf	Freehold	879	-

Location	Description	Area	Tenure	Net book value as at 31.12.99 (RM '000)	Approximate age of building
Geran 17995 Lot. 110423 Mukim Hulu Kinta, Perak	3-storey shopping complex known as "Ipoh Garden Plaza" at Jalan Sultan Azlan Shah Utara, Ipoh	80,000 sf	Freehold	4,081	17 yrs
Lot Nos. 3577 to 3580, 3588, 3590, 3592, 3593, 3599 to 3604, 3726, 3727, 3740, 3594, 3741, 3744 to 3748, 3760, 3761, 3939, 3731, 3566, 354 & 355 Mukim Lumut, Pangkor Island	250-room Hotel known as "Pan Pacific Resort Pangkor"	45.14 hectares	Freehold	89,814	14 yrs
PT 290 Mukim Morib, Selangor	Land for future development	20 acres	Leasehold expiring 16.8.2094	1,558	-
Lot Nos. 2, 19, 21 to 27, 34, 37, 156, 157, 2143, 2372, 2373, 2375, 2377, 3978 Kuala Lumpur	Part of property currently under development for Mid Valley Megamall	10.85 acres	Freehold	) ) ) )	-
Lot Nos. PT1 & PT4 Kuala Lumpur	Part of property currently under development for Mid Valley Megamall	38.49 acres	Leasehold expiring 5.5.2085	) 1,025,967 ) )	-
Lot No. 200 Kuala Lumpur	Part of property currently under development for Mid Valley Megamall	0.82 acres	Leasehold expiring 26.11.2024	) ) )	-
Lot Nos. 1529, 1743 & 3484 Mukim Rawang, Selangor	Land for future development	63.12 acres	Freehold	1,491	-



## FORM OF PROXY

Number of Shares

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member(s) of IGB CORPORATION BERHAD, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him, \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Thirty-sixth Annual General Meeting of the Company to be held at Function Rooms 5 and 6, Ground Floor, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail and Jalan Ampang, 50450 Kuala Lumpur on Monday, 29 May 2000 at 12.15 p.m. and at any adjournment thereof, in the manner indicated below :

No.	Resolutions	For	Against
1.	Adoption of Reports and Accounts		
2.	Declaration of First and Final Tax Exempt Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Ybhg Dato' Khalid Ahmad Bin Sulaiman		
5.	Re-election of Encik Ibrahim Bin Awang		
6.	Re-appointment of Ybhg Dato' Tan Chin Nam		
7.	Appointment of PricewaterhouseCoopers as Auditors		
8.	Authorisation to issue shares		

Please indicate with an 'X' in the space provided how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000

Signature : \_\_\_\_\_

### NOTES:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorised officer or attorney. The Form of Proxy must be deposited at the Registered Office of the Company at Penthouse Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.



2nd fold here — — — — —



The Company Secretary  
**IGB CORPORATION BERHAD** (5745-A)  
Penthouse Menara IGB,  
No. 1 The Boulevard, Mid Valley City,  
Lingkaran Syed Putra, 59200 Kuala Lumpur

1st fold here — — — — —